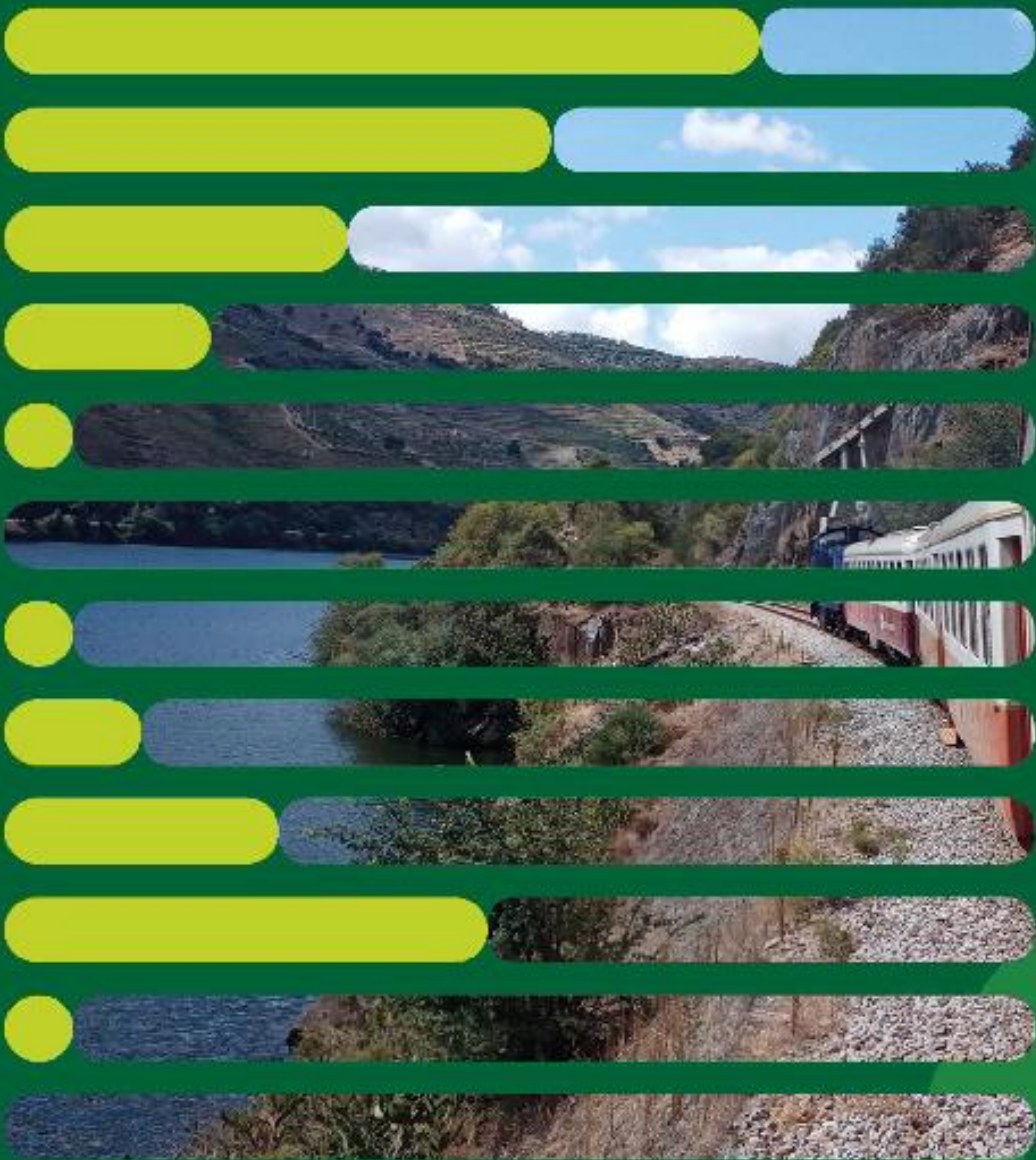
Consolidated Report and Accounts

COMBOIOS DE PORTUGAL

2022

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 no. 109

Statutory Capital: 3 959 489 351.01 € (as of December 31st 2022)

Design and Coordination:

Department of Planning, Control and Management Information

Financial Management

Contacts:

institucional@cp.pt

Membro BCSD PORTUGAL Empresas pela Sustentabilidade

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MAIN INDICATORS

Group Operating Indicators	2022	2021	Δ 22-21	Δ %
Demand				
Passengers (10^3)	148 123	99 103	49 020	49.5%
Passengers Kilometre (10^3)	4 038 038	2 526 613	1 511 425	59.8%
Supply				
Trains (10^3)	421.5	423.2	-2	-0.4%
CK (10^3)	28 023	27 463	560	2.0%
Fleet - Active Fleet				
Railcars	244	245	-1	-0.4%
Locomotives	47	44	3	6.8%
Carriages	141	126	15	11.9%
Human Resources				
CP	3 750	3 784	-34	-0.9%
SIMEF	69	71	-2	-2.8%
Fernave	10	9	1	11.1%
Ecosaúde	24	25	-1	-4.0%
Saros	1	1	0	0.0%
Final Group Effective	**3 854**	**3 890**	**-36**	**-0.9%**

Group Financial Indicators (10^3 €)	2022	2021 (Restated Amounts)	Δ 22-21	Δ %
Income Statement				
Operating Income	28 904	9 550	19 354	202.7%
Net Income	9 183	-13 817	23 000	166.5%
EBITDA (1)	88 250	68 732	19 518	28.4%
Balance Sheet				
Asset	527 687	564 418	-36 731	-6.5%
Equity	-1 876 363	-1 885 539	9 176	0.5%
Liability	2 404 050	2 449 958	-45 908	-1.9%
Loans Obtained	2 110 191	2 132 493	-22 302	-1.0%

(1) Before severence payments, fair value, impairment, provisions, depreciation, financing expenses and taxes, and other operations not related with the company's core activities.

02

CP GROUP

About Us

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

The Group provides the following services:

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

The Group ended 2022 with a Turnover of around 278 million euros.

At the end of 2022, the Group had around 3 854 Employees, a fleet of 244 railcars, 47 locomotives, and 141 carriages. These resources allowed for the circulation of 421 thousand trains which transported over 148 million passengers.

The following diagram presents the holdings from CP and its affiliate companies by the end of 2022:

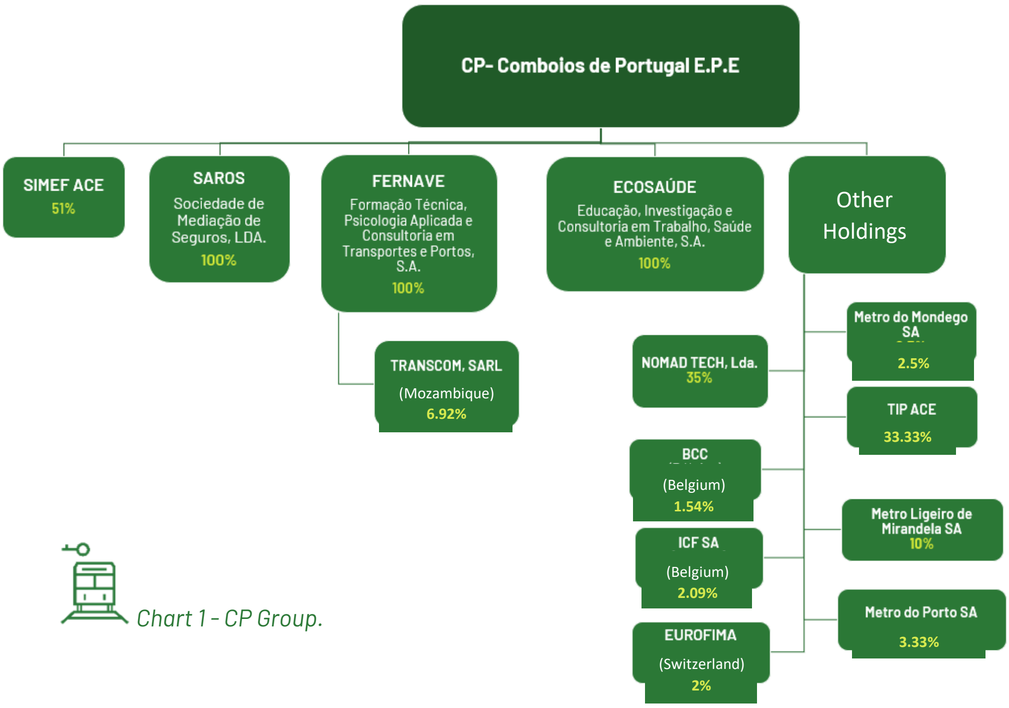

Chart 1 - CP Group.

CP also holds 5% of Medway (ex-CP Carga), according to an agreement made during the sale process of the previously Affiliated Company. CP is also represented in the "Centro de competências Ferroviária (CCF)" Association, with an associate holding of 31.65%.

Each of the Affiliated Companies contribute to the Group's mission as follows, in order to provide mobility to the Portuguese society:

CP – Comboios de Portugal, E.P.E.

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

“Centro de Competências Ferroviário" Association

The CCF Association was created in 2021 and aims to place Portugal as a reference in the railway industry, in the development of technologies and new products, in the qualification of human capital and of the national industrial tissue, and in the acceleration of ideas, projects, and companies with the capacity to go international. This is a Non-Profit Association.

Governance Model

CP's Board of Directors had the following composition throughout the year 2022:

January 1st 2022 to September 27th 2022

Term of Office	Position	Name	Appointment	
Beginning-End			Method	Date
19-07-2019 to 27-09-2022 [(1)]	Vice President	Pedro Miguel Sousa Pereira Guedes Moreira	RCM no. 118/2019	24-07-2019
19-07-2019 to 27-09-2022	Voting Member	Ana Maria dos Santos Malhó	RCM no. 118/2019	24-07-2019
19-07-2019 to 27-09-2022	Voting Member	Maria Isabel de Magalhães Ribeiro	RCM no. 118/2019	24-07-2019
19-07-2019 to 27-09-2022	Voting Member	Pedro Manuel Franco Ribeiro	RCM no. 118/2019	24-07-2019

Caption:

(1) Serving as Acting President from October 1st 2021 to September 27th 2022

September 28th 2022 to December 31st 2022

Term of Office	Position	Name	Appointment	
Beginning-End			Method	Date
28-09-2022 to 31-12-2022	President	Pedro Miguel Sousa Pereira Guedes Moreira	Ordinance no. 11504/2022	28-09-2022
28-09-2022 to 31-12-2022	Vice President	Maria Isabel de Magalhães Ribeiro	Ordinance no. 11504/2022	28-09-2022
28-09-2022 to 31-12-2022	Voting Member	Ana Maria dos Santos Malhó	Ordinance no. 11504/2022	28-09-2022
28-09-2022 to 31-12-2022	Voting Member	Pedro Manuel Franco Ribeiro	Ordinance no. 11504/2022	28-09-2022
28-09-2022 to 31-12-2022	Voting Member	Joaquim José Martins Guerra	Ordinance no. 11504/2022	28-09-2022

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

Member of the Board of Directors	Accumulation of Tasks - 2022			
	Entity	Task	Scheme (Public/Private)	Identification of date of Authorisation and Method (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 26-01-2022
Pedro Manuel Franco Ribeiro	TIP	President of the BoD (since 01-06-2022)	Public	AG from 31-05-2022
Pedro Manuel Franco Ribeiro	TIP	Voting Member of the BoD (from 01-05-2020 to 31-05-2022)	Public	AG from 14-07-2020
Pedro Manuel Franco Ribeiro	OTLIS	Voting Member of the BoD (from 01-05-2020 to 30-06-2022)	Public	AG from 02-06-2020

Caption:

Nomad Tech, Lda

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

TIP - Transportes Intermodais do Porto, ACE

OTLIS - Operadores de Transportes da Região de Lisboa, ACE

BoD - Board of Directors

The Group's Value Chain

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

Provider	Service	Receiver				
		CP	Fernave	Ecosaúde	SAROS	SIMEF
CP	Rental of Buildings		☑			☑
	Service Provisions (Accounting, IT, Etc.)		☑	☑	☑	
	Re-invoicing (facility cleaning, surveilance)		☑	☑	☑	
	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 2022 along with future prospects for these companies.

Non-Financial Reporting

The 2022 Non-Financial Report is part of CP's 2022 Corporation Government Report, as the parent company of the group.

2022 Consolidated Report and Accounts

03

MACROECONOMIC FRAMEWORK

National Accounts[1]

In 2022, GDP registered a 6.7% growth in volume, as the nominal value increased 11.5%, reaching around 239 billion euros.

This was the largest growth since 1987, after a 5.5% increase in 2021 that followed the historical 8.3% fall in 2020, due to the adverse effects of the pandemic in economic activity.

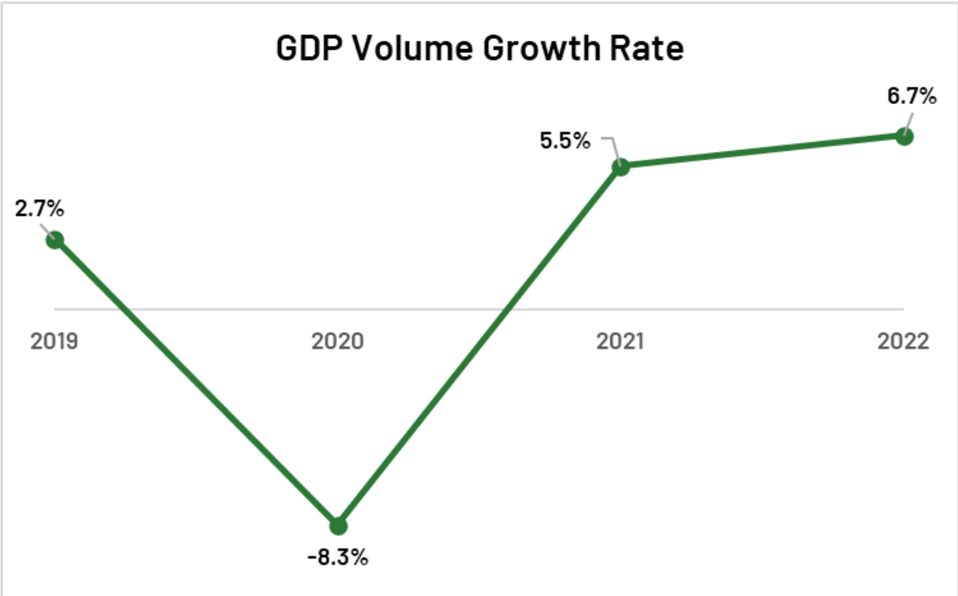

Chart 2 – Annual rate of GDP chain growth between 2019 and 2022.

Source: www.ine.pt

In a more refined analysis, on a quarterly basis, comparing the homologous and chain evolutions, both rates were positive throughout the whole of 2022, if less expressive than in 2021, the year in which the post-pandemic recovery started.

All GDP variables grew in the four quarters, with special relevance to the first one, in which internal demand registered a homologous variation rate of around 9.5%, with an acceleration in private consumption and deceleration in Investment. The contribution of net external demand became positive in 2022, having registered a more intense acceleration in goods and services export than in goods and services import.

[1] Source: www.INE.pt and BPstat (bportugal.pt).

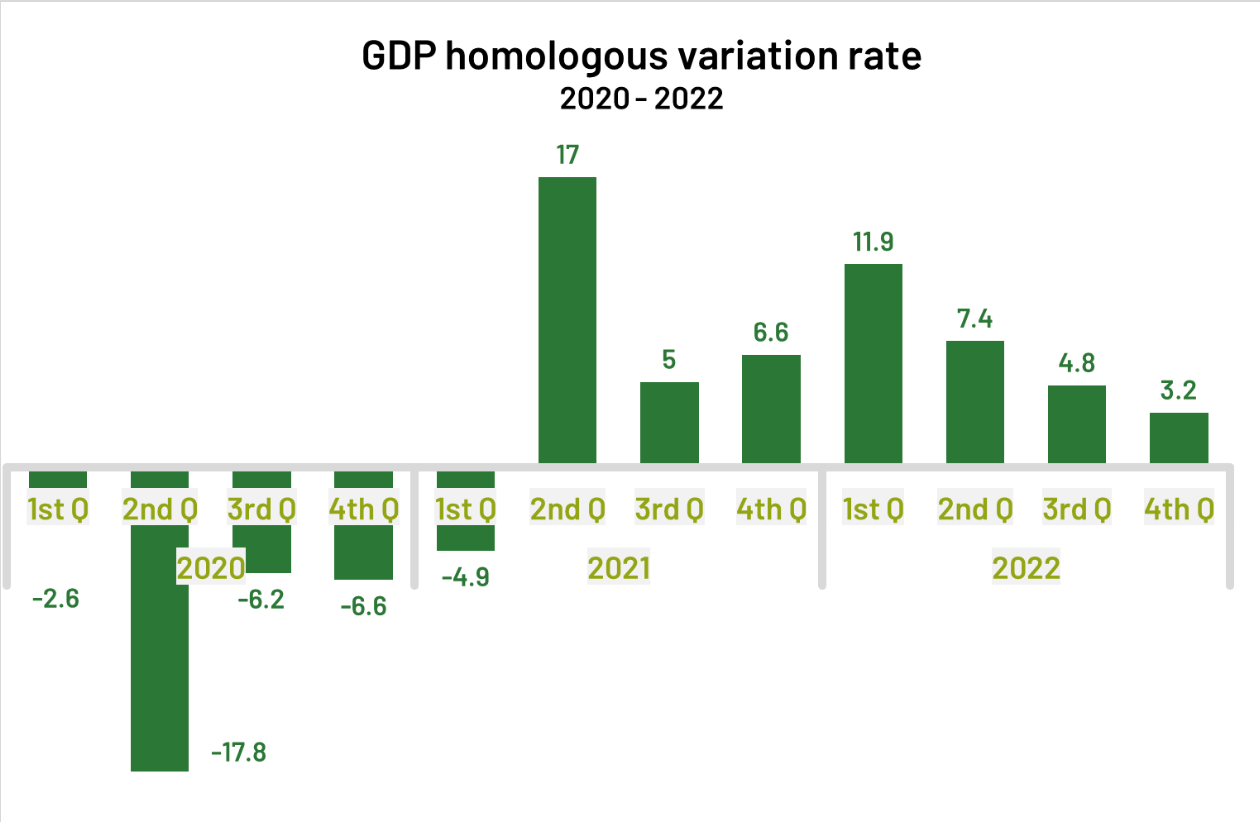

Chart 3 – GDP homologous variation rate between 2020 and 2022.

Source: www.ine.pt

Labour Market

Unemployment rate, in the 3rd and 4th quarters of 2022, was placed on 5.8% and 6.5% respectively, corresponding to a reversal in the decrease tendency witnessed in previous quarters.

After the generalisation of remote work during the pandemic, this alternative that was thought to be temporary became a lasting solution for many organisations and employees. Working from home or at least in a hybrid regime, on-site and remotely, appeared as a future tendency, impacting the mobility market.

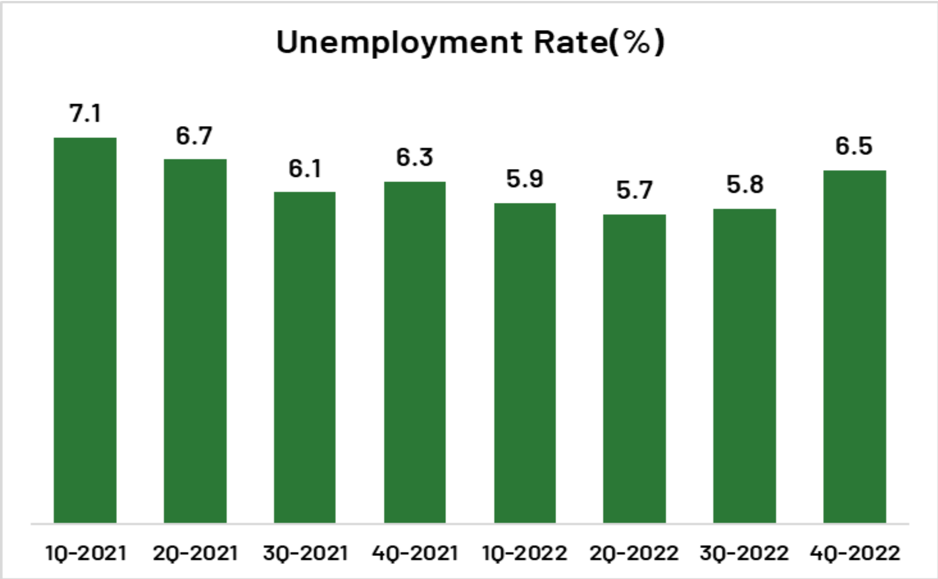

Chart 4 - Evolution of the Unemployment Rate since 2021, per quarter.

Source: www.ine.pt

Inflation

Due to the tendency witnessed in the second semester of 2021, the Harmonised Index of Consumer Prices (HICP) registered growing homologous variations that accelerated after the invasion of Ukraine, reflecting mainly the impact of variation in prices of energy products and some recovery in economic activity.

Average annual inflation reached 7.8%, the highest since 1992 (in which it represented 9.6%).

Despite the effect of increase in consumption on Christmas, some deceleration of inflation in the months of November and December was registered, even though rates remained high.

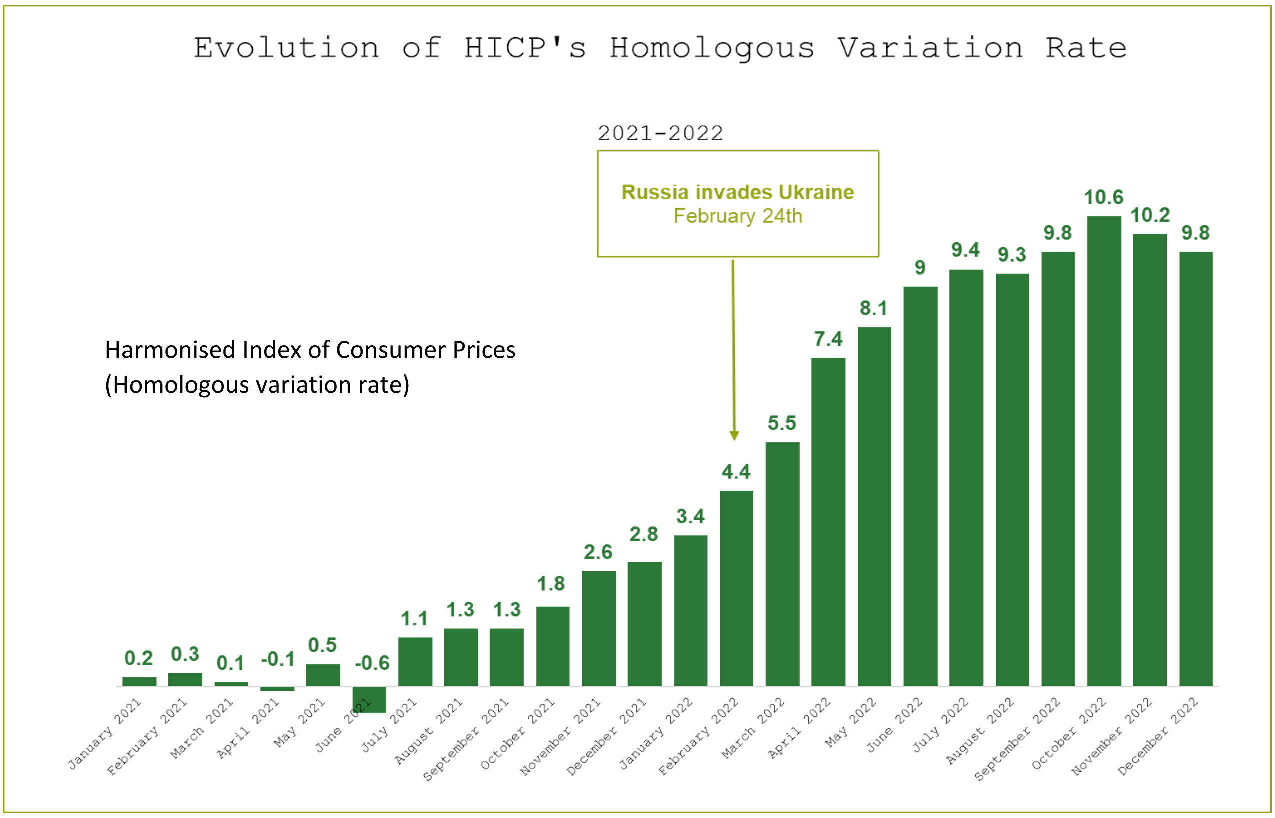

Chart 5 – Monthly homologous variation of HICP during 2021 and 2022.

Source: www.ine.pt

04

CP GROUP IN ACTION

CP

Executive Summary

2022 represented a historic feat for CP, as the company achieved for the first time a positive net income, amounting to 9.2 million euros.

This income becomes even more relevant considering the significant increase in energy costs for train traction, with its expenses increasing in over 28.5 million euros in a single year.

On the other hand, over 148 million passengers were transported, the largest number in the past two decades.

Regarding the performance of our services, comparatively to 2019 – the year before the pandemic – we witnessed a 2.2% increase in the number of passengers transported. A special note to Lisbon's Urban Trains, showing a 6.7% growth, and to regional services, which registered a 5.1% increase. PART [Support Programme for Fee Reduction] had a crucial impact in the increase of around 12% in demand of monthly transport tickets.

In 2022, 421 thousand circulations were carried out and CP reached a 97.5% regularity index. If the impact of strikes was to be excluded, regularity would have reached an index of 99.5%.

Punctuality reached 80.7%. It is important to point out that approximately 71% of delays were due to factors external to CP, such as railway infrastructure modernisation works.

Activity in 2022

New supply in Douro's Line

After mid-May, Douro's Line supply was reinforced in the connection between Porto-Pocinho, with the introduction of two new trains and slight adjustments to the remaining timetables, to satisfy the increase in demand experienced in the summer.

New supply in the East Line

In October, the East Line started having two daily travels in both directions between Elvas and Abrantes.

Maintenance of Mobility Service in Areas of Work in Progress in Infrastructure

Due to the work in progress being carried out in railway infrastructure, CP performed some adjustments in supply and implemented a road passenger transfer scheme in the following Lines:

- Beira Alta – reprogramming of all Regional and Intercity trains, due to the complete closing down of this line for renovation, between Pampilhosa and Guarda, since April;
- North - Urban trains of Porto, Regional and Long Distance on weekends.

Historical Trains

The 2022 campaign of the Douro and Vouga Historical Trains was held in the summer as usual, having shown great turn up.

Lit up by Christmas lights, Douro's historical train circulated for some days on Christmas between the stations Porto S. Bento and Ermesinde.

In November, Tejo's Vintage Train made two trips in the Beira Baixa Line, connecting Lisbon to Castelo Branco.

The Traditional "Circuits"

Partnerships with Autarchies resumed to allow people to get to know the Country under the most diverse seasonal guises, such as the Almond Blossom Circuit, the Cherry Circuit, or the Lamprey Circuit.

New CP store in the Entroncamento Station

In January, the third CP store was inaugurated in Entrocamento. Maintaining the conception of the previous stores in Belém and Cascais, the Entrocamento Store will gather various Company services in a single area, with interactive multimedia devices to browse and purchase CP's products; waiting line management; client support areas; and sale of merchandising.

Tender for Rolling Stock Acquisition

The tender to acquire 117 railcars continued for the regional and urban services of Lisbon and Porto, as did the construction of a maintenance shop for rolling stock, which started at the end of 2021, with expected conclusion in 2023.

ARCO Carriages

In July, the Institute for Mobility and Transport (IMT)'s approval was acquired for the carriages bought from RENFE, and they immediately began to circulate in the Minho Line.

Installation of GSM-R Radios in the Cascais Line

The new GSM-R radios started operating in the Cascais Line. In this sense, the old analogue radios were replaced, representing a significant improvement in safety conditions and in the operation of trains in the Cascais Line.

"Portuguese Train"

CP is part of a joint venture created to produce rolling stock, one of the first twelve contracts of the programme, called "Mobilising Agendas for Company Innovation", with the endowment of the Recovery and Resilience Plan (RRP), which involves universities, research centres, companies and associations representing various activity fields, with the goal of building the "Portuguese Train".

Resource Management

Human Resources

By the end of 2022, the total effective permanent staff under CP was 3 750 employees, 34 less than by the end of 2021.

Absenteeism rate in 2022 registered a slight growth of 0.3 percentage points comparatively to the previous year, standing at 7.7%. The main reasons for absenteeism were absences due to sickness.

In turn, the supplementary work rate showed a 0.8 percentage point growth against the previous year, standing at 11.1%.

In 2022, over 95 thousand hours of training were taught to around 6 000 people, with the majority being taught by Fernave, a CP Group company. Safety and maintenance were the themes where more hours of training and more attendance were registered.

Fleet

By the end of 2022, CP had 432 units of rolling stock allocated to the active fleet in commercial service, with the following typology and distribution between services:

Type of Material	2022	2021	Δ 22-21
Electric Railcars	195	195	0
Diesel Railcars	49	50	-1
Electric Locomotives	36	33	3
Diesel Locomotives	11	11	0
Carriages	141	126	15
TOTAL	432	415	17

Where Service is Rendered	2022	2021	Δ 22-21
Lisbon Urb. Serv.	98	98	0
Porto Urb. Serv.	34	34	0
Regional/LD Serv.	295	278	17
Medway Rental	5	5	0
Total	432	415	17

The abovementioned fleet includes 18 diesel railcars leased from RENFE, allocated to the Regional Service and the Celta Train (international connection between Porto-Vigo). Throughout the year, 2 railcars were returned to RENFE.

In the third quarter of 2020, 50 carriages were acquired from RENFE. After a careful remodelling work and later certification request, as at the second semester of 2022, 9 of these carriages entered into service.

CP also counts with a variety of motorised and towable equipment assigned to the Historical Trains, the Rescue Train, and Rail Tractors, which provide internal support service to the workshops.

Demand and Supply

With the lifting, throughout 2022, of mobility restrictions imposed to control the Pandemic, there was a marked recovery in demand, and CP ended the year with over 148 million passengers transported, 49.5% more than in the previous year and 2.2% above the amount registered in 2019.

This recovery was witnessed across all Services. In percentage, the most noticeable growth happened in the Long-Distance Service, an increase of around 75% increase. In nominal terms, the Lisbon Urban Service was the one presenting the most significant increase, with a growth of nearly 36 million passengers transported.

Regarding transport tickets, the growth of monthly tickets stands out, benefitting from measures implemented in the scope of the Support Programme for Fee Reduction (PART).

Passengers (*10³)	2022	2021	Δ 22-21	Δ %
Lisbon Urban Serv.	110 168	74 500	35 668	47.9%
Porto Urban Serv.	20 592	13 751	6 841	49.7%
Coimbra Urban Serv.	867	602	265	43.9%
Long-distance Serv.	5 522	3 159	2 363	74.8%
Regional Serv.	10 864	7 066	3 798	53.8%
International Serv.	111	26	85	334.1%
TOTAL	148 123	99 103	49 020	49.5%

In 2022, CP operated around 421 thousand trains and approximately 28 million trains kilometre (CKs), representing a 0.4% decrease and 2% increase respectively compared to the previous year.

During 2022, around 11 thousand programmed circulations were supressed, around 9 thousand due to strikes.

Trains	2022	2021	Δ 22-21	Δ %
Lisbon Urban Serv.	199 482	201 674	-2 192	-1.1%
Porto Urban Serv.	83 286	83 763	-477	-0.6%
Coimbra Urban Serv.	10 964	11 005	-41	-0.4%
Long-distance Serv.	24 890	21 983	2 907	13.2%
Regional Serv.	101 437	104 108	-2 671	-2.6%
International Serv.	1 416	674	742	110.1%
TOTAL	421 475	423 207	-1 732	-0.4%

Revenue

Traffic revenue followed the demand tendency, amounting, in 2022, to around 255.7 million euros[2], which represented a 49% increase against the previous year. However, traffic revenue remained around 7% below the 2019 figures, reflecting a slow recovery in occasional tickets.

[2] The revenue figures shown include extraordinary co-participations attributed in the scope of the Support Programme for Fee Reduction (PART).

Traffic Revenue (*10^3 €)	**2022**	**2021**	**Δ 22-21**	**Δ %**
Lisbon Urban Serv.	97 477	78 847	18 630	23.6%
Porto Urban Serv.	31 473	23 024	8 449	36.7%
Coimbra Urban Serv.	1 184	798	386	48.4%
Long-distance Serv.	93 753	50 101	43 653	87.1%
Regional Serv.	29 539	18 494	11 045	59.7%
International Serv.	2 298	307	1 991	648.0%
TOTAL	**255 723**	**171 570**	**84 153**	**49.0%**

Note: does not include redisual amounts accounted for in other Bodies.

In 2022, the average rate for fee update was 0.57%. There were no price updates in occasional tickets for Urban services and only slight increases in some Areas in Passes.

Maintenance Activity

This activity is meant to ensure reliability and availability of rolling stock in CP's service, as a transport operator, but also ensure the compliance with the contracts established with customers, both in the scope of repairs in the fleets and in the repair of components.

CP ensures the routine maintenance of all its rolling-stock series internally, except for locomotives 5600. The maintenance of these locomotives is ensured by SIMEF, CP's affiliate company.

During 2022, the programmed major repair interventions (type R) continued to be performed on various series of equipment, aiming at restoring their level of operability and safety.

To reinforce the active fleet and to reduce the suppression of commercial trains, the restitution of several vehicles previously inoperative continued:

- Diesel Railcars: 1 Allan of the 0350 series, to serve the East Line;
- Electric Locomotives: 3 LE 2600/2620 series locomotives to serve the Regional Service of the Minho Line and to create redundancy for the 5600 series Electric Locomotives;
- Schindler Coaches: 2 coaches to serve the Douro Line;
- Sorefame Coaches: 4 coaches to serve the Douro Line.

The rehabilitation works in the 50 Carriages acquired from RENFE in 2020 continued. The first 9 rehabilitated units were licenced by ERA (European Union Agency for Railways) and entered commercial service as at the second semester of 2022 in the Minho Line.

Due to the recovery of immobilised material, throughout 2022, 2 diesel railcars leased from RENFE were returned.

Concurrently, the effort to reduce the percentage of rolling stock with graffiti continued, with a strong positive impact regarding the quality of the service, the image, and, above all, the feeling of safety and comfort for Customers.

The volume of maintenance services provided to third parties grew to 13.9 million euros during 2022.

Of the services provided to third parties, the following stand out:

- Porto's Metro - EUROTRAM AND TRAMTRAIN fleet maintenance.
- RENFE – 592 series diesel railcars maintenance, leased by CP;
- Infraestruturas de Portugal – railway material maintenance;
- ADP – maintenance of Sentinel Light Rail Tractor and its cars;
- Repair of spare parts for various Customers.

Investments

In 2022, the value of the investments made reached 27.7 million euros, with 79% being for the acquisition and modernisation of rolling stock.

Total Investment (Amounts in Thousands of Euros)	Paid Value	Weight
Acquisition of Rolling Stock	5 100.0	18.4%
Modernisation of Rolling Stock	16 736.4	60.5%
Capitalised Works	12 992.0	
Other Rolling Stock	3 744.3	
Fixed Facilities	2 207.2	8.0%
Equipment	2 296.9	8.3%
Computerisation	1 322.7	4.8%
TOTAL	27 663.2	

With the merger by incorporation of EMEF into CP, the activity of maintenance and repair of rolling stock was internalised. Therefore, big repair interventions for rolling stock, since they are internally performed, started being capitalised as "Capitalised Works".

The heading "Acquisition of rolling stock" includes the second down payment of the agreement for the acquisition of 22 Railcars for Regional Service.

Income

INCOME AND EXPENSES (amounts in thousands of euros)	Period		Variation 2022/2021	
	REAL 2022	REAL 31-12-2021 (restated amounts)	Amount	%
Provided sales and services	275 094	192 841	82 253	43%
Provided sales and services - Passengers	256 519	171 977	84 542	49%
Provided sales and services - Maintenance and repair	13 902	16 443	-2 541	-15%
Provided sales and services - Others	4 673	4 421	252	6%
Operating subsidies	116 204	141 117	-24 913	-18%
Change in production inventories	2 096	-825	2 921	354%
Capitalised production costs	12 992	13 317	-325	-2%
Other income	28 191	22 709	5 482	24%
	434 577	**369 159**	**65 418**	**18%**
Sold commodities and consumed materia cost	-32 944	-25 383	-7 561	-30%
External services and supplies	-160 669	-129 391	-31 278	-24%
Personnel expenses (w/o indemnities)	-151 005	-145 765	-5 240	-4%
Other expenses	-4 676	-2 865	-1 811	-63%
	-349 294	**-303 404**	**-45 890**	**-15%**
Operating income from transport and maintenance activities* (EBITDA)	**85 283**	**65 755**	**19 528**	**30%**
Expenses/ reversals of depreciation and amortisation	-55 111	-56 385	1 274	2%
Impairment of depreciable/ amortisable investments (losses/reversals)	342	814	-472	-58%
Severance payments	-235	-8	-227	-2838%
Gains/losses attributed to subsidiaries, associated companies, and joint ventures	2 156	2 440	-284	-12%
Inventory impairment (losses/reversals)	-2 071	-1 700	-371	-22%
Impairment of accounts receivable (losses/reversals)	-33	255	-288	-113%
Provisions (increases/reductions)	692	-352	1 044	297%
Impairment of non-depreciable/amortisable investments (losses/reversals)	261	1 462	-1 201	-82%
Exchange differences (increases/reductions)	-2 050	-1 751	-299	-17%
Increases/reductions of fair value	-	3	-3	-100%
Other (non-core) income	4	171	-167	-98%
Other (non-core) expenses	-615	-1 435	820	57%
Operating income	**28 623**	**9 269**	**19 354**	**209%**
Interest and similar income obtained	14	9	5	56%
Interest and similar expenses incurred	-18 891	-22 766	3 875	17%
Financial income	**-18 877**	**-22 757**	**3 880**	**17%**
Income before taxes	**9 746**	**-13 488**	**23 234**	**172%**
Income tax for the period	-565	-335	-230	-69%
Net income for the period	**9 181**	**-13 823**	**23 004**	**166%**

* Before severance payments, fair value, impairment, provisions, depreciations, financial expenses, and taxes and other operations not related with the company's core activities.

Net Income for 2022 shows a 166% improvement against the previous year (23 million euros), rising from -13.8 million euros in 2021 to 9.2 million euros in 2022.

The main contributor to this variation was the recovery in income regarding the provision of passenger transport services and the improvement of financial income, even though partly compensated by the increase of some natures of expenditures, mainly exogenous, *i.e.*, which the company cannot control.

Regarding income, besides the increase in *provided services* of around 82.3 million euros, it is worth mentioning the decrease in *operating subsidies* regarding compensations for public service obligations of 24.9 million euros. It should be highlighted that in 2021, the amounts (restated) resulting from Ministerial Council Resolution approving the final adjustment values to the Public Service Contract regarding 2020 were registered.

External services and supplies registered a 31.3 million euro increase, with emphasis in the increase of expenses regarding energy for traction and infrastructure use rate. This increase is also justified by the recovery of the company's activity and the update in energy prices as of May 2021, and of prices of the Network Directory.

The *sold commodities and consumed material's costs* increased by 7.6 million euros, affecting especially warehouse consumption in the rolling stock maintenance area, as well as fuel consumption due to the average price increase.

Personnel expenses (excluding severance payments) increased by 5.2 million euros, mainly due to the coming into force of the new "Company Agreement", which, amongst other measures, originated a salary update with retroactive effects as of January 2022, for all workers who showed interest in joining, and to the 0.9% remuneration update.

Financial Income, in 2022, was negative at 18.9 million euros, with an improvement of about 3.9 million euros (+17%) compared to the previous year due to the reduction of remunerated debt.

FERNAVE

Executive Summary

In 2022, FERNAVE registered an increase in activity when compared with the previous year, mainly in training, answering to the needs of around 140 Customers, both companies and individuals.

Profits ascended to 1.5 million euros (+33.8% than the previous year), which allowed the conclusion of 2022's activities with a Net Income of 535.4 thousand euros, 46.7% better than the recordings from the previous year.

Activity in 2022

From the actions developed in 2022 in the training area, the following stand out:

- Courses for certification in routes, driving of rolling stock (various and driving and repairs) and driving in closed park, developed according to the specific needs of the Customers;
- Railway safety actions carried out for venture companies aiming to grant licences for railway works, given the new requirements regarding safety requested by IP (Infraestruturas de Portugal);
- Training in railway regulation, be it commercial or circulatory, which is a part of the training cycles of companies and allow for the maintenance of knowledge or licencing, according to the applicable law and the Customer's safety management systems;
- In the commercial component, courses for Commercial Assistant or Revision and Sales Operator regarding the sale of national / international tickets and Customer support.

Regarding Psychological activity, around 1 400 examinations were carried out, including recruitment and psychological evaluation, special control examinations, as well as periodic examinations, for various customers of the transport industry and individuals. The following stand out:

- Examination for the licencing of train operators (periodic control) and for initial licencing (selection), aiming for IMT to issue a licence;
- Examinations to circulation operators, drivers of blocked tracks, and other psychological evaluations in the scope of the duties connected to driving safety, be it blocked tracks pilots, revision and sale operators, commercial assistants, and manoeuvre operators, among others;
- Examinations for the admission of graduates, as well as a set of professional interviews, aiming to select candidates with the most adequate psycho-professional abilities to the intended profile for the most varied areas and/or departments of customer companies.

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;
- Continuation of the Mystic Tua project, from the Tua Mobility System, in order to obtain the rail operator licence application and to create the safety management system, as rail operator and infrastructure manager;
- New project, released in international tender, for the development of abilities nationally, called "Diagnosis studies of the need for qualification and abilities and update to the National Qualification Catalogue (CNQ): Unit 11: Transportation - Construction and Repair". FERNAVE aims to contribute to a critical area of knowledge in the country's reindustrialisation process, with the redefinition of technical qualifications and abilities.

Human Resources

FERNAVE increased its team from 9 employees to 10.

Profits

The three operation segments of FERNAVE registered significant increases in profit, resulting from the increase in activity.

Profits, in the amount of 1.5 million euros, registered a 33.8% increase compared to the previous year.

Revenue (Amounts in euros)	2022	2021	Δ 22-21	Δ %
Training	1 341 277 €	1 037 090 €	304 187 €	29.3%
Psychology	139 172 €	70 104 €	69 068 €	98.5%
Consultancy	21 008 €	15 098 €	5 910 €	39.1%
TOTAL	1 501 457 €	1 122 292 €	379 165 €	33.8%

Income

Revenue and Expenses (amounts in euros)	2022	2021	Δ 22-21	Δ %
Provided sales and services	1 501 457 €	1 122 292 €	379 165 €	33.8%
External services and supplies	-546 650 €	-484 130 €	-62 520 €	-12.9%
Personnel expenses	-380 888 €	-369 592 €	-11 296 €	-3.1%
Impairment of receivables (losses/reversals)	-433 €	-1 054 €	621 €	58.9%
Impairment of non-depreciable investments (losses/ reversals)	48 788 €	39 331 €	9 457 €	24.0%
Provisions (increases/reductions)	0 €	-20 000 €	20 000 €	100.0%
Other revenue	22 402 €	198 294 €	-175 892 €	-88.7%
Other expenses	-1 624 €	-85 281 €	83 657 €	98.1%
Income before depreciations, financing expenses and taxes	**643 052 €**	**399 860 €**	**243 192 €**	**60.8%**
Expenses/ reversals of depreciation and amortisation	-10 391 €	-8 123 €	-2 268 €	-27.9%
Operating income (before financing expenses and taxes)	**632 661 €**	**391 737 €**	**240 924 €**	**61.5%**
Interest and similar revenue obatined	0 €	0 €		s/s
Income before taxes	**632 661 €**	**391 737 €**	**240 924 €**	**61.5%**
Income tax for the period	-97 272 €	-26 835 €	-70 437 €	-262.5%
Net income of the period	**535 389 €**	**364 902 €**	**170 487 €**	**46.7%**

FERNAVE closed 2022 with a Net Income of 535.4 thousand euros, which represented a 46.7% increase compared to the previous year.

The increase in Turnover stands out, in around 33.8%, as previously analysed.

Regarding External Services and Supplies, the 12.9% increase is tied to the increase in training activity, mainly carried out through subcontracting.

The increase in Personnel Expenses mainly owed to the reclassification of professional category of employees.

It is noted that, in 2021, the process underway in Mozambique's Justice regarding the sale of DUAT (Direito de Uso e Aproveitamento da Terra [Right of Use and Exploitation of Land]) for a plot of land in Maputo was concluded, with a decision unfavourable to FERNAVE. As a result of that decision, the purchase and sale agreement of said DUAT was cancelled, the down payment was returned to the buyer and the remaining amount agreed upon was accounted for in Other Income. The cancelling of the agreement also led to the cost of the plot's value, registered in Other Expenses.

Regarding investments carried out in 2022, the software update of psychological examinations (licence renovation) and the acquisition of various audio-visual equipment and computers stand out.

ECOSAÚDE

Executive Summary

ECOSAÚDE closed 2022 with a Net Income of around 95 thousand euros, which represented a 19.7 thousand euro decrease against the previous year.

Turnover registered a 7.1% decrease due to the discontinuation of extraordinary service provision connected to the Pandemic.

Activity in 2022

The company's activity returned to traditional services with an increase in medical acts related to Occupational Health and Accident Management, a variation that did not however reflect in terms of total profit due to said discontinuation of extraordinary service provision connected to the Pandemic.

Activity Indicators (Units)	2022	2021	Change %
Occupational health (medical interventions)	13 167	12 234	8%
Occupational safety (working conditions interventions)	1 707	1 670	2%
Addiction prevention and control (tests conducted in the workplace)	11 137	11 319	-2%
Medical and nursing specialties	3 119	3 491	-11%
Accident management (appointments and treatments of OAs)	744	657	13%
Traing - Amount of hours of training	8 612	8 004	8%
Training - No. of training sessions	23	58	-60%
Training - No. of trainees	253	509	-50%

Human Resources

At the end of 2022, ECOSAÚDE had 24 employees in permanent staff, one less than in the previous year.

Profits

Profits decreased 7.1% against the previous year, due to there being less demand for services connected to the Pandemic.

The CP Group represented around 46% of ECOSAÚDE's profits. Third party entities, both companies and individuals, mainly go to medical specialties and health services provided in Lisbon's clinic.

Most Relevant Customers (Amounts in euros)	2022	% of invoicing total
CP Comboios de Portugal EPE	1 166 417	44%
CP Group: SIMEF, NOMAD TECH and FERNAVE	61 636	2%
PSA SINES- TERMINAIS CONTENTORES	289 049	11%
MEDICAL SPECIALTIES (CUSTOMERS B2C)	114 213	4%
HONEYWELL PORTUGAL AUTO.C	108 634	4%
GENERALI SEGUROS SA (Seguradoras Unidas, previously)	112 775	4%
MULTICARE - SEG. SAÚDE,	69 858	3%
SILOPOR-EMP. SILOS PORTUÁRIOS	62 299	2%
TRANSTEJO - TRANSPORTES TEJO	61 585	2%
MEDWAY-OP. FERR.E LOG.DE	47 823	2%
OTHER CUSTOMERS	538 452	20%
Total	2 632 741	

Income

ECOSAÚDE closed 2022 with a Net Income of around 95 thousand euros, representing a 19.7 thousand euro drop against the previous year.

Provided Sales and Services registered a 7.1% decrease as previous analysed.

Despite the decrease registered in most expenses' items, they were proved insufficient to compensate the break in income from services related to the Pandemic, with a higher unit margin.

REVENUE AND EXPENSES (amounts in euros)	2022	2021	Δ 22-21	Δ %
Provided Sales and Services	2 632 741	2 834 736	-201 995	-7.1%
External Services and Supplies	-1 676 643	-1 787 235	110 592	6.2%
Personnel expenses	-793 215	-819 658	26 443	3.2%
Impairment of receivables (losses/ reversals)	-8 190	-5 497	-2 693	-49.0%
Othe Revenue and Gains	52 514	52 376	138	0.3%
Other Expenses and Losses	-28 407	-45 404	16 997	37.4%
Income Before Depreciations, Financing Expenses and Taxes	**178 800**	**229 318**	**-50 518**	**-22.0%**
Expenses/Reversals of Depreciation and Amortisation	-40 005	-46 309	6 304	13.6%
Operating Income (Before Financing Expenses and Taxes)	**138 795**	**183 009**	**-44 214**	**-24.2%**
Payable Interest and Similar Expenses	-5 779	-8 905	3 126	35.1%
Income Before Taxes	**133 016**	**174 104**	**-41 088**	**-23.6%**
Income tax for the financial year	-38 035	-59 441	21 406	36.0%
Net Income of the Period	**94 981**	**114 663**	**-19 682**	**-17.2%**

SAROS

Executive Summary

In 2022, Saros continued the activities in insurance policy mediation of companies comprising the CP Group and got a Net Income of 337.8 thousand euros.

Activity in 2022

Considering the mission attributed to the company, consisting in the mediation of insurance policies of companies comprising the CP Group, throughout 2022, Saros developed its activity by focusing on the following foundations:

- Aid to companies in contracting insurance, namely regarding the preparation and revision of tender documents (tender programmes, contract documents, and others), providing all necessary technical clarifications;
- Provision of permanent technical support and consulting to clarify various matters regarding policies in force (coverage/ accidents/indemnities/ among others);
- Management of insurance policies Saros mediates. It is important to mention that Saros' intervention does not end with the celebration of insurance agreements, since its intervention also implies the provision of assistance throughout the period said contracts remain in force;
- Support in risk analysis and search for product solutions that best meet the specific needs of companies.

Human Resources

In 2022, operating activity was ensured only by Management, as the company had no other employees at its service.

Profits

In 2022, the value of Provided Sales and Services by SAROS amounted to 424.4 thousand euros, which represented a 2.4% increase against 2021 figures.

Regarding distribution of commissions granted by insurance branch, "Work Accidents" and "Health" were the most significant, representing together 83.7% of the total commissions granted in 2022.

Branches (Amounts in Thousands of Euros)	2022	2021	Δ 22-21	Δ %
Work Accidents	174.8	179.8	-5.0	-2.8%
Health	179.9	163.0	16.9	10.4%
Civil Liability	51.4	52.1	-0.7	-1.3%
Other	18.3	19.6	-1.3	-6.6%
TOTAL	424.4	414.4	9.9	2.4%

Income

In 2022, Saros had a Net Income of 337.8 thousand euros, representing a decrease of around 5.9 thousand euros compared to the previous year.

The item "Provided Sales and Services" registered an increase of around 9.9 thousand euros, as previously analysed.

Regarding expenses, "External Services and Supplies" registered an increase of around 2.6 thousand euros and "Personnel Expenses" remained at the previous year's level.

The item "Other Income" includes the recognition, in 2022, of the excess tax estimate determined effective on 31-12-2021.

REVENUE AND EXPENSES (amounts in euros)	2022	2021	Δ 22-21	Δ %
Provided sales and services	424 355	414 448	9 906	2.4%
External services and supplies	-13 368	-10 759	-2 609	-24.2%
Personnel Expenses	-56 889	-57 003	114	0.2%
Other revenue	70 834	81 942	-11 108	-13.6%
Other expenses	-9 241	-9 078	-163	-1.8%
Income before depreciations, financing expenses and taxes	**415 691**	**419 550**	**-3 859**	**-0.9%**
Expenses/reversals of depreciation and amortisation	-497	-19	-478	-2538.9%
Operating income (before financing expenses and taxes)	**415 194**	**419 531**	**-4 337**	**-1.0%**
Interesta and similar revenue obtained	0	8	-8	-100.0%
Payable interest and similar expenses	0	0	0	s/s
Income before taxes	**415 194**	**419 539**	**-4 345**	**-1.0%**
Income tax for the period	-77 400	-75 893	-1 507	-2.0%
Net income of the period	**337 794**	**343 646**	**-5 852**	**-1.7%**

SIMEF, A.C.E.

Executive Summary

With the gradual end of restrictions imposed by the Pandemic, SIMEF returned to its regular activity in 2022, with the complete return of employees to on-sight work regime, with an effort to reinforce basic prevention and health protection measures for employees.

It is worth mentioning that the pandemic situation did not represent a financial impact for SIMEF, since there were no changes both from the point of view of invoicing and of operation/ execution of works.

The war in Europe and respective rise in prices and possible disruptions in the supply chain led SIMEF to answer with a strategic plan for the supply of critical materials to ensure prices and available inventory to continue operating. Inventory levels remained in line with the closing of 2021.

In December 2022, after the certification of the Maintenance System, SIMEF assumed the role of Entity Responsible for Maintenance (ERM) in the European Union according to the Regulation (EU) 2019/779.

Activity in 2022

From a point of view of operations and activities developed in 2022, the continuity of works regarding R2 interventions in series LE4700 stands out which, besides allowing to leverage technical abilities, are of great importance from a business point of view.

Also in the operating scope, the increase in internal advantages in the repair of electronic equipment is also worth mentioning, therefore providing SIMEF with the essential abilities to respond more effectively and autonomously to breakdowns in this type of equipment, the obsolescence of which is the main cause for corrective maintenance interventions.

In the scope of Innovation and Development, the continued effort for digitalisation in all departments of the Organisation is of special relevance.

Works associated with the development and implementation of the Maintenance Management System (SGM) were continued, under the terms of the Performance Regulations (EU) 2019/779 (Entity Responsible for Maintenance). The first concession audit happened in December 2022, ending the respective certification without major notes, and as such, fulfilment of the goal determined by SIMEF.

Works associated with the implementation project of SGM allowed for the introduction of improvements, adjustments or adaptations in processes and activities directly related to quality and occupational health management, therefore optimising the integration of requirements across management and maintenance.

The renovation of the certification of the Safety and Health Management System, under the terms of NP EN ISO 45001:2018 - Work Safety and Health Management Systems, and the maintenance of certification of the Quality Management System, pursuant to NP EN ISO 9001:2015 - Quality Management Systems, were ensured.

Strategic planning for 2022, based on challenges foreseen in the railway market and the increasing importance of Railway Safety in the activity and the business determined the development and implementation of the Quality, Safety, and Environment Area (QSA) in the organisations structure of SIMEF.

Human Resources

SIMEF has a staff of 69 employees.

Still partially due to the pandemic situation, the absenteeism rate was 4.97% over the 4% established goal.

Regarding training policy, aiming to develop our employees' abilities, skills, and qualifications, 2 956 training hours were dispensed this year, corresponding to around 41.78 hours of training per employee.

In 2022, the focus of the whole SIMEF Team stayed in the consolidation of a corporate culture of continuous reduction of accidents, having registered 4 work accidents.

Profits

Turnover showed an increase of 2.3%, justified by the provision of additional services.

Segment of Activity (Amounts in €)	2022	2021	Δ 22-21	Δ %
Maintenance of locomotives	13 386 031	13 083 179	302 852	2.3%
TOTAL	**13 386 031**	**13 083 179**	**302 852**	**2.3%**

Income

REVENUE AND EXPENSES (amounts in thousands of euros)	2022	2021	Δ 22-21	Δ %
Provided sales and services	13 386	13 083	303	2.3%
Sold commodities and consumed materials costs	-2 156	-1 954	-203	-10.4%
External services and supplies	-7 953	-7 852	-101	-1.3%
Personnel Expenses	-2 206	-2 110	-96	-4.6%
Provisions (increases/decreases)	-47	-123	76	61.5%
Other revenue and expenses	16	-9	26	273.0%
Income before depreciations, financing expenses and taxes	**1 039**	**1 035**	**5**	**0.4%**
Expenses/reversals of depreciation and amortisation	-98	-104	6	6.0%
Operating income (before financing expenses and taxes)	**942**	**931**	**11**	**1.2%**
Interest and similar revenue obtained	0	1	-1	-75.0%
Income before taxes	**942**	**932**	**10**	**1.1%**
Income tax for the period	0	0	0	s/s
Net income of the period	**942**	**932**	**10**	**1.1%**

Net Income for the 2022 financial year rose to 942 thousand euros.

The provision of additional services contributed to the increase of the turnover amount and impacted the rise in expenses.

2022 Consolidated Report and Accounts

05

ECONOMIC AND FINANCIAL ANALYSIS

Income

Group's Net Income

INCOME AND EXPENSES (amounts in thousands of euros)	PERIODOS			Variation 2022/2021	
	REAL 2022	REAL 2021	REAL 2021 (restated amounts)	Amount	%
Provided sales and services	277 500	195 051	195 051	82 449	42%
Provided sales and services - Passengers	256 518	171 977	171 977	84 541	49%
Provided sales and services - Maintenance and repair	13 902	16 443	16 443	-2 541	-15%
Provided sales and services - Other	7 080	6 631	6 631	449	7%
Operating subsidies	116 204	89 386	141 117	-24 913	-18%
Change in production inventories	2 096	-825	-825	2 921	354%
Capitalised production costs	12 992	13 317	13 317	-325	-2%
Other revenue	27 938	22 737	22 737	5 201	23%
	436 730	**319 666**	**371 397**	**65 333**	**18%**
Sold commodities and consumed materials cost	-32 944	-25 383	-25 383	-7 561	-30%
External services and supplies	-160 549	-129 381	-129 381	-31 168	-24%
Personnel expenses (w/o indemnities and variable agreements)	-150 272	-144 980	-144 980	-5 292	-4%
Other expenses	-4 715	-2 921	-2 921	-1 794	-61%
	-348 480	**-302 665**	**-302 665**	**-45 815**	**-15%**
Operating income from transport and maintenance activities* (EBITDA)	**88 250**	**17 001**	**68 732**	**19 518**	**28%**
Expenses/ reversals of depreciation and amortisation	-56 870	-58 155	-58 155	1 285	2%
Impairment of depreciable/ amortisable investments (losses/reversals)	342	814	814	-472	-58%
Severance payments	-235	-35	-35	-200	-571%
Gains/losses attributed to subsidiaries, associated companies, and joint ventures	1 187	1 617	1 617	-430	-27%
Inventory impairment (losses/reversals)	-2 071	-1 700	-1 700	-371	-22%
Impairment of accounts receivable (losses/reversals)	-42	248	248	-290	-117%
Provisions (increases/reductions)	692	-372	-372	1 064	286%
Impairment of non-depreciable/amortisable investments (losses/reversals)	310	1 502	1 502	-1 192	-79%
Exchange differences (increases/reductions)	-2 049	-1 753	-1 753	-296	-17%
Other (non-core) revenue	4	171	171	-167	-98%
Other (non-core) expenses	-615	-1 519	-1 519	904	60%
Operating income	**28 903**	**-42 181**	**9 550**	**19 353**	**203%**
Fair value increases/ reductions	0	3	3	-3	-100%
Interest and similar revenue obtained	10	5	5	5	100%
Interest and similar expenses incurred	-19 100	-23 015	-23 015	3 915	17%
Financial income	**-19 090**	**-23 007**	**-23 007**	**3 917**	**17%**
Income before taxes	**9 813**	**-65 188**	**-13 457**	**23 270**	**173%**
Income tax for the period	-630	-360	-360	-270	-75%
Net income for the period	**9 183**	**-65 548**	**-13 817**	**23 000**	**166%**

* Before severance payments, fair value, impairment, provisions, depreciations, financial expenses, and taxes and other operations not related with the company's core activities.

CP Group's Net Income, determined in the year ending on December 31st, 2022, suffered a 166% increase against the same period of the previous year, going from -13.8 million euros in 2021 to 9.2 million euros in 2022, which represents an improvement in income of around 23.0 million euros.

The general improvement of the Group's Income is worth mentioning, with an increase to EBITDA of core activities (by 19.5 million euros) and the *Consolidated Operating Income* (by 19.4 million euros), also followed by the improvement registered in *Consolidated Financial Income* (by 3.9 million euros).

Operating Income of Core Activities (EBITDA)

EBITDA of core activities registered in 2022 is higher than that of the previous year in around 19.5 million euros. Below, the main changes that contributed to the variation are shown:

- Increase in *provision of services* by 82.4 million euros, mainly originating from passenger transportations services , with special effect in the growth of sales of tickets and combined passes, resulting from the progressive elimination, throughout 2022, of restriction measures imposed due to the COVID 19 pandemic and subsequent increase in the number of passengers transported;
- Decrease in *operating subsidies*, regarding compensations for public service obligations, by 24.9 million euros. It is worth pointing out that in 2021 the amounts resulting from the publication of the Ministerial Council Resolution, which approved the final amounts of the adjustment to the Public Service Agreement for the year 2020, were registered;
- Increase in variation of *production inventories*, amounting to 2.9 million euros, product of the increase of spares in repair, as well as the increase of employees associated to the activity of maintenance and repair of rolling stock;
- Increase in *other income*, by around 5.2 million euros, resulting from the registration of amounts regarding PART for the months of September to December 2021 as income from previous financial years, as happened with supplementary income originating from the compensation owed to CP by the need to resort to road transfers due to the suspension of railway circulation originating from modernisation works in the Beira Alta Line which began in April 2022;
- Increase in *sold commodities and consumed materials cost* by 7.6 million euros, with special effect in warehouse consumption in the maintenance area, as well as fuel consumption;
- Increase in *external services and supplies* of around 31.2 million euros, with emphasis in the increase of expenses regarding energy for traction and infrastructure use fees. It is also worth mentioning the increase in expenses regarding the leasing of road vehicles to remedy the suspension of circulation in the Beira Alta Line;
- Increase in *personnel expenses (excluding indemnities)*, by 5.3 million euros, partially justified by the coming into force of CP's new "Company Agreement" in June 2022, which, amongst other measures, originated a salary update with retroactive effects as of January 2022, for all employees who showed interest in joining.

Operating Income

CP Group's Operating Income in 2022, amounting to 28.9 million euros, improved 19.4 million euros against the figures of the previous year, which rose to 9.6 million euros. Apart from the aforementioned variants for recurrent *EBITDA*, the following main variants should be pointed out:

- Decrease in *expenses of depreciation and amortisation*, by 1.3 million euros;
- Positive variation of *provisions* amounting to about 1.1 million euros, according to the witnessed liabilities, especially the reversal registered in 2022 with the acceptance of invoices regarding contractual penalties associated with the provision of rolling stock maintenance services in the Metro of Porto in 2021;

- Positive variation in the item of *impairment of non-depreciable / amortisable investments (losses/reversals)*, by about 1.2 million euros, justified by the reversal, in 2021, of impairment losses on recovery and reintegration, in the passenger transportation service, of rolling stock previously classified as held for sale;
- Decrease in *other (non-core) costs*, by 0.9 million euros, due to the write-off of discontinued, non-operative, and unserviceable equipment in 2022 having been inferior to the one registered in 2021.

Financial Income

The Group's *Financial Income* in 2022 was negative at 19.1 million euros, with an improvement of about 3.9 million euros (+17%) compared to the previous year. This situation is mainly a result of the reduction of the Group's remunerated liability.

Balance Sheet

HEADINGS (amounts in thousands of euros)	PERIODS			Variation 2022/2021	
	31-12-2022	31-12-2021	31-Dec-21 RESTATED	Amount	%
ASSET					
Non-Current Asset	393 588	424 367	424 367	-30 779	-7%
Current Asset	134 099	88 321	140 052	-5 953	-4%
Asset Total	**527 687**	**512 688**	**564 419**	**-36 732**	**-7%**
EQUITY AND LIABILITY					
Equity including:	-1 876 363	-1 937 270	-1 885 539	9 176	**0.5%**
Net Income of the period	9 183	-65 548	-13 817	23 000	166%
Equity Total	**-1 876 363**	**-1 937 270**	**-1 885 539**	**9 176**	**0.5%**
LIABILITY					
Non-Current Liability	216 867	269 462	269 462	-52 595	-20%
Current Liability	2 187 183	2 180 496	2 180 496	6 687	**0.3%**
Liability Total	**2 404 050**	**2 449 958**	**2 449 958**	**-45 908**	**-2%**
Equity + Liability Total	**527 687**	**512 688**	**564 419**	**-36 732**	**-7%**

Assets

In 2022, CP Group's *Assets* decreased by about 36.7 million euros, and the following impacts are the most significant:

- Decrease of *fixed tangible assets* by 30.1 million euros, due to the depreciation of these fixed tangible assets not being compensated by the realisation of investments;
- Decrease in *assets rights of use* (IFRS 16) in the amount of 1.6 million euros, regarding leasing agreements complying with the requirements determined by rules, as a result of the depreciation according to the estimated useful life;
- Increase in *inventories* by 2.4 million euros, justified, in part, by the generalised increase of the price of raw materials used by the maintenance area;
- Increase in the balance of the *State and other public entities* by 4.7 million euros, mainly resulting from the increase of VAT amounts to be recovered, due to the registration, at the end of the year, of the majority of invoices regarding the infrastructure use fee and the energy for traction fee, regarding the 2nd quarter of 2022;
- Increase in the balance of *cash and bank deposits* by 32.2 million euros, mostly due to budgetary constraints in CP that prevented the realisation of additional amortisation of the debt incurred in previous years to remedy operating needs;
- Decrease in the balance of *other accounts receivable*, amounting to 44.5 million euros, namely due to the decrease in the item of *debtors by increase of income*. In 2021, in this item, the amounts (restated) regarding financial compensation adjustment for the compliance with public service obligations for the passenger railway transportation in the year 2020, and which, since then, were received throughout 2022.

Equity

In 2022, there were no operations of increase or redistribution of the company's capital by the Portuguese State.

The registered variations in the Group's equity resulted from:

- Transfer into *Retained Income* of the *Net Income* of the company from 2021, which is still pending approval by the responsible Ministry;
- The *Consolidated Net Income* from 2022.

Liability

In 2022, CP Group's *Liability* registered a 45.9 million euro drop, with the following impacts being the most significant:

- Decrease in set up *provisions* by 1.4 million euros, essentially due to the reversal of the provision of occupational injury pensions, pursuant to the actuarial study carried out by an external entity. It is also worth mentioning the reversal of the provision of contractual penalties associated with the provision of rolling stock maintenance services for the Metro of Porto regarding 2021, which compensated in part the provisions set up in 2022, originating a 0.3-million-euro reinforcement;

- Decrease in the balance owed to the *State and Other Public Entities*, by 1.4 million euros, resulting from the settlement of the tax withholdings for dependent work from December in that same month, contrary to what happened in 2021;
- Decrease of the balance of *Suppliers and Other Debts Payable* by 19.8 million euros, highlighting the decrease of the debt to IP, due to the invoices for the services provided in the last months of 2021 having only been paid in the beginning of 2022;
- Increase of *Other Debts Payable* by 4.2 million euros, resulting mainly from the increase in the specialised amounts with energy (general use and for traction) by around 6.7 million euros. This impact was partially compensated by the decrease in additional amounts regarding ancillary and additional services/IP, by around 2.2 million euros.

Remunerated Debt

By the end of 2022, the Group's financial debt was placed at approximately 2.110 billion euros and the detailed sources of financing are shown below:

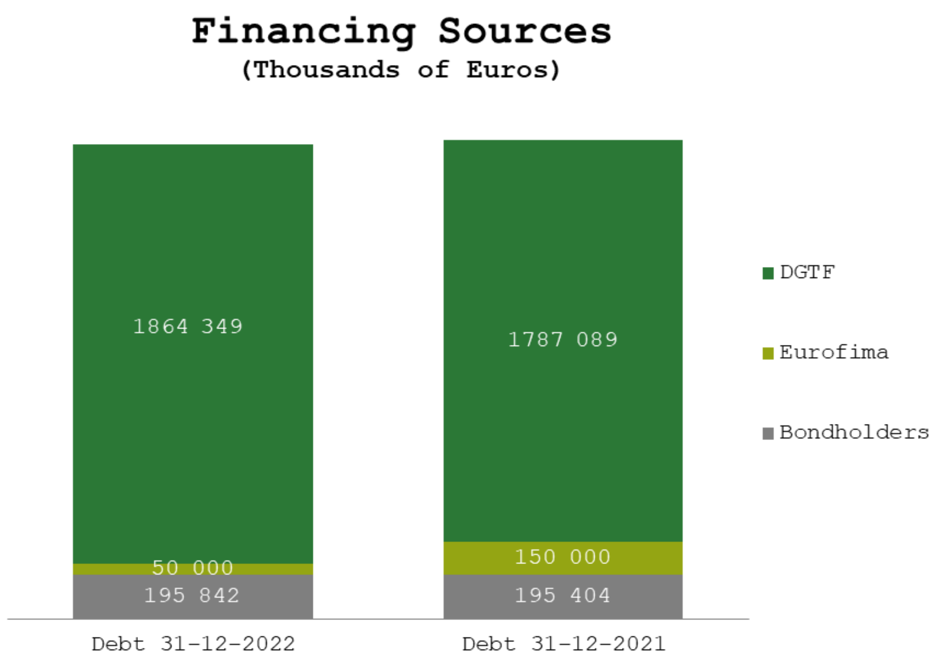

Chart 6 – Financing Sources.

As the settlement of the company's historic debt is still pending, the loans contracted, as well as the successive extensions of the debt service payments on State loans, have been made with maturities of less than a year.

Loans celebrated with DGTF, the repayment of which was expected in 2022, were extended into December 2023, similarly to what happened in previous years. The extension was performed according to the competent Respective Ordinance, from the Secretary of State for the Treasury no. 174/2023-SET, from May 9th, and the Ordinance from the Minister of Finance no. 130/2023-MF, from June 6th. However, the debt started having remuneratory interest payable at the interest rate of each financing contract.

The 50-million-euro financing loan with EUROFIMA was extended from the due date of July 28th 2023 for 12 more months with new financing conditions.

For the previously stated reasons, short-term debt represents around 90.7% of the total debt, as shown in the following chart:

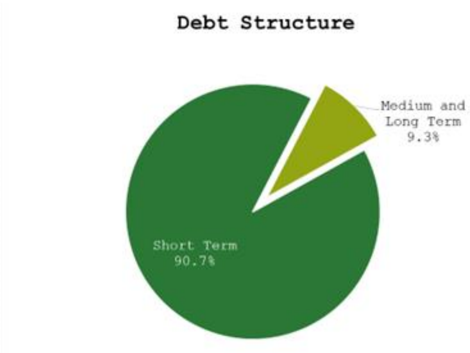

Chart 7 – Debt Structure.

State Treasury Unit Principle

The CP Group has been making all efforts to ensure the compliance with the State Treasury Unit Principle, focusing the maximum level of services in IGCP.

However, because of the specificities of the activities, it has been necessary to maintain the movement of some bank accounts in the National Banking since some services needed for its operation could not be provided by IGCP.

In this context, complying with the provisions of the legislation regarding the State Treasury Unit principle to which companies are subject, CP Group companies have requested, and have been granted, exemption from this compliance for some services which are not provided by IGCP, namely those related to the collection, transport, and counting of ticketing revenues; the receipt of online sales revenues in the account of the commercial bank, bank loans, bank guarantees that cannot be replaced by secured deposits; and safekeeping securities of affiliated companies; among others.

Therefore, the CP Group is considered to be complying with the applicable law regarding this matter.

06

PERSPECTIVES FOR 2023

CP

CP intends to establish itself as a structuring operator for internal mobility and a leader of the passenger transportation market, creating value for all stakeholders, contributing to territorial cohesion and the country's economic, social, and environmental sustainability.

In view of this challenge and based on strengths and weaknesses, as well as threats and opportunities ahead, the 2022-2030 Strategic Plan was established, with the following specific Strategic Goals:

The continuation of the post-pandemic recovery in demand and respective incomes is expected in 2023, even though the geopolitical crisis created from the invasion of Ukraine has increased unpredictability regarding the evolution of the economic scenery.

With the premise of the conclusion of the planned interventions in infrastructure, an integral reposition of the railway service for the Beira Alta Line and an extension of all Urban trains of the Rossio - Mira Sintra/Meleças to Malveira group is expected.

Regarding human resources, according to RCM no. 110/2019, necessary recruitment is expected to be carried out to ensure the operation of transportation and maintenance of rolling stock.

In terms of rolling stock, the signing and acceptance of the contract by the Court of Auditors is expected to happen in the first semester of 2023. This is a contract to acquire 117 railcars for urban and regional services, with 36 option units, according to RCM no. 100/2021.

It is also expected that the processes for the acquisition of four bi-tension locomotives for international service will continue, as is the acquisition process of railcars for the commercial high-speed segment, with additional option units.

Regarding commercial equipment, given that a large part of it has operational obsolescence problems, their respective replacement processes shall continue.

Presuming the financial settlement of the historic debt happens throughout 2023, the recovery in demand is maintained, and the due financial compensations for the public service provided are attributed, CP is expected to start showing a balanced and sustainable financial situation with positive Net Income and Equity.

FERNAVE

As a result of the European Union recovery plan, major investments are expected in the coming years for 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 and the expectation of gradual resumption of activity after the Pandemic, 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.

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 customers.

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

The focus in 2023 will therefore be on maintaining a qualified installed capacity and continuing to seek operating efficiency that results in maintaining adequate profitability.

SAROS

The global objective determined 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.

Regarding the Governance Model adopted, Management considers it to be fully functional and adequate to the company's size, and therefore, does not see the need to make changes in 2023.

SIMEF

The current war in Ukraine, instability in supply chains, the rise of energy costs, the prices of raw materials, and the galloping inflation Europe and our Country had not felt to this level in over three decades are transforming factors that bind companies to redefine priorities and investment strategies.

Therefore, at the level of material supply, in 2023, it is expected to continue the adoption of measures to reduce the impact of availability, delivery times, and costs associated to the supply of material and equipment integral for the work carried out by SIMEF. Regarding repair services, the diversification of (National) service providers and internalisation of new abilities are some of the measures that will allow the increase of SIMEF's autonomy and optimise maintenance costs.

Regarding personnel, measures are predicted to ensure the satisfaction and maintenance of human capital, namely by adjusting some professional categories, as well as continuing to widen employees' social benefits, taking advantage of synergies provided by the Group Companies, Siemens, and CP.

Regarding the maintenance activity and heavy maintenance especially, 2023 will be characterised by intense activity in line with what was witnessed in 2022, by virtue of the concurrence of large type R interventions in series LE5600 and LE4700.

As far as Innovation and Development are concerned, special attention will be paid to cybersecurity to avoid any digital disruption in business, by continuing to analyse vulnerabilities in computer network and respective equipment, performing intrusion tests and active monitoring with the Siesta System.

Regarding computerisation, it is expected to continue the renewal of the computer park and remodel computer infrastructure in both PMOs.

Within the scope of the recent Cooperation Protocol established with Insituto Politécnico de Tomar, special relevance should be given to the opportunity to create synergies that will allow carrying out research and development activities in technology meant to increase diversity and quality of SIMEF's activity.

As for the level of fleet use by Customers, this is estimated to place above the levels registered in 2022.

07

SHAREHOLDER RECOMMENDATIONS

Shareholder Recommendations Issued Upon the Approval of the 2021 Accounts

The Accounts from 2016, 2017, 2018, 2019, 2020, and 2021 are pending approval from the Responsible Ministry.

08

RELEVANT FACTS AFTER THE END OF THE FINANCIAL YEAR

Relevant Facts After the End of the Financial Year

We are not aware of any situation that, as a result of the pandemic scenery and/or armed conflict scenery, should reflect in the financial statements by December 31st, 2022, not jeopardising the premise for the continuity of operations.

Lisbon, September 14th, 2023

The Board of Directors

President: Pedro Miguel Sousa Pereira Guedes Moreira

Vice President: Maria Isabel de Magalhães Ribeiro

Voting Member: Ana Maria dos Santos Malhó

Voting Member: Pedro Manuel Franco Ribeiro

Voting Member: Joaquim José Martins Guerra

2022 Consolidated Report and Accounts

09 FINANCIAL STATEMENTS

Consolidated Financial Position Statement on December 31st 2022 **Amounts in Euros**

HEADINGS	NOTES	PERIODS			
		31-Dec-22	31-Dec-21	RESTATEMENT	31-Dec-21 RESTATED
ASSET					
Non-Current Asset					
Fixed tangible assets	6	353 094 209	383 201 731		383 201 731
Intangible assets	7	678 368	69 077		69 077
Rights of use of assets (IFRS 16)	8	7 985 656	9 611 733		9 611 733
Financial holdings - equity method	9	3 750 315	3 246 172		3 246 172
Other financial investments	10	28 079 361	28 237 924		28 237 924
		393 587 909	**424 366 637**	**-**	**424 366 637**
Current Asset					
Inventories	12	44 579 526	42 199 458		42 199 458
Customers	13	10 794 886	11 353 160		11 353 160
State and Other Public Entities	14	10 547 845	5 909 243		5 909 243
Other accounts receivable	15	14 636 589	7 431 313	51 731 203	59 162 516
Deferrals	16	1 178 525	1 020 249		1 020 249
Non-current assets held for sale	17	2 064 340	2 274 859		2 274 859
Cash and bank deposits	4	50 297 527	18 132 831		18 132 831
		134 099 238	**88 321 113**	**51 731 203**	**140 052 316**
Total asset		**527 687 147**	**512 687 750**	**51 731 203**	**564 418 953**
Equity and Liability					
Equity					
Subscribed capital	18	3 959 489 351	3 959 489 351		3 959 489 351
Legal Reserves	19	24 703	24 703		24 703
Other Reserves	20	1 306 650	1 306 650		1 306 650
Retained Earnings	21	(5 937 857 128)	(5 924 032 469)		(5 924 032 469)
Adjustments/other variations in equity	22	91 490 008	91 490 008		91 490 008
Net Income for the period		9 183 233	(65 547 959)	51 731 203	(13 816 756)
Total Equity		**(1 876 363 183)**	**(1 937 269 716)**	**51 731 203**	**(1 885 538 513)**
Liability					
Non-Current liability					
Provisions	23	12 538 315	13 920 302		13 920 302
Loans Obtained	24	196 841 684	247 403 907		247 403 907
Lease liabilities (IFRS 16)	8	7 487 068	8 137 937		8 137 937
		216 867 067	**269 462 146**	**-**	**269 462 146**
Current Liability					
Suppliers	26	14 999 398	34 829 699		34 829 699
State and Other Public Entities	14	748 980	2 122 777		2 122 777
Loans Obtained	24	1 913 349 168	1 885 089 333		1 885 089 333
Lease liabilities (IFRS 16)	8	548 399	1 571 058		1 571 058
Other debts payable	25	175 463 686	171 240 253		171 240 253
Deferrals	16	82 073 632	85 642 200		85 642 200
		2 187 183 263	**2 180 495 320**	**-**	**2 180 495 320**
Total liability		**2 404 050 330**	**2 449 957 466**	**-**	**2 449 957 466**
Total equity and liability		**527 687 147**	**512 687 750**	**51 731 203**	**564 418 953**

To be read with the notes to the financial statements.

Certified Accountant - Elisabete Bettencourt

President - Pedro Miguel Sousa Pereira Guedes Moreira

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Voting Member - Ana Maria dos Santos Malhó

Voting Member - Pedro Manuel Franco Ribeiro

Voting Member - Joaquim Jose Martins Guerra

Consolidated statement of income and other comprehensive revenue

Period ended on December 31st 2022 **Amounts in Euros**

REVENUE AND EXPENSES	NOTES	PERIODS 2022	2021	RESTATEMENT	2021
Provided sales and services	27	277 500 580	195 051 214		195 051 214
Operating allowances	28	116 203 550	89 386 058	51 731 203	141 117 261
Gains/losses attributed to subsidiaries, associated companies and joint ventures	29	1 187 402	1 616 577		1 616 577
Changes in production inventories	30	2 095 617	(824 703)		(824 703)
Capitalised production costs	31	12 992 032	13 316 590		13 316 590
Sold commodities and consumed material costs	32	(32 943 532)	(25 383 190)		(25 383 190)
External services and supplies	33	(160 549 124)	(129 380 875)		(129 380 875)
Personnel expenses	34	(150 507 074)	(145 014 736)		(145 014 736)
Impairment of inventories (losses/reversals)	12	(2 071 014)	(1 699 559)		(1 699 559)
Impairment of accounts receivable (losses/reversals)	13/15	(41 997)	248 448		248 448
Provisions (increases/decreases)	23	691 654	(371 586)		(371 586)
Impairment of non-depreciable/amortisable investments (losses/reversals)	35	309 760	1 501 561		1 501 561
Other income	36	30 261 098	24 068 368		24 068 368
Other expenses	37	(9 697 451)	(7 354 633)		(7 354 633)
Income before depreciation, financing costs and taxes		**85 431 501**	**15 159 534**		**66 890 737**
Expenses/ reversal of depreciation and amortisation	38	(56 869 503)	(58 154 595)		(58 154 595)
Impairment of depreciable/amortisable investments (losses/reversals)	39	342 412	814 485		814 485
Operating income (before financing costs and taxes)		**28 904 410**	**(42 180 576)**		**9 550 627**
Increases/decreases in fair value	40	-	2 965		2 965
Interest and similar income gained	41	9 671	4 791		4 791
Payable interest and similar expenses	42	(19 100 400)	(23 015 482)		(23 015 482)
Income before tax		**9 813 681**	**(65 188 302)**		**(13 457 099)**
Income tax for the period	11	(630 448)	(359 657)		(359 657)
Net income for the period		**9 183 233**	**(65 547 959)**		**(13 816 756)**
Other transactions in equity		(7 903)	242 153		242 153
Comprehensive income for the period		**9 175 330**	**(65 305 806)**		**(13 574 603)**

To be read with the notes to the financial statements

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Voting Member - Joaquim Jose Martins Guerra

Consolidated statement of changes in equity in 2021

(amounts in euros)

DESCRIPTION		NOTES	Equity attributed to shareholders of the parent company								Non-controlling interests	Total Equity
			Subscribed Capital	Legal Reserves	Other Reserves	Retained Earnings	Revaluation Surpluses	Adjustments / Other Variations in Equity	Net Income for the Period RESTATED	Total		
Position at the beginning of 2021	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 a new accounting framework			-	-	-	-	-	-	-	-		-
Changes in accounting policies		5	-	-	-	-	-	-	-	-		-
Differences in the conversion of financial statements			-	-	-	-	-	-	-	-		-
Payment of revaluation surpluses			-	-	-	-	-	-	-	-		-
Revaluation surpluses			-	-	-	-	-	-	-	-		-
Deferred tax adjustments			-	-	-	-	-	-	-	-		-
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 income for the period	3		-	-	-	-	-	-	(13 816 756)	(13 816 756)		(13 816 756)
Comprehensive income	4 = 2 + 3					(95 414 312)			81 839 709	(13 574 603)		(13 574 603)
Transactions with shareholders in the period												
Payment of capital			-	-	-	-	-	-		-		-
Payment of share premiums			-	-	-	-	-	-	-	-		-
Distributions			-	-	-	-	-	-	-	-		-
Down payments to cover losses			-	-	-	-	-	-	-	-		-
Other operations			-	-	-		-	-		-		-
	5		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Position at the end of 2021	**6 = 1+2+3+5**		**3 959 489 351**	**24 703**	**1 306 650**	**(5 924 032 469)**	**-**	**91 490 008**	**(13 816 756)**	**(1 885 538 513)**		**(1 885 538 513)**

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Combined statement of changes in equity in 2022

(amounts in euros)

DESCRIPTION		NOTES	Equity attributed to shareholders of the parent company							Total	Non-controlling interests	Total Equity
			Subscribed Capital	Legal Reserves	Other Reserves	Retained Earnings	Revaluation Surpluses	Adjustments / Other Variations in Equity	Net Income for the Period			
Position at the beginning of 2022	1	18 a 22	3 959 489 351	24 703	1 306 650	(5 924 032 469)	-	91 490 008	(13 816 756)	(1 885 538 513)		(1 885 538 513)
Changes in the period			-	-	-	-	-	-	-	-		-
First implementation of a new accounting framework			-	-	-	-	-	-	-	-		-
Changes in accounting policies		5	-	-	-	-	-	-	-	-		-
Differences in conversion of financial statements			-	-	-	-	-	-	-	-		-
Payment of revaluation surpluses			-	-	-	-	-	-	-	-		-
Revaluation surpluses			-	-	-	-	-	-	-	-		-
Deferred tax adjustments			-	-	-	-	-	-	-	-		-
Other changes recognised in equity		22	-	-	-	(13 824 659)	-		13 816 756	(7 903)		(7 903)
	2		-	-	-	(13 824 659)	-	-	13 816 756	(7 903)		(7 903)
Net income in the period	3		-	-	-	-	-	-	9 183 233	9 183 233		9 183 233
Comprehensive income	4 = 2 + 3					(13 824 659)			22 999 989	9 175 330		9 175 330
Transactions with shareholders in the period												
Payment of capital			-	-	-	-	-	-	-	-		-
Payment of share premiums			-	-	-	-	-	-	-	-		-
Distributions			-	-	-	-	-	-	-	-		-
Down payments to cover losses			-	-	-	-	-	-	-	-		-
Other operations			-	-	-	-	-	-	-	-		-
	5		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Position at the end of 2022	**6 = 1+2+3+5**		**3 959 489 351**	**24 703**	**1 306 650**	**(5 937 857 128)**	**-**	**91 490 008**	**9 183 233**	**(1 876 363 183)**		**(1 876 363 183)**

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Consolidated cash flow statement

Period ending December 31st 2022 **(amounts in euros)**

CASH FLOW STATEMENT	**31-Dec-2022**	**31-Dec-2021**
Cash flow from operating activities - direct method		
Collections from customers	479 584 126	302 002 243
Payments to suppliers	(250 626 094)	(159 409 197)
Payments to staff	(146 378 409)	(137 600 472)
Cash generated by operations	**82 579 623**	**4 992 574**
Payment/collection of income tax	(310 536)	(270 777)
Other collections/payments	1 916 237	7 307 222
Cash flow from operating activities (1)	**84 185 324**	**12 029 019**
Cash flow from investment activities		
Payments relating to:		
Fixed tangible assets	(19 486 596)	(14 385 040)
Intangible assets	(35 822)	(52 896)
Financial investments	-	(2 000 000)
Collections from:		
Fixed tangible assets	61 500	295 200
Financial investments	16 749	799 150
Investment subsidies	5 100 000	2 534 215
Interest and similar income gained	-	6
Dividends	667 978	761 957
Cash flow from investment activities (2)	**(13 676 191)**	**(12 047 408)**
Cash flow from financing activities		
Collections from:		
Loans obtained	135 000 000	156 333 333
Other financing operations	117 347	481 042
Payments relating to:		
Financing obtained	(157 740 165)	(156 333 333)
Payable interest and similar expenses	(15 722 044)	(16 214 610)
Cash flow from financing activities (3)	**(38 344 862)**	**(15 733 568)**
Variation in cash and cash equivalents (1) + (2) + (3)	**32 164 271**	**(15 751 957)**
Effect of exchange differences	425	(691)
Cash and equivalents at the beginning of the period	**18 132 831**	**33 885 479**
Cash and equivalents at the end of the period	**50 297 527**	**18 132 831**

To be read with the notes to the financial statements

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2022 Consolidated Report and Accounts

10

ATTACHMENT TO THE FINANCIAL STATEMENTS

Company Identification and Operating Notes (note 1)

Identification

CP - Comboios de Portugal, E.P.E., is a corporate public entity, with legal person governed by public law, with administrative, financial, and asset autonomy, with registered office at Calçada do Duque, no. 20, 1249-109 Lisbon, whose current legal system and Articles of Incorporation 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 [3], although its wording did not take effect until January 1st, 2020.

CP's main business objects 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.

Freight transport 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 affiliated and associated companies, the CP Group developed the following activities in 2022:

- Insurance mediation (Saros, Lda.);
- Synergy and optimisation of activities regarding maintenance of "LE 5600" and "LE 4700" railcars (SIMEF, A.C.E.);
- Training and development of abilities, recruitment and psychological assessment, company consulting, and human resources of transport systems (Fernave, S.A.);
- Provision of services of occupational health, safety, and hygiene (Ecosaúde, S.A.);
- Implementation and management of a common ticket system exclusive to the Group Companies (CP, STCP, and Metro of Porto) in the Porto area, as well as determining a common and exclusive multimodal price list structure for means of public transportation directly or indirectly operated by the Group Companies (TIP, A.C.E.);

[3] To which the Amendment 10/2020 from February 21st shall be added.

- Development of engineering, innovation, and technology applied to the transportation industry, manufacture, repair, and maintenance of electronic components and development of computer solutions (NOMAD TECH, Lda);
- It is also important to mention the 6.92% share of Fernave 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 jurisdiction of the Court of Auditors and the Inspectorate General of Finance.

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

CP is the parent company of a group of affiliated and associated companies, operating in various fields of activity. The characterisation of these is shown in more detail in note 3 and these are their consolidated financial statements.

The consolidated financial statements regarding the periods ending on December 31st 2016, 2017, 2018, 2019, 2020, and 2021 are awaiting the approval from the responsible Ministry to this date.

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, 2022.

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 stated in Euros, have been examined by the Board of Directors in a meeting held on September 14th 2023, 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, 2022, and for the comparative financial information presented in these financial statements for the period concluded on December 31st, 2021.

Derogations of the IFRS

There were no derogations made to the provisions of IFRS.

Comparative Values

The CP Group retrospectively restated transactions and balances, as provided for in "IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors", following the adjustment of financial compensation for obligations of public service provided (OSP) in 2020, namely regarding the moment in which the recognition of this compensation became unquestionable.

When preparing the financial statements for the years 2020 *et seq.*, it became noticeable that the complexity of determining values and validation procedures by companies not connected to the company made it difficult to reliably determine the final compensation value under the terms determined in the agreement, and if it would be in condition to be performed.

Since the Public Service Agreement (CSP) was celebrated on November 28th 2019, and since 2020 was the first year for which adjustments were determined, the basis for change of comparative statements were only measured and consolidated after the end of the process of determination of this compensation in October 2022, according to the events below:

Until the closing of accounts of 2021

- On April 21st 2021 - CP Group reports the first preliminary calculations to the Institute for Mobility and Transport, IP (IMT), associated with the difference between payments approved in RCM no. 43/2020, and the final value determined by the compliance of OSPs from 2020;
- In June 2021 – Formal presentation of this request before the IMT, who required, as contractually foreseen, the validation of the "Agreement Manager" and the acceptance of both parties;
- In July 2021 – IMT, in the capacity of "Agreement Manager":
  - determines the value of 51.7 million euros (plus VAT) for the component of adjustment/reconciliation;
  - forwards the validation of the adjustment component to the Inspectorate General of Finance (IGF) for reposition of the agreement's financial balance;
  - refers the need of a new RCM with spending commitments and approval by the Court of Auditors (TC), for the settlement of the adjustment.

- On December 10th 2021 – RCM no. 162/2021 is released and:
  - it amends the maximum value of financial compensation from 2020 and determines an additional maximum ceiling of 80.9 million euros (plus VAT); and
  - determines that the instalment going over 51.7 million euros (plus VAT), already validated by IMT, shall be previously certified by IGF.

Until the closing of accounts of 2022

- On July 20th 2022 – The IGF report of "Audit on the execution of the Public Service Agreement" was issued, fixing an additional 17.7 million euros (plus VAT) to compensate the reposition of financial balance from 2020;
- On July 28th 2022 – The Court of Auditors informs the CP Group that these adjustments are excluded from previous inspection. There are no amendments regarding the value fixed in RCM no. 162/2021 from December 10th.
- Until December 2022 – The CP Group received the total amount determined for the component of adjustment/reconciliation, and regarding the component of financial recovery reposition, the payment of 1.1 million euros is still pending.

Based on this information record, it is concluded that the process regarding the determination of these adjustments culminates in the publication of the Ministerial Council Resolutionwhere spending commitments for the year at hand, and in the issuance of the IGF report for the variable part that requires previous validation from IGF.

Considering that RCM no. 162/2021, which authorises the increase in expense as financial compensation for complying with OSPs from 2020, was issued in 2021 and excluded from inspection by the Court of Auditors in 2022, the restatement of the 2021 comparative values was carried out in the 2022 financial statements, with the additional amount of 51.7 million euros being recognised in the heading of operating allowances, as a counterpart to the increase in income.

For income regarding deductible tax losses by CP, please refer to mentions in note 11.

Main Accounting Policies (note 3)

The main accounting policies applied in the elaboration of these financial statements are described below and they applied consistently for the periods shown.

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, except for those for which fair value is not available. Non-current assets held for sale and groups of assets held for sale are registered at the lower value between their book value and fair value deducted from the corresponding disposal costs.

The preparation of financial statements in accordance with the IFRS requires the formulation of judgments, estimates, and assumptions which affect the application of 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 income may differ from the estimates.

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 "Key sources for estimate uncertainty" 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, 2022. 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 accumulated tax losses.

The Group and the Company

General Remarks

Throughout 2022, 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

Since July 2009, CP – Comboios de Portugal E.P.E. is a corporate public entity, 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 its social and territorial cohesion.

Affiliate Companies

CP's financial holdings as of December 31st, 2022, are as follows:

Subsidiaries

SAROS – Sociedade de Mediação de Seguros, Lda.

CP's Share - 100%

Share Capital - 5,000 euros

The company's activity is insurance mediation.

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

CP's Share - 100%

Share Capital - 50,000 euros

Having started its activity in 1992, it aims to provide services in the fields of training and development of skills, 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 Share - 100%

Share Capital - 50,000 euros

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

Jointly Controlled Entities

SIMEF, A.C.E.

CP's Share – 51%

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 Share – 33.33%

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 Share - 35%

Share Capital – 160,000 euros

The company was established 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 minus 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. (Mozambique)

Shareholding via Fernave – 6.92%

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 Share – 5%

Share Capital – 121,487,000 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 of liberalisation for the sector assumed by Portugal to the European Union.

The share capital was fully owned by CP until 2015, and was sold in 2016 to Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A. As of December 31st, 2022, CP still holds a 5% share, which is temporary, and awaits the conclusion of some procedures foreseen in the reference sale agreement.

Metro do Porto, S.A.

CP's Share - 3.33%

Share Capital - 7,500,000 euros

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

Metropolitano Ligeiro de Mirandela, S.A.

CP's Share - 10%

Share Capital - 125,000 euros

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

Metro Mondego, S.A.

CP's Share - 2.5%

Share Capital - 1,075,000 euros

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

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

CP's Share - 2.09%

Share Capital - 18,300,000 euros

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

Company in liquidation.

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

CP's Share - 2%

Share Capital - 2,600,000,000 CHF

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

BCC – Brussels Clearing Centre (Belgian)

CP's Share - 1.54%

Share Capital - 110,250 euros

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

Consolidation Method

The obligation to prepare consolidated accounts applies 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 IFRS 10, the financial statements have been prepared by grouping identical elements of assets, liabilities, equities, revenue, 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 revenue and gains, and expenses and losses.

Concerning joint ventures, the equity method has been applied since January 2013, replacing the proportionate consolidation, in accordance with the provisions set forth in 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

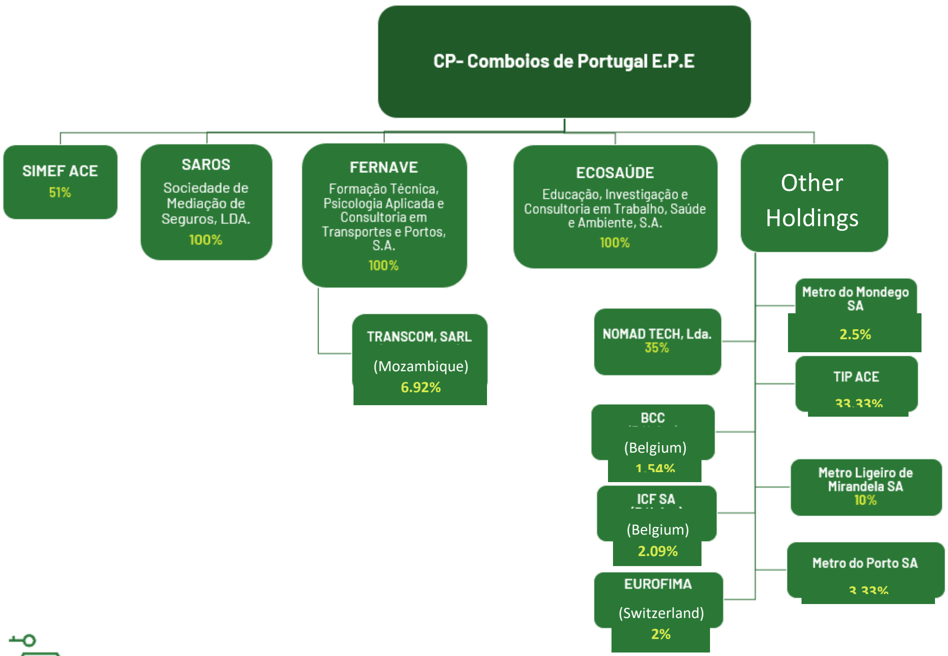

Chart 8 - CP Group.

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, 2022, CP still holds a residual share of 5%, simply 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 share (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 directly and indirectly held by the Group, as at December 31st, 2022, are the following:

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

Associated Companies Accounted For Under the Equity Method

The companies included in the consolidation under the equity method, their registered offices and the proportion of the share capital owned, as of December 31st, 2022, 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, minus 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 registered at acquisition cost minus the respective accumulated depreciations and impairment losses.

At the date of transition to IFRS, the CP Group 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 the company. 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 expenses, in accordance with the accruals principle.

The CP Group's fixed tangible assets include assets owned by the State (assets set forth in the joint order no. 261/99, from March 24th) and which are assigned to the operating activity of the company. Such assets are registered in the financial statements 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 hygiene and safety services.

The cost of all fixed tangible assets includes the purchase price, import duties, non-refundable taxes, and all necessary costs to place the asset in 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 expenses, 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;
- 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.

Building and Fixed Facilities:

- Periodic maintenance and repair expenses (maintenance agreements, technical inspections, etc.) are recognised as operating expenses;
- Expenses incurred with programmed multi-annual interventions are recognised under tangible fixed assets, through partial or total replacement of the component replaced; and
- Maintenance and repair expenses 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.

D	**Description of the Asset**	**Years**
Edifícios e outras cc	Buildings and other constructions - State	3 to 50
Edifícios e outras cc	Buildings and other constructions - CP	3 to 50
Material circulante:	*Rolling Stock:*	
Locomotivas a *die*	Diesel and electric locomotives:	
- Componente P	- Main Component	17 to 35
- Componente S	- Secondary Component	5 to 15
Automotoras a *die*	Diesel and electric railcars	
- Componente P	- Main Component	14 to 30
- Componente S	- Secondary Component	2 to 15
Carruagens de pa	Passenger carriages:	
- Componente P	- Main Component	15 to 30
- Componente S	- Secondary Component	2 to 12
Equipamento de trar	Transportation equipment	4 to 12
Equipamento admin	Administrative equipment and tools	3 to 18
Outros ativos fixos t	Other fixed tangible assets	5 to 20

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

No residual amounts were considered when determining the depreciated amounts.

Government Grants

Government grants related to fixed tangible and intangible assets are initially recognised in equity, when there is a guarantee that the grant will be received, and that CP will comply with the conditions associated to the assignment of the grant.

The grants compensating CP for expenses and losses incurred are recognised as revenue within the income statement, in a systematic basis, and in the same period in which the expenses are recognised. The specificity of grants related to compensations for the compliance with CP's public service obligations leads to the advance payment of compensations (in twelve months) being recognised in the period they are relative to, as established by Ministerial Council Resolution (RCM), and adjustments to those financial compensations are recognised in yearly revenue in which calculations are presented and validated, and pursuant to the publication of the respective RCM. If the RCM refers to external validation, recognition of this amount will await its respective homologation order.

The grants compensating the Group 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.

It should be noted that advance payments of compensations are recognised in the period they are relative to, as established by RCM and the adjustments to those compensations are recognised in the year in which the calculations are presented and validated and pursuant to its respective RCM publication.

Capitalisation of Expenses with Loans and Other Directly Attributable Expenses

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

Due to the nature of rolling stock for passenger transportation and, in particular, to the absence of interoperability with the European network, the establishment of an appropriate market value becomes invalidated for these assets, given the absence of an active market where they are traded. Thus, this amount is only established when there are proposals of sale of specific material.

As to the determination of the use value, the latter shall reflect the expected cash flows, updated at a discount rate appropriate for the business. It is considered 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 used so far.

Considering the nature of public service, the impossibility to establish the use value as determined in IAS 36 is understood, given that there are no specific rules established 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 income.

Recognition of Impairment in the Remaining Assets of the Group

As established in 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 income. 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 determined 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 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), minus 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 lowest.

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.

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.

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

- flat-rate payments, minus 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 tenant will exercise the option; and
- penalty payments for termination of contract, if it is reasonably certain that the tenant will cancel the contract.

Lease liability is subsequently measured at amortised cost using the effective interest rate method and is re-measured when there are:

(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) changes by the group in its assessment about the exercise of a call option, or about its extension or termination.

When lease liability is re-measured, 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 acquisition cost minus the respective accumulated amortisations and impairment losses.

The companies of 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 income. 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 it becomes part of the provisions present in the agreement of the instrument.

CP Group classify their 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 IAS 39 – Financial instruments.

Financial Assets at Fair Value through Impairment

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 income.

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

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

Held-to-Maturity Financial Assets

These 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.

These 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.

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

Loans and Accounts Receivable

These 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 over 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 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 income. 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 minus 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 IAS 39.

Following initial recognition, CP Group measure their 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 minus impairment losses.

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

Every financial asset, 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 income. 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 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 established in 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, based on market assumptions. This is level 2 of the fair value hierarchy as established in IFRS 13, and which is used by the CP Group.

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

In 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 established in IFRS 13.

Impairment

In accordance with IAS 36 – Impairment of assets, whenever 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 the income 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 showing impairment indicators, the corresponding recoverable amount is determined, and the impairment losses are accounted for against results.

Inventories

In the railway transportation components, 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 of 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, minus the corresponding selling costs, as provided for in 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, CP Group also take into account the provisions set forth in IAS 11 - Construction agreements, regarding the costs associated with construction agreements.

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 method adopted for the costing of outputs.

Ongoing Products and Works

Inventories of ongoing products and works 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 estimated selling price during the normal course of business, minus the estimated completion costs and estimated costs necessary for the sale, is considered net realisable value.

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

This heading includes 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 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 statement of financial position date;
- If the entity does not hold an unconditional right to defer the settlement of the liability for at least twelve months following the statement of financial position date.

All remaining loans are classified as non-current liability.

Thus, the amount in debt of the financing 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 corresponding liabilities, which include at least one non-current asset), are classified as held for sale when their cost is primarily recovered through sale, when the assets or groups of assets are available for immediate sale, and when there is a significant likeliness for their sale, pursuant to the provisions of IFRS 5.

The companies in the CP Group also classify non-current assets or groups of assets acquired for the sole purpose of their 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, all non-current assets and all assets and liabilities included in a group of assets for sale are measured in accordance with applicable standards. Following their classification, such assets or groups of assets are measured at the smallest amount between their carrying amount and their fair value deducted from disposal costs.

Foreign Currency Transactions

Functional and Presentation Currency

The elements included in financial statements of CP Group's companies are measured using the currency of the economic environment in which the entity operates ("the functional currency"). The Financial Statements are presented in euros, which is CP Group'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 statement of financial position 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 statement of financial position date, are accounted for as revenue 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.

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 to railway transportation, deducted from discounts and price deductions. Revenue is recognised at its fair value.

The services provided are usually concluded between each reporting period. Revenue resulting from this 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 the company.

Maintenance of Rolling Stock

In the case of recognition of revenue linked to this activity segment, the provisions set forth in IAS 11 – Construction agreements – 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, revenue is not recognised, and the costs incurred are recognised as expense.

Remaining Areas of Activity

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 statement of financial position 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 statement of financial position 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 Revenue

Expenses and revenues 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 using the other accounts receivable and other debts payable headings, as well as the deferrals heading.

Provisions

Provisions are recognised when:

(i) there is a legal or constructive obligation arising from a past event;
(ii) it is likely that there will be 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, the 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.

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 consider 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 Group'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.

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 value 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 September 14th, 2023. The Management Board has approved such financial statements on the aforementioned date, as mentioned in note 2.

Events that occurred after the balance sheet date on conditions existing at the statement of financial position date are considered in the preparation of the financial statements. Material events after the statement of financial position date which do not lead to adjustments are disclosed in note 45.

Value Judgements

The preparation of the financial statements in accordance with the IFRS requires that the managers express their judgment in the process of application of the 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 operative 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 costs incurred are recognised as expense;
- Impairment losses – when determining asset impairment losses, different criteria apply 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, 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 Board of Directors considers it appropriate to prepare the financial statements based on the Group's continuity, considering the following factors:

- The State has granted all its support to the company, namely concerning the necessary support to CP's financing, with the aim of ensuring the debt service and the operation and investment needs;
- The importance of the service CP Group provide to the Portuguese economy, namely regarding the transport of passengers, being 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 Estimate 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 income might be different from estimates.

The main sources for estimate uncertainty at the financial position statement 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 determined 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 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 regarding the likelihood of recovery 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 considering the assumptions in question, including changes to the economic environment, to the sectorial trends, to the deterioration of the credit standing from the main customers, and to 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 income.

Provisions

Provisions are liabilities of an uncertain amount or temporal event. Taking the principle of prudence into account, CP Group companies have 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 to occur 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 to these estimates may imply an impact on income.

Impairment

The establishment and application of criteria for determining asset impairment tries to guarantee the proximity of the asset value to its realisable value. Notwithstanding, impairment determined by the application of these criteria may diverge from that which 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 inventory impairment, considering its diversity, and the long period during which it can be used, specifically in the case of inventory held by the Group for rolling stock application within the scope of its maintenance/repair.

Impairment losses on inventories regarding raw, auxiliary 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 assess every six months the need to recognise impairments in respect of its inventories.

The criteria applied to determine impairment of inventories is summarised below, notwithstanding the fact that the impairments determined by the application of these criteria may differ from the one 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 their durability, 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 agreements. If inventories are also usable in rolling stock CP series, impairment calculation criteria applied to the latter apply.

"Spare" 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 criteria of non-rotation for over 5 years applies, 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.

Regarding 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 over 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 over 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, within 10 years, the material has 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 Group use 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 income.

Amendments to Standards Effective as of January 1st 2022

The amendments to the standards with effect as of January 1st, 2022 that may have an impact on CP Group are as follows:

IAS 16 – 'Revenue Gained Before Beginning of Operation'

This amendment forbids the deduction of amounts received as consideration for items sold as a result of the creation of fixed tangible assets in test phase (outputs) to the book value of said assets. The consideration received for the sale of outputs acquired in a fixed tangible assets test phase should be accounted for in the financial year's income, according to the applicable standards, as well as with the directly related expenses. This amendment applies in retrospect, without restatement of comparatives.

There were no impacts to CP Group resulting from this amendment.

IFRS 3 'References to Conceptual Structure'

This amendment updates references to Conceptual Structure in the IFRS 3 text, regarding the identification of an asset or liability in the scope of a concentration of company activities without amending accounting requirements for the registration of concentrations of company activities. This amendment also clarifies that when applying the purchase method, liabilities and contingent liabilities should be analysed pursuant to IAS 37 and/or IFRIC 21, and not according to the determination of a conceptual structure liability, and that contingent assets of the acquired company cannot be recognised in a concentration of company activities. This amendment applies prospectively.

There were no impacts to CP Group resulting from this amendment.

IAS 37 'Onerous Agreements - Expenses from Complying with Agreements'

This amendment specifies the expenses the entity must consider when assessing whether an agreement is onerous or not. Only expenses directly related to the compliance with the agreement are accepted, and may include: a) incremental expenses to comply with the agreement, such as direct labour force and materials; and b) the allocation of other expenses directly related to the compliance with the agreement, such as the allocation of depreciation expenses of a certain fixed tangible asset used to carry out the agreement. This amendment shall apply to agreements which still include unmet contractual obligations at the beginning of the first annual reporting period to which the amendment applies, without the right to restatement of comparatives. Any impact shall be accounted for as offset of retained income on that same date.

There were no impacts to CP Group resulting from this amendment.

IFRS 16 'Leases - Bonuses for Rents Related to COVID-19 After June 30th 2021'

This amendment extends the application date of the amendment to IFRS 16 - 'Leases - Bonuses for rents related to COVID-19' from June 30th 2021 to June 30th 2022. Application conditions for the practical expedient remain the same, and: i) if tenants are already applying the 2020 practical expedient, they shall continue to apply it to all lease agreements with similar characteristics and under comparable conditions; and ii) if tenants have not applied the practical expedient to the bonuses of 2020 eligible rents, they cannot apply the extension to the 2020 amendment. This amendment applies in retrospect with the impacts reflected as an update to the opening balance of retained income for the annual reporting period in which tenants apply this amendment for the first time.

There were no impacts to CP Group resulting from this amendment.

Improvements to Standards Effective on January 1st 2022

Concurrently, there were improvements to international financial reporting standards (2018-2020 cycle) (applicable to financial years beginning on January 1st 2022 or after), with relevance for:

IFRS 9 – Financial Instruments

This amendment clarifies that, in the scope of the assessment of de-recognition of a financial liability, an entity shall only consider fees paid or received between the entity and the lessor, including fees paid or received by one of them in the name of the other.

There were no impacts to CP Group resulting from this amendment.

IFRS 16 – Leases

This amendment of the illustrative example 13 found in the standard avoids the rise of questions regarding lease incentive treatment.

There were no impacts to CP Group resulting from this amendment.

Cash Flow (note 4)

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

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

As of December 31st, 2022, all cash and cash equivalents balances are available for use.

Cash and Bank Deposits Heading

The cash and bank deposits heading comprises the following balances:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Cash	465 181	391 661
Bank deposits	49 832 346	17 741 170
Total	**50 297 527**	**18 132 831**

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 2022, CP Group presented a fixed tangible asset organised by fixed asset categories, as presented in the following table:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Gross amount:		
Land and other natural resources	20 533 661	20 533 661
Buildings and other constructions	102 510 329	98 134 592
Basic equipment	1528 894 130	1 504 302 863
Transportation equipment	3 318 832	3 245 350
Administrative equipment	28 547 132	27 841 055
Other fixed tangible assets	43 559 234	44 214 113
Ongoing investments	11 114 571	17 147 051
Advance payments for investment purposes	10 268 506	5 279 520
Subtotal	**1 748 746 395**	**1 720 698 205**
Accumulated depreciation and impairment:		
Depreciation for the period	54 813 693	56 333 170
Accumulated depreciation from previous periods	**1 334 679 852**	**1 288 163 005**
Accumulated depreciation of dicommissioned and transferred assets for the period	3 684 431	(9 816 323)
Impairment losses for the period	(342 412)	**(814 485)**
Impairment losses from previous periods	2 816 622	3 631 107
Subtotal	**1 395 652 186**	**1 337 496 474**
Net book value	**353 094 209**	**383 201 731**

The movements in the fixed tangible assets heading throughout 2022 are summarised in the following table:

(amounts in euros)

Description	Opening Balance	Additions	Disposals	Assets classified as held for sale	Dicommissioning	Transfers	Other adjustments	Closing balance
Gross amount:								
Land and other natural resources	20 533 661	-	-	-	-	-	-	20 533 661
Buildings and other constructions	98 134 592	-	-	-	(77 707)	4 453 624	(180)	102 510 329
Basic equipment	1504 302 863	1 418 049	(934 333)	5 255 729	(3 589)	18 759 240	96 171	1528 894 130
Transportation equipment	3 245 350	73 482	-	-	-	-	-	3 318 832
Administrative equipment	27 841 055	217 254	-	-	(23 826)	512 649	-	28 547 132
Other fixed tangible assets	44 214 113	18 092	-	-	(592 514)	1 071 889	(1 152 346)	43 559 234
Ongoing investments	17 147 051	20 888 057	-	-	(119 975)	(25 605 146)	(1 195 416)	11 114 571
Advance payments for investment purposes	5 279 520	4 988 986	-	-	-	-	-	10 268 506
	1 720 698 205	**27 603 920**	**(934 333)**	**5 255 729**	**(817 611)**	**(807 744)**	**(2 251 771)**	**1 748 746 395**
Accumulated depreciation and impairment:								
Buildings and other constructions	54 640 854	2 964 643	-	-	(77 707)	-	-	57 527 790
Basic equipment	1212 563 278	49 290 298	(735 496)	4 784 238	(3 589)	-	-	1265 898 729
Transportation equipment	2 993 203	59 341	-	-	-	-	-	3 052 544
Administrative equipment	26 385 910	858 852	-	-	(23 826)	-	-	27 220 936
Other fixed tangible assets	38 096 608	1 640 557	-	-	(249 001)	-	(10 186)	39 477 978
Fixed Tang. Assests - Accum. Impair. Losses - Basic Equipmer	2 816 621	(342 412)	-	-	-	-	-	2 474 209
	1 337 496 474	**54 471 279**	**(735 496)**	**4 784 238**	**(354 123)**	**-**	**(10 186)**	**1 395 652 186**
Total	**383 201 731**	**(26 867 359)**	**(198 837)**	**471 491**	**(463 488)**	**(807 744)**	**(2 241 585)**	**353 094 209**

Fixed tangible assets of 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 2022 relate essentially to big occasional repairs of rolling stock type R2 that comply with the criteria of recognition as a fixed tangible asset.

Also of note is the recovery of rolling stock that was classified as held for sale and that, as it was in a position to return to commercial service, was transferred into fixed tangible assets, in a value of around 471 thousand 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.

On December 31st, 2022 the following fixed tangible assets were pledged as collateral for loans obtained by CP Group from Eurofima:

(amounts in euros)

Description	Book value
Railcars	20 622 844
Total	**20 622 844**

Intangible Assets (note 7)

Intangible assets of 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-2022	31-Dec-2021
Gross amount:		
Investigation and development expenses	46 040	65 542
Computer programmes	1 135 708	159 670
Ongoing intangible assets	-	-
Subtotal	**1 181 748**	**225 212**
Accumulated amortisation and impairment:		
Amortisation for the period	348 125	105 834
Amortisation accumulated in previous periods	157 015	421 378
Amortisation accumulated from assets dicomissioned in the period	(880)	(371 077)
Subtotal	**503 380**	**156 135**
Net book value	**678 368**	**69 077**

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 2022 is analysed as follows:

(amounts in euros)

Description	Opening balance	Additions	Disposals	Assets held for sale	Dicommissioning	Transfers	Closing balance
Gross amount:							
Investigation and development expenses	65 542	14 124			(880)	(32 746)	46 040
Computer programmes	159 670	135 548				840 490	1 135 708
	225 212	**149 672**	**-**	**-**	**(880)**	**807 744**	**1 181 748**
Accumulated amortisation and impairment:							
Amortisation for the period	(180 283)	348 125	-	-	(880)	180 283	347 245
Amortisation accumulated from previous periods	336 418	-	-	-	-	(180 283)	156 135
	156 135	**348 125**	**-**	**-**	**(880)**	**-**	**503 380**
Total	**69 077**	**(198 453)**	**-**	**-**	**-**	**807 744**	**678 368**

The intangible asset increase is essentially related to the acquisition of IT programmes, since part of these acquisitions were made as fixed tangible assets and later transferred into intangible assets.

Assets Rights of Use (note 8)

At the end of 2022, CP Group presented the following rights of use meeting all the requirements in IFRS 16:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Gross amount:		
Rights of Use (Financial Leases - IFRS 16)	14 735 284	14 653 677
Vehicles	241 019	214 971
Railcars	4 797 582	4 797 583
Workshop space (a)	9 696 683	9 641 123
Subtotal	**14 735 284**	**14 653 677**
Accumulated amortisation and impairment:		
Amortisation of the period	1 707 684	1 715 592
Vehicles	64 052	73 418
Railcars	1 182 262	1 182 262
Workshop space (a)	461 370	459 912
Amortisation accumulated from previous periods	5 041 944	3 326 352
Vehicles	133 122	59 704
Railcars	3 516 799	2 334 536
Workshop space (a)	1 392 023	932 112
Subtotal	**6 749 628**	**5 041 944**
Net book value	**7 985 656**	**9 611 733**

(a) lease agreement carried over to CP from the merger with Emef on 01.01.2020

As well as the respective liabilities resulting from the finance leases:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Non-current		
Liabilities for financial leases	**7 487 069**	**8 137 937**
Vehicles	2 660	81 849
Railcars	-	155 781
Workshop space (a)	7 484 409	7 900 308
Current		
Liabilities for financial leases	**548 399**	**1 571 058**
Vehicles	41 185	-
Railcars	102 862	1 166 706
Workshop space (a)	404 352	404 352
Total	**8 035 468**	**9 708 995**

The amount of interest borne in the financial years of 2021 and 2022 are also impacts from the application of IFRS 16:

(amounts in euros)

Description	2022	2021
Payable interest and similar expenses		
Vehicles	12 336	14 231
Railcars	16 999	43 752
Workshop space (a)	178 341	187 343
Total	**207 676**	**245 326**

Financial Holdings – Equity Method (note 9)

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

(amounts in euros)

Description	Type	31-Dec-2022			31-Dec-2021		
		Gross value	Impairment	Net amount	Gross value	Impairment	Net amount
SIMEF A.C.E.	Investment	480 313	-	480 313	475 189	-	475 189
NOMAD TECH, LDA.	Investment	1 214 316	-	1 214 316	1 248 628	-	1 248 628
OTLIS, ACE	Investment	-	-	-	-	-	-
TIP, ACE	Investment	2 055 686	-	2 055 686	1 522 355	-	1 522 355
Total		**3 750 315**	**-**	**3 750 315**	**3 246 172**	**-**	**3 246 172**

The following movements in these financial holdings were made in 2022, as per the following table:

(amounts in euros)

	Opening balance	Additions	Divestitures	Equity Method	Other changes	Closing balance
Gross amount						
SIMEF A.C.E.	475 189	-	-	480 313	(475 189)	480 313
NOMAD TECH, LDA.	1 248 628	-	-	(34 312)	-	1 214 316
OTLIS A.C.E. (a)	-	88 069	-	-	(88 069)	-
TIP, ACE	1 522 355	-	-	533 331	-	2 055 686
Subtotal	**3 246 172**	**88 069**	**-**	**979 332**	**(563 258)**	**3 750 315**
Impairment	-		-	-	-	-
Subtotal	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3 246 172**	**88 069**	**-**	**979 332**	**(563 258)**	**3 750 315**

(a) company liquidated in 2021. The amount received in 2022 is the result of an adjustment related to the distribution of 2020 income and the share of the liquidation.

As can be seen from the analysis of the table above, the increase in the financial holdings heading is essentially due to the integration of the positive income of almost all the group companies. In 2022, reference should also be made to the receiving of the remaining amount of the liquidation of the holding in OTLIS.

The summarised financial information regarding the participated companies (pending approval from the General Meeting) is presented as follows:

(amounts in euros)

Name of the associated company	% of share	Date of reference	Assets	Liability	Equity	Revenue	Net income
SIMEF, ACE	51	31-Dec-2022	9 961 562	9 019 772	941 790	13 402 649	941 790
Nomad Tech, Lda.	35	31-Dec-2022	5 998 605	2 529 130	3 469 475	1 438 469	(844 840) *
TIP, ACE	33	31-Dec-2022	24 969 168	18 801 493	6 167 674	7 313 460	1 687 191

* This amount is the Net Income for the period between 01/07/2022 and 31/12/2022.
As previously stated, Nomad Tech closes its financial year on June 30th of each year.

Other Financial Investments (note 10)

CP Group have small financial holdings in several companies which are recognised at cost without impairment losses, since the value of these holdings is not publicly negotiated and it is not possible to obtain their fair value in a reliable manner.

At the date of each period of financial reporting, the possibility of impairment of these financial assets is assessed, recognising an impairment loss in the income statement if there is objective evidence of such impairment.

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

(amounts in euros)

Description	Method	31-Dec-2022			31-Dec-2021		
		Gross amount	Impairment	Net amount	Groos amount	Impairment	Net amount
CP Carga, SA	Acquision cost	80 000	(80 000)	-	80 000	(80 000)	-
MLM, SA	Acquision cost	12 721	(12 721)	-	12 721	(12 721)	-
METRO DO PORTO, SA	Acquision cost	249 399	(249 399)	-	249 399	(249 399)	-
METRO-MONDEGO, SA	Acquision cost	3 595	-	3 595	3 595	-	3 595
ICF	Acquision cost	382 269	(382 269)	-	382 269	(382 269)	-
EUROFIMA	Acquision cost	27 760 679	-	27 760 679	27 760 679	-	27 760 679
BCC	Acquision cost	1 460	-	1 460	1 460	-	1 460
INEGI	Acquision cost	2 500	(2 500)	-	2 500	(2 500)	-
Railway Competence Centre	Acquision cost	2 000 000	(2 000 000)	-	2 000 000	(2 000 000)	
TRANSCOM, S.A.	Acquision cost	388 280	(74 964)	313 316	388 280	(123 752)	264 528
Work Compensation Fund	Acquision cost	311	-	311	207 662	-	207 662
		30 881 214	(2 801 853)	28 079 361	31 088 565	(2 850 641)	28 237 924

Eurofima is a supranational organisation, under 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 incorporation. However, in the extraordinary general meeting of February 1st, 1984, the extension of the Convention term was approved by all Member States for another 50 years, *i.e.* until 2056.

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

The movement of these financial holdings in 2022 is analysed in the following table:

(amounts in euros)

	Opening balance	Additions	Divestitures	Fair Value	Other changes	Closing balance
Gross amount						
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	207 662	-	-	-	(207 351)	311
	31 088 565	**-**	**-**	**-**	**(207 351)**	**30 881 214**
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.	(123 752)	-	-	-	48 788	(74 964)
	(2 850 641)	**-**	**-**	**-**	**48 788**	**(2 801 853)**
Total	**28 237 924**	**-**	**-**	**-**	**(158 563)**	**28 079 361**

The variation in this heading throughout 2022 is due to the nearly complete annulment of the labour compensation fund, by applying the laws in force, and the value registered in the asset was returned by said fund.

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 (RETGS), as provided for in article 69 of the Portuguese Corporate Income Tax Code (IRC). Apart from CP itself, the group includes the following affiliate companies: *SAROS – Sociedade de Mediação de Seguros, Lda.*, *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.*

Although in 2019 the public service agreement was signed, which significantly changed the form of financing the public transportation service, and later approved by the Court of Auditors during the year 2020, only in 2022 did CP receive the total amount determined for the adjustment/reconciliation of public service obligations (OSP) from 2020. The payment of the 1.1

million euros relative to the reposition of financial balance for that year, as disclosed in notes 2 and 28, is still owed. CP is also awaiting the final adjustment regarding compensation for complying with OSPs from 2021 and 2022.

If 2020's compensation had been completely recognised in the year to which it relates, net income for the year 2022 would have been negative in the amount of 8.7 million euros.

Since in current circumstances there are no predictions for CP Group to achieve taxable profits that allow for the use of the accumulated tax losses, CP does not account for assets by deferred tax (taxable temporary differences) related to the report of tax liabilities and impairment, and provisions. Similarly, no deferred tax liabilities (taxable temporary differences) related to revalued fixed tangible assets (rolling stock) were accounted for in prior periods.

As a result of note 2, the total of taxable fiscal liabilities of CP Group until 2021 goes from 354.6 million euros to 318.3 million euros, which may be used between 2022 and 2033.

(amounts in Euros)

	Accumulated tax loss deductible in 2020	Tax loss deductible in 2021		Accumulated tax loss deductible in 2021 - before restatement	Accumulated tax loss deductible in 2021 - after restatement
		before restatement	after restatement		
CP	347 482 209	43 372 799	7 160 956	390 855 007	354 643 165
Group	312 147 257	42 409 923	6 198 081	354 557 180	318 345 338

The reconciliation between nominal rate and effective rate of CP Group's individual tax in the financial years of 2022 and 2021 is as follows:

	2022	2021	Restatement	2021 Restated
Income Before Tax	9 813 681	(65 188 302)	51 731 203	(13 457 099)
Expected Tax	(630 448)	(359 657)	-	(359 657)
Permanent Differences	(5 297 628)	23 138 036	(15 519 361)	7 618 675
Taxable Income	3 885 605	(42 409 923)	36 211 842	(6 198 081)
Deducted Tax Losses	(3 108 484)	-	-	-
Tax Base	777 121	-	-	-
Nominal Tax Rate	21.0%	21.0%	-	21.0%
Collection	202 873	-	-	-
Municipal surcharge	57 658	-	-	-
Autonomous Taxation	136 613	359 657	-	334 889
Result of liquidation (Art. 92)	233 303	-	-	-
Income Tax	630 448	359 657	0	334 889
Effective Tax Rate	6.4%	-	-	-

Inventories (note 12)

As of December 31st, 2022, CP Group presented the following amounts of inventory, detailed by classification:

(amounts in Euros)

Description	31-Dec-22	31-Dec-21
Gross amount:		
Goods	129 591	138 575
Raw and auxialiry and consumable materials	56 420 971	53 638 212
Finished and intermediate products*	4 621 213	3 826 473
Ongoing products and work	3 460 092	2 577 525
	64 631 867	**60 180 785**
Accumulated impairments		
Impairments for the period	(2 071 014)	(1 699 559)
Impairments from previous periods	(17 981 327)	(16 281 768)
	(20 052 341)	**(17 981 327)**
Net book value	**44 579 526**	**42 199 458**

*internal manufacturing and spares

From the analysis of 2022 inventories in comparison with the same period of the previous year, an increase of around 4.5 million euros was witnessed. The raw, auxiliary and consumable materials item contributed with around 2.8 million euros, the ongoing products and works item, with 0.9 million euros, and the intermediate products and works item, with 0.9 million euros.

The reasons for this increase are connected not only to external constraints, namely price evolution resulting from the international situation (collapse of supply chains) and inflation; the obligations from suppliers who impose the acquisition of minimum quantities; and extended supply periods, with the reception of materials sometimes happening very close to the conclusion of the interventions they were meant for.

Paired with these external obstacles, there are also internal constraints: changes to intervention plans when the purchase is already underway; determination of intervention consistency having its implementation adjusted as a result of the percentage of application of materials below those initially predicted.

Regarding inventory impairment, the criteria from 2021 was maintained except in regards to a series of rolling stock in which residual useful life was updated from 12 to 21 years (UTE2240).

Every six months, the Group carries out a supervision of the value of inventories to assess the need to adjust its value. If needed, impairments are created.

Criteria applied to determine inventory impairment of said bimonthly assessment are documented in note 3.

Taking into consideration the application of these criteria, an impairment loss of about 2.1 million euros was recognised in 2022. The reinforcement of impairment losses registered in 2.3 million euros in expenses partially compensated by the reversal of impairment losses in the amount of 0.2 million euros registered in the financial year revenue contributed for this amount, as shown in the table below:

(amounts in euros)

Description	Opening balance	Losses	Reversal	Settlement	Closing balance
Inventory impairments					
Raw and auxiliary and consumable materials	(17 314 653)	(2 140 561)	237 773	-	(19 217 441)
Finished and Intermediate products	(666 674)	(181 808)	13 582	-	(834 900)
Manufacturing	(322 917)	(27 517)		-	(350 434)
Spares	(343 757)	(154 291)	13 582	-	(484 466)
Total	**(17 981 327)**	**(2 322 369)**	**251 355**	**-**	**(20 052 341)**

Customers (note 13)

As of December 31st, 2022, the heading of customers had the following amounts:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Gross Amount		
Current Account Customers		
General	10 761 877	10 633 928
Associated companies	70 412	383 931
Joint ventures	(37 403)	329 530
Other related parties	-	5 771
Customers - bad debts	5 887 581	5 827 125
Subtotal	**16 682 467**	**17 180 285**
Accumulated impairment		
Impairment losses for the period	(60 456)	702 535
Impairment losses from previous periods	(5 827 125)	(6 529 660)
Subtotal	**(5 887 581)**	**(5 827 125)**
Net book value	**10 794 886**	**11 353 160**

In 2022, the customers' heading shows a decrease mainly due to joint ventures. Variation was owed to invoicing from 2021 issued by SIMEF, having its payment been made in 2022.

The variation in impairment is shown in the following table:

(amounts in euros)

Description	Opening balance	Losses	Uses	Reversals	Closing balance
Impairment losses					
General customers	(5 827 125)	(111 090)	43 931	6 703	(5 887 581)
Total	**(5 827 125)**	**(111 090)**	**43 931**	**6 703**	**(5 887 581)**

State and Other Public Entities (note 14)

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

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Asset		
Income tax	240 388	214 949
Special payment on account	167 451	167 451
Tax withholdings	52 033	47 498
Tax withholdings - Dependant	20 904	-
VAT	9 960 014	5 460 406
VAT receivable	2 646 007	5 460 406
VAT requested funds	7 314 007	-
Other taxes	347 443	233 888
Social Security CNP [Portuguese National Pension Centre] contributions	337 245	233 888
DGI-FCT	10 198	-
Total	**10 547 845**	**5 909 243**
Liability		
Income tax	675 861	2 016 741
Income tax	630 448	359 657
Income tax withholding	45 413	1 657 084
VAT	50 813	75 597
VAT payable	50 813	75 597
Other taxes	22 306	30 439
Social Security contributions	22 306	22 808
Other taxes	-	7 631
Total	**748 980**	**2 122 777**

In 2022, VAT increase in the item "VAT to be recovered/requested returns" resulted from the acceptance and subsequent taking into account of the invoices for the use of railway infrastructure regarding the period between August and December and invoices of energy for traction until November.

Regarding liabilities, the decrease witnessed in income tax withholdings item reflects the payment of deductions at the source of dependent work in the month of December itself.

Other Accounts Receivable (note 15)

The other accounts receivable's heading is analysed as follows:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021	31-DEC-21 RESTATED
Gross amount:			
Advance payments to suppliers	182 001	634 869	634 869
Current account suppliers - debit balances	211 842	75 570	75 570
Other	469 834	131 044	131 044
Other debtors - staff	173 914	113 028	113 028
Sundry debtors - current accounts	10 087 922	7 892 646	7 892 646
Debtors for accrued income	9 271 219	4 410 252	56 141 455
Subtotal	**20 396 732**	**13 257 409**	**64 988 612**
Accumulated impairment			
Impairment for the period - Other debts to third parties	65 953	(1 240 919)	(1 240 919)
Impairment from previous periods - Other debts to third parties	(5 826 096)	(4 585 177)	(4 585 177)
Subtotal	**(5 760 143)**	**(5 826 096)**	**(5 826 096)**
Net book value	**14 636 589**	**7 431 313**	**59 162 516**

In 2022, the other accounts receivable's heading shows a decrease of around 44.5 million euros in comparison with the same period of the previous year. This fact is explained by the decrease in debtors for accrued revenue, originated from the operation of restatement carried out in 2021 that was not witnessed in 2022.

In the same item of debtors for accrued income, it is worth mentioning the increase resulting from specialisation of financial compensation for making available the Veteran Navegante Pass (1.5 million euros) and the revenue to be returned by the South Transportation Metro corresponding to navegante PART (1.8 million euros).

The movement of impairment losses is analysed as follows:

(amounts in euros)

Description	Opening balance	Losses	Use	Transfer	Reversal	Closing balance
Impairment losses						
Other debts to third parties	(5 826 096)	-	3 563	-	62 390	(5 760 143)
Total	**(5 826 096)**	**-**	**3 563**	**-**	**62 390**	**(5 760 143)**

Deferrals (note 16)

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

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Asset		
Expenses to be recognised		
Deferrals - recognised expenses - other - miscellaneous	1 178 525	1 020 249
Total	**1 178 525**	**1 020 249**
Liability		
Income to be recognised		
Deferrals - recognisable income - investment grants	81 575 076	85 212 029
Deferrals - recognisable income - other deferrals - recognisable income	498 556	430 171
Total	**82 073 632**	**85 642 200**

As far as assets are concerned, this heading covers the various insurance premiums invoiced at the end of the year to ensure the effectiveness of insurance in force on the first quarter of the following year. The main insurance constituting the balance of this heading relate to insurance for occupational injuries, health, multi-risk, and civil liability.

As for liabilities, the amount presented reflects the income to be recognised deriving from the maintenance and repair of rolling stock, specifically the invoicing on account of work to be carried out issued in accordance with the contractual conditions established.

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 grants are shown in the following table:

(amounts in euros)

	31-Dec-2022	31-Dec-2021
Environmental Fund _ Aqui. 12 BiMode Railcars and 10 Elec	11 056 145	5 956 145
PIDDAC Grants	29 236 744	32 851 630
FEDER Grants	39 610 142	44 599 600
IGCP Grants	1 444 330	1 576 939
Other Grants (including CEF)	227 715	227 715
Total	**81 575 076**	**85 212 029**

Non-Current Assets Held for Sale (note 17)

One of the Group's goals is to dispose of assets that are not necessary for its activity. These assets relate essentially to buildings and rolling stock. In this sense, top management are committed to the development of actions that enable the concretisation of these disposals, through the prospecting of possible interested parties both in the local and foreign markets.

Although some of these assets are classified as fixed assets held for sale for over a year, it is believed that they should remain classified under this heading of assets, since their value will be recovered not through use, but through sale, and top management is strongly committed to developing efforts in this direction.

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

(amounts in Euros)

Description	31-Dec-22	31-Dec-21
Assets		
Land and natural resources	84 031	84 031
Buildings and other constructions	175 369	175 369
Basic equipment	1 804 940	2 015 459
Total	**2 064 340**	**2 274 859**

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

Every six months, 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 December 31st 2022:

(amounts in euros)

Description	Book value (1)	Allowances to be recognised (2)	Scrap value (3)	Impairment (4)	(1)+(2)+(3)+(4)
Several Series	4 270 377	(1 297 880)	(507 060)	(2 465 437)	0

Share Capital (note 18)

According to the legislation that establishes CP's Articles of Incorporation, the company's capital is fully owned by the Portuguese State and is intended to meet the company's permanent needs.

Between 2015 and 2019, the joint ordinances of the financial and sectorial Responsible Ministries determined an increase of around 2 billion euros in CP's capital, which was carried out over the respective years.

These amounts were intended to cover debt servicing needs (repayments, interest, and other charges), investment and personnel expenses related to the historical variables' agreement.

Throughout 2022 there were no capital increase operations, with the company having, as of December 31st 2022, a share capital of 3,959,489,351 euros, fully paid up by the Portuguese State.

Legal Reserves (note 19)

Pursuant to article 295 of the Portuguese Commercial Companies Code and according to 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 which establishes CP's articles of incorporation, the company must have the 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 of December 31st, 1974.

The Amortisation and Renovation of Rolling Stock Fund was meant for the renovation of rolling stock, as provided for in article 16 of the Concession Agreement 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 in retained earnings concerns essentially:

- 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 retained income		
Retained earnings in 2022		(5 937 857 128)
Retained earnings in 2021	(5 924 032 469)	
+ Net income of the 2021 period	(65 547 959)	
+ Restatement of 2021 Income	51 731 203	(5 937 849 225)
Movements of 2022 directly into retained income:		(7 903)
Consolidation differences related to:		
- Other (balance and transactions)		(7 903)

Adjustments/ Other Variations in Equity (note 22)

The particulars of this heading are analysed as follows:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Financial restructuring	91 357 368	91 357 368
Transitional adjustments	132 640	132 640
Total	**91 490 008**	**91 490 008**

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

Provisions (note 23)

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

(amounts in euros)

Description	Opening balance	Additions	Uses	Reversals	Closing balance
Ongoing legal actions	1 874 894	103 136	-	-	1 978 030
Railway accidents	2 624 691	-	-	178 100	2 446 591
Work accidents and occupational illnesses, and other provisions	9 420 717	927 888	690 333	1 544 578	8 113 694
Total	**13 920 302**	**1 031 024**	**690 333**	**1 722 678**	**12 538 315**

The fall compared to 2021 is mainly due to the variation in the item of work accidents and occupational illnesses with 1.6 million euros. Conversely, the items of ongoing legal actions and others witnessed a 0.1 and 0.3 million euro increase respectively.

The actuarial evaluation, with reference to December 31st, 2022, of the liabilities with work accidents that occurred until December 31st, 1999, was carried out by an entity external to CP (Fidelidade).

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 labour accident pensions, the current value of immediate lifetime income annuities was calculated.

Discount Rate: 4.0%.

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, 2022.

Loans Obtained (note 24)

By the end of 2022, the heading of loans obtained showed the particulars presented in the following table:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Non-current		
Credit institutions and financial companies		
Bond loans	200 000 000	200 000 000
Application of Effective Rate Bond loans	(4 158 316)	(4 596 093)
Other funders	1 000 000	52 000 000
Non-current total	**196 841 684**	**247 403 907**
Current		
Credit institutions and financial companies		
Other funders	1 913 349 168	1 885 089 333
Current total	**1 913 349 168**	**1 885 089 333**
Total	**2 110 190 852**	**2 132 493 240**

During the financial year, two loans were contracted with DGTF. The first, in March, was in the amount of 35 million euros, aiming to ease treasury constraints the company was facing; the other, in the amount of 100 million euros, aimed to ensure the payment of a loan from Eurofima, maturing on November 15th.

Moreover, the main loan of 73.14 million euros contracted with DGTF in 2019 was partially paid in the amount of 57.74 million euros.

The remaining loans celebrated with DGTF, the repayment of which was expected in 2022, were extended into December 2023, similarly to what happened in previous years. The extension was performed according to the competent Respective Ordinance, from the Secretary of State for Treasury no. 174/2023-SET, from May 9th, and the Ordinance from the Minister of Finance no. 130/2023-MF, from June 6th. However, the debt started having remuneratory interest payable at the interest rate of each financing contract. These loans are an integral part of the historical debt, and therefore, are a part of the Company's operation for financial restructuring, regarding which CP continues to await a formal decision from the State.

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

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Credit institutions and financial companies		
Bond loans		
For over 5 years	200 000 000	200 000 000
Application of Effective Rate Bond loans	(4 158 316)	(4 596 093)
Other funders		
Up to 1 year	1 913 349 168	1 885 089 333
From 1 to 5 years	1 000 000	52 000 000
Total	**2 110 190 852**	**2 132 493 240**

Below, the particulars regarding CP's sources of loans representing the total of the capital outstanding from loans contracted can be found:

Details by loan source	31-Dec-22	31-Dec-21
Bondholders	195 841 684	195 403 907
Eurofima	50 000 000	150 000 000
DGTF	1 864 349 168	1 787 089 333
Total	**2 110 190 852**	**2 132 493 241**

Other Debts Payable (note 25)

The heading of other debts payable is analysed as follows:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Current		
Investment fund providers	201 737	3 467 542
Creditors by outstanding subscriptions	42 246 369	40 195 026
Other debtors and creditors	2 557 932	3 991 020
Creditors by expenditure growth	130 457 648	123 586 665
Total	**175 463 686**	**171 240 253**

This heading shows a 4.2 million euro increase, with a 6.9 million euro increase in the balance of creditors by expenditure growth, mainly justified by the increase in specialised amounts with energy (general use and traction) in about 6.7 million euros, and, contrarily, a reduction in added amounts regarding ancillary and additional services/REFER, in about 2.2 million euros.

In this heading, specialised interest of the IGCP loan is also considered, amounting to around 1.1 million euros.

Conversely, the settlement in the first quarter of 2022 of invoicing received and accounted for in December 2021 - regarding various investments in workshop equipment and application of rolling stock - contributed for the decrease in investment supplier balance in about 3.3 million euros.

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

Suppliers (note 26)

The heading of suppliers shows the following particulars:

(amounts in euros)

Description	31-Dec-2022	31-Dec-2021
Supplier current accounts		
General	7 850 096	34 381 153
Invoices received and pending approval	7 149 302	448 546
	14 999 398	34 829 699

The decrease witnessed in this heading in around 19.8 million euros when compared to the previous year is mainly motivated by the effect of invoices for energy for traction and use rate of IP's infrastructure from 2021, having the payment been made throughout 2022, contrary to what happened to 2022 invoices, which were settled in the year they refer to.

Provided Sales and Services (note 27)

Provided sales and services have the following particulars:

(amounts in euros)

Description	2022	2021
Service provision		
Passengers net of discounts and rebates	255 722 351	171 976 899
Maintenance and repair of rolling stock	15 233 433	16 440 991
Other	6 544 796	6 633 324
Total	277 500 580	195 051 214

There was an 82.5 million euro increase due to the general increase in demand in the post-pandemic period.

Current ticketing increased in 64 million euros, largely propelled by the growth in demand for long-distance services, which showed an improvement of around 46.7 million euros.

Combined ticketing and PART also followed this tendency with an increase of around 6 and 14.2 million euros respectively.

In turn, a slight decrease in revenue associated to rolling stock maintenance services (2.1 million euros) and spares (1 million euros) was registered.

Operating Subsidies (note 28)

The operating subsidies recognised as income in the financial years of 2022 and 2021 are identified in the following table:

(amounts in Euros)

Description	2022	2021 Restated
Miscellaneous subsidies		
Public service contract	116 203 550	141 115 580
Co-payment for the year (advance payment)	98 463 385	89 384 377
Clearance of 2020 final compensation	17 740 165	51 731 203
Shift2Rail subsidies	-	1 681
Total	**116 203 550**	**141 117 261**

The public service agreement signed on November 28th, 2019, was approved by the Court of Auditors on June 26th, 2020. Thus, as a result of the contract formalisation, financial compensations previously agreed upon with the State were paid to CP in 2021 and 2022, without affecting any possible adjustments that may be determined and agreed upon between the parties, as foreseen in the agreement, resulting from the reconciliation of CP's public service obligations effectively provided and the subsequent costs incurred, and revenues collected.

Regarding these adjustments, it is worth noticing that, in 2022, happened the first payment for adjustment of financial compensation related to the 2020 public service obligations, a fact that led to consider restated operation for the amount disclosed in RCM 162/2021, while the remainder was registered as 2022 operation allowance.

Gains/Losses Attributed to Subsidiaries, Associated Companies, and Joint Ventures (note 29)

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

(amounts in euros)

Description	2022	2021
Losses		
Application of the equity method	(34 311)	-
Other	(729)	-
Gains		
Application of the equity method	1 013 644	817 464
Other	208 798	799 113
Total	**1 187 402**	**1 616 577**

The increase in earnings attributed to subsidiaries, associated companies, and joint ventures is mainly due to the improvement in the individual incomes of its affiliate companies, owing to the application of the equity method to the investment owned in said companies, except for Nomad Tech.

Changes in Production Inventories (note 30)

(amounts in Euros)

	2022	2021
Final inventories		
Finished and intermediate products	4 621 214	3 826 472
Domestic manufacturing	680 371	698 786
Spare parts repair	3 940 843	3 127 686
Products and work in progress	3 460 092	2 577 525
Reclassification and regularisation of inventories		
Finished and intermediate products	(418 308)	2 500 248
Domestic manufacturing	-	(52)
Spare parts repair	(418 308)	2 500 300
Initial inventories		
Finished and intermediate products	3 826 472	3 935 106
Domestic manufacturing	698 786	698 291
Spare parts repair	3 127 686	3 236 815
Products and work in progress	2 577 525	793 346
	2 095 617	**(824 703)**

This heading shows a variation of 2.9 million euros, as a result of the increase of spare parts in repair and of work in progress in rolling stock maintenance and repair interventions.

Capitalised Production Costs (note 31)

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

(amounts in euros)

Description	2022	2021
Passenger transportation		
Fixed tangible assets	12 992 032	13 316 590

Sold Commodities and Consumed Materials' Costs (note 32)

Sold commodities and consumed materials' costs are the following:

(amounts in Euros)

Description	2022	2021
Goods	(9 009)	(46 953)
Raw, auxiliary, and consumable materials	(32 934 523)	(25 336 237)
Total	(32 943 532)	(25 383 190)

The 7.6 million euro increase witnessed followed the increase in the company's activity, as disclosed in the provided sales and services heading (note 27) and in the changes in production inventories heading (note 30).

The main contributors for this increase were the consumption of raw materials meant for maintenance and repair with 4.5 million euros and fuel consumption with 3.4 million euros.

External Services and Supplies (note 33)

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

(amounts in euros)

Account	Designation	2022	2021
621	Sub-agreements	(19 395 343)	(19 270 389)
622/626	Specialised services and others	(91 082 549)	(87 032 972)
	(Which includes infrastructure use fee)	(56 503 025)	(54 526 574)
623	Materials	(967 755)	(13 061)
624	Energy and fluids	(48 216 870)	(22 350 860)
625	Travel, accommodation and transportation	(886 607)	(713 593)
		(160 549 124)	(129 380 875)

In 2022, there was an increase in the external services and supplies heading in the amount of 31.2 million euros. The large increase in expenses with electricity for traction in about 25.9 million euros contributed fundamentally for this number; the increase in expenses with the infrastructure use fee (2 million euros), with cleaning of facilities and rolling stock (1.4 million euros) and with rents and leases, namely that of road vehicles (2.6 million euros) also had an impact in this sense.

Conversely, a reduction in expenses for the preservation and repair due to break-downs of the rolling stock (1.8 million euros) and of buildings and other fixed facilities (1.2 million euros) was registered.

Personnel Expenses (note 34)

The heading of personnel expenses has the following particulars:

(amounts in euros)

Description	2022	2021
Remuneration of governing bodies	(517 322)	(563 708)
Remuneration of staff	(118 938 271)	(114 404 488)
Compensation	(235 117)	(35 426)
Charges on remuneration	(26 633 288)	(25 648 553)
Insurance against work accidents and occupational illnesses	(3 360 536)	(3 386 612)
Social actions expenses	(238 854)	(295 212)
Other personnel expenses	(583 686)	(680 737)
	(150 507 074)	(145 014 736)

The increase in personnel expenses of 5.5 million euros is essentially the result of the increase in the number of employees, but also of an increase in variable allowances, especially supplementary work, as a result of the easing of restrictions arising from the pandemic and the gradual resumption of activity.

Impairment of Non-Depreciable/Amortisable Investments (note 35)

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

(amounts in euros)

Description	2022	2021
Reversals		
In financial investments	48 787	-
Non-current assets held for sale	260 973	1 501 561
	309 760	1 501 561

2022 registered a reversal of impairments of non-depreciable/amortisable investments of about 310 thousand euros, which results essentially from the recovery of rolling stock that was inoperable and its reallocation to the passenger transport service, amounting to 261 thousand euros.

Other Income (note 36)

The heading of other income has the following particulars:

(amounts in euros)

Description	2022	2021
Supplementary revenue	8 367 632	4 355 089
Prompt payment discounts received	1 930	1 843
Inventory gains	45 350	131 022
Remaining financial assets	2 319 185	1 161 548
Non-financial investments	2 957	164 480
Other	19 524 044	18 254 386
	30 261 098	24 068 368

A 6.2 million euro increase was registered against 2021, with the contribution of mainly the following variations:

- Increase in the Supplementary Revenue item in 4 million euros, mainly justified by invoicing to Infraestruturas de Portugal for the cost incurred due to road transfer in the amount of 3.1 million euros, pursuant to the protocol that governs railway circulation conditioning procedures due to interventions carried out in the tracks.
- Increase in the Remaining Financial Assets item resulting from the exchange rate evolutions associated with the assessment of the Eurofima holding which represented around 1.2 million euros.
- The Other item contributed with a relevant positive variation of about 1.3 million euros, mainly due to the regularisation of navegante passes, 'PART'.

Other Expenses (note 37)

The heading of other expenses has the following particulars:

(amounts in euros)

Description	2022	2021
Taxes	(225 735)	(329 325)
Uncollectible debts	(143 385)	(4 510)
Inventory losses	(230 044)	(85 380)
Non-financial investments	(615 282)	(1 525 598)
Other	(8 483 005)	(5 409 820)
	(9 697 451)	(7 354 633)

The main contributors for the increase of about 2.3 million euros were the increase in the other item, namely due to the exchange rate assessment of Eurofima's holding, which represented around 1.5 million euros, the contractual fine and penalties heading (617 thousand euros), and the increase in expenses related to digital channels (482 thousand euros).

Expenses/Reversal of Depreciation and Amortisation (note 38)

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

(amounts in euros)

Description	2022	2021
Expenses		
Fixed tangible assets	(54 998 970)	(56 335 075)
Intangible assets	(348 125)	(105 834)
IFRS 16	(1 707 684)	(1 715 592)
Reversals		
Fixed tangible assets	185 276	1 906
	(56 869 503)	(58 154 595)

Expenses that were accounted for are the result of depreciation/amortisation of assets in accordance with their determined useful lives. The expected useful lives of assets are revised annually, in order to verify their accuracy.

Impairment of Depreciable and Amortisable Investments (note 39)

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

(amounts in euros)

Description	2022	2021
Reversals		
Fixed tangible assets	342 412	814 485
Total	**342 412**	**814 485**

The amount registered in 2022 refers to the reversal of impairment losses on rolling stock (locomotives).

Fair Value Increases/Decreases (note 40)

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

(amounts in euros)

Description	2022	2021
Gains		
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 41)

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

(amounts in euros)

Description	2022	2021
Interest gained	9 671	4 791
Total	**9 671**	**4 791**

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

Payable Interest and Similar Expenses (note 42)

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

(amounts in euros)

Description	2022	2021
Interest incurred	(17 999 706)	(21 509 574)
Other expenses and losses	(1 100 694)	(1 505 908)
	(19 100 400)	**(23 015 482)**

The expenses with interest and financial charges incurred by CP during the financial year of 2022 suffered a decrease of 3.9 million euros in comparison with the same period of the previous year, as a result of the reduction in recent years of the remunerated debt of the company.

Guarantees and Sureties (note 43)

(valores em euros)

Garantias e fianças prestadas pelo Grupo CP:	
Garantias prestadas pela CP a terceiros	3 067 409

Remuneration of the Certified Public Accountant (note 44)

The Company Alves Da Cunha, A Dias & Associados, Lda., within the scope of the revision and legal certification of the individual and consolidated accounts of CP, had annual fees for 2022 amounting to 27,360 euros, plus VAT added at the legal rate.

The company Ribeiro, Rigueira, Marques, Roseiro & Associados, SROC, Lda. had annual fees, within the scope of the audit of the individual and consolidated accounts of CP, amounting to 21,500 euros, plus VAT added at the legal rate.

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

We are not aware of any situation that, as a result of the pandemic scenery and/or armed conflict scenery, should reflect in the financial statements by December 31st 2022, not jeopardising the premise for the continuity of operations.

The 50 million euro financing loan with EUROFIMA was extended from the due date of July 28th 2023 for 12 more months with new financing conditions.

11

AUDIT REPORT

AUDIT REPORT

CONSOLIDATED FINANCIAL STATEMENTS AUDIT REPORT

Opinion

We have audited the enclosed consolidated financial statements of CP - Comboios de Portugal, E.P.E. and subsidiaries (the Group), comprising the consolidated financial position statement from December 31st 2022 (showing a total of 527 687 147 euros and a total negative equity of 1 876 363 183 euros, including a net income of 9 183 233 euros), the consolidated income statement and other integral revenue, the consolidated statement of changes in equity and the consolidated cash flow statement of the period that ended on that date, and the Attachment to the consolidated financial statements which includes a summary of the relevant accounting policies.

In our opinion, the attached consolidated financial statements truly and appropriately present, in all material aspects, the financial position of the Group as of December 31st, 2022, and its financial performance and consolidated cash flow regarding the year that ended on that date, in accordance with the International Financial Reporting Standards (IFRS) implemented in the European Union.

Opinion Foundation

Our audit was carried out in accordance with the International Standards on Auditing (ISA) and further technical and ethical standards and guidelines of the Portuguese Certified Public Accountant Association. Our responsibilities under said standards are specified in the "Responsibilities of the auditor regarding the consolidated financial statement audit" section below. We are independent from the Group's Entities in accordance with the law and comply with all further ethical requirements foreseen in the ethics code of the Portuguese Certified Public Accountant Association.

We are certain that the audit evidence we obtained serves as sufficient and appropriate foundation for our opinion.

Emphasis

The Group has been accumulating consecutive net losses of significant amounts (particularly, the net loss of the periods ended on December 31st 2016 to 2020, whose Reports and Accounts have not yet been approved by the Sector and Financial responsible Ministries, as disclosed in note 1 of the attachment to the consolidated financial statements). Although in 2022 the Group showed a positive net income, as of December 31st 2022, it still shows a total negative equity of 1 876 363 183 euros.

As it is a Group that provides a public service and considering the accumulated negative net income, the financing of its activity continues to depend on the financial support of the Portuguese State.

[Signature]

As disclosed in note 2 attached, the Group has restated the balances for 2021, resulting from the adjustment of the compensation for public service obligations provided in 2020. This amount had not yet been recognised in the financial statements, as there were many uncertainties as to the assumptions underlying its calculation and uncertainties as to when the recognition of this compensation would become effective. Only in 2022 was the final amount calculated, being therefore accounted for retrospectively.

In this regard, our opinion remains unchanged.

Other Matters

As of January 1st 2022, according to Law no. 99-A/2021, from December 31st, CP - Comboios de Portugal, E.P.E., is no longer classified as a Public Interest Entity, and it is no longer obligated to disclose the additional information provided for in Article 10 of Regulation (EU) no. 537/2014 of the European Parliament and Council from April 16th 2014 and, as a result, the audit report from December 31st 2022 has been adapted accordingly.

Responsibilities of the management board and the supervisory board for the financial statements

The management board is responsible for:

- the preparation of consolidated financial statements that truthfully and appropriately present the financial situation, financial performance and cash flow of the Group, in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the preparation of the consolidated management report, according to the applicable laws and regulations;
- the development and maintenance of an internal control system suitable for the preparation of financial statements with no material misstatement, whether due to fraud or error;
- the implementation of accounting policies and principles appropriate for the circumstances; and
- the assessment of the Group's ability to continue its activities, disclosing, when applicable, any matters that may cast significant doubt regarding the continuity of activities.

The supervisory board is responsible for the supervision of the process concerning the preparation and disclosure of the Group's financial information.

Responsibilities of the auditor regarding the consolidated financial statement audit

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise our professional judgment and maintain professional scepticism throughout the audit, as well as:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design, and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a foundation for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- understand internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management board;

- conclude on the appropriateness of the management board's use of the assumptions of continuity and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue its activity. If we conclude that a material uncertainty exists, we shall be required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. The conclusions are based on the audit evidence obtained up to the date of the report. However, future events or conditions may cause the Group to cease to continue its activity;

- evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the Entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, oversight and performance of the Group audit and are ultimately responsible for our audit opinion;

- communicate with those responsible for governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control identified during the audit.

Our responsibility further includes the verification regarding the compliance of the information of the management report with the financial statements.

Other Legal and Regulatory Requirements Report

About the Consolidated Management Report

In compliance with Article 451(3)(e) of the Portuguese Commercial Companies Code, we are of the opinion that the consolidated management report has been approved in accordance with the applicable legal and regulatory requirements in force, the information contained therein is consistent with the audited financial statements and, considering the knowledge and assessment of the Group, we have not identified any material inaccuracies.

Lisbon, September 22nd 2023

RIBEIRO, RIGUEIRA, MARQUES, ROSEIRO & ASSOCIADOS, SROC, LDA.

Represented by:

[Signature]

Maria Filomena Neves Marques, Certified Public Accountant no. 1201

Registered in CMVM under no. 20160812

[Signature]
[Logótipo da Ribeiro, Rigueira, Marques, Roseira & Associados, SROC, Lda.]

12

LEGAL CERTIFICATION OF ACCOUNTS

LEGAL CERTIFICATION OF ACCOUNTS

CONSOLIDATED FINANCIAL STATEMENT AUDIT REPORT

Opinion

We have audited the enclosed consolidated financial statements of *CP - Comboios de Portugal, E.P.E.* (the Group), comprising the financial position statement as of December 31st 2022 (showing a total of 527,687,147 euros and a total negative equity of 1,876,363,183 euros, including a net income of 9,183,233 euros), the consolidated Income Statement and other integral revenue, the consolidated Statement of changes in equity, and the consolidated Cash Flow Statement of the period that ended on that date, and the Attachment which includes a summary of the relevant accounting policies.

In our opinion, the attached financial statements truly and appropriately present, in all material respects, the consolidated financial position of the Group as of the December 31st 2022 and its consolidated financial performance and cash flow for the year that ended in accordance with the International Financial and Reporting Standards (IFRS) as those implemented in the European Union.

Opinion foundation

Our audit was carried out in accordance with the International Standards of Auditing (ISA) and other technical and ethical standards and guidelines issued by the Portuguese Certified Public Accountant Association. Our responsibilities under those standards are described in the "Responsibilities of the auditor regarding the financial statement audit" section below. We are independent from the Entity pursuant to the law and comply with the further ethical requirements provided for in the Portuguese Certified Public Accountant Association.

We are certain that the audit evidence we obtained serves as sufficient and appropriate foundation for our opinion.

Emphasis

1. The Group operations have been generating consecutive losses, which led to liabilities substantially higher than total assets, and to the need for the Portuguese State to ensure the financing required to continue its activity. As we are dealing with a Group whose parent company is a Public Enterprise Entity (EPE) with public service obligations arising from the passenger rail transport activity, we understand that the continuity of its activity is not at stake, although the Group remains dependent on the financial support of the Portuguese State, the strategy for the transport sector and the success to be achieved in operations to be carried out in the future.
2. As disclosed in note 1 of the attachment, the Group's consolidated financial statements for 2016 to 2021 have not yet been formally approved by the financial and sectoral ministries.
3. As stated in note 2 of the attachment, the Group retrospectively restated the transactions and balances related to the settlement of the compensation for public service obligations provided in 2020, as a result of the review of the moment in which the recognition of this compensation became indisputable. The grounds for changing the procedure adopted in the past were only assessed and consolidated after the process of calculating this compensation was completed at the end of 2022, for the reasons indicated in the aforementioned note.

[Signature]

Our opinion has not changed regarding these matters.

Other Matters

As of January 1st 2022, in accordance with Law no. 99-A/2021, from December 31st, which repealed paragraph I) of article 3 of the Legal Framework for Audit Monitoring, approved by Law no. 148/2015, from September 9th, CP is no longer classified as a public interest entity, it is no longer mandatory to disclose the additional information provided for in Article 10 of Regulation (EU) no. 537/2014 of the European Parliament and Council from April 16th 2014. For this reason, the sections on "Key audit matters" and "Report on the additional elements provided for in Article 10 of Regulation (EU) no. 537/2014", which appeared in the Legal Certification of Accounts for the 2021 financial year, have been removed from this Legal Certification of Accounts.

Responsibilities of the management board and of the supervisory board for the consolidated financial statements

The management board is responsible for:

- the preparation of consolidated financial statements that truthfully and appropriately present the financial situation, financial performance, and cash flow of the Group, in accordance with the International Financial and Reporting Standards (IFRS) as implemented in the European Union;
- the preparation of the consolidated management report, in accordance with the applicable laws and regulations;
- the development and maintenance of an internal control system suitable for the preparation of consolidated financial statements with no material misstatement, whether due to fraud or error;
- the implementation of accounting policies and policies appropriate in its circumstances; and
- the assessment of the Group's ability to remain in continuity, disclosing, when applicable, any matters that may cast significant doubt regarding the continuity of activities.

The supervisory board is responsible for the supervision of the process of preparing and disclosing the Group's financial information.

Responsibilities of the auditor regarding the consolidated financial statement audit

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with the ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on those financial statements.

As part of an audit in accordance with the ISA, we exercise our professional judgment and maintain professional scepticism throughout the audit, as well as:

- identify and evaluate the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override internal control;

- understand the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- assess the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the management board;
- conclude on the appropriateness of management board's use of the assumptions of continuity and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue its activities. If we conclude that a material uncertainty exists, we shall be required to draw attention in our report to the related disclosures included in the consolidated financial statements or, if such disclosures are inappropriate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to discontinue its activities;
- assess the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether these financial statements represent the underlying transactions and events in a manner that achieves a fair presentation; and
- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and are ultimately responsible for our audit opinion; and
- communicate with those charged with governance, among other matters, the planned scope and timing of the audit, and the significant findings of the audit, including any significant deficiencies in internal control identified during the audit.

Our responsibility also includes ensuring that the information in the consolidated management report is consistent with the consolidated financial statements.

OTHER LEGAL AND REGULATORY REQUIREMENTS REPORT

About the Consolidated Management Report

In compliance with Article 451(3)(e) of the Portuguese Commercial Companies Code, we believe that the consolidated management report has been prepared in accordance with the applicable legal and regulatory requirements in force, the information provided therein is consistent with the audited consolidated financial statements and, considering the knowledge and assessment of the Group, we have not identified any material misstatements.

Lisbon, September 22nd 2023

Alves da Cunha, A. Dias & Associados, SROC, Lda.
represented by José Luís Areal Alves da Cunha
Certified Public Accountant no. 585 registered in CMVM under no. 20160240

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SUPERVISORY BOARD REPORT

SUPERVISORY BOARD REPORT AND OPINION

2022 CONSOLIDATED ACCOUNTS OF CP - COMBOIOS DE PORTUGAL, E.P.E.

1. INTRODUCTION

In the scope of legal and statutory provisions, namely paragraph d), item 2, Article 15, from CP's Articles of Association[1], and articles 420 and 452 from the Portuguese Commercial Companies Code[2] (CSC), the Supervisory Board of CP - Comboios de Portugal, E.P.E., hereinafter referred to as CP, is tasked with presenting the report of its supervisory action and expressing opinions regarding the management report and the consolidated financial statements of CP and its subsidiaries (CP Group), regarding accounting of the financial year ended on the December 31st, 2022.

This Report and Opinion considers the legal certification of accounts issued by the Certified Public Accountant[3], and the conclusions in the Audit Report of the External Auditor[4] on CP's consolidated financial statements for 2022 have also been considered, which are consistent with the conclusions of the legal review conducted to the accounts of the CP Group.

It should be noted, for information and context purposes, that:

- The provisions of Decree-Law no. 133/2013 of October 3rd, which approved the Legal Framework of the Public Business Sector, hereinafter referred to as RJSPE, apply to CP, as a public company, and to its subsidiaries;
- The consolidated financial statements of the CP Group, approved by the Company's Board of Directors[5], were prepared from the accounting records of the companies included in the consolidation perimeter in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union and in force on December 31st 2022. CP, the parent company of CP Group, is included in the list of entities that are part of the Public Administrations and is integrated in a market for the organisation of the free access railway network, resulting from Decree-Law no. 124-A/2018, of December 31st;
- The year 2022 was heavily influenced by the post-pandemic recovery registered in all segments, especially regarding demand and revenue, despite the influence of the war in Ukraine and inflation, namely in the increase of fuel prices;

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[1] Approved by Decree-Law no. 137-A/2009, from June 12th, amended and republished by Decree-Law no. 59/2012, from March 14th.

[2] According to Decree-Law no. 133/2013, Article 60, item 2, from October 3rd, the governing and supervisory bodies have generic competence, foreseen in commercial law, without prejudice to what is foreseen in said legal scheme.

[3] From September 22nd 2023.

[4] From September 22nd 2023.

[5] Signed on September 14th 2023.

- It should also be noted that the CP Group's Report and Accounts for the years 2016 to 2021[9] have not yet been approved, a situation that was highlighted in both the legal certification of accounts and the external audit report.

It is in this context that the consolidated financial statements and the performance of the CP Group are presented as if they were a single entity.

2. SUMMARY OF THE ACTION UNDERTAKEN

During 2022, the Supervisory Board has held meetings and has followed the points deemed relevant within the scope of its function, having:

a) Met with members of the Board of Directors in order to monitor the company's performance;
b) Met with CP's financial department;
c) Met with the Secretary General;
d) Met with the Certified Public Accountant;
e) Met with External Auditors;
f) Prepared opinions regarding the individual and consolidated report and accounts of 2021;
g) Prepared the opinion regarding the 3rd quarter of 2021;
h) Prepared the opinion regarding the first quarter of 2022;
i) Issued the opinion on contracting loans from DGTF;
j) Prepared other reports and opinions requested by the Board of Directors, namely regarding the leasing and transfer of public railway domain property.

3. ACTIVITY UNDERTAKEN BY THE CP GROUP

CP is a public corporation, legal person governed by public law, with administrative, financial, and asset autonomy, which is subject to, according to the corresponding articles of incorporation, the RJSPE, the sectorial and financial responsible ministries (i.e. Ministry of Infrastructure and Ministry of Finance), as well as to the financial control from the Court of Auditors and the Inspectorate-General of Finance.

The company is subject to public service obligations, and its main purpose corresponds to the provision of public railway transportation services for passengers, in railroads, railroad sections and branch lines which are part of, or come to be a part of, the national railroad network, as well as the international passenger transportation.

CP manages a portfolio of companies in the areas of insurance, health, and technical training, thus seeking synergies and maximising the integrated efficiency of the whole CP Group.

9 As stated in note 2 of the attachments to the 2022 Consolidated Report and Accounts, as well as in the Legal Certification of Accounts' Emphasis and External Auditors Audit Report, it should be taken into consideration that the CP Group went through the restatement of 2021 comparative values in the 2022 financial statements.

SUPERVISORY BOARD

In this context, CP, as the parent company of the CP Group, held, on December 31st, 2022, directly and in majority, the following companies designated by CP as "subsidiaries", whose participations are recognised by the full consolidation method:

- FERNAVE – Formação Técnica, Psicologia Aplicada e Consultoria em Transportes e Portos, S.A. (FERNAVE), held entirely by CP with a share capital of 50 000 euros and whose social object is the training and technical-professional development of the staff of the shareholder company, as well as the staff of other companies in the transport, communications, and port sectors and those located in its technological surroundings. It should be noted that FERNAVE holds a 6.92% stake of Transcom, SARL, based in Mozambique, and whose holding is recognised at acquisition cost minus impairment losses[10];

- ECOSAÚDE – Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A. (ECOSAÚDE) with a share capital of 50 000 euros, entirely held by CP, is dedicated to the provision of health care, the creation and management of health care units and working conditions; teaching, training and technical/professional development of higher and medium level, namely in the areas of working conditions, health, and environment;

- SAROS – Sociedade de Mediação de Seguros, Lda. (SAROS), 100% held by CP, with a share capital of 5 000 euros and whose object is the activity of insurance mediation.

CP holds, directly or indirectly through its subsidiary companies as abovementioned, other financial holdings in companies or other entities, resulting from the strategic interest for the company's operations[11].

4. ECONOMIC AND FINANCIAL ANALYSIS

The Net Income of the CP Group, in 2022, amounted to about 9.2 million euros, representing a significant improvement of about 23 million euros against income achieved in the previous year of around -13.8 million euros.[12]

The increase in revenue regarding the provision of passenger transport service, in around 84.5 million euros – resulting mainly from the increase in demand, among other variations, registered

[10] In the heading Other Financial Investments.
[11] Namely Nomad Tech, Lda (35%), TIP, ACE (33.33%), Light Metro of Mirandela (10%), Metro of Porto (3.33%), Metro of Mondego (2.5%) and Railway Competence Centre Association (31.65%).
[12] Based on the retrospective restatement of transactions and balances as stated in the Attachment - Accounting Reference.

in CP's income statement as stated in the decision issued regarding the individual accounts – largely contributed for this income.

In this sense, an increase in EBITDA of core activities (transport and maintenance) of about 19.5 million euros and the Group's Operating Income of about 19.4 million euros, also being worth mentioning the improvement registered in Consolidated Financial Income, by around 3.9 million euros.

The Group's operating income grew to -19.1 million euros, which represented an improvement of around 3.9 million euros (+17%), comparing with 2021, justified, essentially, by the reduction of remunerated debt already shown in the decision issued regarding CP's individual accounts.

Regarding the Group's Balance, there is a decrease in the Asset by around 36.7 million euros within the scope of which the negative variation of fixed tangible assets (non-current assets) by around 30.1 million euros due to the depreciation of these assets not having been compensated by investments as well as of other accounts receivable by around -44.5 million euros mainly by the reduction in accrual debtors in revenue caused by the restatement operation carried out in 2021 are highlighted.

It should also be mentioned that, in terms of Assets, the positive variation witnessed in cash flow balance and bank deposits by around 32.2 million euros, justified by CP in budget limitations which conditioned its use in 2022, namely for the debt amortisation.

Regarding Liabilities, a decrease was registered in 2022 by around 45.9 million euros with particular mention to the decrease in supplier balance and other debts payable by around 19.8 million euros, highlighting the decrease in debt to IP – Infraestruturas de Portugal, SA (IP), in particular in the face of the effect of the invoicing regarding the last months of 2021 having been paid in the beginning of 2022.

The decrease noticed in financing acquired in terms of current and non-current liability is also highlighted with a global variation of around -22.3 million euros (around -1% against the previous year's figures), based on return and refinancing operations carried out by CP before the State throughout 2022.

At the end of 2022, CP's remunerated debt, regarding share capital, rose to around 2.1 billion euros, with the process for the restructuring process of CP's historic debt still pending.

There was also a positive evolution in the Group's Equity by around 9.2 million euros mainly due to the effect of income carried over from the positive net income of 2022.

At the end of 2022, CP Group's Assets rose to around 527.7 million euros (-6.5% against the year 2021), the Equity to -1,876.3 million euros (a 0.5% variation) and Liability to about 2,404 million euros (-1.9%).

Thus, and even though it is important to mention the highly positive evolution of income shown by CP Group in 2022, it is stated that in the face of financial and economic indicators, CP Group's financial structure continues to register imbalances, with negative equity resulting from accrued losses until 2021.

4.1. Group Companies

Regarding other companies of the CP Group[13], the following should be highlighted:

- **FERNAVE**

FERNAVE presented in 2022, a positive net income of 535.4 thousand euros, representing an increase of 46.7% compared to the previous year, because of the increase in sales and services provided (33.8%), and the decrease in External Services and Supplies expenses (12.9%).

In this context, FERNAVE's operating income was 632.7 thousand euros, and EBITDA was 643.1 thousand euros.

In 2022 the company increased the number of employees from 9 employees to 10.

It is noted that due to the conclusion in 2021 of the process underway in Mozambique regarding the sale of a plot of land in Maputo, with a decision favourable to FERNAVE, the purchase and sale agreement was cancelled, the down payment was returned to the buyer and the remaining amount agreed upon and the costs of the plot's value was accounted for in Other Income and Other Expenses.

- **ECOSAÚDE**

At the end of 2022, the company posted a net income of 95 thousand euros, which represented a loss of 17.2% comparing to the previous year (-19.7 thousand euros), with an EBITDA of 178.8 thousand euros (-22%) and a positive operating income of 138.8 thousand euros, down 24.2% regarding the previous year.

In terms of human resources, at the end of 2021, the company had 24 permanent employees, one less than in the previous year.

[13] Regarding CP's affiliate companies.

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- **SAROS**

In 2022, net income registered 337.8 thousand euros, 1.7% below against the previous year. Operating income and EBITDA witnessed a decrease of about 1%, placing at 415.2 thousand euros and 415.7 thousand euros, respectively.

5. OPINION

The Supervisory Board read the Legal Certification of Accounts arising from the assessment performed by Alves da Cunha, A. Dias & Associados, Sociedade de Revisores Oficiais de Contas, Lda., and the External Auditors' Report, Pinto Ribeiro, Lopes Rigueira & Associados, Sociedade de Revisores Oficias de Contas, Lda., with which it agrees and which it took into account for the preparation of this Report and Opinion.

The Supervisory Board has examined the consolidated financial statements, prepared in accordance with the International Financial Reporting Standards, and concluded that they truly and appropriately present the financial position of the CP Group as of December 31st, 2022 and the way in which the results were formed in the year then ended, taking into consideration the emphasis, as well as the relevant audit matters mentioned both in the Legal Certification of Accounts and in the External Auditors' Report.

As part of its duties, the Supervisory Board verified that the set of consolidated financial statements provides an adequate understanding of the financial situation of the CP Group.

In conclusion, the Supervisory Board is of the opinion that the Consolidated Financial Statements of the CP Group for the financial year 2022 should be approved, considering the emphasis mentioned in the Legal Certification of Accounts and in the External Auditors' Report.

In Lisbon, on September 29th 2023.

The Supervisory Board,
The President,

António Farinha Simão

The Voting Members,

Teresa Costa

Cristina Freire