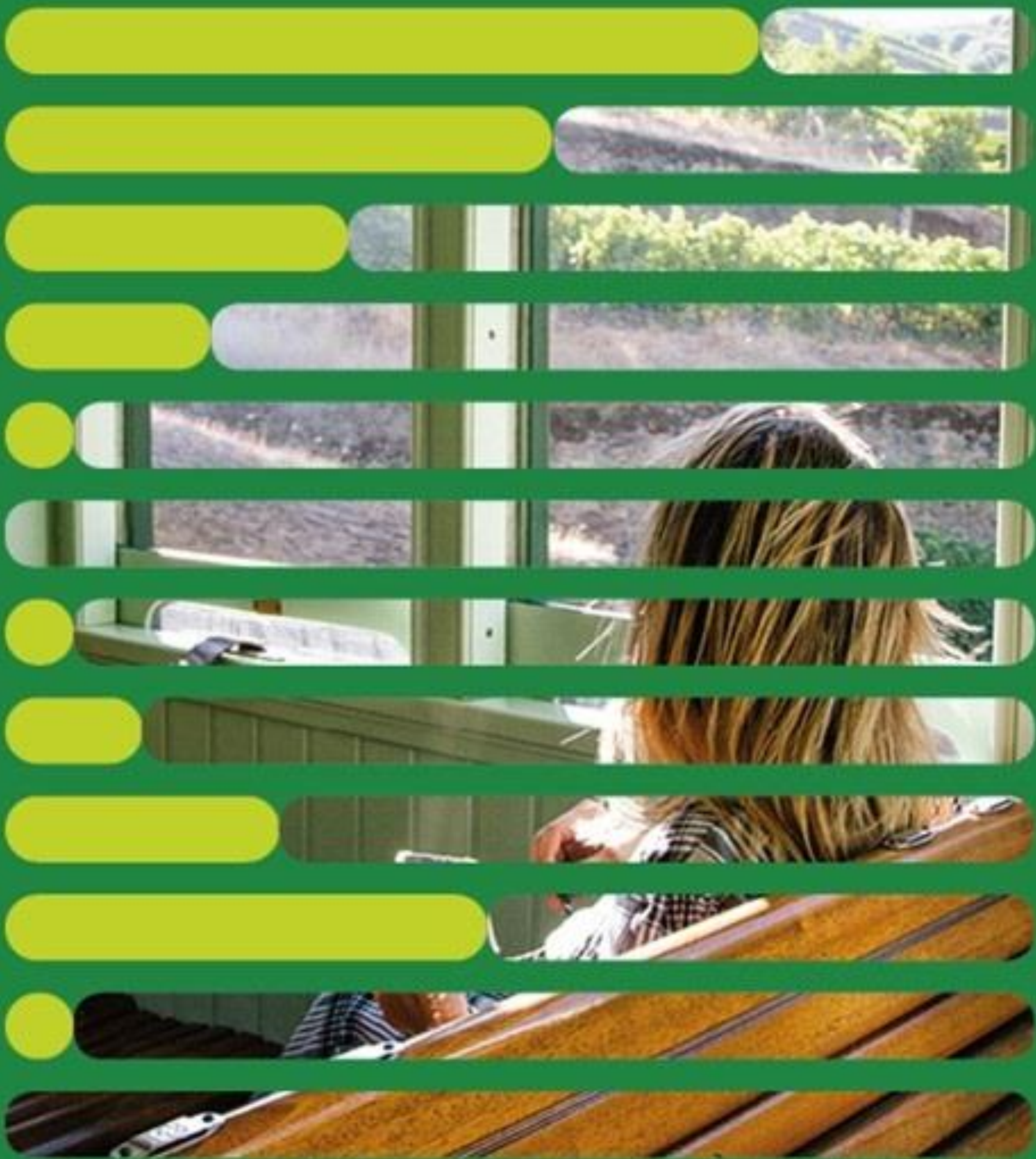
COMBOIOS DE PORTUGAL

2021

CONSOLIDATED REPORT AND ACCOUNTS

We preserve social values by
creating a sustainable economy



TECHNICAL INFORMATION

CP – Comboios de Portugal, E.P.E.

Calçada do Duque, nº 20

1249 – 109 Lisboa

Corporate Taxpayer number: 500 498 601

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

Statutory share capital € 3 959 489 351,01 (as at December 31st, 2021)

Design and Coordination:

Department of Planning, Control and Management Information

Financial Management

Contacts:

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This content herein is in accordance with the Portuguese Language Orthographic Agreement

Membro BCSD PORTUGAL Empresas pela Sustentabilidade

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MAIN INDICATORS

Group's Operating Indicators	2021	2020	Δ 21-20	Δ %
Demand				
Passengers (10^3)	99 103	86 910	12 194	14,0%
Passengers Kilometre (10^3)	2 526 613	2 200 817	325 796	14,8%
Supply				
Trains (10^3)	423	404	19	4,7%
CK (10^3)	27 463	25 662	1 801	7,0%
Human Resources				
CP	3 784	3 736	48	1,3%
Fernave	9	9	0	0,0%
SIMEF	71	64	7	10,9%
Ecosaúde	25	25	0	0,0%
Saros	1	1	0	0,0%
Final Effective Staff	3 880	3 836	55	1,1%
Fleet - Active Fleet				
Railcars	245	242	3	1,2%
Locomotives	44	35	9	25,7%
Carriages	126	118	8	6,8%

Financial Indicators (10^3 €)	2021	2020	Δ 21-20	Δ %
Income Statement				
Operating Income	-42 181	-64 421	22 240	35%%
Net Result	-65 548	-95 656	30 108	31%%
EBITDA *	17 001	-1 404	18 405	1311%%
Balance Sheet				
Asset	512 688	545 315	-32 627	-6,0%
Equity	-1 937 270	-1 871 964	-65 306	-3,0%
Liabilities	2 449 958	2 417 279	32 679	1,0%
Loans obtained	2 132 493	2 132 367	136	0,0%

* 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.

2021 Consolidated Report and Accounts

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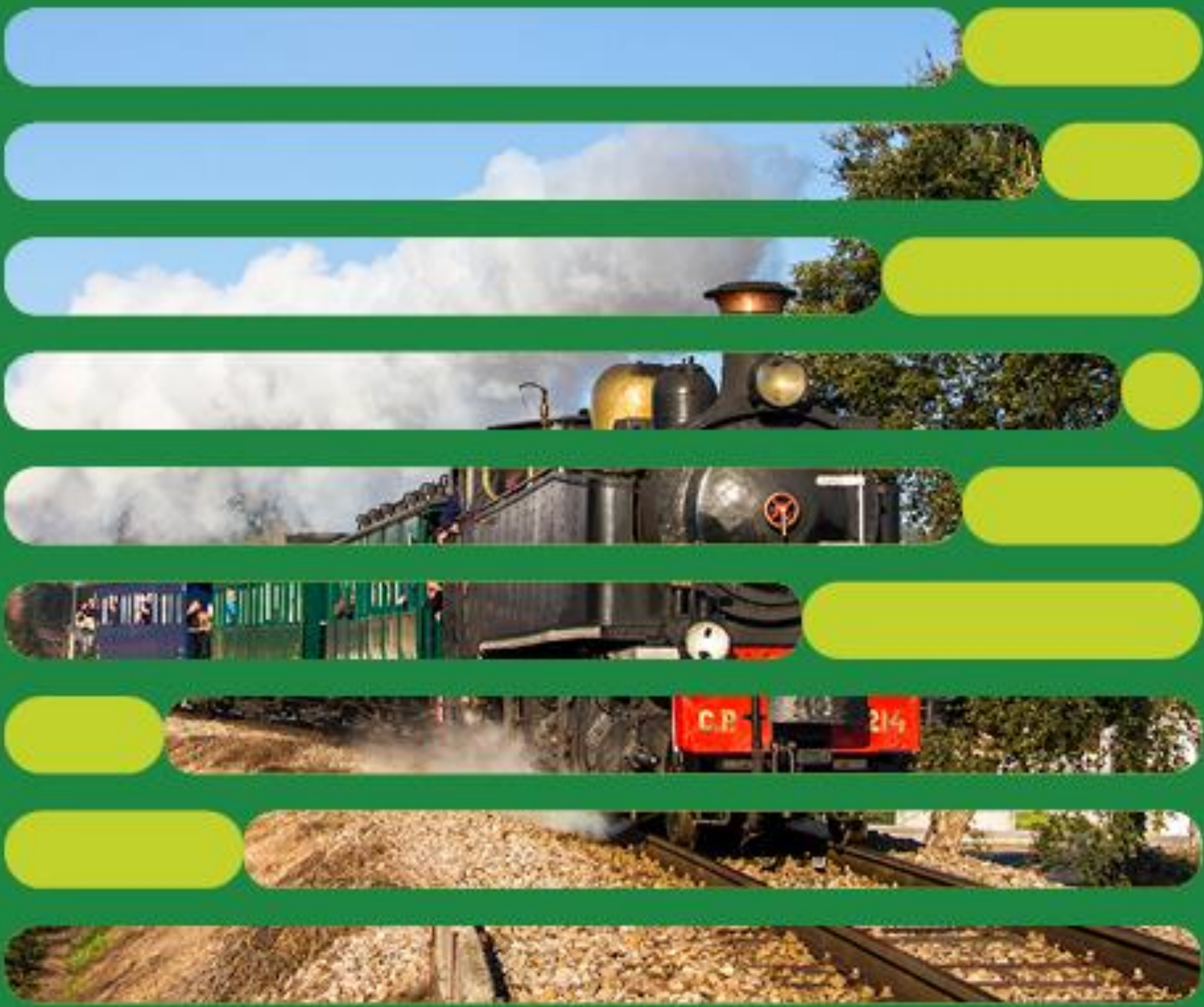
CP GROUP



About Us

CP is a public railway transport company held 100% by the Portuguese State. CP controls companies in the field that supplies 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.

The Group provides the following services:

- Passenger Railway Transport;
- Maintenance of rolling stocks for itself and for other Transport Operators;
- Technical Training;
- Occupational health for Companies and for Private Customers.

Despite the year's scenario, the Group ended 2021 with a Turnover of around 195 million Euros.

At the end of 2021, the Group had around 4000 employees, a fleet of 245 railcars, 44 locomotives and 126 carriages. These resources allowed for the circulation of 423 thousand trains, which carried, despite the reduction in mobility caused by the pandemic, around 99 million passengers.

As a consequence of the Law-Decree no. 121/2019, from the 22nd of August, OTLIS - Lisbon Transport Operators, A.C.E. was extinct and succeeded by TML - Lisbon Metropolitan Transports, E.M.T., S.A. since the 17th of February, 2021. CP has no holdings in the share capital of this new entity.

The following diagram presents the holdings from CP and its affiliate companies in 2021:

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

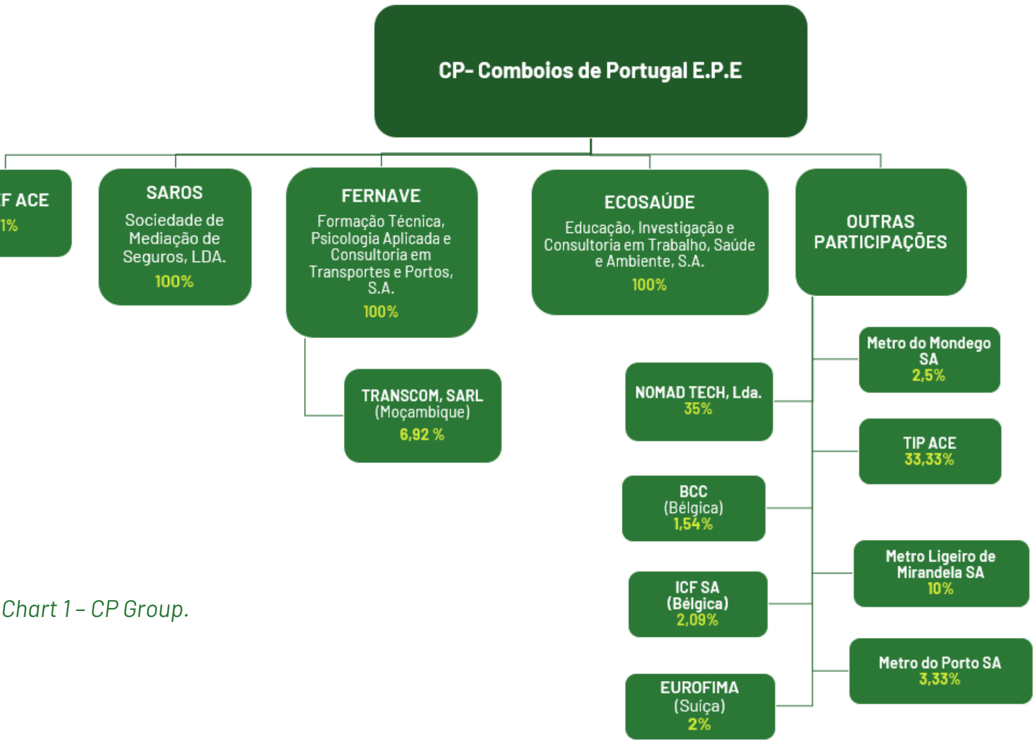


Chart 1 – CP Group.

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 stocks but 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 fields of LIFE and NON-LIFE. SAROS’s activity is focused on managing the insurance portfolio of the companies in the 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 Metro do Porto) in the Oporto Metropolitan 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.

GOVERNANCE MODEL

CP's Board of Directors is composed as follows:

Term of Office	Position	Name	Appointment	
Start-End			Method	Date
19-07-2019 a 30-09-2021 (1)	President	Nuno Pinho da Cruz Leite de Freitas	Council of Ministers Resolution no. 118/2019	24-07-2019 (2)
19-07-2019 a 31-12-2021 (3)	Vice President	Pedro Miguel Sousa Pereira Guedes Moreira	Council of Ministers Resolution no. 118/2020	24-07-2019 (2)
19-07-2019 a 31-12-2021	Voting Member	Ana Maria dos Santos Malhó	Council of Ministers Resolution no. 118/2021	24-07-2019 (2)
19-07-2019 a 31-12-2021	Voting Member	Maria Isabel de Magalhães Ribeiro	Council of Ministers Resolution no. 118/2022	24-07-2019 (2)
19-07-2019 a 31-12-2021	Voting Member	Pedro Manuel Franco Ribeiro	Council of Ministers Resolution no. 118/2023	24-07-2019 (2)

Caption:

(1) Eng. Nuno Freitas resigned as President of the Board of Directors, with effect from October 1st, 2021.

(2)with effect from July 19th, 2019

(3) Serving as Acting President from October 1st, 2021.

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

Member of the Board of Directors	Accumulation of Tasks - 2021			
	Entity	Task	Scheme (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 from 30-07-2019
Maria Isabel de Magalhães Ribeiro	SIMEF	President of the BoD (since 30-07-2019)	Public	AG from 30-07-2019

Caption:

Nomad Tech, Lda

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

BoD - Board of Directors

The Group's Value Chain

The following table shows the services that the companies in the Group provide to each other:

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	☑				

Throughout this report, we will present the main actions carried out in 2021 along with future prospects for these companies.

Non-Financial Reporting

The 2021 Non-Financial Report is part of the CP's 2021 Corporation Government Report, as the parent company of the group.

03

MACROECONOMIC FRAMEWORK

Scenario[1]

The years of 2020 and 2021 were highly influenced by the Covid-19 pandemic. The following timeline summarises the various phases of the mobility restrictions.

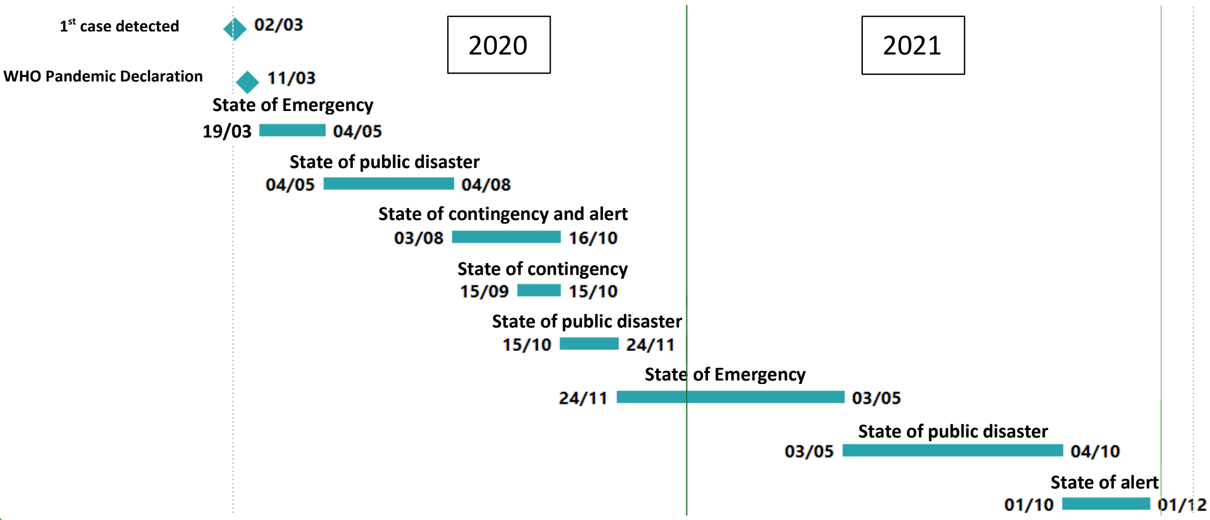


Chart 2 – Timeline containing the measures restricting mobility caused by Pandemic

Source: https://dre.pt/dre/geral/legislacao-covid-19

The national and international scenarios reported in this chapter strongly influenced the company's management indicators. CP demand was particularly affected by the fact that a large part of the population is in a layoff or working from home situation and, on the other hand, by the decrease in tourism and leisure travel, leading to a very high reduction in mobility patterns. Only from the third quarter of 2021 onwards was there any effective recovery.

National Accounts

The year 2021 began with the State of Emergency declared since December of the previous year, which contributed to the continuation of the downward trend of the Gross Domestic Product (GDP), which registered a homologous reduction of 5,3% in the first quarter, following four previous quarters in decline.

[1] Fonte: www.INE.pt

Change in the GDP in Portugal (%)						
2018	2019	2020	1T 2021	2T 2021	3T 2021	4T 2021
2,6	2,2	-8,4	-5,3	16,5	4,4	5,8

In 2021 as a whole, GDP grew by 4,9% regarding volume.

In nominal terms, GDP increased by 5,7% in 2021, reaching around 211 billion euros.

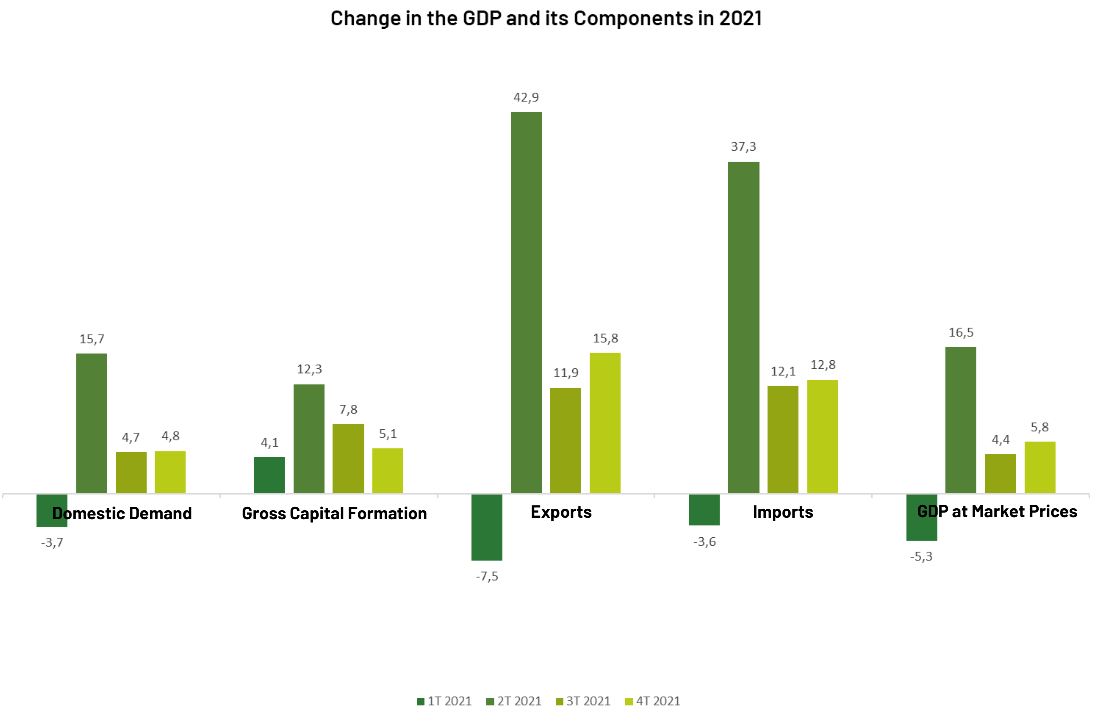


Chart 3 – Homologous change in real GDP and its components during 2021.

Source: www.ine.pt

Domestic demand had an expressive positive contribution to the change in GDP, after having recorded a significantly negative change in 2020, driven by private consumption. The contribution of net external demand was much less negative in 2021, with significant increases in imports and exports of goods and services.

Labour Market

The unemployment rate in 2021 was 6,6%, a reduction of 0,4 percentage points from the previous year.

Despite the overwhelming reduction in economic activity, this indicator did not record variations of the same dimension due to the extraordinary support measures to maintain employment, aimed at employers, within the scope of the COVID-19 Pandemic.

On the other hand, a significant part of the total employed population exercised their profession through or working from home.

Inflation

The variation of the Harmonised Index of Consumer Prices (HICP) recorded, during the first semester of 2021, slight homologous variations. However, on the third quarter, it presented a significant increase, which continued through the last quarter, mainly reflecting the variation impact of energetic product prices and a slight economic activity recovery.

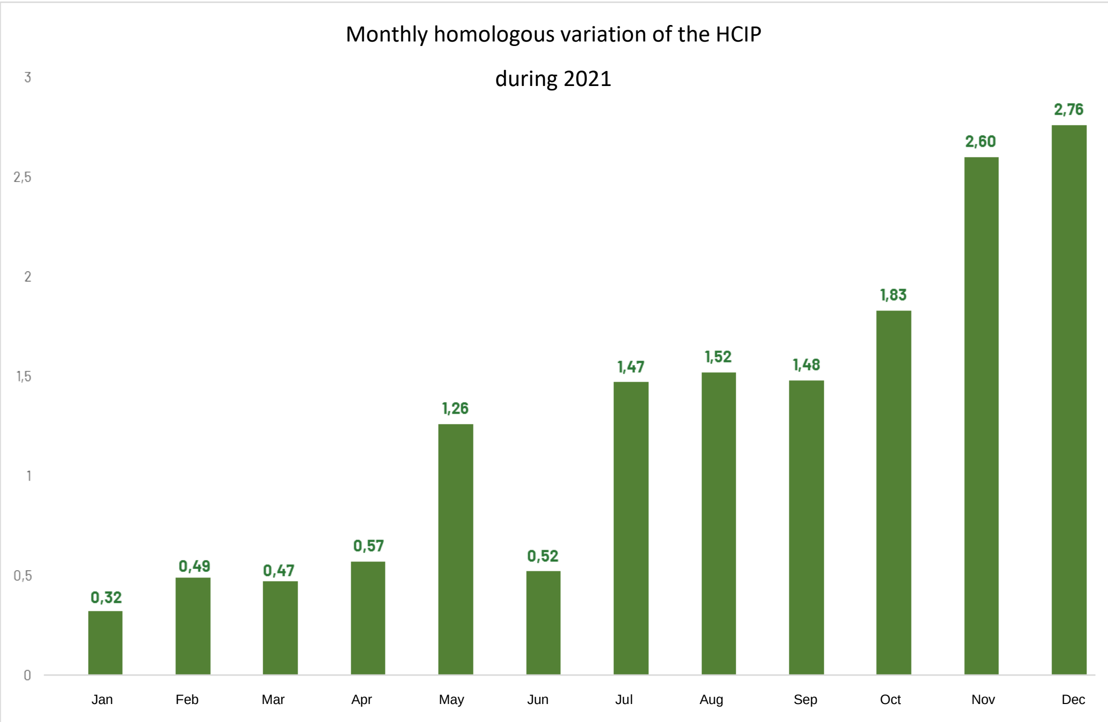


Chart 2 – Monthly homologous variation of the HICP during 2021

Source: www.ine.pt

04

GROUP'S PERFORMANCE

CP

EXECUTIVE SUMMARY

The pandemic still has a decisive role in the company's performance during this year of 2021, however, above all, it was a less penalising year compared to the previous one.

During the first quarter of 2021, the declaration of general duty of mandatory confinement and the obligation of working from home, from the 15th of January to the end of March, along with distance learning and the drastic reduction in tourism, contributed to a sharp decrease in the demand.

The contingency plan applied in the beginning of the year lead to a reduction in the Alfa Pendular and Intercidades train services, as well as the suspension in the International Service of Porto-Vigo (CELTA train), in which the RAIANO train stopped crossing the border, being its last destination the Elvas train station.

In the second quarter, with some alleviation of the confinement measures, compared with the previous quarter and in contrast with the same period of previous years, almost all the company's supply was restored, and there was a moderate recovery in the demand, which would continue in the following quarters.

ACTIVITY IN 2021

Despite the situation, 2021 was still productive in actions to improve the service.

Minho line with electric traction up to Valença

In the end of April, the electric traction train service opened between Viana do Castelo and Valença, in the Minho line, after the conclusion of the track modernization and electrification works.

New offer in the Beira Baixa and Beira Alta lines

After 12 years of being closed for integral renovations, the reopening of the 41 kilometres of train tracks between Guarda and Covilhã permitted, since May of 2021, the creation of new models for integrated offer in the Intercidades and Regional services in the Beira Alta and Beira Baixa lines.

New Timetables in the West Line

Consisted in the extension of 4 existing trains, to reinforce the mobility with the Coimbra and Lisbon lines, as well as within the line itself.

Improvement of the Timetable in the Alentejo Region

After 11 years, the direct connection between the district capitals in Alentejo, Beja and Évora, was reopened in June, with three daily Intercidades circulations in both directions. In June, two new Intercidades trains were launched on working days, one in each direction, in the Lisbon - Évora connection.

New Timetable in Douro Valey

In order to respond to the increase of demands during summer, there were created two new Miradouro train connections, one in each direction, between Porto São Bento and Pocinho, in the early morning and afternoon periods. The connection between Régua and Pinhão was equally strengthened in the afternoon, through the extension of two trains, which only did the Porto and Régua route, one in each direction. Some one-off adjustments were also made in the offer of Douro line.

Direct connection between Valença and Figueira da Foz

A Direct connection between Valença and Figueira da Foz was created. This was made by extending the two Interregional trains that did the connection Coimbra-Valença, up to the city of Figueira da Foz.

Creation of the Railway Competence Centre

This Centre in Guifões, Matosinhos, was created with the purpose of develop a new railway cluster in Portugal, along with a new national railway industry, which will allow the country to produce more trains. The Centre will have a company incubator and will integrate a rail operators' training school, which will have a professional course for maintenance and rail operation technicians. It will also be equipped with a centre of competence in railway in Porto University, which will be located in the Competence Centre building. The Centre will have PhD degrees and a laboratory for certification of components to be assembled in the trains.

Tender launch for the acquisition of rolling stock;

The Resolution of the Council of Ministers no. 100/2021, of the 27th of July authorised the acquisition of 117 electric railcars, in which 62 were for urban services and the other 55 for regional services, including the respective parking components and special tools. The tender will also include the right of option for the acquisition of up to 36 additional units, and respective components, for the urban services, which can only be activated after 2026 and it will depend on the authorization by the sector and financial wards. The tender foresee the construction of a new installation workshop in Guifões, which will be used by CP, to do the maintenance of this units.

New CP shop in the Cascais train station

In the beginning of February the ticket office in the train station of Cascais reopened. This CP shop was renovated with the concept of a multiservice shop, with focus on costumer's different necessities and with a more modern image, which grants a more graphic identity to the CP brand. This shop favours the easy access to the information for consultation and purchase of CP products, waiting queue management, customer service spaces and merchandising.

Launch of CP ticket sales in the OMIO's platform

CP has now one more sales channel, the "OMIO.COM" platform, for its Long-distance, Regional, InterRegional and Urban Services in Porto and Coimbra. This partnership will enforce the sales capacity, in the international scope, representing the entry of CP to the international platforms. Which compares a lot of other means of transports and allows the sales without the customer remission to the websites of selected operators.

RESOURCE MANAGEMENT

HUMAN RESOURCES

At the end of 2021 the total workforce of CP was 3784 employees, 48 more than at the end of 2020 (corresponding to 135 admissions and 87 exits).

The absenteeism rate registered a decrease of 1.0 p.p., when compared to the previous year, with 7,4%. The main reasons were absences due to illness and family assistance in the scope of the pandemic.

Following the resumption of activity, the overtime work rate had an increase of 1.7 p.p. in 2021, in comparison to the previous year, with 10,3%.

In 2021, more than 140 thousand professional training hours were conducted to about 7 367 trainees, most of them conducted by Fernave, a company belonging to the CP Group.

Fleet

At the end of 2021, CP held an active fleet of 415 rolling stock units, in commercial service, of the following type and service allocation:

Type of Material	2021	2020	Δ 21-20
Electric railcar	195	191	4
Diesel railcar	50	51	-1
Electric locomotive	33	26	7
Diesel locomotive	11	9	2
Carriages	126	118	8
TOTAL	415	395	20

Where Service is Rended	2021	2020	Δ 21-20
Lisbon Urb. Serv.	98	94	4
Porto Urb. Serv.	34	34	0
Regional /LD Serv.	278	262	16
Medway Rental	5	5	0
Total	415	395	20

The above mentioned active fleet includes 20 *diesel* railcars leased from RENFE, allocated to the Regional and Celta services (Oporto-Vigo international connection). In 2021, three railcars were returned to RENFE.

CP acquired, in the third quarter of 2020, 50 carriages from RENFE. Because they are in rehabilitation or waiting for certification to be able to circulate in commercial service, these were not included in the tables above.

CP also has a variety of motorised equipment assigned to the Historic Trains, Rescue Train and Light Rail Tractors, which provide internal support service to the workshops.

DEMAND AND SUPPLY

After four particularly positive years for CP, with a recurrent growth in demand, the mobility restrictions in 2020 and 2021, aroused by the pandemic, brought an unprecedented downturn in demand.

In 2021, the declaration of general duty of mandatory confinement and obligation of telework during the first quarter, along with distance learning and the drastic reduction in tourism, contributed to a sharp decrease in the demand, when compared to the previous year.

Subsequently, with some alleviation of the confinement measures and in contrast with the same period of previous years, there was a moderate recovery in demand, although it is still far away from the values in the years before the pandemic.

The year ended with around 99,1 million passengers carried, which represents a recovering of 14%, when compared to the records of 2020, but it still 31,6% lower than in 2019.

The demand is higher than in 2021 in all services, except for the International Service.

Passengers (*10^3)	2021	2020	Δ 21-20	Δ %
Lisbon Urban Serv.	74 500	65 940	8 559	13,0%
Porto Urban Serv.	13 751	11 647	2 105	18,1%
Coimbra Urban Serv.	602	559	43	7,7%
Long-distance Serv.	3 159	2 604	554	21,3%
Regional Serv.	7 066	6 126	940	15,3%
International Serv.	26	33	-8	-23,0%
TOTAL	**99 103**	**86 910**	**12 194**	**14,0%**

Despite the Covid-19 pandemic's effects, CP kept most part of its offers during the year of 2021, with around 423 thousand trains carried out and 27.5 million train-kilometre. In 2020, it should be recalled that, there was a temporary reduction in the number of circulations of all services, during the first state of emergency e a gradual reposition afterwards.

The International Service Lisbon/Madrid/Hendaye remained suspended. The Alfa Pendular Lisbon/Guimarães Service, also remained suspended, because of the available units' limitations, after the accident in 2020, that made one the sets inoperable.

Trains Kilometre (*10³)	2021	2020	Δ 21-20	Δ %
Lisbon Urban Serv.	6 441	6 248	192	3,1%
Porto Urban Serv.	4 617	4 501	116	2,6%
Coimbra Urban Serv.	476	456	21	4,6%
Long-distance Serv.	6 715	5 861	854	14,6%
Regional Serv.	9 124	8 378	745	8,9%
International Serv.	91	218	-127	-58,3%
TOTAL	27 463	25 662	1 801	7,0%

Profits

The evolution of traffic income followed the demand tendency, with an increase of 14% when compared to the previous year. The profits stood at 171,6 million euros, which is an increase of 20.9 million euros in comparison with 2020.

In 2021 there was no tariff increases. It is worth mentioning that this value includes extraordinary contributions granted within the scope of the Tariff Reduction Support Program (PART).

Traffic Income (*10³ €)	2021	2020	Δ 21-20	Δ %
Lisbon Urban Serv.	78 847	72 628	6 218	8,6%
Porto Urban Serv.	23 024	18 954	4 070	21,5%
Coimbra Urban Serv.	798	737	61	8,2%
Long-distance Serv.	50 101	41 448	8 652	20,9%
Regional Serv.	18 494	15 461	3 033	19,6%
International Serv.	307	1 423	-1 116	-78,4%
TOTAL	171 570	150 652	20 918	13,9%

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

Maintenance Activity

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 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 2021, 'Overhaul Repairs (of type R)' continued to be made in several material series, with the purpose of restoring their operating and safety levels.

The rehabilitation works of the 50 carriages acquired by RENFE in 2020 continued. The first 6 rehabilitated unities are still waiting for the approval of ERA (European Union Agency for Railways) to initiate its commercial service.

With the purpose of reinforcing the active fleet and minimalize the number of suspensions, the restitution into service of vehicles that were immobilised continued, namely:

- Railcars: 2 railcars of UQW 3500 series and 2 of UQE 2400 series, to reinforce the Lisbon suburban services;
- Diesel Railcars: 2 Allan of the 0350 series, to the East Line;
- Electric locomotives: 7 electric locomotives of the LE 2600/2620 series for the regional service on the Minho Line and for redundancy creation for the LE 5600;
- Diesel Locomotives: 2 Diesel electric LD 1400 locomotives for reinforcement of the service on the Douro Line and tourist services;
- Schindler Carriages: 5 Schindler carriages for the Douro line regional service and tourist services;
- Sorefame Carriages: 3 carriages for the Douro and Minho line regional service and tourist services;
- Napolitanas VE Carriages: 2 carriages for tourist services – Vouga Historical Train.

At the same time, efforts continued to be made to reduce the percentage of graffiti on circulating material, with a positive impact in terms of service quality, image and, above all, customer's sense of safety and comfort.

The volume of services provided to third parties during 2021, had a growth of 16.4 million euros.

Services provided to third parties include:

- Oporto Metro – maintenance of the light rail vehicles EUROTRAM AND TRAMTAIN fleets, and the conclusion of the general overhaul of the 960,000 kms of the EUROTRAM fleet vehicles;
- RENFE – maintenance of 592 series diesel railcars, rented to CP;
- Infraestruturas de Portugal – maintenance of the rail material;
- ADP – maintenance of the Sentinel Light Rail Tractor and wagons;
- SIMEF, MEDWAY and FERTAGUS - repair of rolling stocks.

Investments

Around 29 million euros of investments were made in 2021. Among these, around 56% were spent on the modernization of rolling stock and 22% on acquisition of rolling stock, 10% in various equipment and 9% in interventions on Fixed Installations.

Total Invesrment (Amount in 10^3€)	**Realised Value**	**Weight**
Aquisition of Rolling Stock	6 365	21,8%
Modernisation of Rolling Stock (*)	16 393	56,1%
Own Work Capitalised	13 317	45,5%
Other Rolling Stock	3 076	10,5%
Fixed Installations	2 638	9,0%
Equipment	2 929	10,0%
Commercial Equipment	0	0,0%
Computerisation	918	3,1%
TOTAL	**29 243**	

(*) Includes Own Work Capitalised

With the merge by incorporation of EMEF into CP, the rolling stock maintenance and repair activity was internalized. Therefore, the major rolling stock repair interventions, internally carried out, to improve the operability and safety or the modernization / modification of the rolling stock, began to be capitalized as “Own Work Capitalised”.

In the “Rolling Stock Acquisition” heading, the final payment regarding the acquisition of 50 carriages from RENFE and the first advanced payment regarding the acquisition of 12+10 railcars for the Regional Service are included.

RESULTS

INCOME AND EXPENSES (amounts in thousands of euros)	Period		Change 2021/2020	
	REAL 31-12-2021	REAL 31-12-2020	Amount	%
Provided sales and services	192 841	171 333	21 508	13%
Provided sales and services - Passengers	171 977	150 899	21 078	14%
Provided sales and services - Maintenance and Repair	16 436	15 475	961	6%
Provided sales and services - Other	4 428	4 959	-531	-11%
Operating Subsidies	89 386	88 127	1 259	1%
Change in Production Inventories	-825	3 981	-4 806	-121%
Own Work Capitalised	13 317	14 048	-731	-5%
Other Income	22 709	17 269	5 440	32%
	317 428	294 758	22 670	8%
Sold commodities and consumed material cost	-25 383	-22 696	-2 687	-12%
External services supplies	-129 391	-131 145	1 754	1%
Personnel Expenses (w/o compensations and agreement on variables)	-145 765	-138 706	-7 059	-5%
Other Expenses	-2 865	-6 332	3 467	55%
	-303 404	-298 879	-4 525	-2%
Operating result from transport and maintenance activities* (EBITDA)	14 024	-4 121	18 145	440%
Depreciation and amortisation expenses/reversals	-56 385	-59 211	2 826	5%
Impairment of depreciable/amortisable investments (losses/reversals)	814	548	266	49%
Compensations for the termination of employment	-8	-139	131	94%
Gains/losses attributed to subsidiaries , associated companies and joint ventures	2 440	1 187	1 253	106%
Inventory impairment (losses/reversals)	-1 700	-4 919	3 219	65%
Impairment of receivables (losses/reversals)	255	-3 558	3 813	107%
Provisions (increases/decreases)	-352	-49	-303	-618%
Impairment of non-depreciable/amortisable investments (losses/reversals)	1 462	3 486	-2 024	-58%
Exchange rates (increases/decreases)	-1 751	-188	-1 563	-831%
Fair value increases/reductions	3	0	3	s/s
Other (Non-core) income	171	2 539	-2 368	-93%
Other (Non-core) expenses	-1 435	-52	-1 383	-2660%
Operating result	-42 462	-64 477	22 015	34%
Interest and similar income gained	9	12	-3	-25%
Payable interest similar expenses	-22 766	-30 622	7 856	26%
Net Financial Result	-22 757	-30 610	7 853	26%
Profit Before Taxes	-65 219	-95 087	29 868	31%
Income tax for the period	-335	-312	-23	-7%
Net result of the period	-65 554	-95 399	29 845	31%

* Before severance payments, fair value, impairments, provisions, depreciation, amortisations, financing expenses and taxes and other transactions not related to the company's core activities.

The Net Result of 2021 showed an improvement of 31% compared with the previous year (29.8 million euros), going from -95.4 million euros, in 2020, to -65.6 million euros in 2021.

This variation is mainly due to the upturn registered at the level of service provision regarding passenger transport (+21.1 million euros), as it was analysed before, along with the improvement in the Financial Result, in 7.9 million euros (+26%), due to the reduction in the company's interest-bearing liabilities.

On the income side, there is an increase of the other incomes in around 5.4 million euros, mainly due to the final adjustments made by the Lisbon Metropolitan Area to the PART values in 2020 and 2021, which had an increase of 4.6 million euros (amounts without VAT) and the conclusion of intervention works in the rolling stocks, that led to an increase of 2.5 million euros in the incomes.

The staff expenses (without compensations) increased by 7.1 million euros. This was not only because of the increase in the staff number, but also the increase of variable allowances, following the resumption of the company's activity.

The supplies and external services had a general decrease of 1.8 million euros, especially in the subcontracts related to the maintenance area, rental of rolling stocks and the suspension of the CP/RENFE Agreement to carry out the international services of SUD Express and Lusitânia. These variations were partially compensated by the increase on some heading, especially in electricity, electricity for traction and infrastructure usability rate, following the resumption of the company's activity.

FERNAVE

EXECUTIVE SUMMARY

In 2021, FERNAVE recorded an increase in its activity when compared with the previous year, although, because of the pandemic's impact, it still was lower than the one recorded in 2019.

The profits ascended to 1.1 million euros (+6,4% than the previous year), which allowed the conclusion of 2021 activities with a Net Result of 365 thousand euros, 49,4% better than the recordings from the previous year.

ACTIVITY IN 2021

During 2021, FERNAVE obtained the IMT certification as an entity for training and psychological evaluation of train drivers, in accordance with the Decrees no. 213/2020 and 214/2020, both from the 7th of September.

As a member of the Sectorial Council for the Transports Qualifications and Logistics, boosted by the ANQEP, it continued its participation in order to obtain a validation of proposal for new qualifications or upgrades from the ones that already exist. It is also worth mentioning the creation of a Training Course for Train Drivers, in scope of the certification of these professional by IMT.

From the actions developed in 2021 in the training area, these ones stand out:

- The courses for certification in routes, driving of rolling stocks (various) and the new GSRM radios, developed according to the specific necessities from the customers;
- Railway safety actions carried out for the venture companies, in order to grant the licenses for railway works, given the new requirements regarding safety, requested by IP (Infraestruturas de Portugal);
- Actions about the safe handling of harbour equipment for the Yilport Group (port maritime area);
- Assessment / training services for the Lisbon and Leixões harbours.

- In the areas of Personal Development, Leadership and Management, Actions for Prevention of Post-traumatic Stress, First-aid, Fire Prevention and Firefighting, Self-defence and Technical and Commercial English;
- Two courses for Initial Training of Train Drivers, where 31 licenses were granted to new train drivers, all posteriorly recruited by railway operators;
- Courses for Blocked Train Track Drivers, in order to enable the participants to drive specific rolling stocks in commercial circulation blocked train tracks.
- Two actions, for around thee dozens of graduates, from the Initial Training Course of Inspection and Sales Operators for CP;
- Psychological evaluation and training actions, in scope of the two courses for Inspectors (middle manager).

At psychological activity levels, around 850 examinations were carried out regarding recruitment and psychological evaluation.

In the Consultancy area, the following projects stand out:

- In the professional education area, the partnership with Cascais Municipal Council (CMC) and the IBN Mucana School Grouping continued, supporting the Professional Course for Transport Management Technicians;
- At the e-learning level, the conclusion of the project for the concession of a e-learning platform for the Portuguese Taxi Federation, with the purpose of administer the courses for continuous training of taxi drivers;
- Continuation of the Mystic Tua project, from the Tua Mobility System, in order to obtain the rail operator license application and to create the safety management system, as rail operator and infrastructure manager.

HUMAN RESOURCES

FERNAVE kept its team of 9 employees.

Profits

The profits, with an amount of 1.1 million euros, registered and increase of 6,4% compared to the previous year.

Profits (Amount in Euros)	2021	2020	Δ 21-20	Δ %
Training	1 037 089,87 €	987 446,00 €	49 643,87 €	5,0%
Psychology	70 104,56 €	53 013,00 €	17 091,56 €	32,2%
Consulting	15 097,76 €	14 403,00 €	694,76 €	4,8%
TOTAL	1 122 292,19 €	1 054 862,00 €	67 430,19 €	6,4%

RESULTS

INCOME AND EXPENSES (Amounts in euro)	2021	2020	Change 2021/2020	
			Amount	%
Provided sales and services	1 122 292	1 054 882	67 430	6,4%
External services and supplies	-484 130	-374 857	-109 273	29,2%
Personnel expenses	-369 592	-366 291	-3 301	0,9%
Impairment of receivables (losses/reversals)	-1 054	0	-1 054	s/s
Provisions	-20 000	0	-20 000	s/s
Impairment of non-depreciable/amortisable investments (losses/reversals)	39 331	-42 904	82 325	191,7%
Other income and gains	198 294	34 997	163 297	466,6%
Other expenses and losses	-85 281	-31 154	-54 127	173,7%
Result before depreciations, financing expenses and taxes	**399 860**	**274 853**	**126 207**	**45,6%**
Expenses/reversals of depreciation and amortisation	-8 123	-4 134	-3 989	1,0%
Operating result (before financing expenses and taxes)	**391 737**	**270 519**	**121 218**	**44,8%**
Payable interest and similar expenses	0	-258	258	100,0%
Result before taxes	**391 737**	**270 281**	**121 476**	**44,9%**
Income tax for the financial year	-26 855	-26 017	-818	3,1%
Net result of the period	**364 882**	**244 244**	**120 658**	**49,4%**

FERNAVE closed the 2021 financial year with a Net Result of 365 thousand euros, which represented an increase of 49,4% compared to the previous year.

It is worth mention the increase recorded in the Provided Sales and Services. The External Services and Supplies also had an increase in the heading Sales and Leases.

In 2021, the process regarding the sale of DUAT (Direito de Curso e Aproveitamento da Terra) was concluded, with a decision unfavourable to FERNAVE. The process, which was taking place in the Mozambique Justice was related with a land in Maputo. The Sale and Purchase Agreement was cancelled. Following the reached agreement, 212 thousand euros from the signal were returned to the buyer, while the remaining 162 thousand euros were accounted in the Other Income and Gain.

Because of the contract annulation, the cost related to the lands value was around 84 thousand euros, also accounted in Other Expenses and Losses.

The value of the interest in Transcom, had an increase compared to the previous year, mainly because of the changes in exchange rates.

ECOSAÚDE

EXECUTIVE SUMMARY

As a company dedicated to the health area, the year of 2021, as it was in the previous year, represented a major challenge due to the pandemic.

The ECOSAÚDE activity in 2021, registered an increase in its intensity and diversity of services provided in scope with the pandemic, along with the gradual and evolutionary returning of the traditional health services.

Together, these circumstances allowed the increase of the business volume and reinforce the net situation of the company.

ACTIVITY IN 2021

2021 was still highly affected by the pandemic’s effects, along with the public health measures for this effects mitigation.

The services related to the Pandemic, the ones who are still active are:

- The permanent medical line, for daily sickness support and advise, available seven days a week between 7 a.m. and 11 p.m. (6.205 hours);
- Screening services for virus infection with molecular tests and rapid antigen tests. 992 RT-PCr tests and 138 TRAg. tests were performed.

In 2021, a labour screening service was carried out in customers' facilities in the whole national territory, where 296 screenings were performed with a total of 4,576 TRAg. tests.

In May of 2021, a labour alcohol control testing service was initiated in the main railway facilities (Porto, Coimbra, Entrocamento, Lisbon and Faro), this service is in a permanent regime and after call.

These additional services contributed for a growth in the company’s main indicators.

Activity indicators (Units)	2021	2020	Change %
Occupational health (medical interventions)	12 234	10 172	20%
Occupational safety (working conditions interventions)	1 670	1 592	5%
Prevention and control of addictions (tests conducted in workplaces)	11 319	11 167	1%
Medical and nursing specialities	3 491	3 399	3%
Accidents management (appointments and treatments of OAs)	657	597	10%
Training - Amount of training hours	8 004	4 875	64%
Training - No. of training sessions	58	24	142%
Training - No. of trainees	509	216	136%

During the year of 2021, ECOSAÚDE consolidated the development of new customer service models, the provision of the activity outside the facilities, process optimisation and an integrated offer, contemplating the areas of Occupational Medicine, Safety, Accident Management, Curative Medicine, training and the Prevention and Control of Addictions.

ECOSAÚDE continued the improvement of the information system for activity support, adding new functionalities, through an internet portal, for the access to customer's relevant information.

ECOSAÚDE also developed various screening campaigns, namely, the screening for cardiovascular risk evaluation and the campaign for seasonal flu vaccination, among others.

HUMAN RESOURCES

At the end of the 2021 financial year, ECOSAÚDE had 25 employees, same as the previous year.

Profits

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

Around 51% of the invoicing comes from CP Group.

The profits increased by 3,2% compared to the previous year, especially for the Prevention Control.

Activity Segment (Amounts in €)	2021	2020	Change	
			Amount	%
Prevention and Control	197 967	107 943	90 024	83,4%
Occupational Health	1 522 213	1 480 809	41 404	2,8%
Hygiene and Safety in the Workplace	635 522	649 924	-14 402	-2,2%
Curative Medicine	263 734	280 790	-17 056	-6,1%
Accident Medicine	162 880	177 959	-15 079	-8,5%
Training	52 420	48 215	4 205	8,7%
TOTAL	2 834 736	2 745 640	89 096	3,2%

RESULTS

ECOSAÚDE closed the 2021 financial year with a Net Result of 114.7 thousand euros, which represented a decrease of 77.2 thousand euros compared to the previous year.

The Sale and Services Provided recorded an increase of 3,2%, as previously analysed.

The supplies an external services registered a growth of 8.7%, resulting essentially from the increase in the activity.

INCOME AND EXPENSES (Amounts in euro)	2021	2020	Change 2021/2020	
			Amount	%
Provided sales and services	2 834 736	2 745 640	89 096	-3,2%
External services and supplies	-1 787 235	-1 644 247	-142 988	-8,7%
Personnel expenses	-819 658	-724 215	-95 443	-13,2%
Impairment of receivables (losses/reversals)	-5 497	-67 001	61 504	-91,8%
Other income and gains	52 376	1 807	50 569	-2798,5%
Other expenses and losses	-45 404	-14 854	-30 550	-205,7%
Result before depreciations, financing expenses and taxes	**229 318**	**297 130**	**-67 812**	**-22,8%**
Expenses/reversals of depreciation and amortisation	-46 309	-33 540	-12 769	-38,1%
Operating result (before financing expenses and taxes)	**183 009**	**263 590**	**-80 581**	**-30,6%**
Payable interest and similar expenses	-8 905	-13 535	4 630	-34,2%
Result before taxes	**174 104**	**250 055**	**-75 951**	**-30,4%**
Income tax for the financial year	-59 441	-58 143	-1 298	-2,2%
Net result of the period	**-114 663**	**-191 912**	**-77 249**	**-40,3%**

In 2021, the process of corporate restructuration started in 2009 was concluded. The company is economically and financially weighted and balanced.

SAROS

EXECUTIVE SUMMARY

The 2021 activity, like the previous year, was marked by the COVID-19 pandemic effect, which caused a reduction of 10.8% in the value of services provided, and consequently a reduction in the Results when compared to 2020 (-11.6%).

ACTIVITY IN 2021

In 2021, 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 and consulting to clarify various issues;
- 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 specific needs of the companies.

HUMAN RESOURCES

The company's activity was carried out only by the Management Team. The 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 2021, the Sales and Services Provided by SAROS amounted to 414 thousand euros, representing a 10,8% decrease compared to 2020.

Branches (Amounts in thousands of euro)	2021	2020	Change	
			Amount	%
Occupational Accidents	179 785,68 €	232 415,71 €	-52 630,03 €	-22,6%
Health	179 785,68 €	166 927,55 €	-3 914,11 €	-2,3%
Civil Liability	179 785,68 €	42 197,72 €	9 854,17 €	23,4%
Other	179 785,68 €	23 203,39 €	-3 605,92 €	-15,5%
TOTAL	414 448,48 €	464 744,37 €	-50 295,89 €	-10,8%

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

RESULTS

In 2021, SAROS registered a reduction in the Net Result of 11,6%, mainly caused by the profits decrease, as previously analysed.

SAROS closed the 2021 financial year with a Net Result of 344 thousand euros and an Operational Result of 420 thousand years.

INCOME AND EXPENSES (Amounts in euro)	2021	2020	Change 2021/2020	
			Amount	%
Provided sales and services	414 448	464 744	-50 296	-10,8%
External services and supplies	-10 759	-9 764	-995	-10,2%
Personnel expenses	-57 003	-54 352	-2 651	-4,9%
Other income	81 942	86 368	-4 426	-5,1%
Other expenses	-9 078	-9 951	873	-8,8%
Result before depreciations, financing expenses and taxes	**419 550**	**477 045**	**-57 495**	**-12,1%**
Expenses/reversals of depreciation and amortisation	-19	-433	414	-95,6%
Operating result (before financing expenses and taxes)	**419 531**	**476 612**	**-57 081**	**-12,0%**
Payable interest and similar expenses	8	0	8	s/s
Result before taxes	**419 539**	**476 612**	**-67 073**	**-12,0%**
Income tax for the financial year	-75 893	-87 724	11 831	-13,5%
Net result of the period	**-343 646**	**-388 888**	**-45 242**	**-11,6%**

SIMEF, A.C.E.

EXECUTIVE SUMMARY

Despite the pandemic scenario, SIMEF continued to develop its activity according to plan, with the same quality, promptness and reliability patterns, that characterize the company and are recognized by its customers. For three years in a row, the MEDWAY customer, attributed the highest score in global Satisfaction on the SIMEF Satisfaction Survey. Likewise, the CP customer also gave us a really positive score, just like the previous year.

In the economical-financial plan, the Net Result in 2021 registered an increase of 13,2% compared with the previous year, with around 932 thousand euros.

ACTIVITY IN 2021

The 2021 year continued to be strongly market by the pandemic scenario, which led to the implementation and adaptation of a set of processes, proceedings, flows and work methods, at the Maintenance and Safety levels, adapting them to a digital environment with direct impact in the efficiency, effectiveness and innovation.

From an operational standpoint, of the activities carried out in 2021, the continuation of works 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.

It is also worth mentioning the increase in the internal skills in electronic equipment repair, giving to SIMEF the indispensable competences to have more efficacy and autonomy in its response to failures of this kind of equipment, which the main cause for this interventions of corrective maintenance is obsolesce.

In the scope of Innovation and Development, the continuation in the investment in digitalization, in all of the Organization'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.

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. 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 the 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 seven employees, having now a permanent staff of 71 workers.

In the scope of Human Resources Management and having the continuation of the pandemic situation in account, preventive measures were maintained, 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, 3.525 training hours were ministered in 2021, which corresponds to around 49 hours of training per employee.

In a particularly difficult year, because of the Pandemic, the absenteeism rate was 3,98%, 4% below of the established purpose.

Profits

The turnover presented an 11,8% increase, justified by the realization of additional services.

Segment of Activity (Amounts in €)	**2021**	**2020**	**Δ 21-20**	**Δ %**
Maintenance of LE5600 and LE4700 Locomotives	13 083 179,16 €	11 702 136,45 €	1 381 042,71 €	11,8%
TOTAL	**13 083 179,16 €**	**11 702 136,45 €**	**1 381 042,71 €**	**11,8%**

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

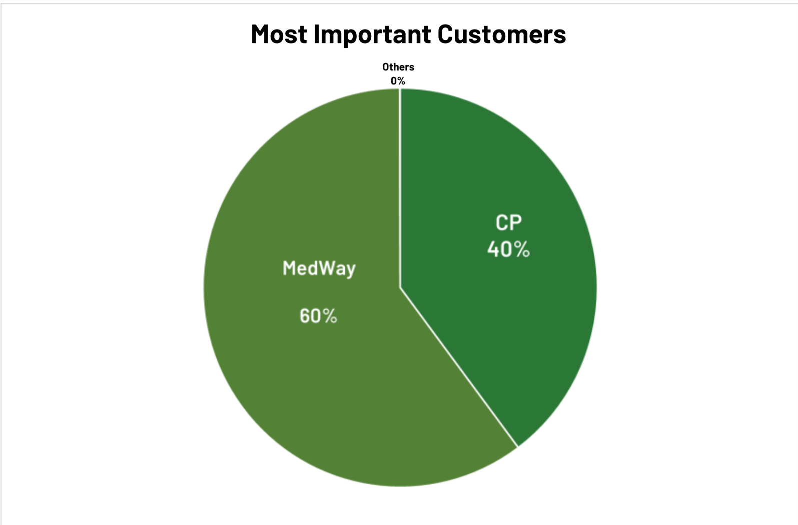


Chart 3 – Main customers of SIMEF.

RESULTS

INCOME AND EXPENSES (Amounts in euro)	2020	2019	Change 2020/2019	
			Amount	%
Provided sales and services	13 083 179	11 702 136	1 381 043	11,8%
Sold commodities and consumed materials costs	-1 953 548	-2 084 399	130 851	6,3%
External services and supplies	-7 852 009	-6 652 458	-1 199 552	-18,0%
Personnel expenses	-2 110 196	-1 921 953	-188 243	-9,8%
Provisions (increases/decreases)	-123 367	-92 141	-31 226	-33,9%
Other expenses	-9 458	-9 793	335	3,4%
Result before depreciations, financing expenses and taxes)	**1 034 601**	**941 393**	**93 208**	**9,9%**
Expenses/reversals of depreciations and amortisation	-103 878	-118 837	14 959	13
Operating result (before financing expenses and taxes)	**930 723**	**822 556**	**108 167**	**13,2%**
Interest and similar income gained	1 022	786	236	30,0%
Result before taxes	**931 745**	**823 342**	**108 403**	**13,2%**
Income tax for the financial year	0	0	0	s/s
Net result of the period	**931 745**	**823 342**	**108 403**	**13,2%**

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

The Net Result in the financial year of 2021 had an increase of 932 thousand euros, which represents an improvement of 13,2% compared with the previous year. This evolution is explained by the increase in the services provided. The activity increase is also justified by the variation of the External Services and Supplies.

05

ECONOMIC AND FINANCIAL ANALYSIS

Results

Net Result of the Group

INCOME AND EXPENSES (amounts in thousands of euros)	Period		Change 2021/2020	
	REAL 31-12-2021	REAL 31-12-2020	Amount	%
Provided sales and services	195 051	173 700	21 351	12%
Provided sales and services - Passengers	171 977	150 899	21 078	14%
Provided sales and services - Maintenance and Repair	16 443	15 475	968	6%
Provided sales and services - Other	6 631	7 326	-695	-9%
Operating Subsidies	89 386	88 127	1 259	1%
Change in Production Inventories	-825	3 981	-4 806	-121%
Own Work Capitalised	13 317	14 048	-731	-5%
Other Income	22 737	17 122	5 615	33%
	319 666	296 978	22 688	8%
Sold commodities and consumed material cost	-25 383	-22 696	-2 687	-12%
External services supplies	-129 391	-131 036	1 655	1%
Personnel Expenses (w/o compensations and agreement on variables)	-114 980	-138 285	-6 695	-5%
Other Expenses	-2 921	-6 365	3 444	54%
	-302 665	-298 382	-4 283	-1%
Operating result from transport and maintenance activities* (EBITDA)	**17 001**	**-1 404**	**18 405**	**1311%**
Depreciation and amortisation expenses/reversals	-58 155	-60 935	2 780	5%
Impairment of depreciable/amortisable investments (losses/reversals)	814	548	266	49%
Compensations for the termination of employment	-35	-140	105	75%
Gains/losses attributed to subsidiaries , associated companies and joint ventures	1 617	548	1 069	195%
Inventory impairment (losses/reversals)	-1 700	-4 919	3 219	65%
Impairment of receivables (losses/reversals)	248	-3 625	3 873	107%
Provisions (increases/decreases)	-372	-235	-137	-58%
Impairment of non-depreciable/amortisable investments (losses/reversals)	1 502	3 443	-1 941	-56%
Exchange rates (increases/decreases)	-1 753	-188	-1 565	-832%
Other (Non-core) income	171	2 539	-2 368	-93%
Other (Non-core) expenses	-1 519	-53	-1 466	-2776%
Operating result	**-42 181**	**-64 421**	**22 240**	**35%**
Fair Value Increases/Reductions	3	0	3	s/s
Interest and similar gains obtained	5	6	-1	-17%
Payable interest similar expenses	-23 015	-30 906	7 891	26%
Net Financial Result	**-23 007**	**-30 900**	**7 890**	**26%**
Profit Before Taxes	**-65 188**	**-95 321**	**30 130**	**32%**
Income tax for the period	-360	-335	-25	-7%
Net result of the period	**-65 548**	**-95 656**	**30 108**	**31%**

* Before severance payments, fair value, impairments, provisions, depreciation, amortisations, financing expenses and taxes and other transactions not related to the company's core activities.

The Net Income of the CP Group recorded an improvement of 31% compared to the previous year (30.1 million euros), from -95.7 million euros in 2020 to -65.5 million euros in 2021.

This change is mainly due to the increase in income from passenger transport services and the improvement in the Financial Result.

Operating Result of the Core Activities (EBITDA)

The recurrent EBITDA of the Group's core activities (transport and maintenance), was, in 2021, 17 million euros, about 18.4 million euros better than that recorded in the previous year. This evolution was essentially due to the following changes:

- Increase in the provision of services, by 21.4 million euros, originating essentially in passenger transport services, due to the increase in demand and income related to the support programme for fare reductions in transport (PART);

- Increase in operating subsidies regarding compensation for public service obligations, by 1.3 million euros;
- Generalised decrease in supplies and external services of around 1.7 million euros, with particular emphasis on subcontracts linked to the maintenance area (-4.7 million euros), the rental of rolling stock (-1 million euros) and the suspension of the CP/RENFE Agreement to carry out the international SUD Express and Lusitânia services (-0.9 million euros). These variations were partially offset by the increases in some items, namely electricity for traction (+1.5 million euros) and the infrastructure charge (+4.1 million euros), following the resumption of operating activity;
- Increase in other income, by around 5.6 million euros, essentially due to the final adjustments made by Lisbon Metropolitan Area to the PART values for 2019 and 2020, which amounted to around 4.6 million euros (values excluding VAT). Also of note is the completion of intervention works in the rotables, which led to an increase in income in the order of €2.5 million;
- Decrease in other expenses, by about 3.4 million euros, explained namely by the fact that, in 2020, there were adjustments in invoicing for transport of IP workers, compensation for material damage (accident that occurred in Spain) and penalties of maintenance and repair service contracts to third parties of the Group, without an identical counterpart in 2021;
- Decrease in the variation in production inventories, in the amount of EUR 4.8 million, due to the fact that consumption exceeded production;
- Increase in the cost of goods sold and materials consumed by 2.7 million euros;
- Increase in personnel costs (excluding severance payments), by 6.7 million euros, as a result, not only of the increase in the number of employees, but also of an increase in variable allowances, following the gradual recovery of the Group's activity.

Operating Income

The *Operating Income of the CP Group*, in 2021, was -42.2 million euros, which represented an improvement of 22.2 million euros compared to the previous year. This evolution was essentially due to, apart from the aforementioned motives for the recurring EBITDA, the following facts:

- Decrease in costs/reversals of depreciation and amortisation, by 2.8 million euros;
- Decrease in inventory impairments, set up to safeguard the loss of value of inventories (in case of non-use) over the expected period of use of the rolling stock series in which they can be applied, by about 3.2 million euros compared to the previous year. Contributing to this effect
  - (i) the adjustment of the impairment assessment criteria made in 2020, which worsened the accumulated impairment in that year;
  - (ii) the reductions, in 2021, of warehouse stocks of inventories that were impaired;
- Positive variation of impairment of debts receivable, in 3.9 million euros, due to the effort of collection developed by the Group and the fact that, in 2020, a significant impairment was constituted due to the ageing of some customer debts and the expectation of receiving them, which did not occur in 2021;

- Decrease in income recorded under the heading of impairment of non-depreciable / amortisable investments (losses/reversals), relating to the reversal of impairment losses of rolling stock that was classified as held for sale, by about 1.9 million euros;
- Decrease in other (non-core) income by 2.4 million euros, mainly as a result of, in 2020, having occurred the recognition of income as excess of tax estimate and the recording of compensatory and late payment interest related to a judicial / tax lawsuit, without identical counterpart in 2021;
- Unfavourable variation of 1.6 million euros in exchange differences, corresponding to the exchange variation in the value of subscribed and unrealised shares of the Group's financial holding in Eurofima (in Swiss francs);
- Increase in other (non-core) expenses, by 1.5 million euros, as a result of the write-off of discontinued, inoperable and unserviceable equipment.

Financial Result

The *Group's Financial Result* in 2021 was negative by 23 million euros, an improvement on the previous year's figure of approximately 7.9 million euros (+26%). This situation results, essentially, from the reduction of the Group's remunerated liabilities

Balance Sheet

HEADINGS (Amounts in thousands of euros)	PERIOD		Change 2021/2020	
	31-12-2021	31-12-2020	Amount	%
ASSET				
Non-Current Asset	424 367	451 810	-27 443	-6%
Current Asset	88 321	93 505	-5 184	-6%
Total Asset	**512 688**	**545 315**	**-32 627**	**-6%**
EQUITY AND LIABILITY				
Equity including:	-1 937 270	-1 871 964	-65 306	-3%
Net Result of the period	-65 548	-95 656	30 108	31%
Total Equity	**-1 937 270**	**-1 871 964**	**-65 306**	**-3%**
LIABILITY				
Non-Current Liability	269 462	405 960	-136 498	-34%
Current Liability	2 180 496	2 011 318	169 178	8%
Total Liability	**2 449 958**	**2 417 279**	**32 679**	**1%**
Total Equity + Liability	**512 688**	**545 315**	**-32 627**	**-6%**

Assets

In 2021, the Assets of the CP Group have decreased in about 32.6 million euros, whereby the following impacts are the most significant:

- Decrease in fixed tangible assets, by 25.9 million euros, mainly since the depreciations were not offset by the undertaking of investments;
- Reduction of Rights of Use Assets (IFRS 16), amounting to 1.6 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 5.6 million increase in inventories;
- Increase in the balance of customers and other receivables by 7 million euros, essentially explained by the accrual of the amounts already attributed by Lisbon Metropolitan Transports, relative to the months of June to August, within the scope of the fare reduction support programme in transport (PART). It should also be noted that several diligent proceedings have been carried out with the different entities in order to ensure the receipt of the amounts in debt;
- 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;
- Decrease of the cash balance and bank deposits by 16 million euros, to ensure compliance with the Group's financial responsibilities.

Share Capital

In 2021, no share capital increase or reconstitution operations were carried out.

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

- Transfer of the 2019 Negative Consolidated Net Result, to retained earnings;
- 2021 Negative Consolidated Net Result.

Liability

The Liability of the CP Group registered, in 2021, an increase of 32,7 million euros, whereas the following impacts are the most significant:

- Decrease in provisions set up by 1.7 million euros, essentially as a result of the reversal of the provision for work accident pensions, in accordance with the actuarial study carried out by an external entity;
- Increase in the balance owed to the State and other public entities, by 1.6 million euros, resulting from the increase in the value of contributions to be paid to the State, related to income tax payable by the group (autonomous taxation). The respective contributions will be paid within the legal deadline, in the month following the month of processing (December). In 2020, they were settled in the same month;
- Increase in the balance of suppliers and other payables by 42.8 million euros, highlighting the debt to IP (energy for traction and infrastructure use fee), as well as the increase in expenses related to financing interest;
- Decrease in lease liabilities (IFRS 16), by 1.6 million euros, in the same order of costs that were charged to the income statement based on depreciation of the right to use the leased asset and by the implicit interest costs throughout the lease contract;
- Decrease in deferrals of liabilities, by 8.1 million euros, due to the recognition, as income for the year, on a systematic and rational basis over the useful life of the asset, of 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:

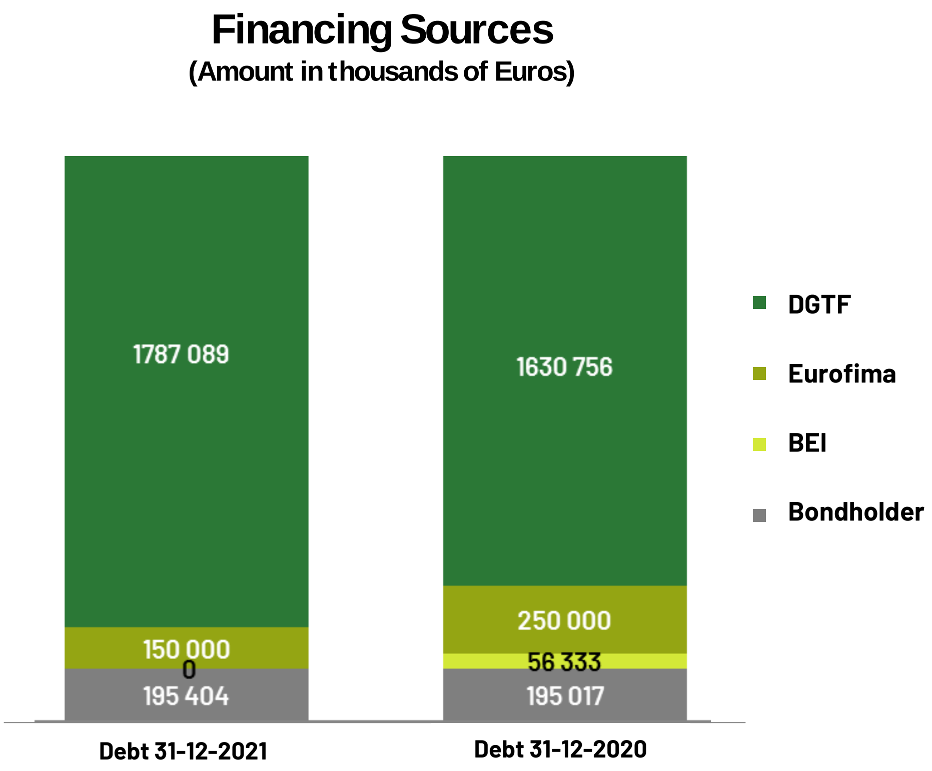


Chart 4 – Financing Sources.

As the Group's historic debt is still awaiting repayment, the loans contracted, as well as the successive extensions of the debt service payments on the State loans, have been made with maturities of less than one year.

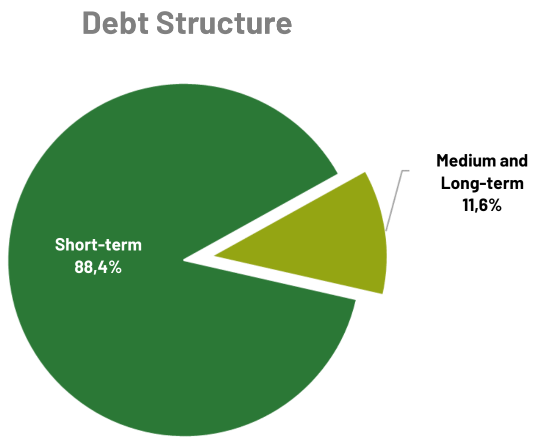


Chart 5 – Debt Structure.

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.

06

PERSPECTIVES FOR 2022

CP

The Government guidelines defined in RCM no. 110/2019, of 5 July, define a favourable environment for investment in railways, allowing CP to assume itself as a structuring operator of internal mobility and leader in the transport market, creating value for all stakeholders, contributing to territorial cohesion and to the economic, social and environmental sustainability of the country.

Thus, in view of future challenges and based on strengths and weaknesses, as well as threats and opportunities ahead, the following strategic and specific objectives were established for CP:

A gradual recovery in demand is expected for 2022, in line with the economic recovery. However, demand is still expected to remain significantly lower than in the years before the pandemic.

Negotiations on the Career Regulations and Company Agreements with the Workers' Representative Organisations will continue. Recruitment is expected to be carried out in order to increase workshop response capacity and to replace staff directly related to transport operations.

In terms of rolling stock, the tender procedure for the acquisition of 117 railcars for urban and regional service will continue in 2022, with 36 additional optional units, and the process for the acquisition of 12 railcars for the long-distance commercial segment will be launched, with 14 additional optional units. The rehabilitation of equipment that was previously immobilised and the rehabilitation of the 50 carriages acquired from RENFE will continue. The modernisation of the 450 series diesel railcars is expected to begin.

Benefiting from the restarting and modernisation of equipment, as well as the infrastructure electrification works, the gradual release of diesel engines of the 592 series, leased to RENFE, will continue.

Regarding investment, in addition to the actions mentioned for rolling stock, the launch of the procedure for the acquisition of vending machines and validators also stands out.

In financial terms, with the activity framed by the Public Service Obligations Agreement, the future sustainability of the company assumes that the compensation attributed is not limited to the values foreseen in the RCM no. 43/2020, of June 12th, but that the adjustments of the compensation effectively due are regularised, namely, due to the impact of the pandemic, as well as any other amounts that are understood to be due by way of financial rebalancing of the Agreement.

It is also assumed that the financial settlement of the historic debt will be achieved by 2022.

Assuming the financial settlement of the historic debt, the recovery of demand and the attribution of the due financial compensations for the public service rendered, it is expected that CP will present a balanced and sustainable financial situation in the short-term.

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, as well as its technical guarantees, maintaining and increasing the level of activity;
- Being an active partner that adds value to its business area and to the transport sector;
- To invest in new areas of knowledge, reinforcing, namely:

- the training aspect of rolling stock maintenance, following the qualification and certification needs of its shareholder,
- providing new courses, broadening the range of action (encompassing new, more transversal skills);
- Strengthening the commercial focus and notoriety of the company;
- To continue the process of technological modernisation, providing the company with the pedagogical resources and technological means, essential to the activity.

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

ECOSAÚDE

ECOSAÚDE wishes to remain endowed with the knowledge, the resources and the skills to provide quality services in the areas of health and safety at work, in accordance with the demanding needs of its clients.

The pandemic situation allowed the company to increase the level of activity, however, this effect will not be sustainable in the long term.

Increases in some operating expenses are anticipated, namely clinical service providers and energy, as well as interest on interest-bearing debt. It may be difficult to pass these increases on to customers' contracts.

The focus in 2022 will therefore be on maintaining a qualified installed capacity and continuing to seek operational efficiency that results in maintaining adequate profitability.

SAROS

For 2022 no changes are foreseen regarding 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 2022 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

It is estimated that the use in 2022 of the fleets maintained by SIMEF will be above the levels recorded in 2021, well above the contractual reference in the case of the CP Client and in line with that established in the Maintenance Contract of the MEDWAY Client.

The year 2022 will be characterised by very intense operational activity, particularly with regard to heavy maintenance, thus continuing what happened in 2021, due to the simultaneous major interventions in the two series of locomotives, with particular emphasis on the cycle of R2 type interventions in the LE4700 series, which began in 2020 and will continue until 2025.

The implementation of the Maintenance Management System and the requirements inherent to the compliance with the European Regulation on Railway Maintenance Safety lead to the need for internal restructuring, with SIMEF internalising the Quality and Maintenance Safety component.

In terms of Human Resources, efforts will be made to strengthen Health and Safety at Work conditions, in order to achieve the goal of Zero Work Accidents in 2022. The Training Plan is structured to ensure the revalidation of skills in critical activities, as well as to ensure the improvement of knowledge and development of employees, focusing, once again, on internal training in the technical areas of both series of locomotives.

As far as Innovation and Development is concerned, the continuity of the implementation of the RCM methodology, in this case in the LE4700 fleet, deserves special relevance. This will allow for the optimisation of work plans which, together with Telemaintenance already installed in all units, will contribute to increase the efficiency of the maintenance service provided to Customers.

In this area, an upgrade of the LE5600 fleet telemanagement portal is recommended, through the implementation of new functionalities, allowing a response to the needs identified by the Engineering area.

07

RECOMMENDATIONS FROM THE SHAREHOLDER

Recommendations from the Shareholder Issued when the 2020 Accounts were Approved

The Accounts of 2016, 2017, 2018, 2019, and 2020 are pending approval from the responsible Ministry.

08

RELEVANT FACTS AFTER THE END OF THE FINANCIAL YEAR

The following events should be noted:

- As a result of the Pandemic situation caused by the COVID-19 virus, it is possible to verify the gradual recovery of the CP Group's activity, although the fall in revenue continues to occur essentially in rail transport, and in the first months of the year, with direct impact on the company's revenues;

- At this time, there is an armed conflict between Russia and Ukraine that also affects western economies, and it is not yet possible to predict the impact that this reality will have on the Group's activity;

- We are not aware of any situation that as a result of the pandemic scenario and/or armed conflict should be reflected in the consolidated financial statements on 31 December 2021, not putting into question the assumption of continuity of operations.

Lisbon, May 12th, 2022

The Board of Directors

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

2021 Consolidated Report and Accounts

FINANCIAL STATEMENTS

Statement of Consolidated Financial Position on December 31st, 2021 **(Amounts in Euros)**

HEADINGS	NOTES	PERIODS	
		31-dez-21	31-dez-20
ASSET			
Non-current Asset			
Fixed Tangible Assets	6	383 201 731	409 137 096
Intangible Assets	7	69 077	141 573
Rights of Use Assets (IFRS 16)	8	9 611 733	11 211 735
Financial Holdings - Equity Method	9	3 246 172	3 190 703
Other Financial Investments	10	28 237 924	28 128 745
		424 366 637	**451 809 852**
Current Asset			
Inventories	12	42 199 458	36 631 813
Customers	13	11 353 160	4 315 929
State and Other Public Entities	14	5 909 243	7 547 026
Other Credits Receivable	15	7 431 313	7 056 440
Deferrals	16	1 020 249	1 114 752
Non-current Assets held for sale	17	2 274 859	2 702 526
Cash and Cash Equivalents	4	18 132 831	34 136 296
		88 321 113	**93 504 782**
Total of assets		**512 687 750**	**545 314 634**
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
Retained Earnings	21	(5 924 032 469)	(5 828 618 157)
Adjustments/other changes in equity	22	91 490 008	91 490 008
Net result of the period		(65 547 959)	(95 656 465)
Total of equity		**(1 937 269 716)**	**(1 871 963 910)**
Liability			
Non-current Liability			
Provisions	23	13 920 302	15 646 965
Loans Obtained	24	247 403 907	380 550 150
Lease Liabilities (IFRS 16)	8	8 137 937	9 763 374
		269 462 146	**405 960 489**
Current Liability			
Suppliers	26	34 829 699	7 440 574
Customer advances	27	-	374 000
State and Other Public Entities	14	2 122 777	488 091
Loans Obtained	24	1 885 089 333	1 751 806 817
Lease Liabilities (IFRS 16)	8	1 571 058	1 560 332
Other debts payable	25	171 240 253	155 867 489
Deferrals	16	85 642 200	93 780 752
		2 180 495 320	**2 011 318 055**
Total of liability		**2 449 957 466**	**2 417 278 544**
Total of equity and liability		**512 687 750**	**545 314 634**

To be read with the notes to the financial statements.

Certified Accountant - Dr. Ana Coelho

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	
		2021	2020
Provided sales and services	28	195 051 214	173 700 483
Operating subsidies	29	89 386 058	88 127 384
Gains/losses attributed to subsidiaries, associated companies and joint ventures	30	1 616 577	548 170
Changes in production inventories	31	(824 703)	3 980 568
Own work capitalised	32	13 316 590	14 047 696
Sold commodities and consumed material costs	33	(25 383 190)	(22 695 541)
External services and supplies	34	(129 380 875)	(131 035 790)
Personnel expenses	35	(145 014 736)	(138 424 966)
Inventory impairment (losses/reversals)	12	(1 699 559)	(4 919 449)
Impairment of receivables (losses/reversals)	13/15	248 448	(3 624 691)
Provisions (increases/decreases)	23	(371 586)	(235 158)
Impairment of non-depreacible and non-amortisable investments (losses/reversals)	36	1 501 561	3 443 087
Other income	37	24 068 368	21 315 481
Other expenses	38	(7 354 633)	(8 261 922)
Result before depreciations, financing expenses and taxes		**15 159 534**	**(4 034 648)**
Expenses/reversals of depreciation and amortisation	39	(58 154 595)	(60 935 101)
Impairment of depreciable and amortisable investments (losses/reversals)	40	814 485	548 477
Operating result (before financing expenses and taxes)		**(42 180 576)**	**(64 421 272)**
Fair Value increases/reductions	41	2 965	-
Interest and similar income gained	42	4 791	6 216
Payable interest and similar expenses	43	(23 015 482)	(30 906 166)
Result before taxes		**(65 188 302)**	**(95 321 222)**
Income tax of the period	11	(359 657)	(335 243)
Comprehensive net result of the period		**(65 547 959)**	**(95 656 465)**
Other transactions in equity		242 153	207 086
Comprehensive result for the period		**(65 305 806)**	**(95 449 379)**

To be read with the notes to the financial statements.

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Director - Eng. Pedro Manuel Franco Ribeiro

Consolidated statement of changes in equity during 2021

(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 2021 period	1	18 a 22	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)
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		22	-	-	-	(95 414 312)	-		95 656 465	242 153		242 153
	2		-	-	-	(95 414 312)	-	-	95 656 465	242 153		242 153
Net result of the period	3		-	-	-	-	-	-	(65 547 959)	(65 547 959)		(65 547 959)
Comprehensive result	4 = 2 + 3					(95 414 312)			30 108 506	(65 305 806)		(65 305 806)
Operations with capital owners in the period												
Capital subscriptions			-	-	-	-	-	-		-		-
Share premium subscriptions			-	-	-	-	-	-	-	-		-
Distributions			-	-	-	-	-	-	-	-		-
Down payments to cover losses			-	-	-	-	-	-	-	-		-
Other operations			-	-	-		-	-		-		-
	5		-	-	-	-	-	-	-	-		-
Position at the end of the 2021 period	6 = 1+2+3+5		3 959 489 351	24 703	1 306 650	(5 924 032 469)	-	91 490 008	(65 547 959)	(1 937 269 716)		(1 937 269 716)

To be read with the notes to the financial statements.

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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 22	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		22	-	-	-	(52 294 868)	-		52 501 954	207 086		207 086
	2		-	-	-	(52 294 868)	-	-	52 501 954	207 086		207 086
Net result of the period	3		-	-	-	-	-	-	(95 656 465)	(95 656 465)		(95 656 465)
Comprehensive result	4 = 2 + 3					(52 294 868)			(43 154 511)	(95 449 379)		(95 449 379)
Operations with capital owners in the period												
Capital subscriptions			-	-	-	-	-	-		-		-
Share premium subscriptions			-	-	-	-	-	-	-	-		-
Distributions			-	-	-	-	-	-	-	-		-
Down payments to cover losses			-	-	-	-	-	-	-	-		-
Other operations			-	-	-	-	-	-	-	-		-
	5		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
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)**

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Consolidaded cash flow statement on December 31st, 2021

Period ended on December 31st, 2021 **(amount in euros)**

CASH FLOW STATEMENT	2021	2020
Cash flows from operating activities - Direct method		
Collections from customers	302 002 243	283 018 223
Payments to suppliers	(159 409 197)	(205 621 434)
Payments to employees	(137 600 472)	(133 933 047)
Cash generated by operations	**4 992 574**	**(56 536 258)**
Income tax payments/collections	(270 777)	(27 203)
Other collections/payments	7 307 222	8 656 032
Cash flows from operating activities (1)	**12 029 019**	**(47 907 429)**
Cash flows from investment activities		
Payments regarding:		
Fixed tangible assets	(14 385 040)	(7 641 386)
Intangible assets	(52 896)	-
Financial investments	(2 000 000)	-
Collections from:		
Fixed tangible assets	295 200	565
Financial investments	799 150	-
Investment grants	2 534 215	-
Interest and similar income gained	6	-
Dividends	761 957	836 571
Cash flow from investment activities (2)	**(12 047 408)**	**(6 804 250)**
Cash flow from funding activities		
Collections from:		
Loans obatined	156 333 333	136 700 000
Other funding operations	481 042	48 038
Payments regarding:		
Loans obtained	(156 333 333)	(71 693 334)
Interest and similar income gained	(16 214 610)	(16 662 661)
Cash flows from funding activities (3)	**(15 733 568)**	**48 392 043**
Change in cash and cash equivalents (1+2+3)	**(15 751 957)**	**(6 319 636)**
Influence of exchange differences	(691)	78
Cash and cash equivalents at the start of the period	**33 885 479**	**40 205 037**
Cash and cash equivalents at the end of the period	**18 132 831**	**33 885 479**

To be read with the notes to the financial statements.

Certified Accountant - Dr. Ana Coelho

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

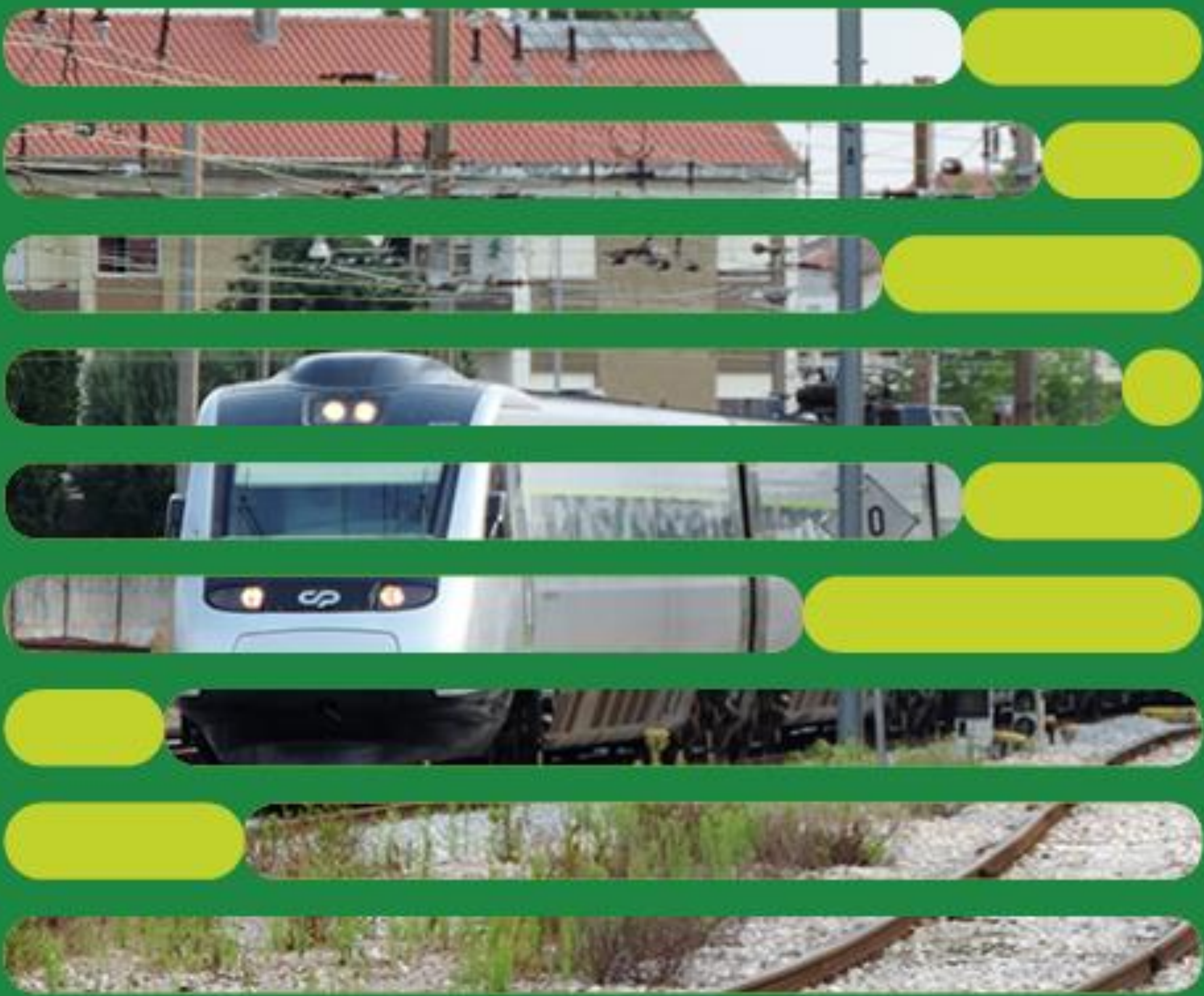
Director - Dr. Ana Maria dos Santos Malhó

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

2021 Consolidated Report and Accounts

ATTACHMENTS TO THE FINANCIAL STATEMENTS



Company Identification and Reporting Period (note 1)

Company 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[2], although its wording did not take effect until January 1st, 2020.

The main objects of CP's activity are:

- the provision of public railway transport services for passengers in railroads, railroad sections and branch lines which are a part of, or come to be a part of, the national railroad network, as well as international passenger transportation;
- 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, having been carried out by CP Carga - Logística e Transporte Ferroviário de Mercadorias, S.A., with share capital held entirely by CP until 2015, and sold 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 2021:

- 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.);
- 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.);

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

- 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, 2021.

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 May 12th, 2020, 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, 2021, and for the comparative financial information presented in these financial statements for the period concluded on December 31st, 2020.

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 NCRF requires the formulation of judgments, estimates, and assumptions which affect the application of accounting policies and 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 adopted by the EU issued and in force on December 31st, 2021. 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 2021, 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, 2021, are as follows:

Subsidiaries

SAROS – Sociedade de Mediação de Seguros, Lda.

CP's shareholding - 100%

Subscribed share 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 share 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 share 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%

Subscribed share 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 share 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.

Associated Companies

NOMAD TECH, Lda.

CP’s shareholding -35%

Subscribed share 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.

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

CP's shareholding via Fernave – 6,92%

Subscribed share capital – 74.025.000 meticais

The company was incorporated in 1998 and its object is university higher education, technical training, scientific research and consultancy, particularly in the technological, management, logistics, distribution, transport, communications and IT fields, in companies and other organisations, especially those linked to transport, communications and IT.

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

CP's shareholding – 5%

Subscribed share 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 as fully owned by CP until 2015, and sold in 2016 to Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A. As of December 31st, 2021, 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%

Subscribed 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%

Subscribed 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%

Subscribed 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. (Belga)

CP’s shareholding - 2,09%

Subscribed 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%

Subscribed 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 (Belga)

CP’s shareholding - 1,54%

Subscribed 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

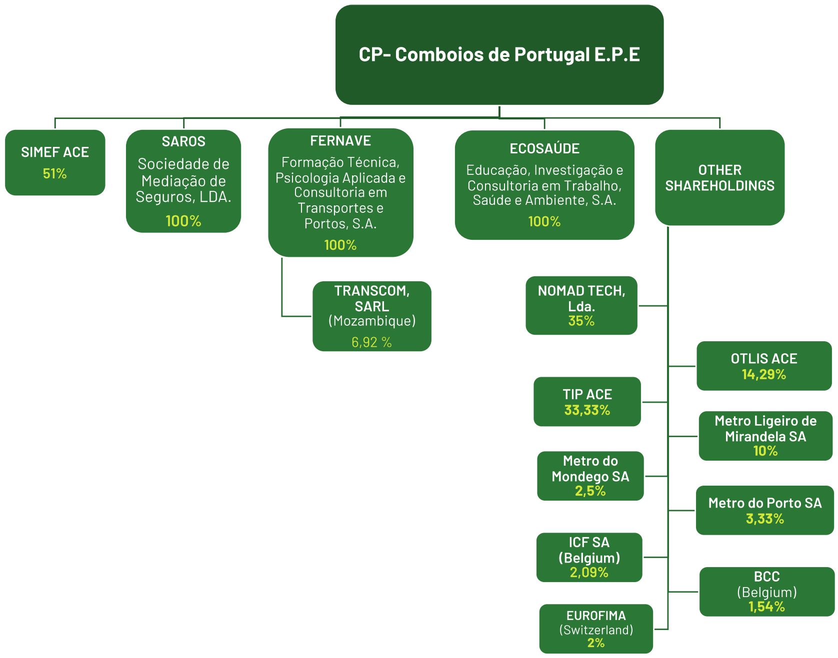


Chart 6 - CP Group.

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. On the 31st of December, 2021, CP still holds a residual interest of 5%, merely temporary (and adjusted with impairment), as it awaits the completion of some procedures provided for in the agreement to achieve the full disposal of the interest (100%). For this reason it is not represented in the respective organisation chart of the consolidation perimeter.

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 share capital, which is directly and indirectly held by the Group, as at December 31st, 2021, are the following:

Company	Registered Office	Capital Owners	% of capital
SAROS, LDA.	Lisboa	CP, E.P.E.	100%
FERNAVE, S.A.	Lisboa	CP, E.P.E.	100%
ECOSAÚDE, S.A.	Lisboa	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 share capital owned, as of December 31st, 2021, are the following:

Company	Registered Office	Capital Owners	% of capital
TIP, ACE	Porto	CP, E.P.E.	33%
SIMEF, ACE	Entroncamento	CP, E.P.E.	51%
NOMAD TECH, LDA.	Porto	CP, E.P.E.	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 accruals 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 periodic maintenance during the useful life of the rolling stock are recognised as operating expenses;
- The expenses incurred in overhaul 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 overhaul 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 overhaul 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 periodic maintenance and repair expenses (maintenance agreements, technical inspections, etc.) are recognised as operating expenses;
- Expenses incurred with major interventions that increase the useful life or capacity of the asset are recognised under tangible fixed assets, through partial or total replacement of the component replaced.
- 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

The government grants related with fixed tangible and intangible assets are initially recognised as deferred income, 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. 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. The grants compensating CP for the acquisition of an asset are recognised in the income statement in a systematic basis in accordance with the useful life of the asset.

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 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 or by the establishment of a residual value.

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 consider 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

The Group applies the criteria for recognising and accounting for leases, as set out in IFRS 16 - Leases, 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 13.

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 13, 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 13.

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 outputs.

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.

The exchange rates in force are those published for the same date on the Bank of Portugal's website (https://www.bportugal.pt/taxas-cambio).

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 12th of May 2022. 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 46.

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 factors ensuring its continuity;
- 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.

The impairment losses on inventories regarding raw, subsidiary and consumable materials and those regarding finished and intermediate goods originate essentially from the passenger transport area and the maintenance and repair of rolling stock.

In order to calculate the impairment of inventories, the Group assesses every six months the need to recognise impairments in respect of its inventories.

The criteria applied to determine impairment of inventories are summarised below, notwithstanding the fact that the impairments determined by the application of these criteria may differ from those effectively determined at the end of the useful life of the asset:

Rolling stock application materials

For parts used in the repair of rolling stock of CP, and given the durability of the same, impairment is calculated according to the residual estimated commercial useful life of the material series to which they are associated, which allows the identification of effectively obsolete materials and without application.

Materials with application in rolling stock of external customers

The calculation of impairment for these warehouse items is, in general, a function of the number of years remaining until the end of the respective contracts. If the inventories are also usable in rolling stock CP series, the impairment calculation criteria applied to the latter are applied.

Rotatable repairable parts

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

Remaining materials

For the purposes of determining impairment, for the remaining materials, the criterion of non-rotation for more than 5 years is applied, in order to identify obsolete and non-applicable materials.

If these materials without rotation have movement again, impairment is only reversed if the net value of the material is negative and up to the limit strictly necessary for it to cease to be so.

With regard to impairment of inventories used in rolling stock (CP Group series or customers), in addition to the impairment allocated on the basis of the remaining useful life, an additional impairment of 25% is considered for inventories which have not moved for more than 10 years, with an additional increase of 5% for each year without movement, and reaching the maximum value of 75%, if they have not moved for more than 20 years. The definition of the 10-year period to start imputation of this additional impairment results from the fact that it is expected that, in 10 years, the material will have a complete cycle of interventions, and it is expected that consumptions of the different materials will occur in this period of time.

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 accordance with the IFRS. 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, 2021

The amendments to the standards with effect as of January 1st, 2021 that may have an impact on the CP Group are as follows:

IAS 16 - "COVID-19 Related Rent Allowance"

The amendments introduced allow tenants to be exempted from assessing whether subsidies granted by landlords under COVID-19 qualify as modifications to leases. Tenants who elect to apply this exemption, and provided they comply with the applicable conditions, account for the change to rental payments as variable rentals in the period(s) in which the event or condition leading to the reduction of payment occurs. This amendment is applied retrospectively with the impacts reflected as an adjustment to retained earnings (or other equity item) at the beginning of the annual reporting period in which the lessee first applies the amendment.

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

IFRS4 - "Insurance Contracts - Deferral of application of IFRS 9

This amendment refers to the temporary accounting consequences that result from the difference between the effective date of IFRS9-Financial Instruments and the future effective date of IFRS17-Insurance Contracts, enabling the alignment of the dates of both standards. This change only applies to insurance entities.

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 2

This amendment corresponds to the second phase of the "Reform of reference interest rates" project (examples: Euribor and Libor) which arose following the financial crisis. In this phase, it deals with issues that arise in the accounting of financial instruments indexed to these rates, due to the replacement of a reference interest rate by an alternative one and provides for the application of exemptions depending on various factors associated with the coverage of the financial instruments.

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 2021, 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 2021	31 DEC 2020
Cash	391 661	372 555
Cash Equivalents	17 741 170	33 763 741
Subtotal	**18 132 831**	**34 136 296**
Bank overdrafts (a)	-	(250 817)
Total	**18 132 831**	**33 885 479**

(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 2021, the CP Group had fixed tangible assets organised by fixed asset categories, as shown in the following table:

		(amounts in euros)
Description	**31 DEC 2021**	**31 DEC 2020**
Gross Value:		
Land and natural resources	20 533 661	20 617 518
Buildings and other constructions	98 134 592	97 217 752
Basic equipment	1 504 302 863	1 480 998 491
Transport equipment	3 245 350	3 079 461
Administrative equipment	27 841 055	27 749 059
Other tangible fixed assets	44 214 113	63 258 794
Ongoing investments	17 147 051	7 696 160
Advance payments for investment purposes	5 279 520	313 973
Subtotal	**1 720 698 205**	**1 700 931 208**
Accumulated depreciation and impairment:		
Depreciation of the period	56 333 170	59 164 535
Accumulated depreciation of previous periods	**1 288 163 005**	**1 195 639 445**
Adjustments carried out against accumulated depreciations	(9 816 323)	33 359 025
Impairment losses of the period	**(814 485)**	**(548 477)**
Impairment losses of previous periods	3 631 107	4 179 584
Subtotal	**1 337 496 474**	**1 291 794 112**
Net book value	**383 201 731**	**409 137 096**

The movements in the fixed tangible assets heading throughout 2021 are summarised in the following table:

(amounts in euros)

Description	Opening Balance	Additions	Disposals	Assets classified as held for sale	Decommissioning	Transfers	Other Adjustments	Closing Balance
Gross Value:								
Land and natural resources	20 617 518	-	-	-	(83 857)	-	-	20 533 661
Buildings and other constructions	97 217 752	-	-	-	-	916 840	-	98 134 592
Basic equipment	1480 998 491	602 569	-	8 636 161	(137 719)	13 261 810	941 551	1504 302 863
Transport equipment	3 079 461	182 088	-	-	(16 199)	-	-	3 245 350
Administrative equipment	27 749 059	226 004	-	-	(344 726)	210 718	-	27 841 055
Other fixed tangible assets	63 258 794	105 696	-	-	(17 415 559)	(673 505)	(1 061 313)	44 214 113
Ongoing investments	7 696 160	23 192 274	-	-	(7 750)	(13 715 863)	(17 770)	17 147 051
Advance payments for investment purposes	313 973	4 965 547	-	-	-	-	-	5 279 520
	1 700 931 208	**29 274 178**	**-**	**8 636 161**	**(18 005 810)**	**-**	**(137 532)**	**1 720 698 205**
Accumulated depreciation and impairment:								
Buildings and other constructions	51 860 558	2 780 296	-	-	-	-	-	54 640 854
Basic equipment	1155 267 773	50 017 076	-	6 821 784	(137 719)	58 311	536 053	1212 563 278
Transport equipment	2 974 456	34 945	-	-	(16 198)	-	-	2 993 203
Administrative equipment	25 367 858	1 421 015	-	-	(344 652)	(58 311)	-	26 385 910
Other fixed tangible assets	52 692 361	2 079 838	-	-	(16 019 775)	-	(655 816)	38 096 608
Fixed Tangible Assets- Accumulated Impairment Losses- Basic equipmei	3 631 106	(814 485)	-	-	-	-	-	2 816 621
	1 291 794 112	**55 518 685**	**-**	**6 821 784**	**(16 518 344)**	**-**	**(119 763)**	**1 337 496 474**
Total	**409 137 096**							**383 201 731**

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

The most significant investments performed in the financial year of 2021, relate essentially to big occasional repairs of rolling stocks type R2, that comply with the criterion of recognition as a tangible fixed asset.

It is also worth mention that the recuperation of rolling stock, previously classified as held for sale, and, because it was in conditions to go back to commercial service, it was transferred for the tangible fixed assets, with a value of 1.8 million euros.

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.

The reversal of impairment losses recorded in the period results from the adjustment of the book value to the recoverable amount.

Regarding the contractual commitments for the acquisition of tangible fixed assets, it is worth mentioning its materiality, the contract celebrated with Stadler for the acquisition of 12 units of bimodal railcars and 10 units of electric railcars, with respective components and special tools. The total amount of the acquisition is 158,140,672.02 euros, to which adds the VAT to the currents legal rate, where the no 4 of the Resolution of the Minister Council no. 98/2021 determinates the maximum annual cost from the acquisition for the period from 2021 to 2028. , The fixed amount that can be added each year to the balance of the previous year is established in the no. 5 of the before mentioned Resolution.

As at December 31st, 2021, the following fixed tangible assets were granted as loan guarantee obtained by CP from Eurofima:

	(amount in euros)
Description	**Book Value**
Railcars	95 125 587
Total	**95 125 587**

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 2021**	**31 DEC 2020**
Gross Value:		
Investigation and development expenses	65 542	42 723
Computer programmes	159 670	517 792
Ongoing Intangible Assets	-	2 436
Subtotal	**225 212**	**562 951**
Accumulated amortisation and impairment:		
Amortisation of the period	105 834	84 960
Accumulated amortisation of previous periods	421 378	336 418
Accumulated amortisation of decommissioned goods of the period	(371 077)	-
Impairment losses of the period	-	-
Impairment losses of previous periods	-	-
Subtotal	**156 135**	**421 378**
Net book value	**69 077**	**141 573**

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 2021 is analysed as follows:

							(amounts in euros)
Description	**Opening Balance**	**Additions**	**Disposals**	**Assets held for sale**	**Decommissioning**	**Transfers**	**Closing Balance**
Gross Value:							
Investigation and development expenses	42 723	31 860	-	-	(26 353)	17 312	65 542
Computer programmes	517 792	-	-	-	(375 892)	17 770	159 670
Ongoing Intangible Assets	2 436	14 876	-	-	-	(17 312)	-
	562 951	**46 736**	**-**	**-**	**(402 245)**	**17 770**	**225 212**
Accumulated amortisation and impairment							
Amortisation of the period	84 960	105 834	-	-	(371 077)	-	(180 283)
Accumulated amortisation of previous periods	336 418	-	-	-	-		336 418
	421 378	**105 834**	**-**	**-**	**(371 077)**	**-**	**156 135**
Total	**141 573**						**69 077**

The intangible asset reduction on 2021, is essentially due to the write-off of partially amortised actives, by replacement of the current informatics program.

Assets Rights of Use (note 8)

At the end of 2021, the CP Group presented the following rights of use that met all the requirements in IFRS 16:

		(amounts in euros)
Descrição	**31 DEC 2021**	**31 DEC 2020**
Gross Value:		
Use Right (Finance Leases - IFRS16)	14 653 677	14 568 074
Subtotal	**14 653 677**	**14 568 074**
Accumulated amortisation and impairment:		
Amortisation of the period	1 685 605	1 685 605
Accumulated amortisation of previous periods	3 356 339	1 670 734
Subtotal	**5 041 944**	**3 356 339**
Net Book Value	**9 611 733**	**11 211 735**

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

		(amounts in euros)
Description	**31 DEC 2021**	**31 DEC 2020**
Non-current		
Liabilities for finance leases	8 137 937	9 763 374
Current		
Liabilities for finance leases	1 571 058	1 560 332
Total	**9 708 995**	**11 323 706**

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 2021**			**31 DEC 2020**		
		Gross Value	**Impairment**	**Net Amount**	**Gross Value**	**Impairment**	**Net Amount**
SIMEF A.C.E.	Investment	475 189	-	475 189	419 904	-	419 904
NOMAD TECH, LDA.	Investment	1 248 628	-	1 248 628	1 068 952	-	1 068 952
OTLIS, ACE	Investiment	-	-	-	342 236	-	342 236
TIP, ACE	Investiment	1 522 355	-	1 522 355	1 359 611	-	1 359 611
Total		**3 246 172**	**-**	**3 246 172**	**3 190 703**	**-**	**3 190 703**

The following movements in these financial holdings were made in 2021, as per the following table:

(amounts in euros)

	Opening Balance	Additions	Disposals	Equity Method	Other changes	Closing Balance
Gross Value						
SIMEF A.C.E.	419 904	-	-	475 043	(419 758)	475 189
NOMAD TECH, LDA.	1 068 952	-	-	179 676	-	1 248 628
OTLIS A.C.E.	342 236	-	-	-	(342 236)	-
TIP, ACE	1 359 611	-	-	162 744	-	1 522 355
Subtotal	**3 190 703**	**-**	**-**	**817 463**	**(761 994)**	**3 246 172**
Impairment	-		-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3 190 703**	**-**	**-**	**817 463**	**(761 994)**	**3 246 172**

Based on this table analysis, we can see that the increase in the heading financial holdings, is mainly due to the integration of the positive results from the company's group. In 2021, it is also worth mentioning the liquidation of the Otlis' holding by the agreement of total assets transfer between the member of Otlis and the Lisbon Metropolitan Transports (TML).

The summarised financial information related to associated companies (amounts awaiting approval in the General Meeting) is as follows:

(amounts in euros)

Name of the associated company	% of the holding	Reference date	Assets	Liabilities	Equity	Income	Net result
SIMEF, ACE	51	31 DEC 2021	9 677 717	8 745 972	931 745	13 084 201	931 745
Nomad Tech, Lda.	35	31 DEC 2021	5 859 571	2 292 064	3 567 507	2 252 326	(358 763)
TIP, ACE	33	31 DEC 2021	20 352 729	15 785 664	4 567 065	4 837 606	9 130

* This amount refers to the Net Result for the period between 01/07/2021 and 31/12/2021.
As previously mentioned, Nomad Tech closes its financial year on June 30 of each year.

Other Financial Investments (note 10)

CP 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 Group assesses the impairment of these financial assets, recognising an impairment loss in 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 2021			31 DEC 2020		
		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
INEGI	Aquisition cost	2 500	(2 500)	-	2 500	(2 500)	-
Railway Competence Centre	Aquisition cost	2 000 000	(2 000 000)				
TRANSCOM, S.A.	Aquisition cost	388 280	(123 752)	264 528	388 280	(163 083)	225 197
Work compensation fund	Aquisition cost	207 662	-	207 662	137 814	-	137 814
FOUNDATION OF THE NAT. RAILWAY MUSEUM	Aquisition cost	-	-	-	31 944	(31 944)	-
		31 088 565	(2 850 641)	28 237 924	29 050 661	(921 916)	28 128 745

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 share capital subscription and subsequent share 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 2021 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
INEGI	2 500	-	-	-	-	2 500
Railway Competence Centre	-	2 000 000				2 000 000
TRANSCOM, S.A.	388 280	-	-	-	-	388 280
Work compensation fund	137 814	66 883	-	2 965	-	207 662
FOUNDATION OF THE NAT. RAILWAY MUSEUM	31 944	-	-	-	(31 944)	-
	29 050 661	**2 066 883**	**-**	**2 965**	**(31 944)**	**31 088 565**
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)
INEGI	(2 500)	-	-	-	-	(2 500)
Railway Competence Centre	-	(2 000 000)				(2 000 000)
TRANSCOM, S.A.	(163 083)	-	-	-	39 331	(123 752)
FOUNDATION OF THE NAT. RAILWAY MUSEUM	(31 944)	-	-	-	31 944	-
	(921 916)	**(2 000 000)**	**-**	**-**	**71 275**	**(2 850 641)**
Total	28 128 745	66 883	-	2 965	39 331	28 237 924

The main change in this heading, during the financial year of 2021, is related to holdings in the new entity, the Railway Competence Centre. The other movements are related to the discounts required by law for the work compensation fund, and respective valorisation, through the new work agreements celebrated.

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, which significantly changes the financing form of the public transport services, and even if it was approved by the Court Auditors during the year of 2020, during the years 2020 and 2021 CP received the rightful compensations, abided by the contract. Because of the impacts from the Pandemic (Covid-19) in the Company's accounts, CP Group will not, in the near future, obtain taxable profits that allow the accumulated tax losses to be used. For this reason, CP doesn´t account deferred tax assets (deductible temporary differences) related to the report of tax losses and impairments and provisions.

At the end of 2021, the total deductible tax losses of the CP Group amounted approximately to 312.1 million euros, which may be used between 2021 and 2032.

Likewise, no deferred tax liabilities related to revaluate 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 2021	31 DEC 2020
CP	(334 889)	(312 115)
Fernave	(6 249)	(6 548)
Ecosaúde	(13 459)	(10 732)
Emef	-	-
Saros	(5 060)	(5 848)
Total	**(359 657)**	**(335 243)**

Inventories (note 12)

As at December 31st, 2021, the CP Group presented the following amounts of inventory, detailed by classification:

		(amounts in euros)
Description	**31 DEC 2021**	**31 DEC 2020**
Gross Value:		
Goods	138 575	188 242
Raw, auxiliary and consumable materials	53 638 212	47 996 886
Finished and intermidiate products*	3 826 473	3 935 107
Products and ongoing works	2 577 525	793 346
	60 180 785	**52 913 581**
Accumulated impairments		
Imapirments of the period	(1 699 559)	(4 919 449)
Impairments of previous periods	(16 281 768)	(11 362 319)
	(17 981 327)	**(16 281 768)**
Net Book Value	**42 199 458**	**36 631 813**

*internal and rotable fabrications

Regarding the Inventory Impairment of the Group, there is a decrease in the impairment set up that year, with around 3.2 million euros compared to the previous year. This is due to, on the one hand, the adjustments resulting from the standardisation of the impairment assessment criteria carried out on January 2020 (when the merging with EMEF), which led to an increase in the impairment set up that year, on the other hand, in 2021, there were also reductions of the inventories in stock that were in impairment.

It is also worth mention the control related to the inventories values, which is assessed in a half-yearly basis regarding necessary adjustments to its value, and that is reflected in the impairments set up accordingly.

The criterion for determination of inventory impairments in this half-yearly assessment, can be found in note 3.

Bearing in mind the application of this criterion, an impairment loss of 1.7 thousand euros was recognised in 2021, as identified in the following table:

					(amounts in euros)
Description	**Opening Balance**	**Uses**	**Losses**	**Reversal**	**Closing Balance**
Impairments of inventories					
Raw, auxiliary and consumable materials	(15 764 662)	-	(1 860 265)	310 274	(17 314 653)
Finished and intermediate products	(517 106)	-	(250 614)	101 046	(666 674)
Fabrications	122 806	-	(22 204)	-	100 602
Rotables	(216 393)	-	(228 410)	101 046	(343 757)
Total	**(16 281 768)**	**-**	**(2 110 879)**	**411 320**	**(17 981 327)**

Customers (note 13)

As at December 31st, 2021, the heading of customers had the following amounts:

		(amounts in euros)
Description	**31 DEC 2021**	**31 DEC 2020**
Gross Amount:		
Current account Customers		
General	10 633 928	3 895 479
Associated companies	383 931	235 046
Joint ventures	329 530	183 932
Other related parties	5771	1 472
Customers - accumulated impairment losses	5 827 125	6 529 660
Subtotal	**17 180 285**	**10 845 589**
Accumulated Impairment		
Impairment losses of the period	702 535	(3 560 096)
Impairment losses of previous periods	(6 529 660)	(2 969 564)
Subtotal	**(5 827 125)**	**(6 529 660)**
Net Book Value	**11 353 160**	**4 315 929**

In 2021, the heading of customer presents an increase when compared to the same period of the previous year of about 7 million euros. This is due to the increase in the customer's debs, essentially the amount assigned by TML regarding the months of June and July of 2021, in scope with the Tariff Reduction Support Program (PART), which were received in January of 2022 (see complement in note 28).

The movements of impairment losses are analysed as follows:

					(amounts in euros)
Description	**Opening Balance**	**Losses**	**Uses**	**Reversals**	**Closing Balance**
Impairment losses					
General customers	(6 529 660)	(18 182)	514 129	206 588	(5 827 125)
Total	**(6 529 660)**	**(18 182)**	**514 129**	**206 588**	**(5 827 125)**

State and Other Public Entities (note 14)

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

(amounts in euros)

Description	31 DEC 2021	31 DEC 2020
Asset		
Income tax	214 949	238 963
Special payment on account	167 451	167 451
Withholding tax	47 498	59 275
Withholding tax-Dependent	-	12 237
VAT	5 460 406	7 134 218
VAT receivable	5 460 406	7 134 218
VAT requested refunds	-	-
Other taxes	233 888	173 845
Social Security contributions CNP [National Pensions Ce	233 888	173 799
DGI-FCT	-	46
Total	**5 909 243**	**7 547 026**
Liability		
Income Tax	2 016 741	379 757
Income Tax	359 657	335 243
Income Tax withholdings	1 657 084	44 514
VAT	75 597	82 337
VAT payable	75 597	82 337
Other Taxes	30 439	25 997
Social Security contributions	22 808	19 838
Other Taxes	7 631	6 159
Total	**2 122 777**	**488 091**

In 2021 there was a decrease in the heading “VAT receivable”, essentially due to the fact that on 31/12/2021 there was only one month with tax recovered in the Group, whereas in the previous year there were two months.

It is also worth mentioning that in terms of liabilities, namely the income tax withheld, the increment in 2021 was due to the fact that the retentions in the dependent work were not paid in the month of December. Which did not happen in 2020, where the retentions were all liquidated during the year.

Other accounts receivable (note 15)

The heading of other accounts receivable is analysed as follows:

(amounts in euros)

Description	31 DEC 2021	31 DEC 2020
Gross Amount:		
Advance payments to suppliers	634 869	678 939
Current acount Suppliers - debit balance	75 570	43 793
Other	131 044	105 139
Other debtors - Employees	113 028	98 447
Sundry debtors - current accounts	7 892 646	9 032 976
Debtors by income accruals	4 410 252	1 682 324
Subtotal	**13 257 409**	**11 641 617**
Accumulated impairment		
Impairment of the period - other debts to third-parties	(1 240 919)	(64 595)
Impairment of previous periods - other debts to third-parties	(4 585 177)	(4 520 582)
Subtotal	**(5 826 096)**	**(4 585 177)**
Net Book Value	**7 431 313**	**7 056 440**

It is also worth mention the increase in the heading “Debtors by income accruals”, essentially as a result of the income related to the PART's revenue in August of 2021, which was invoiced and effectively received during the first quarter of 2022.

On the other hand, there is a reduction compared to the previous year in the heading “Sundry debtors – current accounts”, which was originated by the registers of 2020 in the pending payment invoice, regarding the service provided by the Rescue Train.

The movements of impairment losses are analysed as follows:

(amounts in euros)

Description	Opening Balance	Losses	Use	Transfers	Reversals	Closing Balance
Impairment losses						
Other third party debts	(4 585 177)		117 160	(1 418 121)	60 042	(5 826 096)
Total	**(4 585 177)**	**-**	**117 160**	**(1 418 121)**	**60 042**	**(5 826 096)**

The amount related to “Transfers” is a result of a reclassification in the provision accounts regarding the transferred value when the merge of EMEF with CP.

Deferrals (note 16)

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

(amounts in euros)

Description	31 DEC 2021	31 DEC 2020
Asset		
Expenses to be recognised		
Deferrals - recognised expenses - other - miscellaneous	1 020 249	1 114 752
Total	**1 020 249**	**1 114 752**
Liability		
Income to be recognised		
Deferrals - recognised income - investment grants	85 212 029	93 141 300
Deferrals - recognised income - invoicing for accounting - work to be c	-	614 772
Deferrals - recognised income - other deferrals - recognised income	430 171	24 680
Total	**85 642 200**	**93 780 752**

Regarding the Group assets, this heading covers the various insurance premium invoiced and paid by the end of the year, in order to guarantee the effectiveness of the insurances existing in the first quarter of the next 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 2021	31 DEC 2020
Envirnomental Fund_ Aqui. 12 Auto. BiModo and 10 Elec	5 956 145	4 565 785
PIDDAC Grants	32 851 630	36 597 995
FEDER Grants	44 599 600	49 883 677
IGCP Grants	1 576 939	1 709 548
Other Grants (including CEF)	227 715	384 295
Total	**85 212 029**	**93 141 300**

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 2021	31 DEC 2020
Assets		
Land and natural resources	84 031	84 031
Buildings and other constructions	175 369	175 369
Basic equipment	2 015 459	2 443 126
Total	**2 274 859**	**2 702 526**

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 Group'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 2021:

(amounts in euros)

Description	Book Value (1)	Allowances to be recognised (2)	Scrap Value (3)	Impairment (4)	(1)+(2)+(3)+(4)
Several Series	4 741 868	(1 445 359)	(570 100)	(2 726 409)	-

Share Capital (note 18)

In accordance with the legislation which defines CP's Statutes, the share 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 share 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 2021, there were no share capital increase operations, presenting the company with reference to the December 31st, 2021 an share 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.

Retained Earnings (note 21)

The variation of the retained earnings concerns essentially:

- To the transfer of the net income of the previous financial year for retained earnings.

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

(amounts in euros)

Reconciliation of the consolidated result brought forward		
Retained earnings in 2021		(5 924 032 469)
Retained earnings in 2020	(5 828 618 157)	
+ Net Result of the 2020 period	(95 656 465)	(5 924 274 622)
Movements of 2021 directly into Results brought forward:		242 153
Consolidation differences related to:		
*-Cancellation of Excess Estimated Tax regarding 2020		148 756
-Others (balance and transactions)		93 397

Adjustments/Other Variations in Equity (note 22)

The particulars of this heading are analysed as follows:

(amounts in euros)

Description	31 DEC 2021	31 DEC 2020
Financial restructuring	91 357 368	91 357 368
Transitional adjustments	132 640	132 640
Total	91 490 008	91 490 008

The financial repair 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	1 581 659	293 235		-	1 874 894
Railway accidents	2 742 861	-		118 170	2 624 691
Work accidents and occupational illnesses, and other provisions	11 322 445	1 062 439	2 098 249	865 918	9 420 717
Total	15 646 965	1 355 674	2 098 249	984 088	13 920 302

The changes registered in the provisions heading, during the financial year of 2021, arise from the estimated outcome of ongoing legal actions and of railway accidents, and of actuarial evaluation of work accident pension liabilities.

As it was mentioned in note 15, the amount in the column “Uses” related to the heading "Others", results from a reclassification of the provision account for the impairment losses account of third party debts.

The actuarial assessment, with reference to December 31st, 2021, of the liabilities related to work accidents as at December 31st, 1999, 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: 1,0%.

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, 2021.

Loans Obtained (note 24)

At the end of the period of 2021, the heading of loans obtained had the following particulars:

		(amounts in euros)
Description	**31 DEC 2021**	**31 DEC 2020**
Non-current		
Credit institutions and financial companies		
Bank loans	-	32 533 333
Bond loans	200 000 000	200 000 000
Applic. of Effective Rate Bond Loans	(4 596 093)	(4 983 183)
Other funders	52 000 000	153 000 000
Non-current total	**247 403 907**	**380 550 150**
Current		
Credit institutions and financial companies		
Bank loans	-	23 800 000
Bond loans	-	-
Applic. of Effective Rate Bond Loans	-	-
Bank overdrafts	-	250 817
Other funders	1 885 089 333	1 727 756 000
Current total	**1 885 089 333**	**1 751 806 817**
Total	**2 132 493 240**	**2 132 356 967**

In 2021, with all the significative effort in liquidity management, it was possible to maintain the total values of the Group' financings practically unchanged.

In 2021, three loans were contracted with DGTF, with a total of 156.3 million euros, in order to ensure the amortization of Eurofima's loan, amounting to 100 million euros (matured in July), the BEI's loan, in the amount of 56.3 million euros (23.8 million euros matured in September and the early refund of the remaining amount of EBI's loan, totalling 32.5 million euros, in December 15th, the interest maturity date). Additionally, the maturation of the contracted loans with DGTF, with amortisation expected for 2021, was extended to 2022. This operations were enabled by Ministry authorization.

Although the financing and extensions granted by the DGTF have resolved the most pressing needs, with regards to the amortization of loans with maturing in the period, we are still awaiting a formal decision by the State with regards to the financial restructuring.

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

(amounts in euros)

Description	31 DEC 2021	31 DEC 2020
Loans obtained		
Bank loans		
Up to 1 year	-	23 800 000
From 1 to 5 years	-	32 533 333
Over 5 years	-	-
Bank Overdrafts		
Up to 1 year		250 817
Bond loans		
Up to 1 year	-	-
Applic. of Effective Rate Bond Loans	-	-
Over 5 years	200 000 000	200 000 000
Applic. of Effective Rate Bond Loans	(4 596 093)	(4 983 183)
Other funders		
Up to 1 year	1 885 089 333	1 727 756 000
From 1 to 5 years	52 000 000	153 000 000
Over 5 years	-	-
Total	**2 132 493 240**	**2 132 356 967**

*

Other debts payable (note 25)

The heading of other accounts payable is analysed as follows:

(amounts in euros)

Description	31 DEC 2021	31 DEC 2020
Current		
Investment fund providers	3 467 542	648 562
Creditors by outstanding subscriptions	40 195 026	38 439 256
Other debtors and creditors	3 991 020	1 833 397
Creditors by expenditure accruals	123 586 665	114 946 274
Total	**171 240 253**	**155 867 489**

This heading presents a significant increase of 15.4 million euros when compared to the previous financial year, with an even higher increase in the creditors by expenditure accruals (8.6 million euros), essentially justified by the increase in specialized amounts with interest on outstanding loans.

Regarding the balance of other creditors, the debt in the end of 2021 to the Infraestruras de Portugal stands out.

The investment suppliers' balance, counts with the invoicing received and accounted in the second half of December 2021, related to the various investments with official equipment and in the application of rolling stock.

The creditors’ balance by outstanding subscriptions concerns the subscribed and unpaid share 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 2021**	**31 DEC 2020**
Suppliers current account		
General	34 381 153	6 720 969
Invoices received and pending approval	448 546	719 605
	34 829 699	**7 440 574**

The increased observed in the balance on the heading suppliers, with 27.4 million euros, essentially concerns the invoicing of the Infraestruturas de Portugal, related to the last quarter of 2021, which was not paid during the year, unlike the previous year. It is also worth mention that the increase in the overall balance in debts to suppliers, as a result of strong financial and budgetary constraints, that the Group was subject in 2021.

ADVANCE PAYMENTS FROM CUSTOMERS (NOTE 27)

This heading has the following amounts:

		(amounts in euros)
Description	**31 DEC 2021**	**31 DEC 2020**
Advance payments from customers (DUAT)	-	374 000
	-	**374 000**

As a result of a judicial decision of the Mozambican court, the contract signed in 2014, for the purchase and sale of the DUAT, the building called “Talhão no. 262”, that the Group held in Mozambique, was cancelled.

An agreement was reached with the buyer, whereby only half of the payment received in 2014 would be returned, which in practice, at the exchange rate of the day before the signing of that agreement, resulted in a refund of 212,098€.

Provided Sales and Services (note 28)

Provided sales and services have the following particulars:

(amounts in euros)

Description	2021	2020
Provided services		
Passengers net of discounts and rebates in sales	171 976 899	150 899 240
Maintenance and repair of rolling stock	16 440 991	15 475 069
Other	6 633 324	7 326 174
Total	**195 051 214**	**173 700 483**

Compared to the previous year, there is as increase in the CP Group service provisions, especially in the provision of passenger services, in around 21.1 million euros, as a result of the relief of the restrictive measures imposed following the COVID-19.

According to the Order no. 3515-A from 2021, applications for the PART related to the second semester of 2021 were made by the Lisbon Metropolitan Transports (TML) and by the Oporto Metropolitan Area (AMP), which are still awaiting a decision that is not guaranteed to be authorized. This also the reason why their values are not included into the CP Group accountings.

Operating Subsidies (note 29)

Operating allowances recognised as income in the financial years of 2021 and 2020 are identified in the following table:

(amounts in euros)

Description	2021	2020
Operating subsidies:		
Public Service Contract	89 384 377	88 101 529
Shift2Rail Allowances	1 681	25 855
Total	**89 386 058**	**88 127 384**

There is a slight increase in the subsidies received from the Group, as a result of the increase in the income received from the financial contributions of the public service contract in 2021, when compared to the previous year.

The public service contract signed on November 28th, 2019 between the State and CP was approved by the Court of Auditors on June 26th, 2021. Thus, as a result of the contract formalisation, financial compensations previously agreed with the State were paid to CP in 2021, 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 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	2021	2020
Gains		
Application of the equity method	817 464	356 591
Other	799 113	191 579
Total	**1 616 577**	**548 170**

The increase in gains allocated to subsidiaries, associated companies and joint ventures, is due to the impact of OTLIS liquidation, and the improvement in the SIMEF and Nomad results.

CHANGES IN PRODUCTION INVENTORIES (NOTE 31)

(amounts in euros)

	2021	2020
Closing Inventories		
Finished and intermediate products	3 826 472	3 935 106
Internal manufacturing	698 786	698 291
Repair of rolling stock	3 127 686	3 236 815
Products and ongoing work	2 577 525	793 346
Reclassification and regularisation of Inventories		
Finished and intermediate products	2 500 248	(152)
Internal manufacturing	(52)	(84)
Repair of rolling stock	2 500 300	(68)
Inventários iniciais		
Finished and intermediate products	3 935 106	748 036
Internal manufacturing	698 291	748 036
Repair of rolling stock	3 236 815	-
Products and ongoing work	793 346	-
Total	**(824 703)**	**3 980 568**

This heading presents a variation of 4.8 million euros, as a result of the occurred consumptions surpassed the production made.

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	2021	2020
Passenger transport		
Fixed tangible assets	13 316 590	14 047 696
Total	**13 316 590**	**14 047 696**

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	2021	2020
Goods	46 953	316
Raw, auxiliary and consumable materials	25 336 237	22 695 225
	25 383 190	**22 695 541**

It is worth mention the increase in the fuel consumption expenses, of around 1 million euros, which is directly related to the increase in the provision of rail passenger transport services, following the resumption to activity after the reduction in the restriction caused by the pandemic of COVID 19.

External Services and Supplies (note 34)

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

(amounts in euros)

Account	Designation	2021	2020
621	Sub-agreements	19 270 389	24 654 762
622/626	Specialised works and other	87 032 972	85 006 343
	(including the infrastructure charge)	54 526 574	50 446 957
623	Materials	13 061	13 712
624	Energy and fluids	22 350 860	20 686 781
625	Travels, accomodation and transport	713 593	674 191
		129 380 875	131 035 790

In 2021, there was a reduction in the CP Group heading external supplies and services, with an amount of 1.7 million euros. This reduction was mainly due to the decrease of expenses registered in sub-agreements, with a value of 5.4 million euros, namely the other sub-agreements, which are related to the maintenance area, with a value of 4.3 million euros. It is also worth mention the decrease in the charges with the renting of railcars to RENFE in 1 million euros, caused by the fact that the Group is gradually reducing the fleet of rented railcars, and the decrease in charges of the CP/RENFE agreements, resulting from the suspension of international services, in a value of 906 thousand euros, and the reduction in the catering services of 339 thousand euros.

Furthermore, the reduction in the restriction following the pandemic situation and the inherent increase of passengers' transport services in the Group, resulted in an increase of the expenses on the infrastructure charge, which was of around 4.1 million euros, and on electricity, of around 1.5 million euros.

Personnel Expenses (note 35)

The heading of personnel expenses has the following particulars:

(amounts in euros)

Description	2021	2020
Remuneration of governing bodies	563 708	585 001
Remunerations of personnel	114 404 488	108 666 936
Compensations	35 426	139 875
Charges on remuneration	25 648 553	24 320 129
Insurance for work accidents and occupational illnesses	3 386 612	4 011 807
Social action expenses	295 212	302 051
Other personnel expenses	680 737	399 167
	145 014 736	138 424 966

The increase in staff expenses, compared to the previous year, is essentially due to the increase in the number of the Group workers, but also due to the increase in variable bonuses, especially additional work, resulting from the reduction in the restrictions from the pandemic and gradual resumption to activity.

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

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

		(amounts in euros)
Description	**2021**	**2020**
Losses		
In financial investments	-	(42 904)
Reversals		
Non-current assets held for sale	1 501 561	3 485 991
	1 501 561	**3 443 087**

In 2021, there was a reversal of impairments of non-depreciable/amortisable investments of around 1.5 million euros, which results essentially from the recovery for the passenger transport service of rolling stock that was inoperable, and its reallocation to service.

Other Income (note 37)

The heading of other income has the following particulars:

		(amounts in euros)
Description	**2021**	**2020**
Supplementary Income	4 355 089	3 454 334
Cash discounts obtained	1 843	1 477
Inventory gains	131 022	13 625
Remaining financial assets	1 161 548	1 656 483
Non-financial investments	164 480	38 914
Other	18 254 386	16 150 648
	24 068 368	**21 315 481**

In this heading, it is worth mention the variation occurred in "Others", which is fundamentally explained by the following facts of opposite nature:

- On the one hand, the increase resulting from the final adjustments made by the Lisbon Metropolitan Area to the PART values related to the years of 2019 and 2020, with an amount of 4.6 million euros, as well as the conclusion of intervention works in the rolling stocks, with around 2.5 million euros;

- On the other hand, the reduction in the recognized value of investment subsidies, with 1.3 million euros, and the fact that, in contrast with 2020, there was no recognition of excess of the group's tax estimate, in the amount of 1.5 million euros (resulting from the merging of the EMEF), neither was the register of indemnity and default interests, with a value of 1 million euros, related to the judicial/fiscal process.

Other Expenses (note 38)

The heading of other expenses has the following particulars:

		(amounts in euros)
Description	**2021**	**2020**
Taxes	329 325	324 553
Bad debts	4 510	-
Inventory losses	85 380	118 536
Non-financial investments	1 525 598	52 461
Other	5 409 820	7 766 372
	7 354 633	**8 261 922**

In order to have a decrease compared to the previous financial year, the main contributors were the following particulars:

- Reduction of the expenses in around 3.5 thousand euros, because of the existence of facts in 2020 that were not registered in 2021, namely the various adjustments in the transports invoicing (with 2 million euros), maintenance and repair service agreement penalties (with 0.7 million euros) and compensations for material damages resulting from the accident occurred in Spain (in 0.6 million euros);
- On the contrary, there was an increase in expenses resulting from the write-off discontinued/inoperable equipment (of 1.4 million euros) and the exchange differences recognized (of 1.1 million euros) that essentially come from the subscribed, but not carried out holdings, in Swiss Francs, of Eurofima.

Expenses/Reversal of Depreciation and Amortisation (note 39)

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

		(amounts in euros)
Description	**2021**	**2020**
Expenses		
Fixed tangible assets	56 335 075	59 164 536
Intangible assets	105 834	84 960
IFRS 16	1 715 592	1 685 605
Reversals		
Fixed tangible assets	1 906	-
	58 154 595	**60 935 101**

The expenses registered from the depreciation/amortisation of goods according to their determined useful life. These are reviewed in annual basis, in order to verify if they are adjusted to the real events.

Impairment of Depreciable and Amortisable Investments (note 40)

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

		(amounts in euros)
Description	**2021**	**2020**
Reversals		
Fixed tangible assets	814 485	548 477
Total	**814 485**	**548 477**

The value registered in 2021 refers to the reversal of impairment losses on the Group's rolling stock (locomotives).

Fair Value Increases/Decreases (note 41)

The heading Fair value increases and reductions has the following amounts:

		(amounts in euros)
Description	**2021**	**2020**
Interest gained		
Financial investments	2 965	-
Total	**2 965**	**-**

In 2021 it was registered in the accounts for valorisation of the working compensation fund (FCT), considering the participation units held and respective valorisation in 31/12/2021.

Interest and Similar Income Gained (note 42)

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

(amounts in euros)

Description	2021	2020
Interest earned	4 791	6 216
	4 791	6 216

This heading essentially accounts for income associated with interest on loans to affiliate companies.

Payable Interest and Similar Expenses (note 43)

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

(amounts in euros)

Description	2021	2020
Interest charges	21 509 574	28 946 337
Other expenses and losses	1 505 908	1 959 829
	23 015 482	30 906 166

In the financial year of 2021, the heading of interest and incurred financial costs, shows a decrease of 7.9 million euros in comparison with the same period of the previous year, which is mainly due to the reduction in interest bearing-liabilities of the CP Group, as well as the historically low levels of market interest rates.

Guarantees and Sureties (note 44)

	(amounts in euros)
Garantees and surities provided to CP Group:	
Garantess and surities provided by the CP Group in favor of third parties	3 388 055

Remuneration of the Certified Public Accountant (note 45)

The company Alves Da Cunha, A Dia & Associados, Lda. took office on the July 8th, 2021, and has annual fees for the period up to December 31th, 2021, within the scope of the revision and legal certification of the individual and consolidated accounts of CP, amounting to 13,165.16 euros, plus VAT at the legal rate in force.

The company Oliveira, Reis & Associados – SROC, Lda. was in office up to July 7th, 2021, and had annual fees, within the scope of the revision and legal certification of the individual and consolidated accounts of CP, amounting to 11,168.12 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 21,500 Euros, plus VAT at the legal rate in force.

Relevant Events after the Statement of Financial Position Date (note 46)

The following events should be noted:

- Due to the pandemic situation caused by the COVID 19 virus, it is possible to verify a gradual resumption to activity in the CP Group, even though the strong falls in the rail transport revenues continued in the first month of the year, with a direct impact on the company's revenues;

- The current armed hostilities between Russia and Ukraine are also affecting the western economies, not being possible to foresee the impact that this reality will bring to the Group's activity;

- We are not aware of any situation that, as a result of the pandemic scenario and/or the armed hostilities, should be reflected in the consolidated financial statements as at December 31st, 2021, being the assumption of continuity of operations not called into question.