

2021



COMBOIOS DE PORTUGAL

# REPORT AND ACCOUNTS

Our journey only has one destination:  
sustainability.



# Technical Information

## **CP – Comboios de Portugal, E.P.E.**

Calçada do Duque, nº 20

1249 – 109 Lisboa

Corporate Taxpayer number: 500 498 601

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

Statutory Capital € 3 959 489 351,01 (as at December 31<sup>st</sup>,  
2021)

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



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# 01

## MESSAGE FROM THE BOARD OF DIRECTORS





When, in 2019, this Board of Directors took office, it was presented with two major challenges: to recover in the short-term the levels of rail mobility in Portugal and to launch an ambitious project to develop the sector, with CP as the main promoter of national mobility.

The internalisation of the rolling stock maintenance function was decisive in achieving the first goal, allowing levels of regularity of operation to be restored with the recovery of various units that were inoperable. In this context, it should be noted that CP's active fleet, between 2019 and 2021, was reinforced with more locomotives, railcars, and coaches, totalling 42 units.

Regarding the second goal, after years of disinvestment in the sector, we can say that developments occurring in 2021 will be decisive.

On the one hand, after obtaining approval from the Court of Auditors for the agreement to purchase 12 bimodal railcars and 10 electric railcars for the Regional Service, the largest tender for the purchase of rolling stock in recent decades was launched for the supply of 117 electric railcars for the Urban and Regional Services.

On the other hand, the Railway Competence Centre was created, which will allow the construction of a railway cluster, attracting or creating talent, as well as companies dedicated to supplying the various components, both for the current equipment and for other equipment that may be built in Portugal. In addition to being a knowhow centre for the sector, it will be a job and investment creating hub for the country.

These facts, together with the improvements in the service made possible by the planned track electrification and renovation works, give us renewed hope in the modernisation and development of the Portuguese Railways, in which CP will become the structural operator of internal mobility and the leader of the transport market, contributing to territorial cohesion and to the economic, social, and environmental sustainability of the country, with the ultimate goal of improving the quality of the service provided to our Customer.

In terms of results, in a year that continued to be marked by the vicissitudes caused by the Pandemic, but with restrictions being less penalising than the previous year, there was a 14% increase in the number of passengers transported and a 13,9% increase in traffic revenues.

EBITDA from transport and maintenance activities was positive at 14 million euros, 18,1 million euros above 2020.

The Net Income, although negative at 65,6 million euros, was an improvement of 31% comparatively with the previous year (29,8 million euros).

The remunerated debt remained unchanged throughout the year, which allowed for the improvement of the Financial Results.

It should be noted that CP continued to rely on the support of its Shareholder, the State, to resolve its most pressing needs at various levels, particularly regarding the amortisation of loans maturing in the period, while a formal decision is awaited regarding the financial settlement of the company's historic debt.

We would like to take this opportunity to thank the support provided by the Sectorial and Financial Responsible Ministries, which has been crucial for the achievement of the current favourable environment for the development of the sector.

We would also like to thank and recognise the work carried out by Engineer Nuno Freitas, who presided over us until the end of the third quarter, and also to all employees, for their pride, effort, and dedication, which boosted the changes that occurred at CP, without which the results obtained would not have been possible.

Finally, we would like to thank our Customers for their preference.

# 02

## BOARD OF DIRECTORS





**Pedro Manuel Franco  
Ribeiro**

Voting Member

**Nuno Pinho da Cruz  
Leite de Freitas**

President  
until September 30<sup>th</sup>

**Pedro Miguel Sousa  
Pereira Guedes Moreira**

Vice-President

**Ana Maria dos  
Santos Malhó**

Voting Member

**Maria Isabel de  
Magalhães Ribeiro**

Voting Member

# 03

## MAIN INDICATORS





**Transported Passangers – 99,1 million**



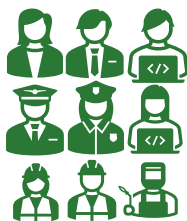
**Trains – 423 thousand**

**Cks – 27,5 million**



**Traffic Revenues – 172 million euros**

**Maintenance Invoicing – 16,4 million euros**



**Employees – 3 784**



**Vehicles in the Fleet – 415**

Group's Operating Indicators	2021	2020	Δ 21-20	Δ %
<b>Demand</b>				
Passengers (10 <sup>3</sup> )	99 103	86 910	12 194	14,0%
Passengers Kilometre (10 <sup>3</sup> )	2 526 613	2 200 817	325 796	14,8%
<b>Supply</b>				
Trains (10 <sup>3</sup> )	423	404	19	4,7%
CK (10 <sup>3</sup> )	27 463	25 662	1 801	7,0%
LKO (10 <sup>6</sup> )	12 384	11 963	421	3,5%
<b>Human Resources</b>				
Final Effective Staff	3 784	3 736	48	1,3%
Average Effective Staff	3 766	3 710	56	1,5%
<b>Fleet - Active Fleet</b>				
Railcars	245	242	3	1,2%
Locomotives	44	35	9	25,7%
Carriages	126	118	8	6,8%

Financial Indicators (10 <sup>3</sup> €)	2021	2020	Δ 21-20	Δ %
Income from Traffic	171 570	150 652	20 918	13,9%
Operating Income *	317 428	294 758	22 670	7,7%
Operating Subsidies **	89 386	88 127	1 259	1,4%
Operational Expenses *	303 404	298 879	4 525	1,5%
EBITDA *	14 024	-4 121	18 145	440,3%
Operating Result	-42 462	-64 477	22 015	34,1%
Net Result	-65 554	-95 399	29 845	31,3%

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

\*\* In Operating Income. Includes operating subsidies and financial compensation for public service obligations.

Ratios	2021	2020	Δ 21-20	Δ %
Weight of Expenses in Turnover w/o Operating Subsidies ***	92,6%	90,2%	2,4 p.p.	-

\*\*\* (CMVMC + FSE + Personnel Expenditure) / (Turnover+ Own entity works), excluding the pandemics' effect.

# 04

## MACROECONOMIC FRAMEWORK



# Macroeconomic Framework<sup>1</sup>

## Scenario

The years 2020 and 2021 were decisively influenced by Covid19 Pandemic. The following timeline summarises the various phases of mobility restrictions.

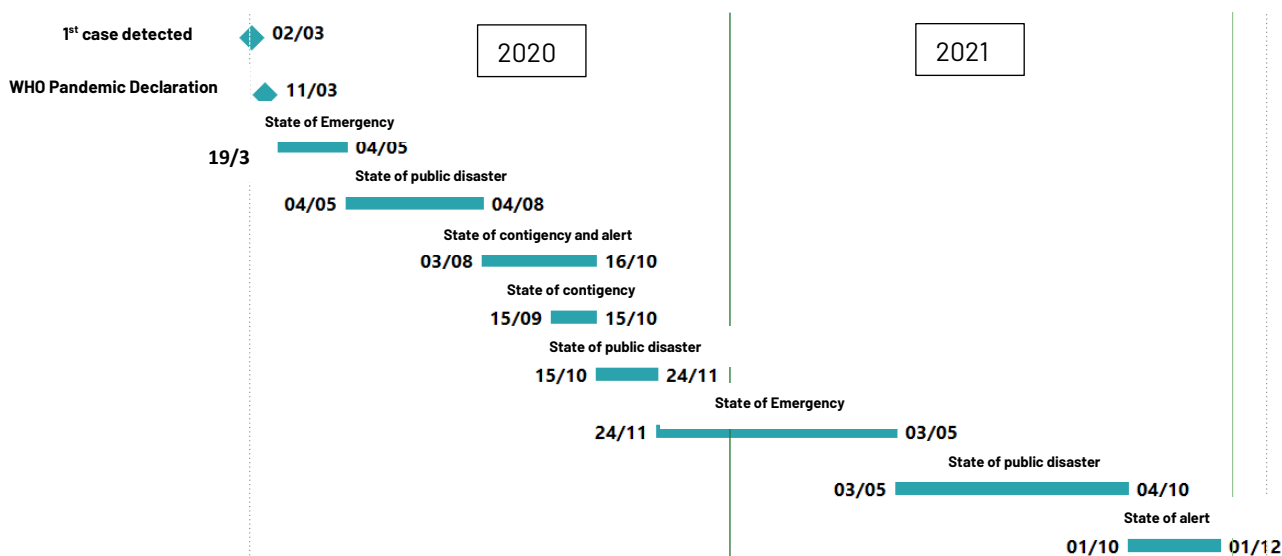


Chart 1 – Timeline containing the measures restricting mobility caused by Pandemic

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

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

## National Accounts

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

<sup>1</sup> Source: [www.INE.pt](http://www.INE.pt).



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

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

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

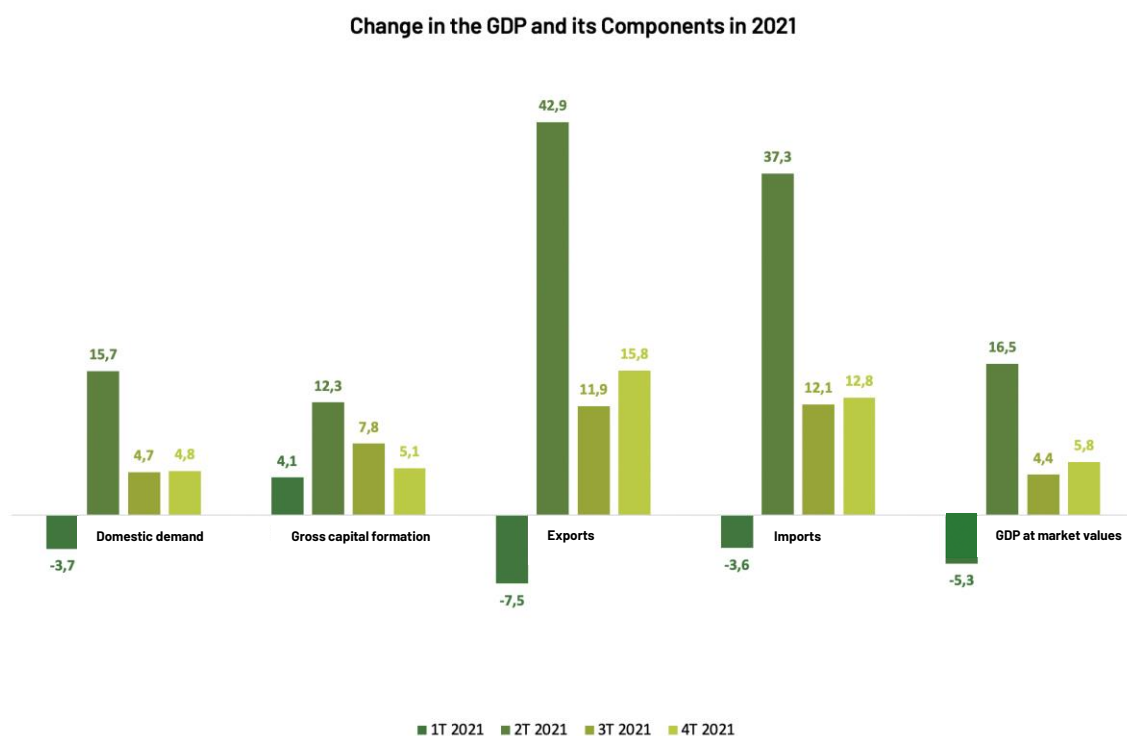


Chart 2 – Homologous change in real GDP and its components during 2021.

Source: [www.ine.pt](http://www.ine.pt)

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

## Labour Market

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

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

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

## Inflation

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

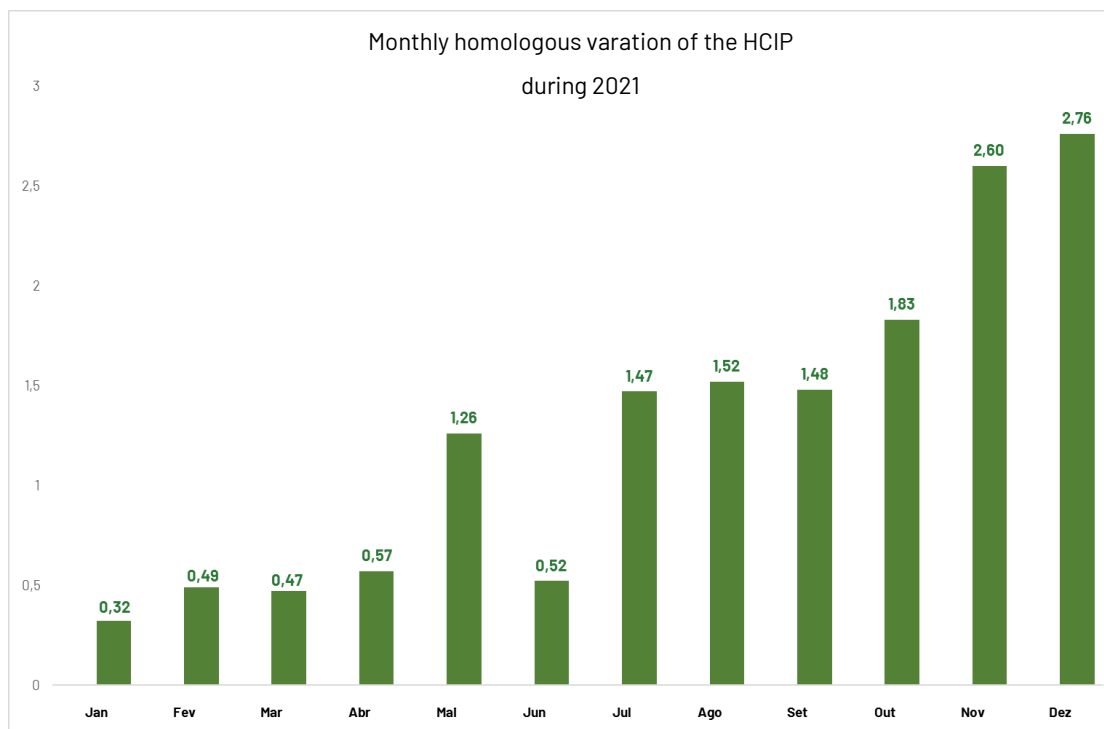


Chart 3 – Monthly homologous variation of the HICP during 2021

Source: [www.ine.pt](http://www.ine.pt)

# 05

## 2021 IN RETROSPECT



## Introduction

The Pandemic continued to play a decisive role in the Company's activity during 2021, although it was nevertheless less penalising than in the previous year.

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

The contingency plan applied at the beginning of the year led to a reduction of trains of the Alfa Pendular and Intercidades Services and the suspension of the Oporto-Vigo International Service (CELTA train), with the RAIANO train no longer crossing the border, since its destination was only Elvas station.

In the second quarter, with some relief from the confinement measures in relation to the previous quarter and in contrast to the homologous of the previous year, there was a moderate recovery in demand, which would continue in the following quarters.

As of April 5th, almost the entire Intercidades Service and a significant part of the Alfa Pendular Service was reinstated, following the gradual lifting of the confinement measures.

As of May 1st, the Celta Train, between Oporto and Vigo, and the Comboio Raiano, which operates between Entroncamento and Badajoz - Elvas, were partially restored.

From October onwards, the Celta was fully restored, with four daily connections.



**Celta: The train that connects  
Porto to Galiza**

## Service



### Minho line with electric traction until Valença

At the end of April, electric trains started to run on the Viana do Castelo - Valença section of the Minho Line, following the conclusion of modernisation and electrification works on the track.

CP started, therefore, to operate with electric traction in all the connections between the city of Oporto and the Spanish border, in Valença, with a significant improvement in travel time, with a reduction of 15 minutes.

The new offer contemplated:

- two new daily InterRegionais trains (one per direction) between Coimbra B and Valença (the transfer in Viana do Castelo, on the Nine - Valença section being eliminated);
- Intercidades train service extension from Viana do Castelo to Valença;
- Reinforcement, during the weekend, of the Regional trains between Viana do Castelo and Valença;
- Reinforcement of the offer at Porto São Bento, changing the origin / destination of two InterRegional trains and one Regional train to Porto São Bento, during the morning rush hour.

## Go further with Intercidades

Direct journey from Lisbon to Valença

**+ service**

**+ comfort**

**+ sustainable**

Connect to Valença,  
Connect to Portugal

[Learn more at cp.pt](https://www.cp.pt)



COMBOIOS DE PORTUGAL

## New offer on the Beira Baixa and Beira Alta Lines

The reopening of the 41 kilometres of line between Guarda and Covilhã, after 12 years closed for complete renovation, will allow, as of May 2021, the creation of a new model of integrated offer of the Intercidades and Regional Services of the Beira Baixa and Beira Alta Lines.

This modernisation allowed CP to extend the Intercidades and two Regional trains from Beira Baixa to Guarda. In turn, the Intercidades Lisbon–Guarda train was extended until Covilhã. This way, there is now a direct connection between Covilhã and Coimbra.

Regarding fares, regardless of the service in which the Customer travels, the price applied between Guarda and Covilhã will always be the Regional fare.

**Everything gets closer  
with Intercidades**

**+ service**

**+ sustainable**

Direct journeys from Covilhã to Guarda

[Learn more at cp.pt](http://cp.pt)



COMBOIOS DE PORTUGAL



## New timetable of the West Line

It consisted in the extension of 4 existing trains, to reinforce mobility with Coimbra and Lisbon, as well as within the Line itself:

- two additional daily connections between Caldas da Rainha and Coimbra and between Caldas da Rainha and Lisbon, these through the connection in Meleças to the urban trains,
- two new connections between Torres Vedras and Caldas da Rainha, one in each direction, in order to increase mobility solutions in the late morning / early afternoon.

## Timetable Improvements in the Alentejo Region

After 11 years, the direct connection between the district capitals of Alentejo, Beja and Évora, was re-established in June, through three daily Intercidades circulations per direction. With a travel time of 1 hour and 13 minutes, the new trains serve Cuba, Alvito, Vila Nova da Baronia, Alcáçovas, and Casa Branca with series 450 diesel engines.

Also in June, two new Intercidades trains were launched on weekdays, one in each direction, on the Lisbon-Évora connection. This connection now has five daily journeys in each direction.

## New timetable in the Douro Valley

To meet the increased demand during the summer season, two connections on the Miradouro train were created, one per direction, between Porto São Bento and Pocinho, at the beginning of the day and in the afternoon.

The connection between Régua and Pinhão was also reinforced in the afternoon by extending two trains, one in each direction, which currently only run between Oporto and Régua.

Some specific adjustments were also made to the supply on the Douro Line.

Douro Line

# MIRA DOURO

Another way to sail on the Douro River.



## Direct link between Valença and Figueira da Foz

A direct link was created between Valença and Figueira da Foz, extending the two InterRegional trains that used to make the Coimbra-Valença connection to the city of Figueira da Foz.

## Historic Trains

The 2021 campaign for the Historic Trains of the Douro and Vouga took place mainly during the summer and was very popular with customers.

The Vouga campaign was marked by the entry into service of two new carriages, recently restored for the narrow-gauge tourist service: a “Neapolitan” carriage, with 30 seats, and a carriage from 1908, manufactured in the Barreiro workshops, with 32 seats.

# DOURO HISTORICAL TRAIN

A journey back in time  
with a unique landscape





## Rolling Stock



### Creation of the Railway Competence Centre

This Centre, located in Guifões, Matosinhos, aims at developing in Portugal a new railway cluster and a new national railway industry, which will even allow the country to produce trains.

The Centre will have a business incubator and will integrate a railway training school, which will have a professional course for railway maintenance and operation technicians. It will also have a railway knowledge centre of the University of Oporto, which will be located in the building of the Competence Centre, with PhDs, and will integrate laboratories for the certification of parts that require it to be assembled on trains.

### Launch of tender for Rolling Stock Acquisition

In line with the objectives of decarbonisation of the economy, to which the transport sector should contribute expressively, but also with the purpose of guaranteeing an improvement in the population's mobility conditions and the cohesion of the national territory, the acquisition of 117 electric vehicle units was authorised through Council of Ministers Resolution no. 100/2021, of July 27th, 62 of which for Urban Services and 55 for Regional Services, including the respective spare parts and special tools.

The tender will also include an option to acquire up to 36 additional units for the Urban Services and respective parts, which can only be activated after 2026 and with the express authorisation of the sectorial and financial responsible ministries.

The tender foresees the construction of a new workshop facility, which CP will use in the future for the maintenance of these units, to be installed in Guifões.

The planned award date is the end of 2022, with delivery of the first trains starting in 2026, with the last units delivered in 2029.

## Commercial



### New CP shop in Cascais Station

At the beginning of February, the ticket office at Cascais station reopened, remodelled in accordance with the concept of a multi-services shop (CP Shop), geared towards the different needs of customers and investing in a more contemporary image that guarantees the graphic identity of the CP Brand.

It favours easy access to information for consultation and purchase of CP products, queue management, customer support spaces, and merchandising sales.

The CP Shop project also integrates environmental concerns that are reflected in the choice of equipment and systems with good energy efficiency, namely in lighting and air conditioning.



### Launch of the sale of CP tickets on the OMIO platform

CP has one more sales channel, the "OMIO.COM" platform, for its Long Distance, Regional, Interregional, and urban services in Oporto and Coimbra.

This partnership reinforces the sales capacity in an international context and represents CP's entry in international platforms that compare various means of transport and allow sales without referring the customer to the websites of selected operators.

One of the main particularities of the platform is the joint and comparative vision between transport modes for customer research, highlighting very clearly the competitiveness in price and travel time between transport modes.

### Alfa Pendular Campaign

This was an innovative outdoor campaign with a clear message: "Alfa Pendular: Travelling in a fast, safe, and sustainable way", with a humorous direct comparison between individual transport and the Alfa Pendular.

It was exhibited on roads with high automobile access between Lisbon and Oporto.

**Don't fall asleep!**  
**For that, you'd better take the Alfa...**

## ALFA PENDULAR

Travel in a fast, safe  
and sustainable way



### **Campaign “Celta: the Train that Connects Porto to Galicia”**

In order to communicate the reinstatement of the Celta Service as of October, a communication campaign was launched, which included a reduction in the final price of tickets, for the early purchase of journeys.

The repositioning of the Celta offer, together with the creation of promotional conditions, was the Company's answer to the growing demand, in a season marked by the occurrence of several events in Santiago de Compostela.

### **Vouchers for Historic Trains**

CP launched during the Christmas season a campaign to sell Christmas vouchers to be used in trips on the Historic Trains of the 2022 and 2023 editions.



# **Celta: The train That connects Porto to Galiza**

## Presence on LinkedIn

LinkedIn is a social network with an audience of 3,5M users in Portugal and is used by companies worldwide as a tool to increase reputation and goodwill.

Continuing its strong bet on digital, CP began in 2021 an active presence on [LinkedIn](#), with a differentiated approach compared to the other networks where CP has already had an active presence for several years, given the more professional and corporate nature of the network.

## Certifications



### Renewal of Safety Certification

CP obtained the renewal of its Safety Certification, following the revision of the Safety Management System of Circulation and its evaluation by IMT, becoming the first Portuguese railway company to obtain the Unique Safety Certificate.

The entire process was conducted on the new IT platform managed by ERA - European Union Agency for Railways, which supports the certification processes of railway companies and authorisation of vehicles at European level (OSS - One Stop Shop).

### Accreditation renewal of the Laboratório de Metrologia do Entroncamento

IPAC assessed and renewed the accreditation of the Metrology Laboratory, having also extended it to outdoor micrometres and torque wrenches, due to the update of the respective calibration standards.

Following this, a dedicated room was created for the calibration of torque wrenches, with controlled environmental conditions, and semi-automatic equipment that will eliminate the effort, and mitigate the influence of technicians in the respective calibration, which would otherwise not be possible.

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## Property Improvements

### Access to the pit-lathe of the Campolide Workshop and Material Park

An intervention was carried out that included track conservation works, the replacement of vegetal land with granite ballast, for greater elasticity and better drainage and the replacement of rotten sleepers of wood, as well as the respective fixtures, which improved the integrity of the track geometry.

The work also made it possible to create a new road level crossing, for example, to facilitate access for the chipping collection lorry.

### Contumil Training Room Renovation

Having CP's history as a theme, the training room of the Contumil Workshops was redecorated with photographs of all the rolling stock series.

By browsing through the images that now appear on the walls of this space, it is possible to identify the rolling stock from different eras, and thus, follow and appreciate the 165 years of history illustrated.

## Environment



### Manifesto on climate change

CP signed the BCSD Portugal Manifesto entitled "Towards COP26". The United Nations COP26 on Climate Change was a crucial moment to accelerate the necessary transition to decarbonisation and meet the Paris Climate Agreement.

The 11 points of the Manifesto reflect the different aspects to be considered in order to increase the ambition of the global and collective response, aligned with the objective of limiting the Earth's warming to 1,5 °C, reaching the carbon emissions reduction target and accelerating the decarbonisation process worldwide.

### Industrial water license in Sernada do Vouga

Work was carried out to connect the various industrial wastewater discharges from the Sernada Workshop. In addition to the aforementioned connection, the work included the installation of a grease separator in the dining area and the creation of a waste park for the correct conditioning of the waste generated in that Workshop.

The process culminated in the issuing of the licence for the discharge of industrial wastewater from Sernada.

### **Train and bicycle, an increasingly integrated reality**

CP has been increasingly betting on making space on board its trains available for the transport of bicycles, in a logic of promoting the integration of the various means of transport. In this context, a Sorefame carriage was transformed to allow the transport of 12 bicycles on board.

### **National "Bicycle Mobility" Award 2021**

CP was one of the entities awarded by the Portuguese Federation of Cycle Tourism and Bicycle Users (FPCUB), at the 16th edition of the National "Mobility on Bicycles" Award. The National "Mobility on Bicycles" Award is part of the "European Mobility Week" that runs from September 16th to 22nd, and in 2021 was dedicated to the theme "Sustainable Mobility: Safe and Healthy".

## **Financial Sustainability**



### **CP Rating increase**

The financial rating agency Moody's announced in September that CP's rating had been raised to Baa3, with a stable outlook.

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## OUR BUSINESS IN 2021





## Evolution of the Commercial Indicators

### Our Customers - Demand

After four particularly positive years for CP, with recurrent growth in demand, the restrictions on mobility in 2020 and 2021, due to the Pandemic, have led to an unprecedented downturn.

In 2021, the declaration of a general duty of home confinement and the obligation to working from home in the first quarter, with distance learning and the drastic reduction in tourism, contributed to a sharp decrease in demand, compared with the homologous period of the previous year.

Afterwards, with some relief from the confinement measures and in contrast to what happened in the homologous of the previous year, there was a moderate recovery in demand, although still far from what was seen in the years prior to the Pandemic.

The year ended with around 99,1 million transported passengers, which represented a 14% recovery in 2020, but still 31,6% below 2019.

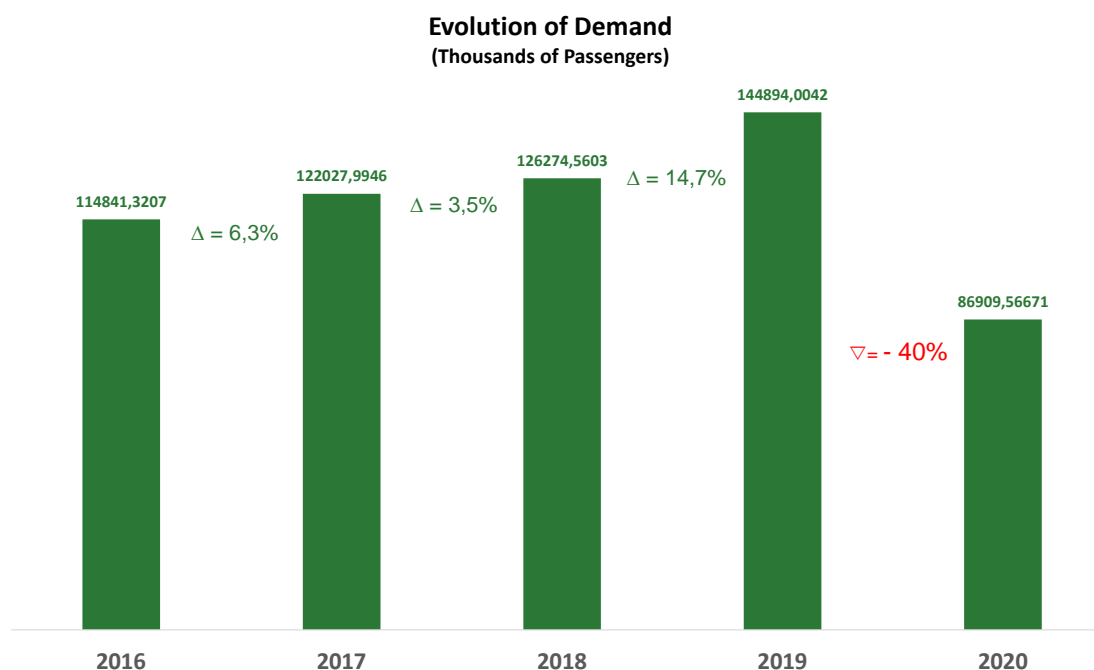


Chart 4 - Demand Evolution 2016-2021.

Demand was above that of 2020 in all services, except for International. During 2021, this Service maintained the suppression of the supply of connections to Madrid and Hendaye, at the border with France. Only the connection to Vigo was maintained, whenever the easing of circulation restrictions, due to the Pandemic, allowed it.

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

<b>Passengers-Km</b> (*10 <sup>3</sup> )	<b>2021</b>	<b>2020</b>	<b>Δ 21-20</b>	<b>Δ %</b>
Lisbon Urban Serv.	1 136 234	1 005 525	130 709	13,0%
Porto Urban Serv.	339 884	303 762	36 122	11,9%
Coimbra Urban Serv.	16 487	15 339	1 148	7,5%
Long-distance Serv.	736 269	612 689	123 580	20,2%
Regional Serv.	293 171	248 271	44 900	18,1%
International Serv.	4 568	15 230	-10 662	-70,0%
<b>TOTAL</b>	<b>2 526 613</b>	<b>2 200 817</b>	<b>325 796</b>	<b>14,8%</b>

## Revenue

The evolution of traffic revenues followed the demand trend, with an increase of about 14% compared to the previous year. Traffic revenues stood at 171,6 million euros, which was an increase of 20,9 euros million compared to 2020.

In 2021 there were no tariff increases. The income values presented include extraordinary contributions attributed under the Tariff Reduction Support Programme (TRSP).



Chart 4 – Evolution of Income Traffic 2016-2021.

Traffic Income (*10 <sup>3</sup> €)	2021	2020	Δ 21-20	Δ %
Lisbon Urban Serv.	78 847	72 628	6 218	8,6%
Porto Urban Serv.	23 024	18 954	4 070	21,5%
Coimbra Urban Serv.	798	737	61	8,2%
Long-distance Serv.	50 101	41 448	8 652	20,9%
Regional Serv.	18 494	15 461	3 033	19,6%
International Serv.	307	1 423	-1 116	-78,4%
<b>TOTAL</b>	<b>171 570</b>	<b>150 652</b>	<b>20 918</b>	<b>13,9%</b>

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

## How Much We Produce

Despite the effects of the COVID-19 pandemic, CP maintained most of its offer during 2021, having operated around 423 thousand trains. It should be remembered that in 2020, there was a temporary reduction in the number of circulations, of all services, during the first state of emergency and subsequent gradual replacement.

The Lisbon/Madrid/Hendaye International Service remained suspended.

The Lisbon/Guimarães Alfa Pendular Service also remained suspended, due to the limitation of available units, following the accident in 2020 that made one of the trainsets inoperable.

Trains	2021	2020	Δ 21-20	Δ %
Lisbon Urban Serv.	201 674	195 452	6 222	3,2%
Porto Urban Serv.	83 763	81 024	2 739	3,4%
Coimbra Urban Serv.	11 005	10 699	306	2,9%
Long-distance Serv.	21 983	19 189	2 794	14,6%
Regional Serv.	104 108	96 879	7 229	7,5%
International Serv.	674	884	-210	-23,8%
<b>TOTAL</b>	<b>423 207</b>	<b>404 127</b>	<b>19 080</b>	<b>4,7%</b>

Trains Kilometre (*10 <sup>3</sup> )	2021	2020	Δ 21-20	Δ %
Lisbon Urban Serv.	6 441	6 248	192	3,1%
Porto Urban Serv.	4 617	4 501	116	2,6%
Coimbra Urban Serv.	476	456	21	4,6%
Long-distance Serv.	6 715	5 861	854	14,6%
Regional Serv.	9 124	8 378	745	8,9%
International Serv.	91	218	-127	-58,3%
<b>TOTAL</b>	<b>27 463</b>	<b>25 662</b>	<b>1 801</b>	<b>7,0%</b>

<b>Seats Km Offered</b> (*10 <sup>3</sup> )	<b>2021</b>	<b>2020</b>	<b>Δ 21-20</b>	<b>Δ %</b>
Lisbon Urban Serv.	5 867 120	5 754 794	112 326	2,0%
Porto Urban Serv.	2 202 667	2 212 898	-10 231	-0,5%
Coimbra Urban Serv.	132 563	123 980	8 583	6,9%
Long-distance Serv.	1 937 970	1 807 243	130 727	7,2%
Regional Serv.	2 220 416	2 010 907	209 509	10,4%
International Serv.	23 625	53 235	-29 610	-55,6%
<b>TOTAL</b>	<b>12 384 361</b>	<b>11 963 056</b>	<b>421 305</b>	<b>3,5%</b>

The occupancy rate registered an increase compared to the previous year in all traffic, except for International Service:

<b>Occupancy Rate</b>	<b>2021</b>	<b>2020</b>	<b>Δ 21-20</b>
Lisbon Urban Serv.	19,4%	17,5%	1,9 p.p.
Porto Urban Serv.	15,4%	13,7%	1,7 p.p.
Coimbra Urban Serv.	12,4%	12,4%	0,1 p.p.
Long-distance Serv.	38,0%	33,9%	4,1 p.p.
Regional Serv.	13,2%	12,3%	0,9 p.p.
International Serv.	19,3%	28,6%	-9,3 p.p.
<b>TOTAL</b>	<b>20,4%</b>	<b>18,4%</b>	<b>2,0 p.p.</b>

## Service Quality

The Global Punctuality Index for 2021 was 87,3%, 1.2 percentage points superior to last year.

Daily punctuality	2021	2020	Δ 2021-2020
<b>Lisbon Urban Serv. (1)</b>			
Sintra / Azambuja	89,0%	89,3%	-0,3 p.p.
Cascais	91,7%	94,2%	-2,5 p.p.
Sado	86,5%	85,2%	1,3 p.p.
<b>Oporto Urban Serv. (1)</b>			
Aveiro	90,2%	88,9%	1,3 p.p.
Braga	86,9%	88,4%	-1,5 p.p.
Caíde	83,4%	80,8%	2,6 p.p.
Guimarães	77,4%	81,2%	-3,8 p.p.
<b>Coimbra Urban Serv. (1)</b>			
Coimbra-Fig.Foz	84,7%	92,4%	-7,7 p.p.
<b>Long-distance Serv. (2)</b>			
Alfas	71,9%	76,7%	-4,8 p.p.
Intercidades	75,6%	74,6%	0,9 p.p.
Internacional	36,4%	34,8%	1,6 p.p.
<b>Regional Serv. (2)</b>			
Regional Serv.	86,9%	85,5%	1,4 p.p.
<b>Global CP</b>	<b>87,3%</b>	<b>86,1%</b>	<b>1,2 p.p.</b>

**Notas:** (1) Delays exceeding 3 minutes.

(2) Delays exceeding 5 minutes.

The main events with a negative impact on punctuality were speed limitations on the National Rail Network, namely on the North, Minho and Beira Alta lines (essentially due to track deficiency, track works / conservation / modernisation).

The conclusion of the electrification of the Minho Line and the renewal of the Covilhã-Guarda section allowed an increase in the punctuality indexes of the Services carried out there, reflecting the lifting of speed limitations.

The Global Regularity Index for 2021 was 98%, 1,2 percentage points lower than in 2020.

Regularity	2021	2020	Δ 2021-2020
<b>Lisbon Urban Serv.</b>			
Sintra / Azambuja	98,3%	99,3%	-1,0 p.p.
Cascais	97,6%	99,3%	-1,7 p.p.
Sado	97,9%	99,3%	-1,4 p.p.
<b>Oporto Urban Serv.</b>			
Aveiro	97,1%	99,3%	-2,3 p.p.
Braga	98,7%	99,6%	-0,9 p.p.
Caíde	98,3%	99,5%	-1,1 p.p.
Guimarães	98,7%	99,5%	-0,9 p.p.
<b>Coimbra Urban Serv. (1)</b>			
Coimbra-Fig.Foz	97,5%	98,5%	-0,9 p.p.
<b>Long-distance Serv.</b>			
Alfas	97,7%	99,3%	-1,5 p.p.
Intercidades	97,9%	99,2%	-1,3 p.p.
Internacional	95,8%	98,0%	-2,1 p.p.
<b>Regional Serv.</b>			
Regional Serv.	98,0%	99,1%	-1,1 p.p.
<b>Total CP</b>	<b>98,0%</b>	<b>99,2%</b>	<b>-1,2 p.p.</b>

The decrease was essentially due to strikes<sup>2</sup>, which disrupted practically all the Services.

<sup>2</sup> Strikes decreed by various Workers' Representative Organisations, in CP, in May, June, August, and October, and in Infraestruturas de Portugal, in May, June, July and September.

## Maintenance Activity

### Introduction

This activity is mainly intended to ensure the reliability and availability of the rolling stock at CP's service, as a transport operator, but also to ensure compliance with the agreements established with other customers both in terms of fleet repair as well as component repair.

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

The activity developed covers three main segments:

- repair and modernisation of railway vehicles, their components, and equipment, 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 the rolling stock.

Complementarily, the Company also ensures:

- the permanent prevention service for emergency interventions involving rolling stock and rail line rescue operations;
- calibration tests in monitoring and measuring equipment, either for internal use or for external customers;
- oil, lubricants, and insulants analysis for the characterisation of its state and the equipment which it lubricates.

### 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 2021, the programmed major repair interventions (type R) continued to be executed on various series of equipment, aiming at restoring their level of operability and safety.

Work continued the rehabilitation of the 50 carriages acquired from RENFE in 2020. The first 6 rehabilitated units are awaiting approval by the ERA (European Union Agency for Railways) to start commercial service.

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

- Electric Railcars: 2 UQE of the 3500 series and 2 UQE of the 2400 series, to reinforce the Lisbon suburban service;
- Diesel Railcars: 2 Allan, of the 0350 series, to serve the East Line;
- Electric Locomotive: 7 LE 2600/2620 series locomotives, to serve for Regional Service on the Minho Line and to create redundancy for the 5600 series Electric Locomotives;



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- Diesel Locomotives: 2 LD 1400 series locomotives for the Regional Service on the Douro Line and for tourist services;
- Schindler carriages: 5 carriages for the Regional Service of the Douro Line and tourist services;
- Sorefame carriages: 3 carriages for the Regional Service on the Douro and Minho Lines and for tourist services;
- Neapolitan VE Carriages: 2 carriages for tourist services - Historical Train of the Vouga.

Thanks to the recovery of fixed assets, during 2021 three diesel railcars that were leased to RENFE were returned.

Overall, the active park registered an increase of 20 units, distributed as follows:

Type of Material	Recovered 2021	Return of MC Rental	Δ 21-20
Electric railcar	4	0	4
Diesel railcar	2	3	-1
Electric locomotive	7	0	7
Diesel locomotive	2	0	2
Carriages	8	0	8
<b>TOTAL</b>	<b>23</b>	<b>3</b>	<b>20</b>

At the same time, efforts continued to reduce the percentage of graffiti on the rolling stock, with a strong positive impact in terms of service quality, image and above all on the Customers' sense of safety and comfort.

## Provisions of Maintenance Services for Third Parties

The volume of maintenance services provided to third parties during 2021 amounted to 16,4 million euros, distributed as follows by main customers:

<b>Costumers</b> (Amount in 10 <sup>3</sup> €)	<b>2021</b>	<b>Importance of Costumers</b>
VIAPORTO, Operação e Manutenção	7 159	43,6%
METRO DO PORTO, S.A.	2 104	12,8%
SIMEF, ACE	2 812	17,1%
RENFE Fabricación Y Mantenimientos	1 340	8,2%
MEDWAY - Maintenance & Repair, S.A.	2 197	13,4%
Infraestruturas de Portugal, S.A.	462	2,8%
ADP Fertilizantes S.A.	88	0,5%
FERTAGUS	106	0,6%
GMF - Railway Maintenance Services	32	0,2%
SOMAFEL	38	0,2%
APDL - ADMIN DOS PORTOS DO DOURO	72	0,4%
Others	27	0,2%
<b>TOTAL</b>	<b>16 436</b>	

Services provided to third parties include:

- Oporto Metro – maintenance of EUROTRAM AND TRAMTRAIN fleet, and the general revision of the 960.000Kms of the EUROTRAM fleet was concluded;
- RENFE – maintenance of the 592 series diesel railway, leased to CP;
- Portugal infrastructures – maintenance of rail material;
- ADP – maintenance of Sentinel Light rail tractor and cars;

Spare repairs were performed for SIMEF, MEDWAY and FERTAGUS.

## Fleet

At the end of 2021, CP had 415 units of rolling stock allocated to the active fleet in commercial service, with the following type and distribution by services:

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

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

The above-mentioned active fleet includes 20 diesel railcars leased from RENFE, allocated to the Regional and Celta services (Oporto-Vigo international connection). During the year, 3 railcars were returned to RENFE.

In the third quarter of 2020, 50 carriages were acquired from RENFE. As they are still being rehabilitated or awaiting certification to be able to circulate in commercial service, they were not included in the above tables.

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;
- Historic Wide-Gauge Trains - 7 units: Steam Locomotive 0186, 5 carriages and Cistern.

# Our Employees

## Permanent Staff

At the end of 2021, CP's total workforce was 3784 employees, 48 more than at the end of 2020.

Permanent Staff as at December 31st	2021	2020	Δ 2021-2020
Bound	3 791	3 744	47
Effective Staff	3 784	3 736	48
On Duty	3 775	3 727	48

**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 summarises the movements that occurred during 2021 on the Permanent Staff:

Changes in Permanent Staff 2021			
Admissions by Motive	Exits by Motive		
Order no. 603/2020-SEPT (17)	14	Retirement	61
Order no. 133 / 2021 - SEPT	1	Death	4
ORDER NO. 911/2021-SEPT	1	Revocation / Termination	2
In scope with AE SMA0 negotiations	23	Termination (from employee)	16
RCM 110/2019 no. 10 (120)	4	Other Motive	1
RCM 110/2019 no. 13 (67)	2	Commencement of Assignment / Requisition	1
RCM 110/2019 no. 12 Replacements	23	Commencement of Leaving (Unpaid leave, leave superior to 1095 days)	2
RCM 110/2019 no. 14 Replacements	29		<b>TOTAL of Exits</b> 87
Reab Of Guiffes Order no. 80/2020	13		<b>Balance</b> 48
Reab Of Guiffes Order no. 82/2020	21		
Terminus of Assignment / Requisition	1		
Terminus of Leaving (Unpaid leave, Leave superior to 1095 days)	3		
<b>TOTAL of Admissions</b>	<b>135</b>		

## Absenteeism

The absenteeism rate registered in 2021 a decrease of 1,0 percentage points compared to the previous year, reaching the amount of 7,4%. The main reasons were sick leave, and family leave due to the pandemic.

It represented a total of 832 987 hours of absence.

Rates (%)	2021	2020	Δ 2021-2020
Absenteeism (no strikes)	7,4%	8,4%	-1,0 p.p.

The following chart shows the distribution of absenteeism by the main areas of the Company.

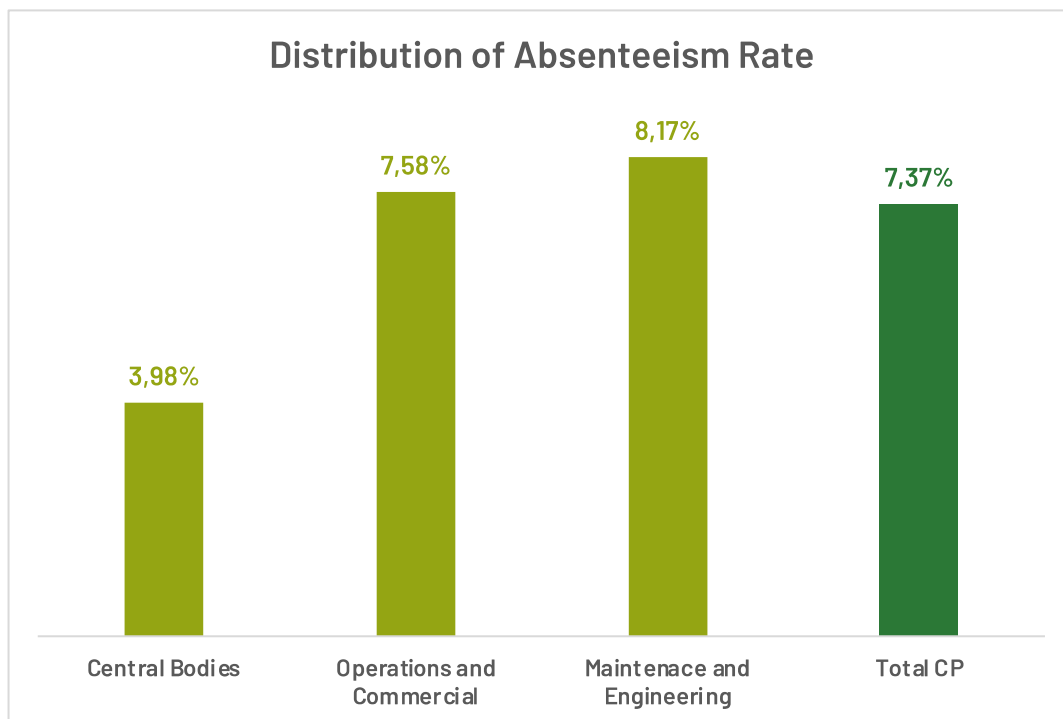


Chart 5 – Absenteeism rate in 2021.

## Supplementary Work

Following the recovery of activity, the rate of supplementary work in 2021 increased by 1,7 percentage points comparatively with the previous year, to stand at 10,3%.

It represented 707 392 hours of supplementary work.

Rates (%)	2021	2020	Δ 2021-2020
Overtime Work	10,3%	8,6%	-5,5 p.p.

The following graph shows the distribution of supplementary work by the main areas of the Company.

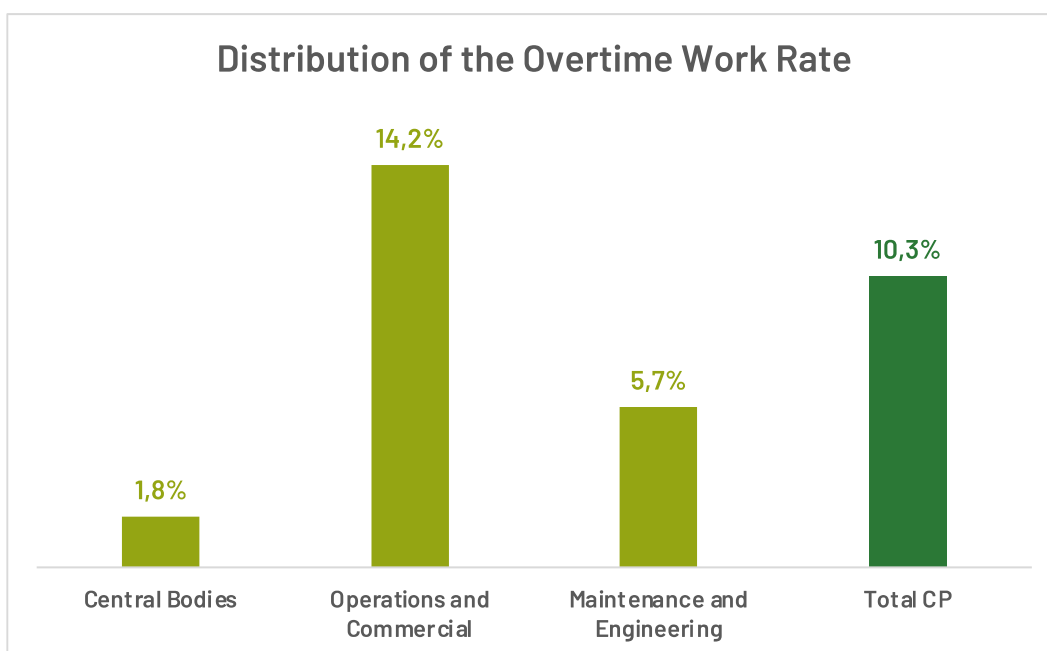


Chart 6 - Overtime work in 2021.

## Training

In 2021, over 140 thousand hours of training were given to 7 367 trainees, most of them through Fernave, a company of the CP Group.

<b>Training by Professional Category 2021</b>	<b>No. of Trainees</b>	<b>No. Hours</b>
Administrative	152	894,5
Commercial	581	16 642,5
Driving	1 230	35 918,5
Material	29	212,5
Others	107	1 309,0
Production	4 045	69 201,3
Technical Staff	1 180	16 117,5
Transport	43	519,5
<b>TOTAL</b>	<b>7 367</b>	<b>140 815,3</b>

<b>Training by Category 2021</b>	<b>No. of Trainees</b>	<b>No. Hours</b>
Box/Traction and Shock	5	176,0
Costumer	225	3 228,0
Command, Control and Protection	72	2 083,0
Electricity and Energy	148	3 641,0
Electronic Automation	9	144,0
Company Framework	383	9 125,8
Management	1 052	17 820,0
Hydraulics and Pneumatics	23	713,0
Maintenance and Engineering	914	38 430,0
Metallurgy and Metalomechanics	213	3 551,0
Electric Power	18	552,0
Thermal Power	10	15,0
Air and Brake Production	276	2 248,0
Quality and Environment	560	2 711,0
Bearing and Suspension	89	1 394,0
Security - General	1 638	6 571,0
Security - Technical Qualification	770	42 493,0
Services/Languages	49	1 253,0
Information Technologies	913	4 666,5
<b>TOTAL</b>	<b>7 367</b>	<b>140 815,3</b>

Safety and maintenance were the subjects with the most hours of training and trainees covered.

## Investments

More than 29 million euros of investments were made in 2021. Of these, around 56% were spent on modernising rolling stock, 22% on acquiring rolling stock, 10% on miscellaneous equipment, and 9% on interventions in fixed premises.

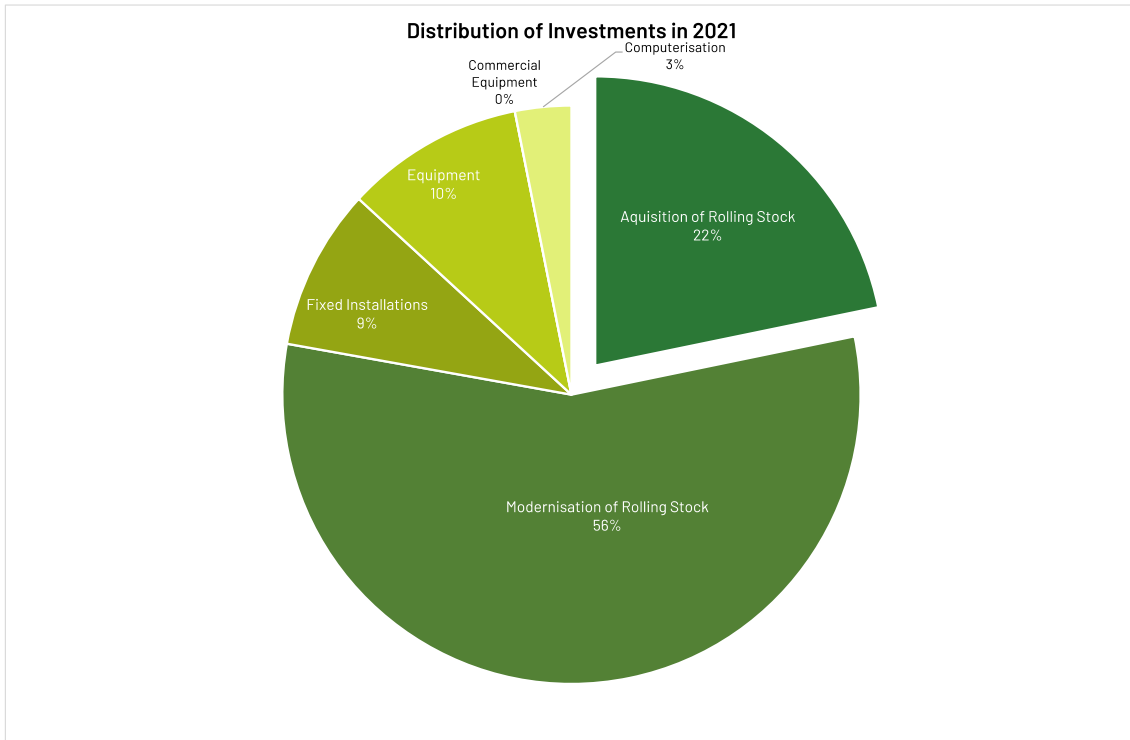


Chart 7 - Breakdown of Investments in 2020.

Total Investment (Amount in 10 <sup>3</sup> €)	Valor Realizado	Peso
Aquisition of Rolling Stock	6 365	21,8%
Modernisation of Rolling Stock (*)	16 393	56,1%
Own Work Capitalised	13 317	45,5%
Other Rolling Stock	3 076	10,5%
Fixed Installations	2 638	9,0%
Equipment	2 929	10,0%
Commercial Equipment	0	0,0%
Computerisation	918	3,1%
<b>TOTAL</b>	<b>29 243</b>	

(\*) Includes Own Work Capitalised



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

Therefore, the major rolling stock repair interventions, internally carried out, to improve the operability and safety or the modernisation / modification of the rolling stock, began to be capitalised as "Capitalised Production Costs".

In the "Rolling stock acquisition" heading, are included the first advance payment for the acquisition of 50 carriages from RENFE and the first advance payment for the purchase of 12+10 railcars for the Regional Service.

Regarding interventions in Fixed Premises, the most relevant projects were the following:

- Improvements to the Sta. Apolónia Building;
- Reinforcement of security in the Material Parks (fences, gates, CCTV);
- 2nd Stage of the Railroad Improvement in Entroncamento.

In terms of investment in Equipment, the acquisitions made in the context of the CP Store project, Installation of Fire Detection Systems, and Cybersecurity, stand out.

The 2021 investments were financed through:

- Transfers from the Environmental Fund, to finance the first advance for the acquisition of 12+10 railcars for the Regional Service;
- Company's own revenues, for the remaining investments.

## CP Group

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

The Group's consolidated accounts are disclosed in the 2021 Consolidated Report & Accounts.

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

As a consequence of the Decree-Law no. 121/2019, of August 22nd, the OTLIS - Operadores de Transportes da Região de Lisboa, A.C.E. was extinguished, being succeeded by TML - Transportes Metropolitanos de Lisboa, E.M.T., S.A. as of February 17th, 2021. CP has no shareholding in the capital of this new entity.

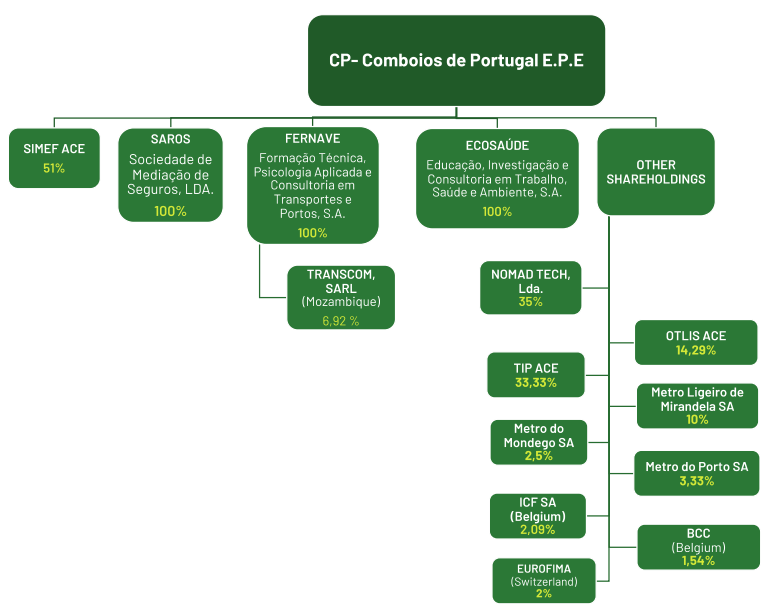


Chart 8 - CP Group.

# 07

## COMPLIANCE WITH LEGAL OBLIGATIONS



## Summary Table

Compliance with the 2021 legal guidelines	Compliance		Measurement / Identification	Explanation / Reference to the item of the Report
	Y/N/NA			
<b>Management Goals</b>				
Goals	NA			
<b>Goals comprised in the 2021 Actives and Budget Plan</b>				
EBITDA Improvement	Y	+18,1 M€ from 2020 and - 31,4 M€ than in the Actives and Budget Plan	Recurrent EBITDA / See "Management Goals" and "Execução da Conta de Resultados"	
Reduction of the influence of Expenses in the Turnover	N	+2,4 p.p. from 2020 and -7 p.p. than in the Actives and Budget Plan	See "Optimisation Measures of the Operating Expenses Structure"	
Traffic Income	Y	+20,9 M€ from 2020 and + 7,6 M€ than in the Actives and Budget Plan	See "Management Goals"	
Transported Passengers	Y	+12,2 M pass. from 2020 and +5,1 M pass. than in the Actives and Budget Plan	See "Management Goals"	
Feral Effective Staff	Y	+56 from 2020 and -148 than in the Actives and Budget Plan	See "Optimisation Measures of the Operating Expenses Structure" and "Permanent Staff"	
Investment	Y	52% of the Annual Budget Implementation	See "Management Goals" and "Investment"	
Level of Indebtedness	Y	2,132 billion Euros	See "Limit for Debt Growth"	
Degree of Budget Implementation existing in the Budget Management Information System / State Budget System	Y	Revenue 48,5% Expenses 48,4%	See "Management Goals"	
<b>Financial Risk Management</b>				
	Y	3,03%	Average funding cost / See "Financial Risk Management"	
<b>Limit for Debt Growth</b>				
Adjusted Indebtedness	Y	0,01%	See "Limit for Debt Growth"	
<b>Development of the Average Time for Payment to suppliers</b>				
	Y	+11 days	Change between the 4th quarter of 2021 and the 4th quarter of 2020 / See "Average Time for Payment"	
<b>Disclosure of Arrears</b>				
	Y	0	There are no arrears for reasons attributable to the company/Sec "Average Time for Payment"	
<b>Recommendations from the shareholder issued upon the last approval of accounts</b>				
	NA	-	The Accounts for 2016,2017,2018, 2019 and 2020 are pending approval from the responsible Ministry.	
<b>Recommendations issued upon the last legal certification of accounts</b>				
	NA	-	No "Recomendações" were issued, only "Emphasis".	
<b>Remunerations:</b>				
No management awards	Y	Not existing	See "Remunerations"	
Board of Directors - salary reductions and pay cut reversals in force during 2021 (if applicable)	Y	21858,05 €	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 of Law no. 12-A/2010, of 30th June). See "Remunerations"	
Audit (Supervisory Board/Certified Public Accountant) - salary reductions and pay cut reversals in force during 2021 (if applicable)	NA	Not applicable	See "Remunerations"	
External Auditor - salary reductions and pay cut reversals in force during 2021 (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		
<b>Public Manager Statute - article 32 and 33 of the Public Manager Statute</b>			
No use of credit cards	Y	Not used	Members from the Board of Directors did not use any credit cards or other payment instruments for expenses associated with the Company's service.
No reimbursement of personal representation expenses	Y	Not existing	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 "Implementation of Articles 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 "Implementation of Articles 32 and 33 of the Public Manager Statute"
<b>Undocumented or confidential expenses - item 2 of art 16 of the Portuguese Legal Framework for the Public Business Sector (RJSPE) and art. 11 of the Public Manager Statute</b>			
Restriction of undocumented or confidential expenses	Y	Not existing	See "Implementation of art. 16 of the Portuguese Legal Framework for the Public Business Sector and art. 11 of the Public Manager Statute"
<b>Promoting wage equality between women and men - item 2 of the Council of Ministers Resolution no. 18/2014</b>			
Preparation and disclosure of the report on pay for women and men	Y	In CPs website	<a href="http://www.cp.pt/institucional/pt/empresa/principios-bom-governo">www.cp.pt/institucional/pt/empresa/principios-bom-governo</a>
<b>Preparation and disclosure of the annual report on corruption prevention</b>			
Annual report on corruption prevention	Y	In CPs website	<a href="http://www.cp.pt/institucional/pt/empresa/principios-bom-governo">www.cp.pt/institucional/pt/empresa/principios-bom-governo</a>
<b>Public Contracting</b>			
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 to prior approval from the Court of Auditors	Y	0 contracts	See "Public Contracting"
Adhesion to the National Public Purchasing System	Y		See "Public Contracting"
<b>Operating Expenses of Public Companies</b>			
Operational Efficiency	Y	Various	See "Optimisation Measures of the Operating Expenses Structure"
<b>Procurement of Studies</b>			
Proc. of studies opinions, projects and consulting services (art. 49 of the Decree-Law of 2019 Budget Implementation)	Y	0	See "Procurement of Studies"
<b>State Treasury Unit Principle (art. 28 of Decree-law 133/2013)</b>			
Cash and equivalents centralised in the Public Debt Management Institute (IGCP)	Y	15 780 526 €	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	933 344 €	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
<b>Audits of the Court of Auditors</b>			
	Y	0	No audits of the Court of Auditors occurred during the year 2021
<b>Elaboration of a Plan for Gender Equality</b>			
Det. In Article 7 of Law 62/2017, of August 1	Y	In CPs website	See "Equality Plan"
<b>Non-Financial Statement</b>			
Presentation of the Non-Financial Statement	Y	In the 2021 General Security Regulations	See 2021 General Security Regulations

# Management Goals

## Strategic Guidelines

RCM no. 110/2019 approved the strategic guidelines for the revitalisation of the passenger rail transport service, mandating CP to define and implement a plan with a view to recovering service levels in the short term, in order to guarantee the right to mobility of the populations, with adequate standards of reliability, regularity, and quality of service, and simultaneously to the development and sustainability of the sector in the 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 actions were reflected in CP's Strategic Plan and in the company's Activity Plans and Budget, both for 2020 and 2021.

Its implementation began immediately, with emphasis on the merger of CP and EMEF in 2020, the reopening of the Guifões Workshop, the restoring to service of various equipment units that were inoperable, the renegotiation of the company agreements, the signing of the agreement for the acquisition of 12 bimode railcars and 10 electric railcars for the Regional Service, and the acquisition of 50 railcars from RENFE.

In 2021, in addition to having continued to put into service equipment that was inoperable and to having continued negotiations with the worker representative organisations, the creation of the Railway Competence Centre and the launch of the tender for the acquisition of 117 railcars for the Urban and Regional Services must be highlighted.

The chapter "Perspectives for 2022" details the objectives of CP's Strategic Plan.

## Activities and Budget Plan

### Implementation of the Profit and Loss Account

For the purposes of analysis, the targets included in the Activities and Budget Plan 2021-2023 (ABP) approved by the Responsible Ministries in November 2021 were considered.

In 2021, CP transported about 99 million passengers, 5,1 million more than expected (+5,4%).

Traffic revenues amounted to around 172 million euros, 7,6 million euros higher than expected (+4,6%). This deviation is explained by the deviation in demand and the extraordinary contributions received under the scope of the Tariff Reduction Support Programme (TRSP).

Supply, measured in train-kilometres, was 2,6% below forecasts, essentially due to restrictions on mobility which went beyond the initial forecasts and to the strikes which took place.

The Net Result for 2021 was -65,6 million euros, approximately 49 million euros worse than expected. This deviation was mainly due to the fact that the settlement of the financial compensation for the public service obligations provided in 2020 is awaiting the approval of the Court of Auditors.

Excluding the value of this adjustment from the comparison, the result obtained in 2021 would be around 20 million euros better than expected (23,3%).

The main deviations were registered in expenses, namely in the maintenance and repair of rolling stock headings, both in terms of material consumption (Cost of Goods Sold and Materials Consumed) and subcontracting (External Services and Supplies), due to a lower than expected number of interventions. This, in turn, also justifies the deviation found in income from Capitalised Production Costs.

Still on Supplies and External Services, the context of generalised cost containment should be noted, as well as the fact that the tariffs for traction energy and the infrastructure use fee were lower than expected.

Personnel Expenses were around 1 million euros less than expected, due essentially to the number of new employees being lower than expected (-258 than expected at the end of the year).

Finally, it should be mentioned the deviation calculated in the Financial Result, due to the fact that it was foreseen that the financial restructuring would occur in 2021, which did not happen. The proposal presented by the company remains under appraisal by the Responsible Ministries. The remunerated debt on December 31st, 2021, remained almost unchanged compared to the end of the previous year.

## 2021 Report and Accounts

INCOME AND EXPENSES (amounts in thousands of euros)	Period		Change	
	REAL 31-12-2021	PLAN 31-12-2021	Amount	%
Provided sales and services	192 841	185 756	7 085	3.8%
Provided sales and services - Passengers	171 977	164 352	7 625	5%
Provided sales and services - Maintenance and repair	16 436	14 802	1 634	11%
Provided sales and services - Others	4 428	6 602	-2 174	-33%
Operating subsidies	89 386	158 384	-68 998	-44%
Changes in production inventories	-825	0	-825	s/s
Own work capitalised	13 317	20 916	-7 599	-36%
Other income	22 709	14 228	8 481	60%
	<b>317 428</b>	<b>379 284</b>	<b>-61 857</b>	<b>-16%</b>
Sold commodities and consumed material costs	-25 383	-37 361	11 978	32%
External services and supplies	-129 391	-147 131	17 740	12%
Personnel expenses (without severance payments and variable salary agreement)	-145 765	-146 781	1 016	1%
Other expenses	-2 865	-2 600	-265	-10%
	<b>-303 404</b>	<b>-333 873</b>	<b>30 469</b>	<b>9%</b>
<b>Operating result from transport and maintenance activities* (EBITDA)</b>	<b>14 024</b>	<b>45 412</b>	<b>-31 388</b>	<b>-69%</b>
Expenses/reversals of depreciation and amortisation	-56 385	-55 354	-1 031	-2%
Impairment of depreciable/amortizable investments (losses/reversals)	814	0	814	s/s
Severance payments	-8	-355	347	98%
Inventories impairment (losses/reversals)	-1 700	0	-1 700	s/s
Impairment of accounts receivable (losses/reversals)	255	0	255	s/s
Provisions (increases/reversals)	-352	-3	-349	-13838%
Impairment of non-depreciable/amortizable investments (losses/reversals)	1 462	0	1 462	s/s
Exchange differences (increases/reversals)	-1 751	0	-1 751	s/s
Gains/losses on subsidiaries, associates and joint ventures	2 440	1 274	1 166	91%
Increases/reversals of fair value	3	0	3	s/s
Other (non-core) income	171	260	-89	-34%
Other (non-core) expenses	-1 435	-779	-656	-84%
<b>Operating Result</b>	<b>-42 462</b>	<b>-9 544</b>	<b>-32 918</b>	<b>-345%</b>
Insurance and similar income obtained	9	14	-5	-35%
Insurance and similar expenses supported	-22 766	-6 670	-16 096	-241%
<b>Net Financial Result</b>	<b>-22 757</b>	<b>-6 656</b>	<b>-16 101</b>	<b>-242%</b>
<b>Profit Before Taxes</b>	<b>-65 219</b>	<b>-16 201</b>	<b>-49 019</b>	<b>-303%</b>
Income tax for the period	-335	-312	-23	-7%
<b>Net Profit for the Period</b>	<b>-65 554</b>	<b>-16 513</b>	<b>-49 042</b>	<b>-297%</b>

\* Before severance payments, fair value, impairments, provisions, depreciations, financing costs and taxes and other operations not related to the core activities of the company.



## Execution of the Investment Plan

The value of investments made in 2021 amounted to 29,2 million euros, corresponding to an implementation rate of 51,7% of the planned budget.

The 2021 investments were financed with recourse to the company's own revenues, except for the acquisition of 22 railcars for the Regional Service, for which there was a transfer from the environmental fund.

Investment/Project (Amount in 10 <sup>3</sup> €)	2021 Activities and Budget Plan	2021 Paid-up Value	Change
<b>Rolling Stock</b>	<b>36 424,03</b>	<b>22 757,61</b>	<b>-13 666,42</b>
Aquisition of 22 Regional Cars	5 100,00	5 100,00	0,00
Aquisition of 50 RENFE Cars	1 289,47	1 264,97	-24,50
Own Works Capitalized	20 916,46	13 316,59	-7 599,87
Aquisition of GSM-r Equipments	2 289,99	143,42	-2 146,56
Aquisition of Traction Converters	1 200,00	1 900,43	700,43
Other Rolling Stocks	5 628,12	1 032,20	-4 595,92
<b>Fixed Facilities</b>	<b>6 116,18</b>	<b>2 638,36</b>	<b>-3 477,82</b>
Workshop Buildings	2 312,68	1 282,42	-1 030,26
Fixed Operational Buildings and Facilities	1 809,50	185,78	-1 623,72
Administrative Buildings	1 994,00	1 170,15	-823,85
<b>Computerisation</b>	<b>3 509,28</b>	<b>918,07</b>	<b>-2 591,21</b>
<b>Equipments</b>	<b>10 568,25</b>	<b>2 929,31</b>	<b>-7 638,94</b>
Commercial Equipments	4 138,50	0,00	-4 138,50
Workshop Equipments	2 071,62	921,03	-1 150,59
Operacional Equipments	3 114,90	1 734,86	-1 380,04
Administrative Equipments	1 243,22	273,41	-969,81
<b>TOTAL</b>	<b>56 617,74</b>	<b>29 243,35</b>	<b>-27 374,39</b>

The deviations presented are justified, namely, by the delay registered in several supplies, due to the impact of the pandemic COVID-19.

The delays in obtaining approval from the ERA (European Railway Agency) for refurbished equipment (carriages acquired from RENFE) and GSM-r equipment should also be noted.

The acquisition of vending machines and validators (commercial equipment) is awaiting authorisation for the multi-annual commitment.

After approval by the Court of Auditors, the first down payment on the agreement signed in 2020 for the purchase of 22 railcars for the Regional Service was made at the end of 2021.

Also contracted in late 2020, the acquisition of 50 carriages from RENFE was completed in 2021.

It should be recalled that with the merger of EMEF into CP, the rolling stock maintenance and repair activity was internalised. As such, the bringing back into service of rolling stock that was inoperable

and major rolling stock repair work, the objective of which is to restore the level of operability and safety or to modernise / modify the rolling stock, began to be capitalised as “Capitalised Production Costs”.

## Budget Implementation

In 2021, CP registered a revenue execution level of 48,5%, concerning the corrected budget, and 50,2% to the approved State Budget.

Budgetary Implementation of Revenue		2021			
All sources					
Economic	Name	Approved Budget (1)	Corrected Budget (2)	Collections (3)	Implementation Rate (4)=(3)/(2)
R3	Fines Penalties	240 000 €	240 000 €	290 185 €	120,9%
R4 / R12	Property Income / Financial Liabilities	679 775 €	679 775 €	2 465 385 €	362,7%
R6	Sale of Current Goods and Services	325 164 916 €	325 164 916 €	208 053 891 €	64,0%
R7	Other Current Revenues	29 700 669 €	29 700 669 €	14 566 563 €	49,0%
R5 / R9	Current Transfers / Capital Transfers	131 679 179 €	133 679 179 €	99 902 022 €	74,7%
R8	Sale of Investment Goods	260 000 €	260 000 €	295 200 €	113,5%
R13.1	Financial Liabilities - Medium and Long Term Loans	468 595 731 €	468 595 731 €	156 333 333 €	33,4%
R13.2	Financial Liabilities - Capital Endowment	70 000 000 €	70 000 000 €	0 €	0,0%
R10 / R11	Claims / Refunds not deducted in payments	0 €	0 €	138 673 €	-
R16	Management Balance	0 €	32 777 902 €	32 777 901 €	100,0%
<b>TOTAL</b>		<b>1 026 320 270 €</b>	<b>1 061 098 172 €</b>	<b>514 823 152 €</b>	<b>48,5%</b>

The main variations concerning the approved budget occurred in the following items:

### Sale of goods and services (R.06)

A significant downturn in the revenue of the provided services was observed, resulting from the impact of the COVID-19 pandemic.

### Other current revenues (R.07)

The VAT reimbursement amount remained well below expectations due to budget constraints which made that a significant volume of expenditure was carried over to 2022.

### Current transfers (R.05)

During the year, the amount of the obligations of public service established in the RCM no.43/2020 for the year of 2021 was transferred to CP. The adjustment of compensation provided for in the RCM no. 162/2021 of December 10th, is awaiting the approval of the Court of Auditors.

Two million euros were transferred from IMT - Instituto da Mobilidade e dos Transportes, I.P., to comply with the provisions of paragraph a), no. 5, of the Council of Ministers Resolution no. 99/2021, of July 27th, corresponding to CP's participation in the constitution of the Railway Competence

Centre.

Due to the lack of legal framework, the investment support amount (1,8 million euros) was not transferred.

### Capital transfers (R.9)

Transfer of 534,2 thousand euros from the Environmental Fund to finance the first down payment relative to the agreement for the acquisition of 22 railcars for the Regional Service, in accordance with RCM no. 98/2021, of July 27th.

No funds were transferred to finance the acquisition of commercial equipment and rolling stock for the Urban and Regional Service, as these projects were subject to rescheduling.

### Financial liabilities (R.13)

Contrary to expectations, the Company's historic debt was not repaid.

In 2021, three loans were contracted with the DGTF, totalling 156,3 million euros, in order to secure:

- the amortisation of Eurofima financing that fell due in July (100 million euros);
- the amortisation of EIB financing totalling 23,8 million euros that fell due in September;
- the early amortisation of the remaining amount of EIB financing totalling 32,5 million euros on December 15th, the due date for interest.

CP registered in 2021 an expenditure execution of 48,4% of the available budget and 48,5% in relation to that approved in the State Budget.

Budgetary Implementation of Expenses		2021					
All sources							
Economic	Name	Approved Budget (1)	Corrected Budget (2)	Withholdings (3)	Available Budget (4)=(2)-(3)	Payments (5)	Implementation Rate (6)=(5)/(4)
D1	Personnel Expenses	150 000 000 €	150 000 000 €	0 €	150 000 000 €	143 183 385 €	95,5%
D2	Purchase of Goods and Services	236 000 000 €	236 000 000 €	0 €	236 000 000 €	161 605 159 €	68,5%
D3 / D11	Amortisations of Loans / Interest and Other Charges	568 034 739 €	568 034 739 €	0 €	568 034 739 €	172 557 553 €	30,4%
D7	Investments	58 500 000 €	58 500 000 €	0 €	58 500 000 €	14 407 699 €	24,6%
D4 / D6 / D10	Current transfers / Other current expenditure / Financial Assets	13 785 530 €	15 785 530 €	0 €	15 785 530 €	5 963 838 €	37,8%
<b>TOTAL</b>		<b>1 026 320 269 €</b>	<b>1 028 320 269 €</b>	<b>0 €</b>	<b>1 028 320 269 €</b>	<b>497 717 634 €</b>	<b>48,4%</b>

Nota: Não Inclui Operações Extraorçamentais

As a result of the sharp drop in own revenues, due to the impact of the pandemic and given the lack of definition regarding the alternative financing scenario, CP was faced during 2021 with strong cashflow and available funds constraints.

Added to these were the budgetary constraints arising from the fact that the commitments for decommissioning and for using the 2020 management balance were only made in the last days of the year.

The main variations concerning the approved budget occurred in the following items:

**Personnel expenses (D.01)**

The change is justified, essentially, by several entries much lower than the initially expected.

**Purchase of goods and services (D.02)**

The aforementioned difficulties arising from the sharp drop in own revenues, the lack of clarity regarding the alternative financing scenario and the delay in obtaining authorisation to decommission this heading, as well as for the use of the management balance, led to the carryover of various purchase processes to 2022. The value of commitments carried forward under this heading to 2022 amounts to 50,7 million euros, much higher than what could be expected.

**Investments (D.07)**

Several projects were rescheduled, including the procurement of commercial equipment, and rolling stock for Urban and Regional Services, and the postponement of several supplies due to the impact of the COVID-19 pandemic.

After approval by the Court of Auditors, the first advance payment was made on the agreement for the acquisition of 22 railcars for the Regional Service, signed in 2020.

**Financial liabilities (D.11)**

Contrary to expectations, the Company's historic debt was not repaid.

Thus, as explained in the section on revenue, only the repayments of Eurofima financing amounting to 100 million euros and EIB financing totalling 23,8 million euros were recorded, as well as the early repayment of the remaining amount of EIB financing totalling 32,5 million euros.

**Note:** Due to several contingencies arising from the Pandemic period experienced in the last two years and the merger of EMEF into CP in 2020, the technical conditions for the preparation of the budgetary statements in accordance with NCP 26 have not yet been met. Therefore, as provided for in point 7 of Resolution no. 2/2021 of the Court of Auditors, a waiver to present these was obtained, and the Court of Auditors authorised the presentation of the 2021 accounts under the SNC regime, pursuant to Instruction no. 1/2019 -PG.

## Financial Risk Management

Financial costs continued their declining trend of recent years, mainly due to the decrease in the average value of remunerated debt.

The average financing rate increased slightly by 0,33 percentage points, because of the increase in the relative weight of fixed-rate loans in the interest-bearing debt structure.

Years	2021	2020	2019	2018	2017
Payable Interest and Similar Expenses (€)	22 765 925,81 €	30 622 455,91 €	55 776 721,60 €	68 303 617,82 €	76 570 728,96 €
Average Rate of Funding (%)	3,03%	2,7%	2,4%	2,6%	2,7%

In the subchapter “Financial” of the chapter “Financial and Economic Analysis” it is possible to obtain additional information regarding the financial management during 2021.

## Limit of the Indebtedness Growth

The remunerated debt of December 31st, 2021 remained almost unchanged from the end of the previous year, with CP not benefiting from any capital increase in 2021.

The adjusted indebtedness figure was thus practically nil.

Change in Indebtedness (execution)	2021	2020
	Amounts (€)	
Remunerated Financing (Current and Non-Current)	2 132 493 240,74 €	2 132 106 150,44 €
Subscribed capital	3 959 489 351,01 €	3 959 489 351,01 €
Capital increases by endowment	0,00 €	0,00 €
New investment in 2021 (with material expression)		0,00 €

<b>Change in indebtedness</b>	<b>0.01%</b>
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New investment - According to item no. 2 of article 146 of the Decree-law 2018, new investment with a 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.

Formula of change in indebtedness:

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

In which:

FR = Remunerated Financing

Capital = Subscribed capital

In the subchapter "Financing" of the chapter "Financial and Economic Analysis" it is possible to obtain additional information regarding the financial management during the reporting year.

## Average Time for Payment

On December 31st, 2021, CP presented the following scenario of arrears for reasons attributable to the company:

Matured Debts	Amount (€)	Matured debts in accordance with Art.1 of Decree-law 65-A/2011 (€)			
	0-90 days	90-120 days	120-240 days	240-360 days	>360 days
Purchase of Goods and Services	12 204 817,12 €	0,00 €	0,00 €	0,00 €	0,00 €
Purchase of Capital	4 299 300,24 €	0,00 €	0,00 €	0,00 €	0,00 €
<b>TOTAL</b>	<b>16 504 117,36 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>	<b>0,00 €</b>

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

The table below shows the comparison of the quarterly Average Time for Payment, measured in number of days:

PMP	Deadline (days)		Δ 21-20	
	2021	2020	Amount	%
1st	50	33	17	51,5%
2nd	45	49	-4	-8,2%
3rd	48	54	-6	-11,1%
4th	60	49	11	22,4%

Comparing the number of days, referring to the Average Time for Payment of the 4<sup>th</sup> quarter of 2020, to the homologous period, an increase of 11 days was verified, which is explained by budget constraints and the uncertainty regarding the alternative funding scenario for the Company, in the context of the pandemic, which led to an increase in the value of the debt to suppliers, mainly to IP.



## Shareholder Recommendations Issued When the 2020 Accounts Were Approved

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

## Remunerations

### Wage Reduction Measures

During 2021, under Law no. 75-B/2020, of December 31st, which approved the State Budget for 2021, the 5% reduction in the fixed gross monthly remuneration of the Members of the Board of Directors was maintained (cf. article 12 of Law no. 12-A/2010, of June 30th).

### Board of Directors' Remunerations

Term of Office Start-End	Position	Name	Appointment		OPRLO ou Option for the Average of the Last 3 Years <sup>(4)</sup>				Number of Officer
			Method	Date	Yes/No	Originating Entity	Paying Entity (O/D)	Identification of the date of Authorisation and Form	
19-07-2019 a 30-09-2021 <sup>(1)</sup>	President	Nuno Pinho da Cruz Leite de Freitas	Council of Ministers Resolution no. 118/2019	24-07-2019 <sup>(2)</sup>	N	-	CP	-	1
19-07-2019 a 31-12-2021 <sup>(1)</sup>	Vice President	Pedro Miguel Sousa Pereira Guedes Moreira	Council of Ministers Resolution no. 118/2020	24-07-2019 <sup>(2)</sup>	N	-	CP	-	1
19-07-2019 a 31-12-2021	Voting Member	Ana Maria dos Santos Malhó	Council of Ministers Resolution no. 118/2021	24-07-2019 <sup>(2)</sup>	N	-	CP	-	2
19-07-2019 a 31-12-2021	Voting Member	Maria Isabel de Magalhães Ribeiro	Council of Ministers Resolution no. 118/2022	24-07-2019 <sup>(2)</sup>	N	-	CP	-	1
19-07-2019 a 31-12-2021	Voting Member	Pedro Manuel Franco Ribeiro	Council of Ministers Resolution no. 118/2023	24-07-2019 <sup>(2)</sup>	N	-	CP	-	1

Caption:

OID -Origin/Destination

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

(2) with effect from July 19th, 2019

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

(4) Option under no. 8 and 9 of article 28 of the Public Manager Statute, indicate paying entity.

Accumulation of Tasks - 2021				
Member of the Board of Directors	Entity	Task	Scheme (Public/Private)	Identification of Authorisation Date and Form
				(AG/DUE/D)
Pedro Miguel Sousa Pereira Guedes Moreira	NOMAD TECH	Manager (since 30-07-2019)	Private	AG from 30-07-2019
Maria Isabel de Magalhães Ribeiro	SIMEF	President of the BoD (since 30-07-2019)	Public	AG from 30-07-2019

**Caption:**

Nomad Tech, Lda

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

BoD - Board of Directors

Member of the Board of Directors	Public Manager Estatute		Gross Monthly Pay (€)	
	Fixed (Y/N)	Classification (A,B,C)	Salary	Representation Expenses
Nuno Pinho da Cruz Leite de Freitas	Y	A	5 722,75 €	2 289,10 €
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 €

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

Member of the Board of Directors	Annual Remuneration 2021 (€)				
	Fixed (1)	Variable (2)	Gross Amount (3)=(1)+(2)	Pay cuts (4)	Final Gross Amount (5)=(3)-(4)
Nuno Pinho da Cruz Leite de Freitas (*)	82 121,46 €	0,00 €	82 121,46 €	4 106,07 €	78 015,39 €
Pedro Miguel Sousa Pereira Guedes Moreira	96 829,00 €	0,00 €	96 829,00 €	4 841,45 €	91 987,55 €
Ana Maria dos Santos Malhó	86 070,16 €	0,00 €	86 070,16 €	4 303,51 €	81 766,65 €
Maria Isabel de Magalhães Ribeiro	86 070,16 €	0,00 €	86 070,16 €	4 303,51 €	81 766,65 €
Pedro Manuel Franco Ribeiro	86 070,16 €	0,00 €	86 070,16 €	4 303,51 €	81 766,65 €
			<b>437 160,94 €</b>	<b>21 858,05 €</b>	<b>415 302,90 €</b>

(1) Salary + Representation Expenses ( no reductions)

(4) Provided for in Article 12º of Law no 12 - A/ 2010, of June 30th. They are levied on the amounts in column (1).

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

Vehicle Related Cost - 2021 (amount with VAT included)										
Member of the Board of Directors	Assigned Vehicles (Y/N)	Conclusion of Agreement (Y/N)	Reference Value of the Vehicle (€)	Mode (Long-term Lease/Operational Lease)	Start Year	Expiry Year	Monthly Rent (€)	Rent Expenses (€)	Number of Remaining Contractual Benefits	Allocation Period
Pedro Miguel Sousa Pereira Guedes Moreira	Y	N	22 937,61 €	Long-term Lease	2018	2022	581,13 €	5 230,17 €	11	01-01 to 06-10-2021
Pedro Miguel Sousa Pereira Guedes Moreira	Y	N	27 500,06 €	Long-term Lease	2018	2022	714,18 €	2 142,54 €	11	07-10 to 31-12-2021
Ana Maria dos Santos Malhó	Y	N	23 750,89 €	Long-term Lease	2018	2022	605,82 €	7 269,84 €	12	01-01 to 31-12-2021
Maria Isabel de Magalhães Ribeiro	Y	N	9 302,23 €	Operational Lease	2017	2022	314,47 €	1 512,83 €	4	01-01 to 08-06-2021
Maria Isabel de Magalhães Ribeiro	Y	N	14 101,42 €	Operational Lease	2017	2022	535,53 €	3 748,71 €	3	09-06 to 31-12-2021
Pedro Manuel Franco Ribeiro	Y	N	22 937,61 €	Long-term Lease	2018	2022	581,13 €	1 743,39 €	11	07-10 to 31-12-2021

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

Member of the Board of Directors	Social Benefits (€)							
	Meal Allowance Amount		Social Security Scheme		Life Insurance	Health Insurance	Other	
	Amount / Day	Annual Charges	Specify	Annual Charges	Annual Charges	Annual Charges	Specify	Annual Charges
Nuno Pinho da Cruz Leite de Freitas (*)	7,60 €	1 580,80 €	Social Security	18 668,45 €	--	262,91 €	Personal Accidents Insurance	3,84 €
Pedro Miguel Sousa Pereira Guedes Moreira	7,60 €	1 892,40 €	Social Security	21 847,08 €	--	350,55 €	Personal Accidents Insurance	5,11 €
Ana Maria dos Santos Malhó	7,60 €	1 618,80 €	Social Security	19 419,60 €	--	350,55 €	Personal Accidents Insurance	5,11 €
Maria Isabel de Magalhães Ribeiro	7,60 €	1 892,40 €	Social Security	19 419,60 €	--	350,55 €	Personal Accidents Insurance	5,11 €
Pedro Manuel Franco Ribeiro	7,60 €	1 892,40 €	Social Security	19 419,60 €	--	350,55 €	Personal Accidents Insurance	5,11 €
<b>TOTAL</b>		<b>8 876,80 €</b>		<b>98 774,33 €</b>		<b>1 665,11 €</b>		<b>24,29 €</b>

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

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

Member of the Board of Directors	Annual Expenses Associated with Missions (€)					
	Missions (€)	Accommodation Costs (€)	Daily Allowances (€)	Other		Total Amount Spent with Travels
				Specify	Amount (€)	
Nuno Pinho da Cruz Leite de Freitas <sup>(1)</sup>	0,00 €	151,20 €	0,00 €	Meals	618,68 €	769,88 €
Pedro Miguel Sousa Pereira Guedes Moreira	0,00 €	551,00 €	0,00 €	Meals	516,51 €	1 067,51 €
Ana Maria dos Santos Malhó	0,00 €	412,00 €	0,00 €	Meals	768,76 €	1 180,76 €
Maria Isabel de Magalhães Ribeiro	0,00 €	333,00 €	0,00 €	Meals	541,61 €	874,61 €
Pedro Manuel Franco Ribeiro	9 318,00 €	2 593,40 €	0,00 €	Meals	935,33 €	12 846,73 €
<b>TOTAL</b>	<b>9 318,00 €</b>	<b>4 040,60 €</b>	<b>0,00 €</b>		<b>3 380,89 €</b>	<b>16 739,49 €</b>

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

## Supervision

### Supervisory Board

Term of Office Star - End	Position	Name	Appointment		Fixed Remuneration Statute (Monthly) (*)	Number of Offices
			Method	Date		
2019-2021	President	António José Farinha Simão			1 602,37 €	2
2019-2021	Voting Member	Teresa Isabel Carvalho Costa	Joint decree without no. of the Ministry of Finance and	28-08-2019	1 201,78 €	1
2019-2021	Voting Member	Cristina Maria Pereira Freire	Infrastructure and Housing		1 201,78 €	1
2019-2021	Substitute Member	Mário José Alveirinho Carrega			-	-

(\*) Amounts indicated in the Appointment Order

Member of Supervisory Body	2021 Annual Remuneration (€)		
	Gross (1)	Pay cuts (2)	Final Amount (3)=(1)+(2)
António José Farinha Simão	22 433,18 €	0,00 €	22 433,18 €
Teresa Isabel Carvalho Costa	16 824,92 €	0,00 €	16 824,92 €
Cristina Maria Pereira Freire	16 824,92 €	0,00 €	16 824,92 €
Mário José Alveirinho Carrega	0,00 €	0,00 €	0,00 €
<b>Total</b>	<b>56 083,02 €</b>	<b>0,00 €</b>	<b>56 083,02 €</b>

## 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
Star - 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 Order without number of 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 2020-2021.	26-08-2020	04-08-2021	1	1
08-07-2021 to 31-12-2022	Certified Public Accountant	Dr. José Luis Alves da Cunha	585	20 160 240				1	1

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
Star - End	Position	Name	Registration no. in the Portuguese Certified Public Accountant Association	Registration no. in the Portuguese Securities Market Commission	Method	Date	Agreement Date		
01-08-2014 to 31-12-2015 (*)	Audit Firm	Oliveira Reis e Associados-Sociedade de Revisores Oficiais de Contas, Lda	23	20 161 381	Joint Order without number of May 16th 2014 of the Ministries of Finance and Economy, took up the position on August 1st, 2014 to complete the term of office 2013-2015.	1-8-2014	16-5-2014	8	8
01-08-2014 to 31-12-2015 (*)	Certified Public Accountant	Dr. Joaquim Oliveira de Jesus	1056	20 160 668				8	8

(\*) Remaining in the office until 07-07-2021

Name of Audit Firm/ Certified Public Accountant	Annual Amount of the Service Agreement - 2021 (€)			Annual Amount of Additional Services 2021 (€)			
	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	13 165,16 €	0,00 €	13 165,16 €	N.A.	N.A.	N.A.	N.A.
Oliveira, Reis e Associados-Sociedade de Revisores Oficiais de Contas, Lda, representada pelo Dr. Joaquim Oliveira de Jesus	11 168,12 €	0,00 €	11 168,12 €	N.A.	N.A.	N.A.	N.A.
<b>Total</b>	<b>24 333,28 €</b>	<b>0,00 €</b>	<b>24 333,28 €</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>

Name of Audit Firm/ Certified Public Accountant	Annual Amount of the Service Agreement - 2020 (€)			Annual Amount of Additional Services 2020 (€)			
	Amount (1)	Reductions (2)	Final Amount (3)= (1)-(2)	Service Identification	Amount (1)	Reductions (2)	Final Amount (3)= (1)-(2)
Oliveira, Reis e Associados-Sociedade de Revisores Oficiais de Contas, Lda, representada pelo Dr. Joaquim Oliveira de Jesus	21 500,04 €	0,00 €	21 500,04 €	N.A.	N.A.	N.A.	N.A.
<b>Total</b>	<b>21 500,04 €</b>	<b>0,00 €</b>	<b>21 500,04 €</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>	<b>N.A.</b>

## 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	Duration	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	8	8
Representado por: Drª Maria Filomena Neves Marques	1 201	20 160 812	23-06-2021	2 years	1	1

Name of the External Auditor	Annual Amount of the Service Agreement - 2021 (€)			Annual Amount of Additional Services - 2021 (€)			
	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	21500,00 €	N.A.	21500,00 €	N.A.	N.A.	N.A.	N.A.

Note: the amount of the contract value of provided audit services includes auditing services for CP (individual and consolidated accounts) and Group companies , with a total of €27,500. Expenses relating exclusively to CP (individual and consolidated accounts) amount to €21,500 (amount without VAT included).

## Application of Article 32 and 33 of the Public Manager Statute

In accordance with the provisions of items 1 and 2 of article 32 of the Public Manager Statute (Decree-Law no. 71/2007 from March 27<sup>th</sup>, in the wording of Decree-Law no. 8/2012 from January 18<sup>th</sup>, Amendment no. 2/2012 from January 25<sup>th</sup> and Decree-law no. 39/2016 from July 28<sup>th</sup>), no credit cards or other payment instruments are used, for expenditures at the company's service, by the Members of the Board of Directors. No reimbursement shall occur to members of any eventual expenses of personal representation.

The maximum amount of expenditure associated with communications, which include mobile phone, telephone, and internet, by Order no. 761/SETF/2012, of May 25<sup>th</sup> (2<sup>nd</sup> series of the Portuguese Official Gazette), of the Secretary of State of Treasury and Finance, is limited to 80 euros per month.

Member of the Board of Directors	Communications Expenses (€)	
	Monthly Limit	Annual Amount
Nuno Pinho da Cruz Leite de Freitas (*)	80	478
Pedro Miguel Sousa Pereira Guedes Moreira	80	44
Ana Maria dos Santos Malhó	80	288
Maria Isabel de Magalhães Ribeiro	80	273
Pedro Manuel Franco Ribeiro	80	458
<b>TOTAL</b>		<b>1 540</b>

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

Concerning the use of vehicles, and in compliance with the provisions foreseen in item 3, of article 33, of the Public Manager Statute, monthly expenses in fuel and tolls related to official cars may not exceed a quarter of the monthly allowance for expenses of personal representation.

Member of the Board of Directors	Monthly Limit for Fuel and Tolls	Annual expenses regarding vehicles (€)		
		Fuel	Tolls	Total
Nuno Pinho da Cruz Leite de Freitas (*)		1 701,90 €	1 009,20 €	2 711,10 €
Pedro Miguel Sousa Pereira Guedes Moreira		1 556,55 €	877,85 €	2 434,40 €
Ana Maria dos Santos Malhó	1/4 representation expenses	1 495,85 €	635,90 €	2 131,75 €
Maria Isabel de Magalhães Ribeiro		2 089,71 €	1 422,45 €	3 512,16 €
Pedro Manuel Franco Ribeiro		780,56 €	1 102,50 €	1 883,06 €
		<b>TOTAL</b>		<b>12 672,47 €</b>

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



## **Application of 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.

## **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](https://www.cp.pt/StaticFiles/Institucional/1_a_empresa/2_principios_bom_governo/remuneracoes-pagas-mulheres-homens.pdf).

## **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**

[https://www.cp.pt/StaticFiles/Institucional/1\\_a\\_empresa/2\\_principios\\_bom\\_governo/relatorio-execucao-riscos.pdf](https://www.cp.pt/StaticFiles/Institucional/1_a_empresa/2_principios_bom_governo/relatorio-execucao-riscos.pdf)

### **Risk Management Plan, including the Risks of Corruption and Related Infractions**

[https://www.cp.pt/StaticFiles/Institucional/1\\_a\\_empresa/2\\_principios\\_bom\\_governo/plano-gestao-riscos.pdf](https://www.cp.pt/StaticFiles/Institucional/1_a_empresa/2_principios_bom_governo/plano-gestao-riscos.pdf)

## **Public Contracting**

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

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 communitary 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, with the wording approved on March 24th, 2021, and of which a pre-contractual Regulation is attached, shall apply.

In 2021, no contracts were submitted to the prior approval of the Court of Auditors since none exceeded the accumulated global amount of 5,000,000 euros.

This year, the Court of Auditors authorised the agreement that had been submitted the previous year, relating to the Acquisition of 12 Bimodal Motor Units and 10 Electric Railcar Units, including Park Parts and Special Tools, totalling 158,140,672 euros.

## **National Public Purchasing System (SNCP)**

CP has 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 existing in *Agência Nacional de Compras Públicas* (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.

# Optimisation Measures of the Operating Expenses Structure

Operational Efficiency	2021	2021	2020	2019	2021/2020		2021/2019	
	Implement.	Budget	Implement.	Implement.	Δ Absol.	Change %	Δ Absol.	Change %
(0) EBITDA	14 022 882 €	45 411 711 €	-4 121 068 €	48 124 125 €	18 143 951 €	440%	-34 101 242 €	-71%
(1) Sold commodities and consumed materials costs	25 383 190 €	37 380 584 €	22 695 541 €	6 287 643 €	2 687 649 €	12%	19 095 547 €	304%
(2) External services and supplies	129 391 072 €	147 131 349 €	131 145 167 €	175 203 486 €	-1 754 095 €	-1%	-45 812 414 €	-26%
(3) Personnel expenses	145 772 520 €	147 135 775 €	138 845 085 €	109 014 542 €	6 927 435 €	5%	36 757 977 €	34%
i. Severance payments	7 536 €	355 000 €	139 335 €	1 289 532 €	-131 799 €	-95%	-1 281 995 €	-89%
ii. Remunerations	0 €	0 €	0 €	0 €	0 €	0%	0 €	0%
iii. Impact of the application of the collective labour regulation instruments (IRCT)	0 €	0 €	0 €	0 €	0 €	0%	0 €	0%
(4) Personal expenses without the impacts of i, ii e iii	145 764 984 €	146 780 775 €	138 705 750 €	107 725 011 €	7 059 234 €	5%	38 039 973 €	35%
(5) Impacts of pandemic by COVID-19 on Operating Expenses <sup>1)</sup>	608 057 €	1 184 975 €	707 195 €	0 €	-101 138 €	-14%	608 057 €	0%
(6) Operating Expenses for the purpose of calculating operational efficiency = (1)-(2)-(3)-(5)	299 940 725 €	330 442 732 €	291 978 599 €	290 505 672 €	7 982 128 €	3%	9 435 053 €	3%
(7) Turnover <sup>2)</sup>	192 840 642 €	185 755 629 €	171 333 641 €	280 718 729 €	21 507 001 €	13%	-87 879 087 €	-31%
Operating subsidies	89 386 058 €	158 384 372 €	88 127 384 €	3 543 €	1 258 674 €	1%	89 382 515 €	2522642%
Compensatory Indemnities	0 €	0 €	0 €	40 000 000 €	0 €	0%	-40 000 000 €	-100%
(8) Own Work Capitalised	13 316 590 €	20 916 456 €	14 047 696 €	0 €	-731 106 €	-5%	13 316 590 €	0%
(9) Loss of revenue due to the COVID-19 pandemic	117 747 990 €	124 866 163 €	138 403 326 €	0 €	-20 655 336 €	-16%	117 747 990 €	0%
(10) Turnover for operational efficiency calculation purposes (7+8+9)	323 805 221 €	331 639 247 €	323 784 662 €	280 718 729 €	120 559 €	0%	43 185 492 €	15%
(11) Influence of Expenses/Turnover = (6)/(10)	92,6%	99,6%	90,2%	103,5%	2,4p.p.		-10,9p.p.	
i. Travel and Accommodation Expenses (FSE)	2 550 571 €	2 684 465 €	2 576 669 €	5 730 052 €	-26 097 €	-1%	-3 179 481 €	-55%
ii. Expenses regarding Allowances Accommodation (Personnel Expenses)	4 083 364 €	3 981 184 €	3 757 784 €	4 194 445 €	325 580 €	8%	-111 081 €	-3%
iii. Expenses regarding vehicles <sup>3)</sup>	530 755 €	639 701 €	478 989 €	269 447 €	53 767 €	11%	261 308 €	97%
(12) Total = (i) + (ii) + (iii)	7 164 691 €	7 305 340 €	6 813 442 €	10 193 944 €	353 250 €	5%	-3 029 253 €	-30%
(13) Expenses regarding studies, assessments, projects and consultancy	1 331 972	2 714 686	1 808 829	473 347	-478 656	-26%	858 625	181%
Total Human Resources Staff ( Governing Bodies + Leading Positions + Employees ) <sup>4)</sup>	3 766	3 914	3 710	2 634	56	2%	1 132	43%
No. of Governing Bodies <sup>4)</sup>	8	8	8	7	0	0%	1	14%
No. of Leading Positions <sup>4)</sup>	23	22	22	22	1	5%	1	5%
No. of Employees (w/o Governing Bodies and w/o Leading Positions) <sup>4)</sup>	3 735	3 884	3 680	2 605	55	1%	1 130	43%
No. of Employees/No. of Leading Positions <sup>4)</sup>	162	177	167	118	-5	-3%	44	36%
No. of Vehicles	111	116	116	48	-5	-4%	63	131%

Note: The amounts for 2019 do not include EMEF, merged into CP with effect from January 1st, 2020.

a) In accordance with the reported budget implementation.

b) Excluding operating subsidies and compensatory allowances.

c) Includes rent/amortizations, inspections, insurance, tolls, fuel, maintenance, repairs, tyres, fees and taxes.

d) Average effective staff.

In 2021, CP registered a recurrent EBITDA of 14 million euros, which represented an increase of 18,1 million euros compared to the previous year, but which was 31,4 million euros worse than expected.

Excluding from the comparison the expected value of the adjustment related to the financial compensation for the public service obligations provided in 2020, awaiting the approval of the Court of Auditors, the recurrent EBITDA would be about 37,6 million euros better than expected.

The main contribution to the variation compared with the previous year came from the recovery in the provision of passenger transport services, which grew by 21,1 million euros (+14%), due to the increase in demand and income related to the programme to support the reduction of tariffs in transport (TRSP)<sup>3)</sup>.

Compared to what was planned, the deviation is justified essentially by the generalised containment of expenses, namely in the maintenance area, due to a lower number of interventions carried out in comparison to what was planned<sup>4)</sup>.

The weight of the main items of expenditure (CMVMC + FSE + Personnel) on turnover (excluding operating subsidies and financial compensation for public service obligations) and capitalised

<sup>3)</sup> More information in the chapter "Financial and Economic Analysis".

<sup>4)</sup> More information in the section "Management Objectives".

production costs, excluding the impact of the pandemic<sup>5</sup>, stood at 92,6% in 2021, up 2,4 percentage points on the previous year, but about 7 percentage points better than expected.

The evolution compared to the previous year is explained essentially by the increase in personnel expenses, resulting not only from the increase in the number of employees<sup>6</sup>, but also from an increase in variable allowances, following the recovery of the company's activity.

The recovery of activity also justifies the slight increase in the costs of travel, accommodation, expenses allowances, and vehicle fleet compared to 2020. This aggregate was still well below the forecast.

The Company's policy is to minimise the use of external service providers. In this sense, CP resorts to external hiring only in exceptional situations, duly substantiated, and provided that the impossibility of meeting the needs through its own resources is duly demonstrated.

Due to the containment measures adopted and the legal impositions on the contracting of this type of service, the volume of specialised work contracted in 2021 fell short of the forecast and of the previous year.

## Procurement of Studies

CP complied with the procedure referred to in Article 49 of Decree-Law No. 84/2019 of June 28<sup>th</sup>, by requiring Parpública's prior opinion, whenever the procurement of studies, legal opinions, projects, and non-intellectual consultancy was involved and whenever the services covered the specific scope of the provisions of Article 49(2) of the abovementioned Decree-Law.

In 2021, CP did not submit to opinion any process that would legally fit this need.

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<sup>5</sup> Given the evolution recorded in recent pre-pandemic years, with a sustained growth in demand since 2013, plus the boost resulting from the implementation of the Tariff Reduction Support Programme (TRSP) in 2019, this trend would be expected to continue under normal conditions. Admitting, for prudence's sake, that there could be some slowdown in this growth compared to that recorded in 2019, CP's forecasts pointed to passenger transport income in 2021 above 289 million euros (according to the sustainability study sent to the responsible Ministry).

<sup>6</sup> More information in "Our Employees".

## State Treasury Unit Principle

In compliance with the legal provisions established regarding the State Treasury Unit Principle, to which public companies are subject, CP has requested exemption from it. Similarly, it has developed all efforts to ensure full compliance with such principle, concentrating the maximum number of services in IGCP. Therefore:

- In general, payments are made via IGCP;
- Collections from customers are being directed to the IGCP account;
- Since December 2010, the occasional treasury surplus is applied in IGCP – CEDIC's;
- The available sums that have not yet been invested, due to their amount, are maintained in IGCP's account.

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.

Among these services are the collection, transport, and counting of ticketing revenues, the receipt of online sales revenues in the account of the national banking, bank loans, bank guarantees that cannot be replaced by secured deposits and safekeeping securities of affiliated companies.

The IGCP order of November 23<sup>rd</sup>, 2020, was favourable to the exemption request regarding the compliance of this principle formulated by CP. This waiver is valid for a maximum period of 2 years, so it maintained its validity in 2021.

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 2021:

IGCP	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Cash and cash equivalents	33 520 520,35 €	28 990 806,05 €	29 719 682,05 €	15 780 526,24 €
Financial Investments	0,00 €	0,00 €	0,00 €	0,00 €
<b>Total</b>	<b>33 520 520,35 €</b>	<b>28 990 806,05 €</b>	<b>29 719 682,05 €</b>	<b>15 780 526,24 €</b>

Commercial Banking	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
BPI	882 220,08 €	1 157 750,22 €	1 339 766,68 €	932 593,01 €
CGD	830,12 €	818,43 €	762,84 €	751,15 €
Millennium BCP	69 045,01 €	68 770,01 €	0,00 €	0,00 €
<b>Total</b>	<b>952 095,21 €</b>	<b>1 227 338,66 €</b>	<b>1 340 529,52 €</b>	<b>933 344,16 €</b>
Interest gained	0,00 €	0,00 €	0,00 €	0,00 €

## Audits Performed by the Court of Auditors

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

## Plan for Gender Equality

The Plan for Gender Equality was elaborated and communicated to the Entities provided for by law, according to the following evidence:

**A entrega a estes destinatários ou grupos está concluída, mas não foi enviada nenhuma notificação de entrega pelo servidor de destino:**

[geral@cite.pt](mailto:geral@cite.pt) ([geral@cite.pt](mailto:geral@cite.pt))

Assunto: Plano para a Igualdade de Género CP\_ 2021

**A entrega a estes destinatários ou grupos está concluída, mas não foi enviada nenhuma notificação de entrega pelo servidor de destino:**

[cig@cig.gov.pt](mailto:cig@cig.gov.pt) ([cig@cig.gov.pt](mailto:cig@cig.gov.pt))

Assunto: Plano para a Igualdade de Género CP\_ 2021

## Non-Financial Reporting

The Non-Financial Reporting for the year 2021 is attached to the Corporate Governance Report 2021.

## 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	
Statutes	Y	11-03-2022	
Company Characterisation	Y	11-03-2022	
Governing authority and shareholder	Y	11-03-2022	
Governance Model / Members of the Governing Body:	Y	11-03-2022	
Identification of the Governing Body	Y	11-03-2022	
Established Remuneration Statute	Y	11-03-2022	
Disclosure of the Governing Body's Remunerations	Y	11-03-2022	
Identification of tasks and responsibilities of the Members of the Board of Directors	Y	11-03-2022	
Presentation of the Governing Body's Curricular Summaries	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 Principle	Y	11-03-2022	
Internal and External Regulations that 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 Principle	Y	11-03-2022	
Ethical Code	Y	11-03-2022	

# 08

# ECONOMIC AND FINANCIAL ANALYSIS





# Operating Account

## Net Income

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

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

The *Net Income* for 2021 shows a 31% improvement comparatively with the previous year (29,8 million euros), rising from -95,4 million euros in 2020 to -65,6 million euros in 2021.

The increase in income from passenger transport services and the improvement in the financial result contributed fundamentally to this variation.

## Operating Result of the Passenger Transportation and Maintenance Activities (EBITDA)

In 2021, the EBITDA *recurring of the transport and maintenance activities* was 14 million euros, which represented an increase of 18,1 million euros compared to the previous year. The origin of the main variations recorded is shown below:

- Increase in *services provided* of around 21,5 million euros, originating essentially in passenger transportation services, due to the increase in demand and income related to the support programme for Tariff Reduction Support Programme (TRSP). Also of note is the increase in maintenance and repair services, especially in the repair of rotating equipment, which recorded an increase of 1,8 million euros;
- Increase in operating subsidies, relating to compensation for public service obligations, by 1,3 million euros;
- Generalised decrease in *external supplies and services* of around 1,8 million euros, with particular emphasis on subcontracts linked to the maintenance area (-4,3 million euros), the rental of rolling stock (-1 million euros) and the suspension of the CP/RENFE Agreement to carry out the SUD Express and Lusitânia International Services (-0,9 million euros). These variations were partially offset by increases in some headings, namely electricity for traction (+1,5 million euros) and the infrastructure charge (+4,1 million euros), following the resumption of operating activity;
- Increase in *other income*, by around 5,4 million euros, resulting essentially from the final adjustments made by Área Metropolitana de Lisboa to the TRSP values for the years 2019 and 2020, which amounted to around 4,6 million euros (values excluding VAT). Also worth mentioning is the conclusion of intervention works on the rotating equipment, which led to an increase in income of around 2,5 million euros and, conversely, the decrease recorded in the amount recognised in investment subsidies, of around 1,3 million euros;
- Decrease in *other expenses*, by about 3,5 million euros, explained, namely, by the fact that in 2020, there were adjustments to the invoicing of transport of IP workers, compensation for material damage (accident that occurred in Spain), and penalties of agreements for the provision of maintenance and repair services to third parties to CP, without an identical counterpart in 2021;
- Decrease in the *variation in production inventories*, amounting to 4,8 million euros, due to the fact that consumption exceeded production;
- Increase in the *cost of goods sold and materials consumed* by 2,7 million euros;
- An increase in *personnel expenses* (excluding indemnities), by 7,1 million euros as a result not only of the increase in the number of employees but also of an increase in variable allowances, following the resumption of the company's activity.

## Operating Income

The *Operating Income* in 2021, was of -42,5 million euros, representing an improvement of 22 million euros, comparing with the previous year (-64,5 million euros). Apart from the aforementioned reasons for the recurrent EBITDA, the following were the main facts should be pointed out:

- Decrease in *depreciation and amortisation costs*, by 2,8 million euros;

- Increase in *gains attributed to subsidiaries, associated companies, and joint ventures*, by 1,3 million euros, due to the application of the equity method to financial holdings and also as a result of the liquidation of OTLIS;
- Decrease in *inventory impairments*, set up to cover the loss of value of inventories (in case of non-use) over the expected period of use of the rolling stock series in which they can be applied, by about 3,2 million euros compared to the previous year. The following contributed to this effect:
  - (i) the adjustment of the impairment assessment criteria made in 2020, which worsened the accumulated impairment in that financial year;
  - (ii) the reductions, in 2021, of stocks in warehouse inventories that were impaired;
- Positive variation of *impairment of debts receivable*, by 3,8 million euros, resulting from the collection effort made by the company and the fact that in 2020 a significant impairment was constituted due to the ageing of some customer debts and the expectation of receiving them, which did not occur in 2021;
- Decrease in income recorded under the heading of *impairment of non-depreciable / amortisable investments (losses/reversals)*, relating to the reversal of impairment losses on rolling stock that was classified as held for sale, by about 2 million euros;
- Decrease in *other (non-core) income* by 2,4 million euros, mainly as a result of the fact that in 2020, (i) income was recognised as excess tax estimate (situation that resulted from the merger by incorporation of EMEF into CP) and (ii) interest on late payment and indemnities related to a judicial / tax lawsuit was recorded;
- Unfavourable variation of 1,6 million euros in *exchange rate differences*, corresponding to the exchange variation in the value of subscribed and unpaid shares of the company's financial holding in Eurofima (in Swiss francs);
- Increase in *other (non-core) costs*, by 1,4 million euros, as a result of the write-off of discontinued, non-operational, and unserviceable equipment.

## Financial Result

The *Financial Result* in 2021 was negative at 22,8 million euros, with an improvement of about 7,9 million euros (+26%) compared with the previous year. This situation results, fundamentally, from the reduction of the remunerated liabilities of the company.

## Balance Sheet

HEADINGS (Amounts in thousands of euros)	PERIOD		Change 2021/2020	
	31-12-2021	31-12-2020	Amount	%
<b>ASSET</b>				
Non-Current Asset	415 982	441 399	-25 417	-6%
Current Asset	86 817	91 516	-4 699	-5%
<b>Total Asset</b>	<b>502 799</b>	<b>532 915</b>	<b>-30 116</b>	<b>-6%</b>
<b>EQUITY AND LIABILITY</b>				
Equity including:	-1 852 160	-1 778 677	-73 483	-4%
Net Result of the period	-65 554	-95 399	29 845	31%
<b>Total Equity</b>	<b>-1 852 160</b>	<b>-1 778 677</b>	<b>-73 483</b>	<b>-4%</b>
<b>LIABILITY</b>				
Non-Current Liability	261 304	396 197	-134 893	-34%
Current Liability	2 093 655	1 915 395	178 260	9%
<b>Total Liability</b>	<b>2 354 959</b>	<b>2 311 592</b>	<b>43 368</b>	<b>2%</b>
<b>Total Equity + Liability</b>	<b>502 799</b>	<b>532 915</b>	<b>-30 115</b>	<b>-6%</b>

## Assets

In 2021, CP's Assets decreased about 30,1 million euros, and the following impacts are the most significant:

- The *Fixed tangible assets* decreased by 25,9 million euros, as the depreciation of these assets was not offset by the realisation of the investment;
- Increase in *inventories* by 5,6 million euros;
- Increase in the balance of *customers and other receivables* by 7,6 million euros, essentially explained by the accruals of the amounts already attributed by Transportes Metropolitanos de Lisboa, relative to the months of June to August, within the scope of the Tariff Reduction Support Programme (TRSP). It should also be noted that several diligent proceedings have been carried out with the different entities in order to ensure the receipt of the amounts in debt;
- Decrease in the balance of the *State and other public entities* by 1,7 million euros, due to the reduction of VAT to be recovered and the VAT refunds requested;
- Decrease in the balance of *cash and bank deposits* by 15,7 million euros, to ensure compliance with the company's financial responsibilities.

## Equity

In 2021, 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 to *retained earnings* of the company's 2020 *net result*, which still awaits approval by the Responsible Ministry;
- decrease in the heading *adjustments / other changes in equity*, as a result of the allocation of *investment subsidies* 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

CP's *Liability* increased by 43,4 million euros in 2021, and the following impacts are the most significant:

- Decrease in *provisions* set up by 1,7 million euros, essentially as a result of the reversal of the provision for occupational injuries pensions, in accordance with the actuarial study carried out by an external entity;
- Increase in the balance owed to the *State and other public entities*, by 1,6 million euros, resulting from the increase in the value of contributions to be paid to the State, related to income tax. The respective contributions will be paid within the legal deadline, in the month following the month of processing (December). In 2020, they were settled in the same month;
- Increase of the balance of suppliers and other payables by 43,3 million euros, highlighting the debt to IP (energy for traction and infrastructure charge), as well as the increase in costs related to financing interest.

## Financing

CP received, during 2021, 89,4 million euros as financial compensation for public service obligations contracted with the State (values without VAT), as per RCM no. 43/2020. It awaits the approval of the Court of Auditors in order to receive the adjustment of compensation provided for in RCM no. 162/2021.

With significant effort in managing its liquidity, the company has not increased the total amount of financing in 2021.

By Order No. 1138/2021 - SET, of the Secretary of State for the Treasury, it was authorised that the payment of the debt service on DGTF loans maturing on 30 November 2021 be extended to 31 December 2022, without additional costs.

The maturity of two loans contracted in 2020 with the DGTF was extended to 2022, one in March for 29,56 million euros, granted to finance the amortisation of EIB loans, and the other in December for 73,14 million euros, which was intended to finance the company's operational activity.

In 2021, three loans were contracted with the DGTF, totalling 156,3 million euros, in order to secure:

- the amortisation of Eurofima financing that fell due in July (100 million euros);
- the amortisation of EIB financing totalling 23,8 million euros that fell due in September;
- the early repayment of the remaining amount of EIB financing totalling 32,5 million euros on 15 December, the due date for interest.

Although the financing granted by the DGTF has solved the most pressing needs regarding the amortisation of the loans maturing in the period, CP is still awaiting a formal decision from the State regarding the financial settlement of the company's historic debt.

## Financial Debt

CP's remunerated debt on December 31st, 2021, was approximately 2,132 billion euros, unchanged from the previous year. However, derived from the previous point, the sources of financing registered a significant change, as can be seen in the following chart:

### Financing Sources (Amount in thousands of Euros)

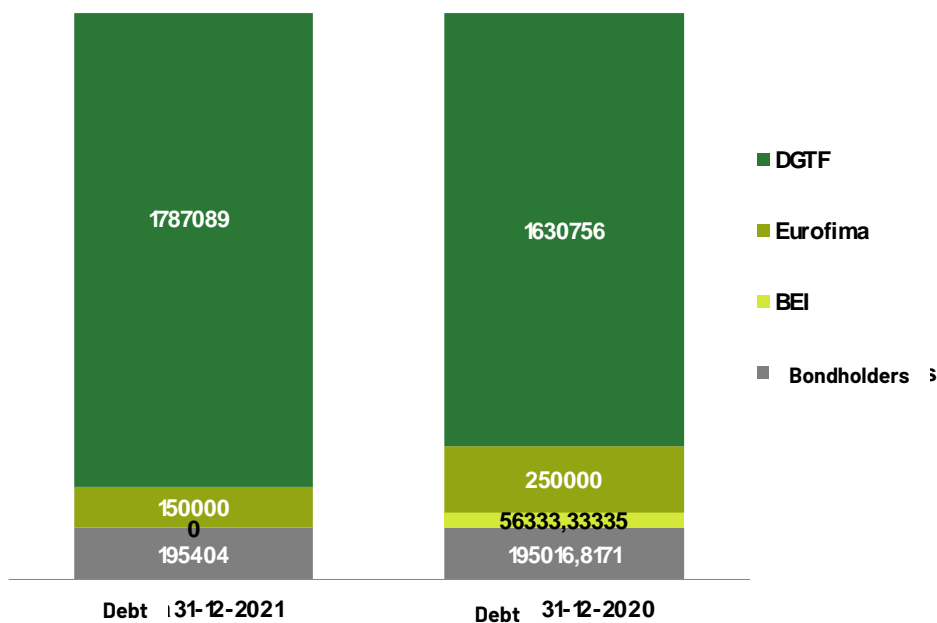


Chart 9 - Financing Sources.

As we are still waiting for the company's historic debt to be settled, the loans contracted, as well as the successive extensions of the debt service payments on the State loans, have been made with maturities of less than a year.

### Debt Structure

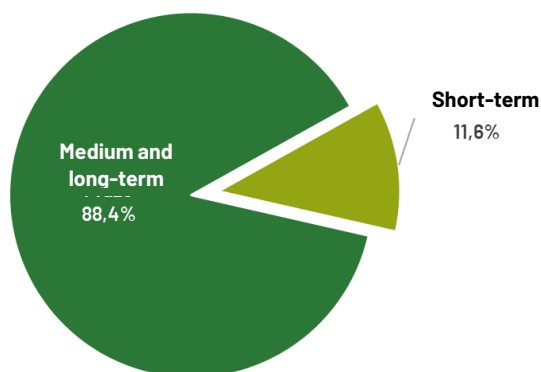


Chart 10 - Debt Structure.

09

# PERSPECTIVES FOR 2022





# PERSPECTIVES FOR 2022

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

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



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

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

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

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

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

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

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

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

# 10

## RELEVANT FACTS AFTER THE END OF THE FINANCIAL YEAR



The following events should be noted:

- As a result of the pandemic situation caused by the COVID-19 virus, it is possible to see a gradual recovery in activity, although the fall in revenue continues to be seen in railway transport, essentially in the first months of the year, with a direct impact on the company's revenues;
- At this date, there is an armed conflict between Russia and Ukraine that is also affecting western economies, and it is not yet possible to predict the impact that this reality will have on the company's activity;
- 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 at December 31st, 2021, and the assumption of continuity of operations is not called into question.

# 11

## PROPOSAL FOR APPLICATION OF REVENUES



## 2021 Report and Accounts

In accordance with the provisions in force, it is proposed that the Net Results for the Financial Year – a deficit of 65,554,294 euros – are transferred to the Retained Earnings account.

Lisbon, April 21<sup>st</sup>, 2022

### **The Board of Directors**

**Vice-president:** Pedro Miguel Sousa Pereira Guedes Moreira

**Voting Member:** Ana Maria dos Santos Malhó

**Voting Member:** Maria Isabel de Magalhães Ribeiro

**Voting Member:** Pedro Manuel Franco Ribeiro



# 12

# BUDGET STATEMENTS



**Note:** Regarding the presentation of the budgetary statements in accordance with NCP 26, the technical conditions are not yet met for the preparation of these by CP, and therefore, as provided for in point 7 of Resolution no. 2/2021 of the Court of Auditors, a waiver from the presentation of these was obtained, with the Court of Auditors having authorised the presentation of accounts for 2021 under the SNC scheme, pursuant to Instruction no. 1/2019 -PG.



2021 Report and Accounts

# FINANCIAL STATEMENTS



## 2021 Report and Accounts

### Individual Balance Sheets

Period ended on December 31st, 2021

Amounts in Euros

HEADINGS	NOTES	PERIODS	
		31-dez-21	31-dez-20
<b>ASSET</b>			
Non-current asset			
Tangible fixed assets	9	383 083 553	408 935 865
Intangible assets	8	44 244	139 047
Financial holdings - equity method	12	4 880 495	4 420 702
Other financial investments	13	27 973 085	27 903 237
		<b>415 981 377</b>	<b>441 398 851</b>
Current asset			
Inventories	15	42 199 458	36 631 813
Customers	16	10 960 096	3 954 383
State and other public entities	17	5 889 848	7 546 508
Other credits receivable	18	7 393 704	6 811 745
Deferrals	19	993 873	1 091 023
Non-current assets held for sale	10	2 274 859	2 702 526
Cash and cash equivalents	5	17 105 519	32 777 904
		<b>86 817 357</b>	<b>91 515 902</b>
<b>Total of assets</b>		<b>502 798 734</b>	<b>532 914 753</b>
<b>EQUITY AND LIABILITY</b>			
Equity			
Subscribed capital	20	3 959 489 351	3 959 489 351
Legal reserves	21	24 703	24 703
Other reserves	22	1 306 650	1 306 650
Retained earnings	23	(5 924 128 913)	(5 828 729 654)
Adjustments/other changes in equity	24	176 702 037	184 631 308
Net result of the period		( 65 554 294)	( 95 399 259)
<b>Total of equity</b>		<b>(1 852 160 466)</b>	<b>(1 778 676 901)</b>
Liability			
Non-current liability			
Provisions	25	13 900 302	15 646 965
Loans obtained	26	247 403 908	380 550 150
		<b>261 304 210</b>	<b>396 197 115</b>
Current liability			
Suppliers	28	34 950 492	7 292 799
State and other public entities	17	1 984 137	340 563
Loans obtained	26	1 885 089 333	1 751 556 000
Other debts payable	27	171 218 148	155 577 280
Deferrals	19	412 880	627 897
		<b>2 093 654 990</b>	<b>1 915 394 539</b>
<b>Total of liability</b>		<b>2 354 959 200</b>	<b>2 311 591 654</b>
<b>Total of equity and liability</b>		<b>502 798 734</b>	<b>532 914 753</b>

Certified Accountant - Dr. Ana Coelho

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

Director - Dr. Ana Maria dos Santos Malhó

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

## 2021 Report and Accounts

### Individual income statement by nature

Period ended on December 31st, 2021

INCOME AND EXPENSES	NOTES	Amount in Euros	
		PERIOD	
		2021	2020
Provided sales and services	29	192 840 642	171 333 641
Operating subsidiaries	30	89 386 058	88 127 384
Gains/losses attributed to subsidiaries, associated companies and joint ventures	12,31	2 439 788	1 186 780
Changes in production inventories	32	( 824 703)	3 980 568
Own Work Capitalised	33	13 316 590	14 047 695
Sold commodities and consumed materials costs	34	( 25 383 190)	( 22 695 541)
External services and supplies	35	( 129 391 072)	( 131 145 167)
Personnel expenses	36	( 145 772 520)	( 138 845 085)
Impairment of inventories (losses / reversals)	15	( 1 699 559)	( 4 919 449)
Impairment of receivable (losses/reversals)	16,18	254 999	( 3 557 690)
Provisions (increases/decreases)	25	( 351 586)	( 48 724)
Impairment of non-depreciable/amortisable investments (losses/reversals)	37	1 462 230	3 485 991
Fair value increases/reductions	38	2 965	-
Other income	39	24 041 740	21 463 935
Other expenses	40	( 7 214 871)	( 8 227 654)
<b>Result before interest, taxes, depreciation and amortisation</b>		<b>13 107 511</b>	<b>( 5 813 316)</b>
Expenses/reversals of depreciation and amortisation	8,9,41	( 56 384 553)	( 59 211 388)
Impairment of depreciable/amortizable investments (losses/reversals)	8,9,42	814 485	548 477
<b>Operating result (before financing expenses and taxes)</b>		<b>( 42 462 557)</b>	<b>( 64 476 227)</b>
Interest and similar income gained	43	9 078	11 539
Payable interest and similar expenses	44	( 22 765 926)	( 30 622 456)
<b>Result before taxes</b>		<b>( 65 219 405)</b>	<b>( 95 087 144)</b>
Income tax of the period	14	( 334 889)	( 312 115)
<b>Net result of the period</b>		<b>( 65 554 294)</b>	<b>( 95 399 259)</b>

Certified Accountant - Dr. Ana Coelho

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

Director - Dr. Ana Maria dos Santos Malhó

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

DESCRIPTION	NOTES	Equity granted to the capital owners of the parent company					Net result of the period	Total	Non-controlling interests	Total Equity
		Subscribed Capital	Legal Reserves	Other Reserves	Results brought forward	Adjustments/Other changes in equity				
Position at the beginning of the 2021 period	1	3 959 489 351	24 703	1 308 650	(5 828 729 654)	184 631 308	(95 399 259)	(1 778 676 901)		(1 778 676 901)
Changes in the period		-	-	-	-	-	-	-	-	-
First implementation of the new accounting framework		-	-	-	-	-	-	-	-	-
Changes in accounting policies		-	-	-	-	-	-	-	-	-
Translation differences on financial statements		-	-	-	-	-	-	-	-	-
Realisation of revaluation surplus		-	-	-	-	-	-	-	-	-
Revaluation surplus		-	-	-	-	-	-	-	-	-
Adjustments by deferred taxes		-	-	-	-	-	-	-	-	-
Other changes recognised in equity		-	-	-	(95 399 259)	(7 929 271)	95 399 259	(7 929 271)		(7 929 271)
Net result of the period	2	-	-	-	(95 399 259)	(7 929 271)	95 399 259	(7 929 271)		(7 929 271)
Comprehensive result	3	-	-	-	-	-	(65 554 294)	(65 554 294)		(65 554 294)
Operations with capital owners in the period	4 + 2 + 3	-	-	-	-	-	25 844 865	(73 483 595)		(73 483 595)
Capital subscriptions		-	-	-	-	-	-	-	-	-
Payments of share premiums		-	-	-	-	-	-	-	-	-
Share premiums subscriptions		-	-	-	-	-	-	-	-	-
Down payments to cover losses		-	-	-	-	-	-	-	-	-
Other operations		-	-	-	-	-	-	-	-	-
Position at the end of the 2021 period	5	3 959 489 351	24 703	1 308 650	(5 924 128 813)	176 702 037	(65 554 294)	(1 852 180 466)		(1 852 180 466)

Certified Accountant - Dr. Ana Coelho

Vice-President - Eng. Pedro Miguel Sousa Pereira Cuares Mendes

Director - Dr. Ana Maria dos Santos Malho

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

DESCRIPTION	NOTES	Equity granted to the capital owners of the parent company					Net result of the period	Total	Non-controlling interests	Total Equity
		Subscribed Capital	Legal Reserves	Other Reserves	Results brought forward	Adjustments/Other changes in equity				
Position at the beginning of the 2020 period	1	3 959 468 351	24 703	1 306 650	(5 777 151 280)	185 235 424	(51 578 374)	(1 672 673 526)		(1 672 673 526)
Changes in the period		-	-	-	-	-	-	-	-	-
First implementation of the new accounting framework		-	-	-	-	-	-	-	-	-
Changes in accounting policies		-	-	-	-	-	-	-	-	-
Translation differences on financial statements		-	-	-	-	-	-	-	-	-
Realisation of revaluation surplus		-	-	-	-	-	-	-	-	-
Revaluation surplus		-	-	-	-	-	-	-	-	-
Adjustments by deferred taxes		-	-	-	-	-	-	-	-	-
Other changes recognised in equity		-	-	-	(51 578 374)	(10 604 116)	51 578 374	(10 604 116)		(10 604 116)
Net result of the period	2	-	-	-	(51 578 374)	(10 604 116)	51 578 374	(10 604 116)		(10 604 116)
Comprehensive result	3	-	-	-	-	-	(95 389 259)	(95 389 259)		(95 389 259)
Operations with capital owners in the period	4 = 2 + 3	-	-	-	-	-	(43 820 885)	(106 003 375)		(106 003 375)
Capital subscriptions		-	-	-	-	-	-	-	-	-
Payments of share premiums		-	-	-	-	-	-	-	-	-
Share premiums subscriptions		-	-	-	-	-	-	-	-	-
Down payments to cover losses		-	-	-	-	-	-	-	-	-
Other operations		-	-	-	-	-	-	-	-	-
Position at the end of the 2020 period	5	3 959 468 351	24 703	1 306 650	(5 628 729 654)	194 631 308	(95 389 259)	(1 778 675 901)		(1 778 675 901)

Certified Accountant - Dr. Ana Coelho

Vice-President - Eng. Pedro Miguel Sousa Pereira Budes, Moreira

Director - Dr. Ana Maria dos Santos Meho

Director - Dr. Maria Isabel de Magalhães Ribeiro

Director - Eng. Pedro Manuel Franco Ribeiro

## 2021 Report and Accounts

### Individual statement of cash flows

Period ended on December 31st, 2021

(amounts in euros)

<b>CASH FLOW STATEMENT</b>	<b>31-dez-21</b>	<b>31-dez-20</b>
Cash flows from operating activities - Direct method		
Collections from customers	299 255 164	280 483 153
Payments to suppliers	( 159 574 263)	( 206 194 020)
Payments to employees	( 136 374 223)	( 132 879 854)
<b>Cash generated by operations</b>	<b>3 306 678</b>	<b>( 58 590 721)</b>
Income tax payment/collections	( 247 367)	( 5 846)
Other collections/payments	8 552 350	9 572 943
<b>Cash flows from operating activities (1)</b>	<b>11 611 661</b>	<b>( 49 023 624)</b>
Cash flows from investing activities		
Payments regarding:		
Fixed tangible assets	( 14 367 906)	( 7 610 563)
Other assets	( 2 000 000)	-
Collections from:		
Fixed tangible assets	295 200	-
Financial investments	829 150	30 000
Investment grants	2 534 215	-
Interest and similar income gained	4 348	20 818
Dividends	1 150 846	1 241 629
<b>Cash flows from investment activities (2)</b>	<b>( 11 554 147)</b>	<b>( 6 318 116)</b>
Cash flows from funding activities		
Collections from:		
Loans obtained	156 333 333	136 700 000
Other funding operations	481 042	48 038
Payments regarding:		
Loans obtained	( 156 333 333)	( 71 693 333)
Interest and similar income gained	( 16 210 249)	( 16 654 345)
<b>Cash flows from funding activities (3)</b>	<b>( 15 729 207)</b>	<b>48 400 360</b>
<b>Change in cash and cash equivalents (4) = (1) + (2) + (3)</b>	<b>( 15 671 693)</b>	<b>( 6 941 380)</b>
Influence of exchange differences	( 692)	79
<b>Cash and cash equivalents at the start of the period</b>	<b>32 777 904</b>	<b>39 719 205</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>17 105 519</b>	<b>32 777 904</b>

\* The initial cash and bank balance includes the balance from EMEF resulting from the merge process on 01/01/2020 in the amount of € 9.034.952,91.

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2021 Report and Accounts

# ATTACHMENTS TO THE FINANCIAL STATEMENTS



## Company Identification and Reporting Period (note 1)

### Company Identification

CP – Comboios de Portugal, E.P.E. is a corporate public entity, with legal person governed by public law, with administrative, financial, and asset autonomy, with registered office at Calçada do Duque, no. 20, 1249-109 Lisbon, whose current legal system and Statutes were approved by Decree-Law no. 137-A/2009 from June 12<sup>th</sup>, as amended by Decree-Law no. 59/2012 from March 14<sup>th</sup> and by Decree-Law no. 124-A/2018 from December 31<sup>st</sup> and by Decree-Law no. 174-B/2019 from December 26<sup>th</sup><sup>7</sup>, although its wording did not take effect until January 1<sup>st</sup>, 2020.

The main objects of CP's activity are:

- the provision of public railway transport services for passengers in railroads, railroad sections and branch lines which are a part of, or come to be a part of, the national railroad network, as well as international passenger transportation;
- the manufacture and rehabilitation, major repairs and maintenance of railway equipment and vehicles, and the study of workshop facilities for maintenance.

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

The transportation of goods was split up in 2009, having been carried out by CP Carga – Logística e Transporte Ferroviário de Mercadorias, S.A., with share capital held entirely by CP until 2015, and sold in 2016, to Mediterranean Shipping Company Rail (Portugal) – Operadores Ferroviários, S.A.

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

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

CP is the parent company of a group of companies. In its individual financial statements, CP represents the balances, and transactions with its associates in note 7.

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<sup>7</sup> To which the Amendment 10/2020 from February 21<sup>st</sup> shall be added.



## Access to the Infrastructure

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

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

0 Article 10 *et seq.* regulate the rules for accessing the 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.

That 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 take 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 auxiliary services.

In accordance with the Network Directorate 2021, the 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.

The access services to service facilities and the provision of services include the use of stations, provision of operational facilities at stations, the provision of spaces for equipment installation in common areas of the stations, and the provision of commercial Information. Service facilities are managed by IP, and available to all railway companies that request them, always respecting the principle of non-discrimination.

The auxiliary 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 auxiliary services but has no obligation to do so.

## Concession Arrangement

On January 1<sup>st</sup>, 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 9<sup>th</sup>, 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 13<sup>th</sup>, which was, in the meantime, revoked upon the nationalisation of the company through Decree-Law no. 205-B/75 from April 16<sup>th</sup>.

The general bases associated with this new CP's concession 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 2<sup>nd</sup>, 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 last 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 interests, 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 26<sup>th</sup>, no. 1107/70 of the Council from June 4<sup>th</sup> and no. 1893/91 of the Council from June 20<sup>th</sup>, which address operation, transportation, and tariffs obligations.

The Community Regulation no. 1370/2007 from the European Parliament and from the Council of October 23<sup>rd</sup>, amended by Regulation no. 2016/2338 from the European Parliament and from the Council of December 14<sup>th</sup>, 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 137-A/2009, of June 12<sup>th</sup>, with regard to CP.

In effect, Decree-Law 137-A/2009, of June 12<sup>th</sup>, 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 167/2008, of August 20<sup>th</sup>, would apply.

Decree-Law no. 124-A/2018, of December 31<sup>st</sup>, which revises Decree-Law 58/2018, of March 26<sup>th</sup>, of Decree-Law no. 137-A/2009 of June 12<sup>th</sup>, and Decree-Law No. 217-/2015, of October 7<sup>th</sup>, 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 14<sup>th</sup>, 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 14<sup>th</sup>, 2016, amending Regulation (CE) no. 1370/2007 regarding the opening of national market for the railway transport of passenger services.

The Resolution of the Council of Ministers 188-A/2018, of December 31<sup>st</sup>, 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 28<sup>th</sup>, 2019, between the State and CP was approved by the Court of Auditors on June 26<sup>th</sup>, 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 relationships 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. 558/99 from December 17<sup>th</sup>, amended by Decree-Law no. 300/2007 from August 23<sup>rd</sup> and, in the meantime, revoked and replaced by Decree-

Law no. 133/2013 from October 3<sup>rd</sup>, and later amended by Law no. 75-A/2014 from September 30<sup>th</sup> and Law no. 42/2016 from December 28<sup>th</sup>. Article 39 of Decree-Law no. 133/2013 mentions, amongst other responsibilities, the exclusive competition to the sectorial ministries, the definition 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.

Decree-Law no. 137-A/2009, amended by Decree-Law no. 59/2012, of March 14<sup>th</sup>, and by Decree-Law no. 124-A/2018, of December 31<sup>st</sup>, 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, of October 23<sup>rd</sup>, 2007, and Law no. 52/2015, of June 9<sup>th</sup>, 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 24<sup>th</sup>, 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 24<sup>th</sup>, 2011 and December 31<sup>st</sup>, 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 10<sup>th</sup>, the mentioned agreement revealed 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, 1<sup>st</sup> Series, from September 16<sup>th</sup>, 2019.

Finally, pursuant to the abovementioned Regulation (CE) no. 1370/2007, in its current wording, and Decree-Law no. 167/2008, of August 20<sup>th</sup>, on November 28<sup>th</sup>, 2019, 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 26<sup>th</sup>, 2021, and CP was paid the financial compensations agreed in advance with the State, without prejudice to any adjustments that may be determined and agreed between the parties, as provided

in the agreement, resulting from the reconciliation of CP's public service obligations effectively provided and the consequent costs incurred and revenues collected. 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 2021, 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 of December 24<sup>th</sup>.

The SNC is composed by the Basis for the Presentation of the 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 April 21<sup>st</sup>, 2022, 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 31<sup>st</sup>, 2021, and for the comparative financial information presented in these financial statements for the period concluded on December 31<sup>st</sup>, 2020.

### **Derogations of the SNC [Accounting Normalization System]**

There were no derogations made to the provisions of SNC.

### **Comparative Values**

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

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

The company's transition to NCRF was carried out on January 1<sup>st</sup>, 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 results may differ from the estimates.

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

## 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 continuing 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 1<sup>st</sup>, 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 the CP Operations and Investment Allowances

CP's fixed tangible assets include assets owned by the State (assets set forth in the joint order no. 261/99, of March 24<sup>th</sup>) 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 the rolling stock are recognised as operating expenses;
- The expenses incurred in overhaul and indispensable multi-annual repairs, in order to ensure the continuity of the asset's operation, are recognised in the fixed tangible assets as specific components of rolling stock and depreciated by their estimated useful life in a separate section from the main component. Once each overhaul repair is carried out, its cost is recognised in the carrying amount of the item of the fixed tangible asset as replacement, provided that the recognition criteria are met. Any remaining carrying amount of the cost of the previous overhaul repair is derecognised; and
- Expenses incurred at the end of the useful life of the main component, which include the transformation and modernisation thereof, are recognised as fixed tangible assets and depreciated by the lengthening of its expected useful life.

### Buildings and Fixed Facilities:

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

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 results 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.

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

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

No residual amounts were considered when determining the depreciated amounts.

## **Government Grants**

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

## **Capitalisation of Costs with Loans and Other Directly Attributable Costs**

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

available for use or sale are already under way. The capitalisation is concluded once all the activities necessary for the asset to be available for use or sale are substantially concluded.

## Impairment

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 results. The recoverable amount is determined as the highest between its selling price (net realisable value) – less 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 when 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 associate 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 associate, 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 or 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, they 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 Results**

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 results.

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

Concerning debt instruments, if the amount of impairment loss decreases in a subsequent period, the impairment loss previously recognised is reversed against results 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 the joint ventures under 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 sale for the venturer shall be deduced from the result of the joint venture. The mentioned 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 of consumption are accounted for at acquisition cost, adopting the weighted average cost as the costing method for outgoings. When necessary, the 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.

## Customers and other accounts receivable

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

Impairment losses are accounted for based in 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 results, and they are subsequently reversed for results 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 the liability through the received nominal value, net of expenses related with issuance, which is the corresponding fair value at that date. Afterwards, loans are measured using the amortised cost method. Any difference between the liability component and the payable nominal amount, at the maturity date, is recognised as interest expenses using the effective interest rate method.

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

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

All remaining loans are classified as non-current liability.

The amount in debt of the 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 the corresponding liabilities, which include at least one non-current asset), are classified as held for sale when their cost is primarily recovered through sale, 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 least 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 functions ("the functional currency"). The Financial Statements are presented in euros, which is CP's functional and presentation currency.

### Transactions and Balances

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

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

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

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

## Revenue recognition

Revenues produced in CP concern the provision of passenger transportation services, the sale of goods and other services related with railway transportation and rolling stock 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.

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 results 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 results 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 2021, 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 (STGCS) for the consolidated result, 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 amount of the obligation cannot be measured with a sufficient degree of reliability.

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

## 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 April 21<sup>st</sup>, 2022. The Management Board has approved such financial statements on the aforementioned date, as referred to in note 2.

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

### Value Judgements

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

### Main assumptions concerning the future

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

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

- The signing of the public service agreement of rail transportation of passengers concluded with the Portuguese State on November 28<sup>th</sup>, 2019;
- The State has granted all its support to the company, namely in what concerns the necessary support to the company's financing, with the aim of ensuring the debt service and the operation and investment needs; and
- It is also worth mentioning the importance of the service CP provides nowadays to the Portuguese economy, and the relevance of railway passenger transport at a European level, a factor of vital importance for the functioning of the economic activity, enhancing the need for the State to ensure the support necessary to the continuity of CP.

## Key sources of estimation 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 results can be different from estimates.

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

### Useful Life of Fixed Tangible Assets

The useful life of an asset is defined in terms of the expected utility of the asset for the entity. The asset management policy of the entity may involve the disposal of assets after a specific period 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 results.

## Inventories

The Company compares every six months 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 materials and spares used in the repair of rolling stock of CP, and given the resistance of the same, 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 results.

## 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 31<sup>st</sup>, 2021, all cash and cash equivalents balances are available for use.

The cash flow statement with reference to the period of 2021 shows negative cash flows from operating activities, and with a decrease, by about 60,6 million euros, when compared with the same period of the previous year.

This situation essentially results from the increase in receipts from customers (18,8 million euros) because of the relief of the restrictions due to the COVID-19 pandemic but, essentially, of the

decrease of payments to suppliers (46,6 million euros), as a result of the reduced liquidity of the Company – this resulted from the pandemic, which has not yet been overcome, and, also, the absence of authorisation for the use of the management balance that carried over from 2020.

Regarding cash flows from investment activities, the increase in payments for tangible fixed assets (6,7 million euros) should be noted. This fact results essentially from the initial payment foreseen in the contract for the acquisition of 22 railcars in the amount of 5,1 million euros.

About 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-dez-21	31-dez-20
Cash	391 648	372 542
Bank deposits	16 713 871	32 405 362
<b>Sub total</b>	<b>17 105 519</b>	<b>32 777 904</b>
Bank overdrafts	-	-
<b>Total</b>	<b>17 105 519</b>	<b>32 777 904</b>

## Disaggregation of the values under the heading of cash and bank deposits

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



Description	(amounts in euros)	
	31-dez-21	31-dez-20
Cash		
Main Cashier	178	49
Second Cashier	2 600	2 600
Treasury Fixed Cash Fund	16 272	15 395
Train station cash	367 598	349 498
Automatic vending machine cash	5 000	5 000
	<b>391 648</b>	<b>372 542</b>
Demand deposits		
Banco Português de Investimento	932 594	841 298
Caixa Geral de Depósitos	751	965
Inst. Gestão Crédito Público	15 780 526	31 493 422
Millennium BCP	-	69 677
	<b>16 713 871</b>	<b>32 405 362</b>
<b>Sub total</b>	<b>17 105 519</b>	<b>32 777 904</b>
Bank overdrafts	-	-
<b>Total</b>	<b>17 105 519</b>	<b>32 777 904</b>

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

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

## Related Parties (note 7)

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

With reference to December 31<sup>st</sup>, 2021, the shareholder structure of the company (direct holdings) is as shown in the following table:

Holding	(% of the holding)	
	31-dez-21	31-dez-20
CP CARGA, SA *	5%	5%
FERNAVE, SA	100%	100%
SAROS, Lda	100%	100%
ECOSAÚDE, SA	100%	100%
TIP, ACE	33%	33%
OTLIS, ACE	0%	14%
SIMEF, ACE	51%	51%
NOMAD Tech	35%	35%

**\* as defined in the sale agreement of the subsidiary, with CP maintaining this participation in the short term.**



Description	(amounts in euros)	
	31-dez-21	31-dez-20
Asset		
Investment		
Subsidiaries		
ECOSAÚDE, SA	204 480	234 480
Customers and other accounts receivable		
Subsidiaries		
FERNAVE, SA	146 388	48 831
SAROS,Lda	277	632
ECOSAÚDE, SA	1 880	21
Associated companies		
TIP, ACE	383 931	235 046
SIMEF, ACE	226 550	61 659
NOMAD TECH, LDA	290 187	277 460
Liability		
Suupliers and other accounts payable		
Subsidiaries		
FERNAVE, SA	( 302 895)	( 61 331)
ECOSAÚDE, SA	( 2 402)	( 20 834)
Associated companies		
TIP, ACE	( 295 271)	( 392 310)
OTLIS, ACE	-	( 856 610)
SIMEF, ACE	( 496 804)	-
NOMAD TECH, LDA	(1 360 502)	( 341 506)
<b>Total Asset + Liability</b>	<b>(1 204 181)</b>	<b>( 814 462)</b>

## Intangible Assets (note 8)

At the end of the year 2021, CP presented intangible fixed assets organised by classes, as shown in the table below:

Description	(amounts in euros)	
	31-dez-21	31-dez-20
Gross amount:		
Computer programs and information systems	159 670	517 791
<b>Sub total</b>	<b>159 670</b>	<b>517 791</b>
Accumulated amortisation and impairment:		
Amortisation for the period	81 406	83 600
Accumulated amortisation of previous years	<b>378 744</b>	<b>295 144</b>
Accumulated amortisation of depreciations during the period	<b>( 344 724)</b>	-
Impairment losses for the period	-	-
Impairment losses in previous years	-	-
<b>Sub total</b>	<b>115 426</b>	<b>378 744</b>
<b>Net book value</b>	<b>44 244</b>	<b>139 047</b>

Description	(amount in euros)							Closing Balance
	Opening Balance	Additions	Disposals	Assets classified as held for sale	Decommissioning	Transfers	Other adjustments	
Gross amount:								
Computer programs and information systems	517 791	-	-	-	( 375 881)	-	17 770	159 670
	<b>517 791</b>	-	-	-	<b>( 375 881)</b>	-	<b>17 770</b>	<b>159 670</b>
Accumulated amortisation and impairment:								
Computer programs and information systems	378 744	81 406	-	-	( 344 724)	-	-	115 426
	<b>378 744</b>	<b>81 406</b>	-	-	<b>( 344 724)</b>	-	-	<b>115 426</b>
<b>Total</b>	<b>139 047</b>	<b>81 406</b>	-	-	<b>( 31 167)</b>	-	<b>17 770</b>	<b>44 244</b>

The reduction of intangible assets in 2021 relates essentially to the write-off of partially amortised assets, by replacement of the software in use.

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 from the date the asset is brought into production.

## Fixed Tangible Assets (note 9)

At the end of 2021, CP presented a fixed tangible asset organised by fixed asset categories, as presented in the following table:

Description	(amounts in euros)	
	31-dez-21	31-dez-20
Gross amount:		
Lands and natural resources	20 533 661	20 533 661
Buildings and other constructions	97 618 874	96 702 034
Basic equipment	<b>1 503 759 617</b>	<b>1 480 470 930</b>
Transportation equipment	3 169 581	3 003 692
Administration equipment	27 514 086	27 394 668
Other fixed tangible assets	44 084 497	63 129 178
Ongoing investments	17 147 051	7 696 160
Advance payments for investment purposes	5 279 520	313 973
<b>Sub total</b>	<b>1 719 106 887</b>	<b>1 699 244 296</b>
Accumulated depreciation and impairment:		
Depreciation of the period	56 303 147	59 127 788
Accumulated depreciation of previous periods	<b>1 286 677 324</b>	<b>1 194 190 511</b>
Adjustments carried out against accumulated depreciations	(9 773 759)	33 359 025
Impairment losses of the period	<b>( 814 485)</b>	<b>( 548 477)</b>
Impairment losses of previous periods	3 631 107	4 179 584
<b>Sub total</b>	<b>1 336 023 334</b>	<b>1 290 308 431</b>
<b>Net book value</b>	<b>383 083 553</b>	<b>408 935 865</b>

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.

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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 2021 are summarised in the following table:

Description	(amounts in euros)							
	Opening Balance	Additions	Disposals	Assets classified as held for sale	Decommissioning	Transfers	Other adjustments	Closing Balance
Gross amount:								
Lands and natural resources	20 533 661	-	-	-	-	-	-	20 533 661
Buildings and other constructions	96 702 034	-	-	-	-	916 940	-	97 618 974
Basic equipment	<b>1 480 470 930</b>	584 132	-	8 636 161	(134 967)	13 261 810	941 551	<b>1 503 789 817</b>
Transportation equipment	3 003 692	182 088	-	-	(16 199)	-	-	3 169 582
Administrative equipment	27 394 668	213 614	-	-	(304 914)	210 718	-	27 514 086
Other fixed tangible assets	63 129 178	105 696	-	-	(17 415 560)	(673 505)	(1 061 313)	44 084 496
Ongoing investments	7 695 160	23 192 274	-	-	(7 760)	(13 715 863)	(17 770)	17 147 051
Advance payments for investment purposes	313 973	4 965 547	-	-	-	-	-	5 279 520
	<b>1 699 244 286</b>	<b>29 243 351</b>	-	<b>8 636 161</b>	<b>(17 679 369)</b>	-	<b>(1 137 532)</b>	<b>1 719 106 687</b>
Accumulated depreciation and impairment:								
Buildings and other constructions	51 403 676	2 771 901	-	-	-	-	-	54 175 577
Basic equipment	<b>1 156 869 673</b>	50 011 992	-	6 821 784	(134 967)	58 311	536 063	<b>1 214 182 946</b>
Transportation equipment	2 909 160	31 352	-	-	(16 199)	-	-	2 924 334
Administrative equipment	25 039 801	1 408 064	-	-	(304 840)	(58 311)	-	26 084 714
Other fixed tangible assets	50 434 894	2 079 838	-	-	(16 019 775)	-	(655 816)	35 639 241
Fixed Tang. Assets - Accum. Impair. - Losses - Basic Equipment	3 631 107	(814 485)	-	-	-	-	-	2 816 622
	<b>1 290 309 431</b>	<b>55 488 662</b>	-	<b>6 821 784</b>	<b>(16 475 760)</b>	-	<b>(116 763)</b>	<b>1 336 023 334</b>
<b>Total</b>	<b>4 09 935 865</b>	<b>(26 245 311)</b>	-	<b>1 814 377</b>	<b>(1 403 609)</b>	-	<b>(17 769)</b>	<b>383 083 553</b>

The most significant investments carried out in the year 2021 relate essentially to major periodical repairs of rolling stock type R2 that meet the criteria for recognition as tangible fixed 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 tangible fixed assets, in a value of around 1,8 million euros.

On December 31<sup>st</sup>, 2021 the following tangible fixed assets were pledged as collateral for loans obtained by CP from *Eurofima*:

<b>Description</b>	<b>(amounts in euros)</b>	
	<b>Book Value</b>	
Railcars	95 125 587	
<b>Total</b>	<b>95 125 587</b>	

## 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:

<b>Description</b>	<b>(amounts in euros)</b>	
	<b>31-dez-21</b>	<b>31-dez-20</b>
Asset		
Lands and natural resources	84 031	84 031
Buildings and other constructions	175 369	175 369
Basic equipment	2 015 459	2 443 126
<b>Total</b>	<b>2 274 859</b>	<b>2 702 526</b>

(amounts in euros)

Description	Opening Balance	Additions	Disposals	Assets classified as held for sale	Decommissioning	Transfers	Other adjustments	Closing Balance
Lands and natural resources	84 031	-	-	-	-	-	-	84 031
Buildings and other constructions	175 369	-	-	-	-	-	-	175 369
Basic equipment	2 443 126	-	( 38 239)	( 389 429)	-	-	-	2 015 459
<b>Total</b>	<b>2 702 526</b>	<b>-</b>	<b>( 38 239)</b>	<b>( 389 429)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 274 859</b>

## Leases (note 11)

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

(amounts in euros)

RENTED GOODS	Agreement Value	Accumulated payments made				Future minimum payments			Total
		Period		Accumulated		Up to 1 year	Between 1 and 5 years	More than 5 years	
		Minimum payments	Contingent rents	Minimum payments	Contingent rents				
Leaseplan Vehicles	773 606	98 348	-	159 257	-	193 875	128 251	-	322 126
Kinto-Mobility Vehicles	331 888	66 369	-	181 059	-	36 341	11 777	-	48 118
Locarent Vehicles	178 822	39 066	-	139 756	-	-	-	-	-
<b>Total</b>	<b>1 284 316</b>	<b>203 783</b>	<b>-</b>	<b>480 072</b>	<b>-</b>	<b>230 216</b>	<b>140 028</b>	<b>-</b>	<b>370 244</b>

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)

RENTED GOODS	Agreement Value	Accumulated payments made				Future minimum payments			Total
		Period		Accumulated		Up to 1 year	Between 1 and 5 years	More than 5 years	
		Minimum payments	Contingent rents	Minimum payments	Contingent rents				
railcars	67 243 259	6 998 890	-	42 155 826	-	5 606 366	11 071 515	-	16 677 882

(amounts in euros)

RENTED GOODS	Agreement Value	Accumulated payments made				Future minimum payments			Total
		Period		Accumulated		Up to 1 year	Between 1 and 5 years	More than 5 years	
		Minimum payments	Contingent rents	Minimum payments	Contingent rents				
workshop	18 065 234	339 201	-	5 514 783	-	339 201	1 696 007	10 176 041	12 211 249

The agreement identified relates to railcars and runs until 2025.

The identified agreement was carried over with the Merger operation with EMEF 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-dez-21			31-dez-20		
		Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
SAROS, SA	Investment	420 064	-	420 064	465 306	-	465 306
FERNAVE, SA	Investment	889 638	-	889 638	524 736	-	524 736
ECOSAÚDE, SA	Investment	120 140	-	120 140	5 477	-	5 477
ECOSAÚDE, SA	Loans	204 480	-	204 480	234 480	-	234 480
OTLIS, ACE	Investment	-	-	-	342 236	-	342 236
TIP, ACE	Investment	1 522 356	-	1 522 356	1 359 611	-	1 359 611
SIMEF, ACE	Investment	475 189	-	475 189	419 904	-	419 904
Nomad Tech, Lda.	Investment	1 248 628	-	1 248 628	1 068 952	-	1 068 952
<b>Total</b>		<b>4 880 495</b>	<b>-</b>	<b>4 880 495</b>	<b>4 420 702</b>	<b>-</b>	<b>4 420 702</b>

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

(amounts in euros)						
Gross amount	Opening Balance	Additions	Disposals	Equity Method	Other changes	Closing Balance
SAROS, SA	465 306	-	-	343 646	( 388 888)	420 064
FERNAVE, SA	524 736	-	-	364 902	-	889 638
ECOSAÚDE, SA	239 957	-	-	114 663	( 30 000)	324 620
OTLIS, ACE	342 236	-	-	-	( 342 236)	-
TIP, ACE	1 359 611	-	-	162 745	-	1 522 356
SIMEF, ACE	419 904	-	-	475 043	( 419 758)	475 189
Nomad Tech, Lda.	1 068 952	-	-	179 676	-	1 248 628
<b>Sub total</b>	<b>4 420 702</b>	<b>-</b>	<b>-</b>	<b>1 640 675</b>	<b>( 1 180 882)</b>	<b>4 880 495</b>
Impairment	-	-	-	-	-	-
<b>Sub total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>4 420 702</b>	<b>-</b>	<b>-</b>	<b>1 640 675</b>	<b>( 1 180 882)</b>	<b>4 880 495</b>

As can be seen from the analysis of the table above, the increase in the financial holdings item is essentially due to the integration of the positive results of all the group companies. In 2021, reference should also be made to the liquidation of the holding in Otlis through a global asset transfer agreement formalised between the Otlis Members and Transportes Metropolitanos de Lisboa (TML).

Name of the associated company	% of the holding	Reference date	Assets	Liabilities	Equity	Income	Net Result
SAROS, SA	100	31-dez-21	506 756	86 692	420 064	496 398	343 646
FERNAVE, SA	100	31-dez-21	1 262 309	372 671	889 638	1 359 917	364 902
ECOSAÚDE, SA	100	31-dez-21	837 605	717 465	120 140	2 898 743	114 663
SIMEF, ACE	51	31-dez-21	9 677 717	8 745 972	931 745	13 084 201	931 745
Nomad Tech, Lda.	35	31-dez-21	5 859 571	2 292 064	3 567 507	2 252 326	( 358 763)
TIP, ACE	33	31-dez-21	20 352 729	15 785 664	4 567 065	4 837 606	9 130

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

## Other Financial Investments (note 13)

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

At the date of each period of financial reporting, CP 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:

Descriptions	Method	(amounts in euros)					
		31-dez-21			31-dez-20		
		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)	-	-	-	-
Work compensation fund	Acquisition cost	207 351	-	207 351	137 503	-	137 503
		<b>30 699 974</b>	<b>(2 726 889)</b>	<b>27 973 085</b>	<b>28 630 126</b>	<b>( 726 009)</b>	<b>27 903 237</b>

*Eurofima* is a supranational organisation, under the corporate form, composed of public railway transportation companies. *Eurofima* was incorporated on November 20<sup>th</sup>, 1956, as a result of a treaty (“Convention”) between the different adhering European member states. The articles of association of *Eurofima* determined that the “Convention” would last for 50 years after the establishment. However, in the extraordinary general meeting of February 1<sup>st</sup>, 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 2021 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
Work compensation fund	137 503	66 883	-	2 965	-	207 351
	<b>28 630 126</b>	<b>2 066 883</b>	-	<b>2 965</b>	-	<b>30 699 974</b>
Imparidade						
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)
	<b>( 726 889)</b>	<b>(2 000 000)</b>	-	-	-	<b>( 2 726 889)</b>
<b>Total</b>	<b>27 903 237</b>	<b>66 883</b>	-	<b>2 965</b>	-	<b>27 973 085</b>

The main change in this caption during 2021, relates to CP's participation in the new entity Centro de Competências Ferroviário. The remaining movements represent the discounts imposed by law for the work compensation fund, and the respective appreciation, through the new employment agreements entered into by the company.

## 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, as provided in article 69 of the Portuguese Corporate Income Tax Code. Apart from CP itself, such group includes the following affiliate companies: SAROS - Sociedade de Mediação de Seguros, Lda., Fernave - Formação Técnica, Psicologia Aplicada e 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 changes the form of financing the public transport service, and this contract was approved by the Court of Auditors during the year 2020, with CP during the years 2020 and 2021 having received the compensation that was due to it under this contract, due to the impact of the pandemic (COVID-19) in the Company's accounts, it is not envisaged that in the near future the CP Group will obtain taxable profits that will allow the use of accumulated tax losses. For this reason, CP does not record deferred tax assets (deductible temporary differences) related to the carry forward of tax losses and impairments and provisions.

At the end of 2021, the total deductible tax losses of the CP Group amount to approximately 312,1 million euros, which can be used between 2021 and 2032.

Similarly, no deferred tax liabilities (taxable temporary differences) related to revalued tangible fixed assets (rolling stock) were accounted for in prior periods.

The accounting result has been adjusted in order to reflect the estimated corporate income tax to be paid with the autonomous taxation.

## Inventories (note 15)

Description	(amounts in euros)	
	31-dez-21	31-dez-20
Gross amount:		
Goods	138 575	188 242
Raw, auxiliary and consumable materials	53 638 212	47 996 886
Finished and intermediate products*	3 826 473	3 935 107
Ongoing works and products	2 577 525	793 346
	<b>60 180 785</b>	<b>52 913 581</b>
Accumulated impairments		
Impairments of the period	(1 699 559)	(4 919 449)
Impairments of previous periods	(16 281 768)	(11 362 319)
	<b>( 17 981 327)</b>	<b>( 16 281 768)</b>
<b>Net book value</b>	<b>42 199 458</b>	<b>36 631 813</b>

\*internal and rotary manufacture

As of December 31<sup>st</sup>, 2021, CP presented the following amounts of inventory, detailed by classification:

As regards inventory impairments, there was a decrease in the impairments set up in the year by approximately 3,2 million euros compared to the previous year. This fact is due on the one hand to the adjustment resulting from the standardisation of the impairment assessment criteria made in January 2020 (when the merger with EMEF took place), which led to an increase in the impairments set up that year, but also to reductions, in 2021, of inventories in stock that were impaired.

With regard to the control of the value of inventories, it should be noted that the company carries out a half-yearly evaluation of the need to adjust their value, which is reflected in the impairments set up accordingly.

The criteria applied for determining the impairment of inventories in this evaluation of six months are documented in note 4.

Taking into consideration the application of these criteria, an impairment loss of about 1,7 million euros was recognised in 2021 as identified in the table below:

(amounts in euros)					
Description	Opening Balance	Losses	Reversal	Settlement	Closing Balance
Inventory impairments					
Goods	-	-	-	-	-
Raw, auxiliary and consumable materials	15 764 659	1 860 265	310 274	-	17 314 650
Finished and intermediate products	517 109	250 614	101 046	-	666 677
Manufacture	300 716	22 204	-	-	322 920
Rotary	216 393	228 410	101 046	-	343 757
<b>Total</b>	<b>16 281 768</b>	<b>2 110 879</b>	<b>411 320</b>	<b>-</b>	<b>17 981 327</b>

## Customers (note 16)

	(amounts in euros)	
Description	31-dez-21	31-dez-20
Gross Amount:		
General	10 245 651	3 535 304
Associated companies	383 931	235 046
Joint ventures	329 530	183 932
Other related parties	984	101
Customers - accumulated impairment losses	5 489 363	6 193 869
<b>Sub total</b>	<b>16 449 459</b>	<b>10 148 252</b>
Accumulated impairment		
Impairment losses of the period	704 506	(3 493 095)
Impairment losses of previous periods	(6 193 869)	(2 700 774)
<b>Sub total</b>	<b>( 5 489 363)</b>	<b>( 6 193 869)</b>
<b>Net book value</b>	<b>10 960 096</b>	<b>3 954 383</b>

As of December 31<sup>st</sup>, 2021, the heading of customers had the following amounts:

In 2021, the customers' heading shows an increase compared to the same period of the previous year in the order of 7 million euros. This fact is explained by the increase in customer debt, essentially the amounts attributed by TML for the months of June and July 2021, under the Tariff Reduction Support Programme (TRSP) which were received in January 2022 (see complement in note 29).

The variation in impairments is shown in the following table:

	(amounts in euros)				
Description	Opening Balance	Losses	Uses	Reversals	Closing Balance
Impairment losses					
General customers	6 193 869	-	( 509 549)	( 194 957)	5 489 363
<b>Total</b>	<b>6 193 869</b>	<b>-</b>	<b>( 509 549)</b>	<b>( 194 957)</b>	<b>5 489 363</b>

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
General customers	9 976 579	246 536	22 536	-
Associated companies	364 894	19 037	-	-
Joint ventures	273 003	-	-	56 527
Other related parties	984	-	-	-
<b>Total</b>	<b>10 615 460</b>	<b>265 573</b>	<b>22 536</b>	<b>56 527</b>

## State and Other Public Entities (note 17)

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

	<b>(amounts in euros)</b>	
<b>Description</b>	<b>31-dez-21</b>	<b>31-dez-20</b>
Asset		
Income tax	214 947	238 963
Special payment on account	167 451	167 451
Withholding tax	47 496	59 275
Withholding tax - Dependent	-	12 237
VAT	5 441 013	7 134 218
VAT receivable	5 441 013	7 134 218
Other taxes	233 888	173 327
Social Security contributions CNP [National Pensions Centre]	233 888	173 281
DGI-FCT	-	46
<b>Total</b>	<b>5 889 848</b>	<b>7 546 508</b>
Liability		
Income tax	1 976 469	334 404
Income tax	334 889	312 115
Withholding Income tax	1 641 580	22 289
Other taxes	7 668	6 159
Social Security contributions	37	-
Other taxes	7 631	6 159
<b>Total</b>	<b>1 984 137</b>	<b>340 563</b>

In 2021 there was a decrease in the item "VAT to be recovered" due to the fact that on 31/12/2021 there was only one month with tax to be recovered, whereas in the previous year there were two months.

It should also be noted that, with regard to liabilities, particularly income tax withholdings, the increase in 2021 was due to the fact that the withholdings were not paid in the month of December, unlike what happened in 2020, when these withholdings were also liquidated in the same year.

## Other accounts receivable (note 18)

The heading other accounts receivable presents the amounts accounted for in the following table:

Description	(amounts in euros)	
	31-dez-21	31-dez-20
Gross amount		
Advance payments to suppliers	634 869	678 939
Current account Suppliers - debit balance	52 206	33 100
Other debtors - Employees	113 028	98 268
Sundry debtors - current accounts	1 452 019	3 732 969
Sundry debtors - doubtful collection	5 826 096	4 585 177
Sundry creditors - debit balance	295 945	202 995
Sundry creditors - dep. given collateral	233 907	227 758
Sundry creditors - VAT - operations to be settled	9 595	51 317
Debtors / creditors - sundry - invoicing to be issued	190 300	196 941
Sundry creditors - ODC - galp frota card/via verde [electronic toll]	( 2 690)	( 4 866)
Other accounts receivable/payable - deposits to be settled	-	( 715)
ODC - business units/other	65 393	90 550
Debtors by accrual of income	4 349 132	1 504 489
<b>Sub total</b>	<b>13 219 800</b>	<b>11 396 922</b>
Accumulated impairment		
Impairment of the period - other debts to third parties	( 1 240 919)	( 64 595)
Impairment previous periods - Other debts to third parties - short term and	( 4 585 177)	(4 520 582)
<b>Sub total</b>	<b>( 5 826 096)</b>	<b>( 4 585 177)</b>
<b>Net book value</b>	<b>7 393 704</b>	<b>6 811 745</b>

The increase recorded under the heading "Debtors by accrued income", essentially as a result of the accrual of income relating to the TRSP revenue for the month of August 2021, which will be invoiced and effectively received during the 1<sup>st</sup> quarter of 2022, should be noted.

On the other hand, there is a reduction compared to the previous year, under the item "Miscellaneous D. - c/a" which is due to the recording in 2020 of the invoicing pending payment relating to the provision of the Rescue Train services.

Description	(amounts in euros)					
	Opening Balance	Losses	Uses	Transferences	Reversals	Closing Balance
Impairment losses						
Other third party debts	4 585 177	-	( 117 160)	1 418 121	( 60 042)	5 826 096
<b>Total</b>	<b>4 585 177</b>	<b>-</b>	<b>( 117 160)</b>	<b>1 418 121</b>	<b>( 60 042)</b>	<b>5 826 096</b>

The amount regarding "Transfers" results from a reclassification of the provisions account related to a value carried forward from the merger of EMEF with CP.

## Deferrals (note 19)

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

Description	(amounts in euros)	
	31-dez-21	31-dez-20
Asset		
Expenses to be recognised		
Deferrals - recognised expenses - other - miscellaneous	993 873	1 091 023
<b>Total</b>	<b>993 873</b>	<b>1 091 023</b>
Liability		
Incomes to be recognised		
Deferrals - recognised expenses - other deferrals - expenses recognised	412 880	627 897
<b>Total</b>	<b>412 880</b>	<b>627 897</b>

As far as assets are concerned, this heading covers the various insurance premiums borne by the company at the end of the year, before the period of incidence thereof, which report to the first quarter of the following year. The main insurances constituting the balance of this heading relate to insurance for 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 statutes, 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 orders 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.

During the 2021 financial year there were no capital increase operations, with the company having, as of December 31<sup>st</sup>, 2021, a share capital of 3.959.489.351 euros, which is fully paid up by the Portuguese State.

## Legal Reserves (note 21)



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

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

## Other Reserves (note 22)

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

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

## Retained Earnings (note 23)

The following operations are registered in this heading:

- The company has transferred the net income of the previous financial years to retained earnings;
- In October 2019, the Portuguese State – through joint orders of the Sector and Financial Ministries – carried out a capital injection operation in cash, amounting to 518,6 million euros, to cover negative retained earnings. This amount was fully used to repay the bond loan and the corresponding financial costs, due in the same month.
- 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 31<sup>st</sup>, 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 asset and corresponding accumulated depreciations – of the legal coefficients of currency devaluation present in Ordinance no. 338/95 from April 21<sup>st</sup>, 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 heading of basic equipment, encompassing rolling stock, in accordance with Decree-law no. 31/98 from February 11<sup>th</sup>.

## 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 31<sup>st</sup>, 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-dez-21	31-dez-20
Allowances	85 212 029	93 141 300
Financial repair	91 357 368	91 357 368
Transitional adjustments	132 640	132 640
<b>Total</b>	<b>176 702 037</b>	<b>184 631 308</b>

The financial restructuring heading reflects the liabilities assumed by the State under the Protocol of August 24<sup>th</sup>, 1993, relating to debts to the Tax Administration, the General Directorate of 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 361/85.

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

	<b>(amounts in euros)</b>	
	<b>31-dez-21</b>	<b>31-dez-20</b>
Environmental Fund - Acqui. 12 bi-mode railcars and 10 Elec	5 956 145	4 565 785
PIDDAC Subsidies	32 851 630	36 597 995
FEDER Subsidies	44 599 600	49 883 677
IGCP Subsidies	1 576 939	1 709 548
Other Subsidies (including CEF)	227 715	384 295
<b>Total</b>	<b>85 212 029</b>	<b>93 141 300</b>

## 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	1 581 658	273 235	-	-	1 854 893
Work accidents and occupational illnesses	9 324 314	-	( 680 127)	( 865 918)	7 778 269
Railway accidents	2 742 861	-	-	( 118 170)	2 624 691
Financial investments	1	-	( 1)	-	-
Other	1 998 131	1 062 439	(1 418 121)	-	1 642 449
<b>Total</b>	<b>15 646 965</b>	<b>1 335 674</b>	<b>(2 098 249)</b>	<b>( 984 088)</b>	<b>13 900 302</b>

The variations recorded under provisions, during 2021, essentially result from the estimated outcome of ongoing legal proceedings and railway accidents, the provision for other contingencies, and the actuarial assessment of labor accident pension liabilities.

As referred to in note 18, the amount in the "Uses" column under the "Others" heading results from the reclassification from the provisions account to the third-party debt impairment losses account, related to an amount carried forward from the merger between EMEF and CP.

The actuarial evaluation, with reference to December 31<sup>st</sup>, 2021, of the liabilities with work accidents occurred until December 31<sup>st</sup>, 1999, was carried out by an entity external to CP (CGD PENSÕES).

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

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

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

**Discount rate:** 0,75%.

**Pensions' Growth rate:** 1,0%.

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

**Period for payment of occupational accident pensions:** Life annuities.

**Effective date of the calculations:** December 31<sup>st</sup>, 2021.

## Loans Obtained (note 26)

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

Description	(amounts in euros)	
	31-dez-21	31-dez-20
Non-current		
Loans granted		
Bank loans	-	32 533 333
Bond loans	200 000 000	200 000 000
Applic. of Effective Rate Bond Loans	(4 596 092)	(4 983 183)
Other funders	52 000 000	153 000 000
<b>Total</b>	<b>247 403 908</b>	<b>380 550 150</b>
Current		
Loans granted		
Bank loans	-	23 800 000
Other funders	1 885 089 333	1 727 756 000
<b>Total</b>	<b>1 885 089 333</b>	<b>1 751 556 000</b>
<b>Total loans</b>	<b>2 132 493 241</b>	<b>2 132 106 150</b>

In 2021 and with significant efforts in liquidity management, it was possible to keep the total value of the company's financing practically unchanged.

In 2021, three loans were contracted with DGTF, totalling 156,3 million euros, in order to ensure the repayment of *Eurofima* financing, amounting to 100 million euros (which matured in July), and EIB financing, totalling 56,3 million euros (23.8 million euros maturing in September, and the early repayment of the remaining amount of EIB financing, totalling 32,5 million euros, on December 15<sup>th</sup>, the due date for interest). Additionally, the maturity of the loans contracted with the DGTF, scheduled to be repaid in 2021, was extended to 2022. These operations were made possible by authorisation from the Responsible Ministry.

Although the financing and term extensions granted by the DGTF have solved the most pressing needs regarding the amortisation of the loans maturing in the period, CP is still awaiting a formal decision from the State regarding the financial reorganisation of the company.

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

Description	(amounts in euros)	
	31-dez-21	31-dez-20
Laons granted		
Bank loans		
Up to 1 year	-	23 800 000
From 1 to 5 years	-	32 533 333
Over 5 years	-	-
Bond loans		
Up to 1 year	-	-
Applic. of Effective Rate Bond Loans	-	-
From 1 to 5 years	-	-
Applic. of Effective Rate Bond Loans	-	-
Over 5 years	200 000 000	200 000 000
Applic. of Effective Rate Bond Loans	(4 596 092)	(4 983 183)
Other funders		
Up to 1 year	1 885 089 333	1 727 756 000
From 1 to 5 years	52 000 000	153 000 000
Over 5 years	-	-
<b>Total</b>	<b>2 132 493 241</b>	<b>2 132 106 150</b>

As of December 31<sup>st</sup>, 2021, future payments of the outstanding capital regarding non-current loans obtained are analysed as follows:

Description	(amounts in euros)					
	2022	2023	2024	2025	2026 and following	Total
Loans granted						
Bank loans	-	-	-	-	-	-
Bond loans	-	-	-	-	200 000 000	200 000 000
Applic. of Effective Rate Bond Loans	-	-	-	-	(4 596 092)	(4 596 092)
Other funders	1 885 089 333	51 000 000	1 000 000	-	-	1 937 089 333
<b>Total</b>	<b>1 885 089 333</b>	<b>51 000 000</b>	<b>1 000 000</b>	<b>-</b>	<b>195 403 908</b>	<b>2 132 493 241</b>

## Other debts payable (note 27)

The heading of other accounts payable is analysed as follows:

Description	(amounts in euros)	
	31-dez-21	31-dez-20
Current		
Investment fund providers	3 456 217	644 917
Creditors by outstanding subscriptions	40 195 026	38 439 256
Other debtors and creditors	3 902 268	1 631 048
Creditors by expenditure growth	123 569 947	114 709 269
Employees	39 662	60 130
Advance payments from customers	55 028	92 660
<b>Total</b>	<b>171 218 148</b>	<b>155 577 280</b>

This item shows a significant increase compared with the previous year of 15,6 million euros, with a more significant increase in the balances of creditors for accrued expenses (8,9 million euros), essentially due to the increase in the specialised amounts with interest on financing to be settled.

Regarding the other creditors the reduction is explained by the debt regulation at the end of 2021, with the company Infraestruturas de Portugal.

The invoicing received and accounted for in the second fortnight of December 2021, regarding several investments in workshop equipment and rolling stock, contributed to the balance of investment suppliers.

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-dez-21	31-dez-20
Suppliers current account		
General	33 657 309	6 037 744
Subsidiary companies	302 895	61 331
Associated companies	295 272	283 209
Joint ventures	6 887	34 155
Other related parties	206 769	74 190
Guarantee withholding	32 814	82 565
Invoices received and pending approval	448 546	719 605
	<b>34 950 492</b>	<b>7 292 799</b>

The increase observed in the balance of the item suppliers, in 27,7 million euros, essentially relates to the invoicing of the company Infraestruturas de Portugal relating to the last quarter of 2021, which was not paid during the year, unlike the previous year. It should be noted, however, the generalised increase in the balances owed to suppliers as a result of the strong financial and budgetary constraints to which the company was subject in 2021.

## Provided Sales and Services (note 29)

Provided sales and services have the following particulars:

Description	(amounts in euros)	
	2021	2020
Provided services and sales		
Sales	2 055	-
Passengers net of discounts and rebates in sales	171 571 875	150 653 326
Maintenance and lease of rolling stock	17 796 768	16 836 410
Other services	3 469 944	3 843 905
<b>Total</b>	<b>192 840 642</b>	<b>171 333 641</b>

We highlight the increase recorded in the provision of passenger transport services, of around 20,9 million euros, as a result of the relief from the restrictive measures imposed as a consequence of COVID-19.

Also noteworthy was the increase in income from rolling stock maintenance services, up by about 1 million euros, with a special contribution from the repair of rotation equipment.

According to Order no. 3515-A of 2021, applications were made by Transportes Metropolitanos de Lisboa (TML) and Área Metropolitana do Porto (AMP) for TRSP concerning the second half of 2021, which are awaiting a decision, their authorisation not being guaranteed, which is why the respective amounts are not recognised in the company accounts.



## Operating Subsidies (note 30)

The operating subsidies recognised as income in the financial years of 2021 and 2020 are identified in the following table:

Description	(amounts in euros)	
	2021	2020
Miscellaneous subsidies		
Contract with public services	89 384 377	88 101 529
Shift2rail Subsidies	1 681	25 855
<b>Total</b>	<b>89 386 058</b>	<b>88 127 384</b>

The public service contract signed on November 28<sup>th</sup>, 2019, between the State and CP was approved by the Court of Auditors on June 26<sup>th</sup>, 2020. Thus, as a result of the contract formalisation, financial compensations previously agreed with the State were paid to CP in 2021, 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 effectively provided and the consequent costs incurred, and revenues collected.

## 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)	
	2021	2020
Gains		
Application of the equity method	1 640 675	995 201
Other	799 113	191 579
<b>Total</b>	<b>2 439 788</b>	<b>1 186 780</b>

The increase in earnings attributed to subsidiaries, associated companies, and joint ventures is mainly due to the improvement in the individual results of its subsidiaries SIMEF, Fernave and Saros, resulting from the application of the equity method to the shareholding held in those entities.

## Changes in Production Inventories (note 32)

	<b>(amounts in euros)</b>	
	<b>2021</b>	<b>2020</b>
Final inventories		
Finished and intermediate products	3 826 472	3 935 106
Domestic Manufacturers	698 786	698 291
Rolling Stock Repair	3 127 686	3 236 815
Ongoing works and products	2 577 525	793 346
Reclassification and regularization of Inventories		
Finished and intermediate products	2 500 248	( 152)
Domestic Manufacturers	( 52)	( 84)
Rolling Stock Repair	2 500 300	( 68)
Ongoing works and products	-	-
Initial inventories		
Finished and intermediate products	3 935 106	748 036
Domestic Manufacturers	698 291	748 036
Rolling Stock Repair	3 236 815	-
Ongoing works and products	793 346	-
	<b>( 824 703)</b>	<b>3 980 568</b>

This item shows a variation of 4,8 million euros, as a result of the consumption having exceeded production. It should also be noted that since the maintenance and repair activity will only be integrated in CP in 2020, the balance of ending inventories in that year represents all the activity of the year, amplifying the final balance of 2020.

## 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:

	<b>(amounts in euros)</b>	
<b>Description</b>	<b>2021</b>	<b>2020</b>
Fixed tangible asset	13 316 590	14 047 695
<b>Total</b>	<b>13 316 590</b>	<b>14 047 695</b>

## Sold Commodities and Consumed Materials Costs (note 34)

	<b>(amounts in euros)</b>	
<b>Description</b>	<b>2021</b>	<b>2020</b>
Goods	( 46 953)	( 316)
Raw, auxiliary and consumable materials	(25 336 237)	(22 695 225)
<b>Total</b>	<b>(25 383 190)</b>	<b>(22 695 541)</b>

Sold commodities and consumed materials costs are as follows:

Of note is the increase in spending on fuel consumption, by about 1 million euros, which is largely due to the increase in passenger rail transport service provision, resulting from the resumption of activity after the reduction of restrictions due to the COVID 19 pandemic.

## External Services and Supplies (note 35)

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

	<b>(amounts in euros)</b>	
<b>Description</b>	<b>2021</b>	<b>2020</b>
Sub-agreements:		
Cleaning facilities	(1 362 828)	( 866 561)
Cleaning rolling stock	(2 937 242)	(3 216 557)
Additional and auxiliary service	(4 234 291)	(3 992 919)
Catering service	( 794 419)	(1 133 622)
CP/Renfe Agreement	( 74 302)	( 980 040)
Other sub-agreements	(8 541 527)	(13 208 893)
Specialised services:		
Maintenance and repair	(6 457 899)	(6 398 332)
Specialised works	(3 449 306)	(3 734 272)
Surveillance and safety	(4 556 702)	(4 103 207)
Use of rolling stock	( 47 146)	( 47 146)
Other specialised works	(1 103 424)	(1 477 406)
Materials	(1 043 966)	( 699 230)
Energy and fluids:		
Electricity	(21 738 551)	(20 237 433)
Fuels	( 299 767)	( 233 661)
Water	( 278 389)	( 183 160)
Others:		
Travels, accommodation and transport	( 708 352)	( 664 212)
Cont. CP/ACE (EMEF/Siemens)	(4 906 545)	(5 339 663)
Infrastructure usage fee	(54 526 574)	(50 446 957)
Other rents and leases	(10 473 568)	(12 075 922)
Communication	( 780 193)	( 603 394)
Insurance	( 584 577)	( 655 998)
Other services	( 491 504)	( 846 582)
<b>Total</b>	<b>(129 391 072)</b>	<b>(131 145 167)</b>

In 2021, there was a decrease in the item external supplies and services, amounting to 1,8 million euros. This reduction was mainly due to the decrease in subcontract expenses, in the amount of 5,5 million euros, with emphasis on other subcontracts, which are linked to the maintenance area, in the amount of 4,7 million euros. Also of note was the decrease in charges for the rental of locomotives to Renfe by 1 million euros due to the fact that we are gradually reducing the number of rented locomotives, and the decrease in charges arising from the CP/Renfe agreement, as a result of the suspension of the International Service, amounting to approximately 906 thousand euros, and the reduction in charges for catering services, by 339 thousand euros.

Despite the registered decrease, it should be noted that the reduction in restrictions due to the pandemic situation and the increase in passenger transport services was reflected in an increase in spending on the infrastructure charge, which was around 4,1 million euros, and on electricity, of around 1,5 million euros.

## Personnel Expenses (note 36)

The heading of personnel expenses has the following particulars:

Description	(amounts in euros)	
	2021	2020
Remuneration of governing bodies	( 513 968)	( 537 515)
Remunerations of personnel	(113 485 628)	(107 818 532)
Compensations	( 7 536)	( 139 335)
Charges on remuneration	(25 437 893)	(24 118 155)
Insurance for work accidents and occupational illnesses	(3 368 387)	(3 990 749)
Social action expenses	( 284 515)	( 287 271)
Other personnel expenses	(2 674 593)	(1 953 528)
<b>Total</b>	<b>(145 772 520)</b>	<b>(138 845 085)</b>

The increase in personnel costs 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 detail of the permanent staff employees, as of December 31<sup>st</sup>, 2021, and 2020, by Management/ Senior Management positions and professional category:

Description	31-dez-21	31-dez-20
Governing bodies *	7	8
Directors/senior management	386	379
Upper management	386	379
Middle management	-	-
Middle managers	316	269
Highly qualified professionals	2 996	2 997
Semi-qualified professionals	69	78
Non-qualified professionals	10	5
<b>Total</b>	<b>3 784</b>	<b>3 736</b>

\* Includes three members belonging to the Supervisory Board

## Impairment of Non-Depreciable and Non-Amortisable Investments (note 37)

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

Description	(amounts in euros)	
	2021	2020
Losses		
Non-current assets held for sale	-	-
Reversals		
Non-current assets held for sale	1 462 230	3 485 991
<b>Total</b>	<b>1 462 230</b>	<b>3 485 991</b>

In 2021 there is a reversal of impairments of non-depreciable/amortisable investments of about 1,5 million euros, which results essentially from the recovery of rolling stock that was inoperable and its reallocation to the passenger transport service.

Description	Opening Balance	Additions	Reversals	Transfers	(amounts in euros)
					Closing Balance
Buildings and other constructions	3 897	-	-	-	3 897
Basic equipment	4 188 639	-	(1 462 230)	-	2 726 409
<b>Total</b>	<b>4 192 536</b>	<b>-</b>	<b>(1 462 230)</b>	<b>-</b>	<b>2 730 306</b>

## Fair Value Increases/Reductions (note 38)

Description	(amounts in euros)	
	2021	2020
Incomes		
Financial investments	2 965	-
<b>Total</b>	<b>2 965</b>	<b>-</b>

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)	
	2021	2020
Supplementary income	4 482 708	3 613 098
Prompt payment discounts received	1 843	1 477
Inventory gains	131 022	13 625
Remaining financial assets	1 161 548	1 656 483
Non-financial investments	164 480	38 914
Other	18 100 139	16 140 338
<b>Total</b>	<b>24 041 740</b>	<b>21 463 935</b>

In this heading, the variation occurred in "Others", which is mainly explained by the following facts of opposite sign:

- On the one hand, the increase resulting from the final adjustment made by the Metropolitan Area of Lisbon to the TRSP values for 2019 and 2020, amounting to 4,6 million euros, as well as the conclusion of the intervention work on the rotation equipment, in the order of 2,5 million euros;
- On the other hand, the reduction verified in the recognised value of investment subsidies, to the order of 1,3 million euros, and the fact that, contrary to that verified in 2020, there was no recognition of a tax over-estimate to the amount of 1,5 million euros (resulting from the merger by incorporation of EMEF) nor the recording of interest in damages and late payment, to the amount of 1 million euros, related to the judicial/tax proceedings.

## Other Expenses (note 40)

The heading of other expenses has the following particulars:

Description	(amounts in euros)	
	2021	2020
Taxes	( 315 649)	( 311 104)
Uncollectible Debts	( 77)	-
Inventory losses	( 85 380)	( 118 536)
Non-financial investments	(1 441 741)	( 52 461)
Other	(5 372 024)	(7 745 553)
<b>Total</b>	<b>(7 214 871)</b>	<b>(8 227 654)</b>

The decrease of around 1 million euros was mainly due to the following factors:

- Decrease in expenses, by about 3,5 thousand euros due to facts recorded in 2020, which did not occur in 2021, namely miscellaneous adjustments of transport invoicing (by about 2 million euros), penalties of maintenance and repair service contracts (by 0,7 million euros), and compensation for material damage resulting from the accident that occurred in Spain (by 0,6 million euros);
- In the opposite direction, there was an increase in expenses as a result of the write-off of discontinued/non-operational equipment (by 1,4 million euros) and the recognised exchange rate differences (by 1,1 million euros) which essentially result from the participation subscribed, but not realised, in Swiss francs, in *Eurofima*.

## Expenses/Reversal of Depreciation and Amortisation (note 41)

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

Description	(amounts in euros)	
	2021	2020
Expenses		
Fixed tangible assets	(56 305 053)	(59 127 788)
Intangible assets	( 81 406)	( 83 600)
Reversals		
Fixed tangible assets	1 906	-
Intangible assets	-	-
<b>Total</b>	<b>(56 384 553)</b>	<b>(59 211 388)</b>

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)	
	2021	2020
Reversals		
Fixed tangible assets	814 485	548 477
<b>Total</b>	<b>814 485</b>	<b>548 477</b>

The amount registered in 2021 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)	
	2021	2020
Interest gained	9 078	11 539
<b>Total</b>	<b>9 078</b>	<b>11 539</b>

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)	
	2021	2020
Interest charges	(21 260 018)	(28 662 627)
Other expenses and losses	(1 505 908)	(1 959 829)
<b>Total</b>	<b>(22 765 926)</b>	<b>(30 622 456)</b>

The expenses with interest and financial charges borne by CP during the financial year of 2021, suffered a decrease of 7,9 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, as well as the historically low interest rates presented by the market.

## Guarantees and Sureties (note 45)

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



	<b>(amounts in euros)</b>
Company	Valor
Guarantee provided by CP to Fernave	3 627
Guarantees provided by CP to third parties	3 388 055

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

The following events should be noted:

- As a result of the pandemic situation caused by the COVID-19 virus, it is possible to see a gradual recovery in activity, although the fall in revenue continues to be seen in rail transport, essentially in the first months of the year, with a direct impact on the company's revenues;
- At this time there is an armed conflict between Russia and Ukraine that is also affecting western economies, and it is not yet possible to predict the impact that this reality will have on the company's activity;
- 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 at December 31<sup>st</sup>, 2021, and the assumption of continuity of operations is not called into question.

## Proposal for application of results (note 47)

In accordance with the provisions in force, we suggest that the net results for the financial year, losses of 65.554.294 euros, are transferred to the results retained earnings.

