

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

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01

MESSAGE FROM THE PRESIDENT



The Report and Accounts that we present today is remarkable in the history of CP - Comboios de Portugal. In 2022, we achieved an unprecedented feat: a positive net income of 9.2 million euros. This result 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.

This milestone underlines the dedication, effort and compromise of CP's employees. We transported over 148 million passengers, the largest number in the past two decades, showing the trust the population puts in CP's services.



We continue to make remarkable progress in rolling stock recovery, optimising resources and maximising efficiency. Consequently, we continued to revitalise previously inactive equipment and saved millions with the return of some leased railcars to our Spanish equivalent.

Regarding the performance of our services, comparatively to 2019, 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. We believe the increase of around 12% in demand of monthly transport tickets was propelled by PART [Support Programme for Fee Reduction].

Our company continued to function effectively in 2022, reaching a 97.5% regularity index. We carried out over 421 thousand circulations. And, if we exclude the impact of strikes, we would have reached a 99.5% regularity. Regarding punctuality, we reached 80.7%. It is important to point out that 71% of delays were due to factors external to the company, such as the delays resulting from infrastructure modernisation works. This performance is a testimony to the professionalism and dedication of our employees, whom I am deeply grateful for.

Regarding rolling stock with graffiti, we witnessed a notorious transformation: from 37% in 2019 to 0.5% by the end of 2022. This progress highlights our compromise to provide a comfortable ride to our passengers, with increasingly cleaner and cared for trains.

The results we present in this report are the result of a prudent and focused management in sustainability, and the crucial role developed by each member of our team. It is also proof of our commitment to efficiently use financial resources from public funds.

We reaffirm our commitment to a greener future, investing in sustainable mobility and minimising our ecologic footprint. We will continue to innovate and modernise CP, because we believe it is fundamental for our future success to do so.

This historical milestone is not the end but the beginning. It is the first step in a journey that will lead us to further improve the quality of railway transportation in Portugal and to reinforce our leading position as the biggest national land transport operator.

Last, but not least, we are grateful to our customers. Together, we are shaping the future of railway transportation in Portugal. Thank you for your trust.

02

BOARD OF DIRECTORS





**Pedro Miguel Sousa
Pereira Guedes Moreira**

President



**Maria Isabel de
Magalhães Ribeiro**

Vice-President



**Ana Maria dos
Santos Malhó**

Voting Member



**Pedro Manuel Franco
Ribeiro**

Voting Member



**Joaquim José
Martins Guerra**

Voting Member

03

HIGHLIGHTS





Passengers Transported → 148.1 million
△ = 49.5%



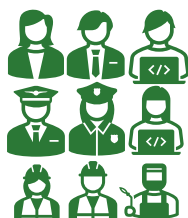
Trains → 421.5 thousand
△ = -0.4%

Cks → 28.0 million
△ = 2.0%



Traffic Revenues → 255.7 million euros
△ = 49%

Maintenance Invoicing → 13.9 million euros
△ = -15%



Employees → 3 750
△ = -34



Vehicles in the Fleet → 432
△ = 17

Operating Indicators	2022	2021	Δ 22-21	Δ %
Demand				
Passengers (10 ³)	1 48 123	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%
LKO (10 ⁶)	12 647.4	12 384.4	263.0	2.1%
Human Resources				
Final Effective Staff	3 750	3 784	-34	-0.9%
Average Effective Staff	3 760	3 766	-6	-0.2%
Fleet - Active Fleet				
Railcars	244	245	-1	-0.4%
Locomotives	47	44	3	6.8%
Carriages	141	126	15	11.9%

Financial Indicators (10 ³ €)	2022	2021 (Restated Amounts)	Δ 22-21	Δ %
Income from Traffic	255 723	171 570	84 153	49.0%
Operating Revenue *	434 577	369 159	65 418	17.7%
Operating Subsidies **	116 204	141 117	-24 913	-17.7%
Operating Expenses *	349 294	303 404	45 890	15.1%
EBITDA *	85 283	65 755	19 528	29.7%
Operating Income	28 623	9 269	19 354	208.8%
Net Income	9 181	-13 823	23 004	166.4%

* Within Operating Revenue. Includes operating subsidies and financial compensations for public service obligations.

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

04

Macroeconomic framework



Macroeconomic Framework¹

National Accounts

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.

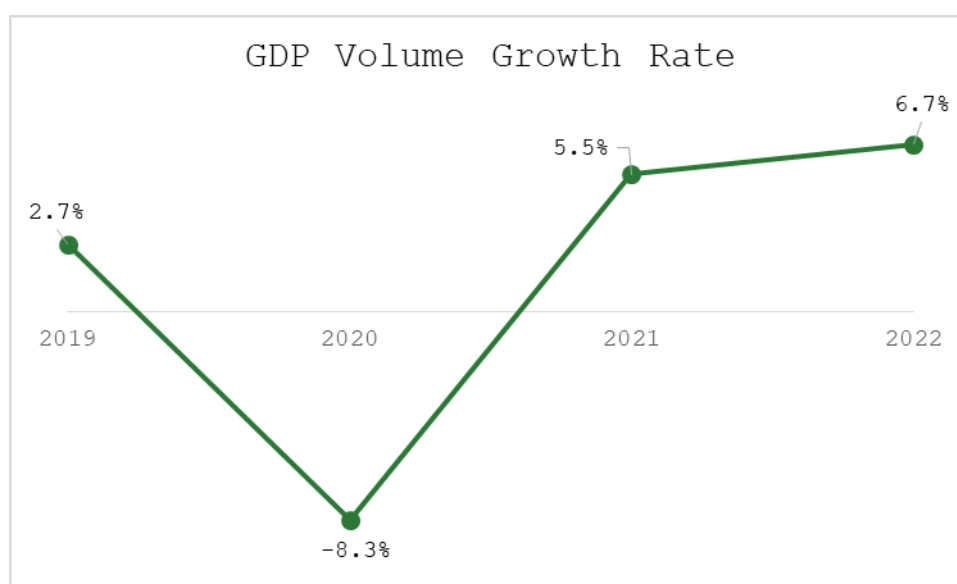


Chart 1 - Annual rate of GDP chain growth between 2019 and 2022.

Source: www.ine.pt

In a more refined analysis, on a quarterly basis, comparing the homologous and chain evolutions, it can be seen that 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 in 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 \(bportugal.pt\)](http://BPstat(bportugal.pt)).

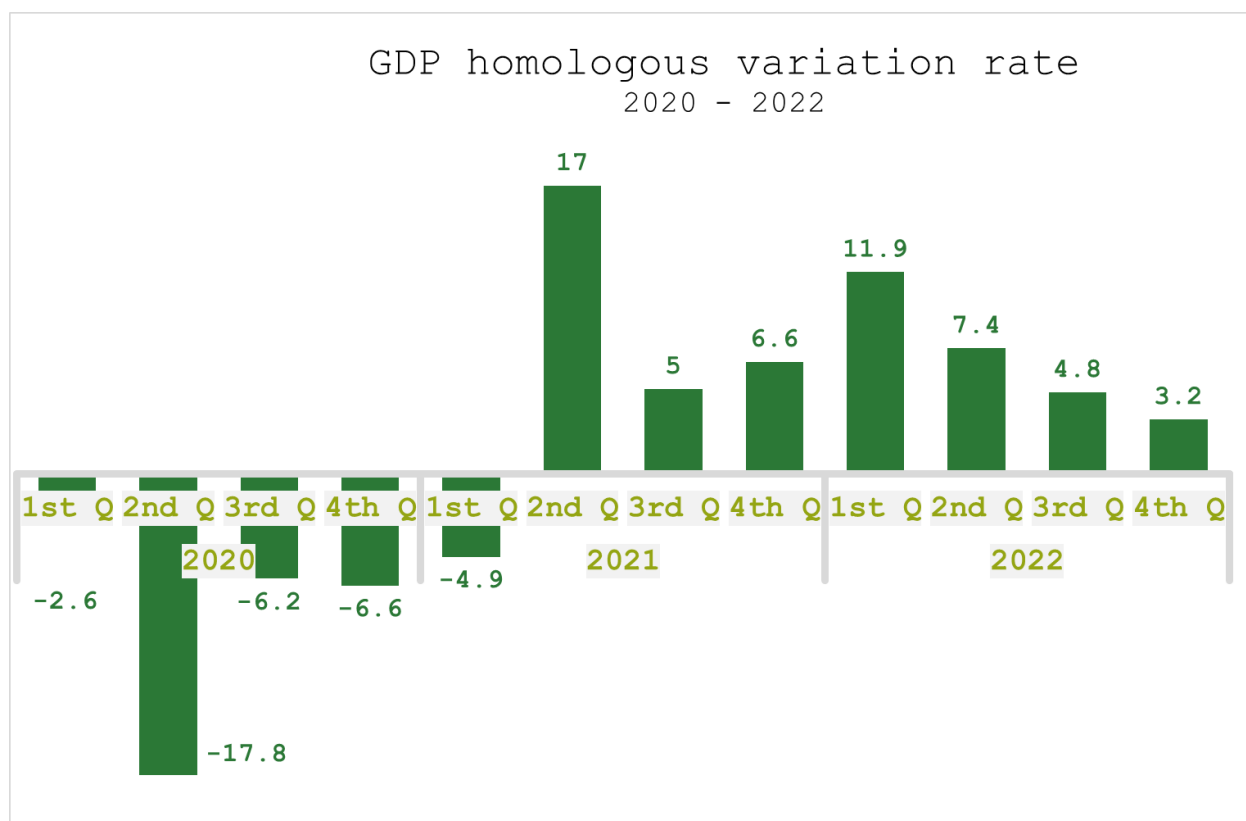


Chart 2 – GDP homologous variation rate between 2020 and 2022.

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 3 - 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.

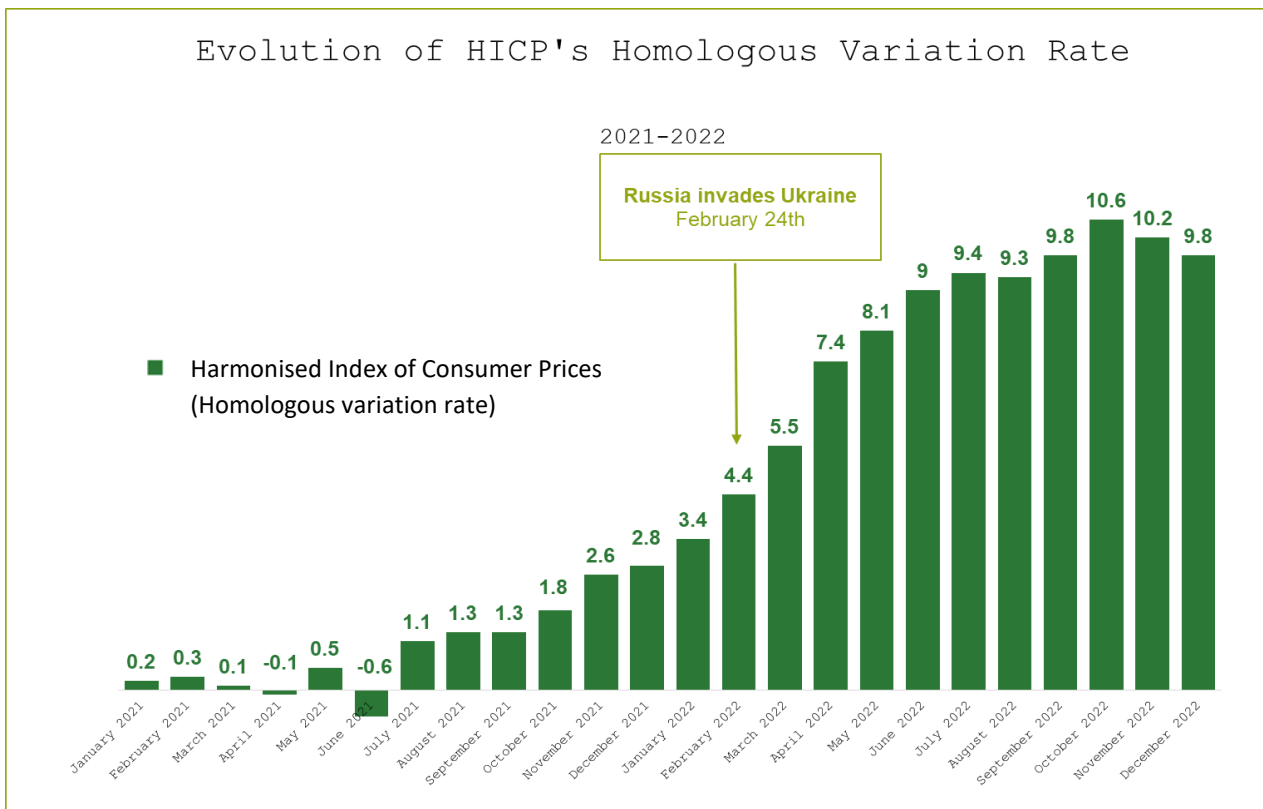


Chart 4 – Monthly homologous variation of the HICP during 2021 and 2022.

Source: www.ine.pt



05

2022 IN RETROSPECT



Service

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, in order 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 a 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. It comprised five historical coaches towed by a steam locomotive, and represented a partnership between CP and the Valongo City Hall. It had a frequency of two travels a day, round trip, and musical groups and traditional singers of the region performed aboard.

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



Commercial

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.

With an appealing, contemporary, and standardised image, achieved with simple lines, the new spaces ensure the graphic identity of the brand and provide higher comfort, faster customer service, and better work conditions for the Company’s employees.

Travelling with our Customers Programme

By the end of 2022, the first set of CRM features was made available, this being a step in accomplishing the vision “Travelling with our Customers”, with the goal of meeting and better serving the Company’s Customers.



Rolling Stock

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 the first semester of 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. The Respective Minister was present at the inaugural trip.

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 in order 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".



Certifications

ERM Certification

The National Association for Railway Normalisation and Certification (APNCF) carried out an audit process to the maintenance management system in the company, having culminated with its respective certification as an Entity Responsible for Maintenance (ERM).

This certification ensures that the maintenance management system of the rolling stock in CP showed complete compliance with the requirements of the Commission's Implementing Regulation (EU) 2019/779, focused on traceability, accountability, and compliance with the safety requirements associated with railway activity, confirming the focus in safety, which always characterised the activity and involvement of the whole Company.

COVID Clean Certification Renewed

The certification "Good Practices in Biologic Risks Management - Covid 19 (COVID Clean Brand)" was renewed pursuant to an External Audit performed by EIC [International Certification Company].



Marketing Campaigns

“The Future is Collective” Campaign

This was a multi-operator campaign, an initiative by IMT, I.P., which joined around 50 partners, between transport operators, Intercity Entities, and Municipalities as transport authorities. The goal was to promote the use of collective public transportation by widely promoting the benefits for the customer: cheaper / better for the environment / more time to do what you like / comfortable and safe.

Presence in Big Music Festivals

CP was present in Rock in Rio 2022, Holding for the first time a stand with a scale model in real size of the Tourism and Comfort classes in the *Alfa Pendular*, relaunching the ROCKCard CP, a pass that includes entrance in the event’s precinct, the train trip, and the transfer between stations and Rock City.

CP was also present in NOS Alive, remaining a mobility partner, with a special offer in the Cascais Line and a Special North and Centre Train at dawn in the days of the festival, as well as by issuing a combined NOS Alive + CP Cascais ticket.

Brand Energy

The OnStrategy consultant presented the results of the “Brand Energy” study of brands in Portugal.

In the category *Transportation*, CP, besides leading the study in *Strength and Energy*, stood out as the brand with the most year-on-year growth and with the biggest relevance for the economic development of the country in the Transportation field.

Promotional + Intercity Campaign

A new promotional campaign was released including the sale of 30 thousand trips, with a discount of up to 80% of the tickets acquired with a 10-day notice.



Environment

Water Domain

The first sole environmental ticket was issued, associated with the use of the industrial and domestic water discharge licence of the Contumil Complex, besides the ratification of the two subterranean intakes existing in that place.

Energy

The Efficiency Plan ECO.AP 2030 was prepared for the three-year period of 2022-2024 and it was submitted in the ECO.AP Barometer portal. This Plan, submitted to ADENE [Agency for Energy], has the strategic goal of promoting the efficiency of CP's resources in order to achieve, by 2024, a higher level of resource efficiency, in the face of the current amounts, by reducing the consumption of energy, water, and material resources, increasing the incorporation of renewable energy sources in a self-consumption scheme, and increasing the participation in improving resource efficiency.

Regarding the Intensive Consumption of Energy Management System, in 2022, the Operation and Progress Report regarding the development and implementation of the measures determined by ARCE (Energy Consumption Streamlining Agreement) of the Entroncamento Workshop Complex, in force between the years 2020 and 2027, was submitted to the DGEG [General Directorate for Energy and Geology].



Governance Model

On September 28th 2022, by Ordinance no. 11504/2022, from September 19th, CP's Board of Directors was appointed for the three-year period of 2022-2024, with the following composition:

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

The company's organisation chart was not altered.



06

OUR BUSINESS IN 2022



Evolution of Commercial Indicators

Passengers Transported

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, around a 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 measures implemented in the scope of the Support Programme for Fee Reduction (PART).

Passengers (*10 ³)	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%

The passengers kilometre (PK), reflecting the largest relative weight in the Long-Distance services, registered a 60% increase as CP crossed the 4 billion PKs in 2022.

Passengers-Km (*10 ³)	2022	2021	Δ 22-21	Δ %
Lisbon Urban Serv.	1 695 619	1 136 234	559 385	49.2%
Porto Urban Serv.	520 387	339 884	180 503	53.1%
Coimbra Urban Serv.	24 358	16 487	7 871	47.7%
Long-distance Serv.	1 314 359	736 269	578 091	78.5%
Regional Serv.	466 772	293 171	173 601	59.2%
International Serv.	16 543	4 568	11 975	262.2%
TOTAL	4 038 038	2 526 613	1 511 425	59.8%

Passenger Transportation Revenue

Traffic revenue followed the demand tendency, amounting, in 2022, to around 255.7 million euros², 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.

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.

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

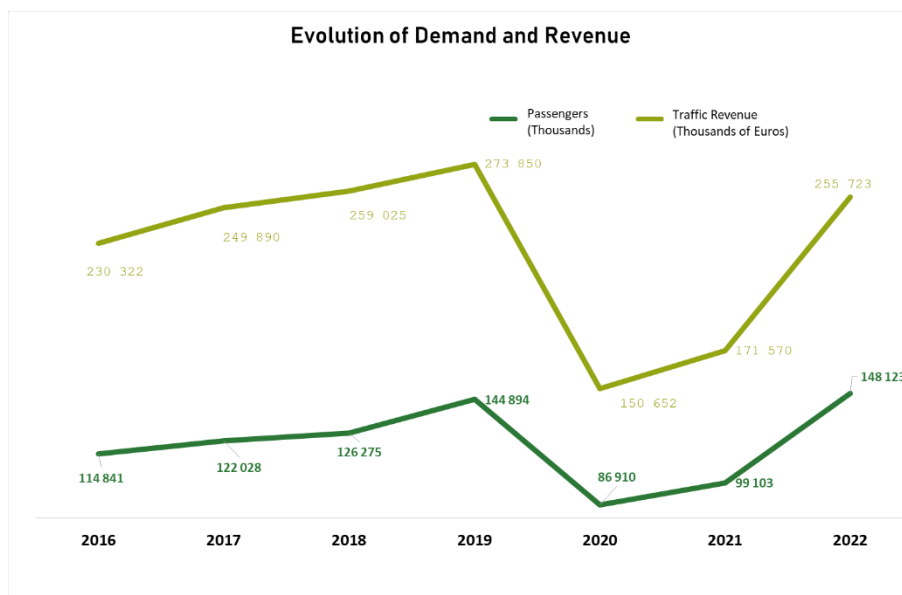


Chart 5 – Evolution of traffic demand and revenue between 2016 and 2022.

Our Transportation Supply

In 2022, CP operated around 421 thousand trains and approximately 28 million trains kilometre (CKs).

It is important to remember that CP kept generally the same supply throughout the Pandemic, registering only a 25% decrease in the number of circulations of all services during the first state of emergency in 2020, with complete reposition of the urban and regional supply right after that period and later gradual reposition of long-distance services.

By the end of 2022 the International Lisbon / Madrid / Hendaye service remained suspended. The Alfa Pendular Lisbon/Guimarães also remained suspended due to the limited units available in series 4000, after the 2020 accident that left one of its compositions inoperative.

During 2022, around 11 thousand programmed circulations were suppressed, 9 thousand due to strikes³.

³ Strikes were registered in the months of May, June, July, August, November, and December, involving various Employee Representative Organisations of CP and IP [Infraestruturas de Portugal].

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%

Trains Kilometre (*10³)	2022	2021	Δ 22-21	Δ %
Lisbon Urban Serv.	6 351	6 441	-89	-1.4%
Porto Urban Serv.	4 577	4 617	-40	-0.9%
Coimbra Urban Serv.	476	476	-1	-0.2%
Long-distance Serv.	7 473	6 715	759	11.3%
Regional Serv.	8 956	9 124	-168	-1.8%
International Serv.	190	91	99	109.4%
TOTAL	28 023	27 463	560	2.0%

The occupation rate showed significant growth comparatively to the previous year in all services, considering the increase in demand and the slight increase in the seats kilometre available.

Seats Km Offered (*10³)	2022	2021	Δ 22-21	Δ %
Lisbon Urban Serv.	5 792 792	5 867 120	-74 328	-1.3%
Porto Urban Serv.	2 164 390	2 202 667	-38 277	-1.7%
Coimbra Urban Serv.	131 482	132 563	-1 081	-0.8%
Long-distance Serv.	2 331 265	1 937 970	393 295	20.3%
Regional Serv.	2 178 859	2 220 416	-41 558	-1.9%
International Serv.	48 662	23 625	25 037	106.0%
TOTAL	12 647 449	12 384 361	263 089	2.1%

Occupancy Rate	2022	2021	Δ 22-21
Lisbon Urban Serv.	29.3%	19.4%	9.9 p.p.
Porto Urban Serv.	24.0%	15.4%	8.6 p.p.
Coimbra Urban Serv.	18.5%	12.4%	6.1 p.p.
Long-distance Serv.	56.4%	38.0%	18.4 p.p.
Regional Serv.	21.4%	13.2%	8.2 p.p.
Serv. Internacional	34.0%	19.3%	14.7 p.p.
TOTAL	31.9%	20.4%	11.5 p.p.



Service Quality

The Global Punctuality Index for 2022 was placed at 80.7%, 6.6 percentage points lower than last year, mostly owing to the interventions in infrastructure and some incidents in the tracks. Around 71% of delays originated from exogenous factors.

Daily Punctuality	2022	2021	Δ 2022-2021
Lisbon Urban Serv. (1)			
Sintra / Azambuja	84.7%	89.0%	-4.3 p.p.
Cascais	91.4%	91.7%	-0.3 p.p.
Sado	74.9%	86.5%	-11.6 p.p.
Porto Urban Serv. (1)			
Aveiro	79.5%	90.2%	-10.7 p.p.
Braga	81.7%	86.9%	-5.2 p.p.
Caíde	79.4%	83.4%	-4.0 p.p.
Guimarães	72.4%	77.4%	-5.0 p.p.
Coimbra Urban Serv. (1)			
Coimbra-Fig.Foz	97.6%	84.7%	12.9 p.p.
Long-distance Serv. (2)			
Alfas	47.8%	71.9%	-24.1 p.p.
Intercities	55.3%	75.6%	-20.2 p.p.
International	34.9%	36.4%	-1.5 p.p.
Regional Serv. (2)			
Regional Serv.	79.2%	86.9%	-7.7 p.p.
Global CP	80.7%	87.3%	-6.6 p.p.

Notas: (1) Delays exceeding 3 minutes

(2) Delays exceeding 5 minutes

The Global Regularity Index was 97.5% in 2022, 0.5 percentage points lower than the value registered in 2021. Except for the impact of strikes, which have already been presented, the 2022 regularity index would have reached around 99.5%.

Regularity	2022	2021	Δ 2022-2021
Lisbon Urban Serv.			
Sintra / Azambuja	97.4%	98.3%	-1.0 p.p.
Cascais	97.6%	97.6%	0.1 p.p.
Sado	96.9%	97.9%	-1.0 p.p.
Porto Urban Serv.			
Aveiro	97.3%	97.1 %	0.3 p.p.
Braga	97.8%	98.7%	-0.9 p.p.
Caíde	97.7%	98.3%	-0.6 p.p.
Guimarães	97.7%	98.7%	-1.0 p.p.
Coimbra Urban Serv. (1)			
Coimbra-Fig.Foz	97.6%	97.5%	0.1 p.p.
Long-distance Serv.			
Alfas	97.5%	97.7%	-0.2 p.p.
Intercities	97.8%	97.9%	-0.1 p.p.
Internacional	95.6%	95.8%	-0.2 p.p.
Regional Serv.			
Regional Serv.	97.4%	98.0%	-0.6 p.p.
Total CP	97.5%	98.0%	-0.5 p.p.



Maintenance Activity

Introduction

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.

For that effect, CP has various workshop establishments, located in key points of the country, namely in Contumil, Guifões, Sernada do Vouga, Entroncamento, Figueira da Foz, Santa Apolónia, Campolide, Oeiras, Barreiro, and Vila Real de Santo António.

The developed activity includes three main segments:

- repair and modernisation of railway vehicles, their components, and equipment. This is the segment with predominant features of industrial production;
- current maintenance of rolling stock. Activity that directly supports CP's railway operation and the operation of external customers;
- rehabilitation of rolling stock.

Internal Activity

CP ensures the routine maintenance of all its rolling-stock series internally, except for locomotive 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.

In order 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.

Provision of Maintenance Services to Third Parties

The volume of maintenance services provided to third parties grew to 13.9 million euros during 2022. This amount was distributed between the main customers in the following manner:

Customers (amounts in thousands of euros)	2022	Importance of Customers
VIAPORTO, Operação e Manutenção	7 666.55	55.1 %
SIMEF, ACE	2 758.77	19.8%
RENFE Fabricación Y Mantenimientos	1 233.43	8.9%
MEDWAY - Maintenance & Repair, S.A.	1 189.19	8.6%
Infraestruturas de Portugal, S.A.	486.27	3.5%
Kontron Transportation	206.78	1.5%
FUNDAÇÃO MUSEU NACIONAL FERROVIÁRIO	127.81	0.9%
ADP Fertilizantes S.A.	69.69	0.5%
FERTAGUS	46.52	0.3%
Others	117.43	0.8%
TOTAL	13 902.45	

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;
- Portugal Infrastructures - railway material maintenance;
- ADP - maintenance of Sentinel Light Rail Tractor and its cars;
- Repair of spare parts for various Customers.



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.

Material maintenance and restoration work in CP's workshops in the past years has been of great importance for the commercial service, having evolved from a total of 374 vehicles in 2017 to the current 432 with the following distribution:

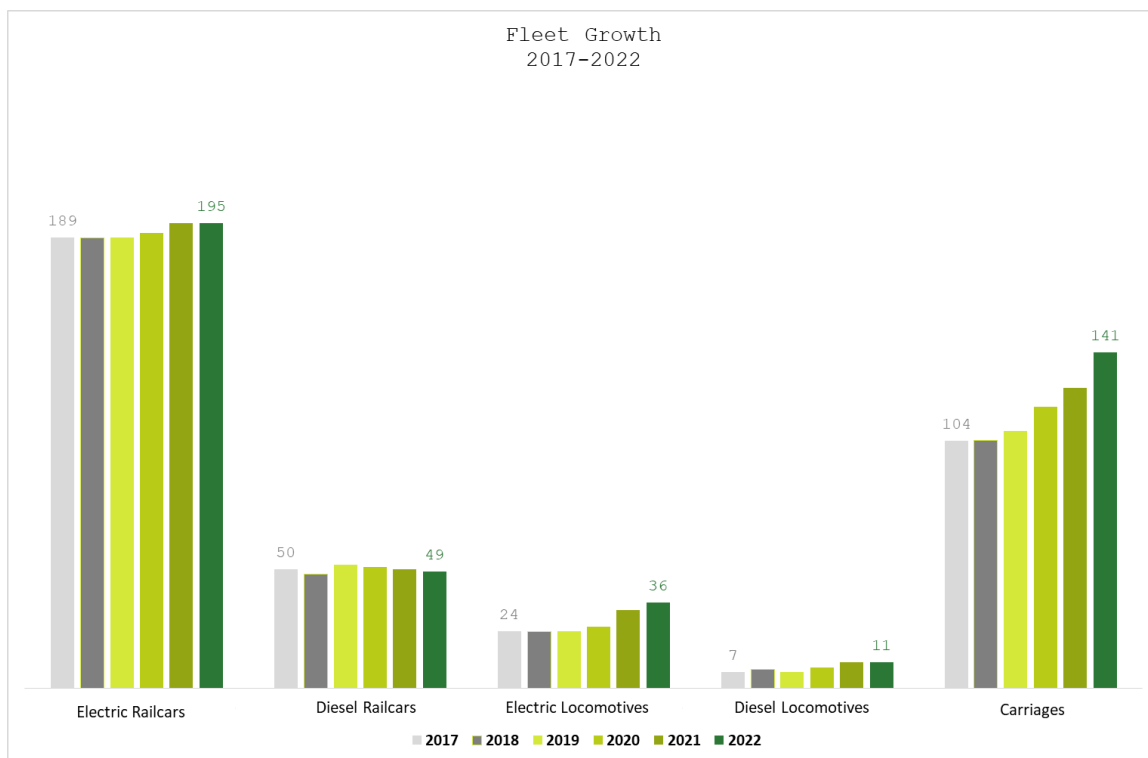


Chart 6 – Evolution of the rolling stock fleet for commercial service.

CP also has the following units for occasional services:

- Narrow-Gauge Historic Trains - 11 units: Steam Locomotive 9214, Diesel Locomotive 9004, 7 carriages, Cistern, and fire rescue Wagon;
- Wide-Gauge Historic Trains - 7 units: Steam Locomotive 0186, 5 carriages, and Cistern.
- 2 Generator Vans.



Human Resources

Permanent Staff

By the end of 2022, the total effective permanent staff under CP was 3750 employees, 34 less than by the end of 2021.

Permanent Staff as at December 31st	2022	2021	2020	Δ 2022-2021
Bound	3763	3 791	3 744	-28
Effective Staff	3750	3 784	3 736	-34
On Duty	3741	3 775	3 727	-34

Caption:

Bound - permanent staff who is bound to the company, even if not providing a service or not being paid (includes unpaid leaves and assigned or required staff that is not paid by the company).

Effective Staff - permanent staff paid by the company (includes staff on duty + assigned or requested staff paid by the company).

On Duty - permanent staff providing services to the company.

The following table synthesises the movements that took place throughout 2022 in permanent staff:

Variations in Permanent Staff on Duty 2022			
Admissions by Motive		Exits by Motive	
Ordinance no. 603/2020-SEPT (17)	3	Retirement	54
ORDINANCE NO. 911/2021-SEPT	2	Death	7
In the scope of AE SMA0 negotiations	16	Revocation / Termination	3
RCM110/2019 No.13 (67)	1	Termination (from employee)	47
RCM110/2019 No. 12 Replacements	14	Commencement of Assignment / Requisition	4
RCM110/2019 No. 14 Replacements	12	Commencement of Leaving (Unpaid leave, Leave superior to 1095 days)	5
Reab Of Guiões Ordinance No. 82/2020	4	TOTAL of Exits	120
Ordinance no. 863/2021	22	Balance	-34
Terminus of Assignment/Requisition	4		
Terminus of Leaving (Unpaid leave, Leave superior to 1095 days)	8		
TOTAL of Admissions	86		

Operating areas gather 89% of the Company's Permanent Staff:

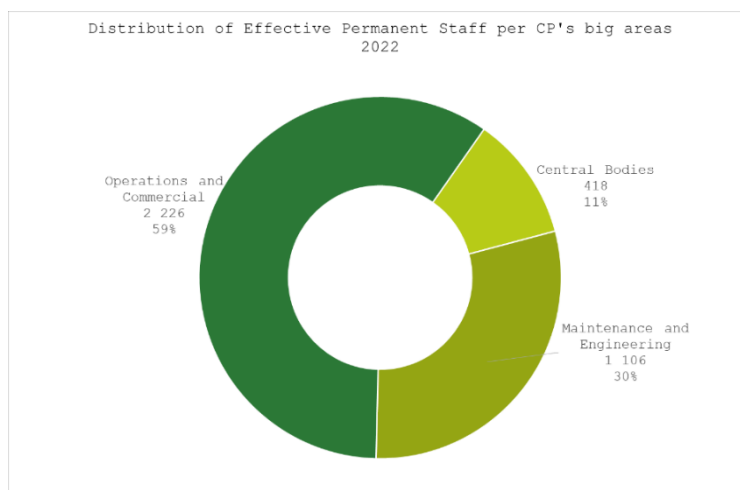


Chart 7 - Distribution of Permanent Effective Staff per CP's big areas.

Absenteeism

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.

This represented a total of 837 318 hours of absence.

Rates (%)	2022	2021	Δ 2022-2021
Absenteeism (no strikes)	7.7%	7.4%	0.3 p.p.

The following chart shows the distribution of absenteeism per the Company's main areas.

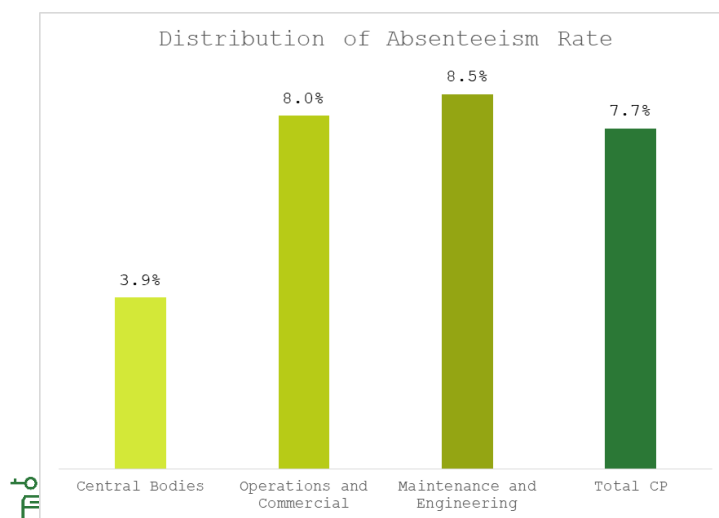


Chart 8 - Absenteeism rate in this period per the Company's big areas.

Supplementary Work

The supplementary work rate showed a 0.8 percentage point growth in 2022, against the previous year, standing at 11.1%.

It represented 749 865 hours of supplementary work.

Rates (%)	2022	2021	Δ 2022-2021
Supplementary Work	11.1%	10.3%	0.8 p.p.

The following chart shows the distribution of supplementary work between the Company's main areas.

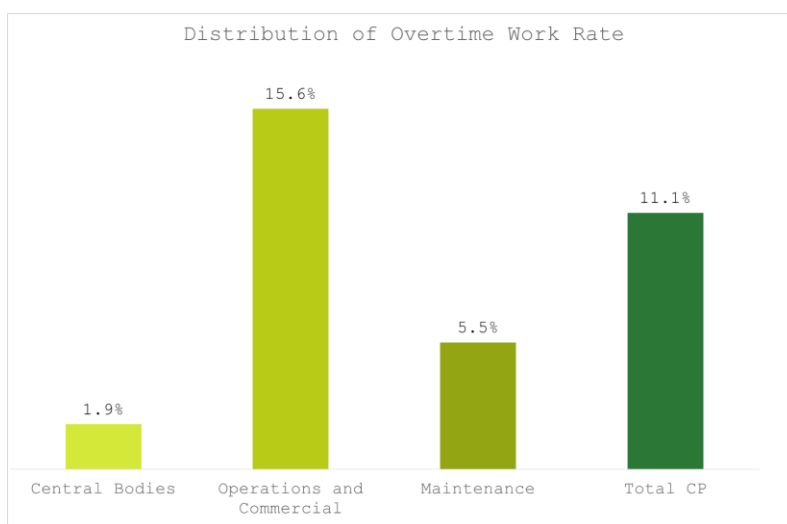


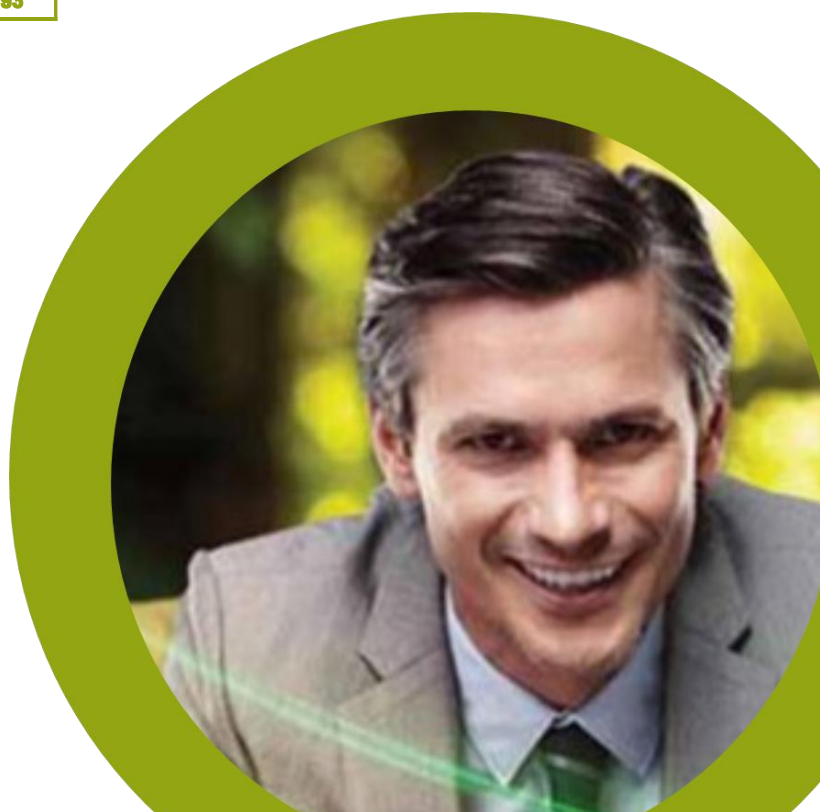
Chart 9 - Supplementary Work Rate in this period per the Company's big areas.

Training

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.

Training by Theme 2022	No. of Trainees	No. of Hours
Customer	739	7 906.0
Command, Control, and Protection	35	1 986.0
Electricity and Energy	10	238.0
Electronics and Automation	13	200.0
Company Framework	173	1 813.0
Management	592	6 026.0
Hydraulics and Pneumatics	10	140.0
Maintenance and Engineering	889	12 690.0
Metallurgy and Metalomechanics	151	3 767.5
Electric Power	16	271.0
Thermal Power	1	64.0
Air and Brake Production	123	1 493.0
Quality and Environment	97	1 683.5
Bearing and Suspension	12	73.5
Safety - General	1 450	10 744.5
Safety - Technical Qualification	1 359	40 213.5
Services/Languages	209	3 690.0
Information Technologies	117	1 992.0
Assistance	3	201.0
TOTAL	5 999	95 193

Training by Professional Category 2022	No. of Trainees	No. of Hours
Administrative	86	460.0
Marketing	1 301	17 119.5
Driving	1 338	36 053.5
Material	32	452.4
Others	50	552.5
Production	2 266	29 475.0
Technical Staff	887	9 977.1
Transportation	39	1 103.0
TOTAL	5 999	95 193



Investments Made

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

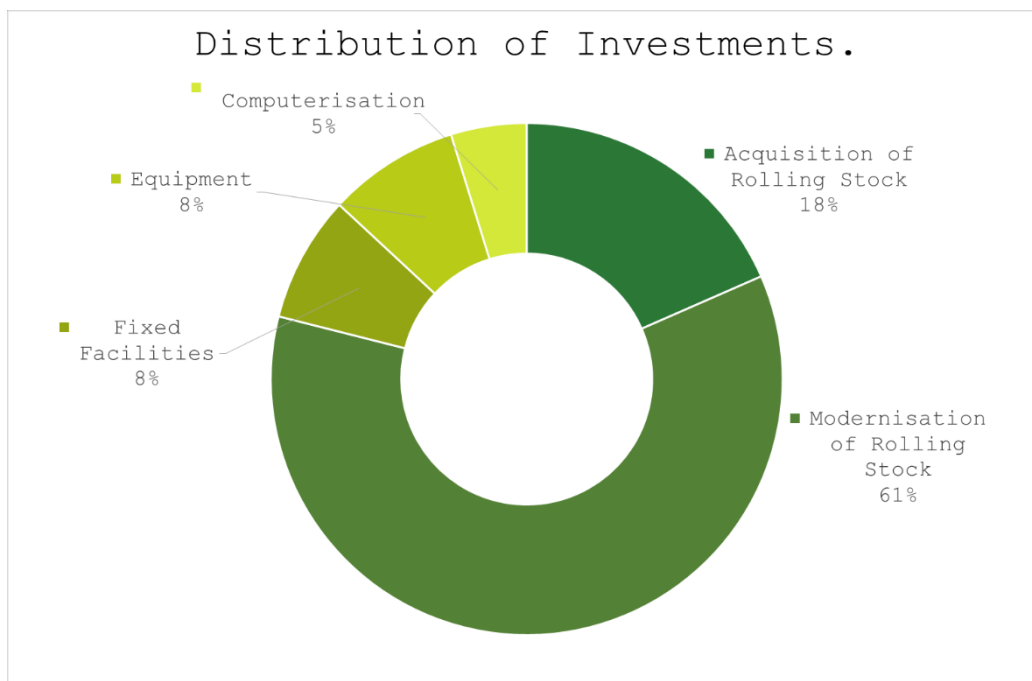


Chart 10 - Distribution of Investments per big groups.

Acquisition of Rolling Stock

This incorporates the second down payment of the agreement for the acquisition of 22 Railcars for Regional Service.

Modernisation of Rolling Stock

These investments aim to reposition the level of operability and safety (big repairs) or the modernisation / modification of the rolling stock.

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 Production Costs".

Interventions in Fixed Facilities

The improvement of the St. Apolónia building, the reinforcement in safety in the material parking (fences, gates, CCTV), the remodelling of the old Entroncamento dormitory (archives and support rooms), and the improvement of the material parking of Sernada do Vouga stand out.

Equipment and Computerisation

Includes the acquisition of industrial, commercial and safety equipment and projects for the development of sales systems, operative systems, and administrative systems.

Total Investment	Paid Value	Weight
(Amounts in Thousands of Euros)		
Acquisition of Rolling Stock	5 100	46.6%
Modernisation of Rolling Stock	17	0.2%
Capitalised Works	12 992	118.7%
Other Rolling Stock	3 744	34.2%
Fixed Facilities	2 207	20.2%
Equipment	2 297	21.0%
Commercial Equipment	0	0.0%
Computerisation	1 323	12.1%
TOTAL	10 943.6	

2022 investments were financed by two sources:

- Environmental Fund Transfers to finance the down payment of the acquisition of 22 Railcars for Regional Service;
- Capitalised revenue for the remaining investments.



CP Group

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's consolidated accounts shall be disclosed in the 2022 Consolidated Report & Accounts.

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

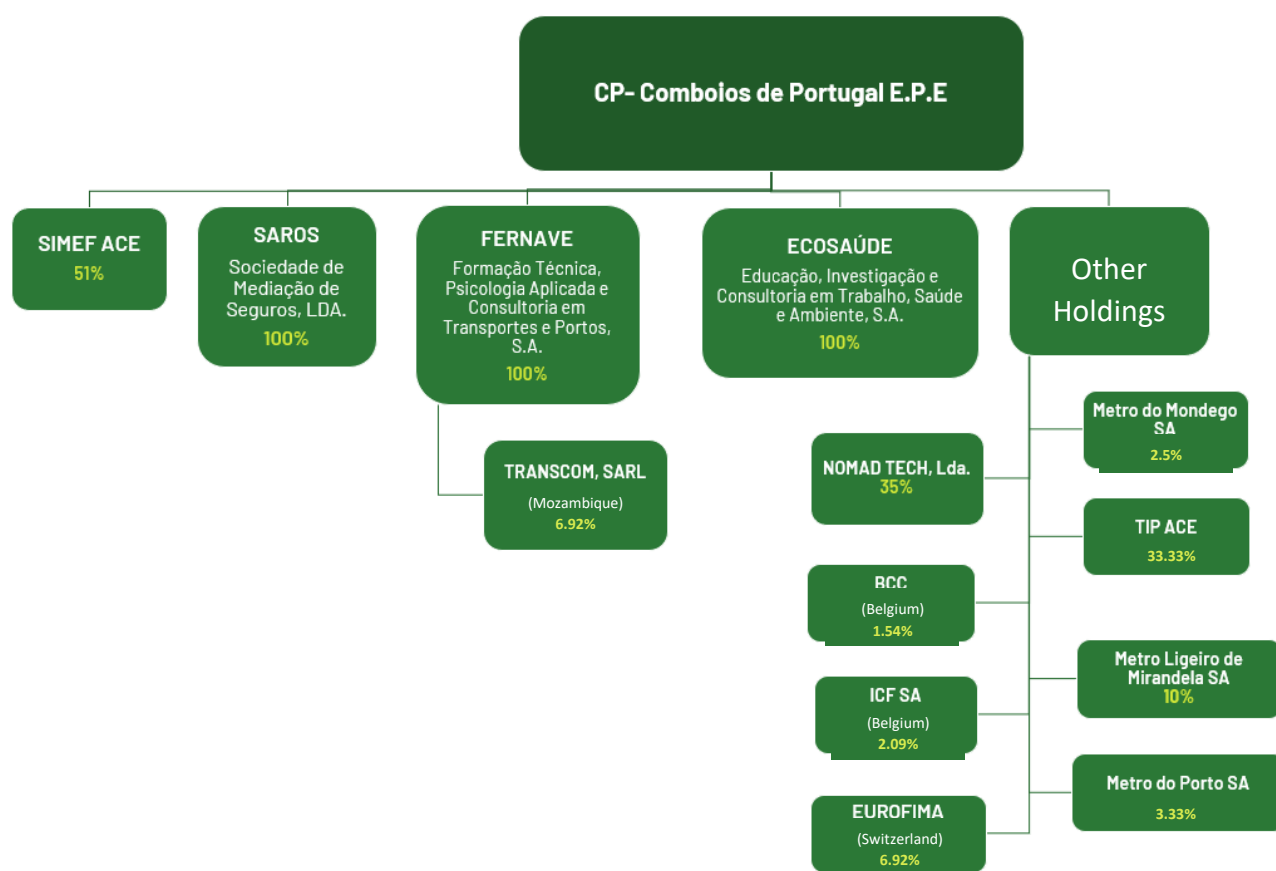


Chart 11 - CP Group.

CP also holds 5% of Medway (ex-CP Carga), according to an agreement made during the sale process of the previously Affiliated Company.

07

COMPLIANCE WITH LEGAL OBLIGATIONS



Summary Table

Compliance with the 2022 legal Guidelines	Compliance Y/N/NA	Measurement/Identification	Explanation/Reference to the Item of the Report
Management Goals			
Goals	NA		
Goals comprised in the 2022 Budget and Activities Plan			
EBITDA Improvement	Y	+19.5 M€ against 2021 and -45.4 M€ than in the Budget and Activities Plan	Recurrent EBITDA / See "Management Goals" and "Profit and-Loss Account Implementation"
Reduction of the influence of Expenses in Turnover	N	+6 p.p. against 2021 and -3 p.p. than in the Budget and Activities Plan	See "Optimisation Measures of the Operating Expenses Structure"
Turnover	Y	+82.3 M€ against 2021 and +63.7 M€ than in the Budget and Activities Plan	See "Management Goals"
Transported Passengers	Y	+49 M pass. against 2021 and +36.9 M pass. than in the Budget and Activities Plan	See "Management Goals"
Average Effective Permanent Staff	Y	-6 against 2021 and -296 than in the Budget and Activities Plan	See "Optimisation Measures of the Operating Expenses Structure" and "Permanent Staff"
Investment	Y	17.4% of the Annual Budget implementation	See "Management Goals" and "Investment"
Level of Indebtedness	Y	2.11 billion euros	See "Limit of Indebtedness Growth"
Degree of Budget Implementation existing in the Budget Management Information System/State Budget System	Y	Revenue 26% Expenses 25%	See "Management Goals"
Financial Risk Management			
	Y	3.70%	Average financing rate / See "Financial Risk Management"
Limit of Indebtedness Growth			
Adjusted Indebtedness	Y	-0.37%	See "Limit of Indebtedness Growth"
Evolution of the Average Time for Payment to suppliers			
	Y	-37 days	Variation between the 4th quarter from 2022 and the 4th quarter from 2021. / See "Average Time for Payment"
Disclosure of Arrears			
	Y	0	There are no arrears for reasons attributable to the company / See "Average Time for Payment"
Shareholder recommendations at the last approval of accounts			
	NA	-	The company's accounts from the years 2016, 2017, 2018, 2019, 2020, and 2021 are pending approval from the responsible Ministry.
Recommendations issued upon the last legal certification of accounts			
	NA	-	No "Recommendations" were issued, only "Emphasis".
Remunerations:			
No management rewards	Y	Non-existing	See "Remunerations"
Board of Directors - salary reductions and pay cut reversals in force in 2022 (if applicable)	Y	19 279.95 €	Under Law no. 75-B/2020 from December 31st, which approved the State Budget for 2021, the 5% reduction in the gross fixed monthly salary of the members from the Board of Directors was maintained (as per article 12-A/2010, from June 30th). See "Remunerations"
Audit (Supervisory Board/ Certified Public Accountant) - salary reductions and pay cut reversals in force in 2022 (if applicable)	NA	Not applicable	See "Remunerations"
External Auditor - salary reductions and pay cut reversals in force in 2022 (if applicable)	NA	Not applicable	See "Remunerations"

Compliance with the 2021 legal Guidelines	Compliance	Measurement/Identification	Explanation/ Reference to the Item of the Report
	Y/N/NA		
Public Manager Statute - article 32 and 33 of the Public Manager Statute			
No use of credit cards	Y	Not used	Members of the Board of Directors do not use any credit cards or other payment instruments for expenses associated with the Company's service.
No reimbursement of personal representation expenses	Y	Nonexistent	There is no reimbursement to Members of the Board of Directors regarding any possible expenses of personal representation.
Maximum amount for expenses associated with communication	Y	80 €	See "Application of Article 32 and 33 of the Public Manager Statute"
Maximum amount for expenses with fuel and tolls related to official cars	Y	1/4 of representation expenses	See "Application of Article 32 and 33 of the Public Manager Statute"
Undocumented or confidential expenses - Item 2 of art. 16 of the Portuguese Corporate Public Sector Legal System (RJSPE) and art. 11 of the Public Manager Statute (EGP)			
Prohibition of undocumented or confidential expenses.	Y	Nonexistent	See "Application of Articles 16 of the Portuguese Corporate Public Sector Legal System (RJSPE) and 11 of the Public Manager Statute (EGP)"
Promoting wage equality between women and men - Item 2 of RCM no. 18/2014			
Preparation and disclosure of the report on pay for women and men	Y	In CP's website	www.cp.pt/institucional/pt/empresa/principios-bom-governo
Preparation and disclosure of the annual report on corruption prevention			
Annual report on corruption prevention	Y	In CP's website	www.cp.pt/institucional/pt/empresa/principios-bom-governo
Public Contracting			
Implementation of the public contracting rules by the company	Y	100%	See "Public Contracting"
Implementation of the public contracting rules by affiliate companies	NA	Not applicable	See "Public Contracting"
Agreements submitted for prior approval from the Court of Auditors	Y	0 contracts	See "Public Contracting"
Adherence to the National Public Purchasing System	Y		See "Public Contracting"
Operating Expenses of Public Companies			
Operational Efficiency	Y	Various	See "Optimisation Measures of the Operating Expenses Structure"
State Treasury Unit Principle (art. 28 of Decree-law no. 133/2013)			
Cash and equivalents centralised in the Public Debt Management Institute (IGCP)	Y	46.4 M€	Demand deposit amount in the Public Debt Management Institute (IGCP) at the end of the year. See "State Treasury Unit Principle"
Cash and equivalents in Commercial Banking	Y	1.5 M€	Demand deposit amount in Commercial Banking at the end of the year, in accordance with the exemption obtained from the State Treasury Unit Principle
Interest earned due to the non-compliance with the State Treasury Unit and provided as State Revenue	Y	0 €	There is no interest earned.
Audits by the Court of Auditors			
	Y	0	No audits from the Court of Auditors occurred during the reporting year.
Elaboration of a Plan for Gender Equality			
Det. In Article 7 of Law no. 62/2017, from August 1st	Y	In CP's website	See "Plan for Equality"
Non-Financial Statement			
Presentation of the Non-Financial Statement	Y	In the 2022 General Security Regulations	See 2022 General Security Regulations

1. Management Goals

Strategic Guidelines

The public transportation service is a priority in the Government's programme, considering not only decarbonisation goals, but also the goal to ensure the continued improvement of conditions of mobility of the population and the cohesion of the national territory.

RCM no. 110/2019 approved the strategic guidelines for the revitalisation of the passenger rail transport service, mandating CP to devise and implement a plan with the aim to recover service levels short term, in order to guarantee the right to mobility of the population, with adequate standards of reliability, regularity, and service quality, and simultaneously to guarantee the development and sustainability of the sector medium and long-term.

These guidelines envisaged, among others, the following actions:

- Merger by incorporation of EMEF into CP;
- Reopening of the Guifões Workshop;
- Recovery of immobilised rolling stock to reduce constraints and cancellations;
- Promoting digitalisation and adaptation to new integrated mobility platforms;
- Implementing the negotiation of company agreements with the workers' representative organisations, through which careers are valued and better working conditions are promoted;
- Valorisation of human resources through staff recruitment, the possibility of subcontracting, the provision of services by retired workers, and the promotion of incentives to increase productivity;
- Recovery of the industrial, technological, and entrepreneurial capacities of the railway sector in Portugal;
- Planning and creation of the Railway Competence Centre;
- Promoting the stimulation of new investments in rolling stock.

These guidelines were reflected in the 2022-2030 Strategic Plan, as well as in the CP's Budget and Activities Plan since 2020.

The proposed view also aligns with the outlook of the Public Service Obligations Agreement, the 2030 National Investment Plan (PIN 2030), the 2021-2030 National Energy and Climate Plan (PNEC), and with the community politics in the scope of centrality and investment in railway.

Activities and Budget Plan

For the purposes of analysis, the targets included in the 2022-2024 Budget and Activities Plan (PAO) were considered. The plan was approved by the Responsible Ministries on July 29th 2022 by Joint Ordinance of the Ministry of Finance and the Ministry of Infrastructure, with the limitations therein imposed and that shall be addressed throughout this point and in "Optimisation Measures of the Operating Expenses Structure".

Of the premises adopted in the 2022-2024 PAO, the following stand out, having a material impact on the deviations found regarding execution in 2022:

- the financial restructuring of CP's historic debt would happen until the end of 2021 – still awaiting the decision of the Responsible Courts, expecting the restructuring can happen in 2023;
- the regularisation of adjustments of compensations for the public service obligations rendered and of the contract recovery amounts would happen in the year after the provision of services – the adjustment of compensation and the recovery regarding 2020 were only received in 2022 (the first one was restated in the 2021 Accounts), hoping for the regularisation of the 2021 and 2022 amounts to happen in 2023;
- the recovery of demand should be gradual, due to the uncertainty regarding the evolution of the pandemic scenery – with the lifting of the majority of mobility restrictions in March 2022, we witnessed a recovery in demand faster than predicted.

Indicators (Amounts in thousands of euros)	2022 Budget and Activities Plan	Executed in 2022	Deviation (+/-)	Remarks/ Notes
Net income	72 915	9 181	-63 734	
EBITDA - Operating income from transport and maintenance activity ¹⁾	130 640	85 283	-45 358	
Operating Income ²⁾ (EBIT)	74 768	29 432	-45 336	
Turnover ³⁾	211 391	275 094	63 703	
Indebtedness ⁴⁾	46 897	2 110 191	2 063 294	
Net Financial Debt ⁵⁾ /EBITDA	-7%	2418%	2 424pp	

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

2) Net operating income of provisions, impairment, and fair value adjustments.

3) Provided sales and services heading.

4) Loans obtained.

5) Net financial debt is the amount of indebtedness minus cash.

Profit-and-Loss Account Implementation

In 2022, CP transported around 148.1 million passengers, 36.9 million more than expected (+33.2%).

The passenger transportation revenue grew to around 256.5 million euros, 65.6 million euros above expected (+34%). This deviation is explained by the recovery of demand after the lifting of the majority of mobility restrictions since March 2022 and by the extraordinary co-participations received in the scope of the price reduction support programme.

Supply, when measured in trains kilometre, was 1.3% below expected, mainly due to strikes.

The 2022 Net Income was of 9.2 million euros, around 63.7 million euros below expected.

One thing that fundamentally contributed to this deviation was the fact that, in 2022, only the public service contract recovery regarding 2020 was accounted for, in the amount of 17.7 million euros, when the regularisation of the compensation adjustment and the recovery of the contract regarding 2021, in the global amount of 127.6 million euros, was expected to be taken into account. It must be noted that in the PAO it was already considered that the compensation attributed in 2022 would be

restricted to the amounts foreseen in RCM no. 43/2020, from June 12th (98.5 million euros) with the respective adjustment happening only in 2023.

Regarding expense evolution, the impact of price variation in energetic products stands out, according to the recovery of economic activity post-pandemic, but above all, as a result of the Ukraine Invasion. This growth was partially compensated by a generalised contention of expenses and by a number of maintenance and repair interventions to rolling stock below expected. This last situation also justifies in turn, the deviation ascertained in revenues of Capitalised Production Costs.

Personnel Expenses (excluding severance payments) were around 1.6 million euros above expected mainly due to the impact of the coming into force of the new "Company Agreement" and the 0.9% payment update implemented by the agreement between the Sectorial Ministry and the Ministry of Finance.

Lastly, it is worth mentioning that Financial Income was 17.8 million euros worse than expected, due to the financial restructuring not happening in the expected date.

REVENUE AND EXPENSES (amounts in thousands of euros)	Period		Variation (Real vs. Plan)	
	REAL 31-12-2022	PLAN 31-12-2022	Amount	%
Provided sales and services	275 094	211 391	63 703	30%
Provided sales and services - Passengers	256 519	190 911	65 608	34%
Provided sales and services - Maintenance and repair	13 902	15 268	-1 366	-9%
Provided sales and services - Others	4 673	5 213	-540	-10%
Operating subsidies	116 204	226 080	-109 876	-49%
Changes in production inventories	2 096	26	2 070	8096%
Capitalised production costs	12 992	34 359	-21 367	-62%
Other revenue	28 191	17 365	10 826	62%
	434 577	489 220	-54 643	-11%
Sold commodities and consumed materials costs	-32 944	-48 104	15 160	32%
External services and supplies	-160 669	-157 259	-3 410	-2%
Personnel expenses (without severance payments and variable salary agreement)	-151 005	-149 423	-1 582	-1%
Other expenses	-4 676	-3 793	-883	-23%
	-349 294	-358 580	9 286	3%
Operating income from transport and maintenance activities* (EBITDA)	85 283	130 640	-45 357	-35%
Expenses/reversals of depreciation and amortisation	-55 111	-56 443	1 332	2%
Impairment of depreciable/amortisable investments (losses/reversals)	342	0	342	
Severance payments	-235	-700	465	66%
Gains/losses attributed to subsidiaries, associated companies, and joint ventures	2 156	1 273	883	69%
Inventory impairment (losses/reversals)	-2 071	0	-2 071	
Impairment of accounts receivable (losses/reversals)	-33	0	-33	
Provisions (increases/reductions)	692	0	692	
Impairment of non-depreciable/amortisable investments (losses/reversals)	261	0	261	
Exchange differences (increases/reductions)	-2 050	0	-2 050	
Other (non-core) revenue	4	0	4	
Other (non-core) expenses	-615	-1	-614	-60611%
	28 623	74 768	-46 145	-62%
Interest and similar income obtained	14	4	10	218%
Interest and similar expenses incurred	-18 891	-1 107	-17 784	-1606%
	-18 877	-1 103	-17 774	-1612%
	9 746	73 665	-63 919	-67%
Income tax for the period	-565	-750	185	25%
	9 181	72 915	-63 734	-67%

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

Investment Plan Implementation

The investment amount in 2022 grew to 27.7 million euros, corresponding to an income tax of 17.4% of the initially expected budget.

The main deviations happened at the level of acquisition of rolling stock, namely in the acquisition of 117 railcars for urban and regional service (-81.9 million euros) and in the acquisition of commercial equipment, such as automatic vending machines (-10.8 million euros). The conclusion of this purchase process was retained in the first semester of 2023.

The number of big repair interventions in rolling stock registered was below expected, namely due to the difficulties to supply the materials and the shortage of human resources.

It is important to remember that, with the merger of EMEF into CP, the activity of maintenance and repair of rolling stock was internalised. In this sense, restoration to service of material previously inoperative and big repair interventions in rolling stock, aiming to restore the operability and safety level or the modernisation / modification of rolling stock, started to be capitalised as "Capitalised Production Costs".

It is also worth noting that due to the limitations imposed in the scope of the 2022-2024 PAO approval, there was a need to reschedule various projects, namely regarding investments in computerisation and fixed facilities.

Investment/Project (Amounts in euros)	2022 Budget and Activities Plan	2022 Paid-up Value	Change
Rolling Stock	125 333 660 €	21 836 372 €	-103 497 288 €
Acquisition of Rolling Stock	87 000 000 €	5 100 000 €	-81 900 000 €
Acquisition of 22 Regional Railcars	5 100 000 €	5 100 000 €	0 €
Acquisition of 117 Electric Multiple Units for Urban and Regional Services	81 900 000 €	0 €	-81 900 000 €
Traction converter	1 200 000 €	1 315 391 €	115 391 €
ERTMS	2 362 107 €	2 109 263 €	-252 844 €
Capitalised Production Costs	34 358 786 €	12 992 032 €	-21 366 754 €
Other Rolling Stock	412 767 €	319 686 €	-93 081 €
Fixed Facilities	10 070 800 €	2 207 246 €	-7 863 554 €
Workshop Buildings	7 995 800 €	1 319 625 €	-6 676 175 €
Administrative Buildings	2 075 000 €	887 621 €	-1 187 379 €
Computerisation	6 335 481 €	1 322 703	-5 012 778 €
Equipment	17 404 384 €	2 296 897 €	-15 107 487 €
Commercial Equipment	12 997 000 €	18 442 €	-12 978 559 €
Operating Equipment	2 100 000 €	763 981 €	-1 336 019 €
Administrative Equipment	839 000 €	298 632 €	-540 368 €
Workshop Equipment (tools and Utensils)	1 468 384 €	1 215 843 €	-252 521 €
TOTAL	159 144 304 €	27 663 218 €	-131 253 257 €

Note: In the scope of the Joint Ordinance for the approval of the 2022-2024 PAO, the maximum investment amount in 2022 was limited to 108.38 million euros, excluding capitalised production costs. No investments in Fixed Facilities and Computerisation were allowed. The implementation registered refers exclusively to purchase processes that began on a date prior to said Joint Ordinance. For this reason, all investments expected for these two items not previously underway were immediately rescheduled.

2022 investments were financed with capitalised revenue, except for the acquisition of 22 railcars for the Regional Service, which included the transfer from the environmental fund (5.1 million euros).

Budget Implementation

CP registered, in 2022, a revenue implementation level of 26% comparatively to the corrected budget. Excluding the Financial Liabilities item, where the allocation of the financial restructuring was included and did not happen, implementation grew to 81%.

Budgetary Implementation of Revenue All sources		2022			
Economic	Name	Approved Budget (1)	Corrected Budget (2)	Collections (3)	Implementation Rate (4)=(3)/(2)
R.03	Fees, Fines, and Other Penalties	244 407 €	240 000 €	307 716 €	128.2%
R.04 / R.12	Property Income / Financial Assets	666 396 €	670 803 €	1 180 167 €	175.9%
R.05	Current Transfers	144 371 188 €	218 010 839 €	178 925 855 €	82.1%
R.06	Sale of Current Goods and Services	307 194 714 €	307 194 714 €	301 656 499 €	98.2%
R.07	Other Current Income	36 838 883 €	36 838 883 €	11 407 018 €	31.0%
R.08	Sale of Investment Goods	0 €	0 €	61 500 €	-
R.09	Capital Transfers	88 295 853 €	88 295 853 €	5 100 000 €	5.8%
R.13.01	Financial Liabilities Revenue - Medium and Long-Term Loans	0 €	135 000 000 €	135 000 000 €	100.0%
R.13.02	Financial Liabilities Revenue - Capital Endowment	1 815 000 000 €	1 715 000 000 €	0 €	0.0%
R.10 / R.11	Other Capital Revenue / Refunds Not Deducted in Payments	0 €	0 €	167 947 €	-
R.16	Management Balance	0 €	17 105 519 €	17 105 519 €	100.0%
TOTAL		2 392 611 441 €	2 518 356 611 €	650 912 221 €	26%
Note: Does not include Off-Budget Operations					

The main deviations from the corrected budget happened at the level of the following items:

Sale of current goods and services (R.06)

On March 2022, with the end of the main mobility restrictions resulting from the COVID-19 pandemic, a recovery of revenue in passenger transportation services was witnessed. However, it was not possible to reach the capitalised income amount proposed by the Ministry of Finance in the State Budget for 2022.

The receipt of extraordinary co-participations from the Public Transportation Support Programme for Fee Reduction (PART), for this year and previous ones, should also be mentioned.

Other current revenue (R.07)

VAT returns amounts were far below expected, a fact that can be explained namely by the various budget constraints that, on the one hand, created a reduction in expenses comparatively to what was expected, and on the other, led to a significant volume of invoicing, namely regarding infrastructure use rate, to only be regularised at the end of the year, with its respective covered VAT return moving into 2023.

Current transfers (R.05)

Throughout the year, the following amounts were transferred to CP:

- compensation for public service obligations pursuant to RCM no. 43/2020 for the year 2022 and provided for in the State Budget for 2022, in the amount of 104 371 188 euros.
- compensation adjustment regarding public service obligations rendered in 2020, in the amount of 54 835 076 euros;
- recovery of contract⁴, following ordinances no. 335/2022-SET and no. 510/2022/SEO and the Report no. 79/2022 of IGF [Inspectorate General of Finance], in the amount of 17 740 165 euros⁵;
- co-participations of passes “4-18” and “Sub23”, in the amount of 1 979 426 euros.

The deviation from the corrected budget mainly results from the adjustment of compensations regarding the public service obligations rendered in 2021 not having taken place.

Capital transfers (R.09)

5.1 million euros were transferred by the Environmental Fund to finance the second down payment in the contract of acquisition of 22 railcars for Regional Service, pursuant to RCM no. 98/2021, from July 27th.

The conclusion of processes for acquisition of commercial equipment and rolling stock for Urban and Regional services moved into the first semester of 2023 and, consequently, the respective transfers of community funds’ capital and of the Environmental Fund did not take place.

Financial Liabilities (R.13)

In 2022, two loans were contracted from DGTF [Directorate-General for Treasury and Finance] amounting to a total of 135 million euros aiming to ensure:

- the redemption of *Eurofima* financing, payable in November, in the amount of 100 million euros (authorisation in Ordinance no. 335/2022/MF);
- treasury needs and available funds, resulting namely from the volume of commitments from 2021 for the uncertainty of the financing scenery of said year, in the amount of 35 million euros (authorisation in Ordinance no. 75/2022/MEF).

The decision for financial restructuring of the Company’s historical debt was retained in 2023.

In 2022, CP registered an expense implementation level of around 25% compared to the corrected budget. Excluding the item of Financial Liabilities, where the endowment for financial restructuring was included and did not take place, implementation grew to 75%.

⁴ Compensation for reasonable profit loss over revenue not achieved in services with public service obligations and for the loss and part of the profits lost in 2020 in the Alfa Pendular Service.

⁵ According to the referred ordinances and the IGF report, the amount to be transferred should be 17 740 165 euros plus VAT at a rate of 6%. The VAT amount, 1 064 410 euros, has yet to be transferred.

Budget Implementation of Expenses All sources		2022					
Economic	Name	Approved Budget (1)	Corrected Budget (2)	Withholdings (3)	Available Budget (4)=(2)-(3)	Payments (5)	Implementation Rate (6)=(5)/(4)
D.01	Personnel Expenses	152 587 734 €	153 903 114 €	0 €	153 903 114 €	153 681 884 €	99.9%
D.02	Acquisition of Goods and Services	240 000 000 €	291 249 364 €	300 €	291 249 064 €	248 035 085 €	85.2%
D.03/D.11	Interest and other charges/ Financial Liabilities	1 870 275 000 €	1 944 361 151 €	0 €	1 944 361 151 €	173 461 215 €	8.9%
D.07	Investment	110 324 033 €	109 008 653 €	0 €	109 008 653 €	19 517 777 €	17.9%
D.04/D.06/D.10	Current Transfers/ Other Current Expenditure/ Financial Assets	19 424 674 €	18 978 184 €	7 942 526 €	11 035 658 €	7 810 604 €	70.8%
TOTAL		2 392 611 441 €	2 517 500 466 €	7 942 826 €	2 509 557 640 €	602 506 565 €	24.0%

Note: Does not include Off-Budget Operations

Throughout 2022, CP faced strong constraints regarding treasury and available funds.

The main factors contributing to this situation were:

- The non-authorisation, at the end of 2021, of the debt appeal, which prevented the payment of a significant amount in invoicing that had the conditions to be cleared and that ended up, consequently, being retained into 2022;
- Pressure originating from the geopolitical crisis, created by the invasion of Ukraine, with a significant impact in the increase of prices of services practiced by external suppliers and, particularly, of electricity and fuel for traction.

The main deviations from the available budget happened at the level of the following items:

Personnel expenses (D.01)

Personnel Expenses were around 1.3 million euros above the amount foreseen in the State Budget for 2022. This increase was justified mainly by the 0.9% salary update and by expenses retained from 2021, situations that had not been initially expected.

Acquisition of goods and services (D.02)

The abovementioned volume of commitments retained from 2021, because of the lack of authorisation for debt appeal in said year, as well as the price increase of some services, namely electricity and fuel for traction, created the necessity for a budget reinforcement for this item.

The value of commitments retained in this item into 2023 amounts to around 29.7 million euros.

Investment (D.07)

The second down payment regarding the acquisition of 22 railcars for Regional Service was settled.

The conclusion of processes for the acquisition of commercial equipment and rolling stock for Urban and Regional services was retained into the first semester of 2023.

Various projects were rescheduled due to the limitations imposed in the scope of the approval of the Budget and Activities Plan, namely those regarding investments in computerisation and fixed facilities.

Financial liabilities (D.11)

Contrary to expectations, the financial restructuring of the Company's historical debt did not take place. The decision was retained into 2023.

The following debt redemptions were registered:

- *Eurofima* financing, in the amount of 100 million euros, due in November;
- partial redemption of the DGTF loan contracted at the end of 2020, in the amount of 57.7 million euros.

Note:

The technical conditions for the preparation and presentation of budget statements according to NCP 26 have not yet been met. In this context, the rendering of 2022 accounts in the same accounting indicative (SNC) as the previous year was requested to and exceptionally accepted by the Court of Auditors.

2. Financial Risk Management

Years	2022	2021	2020	2019	2018
Interest and Similar Expenses Borne (€)	18 891 647.50 €	22 765 925.81 €	30 622 455.91 €	55 776 721.60 €	68 303 617.82 €
Average Rate of Funding (%)	3.7%	3.0%	2.7%	2.4%	2.6%

Despite the financial charges maintaining the decreasing tendency of the past years due mainly to the reduction in the average value of remunerated debt, the average financing rate shows a growing tendency since 2019.

In 2022, the average financing rate suffered a 0.7 percentage point increase, mainly due to the increase in the relative weight of fixed rate financing in the company's debt structure.

In subchapter "Financing" of the chapter "Economic and Financial Analysis" it is possible to get more information regarding financial management throughout 2022.

3. Limit of Indebtedness Growth

As of December 31st 2022, remunerated debt showed a slight fall compared to the end of the previous year, with no capital increase registered in this period.

Adjusted debt variation was, therefore, at -0.37%.

Variation in Indebtedness (execution)	2022	2021
	Amounts (€)	
Remunerated Financing (Current and Non-Current)	2 110 190 852.30 €	2 132 493 240.74 €
Statutory capital	3 959 489 351.01 €	3 959 489 351.01 €
New investments in 2022 (with material expression)	0.00 €	0.00 €

Variation in indebtedness

-0.37%

New investments - According to item 2 of article 146 of Budget Execution Decree-law 2018, new investments with material expression are those which are not included in the investment plan of the previous year and whose estimated expenditure for any year is equal to or greater than €10 000 000 or 10% of CP's annual budget.

Calculation of variation in indebtedness:

$$\frac{(FR_t - FR_{t-1}) + (Capital_t - Capital_{t-1}) - NewInvestments_t}{FR_{t-1} + Capital_{t-1}}$$

In which:

FR=Remunerated Financing

Capital = Subscribed Statutory Capital

In subchapter "Financing" of the chapter "Economic and Financial Analysis" it is possible to get more information regarding financial management throughout the reporting year.

4. Average Time for Payment

Comparing the number of days relative to the Average Time for Payment (PMP) of the 4th quarter of 2022 regarding its equivalent period, there was a 37 day decrease.

PMP	Deadline (days)		Δ 22-21	
	2022	2021	Amount	%
1st	52	50	2	4.0%
2nd	42	45	-3	-6.7%
3rd	35	48	-13	-27.1%
4th	23	60	-37	-61.7%

On December 31st 2022, CP showed the following scenery for arrear debts for reasons attributable to the company:

Matured Debts	Matured debts according to Art. 1 of Decree-law no. 65-A/2011 (€)					
	Amount (€)	0-90 days	90-120 days	120-240 days	240-360 days	>360 days
Acquisition of Goods and Services	194 454.81 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €
Acquisition of Capital	26 445.00 €	0.00 €	0.00 €	0.00 €	0.00 €	0
TO TAL	220 899.81 €	0.00 €	0.00 €	0.00 €	0.00 €	0.00 €

Note: As provided for by law, situations where it is impossible to comply due to acts attributed to the creditor and situations regarding ongoing legal actions were excluded.

5. Shareholder Recommendations

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

No Reservations to the Legal Accounts Certificate of 2021 were issued. The following Emphasis were raised:

Emphasis

1. CP's operations have been consecutively creating losses, which led to liabilities significantly higher than the total of assets and to the need for the Portuguese State to ensure the financing necessary for the continuation of the activity. Since this is a Legal Person Governed by Public Law with public service obligations resulting from the railway passenger transportation, we understand that the continuity of its service is not at stake, even though CP remains dependant on the financial support from the Portuguese State, on the strategy for the transport industry, and on the operations to carry out in the future, which, on this date, are also exposed to uncertainty resulting from the evolution of the Covid-19 pandemic, as well as from the consequences of the armed conflict that rose in February 2022 between Russia and Ukraine.
2. As disclosed in the Management Report, the Company's financial statements for the financial years ending on December 31st 2016 to December 31st 2020 were not yet subject to the formal approval by the finance and sectorial ministries.

Our opinion has not changed regarding these matters.

6. Remunerations/salaries

The remuneration of Board of Directors' members complies with the provisions of the Ministry Council Resolution no. 16/2012, from February 14th, and with the qualification attributed by Ministry Council Resolution no. 36/2012, from March 26th, in its current writing.

Throughout 2022, while Law no. 12/2022, from June 27th, was in force, which approved the State Budget for 2022, the 5% reduction in monthly fixed net remuneration to Board of Directors' Members (cfr. article 12 of Law no. 12-A/2010, from June 30th) was maintained.

The provisions of article 32 of the Public Manager Statute also apply, not allowing the use of credit cards and other payment tools for expenses at the company's service, and the refund of any expenses that may be considered of personal representation.

There is no variable component to remuneration, or any complementary pension or early retirement schemes for directors. Similarly, no management contract was signed with the Board of Directors.

The Board of Directors' members had the right to the following privileges or remuneration benefits:

- Social benefits generally applicable to all company employees;
- Monthly value of fuel and tolls regarding service vehicles, corresponding to a ¼ of the amount of monthly allowance for fixed representation expenses, under the terms determined in item 3 of article 33 of the Public Manager Statute;
- Allowance for expenses with communication, including mobile phones, landlines, and internet, with the total monthly amount not exceeding 80.00€, pursuant to items 3 and 4 of article 32 of the Public Manager Statute.

Board of Directors – Total Monthly Gross Remunerations

President: monthly gross amount of 5 722.75€, paid 14 times a year, plus 40% as monthly allowance for representation expenses, in the amount of 2 289.10€, paid 12 times a year;

Vice-President: monthly gross amount of 5 150.48€, paid 14 times a year, plus 40% as monthly allowance for representation expenses, in the amount of 2 060.19€, paid 12 times a year;

Executive Voting Members: monthly gross amount of 4 578.20€, paid 14 times a year, plus 40% as monthly allowance for representation expenses, in the amount of 1 831.28€, paid 12 times a year.

Supervisory Board – Monthly Gross Remunerations

President: monthly gross amount of 1 602.37€, paid 14 times a year;

Voting Members: monthly gross amount of 1 201.78€, paid 14 times a year.

Board of Directors' Remunerations

January 1st 2022 to September 27th 2022

Term of Office		Name	Appointment		OPRLO or Option for the Average of the Last 3 Years				Indication of the total number of terms
Beginning-End	Position		Method	Date	Yes/No	Original Entity	Paying Entity (O/D)	Identification of the date of Authorisation and Method	
19-07-2019 to 27-09-2022 ⁽¹⁾	Vice President	Pedro Miguel Sousa Pereira Guedes Moreira	RCM no. 118/2019	24-07-2019	N	-	CP	-	1
19-07-2019 to 27-09-2022	Voting Member	Ana Maria dos Santos Malhó	RCM no. 118/2019	24-07-2019	N	-	CP	-	2
19-07-2019 to 27-09-2022	Voting Member	Maria Isabel de Magalhães Ribeiro	RCM no. 118/2019	24-07-2019	N	-	CP	-	1
19-07-2019 to 27-09-2022	Voting Member	Pedro Manuel Franco Ribeiro	RCM no. 118/2019	24-07-2019	N	-	CP	-	1

Caption:

O/D - Origin/destination

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

September 28th 2022 to December 31st 2022

Term of Office		Name	Appointment		OPRLO or Option for the Average of the Last 3 Years				Indication of the total number of terms
Beginning-End	Position		Method	Date	Yes/No	Original Entity	Paying Entity (O/D)	Identification of the date of Authorisation and Method	
28-09-2022 to 31-12-2022	President	Pedro Miguel Sousa Pereira Guedes Moreira	Ordinance no. 11504/2022	28-09-2022	N	-	CP	-	2
28-09-2022 to 31-12-2022	Vice President	Maria Isabel de Magalhães Ribeiro	Ordinance no. 11504/2022	28-09-2022	N	-	CP	-	2
28-09-2022 to 31-12-2022	Voting Member	Ana Maria dos Santos Malhó	Ordinance no. 11504/2022	28-09-2022	N	-	CP	-	3
28-09-2022 to 31-12-2022	Voting Member	Pedro Manuel Franco Ribeiro	Ordinance no. 11504/2022	28-09-2022	N	-	CP	-	2
28-09-2022 to 31-12-2022	Voting Member	Joaquim José Martins Guerra	Ordinance no. 11504/2022	28-09-2022	N	-	CP	-	1

Accumulation of Tasks - 2022				
Member of the Board of Directors	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

January 1st 2022 to September 27th 2022

Member of the Board of Directors	Public Manager Statute		Gross Monthly Pay (€)	
	Fixed (Y/N)	Classification (A,B,C)	Monthly Salary	Representation Expenses
Pedro Miguel Sousa Pereira Guedes Moreira	Y	A	5 150.48 €	2 060.19 €
Ana Maria dos Santos Malhó	Y	A	4 578.20 €	1 831.28 €
Maria Isabel de Magalhães Ribeiro	Y	A	4 578.20 €	1 831.28 €
Pedro Manuel Franco Ribeiro	Y	A	4 578.20 €	1 831.28 €

September 28th 2022 to December 31st 2022

Member of the Board of Directors	Public Manager Statute		Gross Monthly Pay (€)	
	Fixed (Y/N)	Classification (A,B,C)	Monthly Salary	Representation Expenses
Pedro Miguel Sousa Pereira Guedes Moreira	Y	A	5 722.75 €	2 289.10 €
Maria Isabel de Magalhães Ribeiro	Y	A	5 150.48 €	2 060.19 €
Ana Maria dos Santos Malhó	Y	A	4 578.20 €	1 831.28 €
Pedro Manuel Franco Ribeiro	Y	A	4 578.20 €	1 831.28 €
Joaquim José Martins Guerra	Y	A	4 578.20 €	1 831.28 €

January 1st 2022 to September 27th 2022

Member of the Board of Directors	Annual Pay 2022 (€)				
	Fixed (1)	Variable (2)	Gross Amount (3)=(1)+(2)	Pay Cuts (4)	Final Gross Amount (5)=(3)-(4)
Pedro Miguel Sousa Pereira Guedes Moreira	69 325.44 €	0.00 €	69 325.44 €	3 466.27 €	65 859.17 €
Ana Maria dos Santos Malhó	61 622.57 €	0.00 €	61 622.57 €	3 081.13 €	58 541.44 €
Maria Isabel de Magalhães Ribeiro	61 622.57 €	0.00 €	61 622.57 €	3 081.13 €	58 541.44 €
Pedro Manuel Franco Ribeiro	61 622.57 €	0.00 €	61 622.57 €	3 081.13 €	58 541.44 €
(1) Salary + Representation Expenses (no cuts)			254 193.16 €	12 709.66 €	241 483.50 €

(4) Provided for in Art. 12 of Law no. 12-A/2010, from June 30th. These are levied on the amounts in columns (1).

September 28th 2022 to December 31st 2022

Member of the Board of Directors	Annual Pay 2022 (€)				
	Fixed (1)	Variable (2)	Gross Amount (3)=(1)+(2)	Pay Cuts (4)	Final Gross Amount (5)=(3)-(4)
Pedro Miguel Sousa Pereira Guedes Moreira	30 559.49 €	0.00 €	30 559.49 €	1 527.97 €	29 031.51 €
Maria Isabel de Magalhães Ribeiro	27 503.56 €	0.00 €	27 503.56 €	1 375.18 €	26 128.38 €
Ana Maria dos Santos Malhó	24 447.59 €	0.00 €	24 447.59 €	1 222.38 €	23 225.21 €
Pedro Manuel Franco Ribeiro	24 447.59 €	0.00 €	24 447.59 €	1 222.38 €	23 225.21 €
Joaquim José Martins Guerra	24 447.59 €	0.00 €	24 447.59 €	1 222.38 €	23 225.21 €
			131 405.81 €	6 570.29 €	124 835.52 €

(1) Salary + Representation Expenses (no cuts)

(4) Provided for in Art. 12 of Law no. 12-A/2010, from June 30th. These are levied on the amounts in columns (1).

Member of the Board of Directors	Social Benefits (€)								
	Meal Allowance Amount			Social Security Scheme	Life Insurance	Health Insurance	Other		
	Daily jan to jun	Daily jul to dec	Company's Annual Charge	Specify	Company's Annual Charge	Company's Annual Charge	Company's Annual Charge	Specify	Company's Annual Charge
Pedro Miguel Sousa Pereira Guedes Moreira (1)	7.60 €	7.74 €	1 868.68 €	Social Security	22 476.43 €	—	350.52 €	Personal Accidents Insurance	5.16 €
Maria Isabel de Magalhães Ribeiro (2)	7.60 €	7.74 €	1 868.68 €	Social Security	20 048.88 €	—	350.52 €	Personal Accidents Insurance	5.16 €
Ana Maria dos Santos Malhó	7.60 €	7.74 €	1 868.68 €	Social Security	19 421.29 €	—	350.52 €	Personal Accidents Insurance	5.16 €
Pedro Manuel Franco Ribeiro	7.60 €	7.74 €	1 868.68 €	Social Security	19 421.29 €	—	350.52 €	Personal Accidents Insurance	5.16 €
Joaquim José Martins Guerra (3)	7.60 €	7.74 €	286.58 €	Social Security	5 806.30 €	—	90.55 €	Personal Accidents Insurance	1.33 €
TOTAL			7 761.30 €		87 174.19 €		1 492.63 €		21.97 €

Note: The amounts for health insurance premiums and personal accidents premiums are identical for all employees, whereas the specified amounts correspond to the total premiums per capita (commercial premiums and related rates).

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

(2) Appointed Vice-President of the Board of Directors, with effect from September 27th 2022

(3) Appointed Voting Member of the Board of Directors, with effect from September 28th 2022.

Vehicle Related Charges - 2022 (amounts with VAT included)									
Member of the Board of Directors	Assigned Vehicle (Y/N)	Conclusion of Agreement (Y/N)	Reference Amount of the Vehicle (€) ^(a)	Mode (Long-term Lease/Operational Lease)	Beginning Year	End Year	Monthly Rent (€)	Annual Rent Expenses (€)	No. of Remaining Contractual Benefits
Pedro Miguel Sousa Pereira Guedes Moreira	Y	N	22 500.05 €	Long-term Lease	2018	2023	714.18 €	8 570.16 €	11
Maria Isabel de Magalhães Ribeiro	Y	N	10 967.77 €	Operational Lease	2017	2023	489.10 €	6008.52 (b)	3
Ana Maria dos Santos Malhó	Y	N	19 432.54 €	Long-term Lease	2018	2023	605.83 €	7 269.96 €	12
Pedro Manuel Franco Ribeiro	Y	N	18 767.13 €	Long-term Lease	2018	2023	581.13 €	6 973.56 €	11
Joaquim José Martins Guerra	Y	N	7 235.06 €	Operational Lease	2017	2023	390.78 €	1 172.34 €	4

(a) Acquisition amount with the respective depreciation.

(b) January to March - € 535.54 ; from April to December - € 489.10.

Member of the Board of Directors	Annual Expenses Associated with Missions (€)					
	Missions (€)	Accommodation Costs (€)	Daily Allowances (€)	Other		Total Amount Spent on Travels
				Specify	Amount (€)	
Pedro Miguel Sousa Pereira Guedes Moreira	67.67 €	3 131.22 €	250.18 €	Meals	2 312.81 €	5 761.88 €
Maria Isabel de Magalhães Ribeiro	747.70 €	2 848.58 €	250.18 €	Meals	1 223.91 €	5 070.37 €
Ana Maria dos Santos Malhó	713.62 €	1 584.95 €	187.64 €	Meals	665.24 €	3 151.45 €
Pedro Manuel Franco Ribeiro	70.17 €	4 405.28 €	250.18 €	Meals	1 299.11 €	6 024.74 €
Joaquim José Martins Guerra	8.00 €	348.98 €	250.18 €	Meals	221.65 €	828.81 €
TOTAL	1 607.15 €	12 319.01 €	1 188.36 €		5 722.71 €	20 837.23 €

Inspection

Supervisory Board

Term of Office Beginning - End	Position	Name	Appointment		Fixed Remuneration Statute (Monthly) (*)	No. of Terms
			Method	Date		
2019-2021	President	António José Farinha Simão			1 602.37 €	2
2019-2021	Voting Member	Teresa Isabel Carvalho Costa	Joint ordinance without no. of the Ministries of Finance and Infrastructure and Housing	28-08-2019	1 201.78 €	1
2019-2021	Voting Member	Cristina Maria Pereira Freire			1 201.78 €	1
2019-2021	Substitute Member	Mário José Alveirinho Carrega			-	-

(*) Amounts indicated in the appointment Ordinance

Note: Supervisory Board Members remain in office until new appointment.

Member of the Supervisory Board	Annual Pay 2022 (€)
	Gross
António José Farinha Simão	22 433.18 €
Teresa Isabel Carvalho Costa	16 824.92 €
Cristina Maria Pereira Freire	16 824.92 €
Mário José Alveirinho Carrega	0.00 €
Total	56 083.02 €

Certified Public Accountant

Term of Office		Audit Firm/Certified Public Accountant Identification			Appointment			No. of years in office in the group	No. of years in office in the company
Beginning-End	Position	Name	Registration no. in the Portuguese Certified Public Accountant Association	Registration no. in the Portuguese Securities Market Commission	Method	Date	Agreement Date		
08-07-2021 to 31-12-2022	Audit Firm	Sociedade Alves da Cunha, A. Dias & Associados, Lda	74	20 161 408	Joint Ordinance without no. from June 26th 2021, of the Minister of State and Finance and the Secretary of State for Infrastructure took up the position on July 8th 2020 to complete the term of office 2020-2022	26-06-2020	04-08-2021	2	2
08-07-2021 to 31-12-2022	Certified Public Accountant	Dr. José Luis Alves da Cunha	585	20 160 240				2	2

Substitute Certified Public Accountant

Term of Office		Audit Firm/Certified Public Accountant Identification			Appointment			No. of years in office in the group	No. of years in office in the company
Beginning-End	Position	Name	Registration no. in the Portuguese Certified Public Accountant Association	Registration no. in the Portuguese Securities Market Commission	Method	Date	Agreement Date		
8-07-2021 to 31-12-2022	Audit Firm	Oliveira Reis e Associados-Sociedade de Revisores Oficiais de Contas, Lda	23	20 161 381	Joint Ordinance without no. from June 26th 2021, of the Minister of State and Finance and the Secretary of State for Infrastructure.	26-06-2020	04-08-2021	9	9
8-07-2021 to 31-12-2022	Certified Public Accountant	Dr. Joaquim Oliveira de Jesus	1 056	20 160 668				9	9

Name of Certified Public Accountant/ Statutory Auditor	Annual Amount of the Service Agreement-2022 (€)			Annual Amount of Additional Services 2022 (€)			
	Amount (1)	Reductions (2)	Final Amount (3)= (1)-(2)	Service Identification	Amount (1)	Reductions (2)	Final Amount (3)= (1)-(2)
Sociedade Alves da Cunha, A. Dias & Associados, Lda, representada pelo Dr. José Luis Alves da Cunha	27 360.00 €	0.00 €	27 360.00 €	N.A.	N.A.	N.A.	N.A.
Total	27 360.00 €	0.00 €	27 360.00 €	N.A.	N.A.	N.A.	N.A.

VAT (23%) should be added to the amount shown

External Auditor

External Audit Firm/Certified Public Accountant Identification			Appointment			
Name	Registration no. in the Portuguese Certified Public Accountant Association	Registration no. in the Portuguese Securities Market Commission	Date	Duartion	No. of years in office in the group	No. of years in office in the company
Ribeiro, Rigueira, Marques, Roseiro & Associados, SROC, Lda	197	20 161 495	23-06-2021	2 years	9	9
Representado por: Dr ^a Maria Filomena Neves Marques	1 201	20 160 812	23-06-2021	2 years	2	2

Name of the External Auditor	Annual Amount of the Service Agreement - 2022 (€)			Annual Amount of Additional Services - 2022 (€)			
	Amount (1)	Reductions (2)	Final Amount (3) = (1)-(2)	Service Identification	Amount (1)	Reductions (2)	Final Amount (3) = (1)-(2)
Ribeiro, Rigueira, Marques, Roseiro & Associados, SROC, Lda	21 500.00 €	N.A.	21 500.00 €	N.A.	N.A.	N.A.	N.A.

Note: the amount of the hired audit service contract includes audit services for CP (individual and consolidated accounts) and Group companies, with a total €27.500 (amount without VAT included). Expenses relating exclusively to CP (individual and consolidated accounts) amount to €21.500 (amount without VAT included).

7. Application of Article 32 and 33 of the Public Manager Statute

In compliance with the provisions of items 1 and 2 of article 32 of the Public Manager Statute (Decree-Law no. 71/2007, from March 27th, as amended by Decree-Law no. 8/2012, from January 18th, Rect. no. 2/2012, from January 25th, and Decree-Law no. 39/2016, from July 28th), the Board of Directors' Members shall not use credit cards or other payment tools for expenses at the service of the Company, and they shall also not be refunded for any possible personal representation expenses.

The maximum amount of expenses associated with communications which include mobile phone, landline, and internet, according to Ordinance no. 761/SETF/2012, from May 25th (2nd Series, Official Gazette), from the Secretary of State of Treasury and Finance, is limited to 80 euros per month.

Regarding the use of vehicles, in compliance with the provisions of item 3 of article 33 of the Public Manager Statute, the maximum fuel and toll amount monthly attributed to service vehicles is fixed to one fourth of the amount of the monthly allowance for representation expenses.

Member of the Board of Directors	Communication Expenses (€)	
	Monthly Limit Determined	Annual Amount
Pedro Miguel Sousa Pereira Guedes Moreira	80	47
Maria Isabel de Magalhães Ribeiro	80	170
Ana Maria dos Santos Malhó	80	170
Pedro Manuel Franco Ribeiro	80	38
Joaquim José Martins Guerra	80	169
TOTAL		593

Member of the Board of Directors	Monthly limit determined for Fuel and Tolls	Annual expenses regarding vehicles (€)		
		Fuel	Tolls	Total
Pedro Miguel Sousa Pereira Guedes Moreira	1/4 of representation expenses	2 504.13 €	1 087.80 €	3 591.93 €
Maria Isabel de Magalhães Ribeiro		3 670.48 €	1 540.95 €	5 211.43 €
Ana Maria dos Santos Malhó		2 247.18 €	736.15 €	2 983.33 €
Pedro Manuel Franco Ribeiro (a)		4 440.45 €	2 037.85 €	6 478.30 €
Joaquim José Martins Guerra (b)		1 067.31 €	541.80 €	1 609.11 €
			TOTAL	19 874.10 €

(a) Includes expenses borne by Transportes Intermodais do Porto A.C.E. in the scope of the duties performed there.

(b) The difference between the amount and the limit was paid by the member.

8. Articles 16 of the Corporate Public Sector Legal System (RJSPE) and 11 of the Public Manager Statute (EGP)

No confidential or undocumented expenses were undertaken by the company or its managers.

9. Report on Remunerations Paid to Women and Men

This information is available at the following website:

https://www.cp.pt/StaticFiles/Institucional/1_a_empresa/2_principios_bom_governo/remuneracoes-pagas-mulheres-homens.pdf.

10. Annual Report on Corruption Prevention

Two reports are available at the following addresses:

Annual Implementation Report of the Risk Management Plan, including Corruption and Related Infractions Risks

[Annual Implementation Report for 2022 of the Risk Management Plan 2022-2023 | CP](#)

[Corruption and Connected Infractions Risk Prevention Plan | CP](#)

Risk Management Plan:

[Risk Management Plan 2022/2023 \(cp.pt\)](#)

11. Public Contracting

CP as a contracting entity operating in special sectors is subject to the Public Contracting Code in procurement procedures for goods and services and works with an object directly and mainly related to the transport activity and of a value equal to or greater than community thresholds.

In procurement procedures for goods and services and works whose object is directly and mainly related to the transport activity, but of a value below the community thresholds, and in procedures that do not concern CP's transport activity, the Contracting Regulations approved by the Board of Directors on July 8th, 2020, in the wording approved on March 24th, 2021, and of which a pre-contractual Regulation is attached, shall apply.

In 2022, no contracts were submitted for prior approval by the Court of Auditors pursuant to article 47 of the law for the Organisation and Processing of the Court of Auditors (LOPTC), since none exceeded the accumulated global amount of 5 000 000€, or, even though the amount exceeded 5 000 000€, they were not subject to the prior approval or were exempt from it.

12. National Public Purchasing System (SNCP)

CP signed, on July 2010, an agreement of subscription to the National Public Purchasing System (SNCP) as a voluntary purchasing entity.

Bearing in mind the framework agreements already in place in ANCP [National Public Purchasing Agency], CP has been analysing case by case if the use of such agreements is beneficial in view of the agreement values already concluded directly by the company, as well as if the technical characteristics in question correspond to its needs.

13. Optimisation Measures of the Operating Expenses Structure

Operational Efficiency (Amounts Euros)	2022 Implementation	2022 Budget	2021 Restated	2020 Implementation	2019 Implementation (1)	2022/2021		2022/2019	
						Δ Absol.	Var. %	Δ Absol.	Var. %
(0) EBITDA	85 282 524 €	130 640 187 €	65 754 085 €	-4 121 068 €	48 124 125 €	19 528 439 €	30%	37 158 399 €	77%
(1) Sold Commodities and Consumed Materials Costs	32 943 532 €	48 104 434 €	25 383 190 €	22 695 541 €	6 287 643 €	7 560 342 €	30%	26 655 889 €	424%
(2) External Services and Supplies	160 669 387 €	157 259 361 €	129 391 072 €	131 145 167 €	175 203 486 €	31 278 315 €	24%	-14 534 099 €	-8%
(3) Personnel Expenses	151 239 279 €	150 123 463 €	145 772 520 €	138 845 085 €	109 014 542 €	5 466 759 €	4%	42 224 736 €	39%
(3.i) Regarding Governing Bodies ^(a)	558 102 €	657 931 €	612 730 €	642 481 €	578 052 €	-54 627 €	-9%	-19 950 €	-3%
(3.ii) Severance payments ^(a)	234 577 €	700 461 €	7 536 €	139 335 €	1 289 532 €	227 041 €	3013%	-1 054 954 €	-82%
(3.iii) Mandatory remuneratory valuations ^(a)	1 155 880 €	0 €	0 €	0 €	0 €	1 155 880 €	-	1 155 880 €	-
(3.iv) Impact of Absenteeism and of the compliance with legal obligations ^(a)	0 €	0 €	0 €	0 €	0 €	0 €	-	0 €	-
(4) Personnel expenses without the impact of i, ii, iii and iv	149 290 719 €	148 765 081 €	145 152 254 €	138 063 268 €	107 146 958 €	4 138 465 €	3%	42 143 761 €	39%
(5) Impacts of Expenses resulting from exceptional factors ^(b)	23 537 251 €	567 745 €	606 057 €	707 195 €	0 €	22 931 194 €	3784%	23 537 251 €	-
(6) Operating Expenses for the purpose of calculating operating efficiency = (1)-(2)-(3)-(5)	321 314 947 €	354 919 513 €	299 940 725 €	291 196 782 €	288 638 087 €	21 374 222 €	7%	32 676 859 €	11%
(7) Turnover	275 093 984 €	211 391 101 €	192 840 642 €	171 333 641 €	280 719 729 €	82 253 342 €	43%	-5 625 746 €	-2%
Operating Subsidiaries	116 203 550 €	226 080 126 €	141 117 261 €	88 127 384 €	3 543 €	-24 913 711 €	-18%	116 200 007 €	3279707%
Compensatory Indemnities	0 €	0 €	0 €	0 €	40 000 000 €	0 €	-	-40 000 000 €	-100%
(8) Capitalised production costs	12 992 032 €	34 358 786 €	13 316 590 €	14 047 696 €	0 €	-324 558 €	-2%	12 992 032 €	-
(9) Loss of revenue due to exceptional factors ^(b)	37 676 042 €	102 488 488 €	117 747 990 €	138 403 326 €	0 €	-80 071 948 €	-68%	37 676 042 €	-
(10) Turnover for the purposes of calculating operating efficiency (7+8+9)	325 762 057 €	348 238 375 €	323 905 221 €	323 784 662 €	280 719 729 €	1 856 836 €	1%	45 042 328 €	16%
(11) Influence of Expenses/ Turnover = (6)/(10)	99%	102%	93%	90%	103%	6.0p.p.	-	-4.2p.p.	-
(i) Travel and Accommodation Expenses (FSE)	3 142 482 €	3 066 081 €	2 550 571 €	2 576 669 €	5 730 052 €	591 911 €	23%	-2 587 571 €	-45%
(ii) Expenses regarding Daily Allowances and Accommodation (Personnel Expenses)	4 154 860 €	3 193 863 €	4 083 364 €	3 757 784 €	4 194 445 €	71 496 €	2%	-39 586 €	-1%
(iii) Expenses regarding vehicles ^(c)	522 227 €	753 654 €	530 755 €	476 989 €	269 447 €	-8 528 €	-2%	252 781 €	94%
(iv) Costs regarding hiring of studies, decisions, projects, and consulting	633 865 €	815 833 €	730 958 €	610 168 €	115 425 €	-97 093 €	-13%	518 440 €	449%
(12) Total = (i) + (ii) + (iii) + (iv)	8 453 433 €	7 829 430 €	7 895 648 €	7 421 610 €	10 309 369 €	557 786 €	7%	-1 855 936 €	-18%
Total No. of HR (Governing Bodies+Leading Positions+Employees) ^(d)	3 750	4 056	3 766	3 710	2 634	-16	0%	1 116	42%
No. of Governing Bodies ^(d)	7	8	8	8	7	-1	-13%	0	0%
No. of Leading Positions ^(d)	23	23	23	22	22	0	0%	1	5%
No. of Employees (w/o Governing Bodies and w/o Leading Positions) ^(d)	3 720	4 025	3 735	3 680	2 605	-15	0%	1 115	43%
No. of Employees/No. of Leading Positions ^(d)	162	175	162	167	118	-1	0%	44	37%
No. of vehicles	105	116	111	116	48	-6	-5%	57	119%

(1) The merger by incorporation of ENEF into CP happened on January 1st 2020.

(a) Pursuant to the provisions of paragraph a) of item 5 of article 144 of Budget Execution Decree-law 2022.

(b) If applicable, exceptional impacts (namely a geopolitical crisis and COVID-19) and impacts of legal requirements should be duly justified, pursuant to article 144 of Budget Execution Decree-law 2022. They should also be calculated and itemised regarding the different expenses/costs, provided sales and services headings.

(c) Includes rents/ amortisations, inspections, insurances, tolls, fuels and/or electricity, maintenance, repair, pneumatics, fees and taxes.

(d) Average effective permanent staff. In the scope of Joint Ordinance of approval of the Budget and Activities Plan 2022/2024, the number of new recruitments authorised was limited to the hiring of train drivers and revision and sales operators, with the purpose of complying with Company Agreements as a result of changes in 2020.

In 2022, CP registered a recurrent EBITDA of 85.3 million euros, which represented a 19.5 million euro increase compared to the previous year (restated), but which was around 45.4 million euros below expected.

The main contribution to the variation in contrast with the previous year came from the recovery in turnover, particularly in the provision of passenger transport services, which grew by 84.5 million euros (+49%), due to the increase in demand and income related to the transport support programme for fee reduction (PART)⁶.

Compared to what was expected, the deviation is justified mainly by the fact that in 2022, only the recovery of the public service contract for 2020, amounting to 17.7 million euros, was accounted for, whereas in the expected one, the regularisation of the settlement for compensation and recovery of the contract regarding 2021, amounting to a total of 127.6 million euros. This difference was partly compensated by the rise in passenger transport revenue, which were 65.6 million euros above expected (+34%)⁷.

The weight of the main items of expenditure (CMVMC + FSE + Personnel) on turnover (excluding operating subsidies and financial compensations for public service obligations) and capitalised production costs, excluding the impact of the pandemic and the energetic crisis, resulting from the Ukraine invasion⁸, stood at 98.6% in 2022, up 6 percentage points on the previous year, but about 3 percentage points better than expected.

Compared to the previous year, the increase in expenses with personnel are worth mentioning, mainly as a result of the impact of the entering into force of the new "Company Agreement" and of the 0.9% remuneration update, implemented by the agreement of the Sectorial Ministry and the Ministry of Finance. The increase in charges in leasing substitute road vehicles due to the interventions in infrastructure (e.g. interdiction of the Beira Alta Line)⁹ is also worth mentioning. In the CMVMC and FSE items, the impact of price update and service levels in various contracts is also relevant, resulting from the inflation pressure due to the recovery of economic activity and the update of the minimum wage.

Compared to what was expected, this deviation is justified namely by the generalised cost containment and by a number of rolling stock maintenance and repair interventions lower than expected. This latter situation also justifies, in turn, the deviation witnessed in Capitalised Production Costs revenue.

The increase in travelling and accommodation charges compared to the previous year is justified by the recovery of the company's activity and the pressure to update the price of overnight stays.

⁶ More information in the chapter "Economic and Financial Analysis".

⁷ More information in heading "Management Goals".

⁸ Compared to the evolution registered in the last pre-pandemic years, with a sustained growth demand since 2013, to which the boost from the implementation of the Support Programme for Fee Reduction (PART) in 2019 was added, under normal circumstances, this trend would be expected to continue. In the item "Loss of revenue due to exceptional factors", the estimated difference between reality, influenced by the impact of the pandemic, and the company's expectation in a scenery for continuity is presented (according to a sustainability study presented to the responsible Ministries).

On the other hand, following the invasion of Ukraine, an acceleration in inflation pressure was witnessed, with special emphasis in variation of prices of energetic products. In the item "Impacts in expenses resulting from exceptional factors", besides the costs directly incurred with the mitigation of the effects of the pandemic, the increase in charges registered in the items of fuel and electric energy for traction compared to what was initially expected is presented.

⁹ These charges are invoiced to IP, which, in turn, is registered in accounting terms in the heading "Other Income", and, for this reason, they are not taken into account to calculate the analysed ratio.

14. State Treasury Unit Principle

CP 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 CP's activity, it has been necessary to maintain the movement of some bank accounts in the National Banking since some services needed for its operations 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 has requested 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.

CP received, by the end of March 2022, the authorisation (INF: 0219/2022 of IGCP) of exemption from complying with the State Treasury Unit principle for the years of 2022 and 2023.

The compliance with the applicable law in this matter is considered ensured.

In the period under review, CP did not earn any income resulting from financial investments in Commercial Banking. The table below shows the balances deposited in Commercial Banking at the end of each quarter of 2022:

Commercial Banking	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
BPI	1 480 475 €	1 713 916 €	1 374 435 €	1 537 079 €
CGD	616 €	605 €	593 €	554 €
Total	1 481 091 €	1 714 521 €	1 375 028 €	1 537 633 €
Interest gained	0 €	0 €	0 €	0 €

With resources being the following in the four quarters:

IGCP	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Cash	30 505 845 €	43 250 586 €	123 655 048 €	46 402 854 €
Financial Investments	0 €	0 €	0 €	0 €
Total	30 505 845 €	43 250 586 €	123 655 048 €	46 402 854 €

15. Audits Performed by the Court of Auditors

There have been no audits by the Court of Auditors since 2014.

16. Plan for Equality

The Plan for Gender Equality was prepared and communicated to CITE - Commission for Equality in Work and Employment, by email sent on February 8th 2022.

17. Non-Financial Reporting

The Non-Financial Reporting for 2022 is attached to the 2022 Corporate Governance Report.

18. Information in the SOC [State-owned Company Sector] Website

Information to be included in the State-owned Company Sector (SOC) Website	Disclosure		Remarks
	Y / N	Update	
Articles of Incorporation	Y	11-03-2022	
Company Characterisation	Y	11-03-2022	
Governing authority and shareholder	Y	11-03-2022	
Governance Model/ Members of the Governing Bodies:	Y	11-03-2022	
Identification of the governing bodies	Y	11-03-2022	
Established remuneration statute	Y	11-03-2022	
Disclosure of the Governing Body's Remunerations	Y	11-03-2022	
Identification of the tasks and responsibilities of the Members of the Board of Directors	Y	11-03-2022	
Presentation of the Curricular Summaries of the Members of Governing Bodies	Y	11-03-2022	
Public Financial Effort	Y	11-03-2022	
Summary Sheet	Y	11-03-2022	
Historical and current Financial Information	Y	11-03-2022	With reference to the 2015 Approved Accounts
Good Governance Principals	Y	11-03-2022	
Internal and External Regulations the company is subject to	Y	11-03-2022	
Relevant Transactions with related entities	Y	11-03-2022	
Other transactions	Y	11-03-2022	
Sustainability analysis in the areas:	Y	11-03-2022	
Economical	Y	11-03-2022	
Social	Y	11-03-2022	
Environmental	Y	11-03-2022	
Assessment of compliance with the Good Governance Principles	Y	11-03-2022	
Ethical Code	Y	11-03-2022	

Operating Account

Net Income

INCOME AND EXPENSES (amounts in thousands of euros)	Period		Variation 2022/2021	
	REAL 31-12-2022	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	389 159	85 418	18%
Sold commodities and consumed material 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%
	-340 294	-303 404	-46 890	-15%
Operating income from transport and maintenance activities* (EBITDA)	85 283	85 755	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%
	28 823	9 269	19 554	208%
Interest and similar income obtained	14	9	5	56%
Interest and similar expenses incurred	-18 891	-22 766	3 875	17%
	-18 877	-22 757	3 880	17%
	9 746	-13 488	23 234	172%
Income tax for the period	-565	-335	-230	-69%
	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.

Operating Income from Passenger Transportation and Maintenance Activities (EBITDA)

In 2022, the EBITDA *recurring of the transport and maintenance activities* was 85.3 million euros, which represented an increase of 19.5 million euros compared to the previous year. The origin of the main variations recorded is shown below:

- Increase in *provided services* of around 82.3 million euros, originating essentially in passenger transportation services, due to the gradual elimination, throughout 2022, of restriction measures imposed due to the pandemic generated by COVID 19 and subsequent increase in the number of passengers transported;
- 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 Resolution of the Minister Council approving the final adjustment values to the Public Service Contract regarding 2020 were registered;
- Increase in *changes in production inventories*, amounting to 2.9 million euros, resulting from the addition of spare parts in repair, as well as the rise in construction undergoing associated to the activity of maintenance and repair of rolling stock;
- Increase in *other income*, by around 5.5 million euros, resulting from the registration, as income from previous years, of the extraordinary amounts from PART from September to December 2021, as well as the supplementary income regarding the compensation owed to CP due to the need to resort to road transfer due to the suspension of railway circulation owing to the modernisation works in the Beira Alta Line which began in April 2022;
- Increase in the *sold commodities and consumed material costs* 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;
- Increase in *external services and supplies* of around 31.3 million euros, 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. It is also worth mentioning the increase in expenses regarding the rental of road vehicles due to the suspension of circulation in the Beira Alta Line, as previously mentioned;
- Increase in *personnel expenses (excluding indemnities)*, by 5.2 million euros, mainly justified by 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. It is also worth mentioning the 0.9% remuneration update.

Operating Income

Operating Income in 2022 was of 28.6 million euros, representing an improvement of 19.4 million euros, against the previous year (9.3 million euros). Apart from the aforementioned reasons for the 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 million euros, according to the witnessed responsibilities, 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;

- Negative 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 0.8 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

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. This situation results from the reduction of remunerated debt.



Balance Sheet

HEADINGS (amounts in thousands euros)	PERIOD		Variation 2022/2021	
	31-12-2022	REAL 31-12-2021 (restated amounts)	Amount	%
ASSET				
Non-Current Asset	387 335	415 981	-28 646	-7%
Current Asset	131 629	138 549	-6 920	-5%
Asset Total	518 964	554 530	-35 566	-6%
EQUITY AND LIABILITY				
Equity including:	-1 794 885	-1 800 429	5 544	0%
Net Income of the period	9 181	-13 823	23 004	166%
Equity Total	-1 794 885	-1 800 429	6 973	0%
LIABILITY				
Non-Current Liability	209 380	261 304	-51 924	-20%
Current Liability	2 104 469	2 093 655	10 814	1%
Liability Total	2 313 849	2 354 959	-41 110	-2%
Equity + Liability Total	518 964	554 530	-35 566	-6%

Assets

In 2022, CP's Assets decreased about 35.6 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 assets not being compensated by the realisation of investments;
- Increase in inventories by 2.4 million euros, justified, in part, by the generalised increase of the price of raw materials used by the rolling stock 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 31.3 million euros, mostly due to budgetary constraints 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 44.8 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 company's equity resulted from the following transactions:

- Transfer into the *retained earnings* from the company's 2021 restated *net income*;
- Decrease in the heading *adjustments / other variations in equity*, resulting from allocation of *investment allowances* received, as income for the financial year, on a systematic and rational basis during the useful life of the asset, in the same proportion in which depreciation is recognised.

Liability

In 2022, CP's *Liability* registered a 41.1 million euro fall, with the following impacts being the most significant:

- Decrease in set up *provisions* by 1.4 million euros, essentially as a result of the reversal of the provision of occupational injuries 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 16.1 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.

Financing

Throughout 2022, CP received 98.5 million euros as financial compensation for public service obligations contracted with the State (amounts without VAT), according to RCM no. 43/2020.

Similarly, pursuant to the provisions of RCM no. 162/2021, in 2022, CP received the amount of 68.5 million euros (amounts without VAT), regarding the adjustment of compensations and redressing of the contract of public service obligations regarding 2020, a value that was used in the partial amortisation (57.74 million euros) of the loan contracted in 2020 from DGTF in 73.14 million euros.

The signing of the Public Service Contract had the underlying achievement of restructuring of the historical debt. Since this has not yet happened, the company continues to ensure the compliance with its responsibilities with the historical debt, which has created constraints in treasury.

As a way to minimise these difficulties, throughout 2022, CP obtained the authorisation from the responsible Ministry to use the 2021 management balance to make the payment of interest in the debenture loan contract in the amount of 11.4 million euros.

In 2022, two loans were requested to DGTF, one amounting to 35 million euros, to face the treasury constraints, and the other to 100 million euros to ensure the amortisation of a EUROFIMA loan, payable on November 15th.

The remaining loans entered into with DGTF, the amortisation 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 Ordinance from the Responsible Ministry, 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.

It is of the utmost importance and urgency that the State clarifies the scenery for restructuring / financing of the historical debt in order to ensure its adequate management until its effective settlement, informing, as soon as possible, regarding the expected date for its achievement and the financing scenery to be adopted until then.

Financial Debt

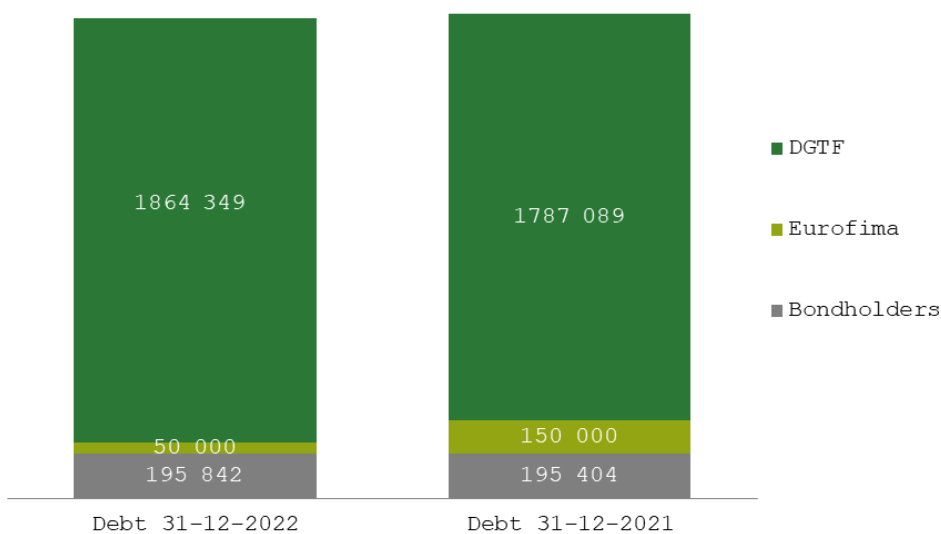
CP's remunerated debt on December 31st 2022 was approximately 2.110 billion euros, representing a decrease of around 22.3 million euros compared to the previous year.

The sources of financing were the ones shown in the following chart:



Chart 12 - Financing Sources.

Financing Sources (Thousands of Euros)



As the settlement of the company's historic debt is still awaited, 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.

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

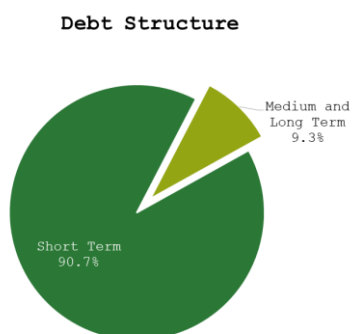


Chart 13 - Debt Structure.

09

PERSPECTIVES FOR 2023



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 future challenges 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 acquisition of four bi-tension locomotives for international service will take place, and the beginning of the acquisition process of 12 railcars for the commercial high speed segment, with 14 more option units, is also foreseen.

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



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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.



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PROPOSAL FOR APPLICATION OF INCOME



Under the terms of the provisions in force, it is proposed that the Net Income from this year, a profit of 9 180 924 euros is transferred into the Retained Earnings account.

Lisbon, July 13th 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



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BUDGET STATEMENTS



The technical conditions are not yet met for the preparation and presentation of the budgetary statements pursuant to NCP 26.

With this in mind, the rendering of 2022 accounts in the same accounting indicative (SNC) as the previous year was requested and exceptionally accepted by the Court of Auditors.



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FINANCIAL STATEMENTS



Individual balance

Period ending on December 31 st 2022

Amounts in Euros

HEADINGS	NOTES	PERIOD			
		31-Dec-22	31-Dec-21	RESTATEMENT	31-Dec-21 RESTATED
ASSET					
Non-current asset					
Fixed tangible assets	9	352 970 839	383 083 553		383 083 553
Intangible assets	8	619 425	44 244		44 244
Financial holdings - equity method	12	5 979 154	4 880 495		4 880 495
Other financial investments	13	27 765 734	27 973 085		27 973 085
		387 335 152	415 981 377	-	415 981 377
Current asset					
Inventories	15	44 579 526	42 199 458		42 199 458
Customers	16	10 509 146	10 960 096		10 960 096
State and other public entities	17	10 547 846	5 889 848		5 889 848
Other accounts receivable	18	14 372 268	7 393 704	51 731 203	59 124 907
Deferrals	19	1 150 279	993 873		993 873
Non-current assets held for sale	10	2 064 340	2 274 859		2 274 859
Cash and bank deposits	5	48 405 655	17 105 519		17 105 519
		131 629 060	86 817 357	51 731 203	138 548 560
Total asset		518 964 212	502 798 734	51 731 203	554 529 937
EQUITY AND LIABILITY					
Equity					
Subscribed capital	20	3 959 489 351	3 959 489 351		3 959 489 351
Legal reserves	21	24 703	24 703		24 703
Other reserves	22	1 306 650	1 306 650		1 306 650
Retained earnings	23	(5 937 952 004)	(5 924 128 913)		(5 924 128 913)
Adjustments/other variations in equity	24	173 065 084	176 702 037		176 702 037
Net income for the period		9 180 924	(65 554 294)	51 731 203	(13 823 091)
Total equity		(1 794 885 292)	(1 852 160 466)	51 731 203	(1 800 429 263)
Liability					
Non-current liability					
Provisions	25	12 538 315	13 900 302		13 900 302
Loans obtained	26	196 841 684	247 403 908		247 403 908
		209 379 999	261 304 210	-	261 304 210
Current liability					
Suppliers	28	14 832 864	34 950 492		34 950 492
State and other public entities	17	586 140	1 984 137		1 984 137
Loans obtained	26	1 913 349 168	1 885 089 333		1 885 089 333
Other debts payables	27	175 225 695	171 218 148		171 218 148
Deferrals	19	475 638	412 880		412 880
		2 104 469 505	2 093 654 990	-	2 093 654 990
Total liability		2 313 849 504	2 354 959 200	-	2 354 959 200
Total equity and liability		518 964 212	502 798 734	51 731 203	554 529 937

Certified Accountant - Elisabete Bettencourt

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Voting Member - Joaquim Jose Martins Guerra

Income statement by function
Period ending on December 31st 2022

Amounts in Euros

INCOME AND EXPENSES	NOTES	PERIOD			
		2022	2021	RESTATEMENT T	2021 RESTATED
Provided sales and services		275 093 984	192 840 642		192 840 642
Cost of provided sales and services		(309 772 287)	(271 845 163)		(271 845 163)
Gross income		(34 678 303)	(79 004 521)		(79 004 521)
Other income		151 732 262	119 799 578	51 731 203	171 530 781
Distribution costs		(53 250 662)	(45 559 044)		(45 559 044)
Administrative costs		(37 125 450)	(39 529 034)		(39 529 034)
Research and development costs		-	-		-
Capitalised production costs		12 992 032	13 316 590		13 316 590
Changes in production inventories		2 095 617	(824 703)		(824 703)
Other expenses		(13 142 563)	(10 661 423)		(10 661 423)
Operating income (before financing costs and taxes)		28 622 934	(42 462 557)		9 268 646
(Net) financing costs		(18 891 648)	(22 765 926)		(22 765 926)
Financing income		14 375	9 078		9 078
Income before taxes		9 745 661	(65 219 405)		(13 488 202)
Income tax for the period		(564 736)	(334 889)		(334 889)
Net income for the period		9 180 925	(65 554 294)		(13 823 091)

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Individual income statement by nature
Period ending on December 31st 2022

Amounts in Euros

INCOME AND EXPENSES	NOTES	PERIOD			2021 RESTATEMENT	2021 RESTATED
		2022	2021	RESTATEMENT		
Provided sales and services	29	275 093 984	192 840 642		192 840 642	
Operating allowances	30	116 203 550	89 386 058	51 731 203	141 117 261	
Gains/losses attributed to subsidiaries, associated companies and joint ventures	12,31	2 155 565	2 439 788		2 439 788	
Changes in production inventories	32	2 095 617	(824 703)		(824 703)	
Capitalised production costs	33	12 992 032	13 316 590		13 316 590	
Sold commodities and consumed material costs	34	(32 943 532)	(25 383 190)		(25 383 190)	
External services and supplies	35	(160 669 387)	(129 391 072)		(129 391 072)	
Personnel expenses	36	(151 239 279)	(145 772 520)		(145 772 520)	
Impairment of inventories (losses/reversals)	15	(2 071 014)	(1 699 559)		(1 699 559)	
Impairment of accounts receivable (losses/reversals)	16,18	(33 374)	254 999		254 999	
Provisions (increases/decreases)	25	691 654	(351 586)		(351 586)	
Impairment of non-depreciable/amortisable investments (losses/reversals)	37	260 972	1 462 230		1 462 230	
Fair Value Increases/Reductions	38	-	2 965		2 965	
Other income	39	30 513 024	24 041 740		24 041 740	
Other expenses	40	(9 658 366)	(7 214 871)		(7 214 871)	
Income before depreciation, financing costs and taxes		83 391 446	13 107 511	51 731 203	64 838 714	
Expenses/ reversal of depreciation and amortisation	8,9,41	(55 110 925)	(56 384 553)		(56 384 553)	
Impairment of depreciable/amortisable investments (losses/reversals)	8,9,42	342 412	81 4 485		81 4 485	
Operating income (before financing costs and taxes)		28 622 933	(42 462 557)	51 731 203	9 268 646	
Interest and similar income gained	43	14 375	9 078		9 078	
Payable interest and similar expenses	44	(18 891 648)	(22 765 926)		(22 765 926)	
Income before tax		9 745 660	(65 219 405)	51 731 203	(13 468 202)	
Income tax for the period	14	(564 736)	(334 889)		(334 889)	
Net income for the period		9 180 924	(65 554 294)	51 731 203	(13 823 091)	

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Voting Member - Joaquim Jose Martins Guerra

Individual Statement of changes in equity in 2022		Equity attributed to shareholders of the parent company							(amounts in Euros)	
		Subscribed Capital	Legal Reserves	Other Reserves	Retained Earnings	Adjustments / Other Variations in Equity	Net Income for the Period	Total	Non-controlling Interests	Total Equity
DESCRIPTION	NOTES									
Position at the beginning of 2022	1	20 a 24	3 959 489 351	24 705	1 306 650	(5 924 128 913)	176 702 037	(13 823 091)	(1 800 429 263)	(1 800 429 263)
Changes in the period			-	-	-	-	-	-	-	-
First implementation of a new accounting framework			-	-	-	-	-	-	-	-
Changes in accounting policies			-	-	-	-	-	-	-	-
Differences in conversion of financial statements			-	-	-	-	-	-	-	-
Payment of revaluation surpluses			-	-	-	-	-	-	-	-
Revaluation surpluses			-	-	-	-	-	-	-	-
Deferred tax adjustments			-	-	-	-	-	-	-	-
Other changes recognised in equity			-	-	-	(13 823 091)	(3 636 953)	13 823 091	(3 636 953)	(3 636 953)
Net income in 2022	2		-	-	-	(13 823 091)	(3 636 953)	13 823 091	(3 636 953)	(3 636 953)
Comprehensive income	3		-	-	-	-	-	9 180 924	9 180 924	9 180 924
Transactions with shareholders in the period	4 + 2 + 3		-	-	-	-	-	23 004 015	5 543 971	5 543 971
Payment of capital			-	-	-	-	-	-	-	-
Payment of share premiums			-	-	-	-	-	-	-	-
Distributions			-	-	-	-	-	-	-	-
Down payments to cover losses			-	-	-	-	-	-	-	-
Other operations			-	-	-	-	-	-	-	-
Position at the end of 2022	5		3 959 489 351	24 705	1 306 650	(5 937 952 004)	173 065 064	9 180 924	(1 794 895 292)	(1 794 895 292)

Certified Accountant - Elisabete Botelho

- President - Pedro Miguel Sousa Pereira Guedes Pereira
- Vice President - Maria Isabel de Magalhães Ribeiro
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- Voting Member - Pedro Manuel Franco Ribeiro
- Voting Member - Joaquim José Martins Guerra

DESCRIPTION	NOTES	Equity attributed to shareholders of the parent company					Net income for the Period/RESTATE	Total	Non-controlling interests	Total Equity
		Subscribed Capital	Legal Reserves	Other Reserves	Retained Earnings	Adjustments / Other Variations in Equity				
Position at the beginning of 2021	1	20 a 24	3 959 489 351	24 703	1 306 650	(5 828 729 654)	184 631 308	(95 399 259)	(1 778 676 901)	(1 778 676 901)
Changes in 2021			-	-	-	-	-	-	-	-
First implementation of a new accounting framework			-	-	-	-	-	-	-	-
Changes in accounting policies			-	-	-	-	-	-	-	-
Differences in the conversion of financial statements			-	-	-	-	-	-	-	-
Payment of revaluation surpluses			-	-	-	-	-	-	-	-
Revaluation surpluses			-	-	-	-	-	-	-	-
Deferred tax adjustments			-	-	-	-	-	-	-	-
Other changes recognised in equity			-	-	-	(95 399 259)	(7 929 271)	95 399 259	(7 929 271)	(7 929 271)
	2		-	-	-	(95 399 259)	(7 929 271)	95 399 259	(7 929 271)	(7 929 271)
Net income for the period	3		-	-	-	-	-	(13 823 091)	(13 823 091)	(13 823 091)
Comprehensive income	4 = 2 + 3		-	-	-	-	-	81 676 168	(21 752 362)	(21 752 362)
Transactions with shareholders in the period			-	-	-	-	-	-	-	-
Payment of capital			-	-	-	-	-	-	-	-
Payment of share premiums			-	-	-	-	-	-	-	-
Distributions			-	-	-	-	-	-	-	-
Down payments to cover losses			-	-	-	-	-	-	-	-
Other operations			-	-	-	-	-	-	-	-
Position at the end of 2021	5		3 959 489 351	24 703	1 306 650	(5 924 129 913)	176 702 037	(13 925 091)	(1 800 429 263)	(1 800 429 263)
	6 = 1+2+3+4+5									

Certified Accountant - Elisabete Bettencourt

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Vice President - Maria Isabela de Magalhães Ribeiro

Voiting Member - Ana Maria dos Santos Malho

Voiting Member - Pedro Manuel Franco Ribeiro

Voiting Member - Joaquim Jose Martins Guerra

Individual cash flow statement**Period ending on December 31st 2022****(amounts in Euros)**

CASH FLOW STATEMENT	31-12-2022	31-12-2021
Cash flow from operating activities - direct method		
Collections from customers	476 853 202	299 255 164
Payments to suppliers	(251 864 538)	(159 574 263)
Payments to staff	(145 167 186)	(136 374 223)
Cash generated by operations	79 821 478	3 306 678
Payment/collection of income tax	(285 134)	(247 367)
Other collections/payments	3 318 169	8 552 350
Cash flow from operating activities (1)	82 854 513	11 611 661
Cash flow from investing activities		
Payments relating to:		
Fixed tangible assets	(19 435 334)	(14 367 906)
Intangible assets	-	-
Financial investments	-	(2 000 000)
Other assets	-	-
Collections from:		
Fixed tangible assets	61 500	295 200
Intangible assets	-	-
Financial investments	46 749	829 150
Other assets	-	-
Investment subsidies	5 100 000	2 534 215
Interest and similar income gained	4 446	4 348
Dividends	1 011 624	1 150 846
Cash flow from investing activities (2)	(13 211 015)	(11 554 147)
Cash flow from financing activities		
Collections from:		
Loans obtained	135 000 000	156 333 333
Payment of capital and other equity instruments	-	-
Loss coverage	-	-
Endowments	-	-
Other financing operations	117 347	481 042
Payments relating to:		
Financing obtained	(157 740 165)	(156 333 333)
Payable interest and similar expenses	(15 720 968)	(16 210 249)
Dividends	-	-
Reductions in capital and other equity instruments	-	-
Other financing operations	-	-
Cash flow from financing activities (3)	(38 343 786)	(15 729 207)
Variation in cash and cash equivalents (4) = (1) + (2) + (3)	31 299 712	(15 671 693)
Effect of exchange differences	424	(692)
Cash and equivalents at the beginning of the period	17 105 519	32 777 904
Cash and equivalents at the end of the period	48 405 655	17 105 519

Certified Accountant - Elisabete Bettencourt

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 Jose Martins Guerra

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ATTACHMENTS TO THE FINANCIAL STATEMENTS



Company Identification and Reporting Period (note 1)

Company Identification

CP - Comboios de Portugal, E.P.E., is a corporate public entity, with legal person governed by public law, with administrative, financial, and asset autonomy, with registered office at Calçada do Duque, no. 20, 1249-109 Lisbon, whose current legal system and 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 26th¹⁰, although its wording did not take effect until January 1st, 2021.

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.

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 Infrastructures and Housing fields, as well as the jurisdiction of the Court of Auditors and the Inspectorate General of Finance.

Furthermore, apart from the aforementioned 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 companies. In its individual financial statements, CP represents the balances and transactions with its associated companies in note 7.

The company's accounts regarding 2016, 2017, 2018, 2019, 2020, and 2021 are awaiting the approval from the responsible Ministry to this date.

Access to the Infrastructure

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

The railway infrastructure manager statute, Infraestruturas de Portugal, S.A. (IP in short), is provided for in Decree-Law no. 91/2015, from May 29th.

The relationship between CP, railway operator, and the railway infrastructure manager is described in Decree-Law no. 217/2015, amended by Decree-Law no. 124-A/2018, from December 31st.

Article 10 *et seq.* regulate the rules for accessing infrastructure and railway services.

There, it is foreseen that the companies must agree in the way of articulation, in the actions and decisions that must be made regarding the management, operation, and development of infrastructures, and to its coordination with the public service of the railway transportation.

Under the terms of article 11-A of the referred diploma, an agreement for access and use of the infrastructure should be signed between IP and CP, which has not happened so far.

This circumstance does not prevent charges for the use of the railway infrastructure from being payable by CP to the infrastructure manager. Also, according to that article and with a view to upholding the principle of free competition, the charges must be established in such a way as to avoid discrimination between railway undertakings operating on the infrastructure. Those charges must be taken into account, in particular, the mileage, the composition of the rolling stock, speed, axle load, and the period during which the infrastructure is used.

Besides the use of essential services of the railway infrastructure, the diploma foresees that the typology of the services provided to railway companies comprehends everything necessary to the effective exercise of the right of accessing the infrastructure, that is, the additional services, access to service facilities and provision of services and ancillary services.

In accordance with the 1st Addendum to Network Directorate 2022, additional services are the services connected with the activity regarding the provision of railway transportation services, namely the supply of electrical energy for traction, under the terms provided in the applicable law, manoeuvres, parking of rolling stock, and exceptional transport and hazardous materials. Although IP does not have any obligation to provide these services in case of there being viable and comparable alternatives in the market, it is IP's policy to provide them in a non-discriminatory manner, any time they are requested and as long as there is available capacity for that purpose.

Access services to service facilities and the provision of services include the use of stations and stops, the provision of operational facilities at stations; the provision of spaces for equipment installation in common areas of the stations; the respective consumptions of said equipment; and the provision of commercial information. This service facilities are managed by IP, and are available to all railway companies that request them, always respecting the principle of non-discrimination.

Ancillary services are the remaining services linked with the railway transportation services, namely the access to the telecommunications network, and the technical inspection of the rolling stock, development of capacity, and viability studies regarding offer scenarios, supply of workforce for the operating activities of the operators. In accordance with the provisions of the mentioned legislation, the manager of the infrastructure can charge fees for the provision of ancillary services but has no obligation to do so.

Concession Agreement

On January 1st, 1951, CP began its transportation operation in the railway network, within a unique concession system authorised by an agreement concluded between the State and former "Companhia dos Caminhos de Ferro Portugueses, S.A.", (C.P.), in accordance with Decree-Law no. 38246 from May 9th, 1951.

This agreement was revised and replaced by a new concession agreement in accordance with the Attached Bases to Decree-law no. 104/73 from March 13th, which was, in the meantime, revoked upon the nationalisation of the company through Decree-Law no. 205-B/75 from April 16th.

The general bases associated with this new CP's concession in 1973 were the result of the revision of the legal system regulating the operation of railway transportation and the coordination of the latter with other transportation means, since their inadequacy regarding production flexibility and rationalisation demands for this type of service within a modern management context was recognised. Such revision was carried out in accordance with article 19 of Decree-Law no. 80/73 from March 2nd, which was an important instrument in the structuring of the new regulating guidelines of railway transportation, thus, making the legal bases of conversion of the railways viable.

In this latter diploma it was recognised that, among other subjects, the fact that railway transportation represents a public service operated in a concession system agreement, established the need to consider the obligations and constraints imposed to the company in the name of public interest, with the resulting demands of being a company whose management has to comply with the specific principles of the private economic operators and, also, gradually match such demands to those of the remaining competitive transportation companies.

This guiding principle allowed the definition of the financial aid system to be provided by the State to the assignee, within the context followed in Europe, either aiming to build or renovate lines, or to cover the negative results from the operation, mostly through the operations subsidies scheme – which resulted in more clarity regarding the responsibilities concerning the management of the railway network.

This right to compensatory allowances by CP also stems from the community regulations no. 1191/69 of the Council from June 26th, no. 1107/70 of the Council from June 4th and no. 1893/91 of the Council from June 20th, which address operation, transportation, and fee obligations.

The Community Regulation no. 1370/2007 from the European Parliament and from the Council from October 23rd, amended by Regulation no. 2016/2338 from the European Parliament and from the Council from December 14th, and Decree-Law no. 167/2008, later published, establish the legal system regarding the public service of passenger transportation, making the temporary and gradual adoption of measures for implementing public service agreements, which was transposed by Decree-Law no. 137-A/2009, from June 12th, with regard to CP.

In effect, Decree-Law no. 137-A/2009, from June 12th, stipulated that the public passenger rail transport service in the national territory provided by CP, E. P. constitutes a concessionary service and, in relation to the compensatory indemnities for the pursuit of public service obligations, the legal regime of the concession of public subsidies, provided for in Decree-Law no. 167/2008, from August 20th, would apply.

Decree-Law no. 124-A/2018, from December 31st, which revises Decree-Law no. 58/2018, from March 26th, of Decree-Law no. 137-A/2009 from June 12th, and Decree-Law no. 217-/2015, from October 7th, establishes: (i) the general rules applicable to all railway passenger transport operators, (ii) amends the legal regime applicable to CP, and (iii) revises the regime for the management and use of railway infrastructure and access to railway activity, aimed at reinforcing the independence of the infrastructure manager and introducing the necessary mechanisms to enable the organisation of the railway network to allow the operation of open-access services and services provided under a public service agreement, proceeding to:

- a) The transposition of Directive (EU) 2016/2370 of the European Parliament and of the Council from December 14th, 2016, which amends Directive 2012/34/EU as regards the opening of

- the national market for the railway transport of passengers and governance of railway infrastructure; and
- b) The conformity of national legal provisions to Regulation (EU) 2016/2338 of the European Parliament and Council from December 14th, 2016, amending Regulation (CE) no. 1370/2007 regarding the opening of the national market for the railway transport of passenger services.

Regarding the amendments to Decree-Law no. 137-A/2009, by Decree-Law no. 124-A/2018, the new redaction of item 3 of article 6 should be pointed out, where it says *“CP, E.P.E.’s public service agreement is entered into pursuant to Regulation (EC) no. 1370/2007, of the European Parliament and Council, from October 23rd 2007 and Law no. 52/2015, from June 9th, both in their current wording”*.

The Resolution of the Council of Ministers 188-A/2018, from December 31st, clarifies the competence of the Ministers of Finance and Planning and Infrastructure, with sub-delegation powers, to approve the draft of the public service agreement to be signed with CP, as well as authorise the expenditure with the respective compensatory allowances to be paid by the State under the State Budget Law for 2019.

The public service contract signed on November 28th, 2019, between the State and CP was approved by the Court of Auditors on June 26th, 2021.

Public Service Agreement

The conclusion of a public service agreement, which established the public service obligations regarding the railway transportation of passengers in national territory, and the corresponding financial compensations, is the adequate and necessary instrument for clarifying the relationship between the State and CP, as well as the corresponding liabilities, either from the State or from CP, establishing a procedure foreseen in Decree-Law no. 133/2013 from October 3rd, and later amended by Law no. 75-A/2014 from September 30th and Law no. 42/2016 from December 28th. Article 39 of Decree-Law no. 133/2013 mentions, amongst other responsibilities, that the determination of the level of public service to be provided by the companies and the promotion of the necessary diligences for the concerning conclusion of agreements are of the exclusive competence of the sectorial ministries.

Decree-Law no. 137-A/2009, amended by Decree-Law no. 59/2012, from March 14th, and by Decree-Law no. 124-A/2018, from December 31st, established the framework that allows the contracting of public railway transportation services provided by CP, recognising that CP, E. P. E, is an internal operator of the State, and its activity of providing the public service of railway transport of passengers shall be framed in a public service agreement, which must include specific provisions on the services for which the existence of public service obligations is justified. This agreement is concluded in accordance with Regulation (CE) no. 1370/2007 of the European Parliament and of the Council, from October 23rd, 2007, and Law no. 52/2015, from June 9th, both in their current wording, and the contractual provisions related to the provision of public services included in the agreement shall be compatible with the strategic goals of the public transport policy.

Previously, on March 24th, 2011, CP concluded with the State the agreement named *“Temporary Scheme of Public Service Financing”*, focused on setting the conditions for the provision of public service, with a term between March 24th, 2011 and December 31st, 2019.

However, considering the Strategic Plan of Transports for the period between 2011 and 2015, in compliance with the Council of Ministers Resolution no. 45/2011 from November 10th, and that the mentioned agreement did not strictly comply with the requirements of Regulation (EC) no.

1370/2007, the mentioned agreement proved to be inadequate, hence the need for a substantial revision which resulted in the conclusion of a new agreement.

In this regard, CP and the State agreed to revoke the concluded agreement. Consequently, compensatory allowances became due to CP – until a new public service agreement was formalised – which were intended to cover costs that CP actually incurred due to the provided public service.

Therefore, the compensatory allowances granted to CP regarding 2019 are recorded in the Council of Ministers Resolution no. 156/2019, published in the Portuguese Official Gazette no. 177/2019, 1st Series, from September 16th, 2019.

Finally, on November 28th, 2019, pursuant to the abovementioned Regulation (CE) no. 1370/2007, in its current wording, and Decree-Law no. 167/2008, from August 20th, CP concluded with the State the public service agreement regarding national railway transportation of passengers, for a period of 10 years (with the possibility of extension for a further five years, if the conditions for such purpose have been met), which establishes the covered services, the public service obligations to which CP is obliged, the corresponding compensation, the exclusive rights, and the measurable operational indicators to assess non-compliance.

The aforementioned public service agreement was approved by the Court of Auditors on June 26th, 2021, and CP was paid the financial compensations due.

These compensations were estimated by CP and presented to the State in the year prior to their financial year according to the estimations of public service obligations to be provided and subsequent costs incurred and income estimated to collect.

The amount of the Compensations is settled with monthly account payments, in twelve parts.

The agreement foresees that this compensation is a reconciliation object at the end of the year in question, according to CP's public service effectively provided and subsequent costs incurred and income collected.

Regarding this point, it is important to state that CP was reimbursed in 2022 in the amount of the adjustment of the financial year of 2020. The financial compensations associated to it are identified in note 30 of this attachment.

Accounting Framework of Preparation of Financial Statements (note 2)

Accounting Framework

The financial statements of CP – Comboios de Portugal, EPE, regarding the financial year of 2022, were prepared in accordance with the Accounting Normalisation System (SNC), following the exception scheme granted by the Court of Auditors, in accordance with the provisions of no. 7 of its Resolution no. 2/2021 from December 24th.

The SNC is composed by the Basis for the Presentation of Financial Statements (BPFS), the Financial Statements Models (MDF), Accounts Code (CC), Accounting Standards and Financial Reporting (NCRF), Interpretation Rules (NI), and Conceptual Framework.

The financial statements, which include the balance sheet, income statement by nature, statement of changes in equity, cash flow statement, and attached file, were approved by the Board of Directors of the Company on July 13th 2023, being presented in euros and prepared in accordance with the assumptions of the continuity and of the accrual basis in which the items are recognised as assets, liabilities, equity, income, and expenses when they satisfy the recognition criteria and definitions for these elements within the conceptual framework, in accordance with the financial statements' qualitative characteristics of comprehensibility, relevance, materiality, reliability, reliable representation, substance over form, neutrality, prudence, completeness, and comparability.

The accounting policies presented in note 4 were used in the 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 SNC [Accounting Normalisation System]

There were no derogations made to the provisions of SNC.

Comparative Values

The Company carried out the retrospective restatement of transactions and balances, as foreseen in "NCRF [Accounting Standards and Financial Reporting] 4 – Accounting policies, amendments in accounting estimates, and errors", resulting from the adjustment of financial compensation for public service obligations (OSP) provided in 2020, namely those regarding the moment in which the recognition of this compensation became debatable.

In the preparation of financial statements for the financial years of 2020 and subsequent, it was determined that the complexity of value aggregation and of the validation procedures by external companies made it harder to reliably determine the final value of compensation in the terms established in the agreement, and if it would have the conditions to be carried out.

Since the Public Service Agreement (CSP) was entered into on November 28th 2019 (as mentioned in detail in note 1), and since 2020 was the first year for the determination of adjustments, the grounds

for the amendment of the comparative settlements was only assessed and consolidated after the conclusion of the determination procedure of this compensation in October 2022, according to the following events:

Until the closing of accounts of 2021

- On April 21st 2021 – The Company 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 – 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 Company 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 Company 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 Resolution from the Ministry Council where 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 operation allowances, as a counterpart to the increase in income.

For income regarding deductible tax losses by CP, please refer to mentions in note 14.

First-Time Implementation of the Accounting Standards and Financial Reporting (NCRF) – Transitional Disclosure (note 3)

The company's transition to NCRF was carried out on January 1st, 2009, and those financial statements were disclosed for the first time in the Annual Report and Accounts of 2010, with the comparative values already converted into NCRF.

Main Accounting Policies (note 4)

The main accounting policies applied in the elaboration of these financial statements are described below.

Bases of Measurement

The 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.

Financial holdings are recognised through the equity method every time there is control or significant influence of CP over those companies.

Non-current assets held for sale and groups of assets held for sale are registered at the lower value between their book value and fair value deducted from the corresponding disposal costs.

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

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

Relevant Accounting Policies

Intangible Assets

Recognition and Valuation

Not all intangible items meet the definition of an intangible asset. If an intangible item does not meet the definition of an intangible asset it is recognised as an expense when it is incurred.

An intangible asset is a non-monetary asset without physical substance that meets the following criteria: identifiability, control over the resource, and existence of future economic benefits. In addition, the cost of the asset must be reliably measured and there must be an expectation of its use for more than one financial year.

CP's intangible assets are recorded at acquisition cost deduced from the respective accumulated amortisation and impairment losses.

CP carries out impairment tests whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable value, being the difference, if any, recognised in results. The recoverable value is determined as the greater of the net selling price or value in use, which is based on the present value of future estimated cash flows arising from the continued use and ultimate disposal of the asset at the end of its useful life.

The cost of acquiring new software licences is capitalised and includes all costs incurred in acquiring and putting the software into use. These are recorded at acquisition cost and are capitalised when the requirements for the recognition are met.

Depreciation is usually calculated on a straight-line method, over a period of 3 years, without prejudice to the revision of this estimate, whenever such is justified.

It is likely that most subsequent expenditure will maintain the expected future economic benefits embodied in an existing intangible asset. Therefore, only rarely is subsequent expenditure – expenditure incurred after the initial recognition of an acquired intangible asset or after completion of an internally generated intangible asset – recognised in the carrying amount of an asset. Consistently, subsequent expenditure on substantially similar items is recognised as an expense when incurred. Expenditures after initial recognition are not added to the initial cost of the intangible asset unless it is probable that they will enable the asset to generate cash flows in excess of those initially planned and these expenditures can be measured and attributed to the asset in a reliable manner.

Fixed Tangible Assets

Recognition and valuation

CP's fixed tangible assets are accounted for by the cost of acquisition deducted from the corresponding accumulated depreciations and impairment losses. At the date of transition to the NCRF (January 1st, 2009), CP decided to consider the revalued amount of fixed tangible assets – established in accordance with the previous accounting policies – as their cost, which was generally comparable to the cost measured in accordance with the NCRF.

The cost includes the purchase price, including non-refundable taxes and excluding commercial discounts and rebates and, also, the necessary amounts to set the asset in the local and working condition, namely the expenses of transportation and assembling.

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

Some of the items of the fixed tangible asset might need replacements in regular intervals (large repairs). In these circumstances, the replacement cost of a part of an item within the fixed tangible asset is recognised in the carrying value, when the cost is incurred, if the recognition criteria is complied with. The carrying value of the parts which are replaced is not recognised in accordance with the norms of non-recognitions of the NCRF 7 - Fixed Tangible Assets.

Fixed tangible assets of the State linked to CP operations and investment allowances

CP's fixed tangible assets include assets owned by the State (assets set forth in the joint ordinance no. 261/99, from March 24th) and which are assigned to the operating activity of the company. The assets made available by the Portuguese State, without transfer of the property of the State, are registered in the financial statements of CP in order to allow an appreciation of the economic performance of the Company.

Maintenance and repair expenses

Rolling stock:

- Expenses incurred with periodic maintenance during the useful life of rolling stock are recognised as operating expenses;
- The expenses incurred in overhaul and indispensable multi-annual repairs, in order to ensure the continuity of the asset's operation, are recognised in the fixed tangible assets as specific components of rolling stock and depreciated by their estimated useful life in a separate section from the main component. Once each overhaul repair is carried out, its cost is recognised in the carrying amount of the item of the fixed tangible asset as

replacement, provided that the recognition criteria are met. Any remaining carrying amount of the cost of the previous overhaul repair is derecognised; and

- Expenses incurred at the end of the useful life of the main component, which include the transformation and modernisation thereof, are recognised as fixed tangible assets and depreciated by the lengthening of its expected useful life.

Buildings and Fixed Facilities:

- The periodic maintenance and repair expenses (maintenance agreements, technical inspections, etc.) are recognised as operating expenses;
- Expenses incurred with major interventions that increase the useful life or capacity of the asset are recognised under fixed tangible assets, through partial or total replacement of the component replaced.

The maintenance and repair of these fixed tangible assets are CP's responsibility during the period in which these are part of their operations. Maintenance and repair costs are accounted for in the income of the period in which they are incurred, in accordance with the accruals principle.

Depreciation

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

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

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

No residual amounts were considered when determining the depreciated amounts.

Government Grants

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

The grants compensating CP for expenses and losses incurred are recognised as income within the income statement, in a systematic basis, and in the same period in which the expenses are recognised. The 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) are recognised in the period they are relative to, as established by Resolution of the Ministers' Council (RCM), and adjustments to those financial compensations are recognised in yearly income 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 CP for the acquisition of an asset are recognised in the income statement in a systematic basis in accordance with the useful life of the asset.

It should be noted that advance payments of compensations are recognised in the period they are relative to, according to the 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 costs with loans and other directly attributable costs

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

Impairment

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

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

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. The recoverable amount is determined as the highest between its selling price (net realisable value) – minus the selling costs – 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.

Financial Investments in Subsidiaries and Associated Companies

Subsidiaries

Subsidiaries are all the entities controlled by the company.

Control over an entity corresponds to the power of managing the financial and operating policies of an entity or of an economic activity with the aim of obtaining benefits from it.

The existence of control is assumed when the company holds over half of the voting rights or when it holds the power of managing the financial and operating policies of a Company or an economic activity with the aim of obtaining benefits from it, even if the percentage the company holds is less than 50%.

Investments in subsidiaries are accounted through the purchase method, and both the fair value of the assets and liabilities and the possible goodwill are included in the carrying value of the investment, which is amortised. Goodwill is tested annually, regardless of the existence of impairment indicators. Possible impairment losses are recognised in results of the period. The recoverable amount is established based on the value of asset use, and it is calculated recurring to assessment methodologies supported in techniques of discounted cash flows, considering the market conditions, the temporal value, and the business risks. After that, they are measured through the equity method since the date in which the Company assumes control over its financial and operating activities until the moment that control is terminated.

If the part of the company in subsidiary losses exceeds its interest in said subsidiary, the recognition of its part of additional losses is discontinued. Additional losses are considered regarding the recognition of a provision for the entire amount of the responsibilities of CP in the subsidiary companies.

Associated Companies

The measuring of investments in associated companies in the individual financial statements is established in accordance with the equity method, except in the case of severe and lasting restrictions which significantly harm the capacity of transfer of funds for the holder company – if that is the case, the cost method is used.

Associated companies are entities in which the company has significant influence but does not control its financial and operating policies. It is assumed that the Company has significant influence when it holds the power to influence over 20% of the voting rights of the associated company. If the Company holds less than 20% of the voting rights, it is assumed that it does not have significant influence, except when that influence can be clearly demonstrated.

If the part of the company in associated company losses exceeds its interest in said associate, the recognition of its part of additional losses is discontinued. The carrying value in accordance with the equity method is also considered interest in the associated company, along with any long-term interests, whose liquidation is not planned nor is likely to happen in the foreseeable future, as is the case of long-term loans. Additional losses are considered through the recognition of a liability in the single measure in which the investor has incurred in legal or constructive obligations, or in case the investor has made payments in favour of the invested company.

Other Financial Assets/Liabilities

CP only recognises 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 measures its financial assets/liabilities at cost or amortised cost without any impairment loss or at fair value with the alterations of fair value to be recognised in the income statement.

Upon the initial recognition, the assets and liabilities measured at fair value through results are reassessed by their fair values with reference to their market value at the balance sheet date, without any deduction associated with transaction costs that may occur until the sale. Investments in equity instruments, that are unquoted and for which it is impossible to reliably estimate fair value, are maintained at acquisition cost deducted from possible impairment losses. Investments held to maturity are measured at amortised cost using the effective interest rate method.

Measurement at cost or amortised cost without impairment losses

The following financial instruments are measured at cost or amortised cost without impairment losses:

- Financial instruments:
 - Cash with an established maturity;
 - If the profit for its holder is of a fixed amount, of a fixed interest rate during the life of the instrument or, also, if it is of a variable rate which is a normal market indexing

- rate for financing operations (such as Euribor) and, furthermore, when it includes a spread over the same indexing rate; and
 - That do not contain any agreement clause which may result in nominal value loss and accumulated interest for the holder (except the typical cases of credit risk), namely in receivables from customers, other accounts receivable, accounts payable to suppliers, other accounts payable, and bank loans.
-
- Agreements to grant or take out loans that:
 - Cannot be settled in net base;
 - When entered into, are expected to fulfil the conditions for recognition at cost or at amortised cost without impairment losses; and
 - The entity establishes, in the moment of initial recognition, to be measured at cost, net of impairment losses.

 - Investments in equity instruments which are not publicly negotiated and whose fair value cannot be obtained in a reliable manner, as well as agreements linked to such instruments which, if entered into, result in the delivery of such instruments - which shall be measured at the cost net of impairment losses.

Measuring at Fair Value through Income

Financial instruments which are not measured at cost or at amortised cost, as previously mentioned, should be measured at fair value.

The financial instruments for which it is not possible to obtain fair values in a reliable manner are measured at cost or amortised cost, net of impairment losses.

Impairment

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

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

Concerning debt instruments, if the amount of impairment loss decreases in a subsequent period, the impairment loss previously recognised is reversed against income of the financial year up until the recovery of the acquisition cost, given the case of the increase being objectively related with an event occurring after the recognition of impairment loss.

Jointly Controlled Entities

In joint ventures as jointly controlled entities, the company includes in its accounting records and recognises in its financial statements:

- The cash or resources contributions, as investment in the jointly controlled entity;
- Its part of the profits in the jointly controlled entity;
- Losses resulting from contributions or asset sales to the jointly controlled entity when they are the result of a decrease in the net realisable value of current assets or of an impairment loss;
- Gains resulting from contributions or sales are fully recognised when the assets have already been realised by the jointly controlled entity. If the assets are still held in the joint venture, the only part to be recognised is the one with a gain attributable to the participation in other ventures; and
- The part of the profits of the joint venture related to the sale for the venturer shall be deducted from the income of the joint venture. Said part of the profits shall be recognised when the venturer resells the assets to third parties.

Its interest in the jointly controlled entity is recognised by the equity method.

Inventories

The existence of goods, raw materials, subsidiaries, and consumption are accounted for at acquisition cost, adopting the weighted average cost as the costing method for outgoings. When necessary, impairment is recognised for obsolete, slow-rotation, and defective existences, and it is presented as a deduction to the asset. Periodically, the company analyses these assets and whenever they are carried at amounts higher than those that would predictably result from their sale or use, the company adjusts their value by recognising an impairment.

Finished and intermediate products and undergoing products and works are valued at the lowest between production cost (which includes the cost of incorporated raw materials and personnel) and the net realisable value.

Customers and Other Accounts Receivable

Accounts receivables are measured at their nominal value deducted from impairment losses associated to it.

Impairment losses are accounted for based on the evaluation of the estimate losses, associated to doubtful credit at the balance date, and those impairment losses are registered whenever the debt exceeds 240 days and is not covered by guarantees and/or credit notes. Identified impairment losses are accounted for against income, and they are subsequently reversed for income if there is a decrease in the amount of the estimate loss in a later period.

Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits, and other short-term investments of high liquidity and bank overdrafts. Bank overdrafts are shown in the Balance Sheet, 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 balance sheet date; and
- If the entity does not hold an unconditional right to defer the settlement of the liability for at least twelve months following the balance sheet date.

All remaining loans are classified as non-current liability.

The amount in debt of the 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 likelihood for their sale.

Non-current assets or groups of assets acquired only with the aim of a subsequent sale, which are available for immediate sale and whose sale is highly likely, are also classified 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 the applicable NCRF

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 the disposal costs.

Foreign Currency Transactions

Functional and Presentation Currency

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

Transactions and Balances

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

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

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

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

Revenue Recognition

Revenues produced by CP are mainly a result of the provision of passenger transportation services, the sale of goods and other services related with railway transportation and maintenance services provision, deducted from discounts and price deductions. Revenue is recognised at its fair value of the retribution received or to be received.

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

For the recognition of revenue resulting from the co-participation of passenger transportation services, pursuant to the dispositions of the State Budget Law, such as the Support Programme for Fee Reduction (PART), or compensations of reduced price tickets, such as the 4_18 Pass, the Sub 23 Pass, and the Social + Pass, revenue is accounted for when it is attributed and when it becomes likely the economic benefits associated with it will be paid to CP.

About contracts for the provision of maintenance and repair services, the recognition of revenue follows the provisions of NCRF 19 – Construction Agreements.

Therefore, when the outcome of an agreement can be estimated reliably, income and expenses associated with the construction contract are recognised according to the percentage of

completion method. Under this method, agreement revenue is recognised proportionally to the agreement costs, with reference to the proportion of work completed (stage of completion of the contract). Thus, the use of this method allows the reporting of revenue, costs and net income that can be attributed to the proportion of work completed, providing useful information about the extent of activity and the degree of fulfilment of the agreement in the reporting period.

In determining the stage of completion of the agreement, the proportion of the costs incurred in relation to the total estimated costs for the execution of the agreement is taken into consideration.

In cases where the outcome of an agreement cannot be estimated reliably, revenue is recognised only to the extent that it is probable that the costs incurred will be recoverable, with the costs recognised in the period in which they are incurred.

Whenever, in view of the costs incurred and to be incurred within the scope of an agreement, it is foreseeable that the sum of these exceeds the total revenue recognised and to be recognised, a loss is recognised as a provision in the income of the period in which it is incurred.

Recognition of Expenses and Income

Expenses and income are accounted for in their relevant period, regardless of their payment or reception, in accordance with the underlying assumption of the accrual basis (economic periodisation). The prepared financial statements provide information not only on past transactions involving the payment and reception of cash but also on future payment obligations and resources representing cash to be received in the future. Accrual-based accounting is carried out using the other accounts receivable and other debts payable headings, as well as the deferrals heading.

Provisions

Provisions are recognised when (i) the company has a legal or constructive obligation arising from a past event (ii) it is likely that there will be an outflow of resources in order to settle the obligation and (iii) when 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

The profit tax accounted for in income includes the effect of current taxes and deferred taxes. Tax is recognised in the income statement, except when it is linked with items being moved in equity, which implies their recognition in equity.

Deferred tax assets are only recognised when there are reasonable expectations of future tax profits that are sufficient for their use, or in situations where there are temporary taxable differences which can offset the temporary deductible differences in their reversal period.

A revision of those deferred taxes is performed at the end of each financial year, and such taxes are reduced whenever their future use is no longer likely.

The company does not recognise any deferred tax assets or liabilities in 2022, as it considers that it is not expectable that the group of companies, covered by the special taxation scheme, will receive future taxable profits that allow the use of accumulated tax losses of CP or generate income tax payments.

The current taxes correspond to the expected amount to be paid over the period's taxable income, using the tax rate in force at the date of the balance sheet, and any adjustments to taxes of previous periods.

CP is the controlling company of a group of companies which is taxed in accordance with the Special Taxation of Groups of Companies Scheme for the consolidated income, as mentioned in note 14.

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.

Leases

CP classifies lease transactions as finance leases or operating leases based on the substance rather than the form of the contract.

Operations where the lessor transfers to the lessee all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leasing operations are classified as operating leases.

Payments made by CP under operating lease contracts are recorded as expenses in the period to which they relate.

Subsequent Events

The financial statements set forth herein reflect the subsequent events occurred until July 13th, 2023. The Management Board has approved such financial statements on the aforementioned date, as referred to in note 2.

Events that occurred after the balance sheet date on conditions existing at the balance sheet date are considered in the preparation of the financial statements. Material events after the balance sheet date which do not lead to adjustments are disclosed in note 46.

Value Judgements

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

Main Assumptions Concerning the Future

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

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 by the Court of Auditors of the contract 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 acquisition of four bi-tension locomotives for international service will take place, and the beginning of the acquisition process of 12 railcars for the commercial high speed segment, with 14 more option units, is also foreseen.

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

Key Sources of Estimate Uncertainty

The preparation of the financial statements in accordance with the NCRF 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 can be different from estimates.

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

Useful Life of Fixed Tangible Assets

The useful life of an asset is 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 by CP regarding the likelihood of recuperation of the balances of accounts receivable, old balances, debt annulments and other factors. There are certain circumstances and facts which might alter the estimates of impairment losses of balances of receivables considering the assumptions in question, including alterations of the economic environment, of the sectorial trends, of the deterioration of the credit standing from the main customers, and of significant non-compliance. This assessment process is subject to several estimates and judgements. Changes in these estimates may imply the establishment of different impairment levels, thus resulting in different impacts in income.

Inventories

Every six months, the Company compares the realisable value of inventories with the value recognised in the company's accounts and, when necessary, recognises the impairment for obsolete, slow-moving, and defective stocks. The impairment value is presented as a deduction from the asset.

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

- Materials with application in CP rolling stock
- For parts used in the repair of rolling stock of CP, and given their resistance, impairment is calculated according to the longest estimated residual commercial useful life among the various rolling stocks series to which they are associated, which allows the identification of effectively obsolete materials and without use.
- 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 the inventories are also usable in rolling stock CP series, the criteria for determining impairment applied to the rolling stock CP series are applied to them.
- Repairable spares

- 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, the remaining miscellaneous materials, the criterion of non-rotation for over 5 years applies for the identification of obsolete materials and without use.

If these materials with no turnover have movement again, impairment is reversed only if the net value of the material is negative, and only to the extent strictly necessary for it to cease to be so.

With regard to impairment of inventories used in rolling stock (CP 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 turned-over for more than 10 years, with an additional increase of 5% for each year without movement, and reaching the maximum value of 75%, if they have not moved for more than 20 years. The definition of the 10-year period to start imputation of this additional impairment results from the fact that it is expected that, in 10 years, the material will have a complete cycle of interventions, and it is expected that consumptions of the different materials will occur in this period.

Provisions

Provisions are liabilities of an uncertain amount or temporal event. Taking the principle of prudence into account, CP has created provisions whenever there is an obligation (legal or constructive), derived from a past event in which an outflow of resources to settle the obligation is likely 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 in these estimates may imply an impact on income.

Non-Current Assets Held for Sale

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

Cash Flow (note 5)

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

The Company classifies 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.

The cash flow statement with reference to the period of 2022 shows positive cash flows from operating activities, and with an increase, by about 71.2 million euros, when compared with the same period of the previous year.

This situation results of the combined effect of increase in clients received (177.6 million euros) due to the recovery by the post-COVID 19 pandemic, despite the increase in payments to suppliers (92.3 million euros) and payments to personnel (8.8 million euros).

Regarding cash flows from investment activities, the increase in payments for fixed tangible assets (5.1 million euros) should be noted. This fact results essentially from the payment for the acquisition of GMS-R and DUAL MODE moveable equipment and potency models for UQE2300/2400 railcars.

Regarding financing activities, it should be noted that the loans contracted were intended exclusively to replace others maturing in the period. It should also be noted the payment of interest, during the month of March, in the amount of 11.4 million euros relative to the bond loan, as well as the payment, in the month of November, of interest and charges, in the amount of 3.9 million euros, relative to the *Eurofima* loan.

Cash and Bank Deposits Heading

The cash and bank deposits heading comprises the following balances:

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Cash	465 168	391 648
Bank deposits	47 940 487	16 713 871
Total	48 405 655	17 105 519

Disaggregation of the Values Under the Heading of Cash and Bank Deposits

The disaggregation of the headings of cash and bank deposits are presented in the following table:

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Cash		
Main Cashier	648	178
Small Cashier	2 600	2 600
Treasury Fixed Cash Fund	16 148	16 272
Train station cashier	428 772	367 598
Automatic vending machine cashier	17 000	5 000
	465 168	391 648
Demand Deposits		
Banco Português e Investimento	1 537 079	932 594
Caixa Geral de Depósitos	554	751
Inst. Gestão Crédito Público	46 402 854	15 780 526
	47 940 487	16 713 871
Total	48 405 655	17 105 519
Cash and bank deposits	48 405 655	17 105 519

Accounting Policies, Changes in Accounting Estimates and Errors (note 6)

The fact already mentioned in the compared values (Note 2) is worth mentioning.

Related Parties (note 7)

CP frequently carries out operations with its associated companies, subsidiaries, and joint ventures.

With reference to December 31st, 2022, the shareholder structure of the company (direct holdings) is as shown in the following table:

Share	(% of share)	
	31-Dec-22	31-Dec-21
CP CARGA, SA *	5%	5%
FERNAVE, SA	100%	100%
SAROS,Lda	100%	100%
ECOSAÚDE, SA	100%	100%
TIP, ACE	33%	33%
SIMEF, ACE	51%	51%
NOMAD Tech	35%	35%

*** as defined in the agreement for the sale of the affiliate; CP retains this share**

Transactions between related parties are presented in the table below:

Description	(amounts in Euros)	
	2022	2021
Sales and services provided		
Subsidiaries		
FERNAVE, SA	374 631	211 871
SAROS,Lda	2 700	8 301
ECOSAÚDE, SA	22 816	28 241
Associated Companies		
TIP, ACE	9 115 682	6 483 368
OTLIS, ACE	88 798	-
EMEF / SIEMENS, ACE	3 741 746	3 567 197
NOMAD TECH, LDA	65 916	70 684
Total	13 412 289	10 369 662
Expenses		
Subsidiaries		
FERNAVE, SA	(853 384)	(595 093)
ECOSAÚDE, SA	(1 358 876)	(1 529 554)
Associated Companies		
TIP, ACE	(388 670)	(335 937)
EMEF / SIEMENS, ACE	(5 870 821)	(5 107 915)
NOMAD TECH, LDA	(506 297)	(786 141)
Total	(8 978 048)	(8 354 640)

(amounts in Euros)		
Description	2022	2021
Investment		
Subsidiaries		
ECOSAÚDE, SA	(30 000)	(30 000)
Associated Companies		
NOMAD TECH, LDA	1 450 140	2 337 344
Total	1 420 140	2 307 344

The balances with related parties are also presented in the following table:

(amounts in Euros)		
Description	31-Dec-22	31-Dec-21
Assets		
Investment		
Subsidiaries		
ECOSAÚDE, SA	174 480	204 480
Customers and other accounts receivable		
Subsidiaries		
FERNAVE, SA	58 805	146 388
SAROS,Lda	277	277
ECOSAÚDE, SA	-	1 880
Associated Companies		
TIP, ACE	70 412	383 931
EMEF / SIEMENS, ACE	10 982	226 550
NOMAD TECH, LDA	277 460	290 187
Liability		
Suppliers and other accounts payable		
Subsidiaries		
FERNAVE, SA	(32 760)	(302 895)
ECOSAÚDE, SA	(3 815)	(2 402)
Associated Companies		
TIP, ACE	(11 979)	(295 271)
EMEF / SIEMENS, ACE	-	(496 804)
NOMAD TECH, LDA	(149 691)	(1 360 502)
Total Asset + Liability	394 171	(1 204 181)

Intangible Assets (note 8)

At the end of the year 2022, CP presented fixed intangible assets organised by classes, as shown in the table below:

	(amounts in Euros)	
Description	31-Dec-22	31-Dec-21
Gross Amount:		
Computer programmes and information systems	1 068 102	159 670
Subtotal	1 068 102	159 670
Accumulated depreciation and impairment:		
Depreciation for the period	333 251	81 406
Accumulated depreciation from previous periods	115 426	34 020
Subtotal	448 677	115 426
Net book value	619 425	44 244

	(amounts in Euros)							
Description	Opening balance	Additions	Disposals	Assets classified as held for sale	Decommissioning	Transfers	Merger/Other adjustments	Closing balance
Gross amount:								
Computer programmes	159 670	100 688	-	-	-	807 744	-	1 068 102
	159 670	100 688	-	-	-	807 744	-	1 068 102
Accumulated amortisation and impairment:								
Computer programmes	115 426	333 251	-	-	-	-	-	448 677
	115 426	333 251	-	-	-	-	-	448 677
Total	44 244	(232 563)	-	-	-	807 744	-	619 425

The increase of intangible assets is connected to the acquisition of software programmes, with part of these acquisitions done with the fixed tangible asset and, later, transferred to the intangible asset.

For depreciation purposes, a useful life of 3 years is considered, as a rule, for these assets. This estimate is, however, revised whenever justified, according to the expected use of the asset. Intangible assets are measured at cost and amortised on a straight-line basis in a twelfth regime as at the date the asset is brought into production.

Fixed Tangible Assets (note 9)

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

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Gross amount:		
Land and other natural resources	20 533 661	20 533 661
Buildings and other constructions	102 057 767	97 618 874
Basic equipment	1 528 344 710	1 503 759 617
Transportation equipment	3 243 063	3 169 581
Administrative equipment	28 199 678	27 514 086
Other fixed tangible assets	43 429 619	44 084 497
Ongoing investments	11 114 571	17 147 051
Advance payments for investment purposes	10 268 506	5 279 520
Subtotal	1 747 191 575	1 719 106 887
Accumulated depreciation and impairment:		
Depreciation for the period	54 777 674	56 303 147
Accumulated depreciation from previous periods	1 333 206 712	1 286 677 324
Accumulated depreciation of dicommissioned and transferred	3 762 140	(9 773 759)
Impairment losses for the period	(342 412)	(814 485)
Impairment losses from previous periods	2 816 622	3 631 107
Subtotal	1 394 220 736	1 336 023 334
Net book value	352 970 839	383 083 553

CP's fixed tangible assets are measured at cost, which are depreciated on a straight-line basis, in accordance with the useful lives specified in note 4.

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

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

Description	(amounts in Euros)							
	Opening balance	Additions	Disposals	Assets classified as held for sale	Dismissioning	Transfers	Merger/Other adjustments	Closing balance
Gross amount:								
Land and other natural resources	20 533 661	-	-	-	-	-	-	20 533 661
Buildings and other constructions	97 618 874	-	-	-	-	4 438 893	-	102 057 767
Basic equipment	1 503 759 617	1 411 875	(934 333)	5 255 729	(3 589)	18 759 240	96 171	1 528 344 710
Transportation equipment	3 169 582	73 481	-	-	-	-	-	3 243 063
Administrative equipment	27 514 086	196 769	-	-	(23 826)	512 649	-	28 199 678
Other fixed tangible assets	44 084 496	18 094	-	-	(592 514)	1 071 889	(1 152 346)	43 429 619
Ongoing investments	17 147 051	20 873 326	-	-	(119 975)	(25 590 415)	(1 195 416)	11 114 571
Advance payments for investment purposes	5 279 520	4 988 986	-	-	-	-	-	10 268 506
	1 719 106 887	27 562 531	(934 333)	5 255 729	(739 904)	(807 744)	(2 251 581)	1 747 191 575
Accumulated depreciation and impairment:								
Buildings and other constructions	54 175 577	2 954 134	-	-	-	-	-	57 129 711
Basic equipment	1 214 182 846	49 283 989	(735 496)	4 784 238	(3 589)	-	-	1 267 511 988
Transportation equipment	2 924 334	55 749	-	-	-	-	-	2 980 083
Administrative equipment	26 084 714	843 245	-	-	(23 826)	-	-	26 904 133
Other fixed tangible assets	35 839 241	1 640 557	-	-	(249 001)	-	(10 186)	37 220 611
Fixed Tang. Assets - Accum. Impair. Losses - Basic E equipment	2 816 622	(342 412)	-	-	-	-	-	2 474 210
	1 336 023 334	54 435 262	(735 496)	4 784 238	(276 416)	-	(10 186)	1 394 220 736
Total	363 083 553	(26 872 731)	(198 837)	471 491	(463 488)	(807 744)	(2 241 405)	352 870 839

The most significant investments carried out in the year 2022 relate essentially to major periodical repairs of rolling stock type R2 that meet the criteria for recognition as fixed tangible assets.

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 to fixed tangible assets, in a value of around 471 thousand euros.

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

(amounts in Euros)	
Description	Book value
Railcars	20 622 844
Total	20 622 844

Non-Current Assets Held for Sale (note 10)

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

Although some of these assets are classified as fixed assets held for sale for over a year, CP believes 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.

Assets classified as held for sale are valued at the lower of carrying amount and net realisable value.

Every six months the company reassesses the situation of these assets and, whenever necessary, adjusts the amounts already recognised.

The following table summarises, by class and 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

(amounts in Euros)								
Description	Opening balance	Additions	Disposals	Assets classified as held for sale	Dicommissioning	Transfers	Merger/Other adjustments	Closing balance
Land and natural resources	84 031	-	-	-	-	-	-	84 031
Buildings and other constructions	175 369	-	-	-	-	-	-	175 369
Basic equipment	2 015 459	-	-	(210 519)	-	-	-	1 804 940
Total	2 274 859	-	-	(210 519)	-	-	-	2 064 340

Leases (note 11)

The lease agreements in force are classified as operational and are detailed in the following tables:

(amounts in Euros)

LEASED ASSETS	Contract value	Accumulated payments made				Future minimum payments			
		Period		Accumulated		Up to 1 year	Between 1 and 5 years	Over 5 years	Total
		Minimum payments	Contingent rents	Minimum payments	Contingent rents				
Leaseplan Vehicles	579 004	82 957	-	244 829	-	230 111	21 107	-	251 218
Kinto-Mobility Vehicles	345 986	69 467	-	240 712	-	35 749	58	-	35 807
Total	924 990	152 424	-	485 541	-	265 860	21 165	-	287 025

The identified agreements concern light passenger vehicles. The great majority of the agreements have a period of validity between 3 and 4 years.

(amounts in Euros)

LEASED ASSETS	Contract value	Accumulated payments made				Future minimum payments			
		Period		Accumulated		Up to 1 year	Between 1 and 5 years	Over 5 years	Total
		Minimum payments	Contingent rents	Minimum payments	Contingent rents				
Railcars	67 243 259	5 606 366	-			5 606 366	5 465 149		11 071 515

The agreement identified relates to railcars and runs until 2025.

(amounts in Euros)

LEASED ASSETS	Contract value	Accumulated payments made				Future minimum payments			
		Period		Accumulated		Up to 1 year	Between 1 and 5 years	Over 5 years	Total
		Minimum payments	Contingent rents	Minimum payments	Contingent rents				
Railcars	67 243 259	5 606 366	-			5 606 366	5 465 149		11 071 515

The identified agreement is connected to workshop space leasing and is valid until 2056.

Financial Holdings - Equity Method (note 12)

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

(amounts in Euros)							
Description	Type	31-Dec-22			31-Dec-21		
		Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
SAROS, SA	Investment	414 211	-	414 211	420 064	-	420 064
FERNAVE, SA	Investment	1 425 027	-	1 425 027	889 638	-	889 638
ECOSAÚDE, SA	Investment	215 121	-	215 121	120 140	-	120 140
ECOSAÚDE, SA	Loans	174 480	-	174 480	204 480	-	204 480
OTLIS, ACE	Investment	-	-	-	-	-	-
TIP, ACE	Investment	2 055 686	-	2 055 686	1 522 356	-	1 522 356
SIMEF, ACE	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
Total		5 979 154	-	5 979 154	4 880 495	-	4 880 495

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

(amounts in Euros)						
	Opening balance	Additions	Disposals	Equity method	Other changes	Closing balance
Gross amount						
SAROS, SA	420 064	-	-	337 794	(343 647)	41 4 211
FERNAVE, SA	889 638	-	-	535 389	-	1 425 027
ECOSAÚDE, SA	324 620	-	-	94 981	(30 000)	389 601
OTLIS, ACE (a)	-	88 069	-	-	(88 069)	-
TIP, ACE	1 522 356	-	-	533 330	-	2 055 686
SIMEF, ACE	475 189	-	-	480 313	(475 189)	480 313
Nomad Tech, Lda.	1 248 628	-	-	(34 312)	-	1 214 316
Subtotal	4 880 495	88 069	-	1 947 495	(936 905)	5 979 154
Impairment	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-
Total	4 880 495	88 069	-	1 947 495	(936 905)	5 979 154

(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 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 (awaiting approval by the General Meeting) is presented as follows:

(amounts in Euros)							
Name of the associated company	% of share	Date of reference	Assets	Liability	Equity	Income	Net result
SAROS, SA	100	31-dez-22	502 885	88 673	414 212	495 189	337 794
FERNAVE, SA	100	31-dez-22	1 742 508	317 481	1 425 027	1 572 647	535 389
ECOSAÚDE, SA	100	31-dez-22	841 888	626 767	215 121	2 685 255	94 981
SIMEF, ACE	51	31-dez-22	9 961 562	9 019 772	941 790	13 402 649	941 790
Nomad Tech, Lda.	35	31-dez-22	5 998 605	2 529 130	3 469 475	1 438 469	(844 840)
TIP, ACE	33	31-dez-22	24 969 168	18 801 493	6 167 674	7 313 460	1 687 191

Other Financial Investments (note 13)

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

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

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

(amounts in Euros)							
Description	Method	31-Dec-22			31-Dec-21		
		Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
CP Carga, SA	Acquisition cost	80 000	(80 000)	-	80 000	(80 000)	-
MLM, SA	Acquisition cost	12 721	(12 721)	-	12 721	(12 721)	-
METRO DO PORTO, SA	Acquisition cost	249 399	(249 399)	-	249 399	(249 399)	-
METRO-MONDEGO, SA	Acquisition cost	3 595	-	3 595	3 595	-	3 595
ICF	Acquisition cost	382 269	(382 269)	-	382 269	(382 269)	-
EUROFIMA	Acquisition cost	27 760 679	-	27 760 679	27 760 679	-	27 760 679
BCC	Acquisition cost	1 460	-	1 460	1 460	-	1 460
INEGI - Instituto de Engenharia Mecânica e Gestão Industrial	Acquisition cost	2 500	(2 500)	-	2 500	(2 500)	-
Railway Competence Centre	Acquisition cost	2 000 000	(2 000 000)	-	2 000 000	(2 000 000)	-
Labour Compensation Fund	Acquisition cost	207 351	(207 351)	-	207 351	-	207 351
		30 699 974	(2 934 240)	27 765 734	30 699 974	(2 726 889)	27 973 085

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

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

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

	(amounts in Euros)					
	Opening balance	Additions	Disposals	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 - Instituto de Engenharia Mecânica e Gestão Industrial	2 500	-	-	-	-	2 500
Railway Competence Centre	2 000 000	-	-	-	-	2 000 000
Labour Compensation Fund	207 351	-	-	-	(207 351)	-
	30 699 974	-	-	-	(207 351)	30 492 623
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 - Instituto de Engenharia Mecânica e Gestão Industrial	(2 500)	-	-	-	-	(2 500)
Railway Competence Centre	(2 000 000)	-	-	-	-	(2 000 000)
	(2 726 889)	-	-	-	-	(2 726 889)
Total	27 973 085	-	-	-	(207 351)	27 765 734

The main change in this caption during 2022 relates to the annulment of the labour compensation fund, which no longer applies to CP, with the amount registered in the asset being repaid by said fund.

Income Tax (note 14)

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

30, 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, the net income for the year 2022 would have been negative in the amount of 7.1 million euros.

Since in the current circumstances there are no expectations for the 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 the CP Group until 2021 go 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's individual tax in the financial years of 2022 and 2021 is as follows:

(amounts in Euros)				
	2022	2021	Restatement	2021 Restated
Income Before Tax	9 745 660	(65 219 405)	51 731 203	(13 488 202)
Expected Tax	(564 736)	(334 889)	-	(334 889)
Permanent Differences	(6 356 537)	22 181 496	(15 519 361)	6 662 135
Taxable Income	2 824 387	(43 372 799)	36 211 842	(7 160 956)
Deducted Tax Losses	(2 259 509)	-	-	-
Tax Base	564 877	-	-	-
Nominal Tax Rate	21.0%	21.0%	-	21.0%
Collection	158 356	-	-	-
Municipal surcharge	41 739	-	-	-
Autonomous Taxation	131 351	334 889	-	334 889
Result of liquidation (Art. 92)	233 290	-	-	-
Income Tax	564 736	334 889	0	334 889
Effective Tax Rate	5.8%	-	-	-

Inventories (note 15)

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

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Gross amount:		
Goods	129 591	138 575
Raw and auxiliary 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		
Inventories	44 579 526	42 199 458

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 and 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 for 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 company 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 4.

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	17 314 650	2 140 564	237 773	-	19 217 441
Finished and intermediate products*	666 677	181 805	13 582	-	834 900
Manufacturing	322 920	27 514		-	350 434
Spare parts	343 757	154 291	13 582	-	484 466
Total	17 981 327	2 322 369	251 355	-	20 052 341

Customers (note 16)

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

(amounts in Euros)

Description	31-Dec-22	31-Dec-21
Gross amount:		
General	10 476 138	10 245 651
Associated companies	70 412	383 931
Joint ventures	(37 404)	329 530
Other related parties	-	984
Customers - accumulated impairment losses	5 541 231	5 489 363
Subtotal	16 050 377	16 449 459
Accumulated impairment		
Impairment losses for the period	(51 868)	704 506
Impairment losses from previous periods	(5 489 363)	(6 193 869)
Subtotal	(5 541 231)	(5 489 363)
Net book value	10 509 146	10 960 096

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		Use		Reversals	Closing balance
		Regular	Uncollectible	Regular	Uncollectible		
Impairment losses							
General customers	5 489 363	97 371	(1 607)	(45 503)	1 607	-	5 541 231
Total	5 489 363	97 371	(1 607)	(45 503)	1 607	-	5 541 231

Ageing of receivables from customers are as follows:

(amounts in Euros)					
Description	Up to 90 days	Between 90 and 180 days	Between 180 and 360 days	Over 360 days	Total
General customers	8 731 440	451 532	989 312	303 854	10 476 138
Associated companies	70 382	-	30	-	70 412
Joint ventures	8 575	-	(45 979)	-	(37 404)
Total	8 810 397	451 532	943 363	303 854	10 509 146

State and Other Public Entities (note 17)

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

(amounts in Euros)		
Description	31-Dec-22	31-Dec-21
Asset		
Income tax	240 388	214 947
Special payment on account	167 451	167 451
Tax withholdings	52 033	47 496
Tax withholdings - Dependant	20 904	-
VAT	9 960 015	5 441 013
VAT receivable	9 960 015	5 441 013
Other taxes	347 443	233 888
Social Security CNP (Portuguese National Pension Centre) contributions	337 245	233 888
DGI-FCT	10 198	-
Total	10 547 846	5 889 848
Liability		
Income tax	586 082	1 976 469
Income tax	564 736	334 889
Income tax withholding	21 346	1 641 580
VAT		
VAT payable		
Other taxes	58	7 668
Social Security contributions	58	37
Other taxes	-	7 631
Total	586 140	1 984 137
State and other public entities	10 547 846	5 889 848
State and other public entities	586 140	1 984 137

In 2022, VAT increase in the item "VAT to be recovered" 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 the withheld income tax item reflects the payment of deductions at the source of dependent work in the month of December itself. Moreover, tax estimate also fell due to the calculation of autonomous taxing having been made without the 10% increase in each rate, as a result of the determination of the taxable profit in 2022, instead of in 2021 in which the tax loss was determined.

Other Accounts Receivable (note 18)

The other accounts receivable's heading shows the amounts accounted for in the following table:

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21 RESTATED
Gross amount:		
Advance payments to suppliers	178 645	634 869
Current account suppliers - debit balances	202 596	52 206
Other debtors - staff	173 915	113 028
Sundry debtors - current accounts	4 196 031	1 452 019
Sundry debtors - doubtful collection	5 760 143	5 826 096
Sundry creditors - debit balances	193 768	295 945
Sundry creditors - dep. Given collateral	228 028	233 907
Sundry creditors - VAT - operations to be settled	2 962	9 595
Sundry debtors/creditors - invoicing to be issued	191 675	190 300
Sundry creditors-ODC-"Galp Frota" card/"Via Verde" [electronic toll]	(2 462)	(2 690)
ODC - business units/other	(13 340)	65 393
Debtors for accrued income	9 020 450	56 080 335
Subtotal	20 132 411	-
Accumulated impairment		
Impairment for the period - other debts to third parties	65 953	(1 240 919)
Impairment from previous periods-Other debts to third parties - CP and MLP	(5 826 096)	(4 585 177)
Subtotal	(5 760 143)	(5 826 096)
Net book value	14 372 268	(5 826 096)

In 2022, the other accounts receivable's heading shows a decrease of around 44.8 million euros in comparison with the same period of the previous year. This fact is explained by the decrease in debtors for accrued income, 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).

(amounts in Euros)

Description	Opening balance	Losses	Use		Reversals		Closing balance
			Regular	Uncollectible	Regular	Uncollectible	
Impairment losses							
Other third party debts	5 826 096	-	(143 156)	139 593	77 203	(139 593)	5 760 143
Total	5 826 096	-	(143 156)	139 593	77 203	(139 593)	5 760 143

Deferrals (note 19)

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

(amounts in Euros)

Description	31-Dec-22	31-Dec-21
Asset		
Expenses to be recognised		
Deferrals - recognised expenses - miscellaneous	1 150 279	993 873
Total	1 150 279	993 873
Liability		
Income to be recognised		
Deferrals - recognised income - other deferrals - recognised income	475 638	412 880
Total	475 638	412 880

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 insurances in force on the first quarter of the following year. The main insurances 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.

Subscribed Capital (note 20)

According to the legislation that defines 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 2,000 million 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 staff costs 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 21)

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 defines 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 22)

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 Contract of 1951 between the State and 'Companhia dos Caminhos de Ferro Portugueses', and it concerned the surplus of revenues from the Fund on investments funded thereby.

Retained Earnings (note 23)

The following operations are registered in this heading:

- The company has transferred the net income of the previous financial years to retained earnings;
- Since CP chose to value its fixed tangible assets by their considered cost at the date of transition to the SNC, the balance of revaluation surplus is accounted for in this heading, being explained below, how the revaluation of assets was carried out.

Rolling Stock

The company reassessed the fixed tangible asset for the first time in 1995.

The reassessment focused on the fixed tangible asset present in the heading of basic equipment which encompasses rolling stock, as of December 31st, 1995.

The system used consisted of the early calculation of the depreciations corresponding to the financial year of 1995 and, afterwards, the application – to the amounts of the fixed tangible asset and corresponding accumulated depreciations – of the legal coefficients of currency devaluation present in Ordinance no. 338/95 from April 21st, previously corrected with a factor of 1.04.

In the financial year of 1997 there was a new reassessment of the fixed tangible asset present in the item of basic equipment, encompassing rolling stock, in accordance with Decree-law no. 31/98 from February 11th.

Other Fixed Tangible Assets

In the financial year of 1999, the company carried out the inventory and valuation of assets contained in the remaining headings of fixed tangible assets, purchased until December 31st, 1997, except for the assets corresponding to the rolling stock and park pieces. This free reassessment allowed the assets to be valued at market price, with the corresponding depreciations being carried out according to the expected useful life. This work was coordinated by the companies Ernst & Young and “CPU – Consultores de Avaliação”, and it essentially covered the identification of goods, the corresponding assessment based on the criterion of the current market value and the calculation of the surplus of the latter for historical cost.

Adjustments/Other Variations in Equity (note 24)

The particulars of this heading are analysed as follows:

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Allowances	81 575 076	85 212 029
Financial restructuring	91 357 368	91 357 368
Transitional adjustments	132 640	132 640
Total	173 065 084	176 702 037

The financial restructuring heading reflects the liabilities assumed by the State under the Protocol from August 24th, 1993, relating to debts to the Tax Administration, the General Directorate for the Treasury and the Banks, amounting to 97,975,959 euros, and the use in the settlement of the remaining amount owed by the State, amounting to 6,618,591 euros, resulting from the financial restructuring carried out under Decree-Law no. 361/85.

The value of the allowances item relates essentially to allowances received for rolling stock, with the decreases in this component of capital resulting from the imputation, as income for the year, on a systematic and rational basis during the useful life of the asset, of part of that subsidy, in the same proportion in which depreciation is recognised.

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

	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Environmental Fund – Acq. 12 Bi-mode railcars and 10 Elec	11 056 145	5 956 145
PIDDAC subsidies	29 236 744	32 851 630
FEDER subsidies	39 610 142	44 599 600
IGCP subsidies	1 444 330	1 576 939
Other subsidies (including CEF)	227 715	227 715
Total	81 575 076	85 212 029

Provisions (note 25)

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	1 854 893	103 136	-	-	1 958 029
Work accidents and occupational illnesses	7 778 269	-	(670 333)	(884 182)	6 223 754
Railway accidents	2 624 691	-	-	(178 100)	2 446 591
Other	1 642 449	927 888	-	(660 396)	1 909 941
Total	13 900 302	1 031 024	(670 333)	(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 26)

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

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Non-current		
Loans granted		
Bond loans	200 000 000	200 000 000
Application of Effective Rate Bond loans	(4 158 316)	(4 596 092)
Other funders	1 000 000	52 000 000
Total	196 841 684	247 403 908
Current		
Loans granted		
Other funders	1 913 349 168	1 885 089 333
Total	1 913 349 168	1 885 089 333
Total loans	2 110 190 852	2 132 493 241

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 2020 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 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. 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, is analysed as follows:

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Loans granted		
Bond loans		
For over 5 years	200 000 000	200 000 000
Application of Effective Rate Bond Loans	(4 158 316)	(4 596 092)
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
Over 5 years		
Total	2 110 190 852	2 132 493 241

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
DG TF	1 864 349 168	1 787 089 333
Total	2 110 190 852	2 132 493 241

As of December 31st, 2022, future payments of the outstanding capital regarding non-current loans obtained are analysed as follows:

(amounts in Euros)						
Description	2023	2024	2025	2026	2027 and following	Total
Loans granted						
Bond loans	-	-	-	-	200 000 000	200 000 000
Application of Effective Rate Bond Loans	-	-	-	-	(4 158 316)	(4 158 316)
Other funders	1 913 349 168	1 000 000	-	-	-	1 914 349 168
Total	1 913 349 168	1 000 000	-	-	195 841 684	2 110 190 852

Other Debts Payable (note 27)

The heading of other debts payable is analysed as follows:

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Current		
Investment fund providers	173 020	3 456 217
Creditors by outstanding subscriptions	42 246 370	40 195 026
Other creditors	2 388 857	3 902 268
Creditors by expenditure growth	130 240 537	123 569 947
Staff	120 271	39 662
Advance payments from customers	56 640	55 028
Total	175 225 695	171 218 148

This heading shows a 4 million euro increase, with a 6.7 million euro growth 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 by the increase of interest accrual in 2.7 million euros, and, contrarily, a reduction in added amounts regarding ancillary and additional services/REFER, in about 2.2 million euros.

Conversely, for the reduction of the balance of investment fund providers, in around 3.3 million euros contributed to the liquidation, in the first quarter of 2022, of invoicing received and accounted for in December 2021, regarding various investments with workshop equipment and equipment for application in rolling stock.

The creditors' balance by outstanding subscriptions concerns the subscribed and unpaid capital of the affiliate Eurofima as already identified in note 13.

Suppliers (note 28)

The heading of suppliers shows the following particulars:

Description	(amounts in Euros)	
	31-Dec-22	31-Dec-21
Supplier current accounts		
General	7 600 022	33 664 196
Subsidiary companies	32 761	302 895
Associated companies	11 979	295 272
Other related parties	6 966	206 769
Guarantee withholding	31 834	32 814
Invoices received and pending approval	7 149 302	448 546
	14 832 864	34 950 492

The decrease witnessed in this heading in around 20.1 million euros when compared with 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 liquidated in the year they refer to.

Provided Sales and Services (note 29)

Provided sales and services have the following particulars:

Description	(amounts in Euros)	
	2022	2021
Sales and services provided		
Sales	-	2 055
Passengers net of discounts and rebates on sales	255 725 458	171 571 875
Maintenance and lease of rolling stock	15 301 076	17 796 768
Other services	4 067 450	3 469 944
Total	275 093 984	192 840 642

There was an 82.3 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 30)

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

Description	(amounts in Euros)	
	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 contract signed on November 28th, 2019, between the State and CP was approved by the Court of Auditors on June 26th, 2021. Thus, as a result of the contract formalisation, financial compensations previously agreed with the State were paid to CP in 2021 and 2022, without affecting any possible adjustments that may be determined and agreed between the parties, as foreseen in the contract, resulting from the reconciliation of CP's public service obligations effectively provided and the consequent 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 31)

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

Description	(amounts in Euros)	
	2022	2021
Losses		
Application of the equity method	(34 311)	-
Other	(729)	-
Gains		
Application of the equity method	1 981 807	1 640 675
Other	208 798	799 113
Total	2 155 565	2 439 788

The increase in earnings attributed to subsidiaries, associated companies, and joint ventures is mainly due to the improvement in the individual results 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 32)

	(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 maintenance and of work in progress in rolling stock maintenance and repair interventions.

Capitalised Production Costs (note 33)

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
Fixed tangible assets	12 992 032	13 316 590
Total	12 992 032	13 316 590

Sold Commodities and Consumed Materials' Costs (note 34)

Sold commodities and consumed materials' costs are as follows:

Description	(amounts in Euros)	
	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 29) and in the changes in production inventories heading (note 32). 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 35)

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

Description	(amounts in Euros)	
	2022	2021
Sub-agreements:		
Cleaning of facilities	(2 181 565)	(1 362 828)
Cleaning of rolling stock	(3 498 267)	(2 937 242)
Additional and ancillary services	(4 265 930)	(4 234 291)
Catering services	(1 051 589)	(794 419)
CP/Renfe agreement	-	(74 302)
Other sub-agreements	(9 321 808)	(8 541 527)
Specialised services:		
Maintenance and repair	(2 967 479)	(6 457 899)
Specialised work	(4 136 721)	(3 449 306)
Surveillance and security	(4 702 554)	(4 556 702)
Use of rolling stock	-	(47 146)
Other specialised services	(1 579 145)	(1 103 424)
Materials	(949 998)	(1 043 966)
Energy and fluids:		
Electricity	(47 667 010)	(21 738 551)
Fuel	(327 897)	(299 767)
Water	(170 221)	(278 389)
Other		
Travel, accommodation and transport	(885 486)	(708 352)
Cont. CP/ACE (EMEF/Siemens)	(5 638 870)	(4 906 545)
Infrastructure use fee	(56 503 025)	(54 526 574)
Other rents and leases	(13 057 579)	(10 473 568)
Communication	(761 494)	(780 193)
Insurance	(569 396)	(584 577)
Other services	(433 353)	(491 504)
Total	(160 669 387)	(129 391 072)

In 2022, there was an increase in the external services and supplies heading in the amount of 31.3 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 36)

The heading of personnel expenses has the following particulars:

Description	(amounts in Euros)	
	2022	2021
Remuneration of governing bodies	(467 607)	(513 968)
Remuneration of personnel	(118 010 399)	(113 485 628)
Compensation	(234 577)	(7 536)
Charges on remuneration	(26 419 056)	(25 437 893)
Insurance against work accidents and occupational illnesses	(3 341 488)	(3 368 387)
Social action expenses	(228 092)	(284 515)
Other personnel expenses	(2 538 060)	(2 674 593)
Total	(151 239 279)	(145 772 520)

The increase in personnel expenses of 6.9 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.

The following table presents the particulars of permanent staff employees, as of December 31st, 2022 and 2021, by Management/ Senior Management positions and professional category:

Description	31-Dec-22	31-Dec-21
Governing bodies *	8	7
Directors/senior management	423	386
Senior managers	389	386
Middle management	34	-
Middle managers	314	316
Highly qualified professionals	2 932	2 996
Semi-qualified professionals	65	69
Non-qualified professionals	8	10
Total	3 750	3 784

* Includes three members of the Supervisory Board

Impairment of Non-Depreciable/ Amortisable Investments (note 37)

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

Description	(amounts in Euros)	
	2022	2021
Reversals		
Non-current assets held for sale	260 972	1 462 230
Total	260 972	1 462 230

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

Descrição	Opening balance	Additions	Reversals	Transfers	(amounts in Euros)
					Closing balance
Buildings and other constructions	3 897	-	-	-	3 897
Basic equipment	2 726 409	-	(260 972)	-	2 465 437
Total	2 730 306	-	(260 972)	-	2 469 334

Fair Value Increases/Reductions (note 38)

Description	(amounts in Euros)	
	2022	2021
Gains		
Financial investments	-	2 965
Total	-	2 965

In 2021 the valuation of the Labour Compensation Fund (LCF) was recorded in the accounts, considering the investment units held and their respective valuation on 31/12/2021.

Other Income (note 39)

The heading of other income has the following particulars:

Description	(amounts in Euros)	
	2022	2021
Supplementary income	8 625 129	4 482 708
Prompt payment discounts received	1 930	1 843
Inventory gains	45 350	131 022
Remaining financial assets	2 319 184	1 161 548
Non-financial investments	2 957	164 480
Other	19 518 474	18 100 139
Total	30 513 024	24 041 740

A 6.5 million euro increase was registered against 2021, with the contribution of mainly the following variations:

- Increase in the Supplementary Income item in 4.1 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, and the 0.9 million euro increase related to the sale of passes and tickets;
- 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 1.4 million euros, mainly due to the regularisation of navegante passes, 'PART'.

Other Expenses (note 40)

The heading of other expenses has the following particulars:

Description	(amounts in Euros)	
	2022	2021
Taxes	(210 960)	(315 649)
Uncollectible debts	(143 385)	(77)
Inventory losses	(230 044)	(85 380)
Non-financial investments	(615 282)	(1 441 741)
Other	(8 458 695)	(5 372 024)
Total	(9 658 366)	(7 214 871)

The main contributors for the increase of about 2.4 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 41)

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

Description	(amounts in Euros)	
	2022	2021
Expenses		
Fixed tangible assets	(54 962 950)	(56 305 053)
Intangible assets	(333 251)	(81 406)
Reversals		
Fixed tangible assets	185 276	1 906
Total	(55 110 925)	(56 384 553)

Expenses that were accounted for are the result of depreciation/amortisation of assets in accordance with their determined useful lives and particulars presented in note 4. The expected useful lives of assets are revised annually, in order to verify their accuracy.

Impairment of Depreciable and Amortisable Investments (note 42)

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

Description	(amounts in Euros)	
	2022	2021
Reversals		
Fixed tangible assets	342 412	81 4 485
Total	342 412	81 4 485

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

Interest and Similar Income Gained (note 43)

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

Description	(amounts in Euros)	
	2022	2021
Interest gained	14 375	9 078
Total	14 375	9 078

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

Payable Interest and Similar Expenses (note 44)

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

Description	(amounts in Euros)	
	2022	2021
Interest incurred	(17 790 954)	(21 260 018)
Other expenses and losses	(1 100 694)	(1 505 908)
Total	(18 891 648)	(22 765 926)

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 45)

Guarantees and sureties provided by CP to third parties, group companies, and associated companies:

	(amounts in Euros)
Company	Amount
Guarantee provided by CP to Fernave	3 357
Guarantees provided by CP to third parties	3 067 409

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

The following events should be noted:

- We are not aware of any situation that as a result of the pandemic and/or armed conflict scenario should be reflected in the financial statements as of December 31st, 2022, and the assumption of continuity of operations is not called into question.

Proposal for Application of Income (note 47)

In accordance with the provisions in force, we suggest that the Net Income for the financial year, profit of 9 180 924 euros, are transferred to the Income Retained earnings.

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AUDIT REPORT

DE AUDITORIA



AUDIT REPORT

FINANCIAL STATEMENTS AUDIT REPORT

Opinion

We have audited the enclosed financial statements of CP - Comboios de Portugal, E.P.E. (the Entity), comprising the balance sheet dated from December 31st 2022 (showing a total of 518 964 212 euros and a total negative equity of 1 794 885 292 euros, including a net income of 9 180 924 euros), the income statement by nature, the statement of changes in equity and the cash flow statement for the year ending on that date, and the attachment that includes a summary of relevant accounting policies.

In our opinion, the attached financial statements truly and appropriately present, in all material aspects, the financial position of CP - Comboios de Portugal, E.P.E. on December 31st 2022 and its financial performance and cash flow for the year then ended on that day in accordance with the Accounting Standards and Financial Reporting implemented in Portugal through the Accounting Normalisation System.

Opinion Foundation

Our audit was carried out in accordance with the International Standards on 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 for the Financial Statement Audit" section below. We are independent of the Entity according to the law and comply with the other ethical requirements under the terms of the ethics code of the Portuguese Certified Public Accountant Association.

We are certain that the audit evidence we have obtained is both sufficient and appropriate to provide a foundation for our opinion.

Emphasis

The Entity has been accumulating consecutive net losses of significant amounts (namely the net income for the years ending on December 31st 2016 to 2021, whose Report and Accounts have not yet been approved by the Sector and Financial responsible ministries, as disclosed in note 1 of the attachment). Although in 2022 the Entity showed a positive net income, as of December 31st 2022, it still shows a total negative equity of 1 794 885 292 euros.

As it is a public service provider and considering the accumulated negative net results, the financing of its activity continues to depend on financial support from the Portuguese State.

As disclosed in note 2 attached, CP - Comboios de Portugal, E.P.E 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 the 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 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 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 financial statements that truthfully and appropriately present the financial situation, financial performance and cash flow of the Entity, in accordance with the Accounting Standards and Financial Reporting implemented in Portugal through the Accounting Normalisation System;
- the preparation of the management report, according with 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 Entity'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 supervision of the process concerning the preparation and disclosure of the Entity's financial information.

Responsibilities of the auditor regarding the financial statement audit

Our responsibility is to obtain reasonable assurance about whether the 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 Entity'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 Entity'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 Entity 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; and
- communicate with those charged with 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 Management Report

In compliance with Article 451(3)(e) of the Portuguese Commercial Companies Code, we are of the opinion that the 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 Entity, we have not identified any material inaccuracies.

Lisbon, July 14th 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

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LEGAL CERTIFICATION OF ACCOUNTS



LEGAL CERTIFICATION OF ACCOUNTS

FINANCIAL STATEMENT AUDIT REPORT

Opinion

We have audited the enclosed financial statements of *CP - Comboios de Portugal, E.P.E.* (the Entity or CP), comprising the balance sheet as of December 31st 2022 (showing a total of 518,964,212 euros and a total negative equity of 1,794,885,292 euros, including a net income of 9,180,924 euros), the income statement by nature, the statement of changes in equity and the cash flow statement for the year ending on that date, and the attachment to the financial statements, 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 financial position of *CP - Comboios de Portugal, E.P.E.*, as of the December 31st 2022 and its financial performance and cash flow for the year that ended in accordance with the Accounting Standards and Financial Reporting implemented in Portugal through the Accounting Normalisation System.

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 of 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. CP's operations have been consecutively creating losses, which led to liabilities significantly higher than the total of assets and to the need for the Portuguese State to ensure the financing necessary for the continuation of the activity. Since this is a Legal Person Governed by Public Law with public service obligations resulting from the railway passenger transportation, we understand that the continuity of its service is not at stake, even though CP remains dependant on the financial support from the Portuguese State, on the strategy for the transport industry, and on the operations to carry out in the future.
2. As disclosed in note 1 of the attachment, the Entity's 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 Entity 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.

Our opinion has not changed regarding these matters.

[Signature]

Other Matters

As of the 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 of the European Parliament and of the Council, from April 16th", 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 financial statements

The management board is responsible for:

- the preparation of financial statements that truthfully and appropriately present the financial situation, financial performance, and cash flow of the Entity, in accordance with the Accounting Standards and Financial Reporting implemented in Portugal through the Accounting Normalisation System;
- the preparation of the management report, in accordance with 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 policies appropriate in its circumstances; and
- the assessment of the Entity'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 Entity's financial information.

Responsibilities of the auditor regarding the financial statement audit

Our responsibility is to obtain reasonable assurance about whether the 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 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 Entity'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 Entity'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 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 Entity to discontinue its activities;
- assess the overall presentation, structure, and content of the 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
- communicate with those charged with governance, including the supervisory board, 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 management report is consistent with the financial statements.

OTHER LEGAL AND REGULATORY REQUIREMENTS REPORT

About the Management Report

In compliance with Article 451(3)(e) of the Portuguese Commercial Companies Code, we believe that the 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 financial statements and, considering the knowledge and assessment of the Entity, we have not identified any material misstatements.

Lisbon, July 14th 2023

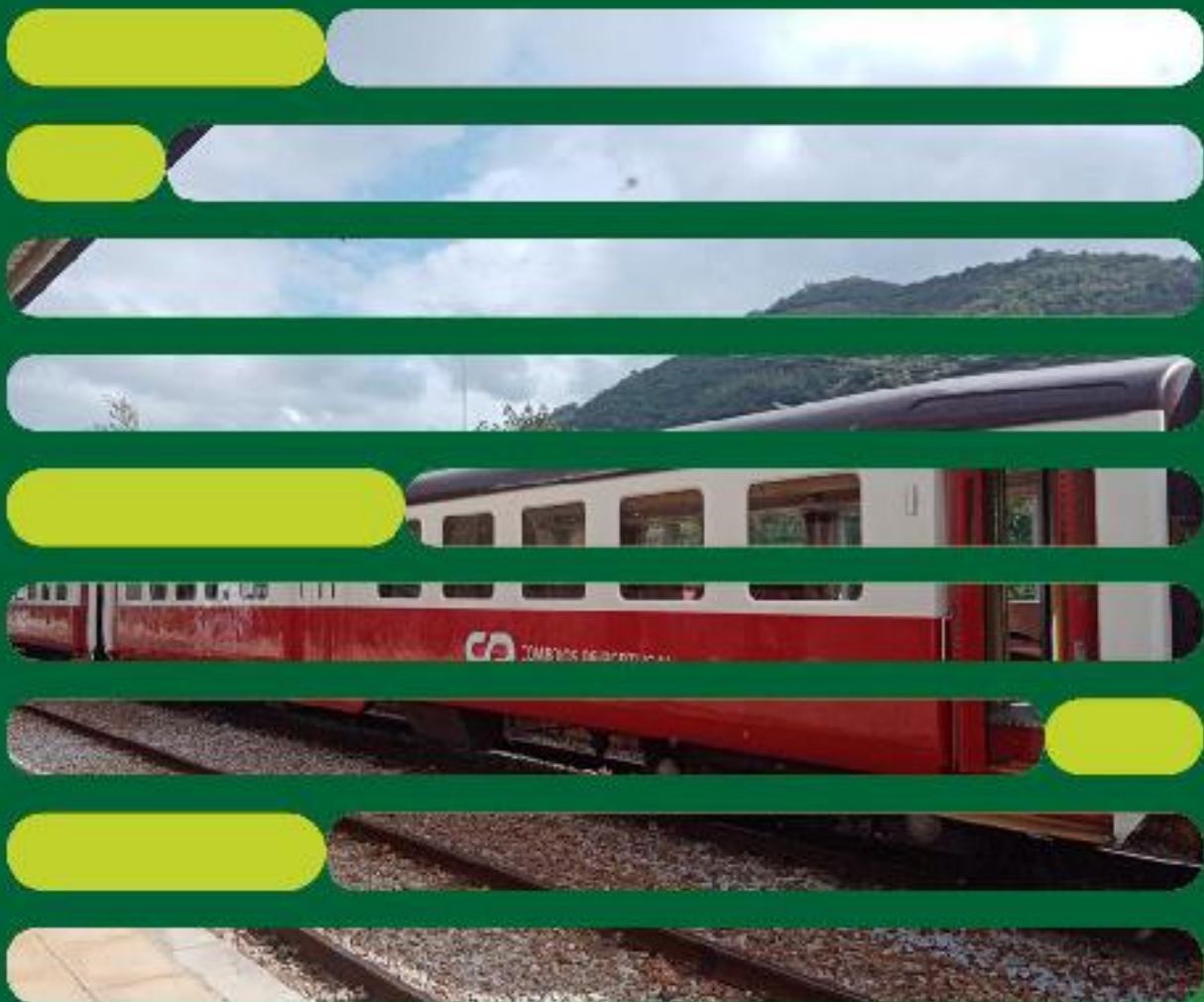
[Signature]

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

Report and Accounts 2022

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SUPERVISORY BOARD REPORT



SUPERVISORY BOARD

SUPERVISORY BOARD REPORT AND OPINION

2022 INDIVIDUAL 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 Incorporation¹ and articles 420 and 452 of the Portuguese Commercial Companies Code² (CSC), the Supervisory Board is tasked with presenting the report of its supervisory action and expressing opinions regarding the management report, the individual financial statements, and the proposal for allocation of results of CP – Comboios de Portugal, E.P.E., hereinafter referred to as CP, documents regarding accounting of the financial year ended on December 31st, 2022. This Report and Opinion considers the legal certification of accounts issued by the Certified Public Accountant. Furthermore, the conclusions in the Audit Report of the External Auditor on the financial statements regarding such period have also been considered³, which are consistent with the conclusions of the legal review conducted to the accounts of CP.

In compliance with the guidelines of the State as shareholder, particularly those contained in the circular letter of the Directorate-General of Treasury and Finance (DGTF) SAI_DGTF/2023/630, from 10/02/2023⁴, the Supervisory Board is also tasked with ascertaining the compliance with the legal guidelines in force for the State-owned Company Sector (SEE), particularly the compliance with the remunerations in force during 2022, as well as ascertaining the compliance with the submission of the annual Report of Good Practice of Corporate Governance, which shall contain current and complete information on such matters, as provided for in item 1 of article 54 of the Corporate Public Sector Legal System (RJSPE), approved by Decree-Law no. 133/2013, from October 3rd⁵, hereinafter referred to as RJSPE.

It should be noted, for information and context purposes within the scope of this document, that:

- CP is a public company, governed by its Articles of Incorporation and by RJSPE;
- The Public Service Agreement signed on 28/11/2019, between the State and CP, took effect with the approval of the Court of Auditors on 26/06/2020, which allowed the payment of the foreseen financial compensations to begin;
- As set forth in Decree-Law no. 174-B/2019, from December 26th, on January 1st, 2020, EMEF – Empresa de Manutenção de Equipamento Ferroviário, S. A. (EMEF) was merged by incorporation into CP;
- The State has maintained its support to the company, in particular with regard to the financial support needed to secure debt services through loans;

¹ Approved by Decree-Law no. 137-A/2009, from June 12th, amended and republished by Decree-Law no. 59/2012, from March 14th, no. 124-A/2018, from December 31st, and no. 174-B/2019 from December 26th.

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 Issued in accordance with item 2 of article 45 of the RJSPE.

⁴ Concerning instructions on the 2022 accounting process for the corporate public entities.

⁵ In its current wording.

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- CP's management report and financial statements, approved by the Board of Directors on 13/07/2023, were prepared in compliance with articles 65, 66, 66A and 66B of the CSC and in accordance with the Accounting Normalisation System, under the terms of the provisions of item 7 of its Resolution no. 2/2021, from December 24th, as per the exception regime obtained from the Court of Auditors;
- As a preliminary point, it should be noted that, in order to assess compliance with the legal guidelines in force for the SEE, the company took into account the financial information relating to previous years, namely from 2016 to 2021, which are pending approval by the responsible ministries. It should be noted that this situation was evidenced both in the emphasis in the legal certification of accounts and by the external auditor in its audit report;
- The financial holdings in other companies are recognised in the financial statements presented by the equity method (MEP), whenever there is control or significant influence over the affiliate companies of CP, while the remaining holdings are recorded at their acquisition cost minus the impairment losses determined by the company, as it is not possible to reliably obtain their fair value;
- Pursuant to the European Union Regulations, within the scope of the second notification of 2014⁶ regarding the Excessive Deficit Procedure and the revision of the European System of National and Regional Accounts⁷, CP was reclassified and included in the frame of Public Administrations for National Accounts purposes since 2015.

2. SUMMARY OF THE ACTION UNDERTAKEN BY THE SUPERVISORY BOARD

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

- i) Met with members of the previous Board of Directors in order to monitor the company's performance;
- ii) Met with CP's financial department;
- iii) Met with the Secretary General;
- iv) Met with the Certified Public Accountant;
- v) Met with External Auditors;
- vi) Prepared opinions regarding the individual and consolidated report and accounts of 2021;
- vii) Prepared the opinion regarding the 3rd quarter of 2021;
- viii) Prepared the opinion regarding the first half of 2022;
- ix) Issued the opinion on contracting loans from DGTF;
- x) 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 CP

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

⁶ Issued on September 2014.

⁷ ESA 2010.

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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.

The company is subject to public service obligations under the agreement signed between the State and CP in 2019 for a period of 10 years, renewable for 5 years, which was only approved by the Court of Auditors on 26.06.2020.

With the merger of EMEF into CP, the maintenance activity of railway rolling stock was internalised, with the main goal of ensuring the reliability of said rolling stock, as a transport operator, but also to comply with the contracts established with third party entities.

In 2022, CP transported around 148.1 million passengers, which represented an increase of 49.5% compared to 2021, due to the lifting of mobility restrictions, with the recovery being registered in all services, especially the long-distance service (+74.8%) and the Porto and Lisbon Urban Services with a 49.7% and 47.9% increase respectively.

In the analysis of the passenger kilometre measurement, the same upward tendency was registered between 78.5% in long-distance, 53.1% in Porto urban services, and 49.2% in Lisbon Urban Services.

In this context, it is important to highlight the increase in traffic revenue of about 84.2 million euros compared to the previous year, standing at 255.7 million euros, still 7% below the amounts for 2019.

In terms of Human Resources, CP ended the year of 2022 with a total of 3 750 employees⁸, representing a decrease of 34 employees, witnessing in that period the entry of 86 employees (cf. RCM no. 110/2019; Ordinances no. 80/2020, no. 82/2020, no. 603/2020-SET, no. 133/2021-SET, and no. 911/2021)⁹ and the exit of 120 employees, mainly due to retirement (54) and termination by the employee (47).

CP invested 27.7 million Euros, of which around 79% were for acquisition (18%) and modernisation (61%) of rolling stock.

4. ECONOMIC AND FINANCIAL ANALYSIS

The financial statements attached to CP's Report and Accounts, encompass the following elements:

⁸ This corresponds to the employees effective CP, permanent staff to which the company pays.

⁹ According to the information given by the company, there is no evidence in permanent staff of conversion of fixed-term work contracts into unfixed-term work contracts, effective on 01.02.2022, due to the authorisation granted by Ordinance no. 105/2022-SET (for the hiring of up to 10 unfixed-term work contracts), since in practice, permanent staff was already effective in CP by the end of the previous financial year.

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- i) the balance sheet which, on December 31st 2022, showed a total asset of 519 million euros and a total negative equity of 1 794.9 million Euros, including a positive net income of around 9.2 million euros and a liability of around 2 313.8 million Euros;
- ii) the individual income statement by nature and function, highlighting a positive operating income of about 28.6 million euros;
- iii) the statement of changes in equity, which shows a positive variation of around 5.5 million euros;
- iv) the cash flow statement with a closing balance of 48.4 million euros (a positive variation of around 31.3 million Euros, regarding the start of the period), and also,
- v) the attachments to the financial statements which contains the most significant accounting policies applied, highlighting, in comparison to 2021 amounts, the indications of note 2 regarding the retrospective restatement of transactions and balances¹⁰, a situation strongly evidenced in the Legal Certification of Accounts.

From the analysis of the financial statements and based on the comparison with the 2021 restated amounts – and due to their materiality – we would like to highlight the following aspects in view of their financial economic impact on the company's financial position and assets:

- As to the financial structure reflected in the balance sheet, although it has remained at similar levels to those of the previous year, the company shows a positive evolution from 2021 to 2022, resulting from both the reduction in liability by around 41.1 million euros, and the achievement of positive income reflected in the positive variation of equity in around 5.5 million euros, surpassing the asset decrease in around 35.6 million euros;
- With regard to assets, the highlight is the decrease in fixed tangible assets, by around 30.1 million euros, due to the fact that the depreciation of these assets has not been offset by new investments and also the decrease in the balance of other accounts receivable, by around 44.8 million euros, mainly due to the decrease in the item of debtors for accrued income, resulting from the restatement operation carried out in 2021 as disclosed in note 18 of the attachments to the financial statements. It is also worth noting the positive variation in balance of cash and bank deposits by around 31.3 million euros;
- In terms of Liabilities, the decrease in the item balance of suppliers and other debts payable, by around 16.1 million euros, should be noted, namely the debt to Infraestruturas de Portugal, SA (IP), also highlighting the decrease in the balance of funding acquired in around 22.3 million euros resulting especially from the amortisation of the Euorfima debt in the capital amount of 100 million euros, associated with the movements registered in the debt to the State through DGTF, as signalled in note 26 of the attachment to the financial statements;

¹⁰ Once ensured the disclosure requirements in the 2022 Report and Accounts, these are also to be considered in the scope of the pending process for approval of 2021 accounts.

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- Still regarding the balance sheet, it should be noted the change registered in equity, essentially as a result of the transfer to retained earnings of the restated net income of 2021;
- At the level of economic exploitation, a positive evolution of the net income of the financial year was also noted, going from -13.8 million euros, in 2021, to about 9.2 million euros in 2022;
- A fundamental contributor to this variation is the improvement registered in operating income, with highlight for the increase of revenue from provided passenger transportation sales and services in around 84.5 million euros, associated with the large recovery of demand, despite also registering increases in expenses, namely in the FSE heading, in around 31.3 million euros, the increase in expenses associated with electricity for traction standing out;
- An increase in personnel expenses (excluding severance payments) was also noted in around 5.2 million euros, justified mainly by the revision of the “Company Agreement”, that, as disclosed in the Report and Accounts, led to the salary update of 0.9% with retroactive payments since January 2022¹¹, for all employees intent in adhering;
- In terms of operating income, it should also be noted the decrease in *operating subsidies*, regarding compensations for public service obligations in around 24.9 million euros, even if they are a reflection of recognition, in 2021 (restatement), of the amounts resulting from RCM no. 162/2021, which approved the final amounts of the adjustment to the Public Service Agreement for the year 2020, amounting to around 51.7 million euros, acquired in 2022¹², as disclosed in note 30 of the attachment to the financial statements;

Operating Income for Passenger Transportation and Maintenance Activities (EBITDA) registered 85.3 million euros in 2022, representing an increase of about 19.5 million euros compared to the 2021 amounts (restated);

- Financial income rose in 2022 to around -18.9 million euros, registering an improvement of around 3.9 million euros mainly due to the fall in remunerated debt;

¹¹ Following the clarifications requested to the company, considering the provisions of item 1 of article 135 of Decree-Law no. 53/2022, from August 12th (DLEO/2022), which subjected the Collective Work Regulations (IRCT) pursuant to article 25 of Decree-Law no. 133/2013, from October 3rd, in its current wording, this informed that such revision and update resulted from the approval granted by Ordinance no. 1268/2021-SET, from December 30th, of the Secretary of State of Treasury, which envisaged, in situations in which the provisions of Decree-Law no. 109-A/2021, from December 7th, namely those in which the IRCT in force do not cover salary updates or regarding automatic mechanism of salary update, the due diligence could be initiated in order to allow for salary updates of employees in 2022, in the collective hiring framework, using the same update references provided for in said law, including the effective date on January 1st 2022.

¹² Throughout 2022, around 178.9 million euros were transferred into CP: i) compensation for the public service obligations for the year 2022, amounting to 104 371 188 euros (VAT included); ii) adjustment of compensation of public service obligations provided in 2020, amounting to 54 835 076 euros (VAT included); and iii) agreement recovery amounting to 17 740 165 euros; on top of the iv) co-participations of 4-18 and Sub23 passes, amounting to 1 979 426 euros.

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- CP's remunerated debt, on December 31st, 2022, was around 2 110 million euros, showing a decrease of around 22.3 million euros compared to the amount registered at the end of 2021;
- Debt is concentrated in State loans, granted by DGTF (around 88%) with reduced maturity;
- In 2022, two additional loans were contracted with DGTF, in the amounts of 35 million euros, aiming to ease treasury constraints and of 100 million euros, to ensure the payment of a loan from Eurofima, with CP also partially paying the loan granted in 2020 in the amount of 57.74 million euros;
- It should also be noted that, throughout 2022, there were no developments regarding the financial restructuring of debt process;
- Therefore, throughout the year 2022, even though the financial and asset structure of CP continues to register significant imbalances that make it difficult to integrate the company in a market for the organisation of the free access railway network, resulting from Decree-Law no. 124-A/2018, from December 31st, a significant improvement is witnessed from the economic activity that allowed to achieve a positive net income.

5. COMPANY GOVERNING STRUCTURE AND COMPLIANCE WITH LEGAL GUIDELINES IN FORCE FOR THE STATE-OWNED COMPANY SECTOR

Within the scope of its competences and with reference to the aforementioned Circular Letter SAI_DGTF/2023/630, from February 10th, it is the Supervisory Board's responsibility to analyse the company's compliance with the legal guidelines in force for the SEE, particularly the compliance with the remuneration guidelines in force in 2022, as well as the demand set out in item 1 of article 54 of RJSPE, determining the obligation to present an annual Corporate Governance Best Practices Report, which shall contain current and complete information about all subjects regulated under said legal scheme applicable to the SEE.

Management Report

In compliance with the provisions of articles 65, 66, 66-A and 66-B of the CSC, CP's Management Report contains the fulfilment of such provisions and other matters legally in force, generally complying with the guidelines applicable to the SEE, namely arising from RJSPE.

Report on non-financial information provided for in article 66-B of the CSC

In relation to the mandatory disclosure of non-financial information and information on the diversity of certain large companies and groups, in particular, added to the Portuguese legal order by Decree-law no. 89/2017 from June 27th, under which the Securities Code and the CSC were amended, CP's Board of Directors chose to include a chapter on this matter in the Report of Good Practice of Corporate Governance, without prejudice to the separate presentation of a report which shall be published in its website within the legal deadline, thereby complying with paragraph b), item 9 of the mentioned article 66-B of the CSC.

Corporate Governance Report

In compliance with item 2 of article 54 of RJSPE, CP presents an Autonomous Report of Good Practice of Corporate Governance regarding the analysed financial year, which complies in general with the structure previously established by the Technical Unit for Surveillance and

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Monitoring of the Public Enterprise Sector (UTAM), according to the model made available for 2022.

Accordingly, and under the terms of item 5 of article 420 of the CSC, we believe that the Corporate Governance Report includes information on the matters governed in Chapter II of RJSPE and the elements that the company is required to provide under the legal terms and provisions in force, including applicable guidelines, and no inaccuracies were found therein. It should also be noted that where some of the recommended principles are not applicable, the reasons for their inapplicability are given.

Guidelines in force for the SEE

Within the scope of the assessment of the compliance with the legal framework applicable to CP and the guidelines provided by the statutory capital holder, through the mentioned Circular Letter SAI_DGTF/2023/630, from 10/02/2023, in compliance with article 420 of the CSC, and in addition to the matters indicated above in the Management Report, the following should be highlighted:

a) Management Goals and Activities and Budget Plan

- In 2022, no management goals were set for the year, and the company's activity was guided by the PAO [Activities and Budget Plan] 2022-2024, approved by the respective ministries on July 2022.
- In accordance with current guidelines, the company provides, in a separate chapter, the information regarding the execution of the PAO 2022, namely the operating goals, EBITDA, personnel expenses, evolution of the indicator of the weight of operating expenses in turnover, performance income, investment, and the adjusted limit of indebtedness, justifying, overall, the observed deviations.
- By integrating the Public Administrations perimeter with CP, the company presents, under the legally required terms, detailed information on the state of budget execution, both in terms of revenue and expense, and refers, in each case, the most important deviations and their arguments.

b) Financial Risk Management

- With regard to the financial risk management, and in compliance with the provisions of Ordinance no. 101/2009 – SETF, from January 30th, it is highlighted that the activity of CP is exposed to the liquidity risk and interest rate risk. Concerning the former, such risk is controlled, to some extent, by the fact that CP is a public company 100% owned by the State.

Concerning the latter, it is highlighted that the Company did not contract any financial instrument in 2022 for the coverage of interest rate, nor does it hold any instrument for such purpose in its portfolio with reference to December 31st, 2022.

The average financing rate increased slightly by 0.7 p.p. due to the relative weight of fixed-rate loans in the interest-bearing debt structure.

c) Limit of indebtedness growth

- Concerning indebtedness, the adjusted amount, determined in accordance with the formula set forth in item 4 of article 145 of Decree-Law no. 53/2022, from August 12th

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(DLEO/2022), that is, taking into consideration the capital increases made by the State, and excluding new investments with material expression¹³, shows a variation of -0.37%, thus complying with the 2% limit set out in item 1 of article 53 of Law no. 12/2022, from June 27th, which approved the State Budget Law for 2022 (LOE2022).

d) Average Time for Payment and Arrear Payments

- In accordance with the “Compliance with Legal Obligations” section of the Report and Accounts, CP did not identify any arrears¹⁴ attributable to the company at the end of 2022;

According to the data disclosed by the company, in 2022 the average time for payment¹⁵ verified at the end of the 4th quarter of 2022 was of 23 days, showing a 37 day decrease when compared to the one registered in the same period of 2021.

e) Recommendations upon the last approval of accounts

- As aforementioned, the accounts referring to the financial years of 2016 to 2021 have not been approved yet by the shareholder, and therefore there were no recommendations to consider for 2022.

f) Remunerations

- CP shows compliance with the provisions regarding pay cuts foreseen in Law no. 12-A/2010, from June 30th (for public managers and equivalent).
- It is also highlighted that the Company maintained the procedure of not awarding management bonuses in 2022, complying with the legal provisions on this matter.
- Still within the scope of the disclosure of the compliance with legal guidelines under the terms foreseen in the aforementioned Circular Letter SAI_DGTF/2023/630, from 10/02/2023, and regarding the disclosure obligations on the website and on the SEE website, particularly in relation to the preparation and disclosure of the report on remuneration paid to men and women¹⁶ and the annual report on corruption prevention, as provided for in item 1 of Article 46 of RJSPE, it is important to note that CP has complied with the aforementioned disclosure obligations.

g) Public Manager Statute

As far as the Supervisory Board is aware, CP has complied with the provisions of the Public Manager Statute, regarding the non-authorisation to reimburse personal representation expenses, the non-authorisation to use payment methods for the expenses incurred in the company's service, the limit of expenses with communications, as well as the maximum value established for fuel and tolls related to service vehicles,

¹³ Those which are not included in the previous year's investment plan and whose estimated annual expenditure is equal to or greater than 10 million Euros or 10% of the company's annual budget (see Article 145 (2) of the DLEO 2022).

¹⁴ Under the terms provided for by Decree-Law no. 65-A/2011, from May 17th.

¹⁵ Under the terms provided for in the RCM no. 34/2008, from February 14th.

¹⁶ Under the terms of item 2 of RCM no. 18/2014 from March 5th, SEE companies shall promote, every three years, the drawing up of a report, to be disclosed internally and made available on their website, on the remunerations paid to women and men with a view to the diagnosis and prevention of unjustified differences in those remunerations.

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and no confidential or undocumented expenses were, as stated in the report, incurred by both the company and its managers.

h) Public Contracting and National Public Purchasing System

- Within the scope of public procurement, CP is governed by the Code of Public Agreements, being considered a contracting entity of the special transport sector. In that scope, CP uses public and limited contests, by previous qualification or consultation with several entities.

As stated in the Report and Accounts, in the procedures for contracting goods and services and undertakings directly and mainly connected with the passenger transportation activity, but showing value lower than that of the community thresholds, and in procedures that are not related to CP's transport activity, the Contracting Law applies, approved by the Board of Directors on July 8th, 2020, approved on March 24th 2021 and which includes the pre-contractual Regulation attached.

- In 2022, the company did not submit any contracts to prior supervision by the Court of Auditors since none exceeded the value of €5 000 000, or, exceeding this amount, none were considered to be subject or they were considered exempt from previous approval.
- CP voluntarily joined the National System of Public Purchases in 2010, checking, case by case, the advantages of using the Framework Agreements subscribed by ESPAP, IP, compared with the contractual values obtained directly by the company, as well as their suitability to the technical specifics of its needs.

Optimisation measures of the operating expenses structure

i) State's Vehicle Fleet

- CP reduced its vehicle fleet compared to 2021, from 111 to 105 vehicles (-6), and there was also a slight decrease in the costs associated with the vehicle fleet.

j) Operating Expenses Structure

- The Ratio of Operating Expenses on the Turnover, based on the values of 2022 and the restated values of 2021, and considering CP's estimated impacts, both regarding expenses and revenue from exceptional factors increased by 6 pp;
- The increase in personnel expenses is also worth noting, corrected from charges regarding governing bodies resulting from severance payments and mandatory remuneration valuations of around +3%;
- The set of expenses with travel, daily allowances, accommodation, vehicle fleet, and contracting of research, opinions, projects, and consulting, also increased compared to 2021 (restated), by around 557.8 thousand euros (+7%), with emphasis on the increase in expenses with travelling and accommodation.

k) State Treasury Unit Principle (UTE)

- Regarding the State Treasury Unit Principle, CP has requested the corresponding exemption on an annual basis, considering that the specific characteristics of the

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company's activity require the maintenance of some bank accounts and bank services offered by commercial banking.

- Thus, following a request formulated for the effect through an ordinance from April 5th 2022, the Portuguese Treasury and Debt Management Agency – IGCP, E.P.E. (IGCP) has dismissed CP from fulfilling the UTE for the years of 2022 and 2023, only regarding the services identified therein¹⁷.

6. OPINION

In accordance with the previous information and taking into consideration 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 Oficiais de Contas, Lda., the Supervisory Board analysed the individual financial statements, prepared in compliance with the accounting principles generally accepted in Portugal, having concluded that such elements truly and appropriately convey the financial position of CP, as at December 31st, 2022, and how the results for the financial year ended on said date were obtained.

Within the scope of its functions, the Supervisory Board also noticed that the set of CP's individual financial statements provides a suitable understanding of the company's financial position, its results, and cash flows associated with the year under analysis.

In conclusion, the Supervisory Board's opinion points:

- i) To the approval of CP's Management Report and Individual Financial Statements, concerning the financial year of 2022, considering the points highlighted in the Legal Certification of Accounts;
- ii) To the approval of the proposal for the allocation of income for the financial year, presented by the Board of Directors, in order to move the positive Net Income of 9 180 924 euros to retained earnings.

Lastly, the Supervisory Board notes with appreciation and thanks all the collaboration that was provided throughout 2022, both by the Board of Directors and remaining employees of CP.

In Lisbon, on July 31st 2023.

The Supervisory Board,

The President,

[Digitally signed]

¹⁷ Amounts subject to collection, transportation and counting, amounts of bank guarantees that cannot be replaced by secured deposits, amounts of securities in custody that are not public debt securities, amounts of leasing and factoring contracts signed with commercial banks, amounts relating to bank loans taken out, amounts agreed through virtual POS, through the use of AMEX cards, and amounts transferred through the SIBS' DPG.

SUPERVISORY BOARD

António Farinha Simão

The Voting Members,

[Digitally signed]

Teresa Costa

[Digitally signed]

Cristina Freire