2020 Report and Accounts

Our journey has only one destination: sustainability.

COMBOIOS DE PORTUGAL

TECHNICAL INFORMATION

CP – Comboios de Portugal, E.P.E.

Calçada do Duque, nº 20

1249 – 109 Lisbon

Corporate Taxpayer number: 500 498 601

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

Statutory Capital €3 959 489 351.01 (as at December 31st, 2020)

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Corporate ESG Performance

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Prime

Membro BCSD PORTUGAL

Empresas pela Sustentabilidade

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MESSAGE FROM THE PRESIDENT

01

The year of 2020 will be forever clouded by the Covid pandemic, which has had a huge impact on the economy and the labour market, and a strong repercussion on the country's mobility patterns and, consequently, on the financial performance of CP.

The number of passengers carried registered a 40% drop, traffic revenues dropped by 45% and the net result was a negative 95.4 million euros, which represented an deterioration of 85% compared to the previous year.

However, the year 2020 will also be remembered for the important steps taken towards the revitalisation and sustainability of the railway sector.

The year started in an auspicious way with the merger of CP and EMEF.

The internalisation of the maintenance function as well as the restitution of the repairing capacity, with the reopening of Guifões and Figueira da Foz workshops, allowed for the recovery of the maintenance cycles and to the restitution of several non-operational rolling stock units. Thus, contributing to the improvement of the availability and reliability of the rolling stock, and repositioning the levels of regularity, quality, and cleanliness of railway transport.

At the end of June, the Court of Auditors gave prior approval to the public service agreement contract, celebrated between the State and CP, which allowed the company to start receiving due compensations for the public service provided.

During the third quarter, CP negotiated and acquired 50 carriages from RENFE. The rehabilitation of this type of equipment will allow CP to increase its commercial offer and return part of the diesel railcars currently leased to RENFE.

At the end of October, an agreement for the acquisition of 22 railcars was signed. This rolling stock will operate the regional service and 12 of these vehicles will be Bi-Mode, which will allow them to circulate on both electrified and non-electrified lines.

After several decades of disinvestment, a new cycle of investments is beginning, reinforced with procurement processes launched for the acquisition of railcars for urban and regional services and of electric railcars for the long-distance commercial segment.

This equipment will improve the public rail passenger services provided, strengthen the service offer, and take advantage of the opportunities created by the planned interventions in the railway infrastructure.

Conversely, this cycle of investments, together with the public service contract already in place and, mandatory financial restructuring of the historical debt, planned to 2021, will be decisive to the company's future sustainability and to its reinforcement as a player in the national transport system.

In such an extremely demanding year , full of unpredictability and permanent changes in planning and activity, I would finally like to highlight the fast and effective reaction capacity of CP , in ensuring the mobility and safety of all citizens who needed it, and above all honouring all the commitments with its manpower.

I would, therefore, like to thank and mention the courage and the spirit of devotion of all employees, especially those who were in the field and who did not hesitate in continuing with their mission.

I would also like to mention our Shareholder, the State, which has unfailingly supported us during such a difficult year.

2020 Report and Accounts

BOARD OF DIRECTORS

02

Vice-President

Pedro Miguel Sousa Pereira Guedes Moreira

Voting Member

Maria Isabel de Magalhães Ribeiro

President

Nuno Pinho da Cruz Leite de Freitas

Voting Member

Ana Maria dos Santos Malhó

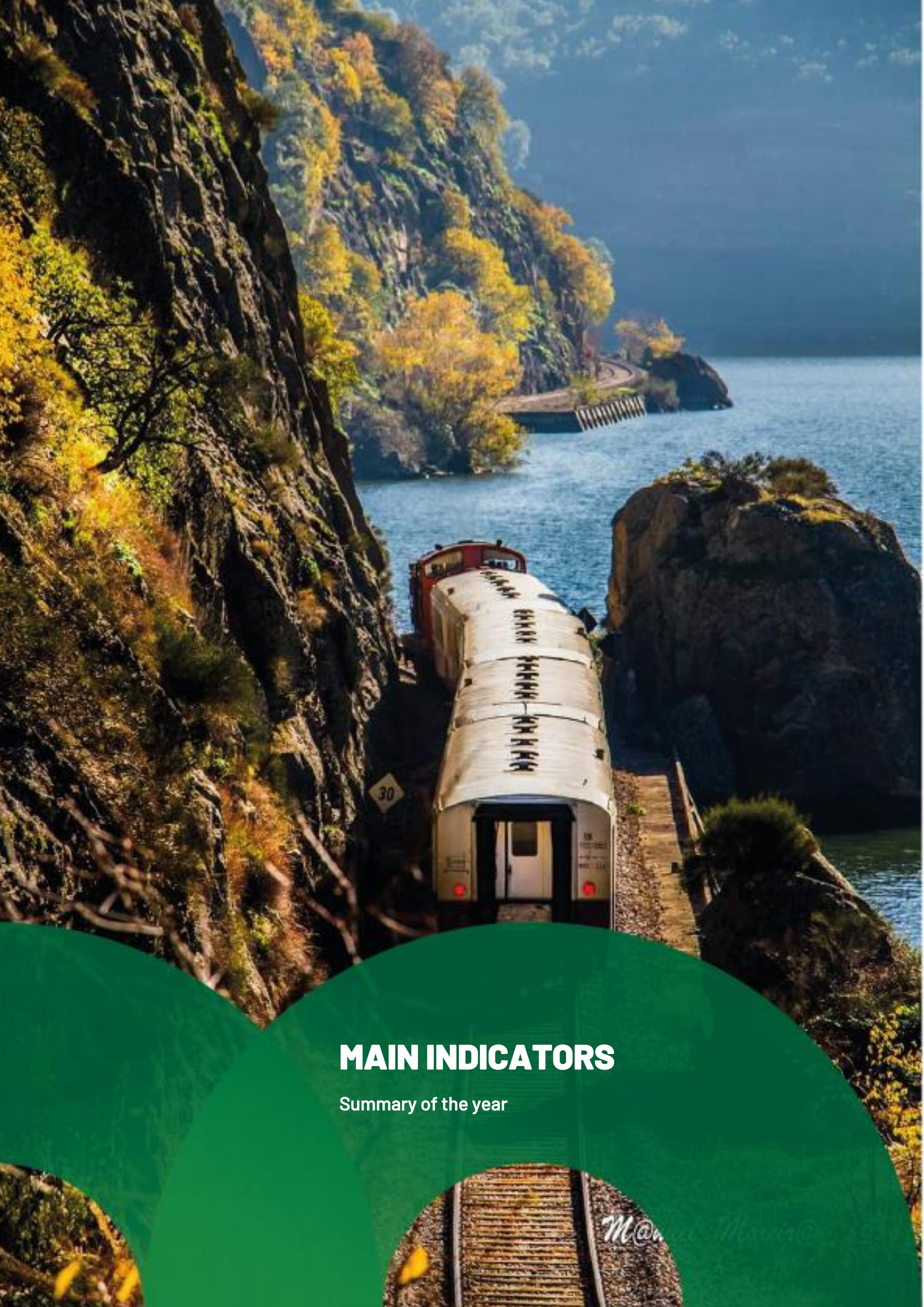
Voting Member

Pedro Manuel Franco Ribeiro

2020 Report and Accounts

MAIN INDICATORS

03



MAIN INDICATORS

Summary of the year

Operating Indicators	2020	2019	Δ 20-19	Δ %
Demand				
Passengers (10^3)	86 910	144 894	-57 984	-40,0%
Passengers Kilometre (10^3)	2 200 817	4 436 079	-2 235 262	-50,4%
Supply				
Trains (10^3)	404	434	-30	-6,9%
CK (10^3)	25 662	29 094	-3 432	-11,8%
LKO (10^6)	11 963	13 015	-1 052	-8,1%
Human Resources				
Final Effective Staff	3 736	2 646	1 090	41,2%
Average Effective Staff	3 710	2 634	1 076	40,9%
Fleet - Active Fleet				
Railcars	242	241	1	0,4%
Locomotives	35	31	4	12,9%
Carriages	118	108	10	9,3%

Financial Indicators (10^3 €)	2020	2019	Δ 20-19	Δ %
Income from Traffic	150 652	273 850	-123 198	-45%
Operating income*	294 758	341 226	-46 468	-14%
Operating subsidies**	88 127	40 004	48 123	120%
Operating expenses*	298 879	293 102	5 777	2%
EBITDA *	-4 121	48 124	-52 245	-109%
Operating Result	-64 477	4 411	-68 888	-1562%
Net Result	-95 399	-51 578	-43 821	-85%

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

** In operating income. Includes operating subsidies and financial compensation for public service obligations.

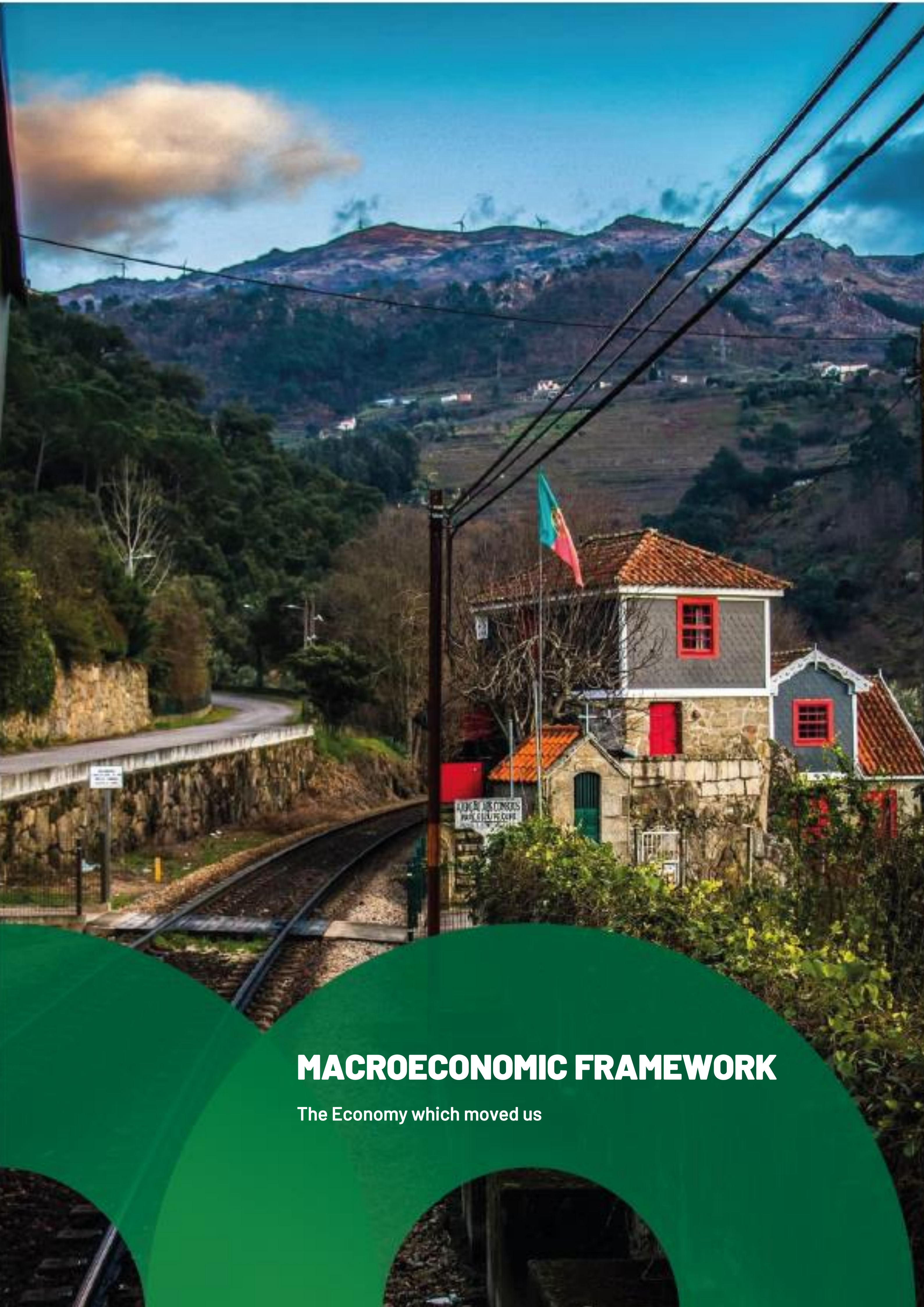
Ratio	2020	2019	Δ 20-19	Δ %
Weight of expenses in turnover w/o operating subsidies ***	88,6%	103,0%	-14,4 p.p.	-

*** (CMVMC + FSE + Personnel without severance payments, remunerations and collective bargaining agreements) / Turnover (without operating subsidies and financial compensation for public service obligations) and excluding the Pandemic effect

2020 Report and Accounts

MACROECONOMIC FRAMEWORK

04



MACROECONOMIC FRAMEWORK

The Economy which moved us

Macroeconomic Framework[1]

National Accounts

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

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

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

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

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

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

The pandemic also worsened the budgetary balance. After the 2019 surplus, the pandemic provoked the degradation of this indicator, looking ahead a deficit of around 6% in 2020. Public debt followed the same tendency, reaching a new historic maximum in 2020.

Labour market

The unemployment rate of the fourth quarter of 2020 was at 7.1%, corresponding to an increase of

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

0.4 percentage points when compared to the fourth quarter of 2019.

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

On the other hand, a significant part of the working population started working remotely (13.4% in the third quarter of 2020 and 12.3% in the fourth quarter).

These facts strongly impacted on both the reduction in demand for public transport and on the variation in the consumer price index.

Inflation

From April 2020, the variation of the Harmonised Index of Consumer Prices (HICP) has remained always in negative values, with the exception of June. For the full year, the HICP registered an annual average variation of -0.01% (having registered an average of 0.34% in 2019).

The national and international conjuncture reported in this chapter lead CP's management indicators to the present values, much lower than those compared to previous years.

CP demand was particularly affected by the high reduction in mobility patterns, due to the inactivity of a large part of the population, in a situation of layoff and teleworking.

2020 – A DIFFERENT YEAR

05

2020 – A DIFFERENT YEAR

Historical events, not only for the railway sector but also for the whole society

Introduction

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

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

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

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

The actions undertaken in order to respond and mitigate the pandemic risks include:

Information to Customers and Employees

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

Protection of Customers and Employees

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

Reduction of the Customer's Contact

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

Changes in Offer Due to the Pandemic

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

COVID CLEAN Certification

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

Events

Merger by incorporation of EMEF into CP

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

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

Reopening of Guifões Workshop

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

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

Reopening of the Workshops in Figueira da Foz

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

Figure 1 – Reopening Ceremony of the Guifões Workshop.

Return of Immobilised Rolling Stock to Service

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

The actions carried out in this context are developed in a separate section of this report.

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

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

Signing of the Contract for the Purchase of 22 Railcars

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

The public tender launched and awarded in 2019 was the object of judicial impugnation by one of the contestants. The signature occurred after the Court decision, ending the suspensive effect of this objection.

The contract mentioned, also includes the maintenance service of the rolling stock for a minimum period of 4 years, as well as the provision of training services. The first unities should enter into service in 2025.

The contract awaits prior approval of the Court of Auditors.

Figure 2 – Welding in a workshop - an activity back to CP.

Purchase of 50 Carriages from RENFE

CP acquired, in the third quarter of 2020, 50 carriages from RENFE. The rehabilitation works began immediately, as well as its adaptation to the CP image. The first units are expected to enter into service in the first half of 2021.

The refurbishment of this type of rolling stock will allow CP to increase its commercial offer and return part of the leased *diesel* railcars to RENFE.

Graffiti removal from the material

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

New passenger information system

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

Improvements in Train Access for Customers with Special Needs

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

Figure 3 – Two carriages acquired from RENFE - original paintwork and CP colours.

CP Shop at Belém Station and new Ticket Office in Esmoriz

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

It favours easy access to information, namely through interactive multimedia devices for consulting, and purchasing of CP products, managing of waiting lines, customer support areas, and merchandising sales.

Esmoriz Station, in Northern Line, has equally benefited from a new and modern CP sales point, after an extensive intervention.

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

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

Tickets bought in these channels are available on the user´s account and can be sent by e-mail or SMS. Onboard, they can be presented in digital format, on-screen of mobile phones, computers, or tablets, without the need for paper proof.

CP Tickets on Apple Wallet

The option to add train tickets to Apple Wallet from CP's App was made available, making it easier and quicker to use. This was another step towards the digitalisation of interaction with Customers.

Tariff Update

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

Figure 4 – Rehabilitated historical equipment

'Rumo à próxima Estação' Campaign

It was aimed to instil confidence and security into its customers in their choice to travel by train, and to thank the efforts of those who were and are on the “front line” and had to keep leaving their home because they were essential to the Country, including CP workers.

Present for a fortnight on TV and Digital media, namely on national free-to-air channels (RTP1, SIC, and TVI), on cable news (CMTV), and entertainment channels (Globo, FOX,) and the most popular digital networks (Facebook, Instagram, YouTube and Sapo network).

Video reporting format

Instructions to facilitate the use of unattended sales channels, vending machines, CP App, and Online Ticket Office were published on video. The videos are disseminated on CP’s site (www.cp.pt) and on CP’s YouTube and may also be used to support the Customer Support Line in response to customer questions and complaints.

Renewed Network Diagrams

New network diagrams were published inside the trains, on timetables, price lists, and other communication pieces, to improve the information’s clarity and ensuring visual coherence, namely through the chromatic distinction between lines and a clearer caption.

New Company Agreements

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

Property Improvements

Despite the atypical season, property improvements continued to be made. In addition to the interventions in the workshop spaces, the interventions made in the crew rooms in the Marco de Canaveses and Barreiro Stations and the technical intervention in the scope of the sanitary hot water supply system in the Operational Dormitory of Viana do Castelo should be highlighted.

Figure 5 – New line diagrams, essential pieces of customer information inside the trains.

2020 Report and Accounts

OUR BUSINESS IN 2020

06

OUR BUSINESS IN 2020

How our indicators performed.

Evolution of the Commercial Indicators

Our Customers - Demand

After four particularly positive years for CP, with recurrent growth in demand, the restrictions on mobility described above brought an unprecedented downturn in demand.

The year ended with around 87 million transported passengers, after approaching 145 million in 2019, which represented a 40% drop compared to the previous year.

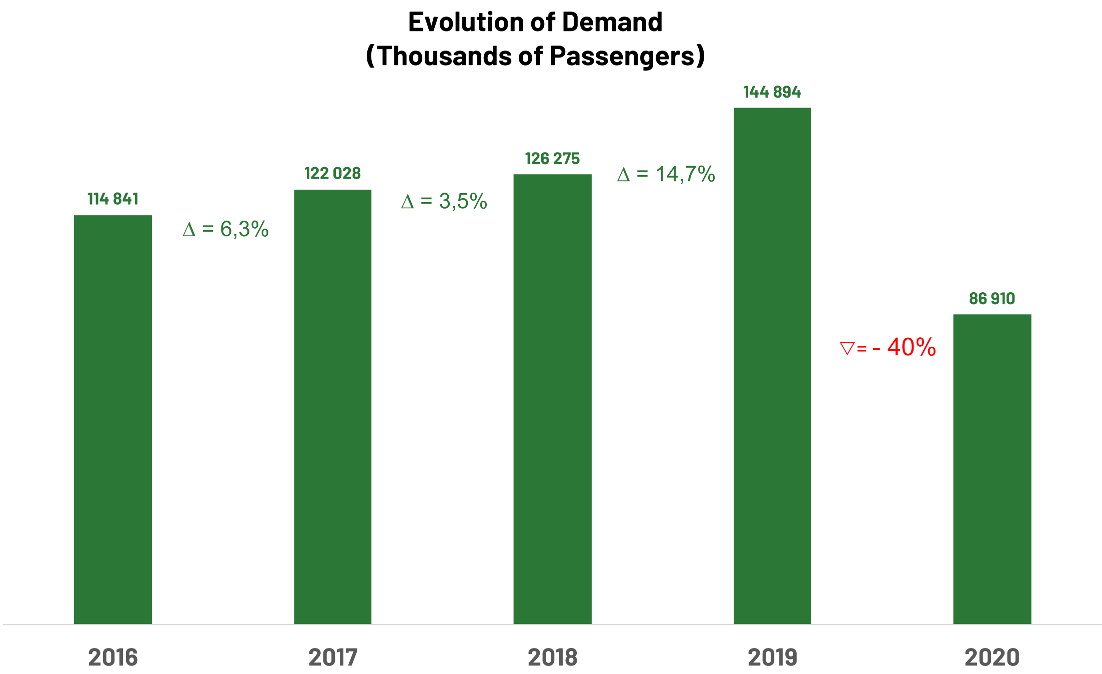


Chart 1 – Demand Evolution 2016-2020.

International traffic was the most affected. The commercial offer was discontinued early on, due to the close of the borders. So it registered a reduction of about 86%.

At a national level, the Long-Distance and Oporto Urbans services showed reductions of around 60% and 51%, respectively.

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

Passengers-Km (*10³)	2020	2019	Δ 20-19	Δ %
Lisbon Urban Serv.	1 005 525	1 592 342	-586 817	-36,9%
Oporto Urban Serv.	303 762	644 347	-340 585	-52,9%
Coimbra Urban Serv.	15 339	24 974	-9 635	-38,6%
Long-distance Serv.	612 689	1 608 312	-995 623	-61,9%
Regional Serv.	248 271	448 744	-200 473	-44,7%
International Serv.	15 230	117 360	-102 129	-87,0%
TOTAL	**2 200 817**	**4 436 079**	**-2 235 262**	**-50,4%**

Profits

The evolution of traffic revenues followed the trend in demand, with an even sharper reduction of around 45%.

The profits were around 151 million euros, which constituted a reduction of 123 million euros compared with the previous year. It should be mentioned that this value includes extraordinary co-payments attributed within the framework of the Tariff Reduction Support Programme (TRSP – reduction of monthly prices of passes).

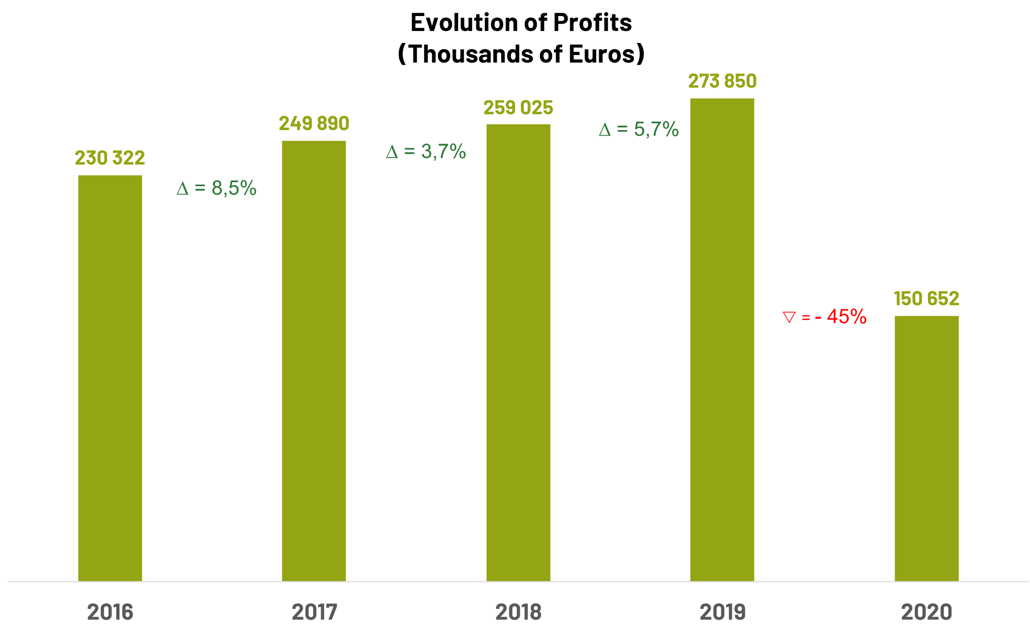


Chart 2 – Evolution of Income Traffic 2016-2020.

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

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

Services Offer

In a year heavily impacted by the effects of the COVID-19 pandemic, CP maintained most of its offer, having circulated 404 thousand trains throughout the year.

Trains	2020	2019	Δ 20-19	Δ %
Lisbon Urban Serv.	195 452	205 892	-10 440	-5,1%
Oporto Urban Serv.	81 024	84 995	-3 971	-4,7%
Coimbra Urban Serv	10 699	11 106	-407	-3,7%
Long-distance Serv	19 189	24 530	-5 341	-21,8%
Regional Serv.	96 879	104 849	-7 970	-7,6%
International Serv.	884	2 903	-2 019	-69,5%
TOTAL	**404 127**	**434 275**	**-30 148**	**-6,9%**

The reduction of train-kilometres confirms the analysis of the previous framework, with the most significant variations occurring in Long-distance and International trains.

Trains Kilometre ($*10^3$)	2020	2019	Δ 20-19	Δ %
Lisbon Urban Serv.	6 248	6 540	-292	-4,5%
Oporto Urban Serv.	4 501	4 594	-94	-2,0%
Coimbra Urban Serv	456	481	-26	-5,3%
Long-distance Serv	5 861	8 017	-2 156	-26,9%
Regional Serv.	8 378	8 618	-239	-2,8%
International Serv.	218	843	-625	-74,1%
TOTAL	**25 662**	**29 094**	**-3 432**	**-11,8%**

The number of seat-kilometre offered broadly accompanied the evolution of the previous indicators.

Seats Km Offered (*10^3)	2020	2019	Δ 20-19	Δ %
Lisbon Urban Serv.	5 754 794	5 843 336	-88 543	-1,5%
Oporto Urban Serv.	2 212 898	2 224 196	-11 299	-0,5%
Coimbra Urban Serv.	123 980	143 558	-19 579	-13,6%
Long-distance Serv.	1 807 243	2 477 703	-670 460	-27,1%
Regional Serv.	2 010 907	2 106 664	-95 757	-4,5%
International Serv.	53 235	219 922	-166 688	-75,8%
TOTAL	11 963 056	13 015 381	-1 052 325	-8,1%

Given that demand's retraction exceeded the offer, the occupancy rate decreased in all traffics, when compared to the previous year:

Occupation Rate	2020	2019	Δ 20-19
Lisbon Urban Serv.	17,5%	27,3%	-0,1 p.p.
Oporto Urban Serv.	13,7%	29,0%	-0,2 p.p.
Coimbra Urban Serv.	12,4%	17,4%	-0,1 p.p.
Long-distance Serv.	33,9%	64,9%	-0,3 p.p.
Regional Serv.	12,3%	21,3%	-0,1 p.p.
International Serv.	28,6%	53,4%	-0,2 p.p.
TOTAL	18,4%	34,1%	-0,2 p.p.

Due to the Pandemic, more than 25 Operating Business Plans were implemented, the most significant being the following:

Offer Changes due to the Pandemic

- Since March 18th, the offer was adjusted, according to a contingency plan of a 25% reduction in the number of trains operated. The offer changed from around 1,400 to 1,050 connections on a working day.
- The Company's tourism programmes were suspended.
- During the sanitary confinement decreed in the Municipality of Ovar, which lasted about a month, all CP trains skipped the stop in that municipality.
- The offer of International services - SudExpresso, Lusitânia Comboio Hotel and Celta - were suspended on March 17th.

- During Easter and the long weekend at the beginning of May - between April 9th and 13th and between May 1st and 3rd, the offer was adjusted – Long-distance Alfa Pendular and Intercidades trains were suspended on all routes and changes were made to the offer of urban and regional trains.
- On the night of São João, the night-time offer of Oporto Urban services was reduced to discourage crowds.

Gradual Offer Resumption

- From May 4th, the offer of urban and regional trains was resumed at 100%, fulfilling the regular offer that was in place before the pandemic situation. The offer for the Long-distance, Alfa Pendular and Intercidades trains, initiated on March 25th was maintained, considering the confinement duty and the remote work. Capacity control limitations were implemented, selling at only two-thirds of its total capacity, through the sales systems.
- As of May 31st, the Intercidades services were fully restored on the routes Lisbon-Faro, Lisbon-Évora, Casa Branca-Beja, Lisbon-Viana do Castelo, Lisbon-Guimarães and almost fully restored on the routes Lisbon-Oporto and Lisbon-Braga. On the routes Lisbon-Guarda and Lisbon-Covilhã, were offered two Intercidades circulations per way. In addition to the Intercidades offer, the Alfa Pendular trains circulated on the routes Lisbon-Braga, Lisbon-Oporto, and Oporto-Faro-Oporto.
- From June 19th, the Intercidades offer in Beira Alta and Beira Baixa was reinstated, fulfilling the regular offer that was in force in the pre-pandemic period, with three Intercidades trains per way.
- At the start of July, with the reopening of the border with Spain, the regional train from the Leste Line to Badajoz was resumed.
- Also in July, the Miradouro Train started a new campaign, connecting Oporto to Pocinho. Made up of restored Schindler carriages, the Miradouro train offers a large interior space, with large panoramic windows, allowing customers to easily contemplate the landscapes of the Douro Wine Region along the journey.
- The Douro Historical Train started its campaign on August 1st, running on Saturdays. Its circulation was extended until October, due to the huge success with the market.
- The Celta international service, between Oporto and Vigo, suspended since March, was resumed in mid-August.
- The Alfa Pendular service bound to Algarve has been reinforced on Saturdays, between September and October. Thus, two additional trains circulated between Oporto and Faro, one in each direction.
- As of December 13th, the offer on the Sintra Line was reinforced to ensure the proper social distancing between Customers (creation of an additional train departing from Sintra, at 6:16 a.m., and bound to Gare do Oriente).
- On the same date, the timetable of two trains on the Algarve Line was changed to adjust them to the needs of commute customers, travelling for home/work/school reasons on the Faro - Vila Real de Santo António section.

Finally, the travel times of two trains on the West Line were also improved by reducing the number of stops, one in the southbound direction in the morning peak period and the other in the opposite direction in the afternoon peak period.

Maintenance Activity

Introduction

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

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 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 2020, 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.

A half-life intervention project was concluded in the Tilting train.

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

- 3 railcars of the UQE 2300/2400 series, with installation of new traction converters with IGBT, to reinforce the Lisbon suburban service;

- 6 Schindler carriages for the Douro line regional service and tourist services;
- 4 Inox Sorefame carriages for the Douro and Minho Line regional service and tourist services;
- 2 electric locomotives of the LE 2600/2620 series for the regional service on the Minho Line and for redundancy creation for the LE 5600;
- 2 LD 1400, Diesel electric locomotives, for reinforcement of the service on the Douro Line and tourist services;
- 1 narrow gauge carriage (1629007) for service on historic trains;
- 1 LD 1550, Diesel electric locomotive, including the installation of Convel and RSC systems, for allocation to the Entroncamento rescue train;
- Rehabilitation of the Light Rail Tractor 1156 inside the Guifões Workshop Fleet.

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

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

Several interventions for the improvement of the rolling stock were conducted, both in terms of comfort (ex. replacement of the seating material and interior lighting), as well as in terms of technical features, to increase the reliability of various equipment.

Several technical solutions were designed for the replacement of out-of-date equipment and materials.

An internally developed prototype of the passenger information system was presented. At first it will be installed in the carriages purchased from RENFE, but its application may be extended to all rolling stock series.

Provisions of Maintenance Services for Third Parties

With the merger by incorporation of EMEF, CP took on the service agreements established with external entities for the maintenance and repair of its railway equipment.

This business area was accountable for a turnover of 15.5 million euros in 2020, distributed as follows among main customers:

Client (Accumulated amount in euros)	2020	Client Importance
VIAPORTO, Operação e Manutenção	8 466 651	54,7%
METRO DO PORTO, S.A.	2 375 933	15,4%
SIMEF, ACE	1 514 757	9,8%
RENFE Fabricación Y Mantenimientos	1 453 002	9,4%
MEDWAY - Maintenance & Repair, S.A.	1 126 916	7,3%
Infraestruturas de Portugal, S.A.	281 770	1,8%
ADP Fertilizantes S.A.	122 760	0,8%
FERTAGUS	81 725	0,5%
GMF - Railway Maintenance Services	27 103	0,2%
Valongo City Hall	11 018	0,1%
INCA RAIL S.A.	5 480	0,0%
Kontron Transportation Portugal, Unipessoal Lda	2 525	0,0%
SOMAFEL	2 436	0,0%
Sociedade dos Transportes Colectivos do Porto, S.A.	958	0,0%
LUSONAVE - Bobinagem e Electrom.	523	0,0%
MOTA-ENGIL Railway Engineering S.A.	509	0,0%
STECONFER Soc. Técnica de Construções Férreas S.A.	22	0,0%
TOTAL	15 474 088	

Services provided to third parties include:

- Oporto Metro – maintenance of light rail vehicles, 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, and the performance of type R2 intervention in this equipment;
- Portugal infrastructures – maintenance of rail material;
- ADP – maintenance of Sentinel Light rail tractor and cars;

Spare repairs were performed for SIMEF, MEDWAY and FERTAGUS.

Our Employees

Permanent Staff

At the beginning of 2020, following the merger by incorporation of EMEF into CP, the employees of its former affiliated Company were integrated into CP staff. The total permanent staff in function at the end of 2019 in both companies was 3.655 employees. At the end of 2020, the permanent staff in function was 3.736 employees.

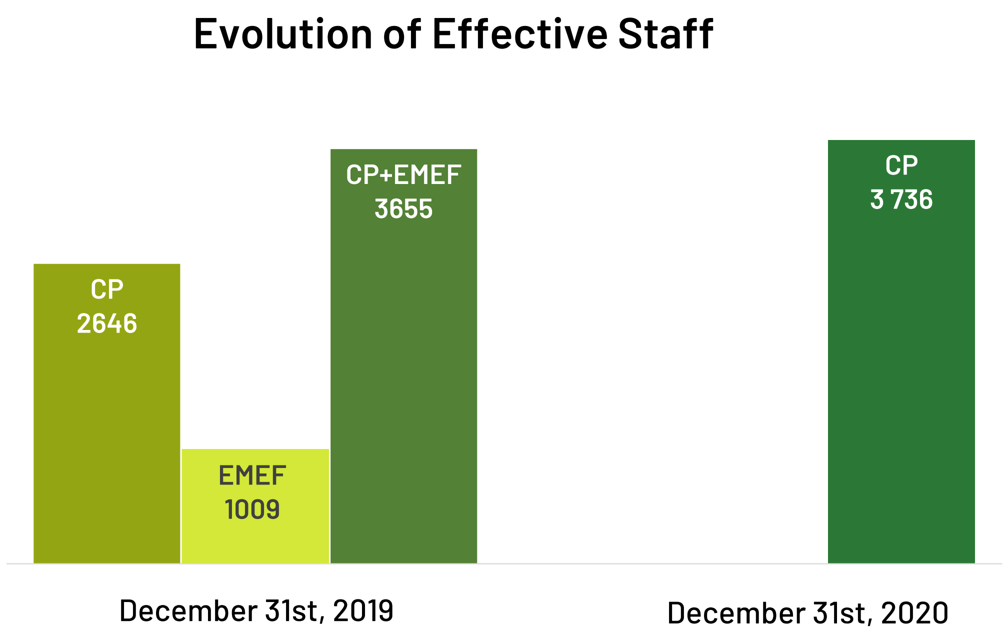


Chart 3 - Evolution of Effective Staff.

Permanent Staff as at December 31st	2020	2019	Δ 20-19
Bound	3 744	2 669	1 075
Effective Staff	3 736	2 646	1 090
On duty	3 727	2 645	1 082

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 service to the company.

The following table summarises the movements that occurred during the year 2020 on the bound staff.

Changes in Permanent Staff 2020			
Admissions by Motive		**Exits by Motive**	
RCM 110/2019, no. 10	67	Retirement	68
RCM 110/2019, no. 13	11	Death	5
RCM 110/2019, no. 14	56	Revocation / Termination	7
RCM 110/2019, no. 12	2	Termination (from employee)	9
Rehabil. Guifões Order no. 80/2020	14	Commencement of Assignment/Requisition	2
Rehabil. Guifões Order no. 82/2020	21	Terminus of Leaving	1
Extended Impediment Return	2		
TOTAL	**173**	**TOTAL**	**92**
		Balance	**81**

Absenteeism

The absenteeism rate registered an increase of 1.2 percentage points compared to last year, reaching the amount of 8.4%. The main reasons were sick leave, and family leave due to the pandemic.

Due to the integration of the maintenance activity and the corresponding staff increase, comparison of the values with the ones of previous year may be compromised.

Rates (%)	2020	2019	Δ 2020-2019
Absenteeism (no strikes)	8,4%	7,2%	1,2 p.p.

The absenteeism was more present in the Operations and Commercial and in the Maintenance and Engineering areas.

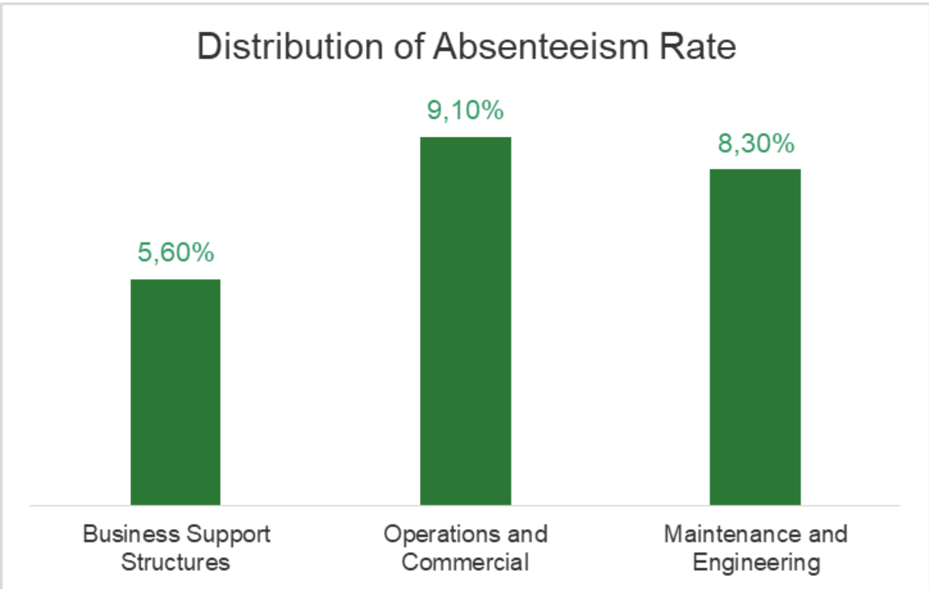


Chart 4 – Absenteeism rate in 2020.

Overtime Work

The overtime work rate decreased 5.5 percentage points when compared to the previous year, registering an amount of 8.6%.

Due to the integration of the maintenance activity and the corresponding staff increase, comparison of the values with the ones of previous year may be compromised.

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Rates (%)	2020	2019	Δ 2020-2019
Overtime Work	8,6%	14,1%	-5,5 p.p.

The most expressive rate was in the Operations and Commercial areas:

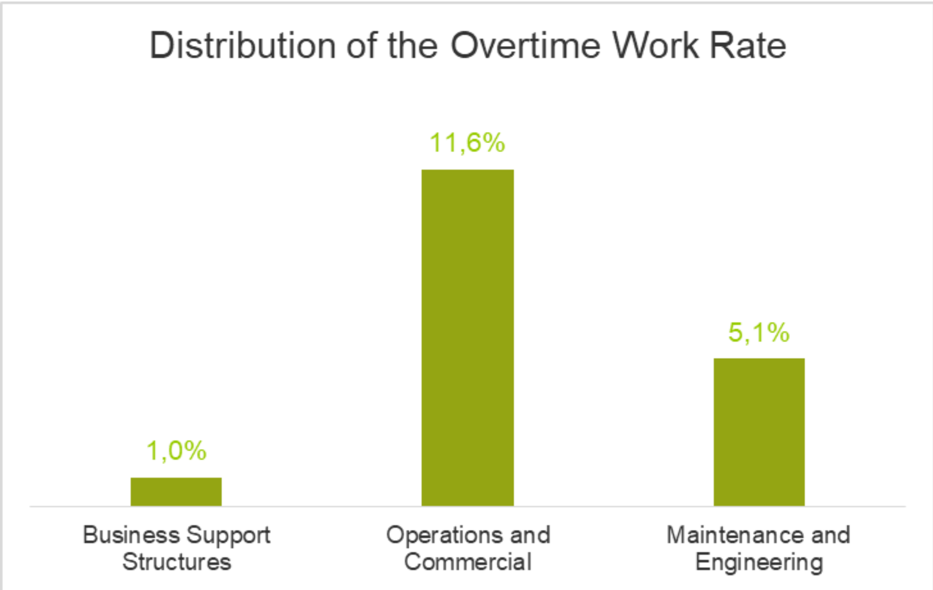

Chart 5 – Overtime work in 2020.

Training

Training plays a very important role in a railway company due to the specificity of its activity.

In 2020, more than 75 thousand training hours were provided, to about 4 000 trainees, most of them conducted by Fernave, a company of CP's Group.

Safety was the theme with more hours of training registered.

Training by Professional Category 2020	No. of Trainees	No. Hours
Governing Bodies	4	274,0
Administrative	40	168,5
Commercial	618	13 213,0
Driving	1 204	27 263,0
Material	24	284,0
Other	56	389,0
Production	1 111	18 886,5
Technical Staff	879	9 838,5
Transport	84	4 726,0
TOTAL	4 020	75 042,5

Fleet

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

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

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

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

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

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

The fleet is allocated to the following services:

Where Service is Rendered	2020	2019	Δ 19-18
Lisbon Urb. Serv.	94	91	3
Oporto Urb. Serv.	34	34	0
Regional/LD Serv.	262	250	12
Medway Rental	5	5	0
Total	395	380	15

CP also has 16 unities allocated to the Historical Trains, 10 unities to the Rescue Train, and 7 Light Rail Tractors, which provide internal supporting services to the workshops.

In the third quarter of 2020, 50 carriages were purchased from RENFE, still under rehabilitation.

Service Quality

The Global Punctuality Index of 2020 was around 85%, 2.8 percentage points superior to last year. There has been an improvement in most services.

Daily punctuality	2020	2019	Δ 2020-2019
Lisbon Urb. Serv, (1)			
Sintra / Azambuja	89,3%	86,0%	3,3 p.p.
Cascais	94,2%	86,4%	7,8 p.p.
Sado	85,2%	79,8%	5,4 p.p.
Oporto Urban Serv. (1)			
Aveiro	88,9%	82,5%	6,4 p.p.
Braga	88,4%	89,7%	-1,3 p.p.
Caíde	80,8%	84,6%	-3,8 p.p.
Guimarães	81,2%	81,7%	-0,5 p.p.
Coimbra Urban Serv. (1)			
Coimbra-Fig.Foz	92,4%	90,5%	1,9 p.p.
Long-distance Serv. (2)			
Alfas	76,7%	65,2%	11,5 p.p.
Intercidades	74,6%	60,9%	13,7 p.p.
International	34,8%	48,3%	-13,5 p.p.
Regional Serv. (2)			
Regional Serv.	85,5%	80,0%	5,5 p.p.
CP Global	**85,0%**	**82,2%**	**2,8 p.p.**

Notes **(1)** Delays exceeding 3 minutes

(2) Delays exceeding 5 minutes

The Global Regularity Index of 2020 remained above 99% in almost all services.

Regularity	2020	2019	Δ 2020-2019
Lisbon Urban Serv.			
Sintra / Azambuja	99,3%	99,0%	0,3 p.p.
Cascais	99,3%	99,5%	-0,2 p.p.
Sado	99,3%	99,7%	-0,4 p.p.
Oporto Urban Serv.			
Aveiro	99,3%	99,6%	-0,3 p.p.
Braga	99,6%	99,9%	-0,3 p.p.
Caíde	99,5%	99,9%	-0,4 p.p.
Guimarães	99,5%	99,9%	-0,4 p.p.
Coimbra Urban Serv. (1)			
Coimbra-Fig.Foz	98,5%	98,6%	-0,2 p.p.
Long-distance Serv.			
Alfas	99,3%	99,8%	-0,5 p.p.
Intercidades	99,2%	99,7%	-0,6 p.p.
International	98,0%	99,8%	-1,8 p.p.
Regional Serv.			
Regional Serv.	99,1%	99,4%	-0,3 p.p.
CP Total	**99,2%**	**99,5%**	**-0,3 p.p.**

The main causes for disruptions were the following:

IP Causes

- Speed limitations on the National Railway Network, namely the Northern, Minho, Beira Alta and Beira Baixa lines (essentially due to rail defects, works on rail/conservation/modernisation);
- Signalling failures (signals, railroad switch – AMV, Control Desk);
- Catenary occurrences;
- IP strike on July 17th, having 27 trains of the Oeste Line being suppressed;
- Collision of the Train AP133 with a railway inspection trolley from IP, between Soure and Alfarelos, which has penalised 722 trains and provoked the cancelation of another 75 trains on July 31st.

CP Causes

- Rolling Stock malfunctioning;
- Delays due to boarding/ disembarkation/ passengers connection;
- Strike decreed by the Revision Trade Union between July 6th and 10th on the Sado Line, having 22 trains being suppressed on July 24th, and at a national level, 1009 trains.

Other Causes

- Casualties involving persons and occurrences with passengers struck by sudden illness;
- Two derailments of MEDWAY's trains, and a derailment of the 27001 movement on the Vouga Line;
- AP124 collision with a heavy vehicle in motion at PK 69,500 level between Santarém and Vale de Santarém, having penalised 70 trains and originating the suppression of 17 trains;
- Flooding on the Alfarelos branch line, in January 2020, and fires alongside the railroad, with major expressions in June and July;
- Statement of public disaster in the Ovar Municipality due to COVID-19 pandemic, with trains skipping the stop in that station and with the suppression of trains of the Ovar family of Oporto Urban Services.

Investments

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

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

(*) Includes Own Work Capitalised

With the merger by incorporation of EMEF into CP, the 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 "Own Work Capitalised".

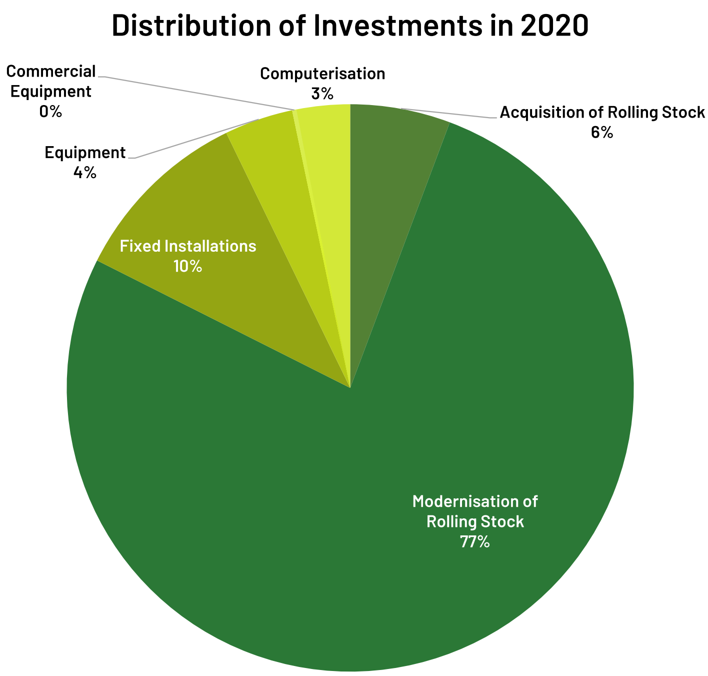

Chart 6 – Breakdown of Investments in 2020.

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

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

In terms of investment in Fixed Premises, we emphasize the interventions made in workshops facilities.

The investment of 2020 was exclusively financed recurring to the company's revenues.

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 2020 Consolidated Report & Accounts.

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

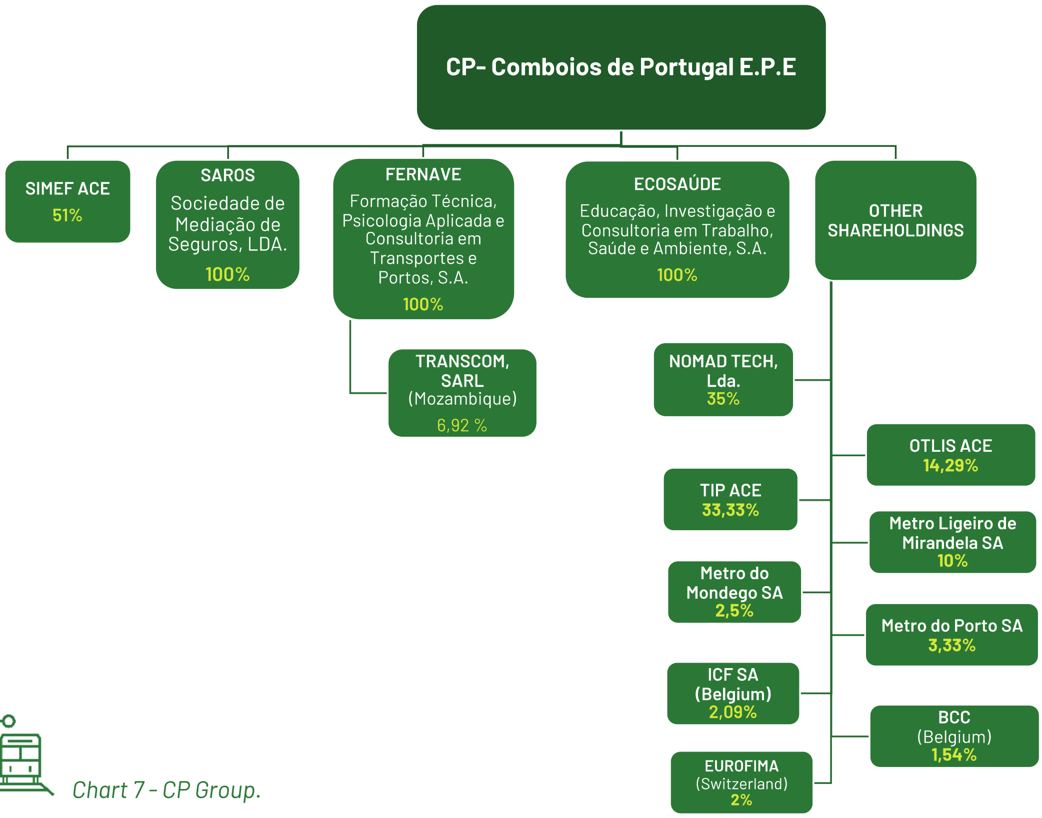

Chart 7 - CP Group.

2020 Report and Accounts

COMPLIANCE WITH LEGAL OBLIGATIONS

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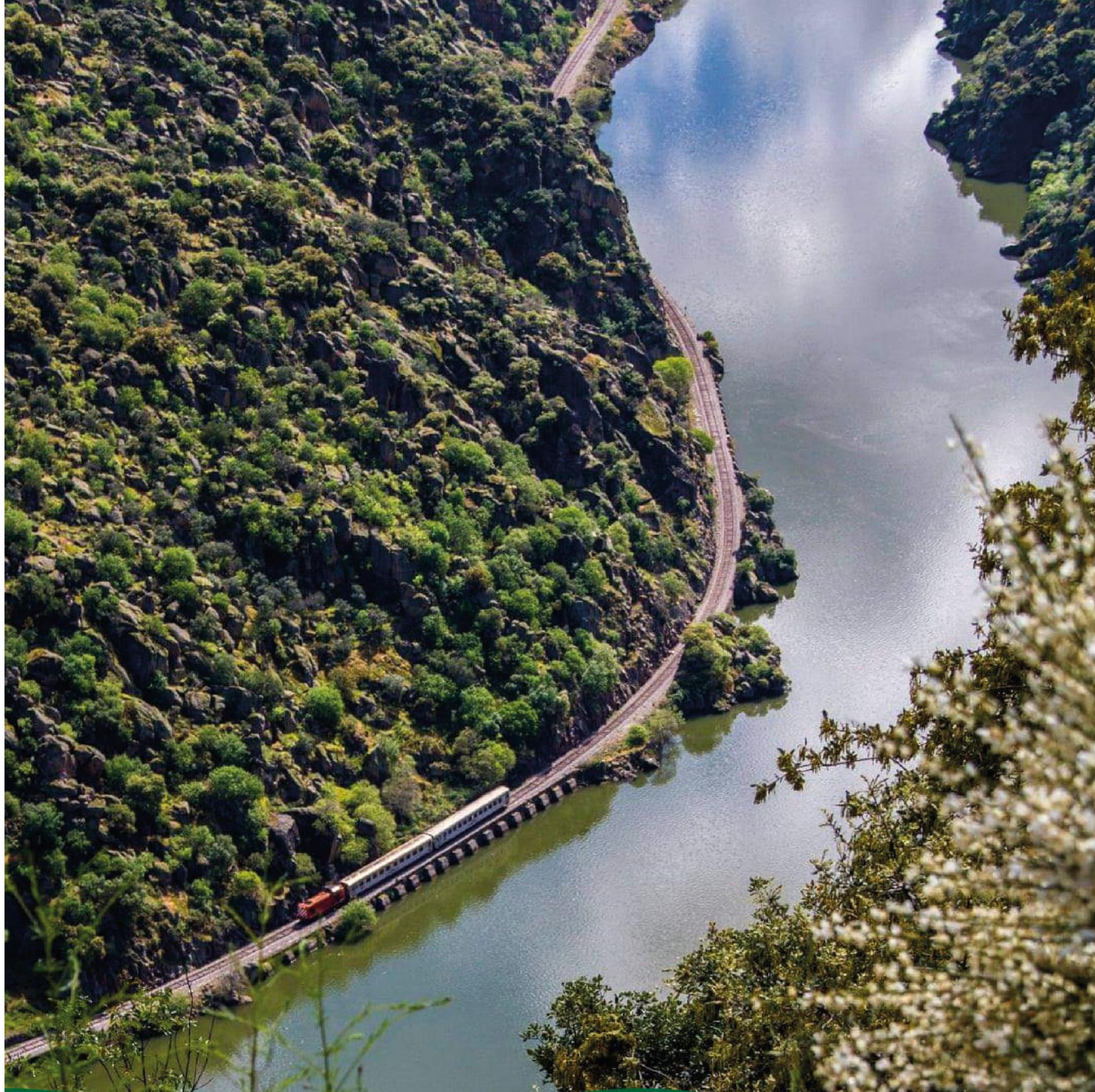


COMPLIANCE WITH LEGAL OBLIGATIONS

Our reporting duties.

Summary Table

Compliance with the 2020 legal guidelines	Compliance Y/N/NA	Measurement/ Identification	Explanation / Reference to the item of the Report
Management Goals			
EBITDA Improvement	N	-52 M€ from 2019 and +41 M€ than in the (revised) Activities and Budget Plan	Recurrent EBITDA / See "Management Goals" and "Optimisation Measures of the Operating Expenses Structure"
Reduction of the influence of Expenses in the Turnover	Y	-14.5 p.p. than in 2019 and -9 p.p. than in the (revised) Activities and Budget Plan	See "Optimisation Measures of the Operating Expenses Structure".
Goals comprised in the 2020 Activities and Budget Plan			
Traffic Income	N	-123 M€ from 2019 and +13.2 M€ more than in the (revised) Activities and Budget Plan	See "Management Goals".
Transported Passengers	N	-58 M€ pass. from 2019 and +3.6M€ pass. than in the (revised) Activities and Budget Plan	See "Management Goals".
Final Effective Staff	N	+1 076 M€ over 2019 and -29 M€ than in the (revised) Activities and Budget Plan	See "Optimisation Measures of the Operating Expenses Structure" and "Permanent Staff".
Investment	N	40,4 % of the Annual Budget implementation	See "Management Goals" and "Investment".
Degree of Budget Implementation existing in the Budget Management Information System / State Budget System			
	Y	Revenue 68,7% Expemses 64,0%	See "Management Goals".
Financial Risk Management			
	Y	2,7	Average funding cost / See " Financial Risk Management"
Limit for Debt Growth			
Adjusted Indebtedness	Y	1,1	See "Limit for Debt Growth"
Development of the Average Time for Payment to suppliers			
	Y	+31 days	Change between the 4th quarter of 2020 and the 4th quarter of 2019 / See "Average Time for Payment"
Disclosure of Arrears			
	Y	0	There are no arrears for reasons attributable to the company / See "Average Time for Payment"
Recommendations from the shareholder issued upon the last approval of accounts			
	NA	-	The Accounts for 2016, 2017, 2018 and 2019 are pending approval from the responsible Ministry
Remunerations:			
No management awards	Y	Not existing	See "Remunerations"
Board of Directors - salary reductions and pay cut reversals in force during 2020	Y	23 131,26 €	Under Law no. 02/2020 from March 31st, which approved the State Budget for 2020 the 5% reduction in the gross fixed monthly salary of the members from the Board of Directors was maintained. See "Remunerations"
Audit (Supervisory Board/Certified Public Accountant) - salary reductions and pay cut reversals in force during 2020	NA	Not applicable	See "Remunerations"
External Auditor - salary reductions and pay cut reversals in force during 2020	NA	Not applicable	See "Remunerations"

Compliance with the 2020 Legal Guidelines	Compliance Y/N/NA	Measurement/ Identification	Explanation / Reference to the item of the Report
Public Manager Statute - article 32 and 33 of the Public Manager Statute			
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 communications	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"
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			
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
Promoting wage equality between women and men - item 2 of the Council of Ministers Resolution no. 18/2014			
Preparation and disclosure of the report on pay for women and men	Y	In CP's website	www.cp.pt/institucional/pt/empresa/principios-bom-governo
Preparation and disclosure of the annual report on corruption prevention			
Annual report on corruption prevention	Y	In CP's website	www.cp.pt/institucional/pt/empresa/principios-bom-governo
Public Contracting			
Implementation of the public contracting rules by the company	Y	100%	See "Public Contracting"
Implementation of the public contracting rules by affiliate companies	NA	Not applicable	See "Public Contracting"
Agreements submitted to prior approval from the Court of Auditors	Y	1 contract worth €158,140,672	See "Public Contracting"
Adhesion to the National Public Purchasing System	Y		See "Public Contracting"
Operating Expenses of Public Companies			
Operational Efficiency	Y	Various	See "Optimisation Measures of the Operating Expenses Structure"
Procurement of Studies			
Proc. of studies opinions, projects and consulting services (art. 49 of the Decree-Law of 2019 Budget Implementation)	Y	7	See "Procurement of Studies"
State Treasury Unit Principle (art. 28 of Decree-law 133/2013)			
Cash and equivalents centralised in the Public Debt Management Institute (IGCP)	Y	31 493 422 €	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	911 940 €	Demand deposit amount in Commercial Banking at the end of the year, in accordance with the exemption obtained from the State Treasury Unit Principle.
Interest earned due to the non-compliance with the State Treasury Unit and provided as State Revenue	Y	0 €	There is no interest earned.
Audits of the Court of Auditors			
	Y	0	No audits of the Court of Auditors occurred during the year 2020
Elaboration of a Plan for Gender Equality			
Det. In Article 7 of Law 62/2017, of August 1	Y	In CP's website	See "Equality Plan"
Non Financial Statement			
Presentation of the Non-Financial Statement	Y	In CP's website	See "Non-Financial Reporting"

Management Goals and Activities and Budget Plan

Activities and Budget Plan

For analysis purposes, goals included in the Activities and Budget Plan 2020-2022 were presented to the Ministry in October 2020. This document was already considered for revision of the early estimates due to the impact of the COVID-19 pandemic.

In 2020, CP transported approximately 87 million passengers, 3.6 million passengers more than what was expected (+4.3%).

The traffic incomes amounted up to 150.7 million euros, 13.2 million euros more than was expected (+9.6%). This change can be explained mainly due to the extraordinary co-participation received in the scope of the tariff reduction support program.

The offer – measured in Trains*Kilometre – was 6% below the expected due to, specifically, the extended constraints to mobility during the year 2020. The revised prediction only contemplated the partial reduction implemented during the period of the first confinement.

CP closed the financial year of 2020 with a Net Income of -95.4 million euros, approximately 35.2 million better than predicted.

The 2020's Operating Income of the Transport and Maintenance Activities (recurring EBITDA) was around -4.1 million euros, 41 million euros (91%) better than expected.

This variation can be explained, namely, by the following facts:

- Attribution of extraordinary co-participation under the support programme to tariff reduction, contributing to the change registered on sales and services provided;
- Delays verified in procurement processes and in the delivery times due to the pandemic impact, forcing the reprogramming of several projects and scheduled interventions. This situation contributed to a reduction in spending on material consumption and provision of external services, but also, to a lower-than-expected value of works for the company itself;
- Extension of the international service's suspension, lowering the expenses with rolling stock lease and on-board services;
- Delays in the authorisation for the expected recruitments and support provided by the State directly to the employees during the confinement periods, which has contributed to the variation registered in terms of personnel expenses.

INCOME AND EXPENSES (amounts in thousands of euros)	Period		Change 2020/2019	
	REAL 31-12-2020	31-12-2020 (P)	Amount	%
Provided sales and services	171 334	161 914	9 419	6%
Operating subsidies	88 127	88 113	14	0%
Changes in production inventories	3 981	0	3 981	s/s
Own work capitalised	14 048	27 068	-13 020	-48%
Other income	17 269	14 109	3 160	22%
	294 758	**291 204**	**3 555**	**1%**
Sold commodities and consumed material costs	-22 696	-39 814	17 119	43%
External services and supplies	-131 145	-145 494	14 349	10%
Personnel expenses (without severance payments and variable salary agreement)	-138 706	-148 329	9 623	6%
Other expenses	-6 332	-2 678	-3 654	-136%
	-298 879	**-336 316**	**37 437**	**11%**
Operating result from transport and maintenance activities* (EBITDA)	**-4 121**	**-45 112**	**40 992**	**91%**
Expenses/reversals of depreciation and amortisation	-59 211	-55 062	-4 149	-8%
Impairment of depreciable/amortizable investments (losses/reversals)	548	243	305	125%
Severance payments	-139	-558	418	75%
Gains/losses on subsidiaries, associates and joint ventures	1 187	1 704	-518	-30%
Inventories impairment (losses/reversals)	-4 919	0	-4 919	s/s
Impairment of accounts receivable (losses/reversals)	-3 558	-297	-3 260	-1096%
Provisions (increases/reversals)	-49	806	-855	-106%
Impairment of non-depreciable/amortizable investments (losses/reversals)	3 486	0	3 486	s/s
Exchange differences (increases/reversals)	-188	-479	291	61%
Other (non-core) income	2 539	37	2 502	6708%
Other (non-core) expenses	-52	-1	-51	-5146%
Operating Result	**-64 477**	**-98 718**	**34 240**	**35%**
Insurance and similar income obtained	12	17	-6	-34%
Insurance and similar expenses supported	-30 622	-30 829	207	1%
Net Financial Result	**-30 610**	**-30 812**	**202**	**1%**
Profit Before Taxes	**-95 087**	**-129 529**	**34 442**	**27%**
Income tax for the period	-312	-1 103	790	
Net Result of the Period	**-95 399**	**-130 632**	**35 232**	**27%**

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

The Financial Result was -30.6 million euros, which was around the expected amount.

The investment amount made in 2020 reached 20.9 million euros, corresponding to an implementation rate of 40.4% regarding the initial budget.

The low level of implementation is justified by significant delays in the launching of some projects and the postponing of several supplies due to the impact of the COVID-19 pandemic. It should also be noted that the purchasing agreement of 22 railcars for the regional service, signed in 2020, awaits the approval of the Court of Auditors.

Total Investment Amount in Euros	Expected Annual Value	Paid-up Value	% Execution
Purchase of Rolling Stock	7 037 520,00 €	587 523,12 €	8,3%
Rolling Stock Modernisation *	33 015 364,00 €	16 660 424,33 €	50,5%
Own work capitalised	27 067 503,00 €	14 047 696,00 €	51,9%
Other Rolling Stock	5 947 861,00 €	2 612 728,33 €	43,9%
Fixed Facilities	3 451 649,00 €	2 172 069,38 €	62,9%
Equipment	5 383 267,00 €	820 031,62 €	15,2%
Commercial equipment	1 642 535,00 €	52 016,24 €	3,2%
Computerisation	1 259 148,00 €	636 504,91 €	50,6%
TOTAL	51 789 483	20 928 570	40,4%

*Includes Own Work Capitalised

Budget Implementation

In 2020, CP registered a revenue execution level of 68.7%, concerning the corrected budget, and 80.7% to the approved State Budget.

Budgetary Implementation of Revenue All sources		2020			
Economic	Name	Approved Budget (1)	Corrected Budget (2)	Collections (3)	Implementation Rate (4)=(3)/(2)
R.04	Fines Penalties	73 800,00 €	73 800,00 €	270 332,39 €	366,3%
R.05 / R.11	AT FIN SOC E QUA SOC	410 585,00 €	410 585,00 €	1 340 484,57 €	326,5%
R.07	Sale of Current Goods and Services	339 794 908,00 €	339 794 908,00 €	198 773 076,31 €	58,5%
R.08	Other Current Revenues	18 461 291,00 €	18 461 291,00 €	13 980 473,84 €	75,7%
R.06 / R.10	Transfers	106 215 099,00 €	106 215 099,00 €	96 405 489,86 €	90,8%
R.12.05	Financial Liabilities - Short Term Loan	0,00 €	104 700 000,00 €	104 699 999,97 €	100,0%
R.12.06	Financial Liabilities - Medium and Long Term Loan	0,00 €	32 000 000,00 €	32 000 000,00 €	100,0%
R.12.07	Financial Liabilities - Capital Endowment	129 503 142,00 €	65 943 142,00 €	0,00 €	0,0%
R.13 / R.15	Claims / Refunds not deducted in payments	0,00 €	0,00 €	1 471 995,22 €	
R.16	Management Balance	0,00 €	30 684 252,00 €	30 684 252,00 €	100,0%
	TOTAL	594 458 825,00 €	698 283 077,00 €	479 626 104,16 €	68,7%

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

Sale of goods and services (R.07)

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

In the execution of this section, the cash balance transferred from EMEF, following the merger by incorporation into CP, was 9 million euros.

Other current revenues (R.08)

The VAT reimbursement amount remained well below expectations due to budget constraints which made that a significant volume of expenditure was settled only by the end of the year.

Capital transfers (R.10)

Given that the purchase agreement of 22 railcars for the regional service awaits approval of the Court of Auditors, the co-financing transfer by the Environmental Fund of 5.1 million euros did not occur.

In the absence of a legal framework, the amount of investment support (1.8 million euros) was not transferred.

Current transfers (R.06)

During the year, the amount of the obligations of public service established in the RCM no.43/2020 was transferred. However, this amount remained below what was initially expected (1.3 million euros).

The protocol with the Regional Development Agency of Vale do Tua remains under Ministry appraisal.

Financial liabilities (R.12)

Contrary to expectations, in the absence of historical debt restructuration and given the needs arising from the decrease in revenue, due to the pandemic impact, CP had to resort to indebtedness.

- DGTF [Directorate-General of Treasury and Finance]

  A short-term loan of 29.6 million euros to finance the amortisation of the loan from EIB (European Investment Bank) guaranteed by the State;

  Loans in the amount of 2 million euros and of 73.1 million euros to meet the urgent financing needs concerning the company's operational expenses.

- National Banking

  A short-term credit line with BPI Bank for cash account support was negotiated at the value of 45 million euros, from which 32 million euros were used.

The DGTF loan of 2 million euros and the credit line of BPI Bank was amortised during the year.

Two more EUROFIMA loans, in the total amount of 100 million euros, were extended.

Expenditure recorded an execution of 64% of the available budget and 75.2% concerning the approved State Budget.

Budgetary Implementation of Expenses All sources		2020					
Economic	Name	Approved Budget (1)	Corrected Budget (2)	Withholdings (3)	Available Budget (4)=(2)-(3)	Payments (5)	Implementation Rate (6)=(5)/(4)
D.01	Personnel Expenses	150 000 000,00 €	161 364 953,00 €	0,00 €	161 364 953,00 €	139 620 560,31 €	86,5%
D.02	Purchase of goods and services	235 100 000,00 €	308 210 661,00 €	29 339,00 €	308 181 322,00 €	206 379 800,18 €	67,0%
D.10/D.03	Amortisations of loans/Interest and other charges	159 310 070,00 €	170 797 164,00 €	0,00 €	170 797 164,00 €	88 349 079,26 €	51,7%
D.07	Purchase of capital assets	33 500 000,00 €	37 773 165,00 €	0,00 €	37 773 165,00 €	7 610 562,51 €	20,1%
D.04/D.06/D.0	Remaining amount	16 514 095,00 €	20 073 041,00 €	0,00 €	20 073 041,00 €	4 888 217,98 €	24,4%
	TOTAL	594 424 165,00 €	698 218 984,00 €	29 339,00 €	698 189 645,00 €	446 848 220,24 €	64,0%

During the year, an authorisation for the use of the 2019 management balance, in the amount of 30.7 million euros, was granted.

In the last days of the year, the liberation of the company's budgeted funds was authorised, except for source 540.

The adjusted budget is influenced by the many changes of the financial sources that occurred throughout the year because of the strong downturn of own revenues due to the impact of the pandemic.

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.

Also, the impact of the supporting mechanisms made available by the State during the pandemic must be taken into consideration.

Purchase of goods and services (D.02)

Due to the pandemic and the organic restructuration made following the merger by incorporation of EMEF into CP, delays on the concretisation of some purchase procedures were verified, as well as on the execution of deliveries by suppliers.

On the other hand, the difficulty in the company's stabilisation of its financing framework, in front of the strong fall of its revenues, and the fact that the liberation of budgeted findings of this section was only obtained in the last days of the year, it originated a transition of several purchase procedures for 2021.

Investments (D.07)

A significant delay in the launching of some projects was verified, and the postponing of several supplies due to the impact of the COVID-19 pandemic.

The purchase agreement of 22 railcars for the regional service, signed in 2020, had no financial settlement since it awaits the approval of the Court of Auditors.

Financial liabilities (D.10)

Two more EUROFIMA loans in the total amount of 100 million euros were extended.

An amortisation of two short-term loans was registered, in the amount of 2 million euros (DGTF) and of 32 million euros (BPI Bank), contracted during the year to address the urgent financial needs.

Financial Risk Management

The financial costs continued their declining trend, resulting in the average value reduction of the remunerated debt. The increased weight corresponding to the fixed rate loans justifies the increase of the average financial rate.

Years	2020	2019	2018	2017	2016
Payable Interest and Similar Expenses	30 622 455,91 €	55 776 721,60 €	68 303 617,82 €	76 570 728,96 €	88 330 671,50 €
Average Rate of Funding (%)	2,7%	2,4%	2,6%	2,7%	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 2020.

Limit of the Indebtedness Growth

The remunerated debt of December 31st, 2020, suffered and increase compared to the end of the previous year. This increase was justified by the need of a DGTF loan to alleviate the urgent financial needs related to the company's operational expenditures.

CP did not benefit from any capital increase in 2020.

The adjusted indebtedness amount has an increase of 1.1%.

Change in Indebtedness (execution)	2020	2019	Change 20/19	
	Amounts (€)		Amount	%
Remunerated Financing (Current and Non-Current)	2 132 106 150,44 €	2 066 651 730,97 €	65 454 419,47 €	3%
Subscribed capital	3 959 489 351,01 €	3 959 489 351,01 €	0,00 €	0%
Capital increases by endowment (*)	0,00 €	28 489 351,00 €	-28 489 351,00 €	-100%
New investment in 2020 (with material expression)	0,00 €	0,00 €	0,00 €	s/s

Change in indebtedness	1,1%

Note: 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.

(*) CP received in 2019, €518,616,538 as part of a capital redistribution operation for the payment of the bond loan of 500 M€ (amortisation and financial expenses).

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 the subchapter "Financing" of the chapter "Financial and Economic Analysis" it is possible to obtain additional information regarding the financial management during 2020.

Average Time for Payment

As of December 31st, 2020, CP did not present any arrears for reasons that it may have been held liable for, as shown in the table below:

Matured Debts	Amount (€)	Matured debts in accordance with Art. 1 of Decree-law 65-A/2011 (€)			
	0-90 dias	90-120 days	120-240 days	240-360 days	>360 days
Purchase of Goods and Services	23 166 683,73 €	0,00 €	0,00 €	0,00 €	0,00 €
Purchase of Capital	0,00 €	0,00 €	0,00 €	0,00 €	0
TOTAL	23 166 683,73 €	0,00 €	0,00 €	0,00 €	0,00 €

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 20-19	
Quarter	2020	2019	Amount	%
1º	34	18	16	88,9%
2º	53	19	34	178,9%
3º	60	21	39	185,7%
4º	57	26	31	119,2%

Comparing the number of days, referring to the Average Time for Payment of the 4th quarter of 2020, to the homologous period, an increase of 31 days was verified, which is explained by the revenue fall arising from the impact of COVID-19 pandemic and the difficulties in obtaining guidance towards financing possibilities.

SHAREHOLDER RECOMMENDATIONS ISSUED WHEN THE 2019 ACCOUNTS WERE APPROVED

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

Remunerations

Wage Reduction Measures

In 2020, under Law no. 02/2020 of March 31st, which approved the State Budget for 2020, the 5% reduction in the gross fixed monthly salary of the members from the Board of Directors was maintained (see article 12 of Law no. 12-A/2010 of June 30th).

Board of Directors' Remunerations

Term of Office	Position	Name	Appointment		OPRLO [Option for remuneration in the place of origin]			Number of Officer
Start-End			Method	Date	Yes/No	Originating Entity	Paying entity (F/T)	
19-07-2019 a 31-12-2021	President	Nuno Pinho da Cruz Leite de Freitas	Council of Ministers Resolution no. 118/2019	24-07-2019 (*)	N	-	CP	1
19-07-2019 a 31-12-2021	Vice-President	Pedro Miguel Sousa Pereira Guedes Moreira	Council of Ministers Resolution no. 118/2019	24-07-2019 (*)	N	-	CP	1
19-07-2019 a 31-12-2021	Voting Member	Ana Maria dos Santos Malhó	Council of Ministers Resolution no. 118/2019	24-07-2019 (*)	N	-	CP	2
19-07-2019 a 31-12-2021	Voting Member	Maria Isabel de Magalhães Ribeiro	Council of Ministers Resolution no. 118/2019	24-07-2019 (*)	N	-	CP	1
19-07-2019 a 31-12-2021	Voting Member	Pedro Manuel Franco Ribeiro	Council of Ministers Resolution no. 118/2019	24-07-2019 (*)	N	-	CP	1

Caption:

O/D - Origin/destination

(*) with effect from July 19th, 2019

Member of the Board of Directors	Accumulation of Tasks - 2020			
	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 Ribe	SIMEF	President of the Board of Directors (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.

C.A. - Board of Directors

Member of the Board of Directors	Public Manager Statute		Gross Monthly Pay (€)	
	Fixed (Y/N)	Classification (A,B,C)	Salary	Representation Expenses
Nuno Pinho da Cruz Leite de Freitas	S	A	5 722,75 €	2 289,10 €
Pedro Miguel Sousa Pereira Guedes Moreira	S	A	5 150,48 €	2 060,19 €
Ana Maria dos Santos Malhó	S	A	4 578,20 €	1 831,28 €
Maria Isabel de Magalhães Ribeiro	S	A	4 578,20 €	1 831,28 €
Pedro Manuel Franco Ribeiro	S	A	4 578,20 €	1 831,28 €

Member of the Board of Directors	Annual Remuneration 2020 (€)					
	Fixed (1)	Variable (2)	Settlement of 13M and 14M maturity 2019 (3)	Gross Amount (4)=(1)+(2)+(3)	Pay cuts (5)	Final Gross Amount (6)=(4)-(5)
Nuno Pinho da Cruz Leite de Freitas	107 587,70 €	0,00 €	2 174,64 €	109 762,34 €	5 379,48 €	104 382,86 €
Pedro Miguel Sousa Pereira Guedes Moreira	96 829,00 €	0,00 €	-524,28 €	96 304,72 €	4 841,40 €	91 463,32 €
Ana Maria dos Santos Malhó	86 070,16 €	0,00 €	0,00 €	86 070,16 €	4 303,46 €	81 766,70 €
Maria Isabel de Magalhães Ribeiro	86 070,16 €	0,00 €	189,14 €	86 259,30 €	4 303,46 €	81 955,84 €
Pedro Manuel Franco Ribeiro	86 070,16 €	0,00 €	-53,33 €	86 016,83 €	4 303,46 €	81 713,37 €
			TOTAL	464 413,35 €	23 131,26 €	441 282,09 €

(1) Salary + Representation Expenses

(3) Adjustment amounts for 2019, year of beginning of term of office, concerning the due amounts of 13th and 14th month's salary pro rata

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

Member of the Board of Directors	Social Benefits (€)							
	Meal Allowance Amount		Social Protection 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 €	1 923,82 €	Social Security	24 952,71 €	--	350,55 €	Personal Accidents Insurance	5,11 €
Pedro Miguel Sousa Pereira Guedes Moreira	7,60 €	1 923,82 €	Social Security	21 722,56 €	--	350,55 €	Personal Accidents Insurance	5,11 €
Ana Maria dos Santos Malhó	7,60 €	1 923,82 €	Social Security	19 419,60 €	--	350,55 €	Personal Accidents Insurance	5,11 €
Maria Isabel de Magalhães Ribeiro	7,60 €	1 923,82 €	Social Security	19 464,52 €	--	350,55 €	Personal Accidents Insurance	5,11 €
Pedro Manuel Franco Ribeiro	7,60 €	1 923,82 €	Social Security	19 406,93 €	--	350,55 €	Personal Accidents Insurance	5,11 €
TOTAL		9 619,10 €		104 966,32 €		1 752,75 €		25,57 €

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).

Member of the Board of Directors	Vehicle related costs - 2020 (amounts with VAT included)								
	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
Nuno Pinho da Cruz Leite de Freitas	Y	N	32 500,07 €	Long-term Lease	2018	2022	714,18 €	8 570,16 €	23
Pedro Miguel Sousa Pereira Guedes Moreira	Y	N	27 108,08 €	Long-term Lease	2018	2022	581,13 €	6 973,56 €	23
Ana Maria dos Santos Malhó	Y	N	28 069,23 €	Long-term Lease	2018	2022	605,83 €	7 269,96 €	24
Maria Isabel de Magalhães Ribeiro	Y	N	11 369,39 €	Operational Lease	2017	2021	277,91 €	3 334,92 €	4
Pedro Manuel Franco Ribeiro	Y	N	11 369,39 €	Operational Lease	2017	2021	277,90 €	3 334,80 €	4

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	154,21 €	862,75 €	62,55 €	Meals + Taxi	348,91 €	1 428,42 €
Pedro Miguel Sousa Pereira Guedes Moreira	0,00 €	547,25 €	0,00 €	Meals	198,55 €	745,80 €
Ana Maria dos Santos Malhó	0,00 €	568,05 €	0,00 €	Meals	296,90 €	864,95 €
Maria Isabel de Magalhães Ribeiro	0,00 €	714,45 €	0,00 €	Meals	151,37 €	865,82 €
Pedro Manuel Franco Ribeiro	0,00 €	2 074,00 €	0,00 €	Meals + zaping card + taxi	457,99 €	2 531,99 €
TOTAL		4 766,50 €				6 436,97 €

Inspection

Supervisory Board

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

(*) Amounts indicated in the Appointment Order

Member of the Supervisory Body	2020 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 €
Total	56 083,02 €	0,00 €	56 083,02 €

Certified Public Accountant

Term of Office	Position	Audit Firm/Certified Public Accountant Identification			Appointment			No. of years in office in the group	No. of years in office in the company
Start-End		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 w/o 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	7	7
01-08-2014 to 31-12-2015 (*)	Certified Public Accountant	Dr. Joaquim Oliveira de Jesus	1 056	20 160 668				7	7

(*) Remaining in office up to this date and until they are replaced

Name of the 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, represented by Dr. Joaquim Oliveira de Jesus	21 500,04 €	0,00 €	21 500,04 €	N.A.	N.A.	N.A.	N.A.
Total	21 500,04 €	0,00 €	21 500,04 €	N.A.	N.A.	N.A.	N.A.

External Auditor

Audit Firm/Certified Public Accountant Identification			Appointment		No. of years in office in the group	No. of years in office in the company
Name	Registration no. in the Portuguese Certified Public Accountant Association	Registration no. in the Portuguese Securities Market Commission	Date	Duration		
Ribeiro, Rigueira, Marques, Roseiro & Associados, SROC, Lda	197	20 161 495	11-08-2020	1 year	7	7
Represented by: Joaquim Eduardo Pinto Ribeiro	1 015	20 160 630	11-08-2020	1 year	7	7

Name of the External Auditor	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)
Ribeiro, Rigueira, Marques, Roseiro & Associados, SROC, Lda	21 500,00 €	N.A.	21 500,00 €	N.A.	N.A.	N.A.	N.A.

Note: the amount of the 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.

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 27th, in the wording of Decree-Law no. 8/2012 from January 18th, Amendment no. 2/2012 from January 25th and Decree-law no. 39/2016 from July 28th), 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 25th (2nd series of the Portuguese Official Gazette), of the Secretary of State of Treasury and Finance, is limited to €80.00 per month.

Member of the Board of Directors	Communications Expenses (€)	
	Monthly Limit	Annual Amount
Nuno Pinho da Cruz Leite de Freitas	80	236
Pedro Miguel Sousa Pereira Guedes Morei	80	68
Ana Maria dos Santos Malhó	80	256
Maria Isabel de Magalhães Ribeiro	80	400
Pedro Manuel Franco Ribeiro	80	405
TOTAL		1 366

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	1/4 representation expenses	1 710,29 €	1 302,75 €	3 013,04 €
Pedro Miguel Sousa Pereira Guedes Moreira		1 236,51 €	915,40 €	2 151,91 €
Ana Maria dos Santos Malhó		1 054,25 €	431,45 €	1 485,70 €
Maria Isabel de Magalhães Ribeiro		1 016,98 €	1 146,44 €	2 163,42 €
Pedro Manuel Franco Ribeiro		573,94 €	185,71 €	759,65 €
			TOTAL	9 573,72 €

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

Annual Report on Corruption Prevention

This information is available at the following website:

https://www.cp.pt/StaticFiles/Institucional/1_a_empresa/2_principios_bom_governo/identificacao-infracao-penal.pdf

Public Contracting

The proceedings adopted by the company about contracting are governed by the Public Contracts Code (CCP), approved by Decree-Law no. 18/2008 from January 29th and its amendments, having been considered contracting authority of the special transportation sector.

CP resorts to public and limited contests in the proceedings related to the acquisition of goods and services, upon previous qualification or consultation to several entities. The company has had a Regulation on the Leasing and Purchasing of Movable Property and the Purchase of Services and Construction Works since May 2014 – last updated in 2020 – and publishes a Regulation on Purchases on the following web*site*:

https://www.cp.pt/StaticFiles/Institucional/1_a_empresa/2_principios_bom_governo/compras.pdf

In 2020, the Purchase Agreement of 12 Bi-Mode Unities and 10 Electric Railcars was submitted to prior approval to the Court of Auditors for surpassing the overall cumulative amount of 5.000.000 euros, being the total amount of €158.140.672.

National Public Purchasing System (SNCP)

CP has concluded, 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 contract 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 (Amounts in Euros)	**2020 Budget**	**2020 Implement.**	**2019 Implement.**	**2018 Implement.**	**2020/2019**	
					Δ Absol.	**Change %**
(0) EBITDA	-45 112 260,27 €	-4 121 068,29 €	48 124 124,60 €	9 488 456,00 €	-52 245 192,89 €	-109%
(1) Sold commodities and consumed materials costs	39 814 120,01 €	22 695 541,31 €	6 287 643,25 €	5 881 459,00 €	16 407 898,06 €	261%
(2) External services and supplies	145 494 278,01 €	131 145 167,41 €	175 203 485,85 €	163 428 859,00 €	-44 058 318,44 €	-25%
(3) Personnel expenses	148 886 490,16 €	138 845 084,78 €	109 014 542,46 €	105 613 535,00 €	29 830 542,32 €	27%
(3.i) Severance payments	557 501,06 €	139 335,22 €	1 289 531,64 €	1 006 239,00 €	-1 150 196,42 €	-89%
(3.ii) Remunerations	0,00 €	0,00 €	0,00 €	0,00 €	0,00 €	-
(3.iii) Impact of the application of the collective labour regulation instruments (IRCT) **(a)**	5 416 623,00 €	5 044 186,40 €	0,00 €	0,00 €	5 044 186,40 €	-
(4) Personnel expenses for the purpose of operational clearance (3-3.1-3.ii-3.iii)	142 912 366,10 €	133 661 563,16 €	107 725 010,82 €	104 607 296,00 €	25 936 552,34 €	24%
(5) Impacts of pandemic by COVID-19 on Operating Expenses (Sold commodities and consumed materials costs, External services and supplies and Personnel Expenses) **(b)**	0,00 €	707 194,98 €	0,00 €	0,00 €	707 194,98 €	-
(6) Operating Expenses for the purpose of calculating operational efficiency (1)+(2)+(4)-(5)	328 220 764,12 €	286 795 076,90 €	289 216 139,92 €	273 917 614,00 €	-2 421 063,02 €	-1%
(7) Turnover **(c)**	161 914 456,38 €	171 333 640,71 €	280 719 728,86 €	266 636 102,38 €	-109 386 088,15 €	-39%
(7.1) Loss of revenue due to the COVID-19 pandemic (+) (b)	147 822 510,32 €	138 403 325,99 €	0,00 €	0,00 €	138 403 325,99 €	-
(7.2) Own work capitalised	27 067 503,07 €	14 047 695,52 €	0,00 €	0,00 €	14 047 695,52 €	-
(8) Turnover for operational efficiency calculation purposes (7+7.1+7.2)	336 804 469,76 €	323 784 662,22 €	280 719 728,86 €	266 636 102,38 €	43 064 933,36 €	15%
(9) Influence of Expenses/Turnover = (6)/(8)	97,5%	88,6%	103,0%	102,7%	-14,5p.p.	-
(i) Travel and Accommodation Expenses (FSE)	2 407 200,00 €	2 576 668,88 €	5 730 052,22 €	5 884 400,72 €	-3 153 383,34 €	-55%
(ii) Expenses regarding Allowances and Accommodation (Personnel Expenses)	3 727 370,48 €	3 757 784,00 €	4 194 445,44 €	4 213 018,27 €	-436 661,44 €	-10%
(iii) Expenses regarding vehicles **(d)**	562 635,01 €	476 988,58 €	269 446,78 €	271 081,05 €	207 541,80 €	77%
(10) Total = (i) + (ii) + (iii)	6 697 205,49 €	6 811 441,46 €	10 193 944,44 €	10 368 500,04 €	-3 382 502,98 €	-33%
(11) Expenses regarding studies, assessments, projects and consultancy	2 133 393,33 €	1 814 409,44 €	483 170,57 €	422 527,85 €	1 331 238,87 €	276%
Total Human Resources Staff (Governing Bodies + Leading Positions + Employees) **(e)**	3 739	3 710	2 634	2 680	1 076	41%
No. of Governing Bodies **(e)**	8	8	7	6	1	14%
No. of Leading Positions **(e)**	22	22	22	20	0	0%
No. of Employees (w/o Governing Bodies and w/o Leading Positions) **(e)**	3 709	3 680	2 605	2 654	1 075	41%
No. of Employees/No. Leading Positions **(e)**	169	167	118	133	49	42%
No. of Vehicles	116	116	48	48	68	142%

(a) The impact of the last revision of 2019/2020 to the EAs has been considered
(b) In accordance with the reported budget implementation.
(c) Excluding operating subsidies and compensatory allowances.
(d) Includes rents/amortisations, inspections, insurance, tolls, fuel, maintenance, repairs, tyres, fees and taxes.
(e) Average effective staff.

In 2020, CP registered a recurrent EBITDA of -4.1 million euros, which represented a decrease of 52.2 million euros compared to the previous year, but which was 41 million euros better than the revised prevision (already taking the pandemic into consideration).

The variation compared to the previous year had the fundamental contribution of the registered downturn in terms of services provided, in the amount of 109.4 million euros, arising from and generated by the COVID-19 pandemic, even though it was partially compensated by the increase of the obtained revenue grants, in the amount of 48.1 million euros, after approval of the Public Service Agreement by the Court of Accounts .

Due to the merger by incorporation of EMEF into CP and the consequent integration of the maintenance and repair activities of rolling stock, an increase was registered in the personnel expenses, in the costs of sales, with compensation on the reduction of supplies and external services and of own work capitalised (ou constructions in progress).

Thus, despite the main sections of costs showing an increase compared to 2019, considering the number of works for the entity itself, a positive variation of the results compared to the previous two years can be observed.

This positive variation is justified by the decrease of variable costs, in line with service supply reduction compared to the previous two years, and by the constraints arising from the pandemic which resulted in the postponing of several projects and delivery of suppliers.

The influence of the main expenses (cost of goods sold (Sold commodities and consumed materials costs) + External Services and Supplies + Personnel without allowances for contract's termination, valuation of remuneration and the application of collective labour regulation instruments) in turnover (without operating subsidies and financial compensation for public service obligations) was 155.1% in 2020.

Excluding the impact of the COVID-19 pandemic, both in terms of increased expenses for combatting and mitigating the pandemic, as well as revenue shortfall, the ratio was 88.6%, which represented an improvement compared to what was planned and to 2019.

Travel expenses, daily allowances, accommodation, and car fleet charges decreased compared to 2019 and were in line with the expected. It should be noted that in 2020, there was an accounting reclassification of personnel expenses related with operating staff commuting (recognised in 2019 in travel and accommodation).

It is Company's policy to minimise the use of external service providers. In this regard, CP only resorts to external hiring in exceptional situations – duly justified – and provided that the impossibility of meeting needs through its own resources has been sufficiently proved.

Due to the adopted containment measures and the legal requirements to hire such types of services, the volume of specialised work hired in 2020 was lower than expected. However, an increase compared to the previous year was registered, and this is justified, namely, by the incorporation of the maintenance and repair activities of rolling stock, and by the expenses arising from the merger consultancy support and the elaboration of a study for the financial restructuring of historic debt.

Procurement of Studies

CP complied with the procedure referred to in Article 49 of Decree-Law No. 84/2019 of June 28th, 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 2020, CP requested an opinion regarding seven processes that legally fit such needs.

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, bank loans, bank guarantees that cannot be replaced by secured deposits and safekeeping securities of affiliated companies.

The IGCP order of November 23rd, 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.

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 2020:

IGCP	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Cash and cash equivalents	24 864 151,89 €	1 566 848,00 €	10 270 047,02 €	31 493 422,13 €
Financial investments	0,00 €	0,00 €	0,00 €	0,00 €
Total	**24 864 151,89 €**	**1 566 848,00 €**	**10 270 047,02 €**	**31 493 422,13 €**

Commercial Banking	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
BPI	653 150,93 €	943 576,76 €	1 136 468,63 €	841 297,62 €
CGD	1 053,88 €	1 006,19 €	994,50 €	964,81 €
Millennium BCP	71 500,20 €	70 846,18 €	70 186,79 €	69 677,40 €
Total	**725 705,01 €**	**1 015 429,13 €**	**1 207 649,92 €**	**911 939,83 €**
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 (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 (cig@cig.gov.pt)

Assunto: Plano para a Igualdade de Género CP_ 2021

Non-Financial Reporting

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

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	30-03-2021	
Company Characterisation	Y	30-03-2021	
Governing authority and shareholder	Y	30-03-2021	
Governance Model / Members of the Governing Body:	Y	30-03-2021	
Identification of the Governing Body	Y	30-03-2021	
Established remuneration statute	Y	30-03-2021	
Disclosure of the Governing Body's Remunerations	Y	30-03-2021	
Identification of tasks and responsibilities of the members of the Board of Directors	Y	30-03-2021	
Presentation of the Governing Body's curricular summaries	Y	30-03-2021	
Public Financial Effort	Y	30-03-2021	
Summary Sheet	Y	30-03-2021	
Historical and Current Financial Information	Y	30-03-2021	With reference to the 2015 Approved Accounts
Good Governance Principle	Y	30-03-2021	
Internal and External Regulations that the company is subject to	Y	30-03-2021	
Relevant Transactions with related entities	Y	30-03-2021	
Other transactions	Y	30-03-2021	
Sustainability analysis in the areas:	Y	30-03-2021	
Economical	Y	30-03-2021	
Social	Y	30-03-2021	
Environmental	Y	30-03-2021	
Assessment of compliance with the Good Governance Principle	Y	30-03-2021	
Ethical Code	Y	30-03-2021	

FINANCIAL AND ECONOMIC ANALYSIS

08

FINANCIAL AND ECONOMIC ANALYSIS

Our Accounts Explained

Introductory Remarks

Applicable Legislation

The financial statements of CP – Comboios de Portugal, EPE, referring to December 2020, were prepared in accordance with the Accounting Normalization System, following the exemption system applicable of SNC-AP, provided for in Article 350 (2) of Law no. 75-B/2020.

CP - EMEF Merger

On January 1st, 2020, the merger by incorporation of EMEF – *Empresa de Manutenção de Equipamentos Ferroviários* [Railway Equipment Maintenance Company] in CP took place, as provided for in the Decree-Law no. 174/2019-B, published on December 26th, 2019. Thus, CP succeeded in all legal and contractual rights and obligations of EMEF. In these circumstances, the individual financial statements now presented include the activity previously developed by EMEF referring to 2020, even though this does not happen when it comes to the year 2019[3], as a comparison.

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

Operating Account

Net Result

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

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

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

This variation is mainly due to the registered downturn in the services provided in the pandemics context, in the amount of 109.4 million euros, even though it was partially compensated by the increase of the obtained operating subsidies of 48.1 million euros, after approval of the Court of Auditors of the Public Service Agreement. It is also to mention the improvement of the Financial Result in 24.6 million euros.

Due to the merger by incorporation of EMEF into CP, and the consequent integration of the maintenance and repair of rolling stock activities, there was an increase in Employee Benefit Expenses (without termination of contract allowances), and of the costs of goods sold and the consumed materials as well as the reduction of supplies and external services.

OPERATING RESULT OF THE PASSENGER TRANSPORTATION ACTIVITY (EBITDA)

In 2020, the EBITDA recurring of the transport and maintenance activities were -4.1 million euros, which represented a decrease of around 52.2 million euros compared to the previous year. This evolution was essentially due to the following changes:

- Decrease of the services provided in 109.4 million euros, arising mainly from the shortfall of 123.7 million euros regarding the passenger transport services, due to the COVID-19 pandemic situation. This impact was partially compensated by the integration of the maintenance and repair services into CP, which generated sales of 15.5 million euros;
- Increase of employee benefit expenses (without contract termination allowances), of 31 million euros, by not only the integration of the EMEF workers into CP's staff, but also due to the implementation of the Company Agreements signed with the Labour Unions and the staff change;
- Increase of the sold goods and consumed materials expenses, in 16.4 million euros, as a result of the Company having assumed the maintenance and repair activities, following the merger by incorporation of EMEF into CP;
- Decrease of other revenues, in 3.2 million euros, mainly justified by the reduction of leased buildings revenues. As a result of the above-mentioned merger CP stopped invoicing EMEF regarding the use of the leased spaces, namely workshops;
- Increase of other expenses, in 2.4 million euros, which include the invoicing of IP's workers transportation (as a result of the new agreement between CP and IP), of compensation for material damages related with an accident occurred in Spain, and of contractual penalties resulting from non-compliance situations related with the maintenance and repair service agreement to external entities;
- Increase of operating subsidies in 48.1 million euros, following the Public Service Obligations Agreement's approval by the Court of Auditors and of the receipt of the respective financial compensation;
- Decrease of supplies and external services in 44.1 million euros, mainly arising from:
    - Incorporation of the rolling stock maintenance and repair activities into CP, due to the merger with EMEF - which is responsible for the reduction, by around 39.4 million euros of the costs incurred with the outsourcing of the maintenance and repair services, even if partially compensated by the emergence of new expenditures items resulting from the maintenance activity, in particular subcontracts - industrial component, with associated costs of 8.5 million euros;
    - Adjustment of the services provided in virtue of the COVID-19 pandemic situation – originating, among others, costs reduction with the facility usage rate of 6.4 million euros, electricity in 4 million euros, with the agreement CP-RENF in 3.5 million euros and with the on-board catering service in 1.3 million euros;
- Registry of activities for the entity itself (own work capitalised), of 14 million euros, and change in inventory production, of 4 million euros, as a result of the integration of rolling stock maintenance and repair activities.

Operating Income

The *Operating Income* in 2020, was of -64,5 million euros, representing a worsening of 68,9 million Euros, comparing with the previous year (4,4 million euros). Apart from the aforementioned reasons for the recurrent EBITDA, the following were the main facts which contributed to this evolution:

- Decrease of G*ains Attributed to Subsidiaries, Associated Companies and Joint Ventures* by 8 million euros, mainly due to the merger by incorporation of EMEF into CP, which ceased gains recognition resulting from the application of the equity method to the participation previously held in that entity;
- Increase in *depreciation and amortisation costs*, by 6,3 million euros, as a result of the integration of EMEF's assets into CP, as well as the reclassification of some rolling stock from *non-current assets held for sale* to *tangible fixed assets*, following their reallocation to commercial activity, with the consequent recognition of depreciation for the time elapsed since their classification as *non-current assets held for sale*. This effect is partially offset by the reversal of the *impairment of non-depreciable / amortisable investments* recorded in the period;
- Increase in *inventory impairments*, by 4,8 million euros, following the integration the inventories held by EMEF and the adjustment of the criteria for recognition of inventory impairments;
- Increase in *impairments of debts receivable*, by 2,9 million euros, in accordance with the adjustments considered pertinent considering the age of the debts and the expectation of receiving them;
- Unfavourable variation in the *provisions* heading, by 1,8 million euros. It should be noted that, in 2019, the provision set up to cover accumulated losses of Fernave (resulting from the capital redistribution operation of this company, which occurred at the end of the year) was reversed. In 2020, there is only an adjustment to the provisions set up to cover liabilities for ongoing legal proceedings and work accident pensions (according to an actuarial study carried out by an external entity);
- Reduction in *impairment of non-depreciable / amortisable investments*, by about 4 million euros, as a result, namely and as mentioned above, of the reclassification of rolling stock from non-current assets held for sale to tangible fixed assets, due to its reallocation to commercial activity;
- Decrease of the *expenses with exchange rate differences*, by 1,2 million euros, corresponding essentially to the participation subscribed, but not paid, in Swiss francs, in Eurofima;
- Reduction in *Compensation for termination of employment costs* of 1,2 million euros.

Financial Result

The *Financial Result* in 2020 was negative at 30,6 million euros, with an improvement of about 24,6 million Euros (+45%) compared to 2019. The decrease in the company's remunerated debt mainly contributed to such evolution.

Balance Sheet

HEADINGS (amounts in thousands of euros)	PERIOD		Change 2020/2019	
	31-12-2020	31-12-2019	Amount	%
ASSET				
Non-Current Asset	441 399	513 304	-71 905	-14%
Current Asset	91 516	60 744	30 772	51%
Total Asset	**532 915**	**574 048**	**-41 133**	**-7%**
EQUITY AND LIABILITY				
Equity including:	-1 778 677	-1 672 673	-106 004	-6%
Net Result of the period	-95 399	-51 578	-43 821	-85%
Total Equity	**-1 778 677**	**-1 672 673**	**-106 004**	**-6%**
LIABILITY				
Non-Current Liability	396 197	799 707	-403 510	-50%
Current Liability	1 915 395	1 447 014	468 381	32%
Total Liability	**2 311 592**	**2 246 721**	**64 871**	**3%**
Total Equity + Liability	**532 915**	**574 048**	**-41 133**	**-7%**

Assets

In 2020, CP's *Assets* decreased about 41.1 million euros, and the following impacts are the most significant:

- *Fixed tangible assets* decreased by 28.7 million euros, due to the depreciation of these assets not being offset by the investment nor by the integration of EMEF's assets into CP;
- *Financial holdings – Equity method* decreased by 43.4 million euros, namely arising from the cancellation of EMEF's shareholding against the assets and liabilities transferred to CP as a result of the merger. The equity method was applied to the remaining shareholdings held by CP, although this had a residual impact compared to the recorded variation;
- A 32.7 million euros increase in *inventories*, as a result of the incorporation of EMEF's inventories into CP following the merger process;
- Decrease in the balance of *customers and other receivables* by 0.8 million euros. The company continued its efforts in order to ensure the receipt of the amounts owed. Impairment was recorded for the IMT debt relating to contributions not yet received for social passes (sub-23, 4-18 and social +), due to lack of expectation of receiving the amount;
- Decrease in the balance of the *State and other public entities* by 1.6 million euros, due to the reduction of VAT to be recovered and the VAT refunds requested;
- Decrease in *non-current assets held for sale*, by 1.7 million euros, as a result of the reclassification of some rolling stock from *non-current assets held for sale* to *tangible fixed assets*, due to its reallocation to commercial activity;
- The balance of *cash and bank deposits* increased in 2.1 million euros.

Equity

In 2020, there were no operations of increase or redistribution of the company's capital.

The registered variations in the company's equity resulted from the following transactions:

- Transfer of the 2019 *net* loss *result*, to *retained earnings*;
- 2020 *Net Income*;
- Decrease in the heading adjustments / *other changes in equity*, as a result of the allocation of investment subsidies received, 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 64,9 million euros in 2020, and the following impacts are the most significant:

- Increase of 1.4 million euros in *provisions* essentially due to the transfer to CP of the provisions set aside by EMEF, following the merger process. It should be noted that, in 2020, the increase in the provisions constituted for the purpose of covering liabilities for ongoing legal proceedings and occupational accident pensions (according to an actuarial study carried out by an external entity) was residual;
- Increase in *financial debt* of around 65 million euros, as a result of loan borrowed from DGTF of 73.1 million euros, with the aim of mitigating urgent liquidity needs, related to the company's operating expenses, and the repayment of an EIB loan of 8,1 million euros;
- Decrease in the balance of *suppliers and other payables* by 2.1 million euros.

Financing

In March 2020, CP contracted with the Portuguese State a short-term loan, amounting to 29,6 million euros, to finance the repayment of an EIB loan guaranteed by the State.

In June, a new loan between CP and the Portuguese State, in the amount of 2 million euros, was undertaken with the purpose of mitigating urgent financing needs regarding the company's operating expenses. This loan was repaid at the end of 2020.

At the end of June 2020, following the approval by the Court of Auditors, of the Public Service Obligations Agreement, CP began to receive the stipulated amount of financial compensation on a monthly basis.

During the month of July, with the authorisation of the Portuguese State, the company formalised a short-term credit line with Banco BPI, in the amount of 45 million euros, to support its treasury. This credit line was repaid during the year 2020.

Also in July, the company negotiated a one-year extension to the maturity of two Eurofima loans totalling 100 million euros.

In September 2020, CP made a partial repayment of three EIB loans totalling 8.1 million euros.

Finally, in December, CP signed a new loan with the Portuguese State for 73.1 million euros, with the aim of mitigating urgent financing needs regarding the company's operating expenses.

Remunerated Debt

CP's remunerated debt on December 31st, 2020, was approximately 2.132 billion euros, 65 million euros more than at the end of 2019, with the following breakdown by funding sources:

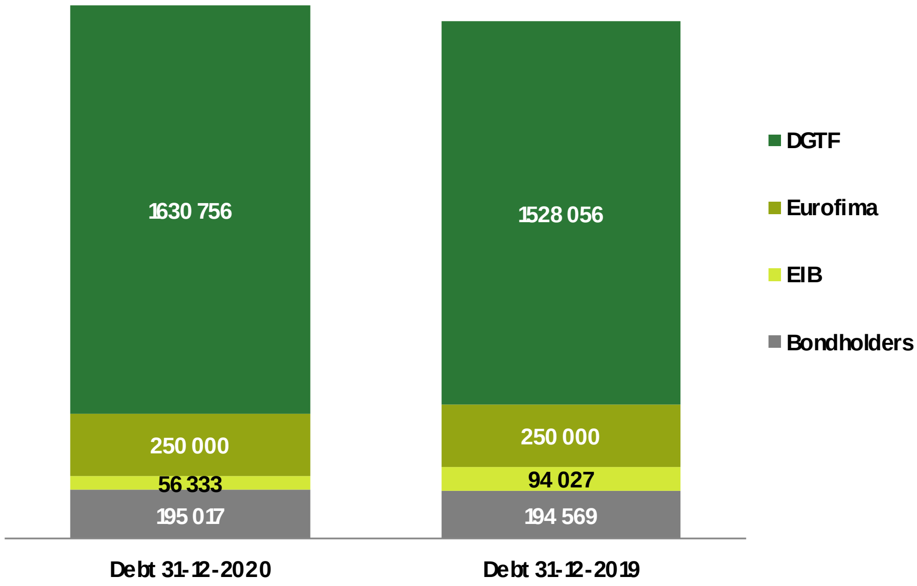
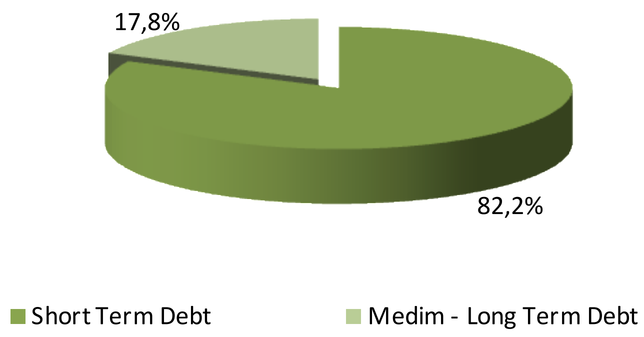


Chart 8 –Remunerated debt by financing sources in 2019 and 2020.

The increase in financial debt results from the contracting of a loan with the DGTF for 73,1 million euros and the amortisation of the EIB loan for 8,1 million euros.

The extension of two Eurofima loans totalling 100 euros million and the contracting of a DGTF loan of 29,6 million euros to repay an EIB loan had no impact on the overall value of the company's debt.

The following graphic illustrates the breakdown of the debt structure by maturity:



The relevance of the weight of short-term debt in the structure results, fundamentally, from the successive extension of the maturity of the State loans.

2020 Report and Accounts

PERSPECTIVES FOR 2021

09

PERSPECTIVES FOR 2021

The Future we foresee

Perspectives for 2021

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

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

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

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RELEVANT FACTS AFTER THE END OF THE FINANCIAL YEAR

The following events should be noted:

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

- We are not aware of any situation that should be reflected in the financial statements on December 31st, 2020, because of the pandemic scenario. The assumption of continuity of operations is not called into question.

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

PROPOSAL OF APPLICATION OF RESULTS

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In accordance with the provisions in force, it is proposed that the Net Results for the Financial Year – a deficit of 95,399,259 euros – are transferred to the Retained Earnings account.

Lisbon, June 15th, 2021

The Board of Directors

President: Nuno Pinho da Cruz Leite de Freitas

Vice-president: Pedro Miguel Sousa Pereira Guedes Moreira

Voting Member: Ana Maria dos Santos Malhó

Voting Member: Maria Isabel de Magalhães Ribeiro

Voting Member: Pedro Manuel Franco Ribeiro

2020 Report and Accounts

FINANCIAL STATEMENTS

Individual balance sheet

Period ended on December 31, 2020 **Amounts in Euros**

HEADINGS	NOTES	PERIODS 31-dez-20	PERIODS 31-dez-19
ASSET			
Non-current asset			
Tangible fixed assets	9	408 935 865	437 657 524
Intangible assets	8	139 047	-
Financial holdings - equity method	12	4 420 702	47 840 731
Other financial investments	13	27 903 237	27 805 285
		441 398 851	**513 303 540**
Current asset			
Inventories	15	36 631 813	3 955 631
Customers	16	3 954 383	6 730 885
State and other public entities	17	7 546 508	9 167 445
Other credits receivable	18	6 811 745	4 864 552
Deferrals	19	1 091 023	896 288
Non-current assets held for sale	10	2 702 526	4 445 005
Cash and cash equivalents	5	**32 777 904**	30 684 252
		91 515 902	**60 744 058**
Total assets		**532 914 753**	**574 047 598**
EQUITY AND LIABILITY			
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	(5 828 729 654)	(5 777 151 280)
Adjustment/other changes in equity	24	184 631 308	195 235 424
Net result of the period		(95 399 259)	(51 578 374)
Minority interests			
Total of equity		**(1 778 676 901)**	**(1 672 673 526)**
Liability			
Non-current liability			
Provisions	25	15 646 965	14 290 852
Loans obtained	26	380 550 150	785 416 398
		396 197 115	**799 707 250**
Current liability			
Suppliers	28	7 292 799	8 264 962
State and other public entities	17	340 563	766 770
Loans obtained	26	1 751 556 000	1 281 235 333
Other debts payable	27	155 577 280	156 746 809
Deferrals	19	627 897	-
		1 915 394 539	**1 447 013 874**
Total of liability		**2 311 591 654**	**2 246 721 124**
Total of equity and liability		**532 914 753**	**574 047 598**

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Individual income statement by nature

Period ended on December 31st, 2020 **Amounts in Euros**

INCOME AND EXPENSES	NOTES	PERIOD 2020	PERIOD 2019
Provided sales and services	29	171 333 641	280 719 729
Operating subsidies	30	88 127 384	40 003 543
Gains/losses attributed to subsidiaries, associated companies and joint ventures	12,31	1 186 780	9 152 932
Changes in production inventories	32	3 980 568	-
Own work capitalised	33	14 047 695	-
Sold commodities and consumed materials costs	34	(22 695 541)	(6 287 643)
External services and supplies	35	(131 145 167)	(175 203 486)
Personnel expenses	36	(138 845 085)	(109 014 542)
Impairment of inventories (losses/reversals)	15	(4 919 449)	(123 082)
Impairment of receivable (losses/reversals)	16,18	(3 557 690)	(629 453)
Provisions (increases/decreases)	25	(48 724)	1 720 715
Impairment of non-depreciable/amortisable investments (losses/reversals)	37	3 485 991	(465 389)
Other income	38	21 463 935	24 059 953
Other expenses	39	(8 227 654)	(7 376 784)
Result before interest, taxes, depreciation and amortisation		**(5 813 316)**	**56 556 493**
Expenses/reversals of depreciation and amortisation	8,9,40	(59 211 388)	(52 958 003)
Impairment of depreciable/amortizable investments (losses/reversals)	8,9,41	548 477	814 416
Operating result (before financing expenses and taxes)		**(64 476 227)**	**4 412 906**
Interest and similar income gained	42	11 539	526 306
Payable interest and similar expenses	43	(30 622 456)	(55 776 722)
Result before taxes		**(95 087 144)**	**(50 837 510)**
Income tax of the period	14	(312 115)	(740 864)
Net result of the period		**(95 399 259)**	**(51 578 374)**

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Individual statement of changes in equity during 2020

(amounts in euros)

DESCRIPTION	NOTES	Equity granted to capital owners of the parent company							Non-controlling interests	Total Equity
		Subscribed Capital	Legal Reserves	Other Reserves	Results brought forward	Adjustments / Other changes in equity	Net result of the period	Total		
Position at the beginning of the 2020 period	1	3 959 489 351	24 703	1 306 650	(5 777 151 280)	195 235 424	(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)
	2	**-**	**-**	**-**	**(51 578 374)**	**(10 604 116)**	**51 578 374**	**(10 604 116)**		**(10 604 116)**
Net result of the period	3	-	-	-	-	-	(95 399 259)	(95 399 259)		(95 399 259)
Comprehensive result	**4 = 2 + 3**	**-**	**-**	**-**	**(51 578 374)**	**(10 604 116)**	**(43 820 885)**	**(106 003 375)**		**(106 003 375)**
Operations with capital owners in the period										
Capital subscriptions		-	-	-	-	-	-	-		-
Payments of share premiums		-	-	-	-	-	-	-		-
Share premiums subscriptions		-	-	-	-	-	-	-		-
Down payments to cover losses		-	-	-	-	-	-	-		-
Other operations		-	-	-	-	-	-	-		-
	5	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Position at the end of the 2020 period	**6 = 1+2+3+5**	**3 959 489 351**	**24 703**	**1 306 650**	**(5 828 729 654)**	**184 631 308**	**(95 399 259)**	**(1 778 676 901)**		**(1 778 676 901)**

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Individual statement of changes in equity for 2019 (amounts in euros)

DESCRIPTION	NOTES	Equity granted to capital owners of the parent company: Subscribed Capital	Legal Reserves	Other Reserves	Results brought forward	Adjustments / Other changes in equity	Net result for the period	Total	Non-controlling interests	Total Equity
Position at the beginning of the 2019 period	1	3 931 000 000	24 703	1 306 650	(6 190 140 885)	197 946 202	(105 626 933)	(2 165 490 263)		(2 165 490 263)
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		-	-	-	(105 626 933)	(2 710 778)	105 626 933	(2 710 778)		(2 710 778)
	2	**-**	**-**	**-**	**(105 626 933)**	**(2 710 778)**	**105 626 933**	**(2 710 778)**		**(2 710 778)**
Net result of the period	3	-	-	-	-	-	(51 578 374)	(51 578 374)		(51 578 374)
Comprehensive result	**4 = 2 + 3**	**-**	**-**	**-**	**(105 626 933)**	**(2 710 778)**	**54 048 559**	**(54 289 152)**		**(54 289 152)**
Operations with capital owners in the period										
Capital subscriptions		28 489 351	-	-	-	-	-	28 489 351		28 489 351
Payments of share premiums		-	-	-	-	-	-	-		-
Share premiums subscriptions		-	-	-	-	-	-	-		-
Down payments to cover losses		-	-	-	518 616 538	-	-	518 616 538		518 616 538
Other operations		-	-	-	-	-	-	-		-
	5	**28 489 351**	**-**	**-**	**518 616 538**	**-**	**-**	**547 105 889**		**547 105 889**
Position at the end of 2019 period	**6 = 1+2+3+5**	**3 959 489 351**	**24 703**	**1 306 650**	**(5 777 151 280)**	**195 235 424**	**(51 578 374)**	**(1 672 673 526)**		**(1 672 673 526)**

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Individual statement of cash flows

Period ended on December 2020 **(amounts in euros)**

CASH FLOW STATEMENT	31-dez-20	31-dez-19
Cash flows from operating activities - Direct method		
Collections from customers	280 483 153	339 267 509
Payments to suppliers	(206 194 020)	(189 675 251)
Payments to employees	(132 879 854)	(112 801 022)
Cash generated by operations	**(58 590 721)**	**36 791 236**
Income tax payment/collections	(5 846)	(530 213)
Other collections/payments	9 572 943	5 463 325
Cash flows from operating activities (1)	**(49 023 624)**	**41 724 348**
Cash flows from investing activities		
Payments regarding:		
Fixed tangible assets	(7 610 563)	(22 096 706)
Other assets	-	(13 000 000)
Collections from:		
Fixed tangible assets	-	1 344 278
Financial investments	30 000	1 521 000
Other assets	-	13 000 000
Investment grants	-	6 554 917
Interest and similar income gained	20 818	401 095
Dividends	1 241 629	651 020
Cash flows from investment activities (2)	**(6 318 116)**	**(11 624 396)**
Cash flows from funding activities		
Collections from:		
Loans obtained	136 700 000	-
Capital subscriptions and other equity instruments	-	28 489 351
Coverage of losses	-	518 616 538
Other funding operations	48 038	-
Payments regarding:		
Loans obtained	(71 693 333)	(520 685 000)
Interest and similar income gained	(16 654 345)	(38 621 601)
Cash flows from funding activities (3)	**48 400 360**	**(12 200 712)**
Change in cash and cash equivalents (4) = (1) + (2) + (3)	**(6 941 380)**	**17 899 240**
Influence of exchange differences	79	(39)
Cash and cash equivalents at the start of the period	**39 719 205**	**12 785 051**
Cash and cash equivalents at the end of the period	**32 777 904**	**30 684 252**

* The initial cash and bank balance includes the balance from EMEF resulting from the merger process on 01/01/2020 in the amount of €9,034,953

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2020 Report and Accounts

ATTACHMENTS TO FINANCIAL STATEMENTS

Company Identification and Reporting Period (note 1)

Company Identification

CP – Comboios de Portugal, E.P.E. is a corporate public entity, with legal person governed by public law, with administrative, financial and asset autonomy, with registered office at Calçada do Duque, no. 20, 1249-109 Lisbon, whose current legal system and Statutes were approved by Decree-Law no. 137-A/2009 from June 12th, as amended by Decree-Law no. 59/2012 from March 14th and by Decree-Law no. 124-A/2018 from December 31st and by Decree-Law no. 174-B/2019 from December 26th [3], although its wording did not take effect until January 1st, 2020.

The main objects of CP's activity are:

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

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

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

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.

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

Access to the Infrastructure (Railroad Network)

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

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

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

In accordance with aforementioned diploma, fees for the use of the railway infrastructure will be owed to the infrastructure manager, by companies and clusters of railway transportation. Still in accordance with the same article and with the aim of defending the principle of free competition, fees shall be established to avoid discrimination amongst railway companies operating in the infrastructure. The mentioned fees shall consider, namely, the milage, the composition of rolling stock, the velocity, the load per axle and the time frame in 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 2020, 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 1st, 1951, CP began its transportation operation in the railway network, within a unique concession system authorised by an agreement concluded between the State and former "Companhia dos Caminhos de Ferro Portugueses, S.A.", (C.P.), in accordance with Decree-Law no. 38246 from May 9th, 1951.

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

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

In this 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 26th, no. 1107/70 of the Council from June 4th and no. 1893/91 of the Council from June 20th, which address operation, transportation, and tariffs obligations.

The Community Regulation no. 1370/2007 from the European Parliament and from the Council of October 23rd, amended by Regulation no. 2016/2338 from the European Parliament and from the Council of December 14th, and Decree-Law no. 167/2008, later published, establish the legal system regarding the public service of passenger transportation, making the temporary and gradual adoption of measures for implementing public service agreements possible.

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

a) The transposition of Directive (EU) 2016/2370 of the European Parliament and of the Council from December 14th, 2016, which amends Directive 2012/34/EU as regards the opening of the national market for the railway transport of passengers and governance of railway infrastructure; and
b) The conformity of national legal provisions to Regulation (EU) 2016/2338 of the European Parliament and Council from December 14th, 2016, amending Regulation (CE) no. 1370/2007 as regards the opening of national market for the railway transport of passenger services.

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

The public service contract signed on November 28th, 2019, between the State and CP was approved by the Court of Auditors on June 26th, 2020. In 2020, CP was paid the financial compensation agreed beforehand with the State, without prejudice to any adjustments that may be determined and agreed between the parties, as provided for in the contract, arising from the reconciliation of CP's public service obligations effectively provided and the consequent costs incurred, and revenues collected.

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 17th, amended by Decree-Law no. 300/2007 from August 23rd and, in the meantime, revoked and replaced by Decree-Law no. 133/2013 from October 3rd, and later amended by Law no. 75-A/2014 from September 30th and Law no. 42/2016 from December 28th. Article 39 of Decree-Law no. 133/2013 mentions, amongst other responsibilities, 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 14th, and by Decree-Law no. 124-A/2018, of December 31st, established the framework that allows the contracting of public railway transportation services provided by CP, recognising that CP, E. P. E, is an internal operator of the State, and its activity of providing the public service of railway transport of passengers shall be framed in a public service agreement, which must include specific provisions on the services for which the existence of public service obligations is justified. This agreement is concluded in accordance with Regulation (CE) no. 1370/2007 of the European Parliament and of the Council, of October 23rd, 2007, and Law no. 52/2015, of June 9th, both in their current wording, and the contractual provisions related to the provision of public services included in the agreement shall be compatible with the strategic goals of the public transport policy.

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

However, considering the Strategic Plan of Transports for the period between 2011 and 2015, in compliance with the Council of Ministers Resolution no. 45/2011 from November 10th, 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, 1st Series, from September 16th, 2019.

Finally, pursuant to the abovementioned Regulation (CE) no. 1370/2007, in its current wording, on November 28th, 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 endorsed by the Court of Auditors on June 26th, 2020, and the financial compensation associated with it is 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 2020, were prepared in accordance with the Accounting Normalisation System (SNC), following the provisions of no. 2, of article 350 of Law no. 75-B/2020.

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 June 15th, 2021, being presented in euros and prepared in accordance with the assumptions of the continuity and of the accrual basis in which the items are recognised as assets, liabilities, equity, income, and expenses when they satisfy the recognition criteria and definitions for these elements within the conceptual framework, in accordance with the financial statements' qualitative characteristics of comprehensibility, relevance, materiality, reliability, reliable representation, substance over form, neutrality, prudence, completeness, and comparability.

The accounting policies presented in note 4 were used in the financial statements for the period concluded on December 31st, 2020, and for the comparative financial information presented in these financial statements for the period concluded on December 31st, 2019.

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.

Due to the merger by incorporation of EMEF into CP, effective as of January 1st, 2020, as defined in Decree-Law no. 174/2019-B, published on December 26th, 2019, the 2020 financial statements include the rolling stock maintenance and repair activity previously carried out by EMEF, which means that the figures for the financial year of 2020 are not directly comparable with those for the same period in the previous year[4].

Amounts Resulting from the Merger with EMEF

The merger of CP and EMEF, which took place on January 1st, 2020, affected CP's balance sheet on that date as follows:

Amounts in Euros

HEADINGS	INDIVIDUAL STATEMENTS		START-UP BALANCE - CP + EMEF							
	CP	EMEF		WRITE-OFFS						
	31-dez-19	31-dez-19	BALANCE CP+EMEF (migrated data) January 01st, 2020	Equity and Shareholdings	Invoicing and Accruals	Reclassification	Write-off of the advance on assets recorded at EMEF	Assets work in progress	START-UP BALANCE CP+EMEF January 01st, 2020	EMEF MERGER IMPACT
ASSET	(1)	(2)	(3)= (1)+(2)	(4)	(5)	(6)	(7)	(8)	(9)= (3) a (8)	(10)= (2)+ (4) a (8)
Non-current asset										
Fixed tangible assets	437 657 524	5 387 044	443 044 568				(3 378 844)	1 951 402	441 617 126	3 959 602
Fixed intangible assets	-	222 647	222 647						222 647	222 647
Financial holdings - equity method	47 840 731	1 242 922	49 083 653	(34 327 974)	(10 250 000)				4 505 679	(43 335 052)
Other financial investments	27 805 285	43 852	27 849 137						27 849 137	43 852
	513 303 540	**6 896 465**	**520 200 005**	**(34 327 974)**	**(10 250 000)**		**(3 378 844)**	**1 951 402**	**474 194 589**	**(39 108 951)**
Current asset			-						-	-
Inventories	3 955 631	30 181 238	34 136 869						34 136 869	30 181 238
Customers	6 730 885	8 623 846	15 354 731		(2 810 163)		-		12 544 568	5 813 683
State and other public entities	9 167 445	-	9 167 445						9 167 445	-
Other credits receivable	4 864 552	9 384 929	14 249 481		(2 624 733)	(1 470 345)		(907 183)	9 247 220	4 382 668
Deferrals	896 288	525 163	1 421 451						1 421 451	525 163
Non-current assets held for sale	4 445 005	-	4 445 005						4 445 005	-
Cash and cash equivalents	30 684 252	9 034 953	39 719 205						39 719 205	9 034 953
	60 744 058	**57 750 129**	**118 494 187**	**-**	**(5 434 896)**	**(1 470 345)**	**-**	**(907 183)**	**110 681 763**	**49 937 705**
Total of assets	574 047 598	64 646 594	638 694 192	(34 327 974)	(15 684 896)	(1 470 345)	(3 378 844)	1 044 219	584 876 352	10 828 754
EQUITY AND LIABILITY			-						-	-
Equity			-						-	-
Subscribed capital	3 959 489 351	8 100 000	3 967 589 351	(8 100 000)					3 959 489 351	-
Legal reserves	-	10 316 222	10 316 222	(10 316 222)					-	-
Other reserves	24 703	322 250	346 953	(322 250)					24 703	-
Retained earnings	1 306 650	617 458	1 924 108	(617 458)					1 306 650	-
Results brought forward	(5 777 151 280)	4 308 126	(5 772 843 154)	(4 308 126)					(5 777 151 280)	-
Adjustments/other changes in equity	195 235 424	-	195 235 424	-					195 235 424	-
Net result of the period	(51 578 374)	10 663 918	(40 914 456)	(10 663 918)	(450 457)		220 004		(51 808 827)	(230 453)
Minority interests			-	-					-	-
Total of equity	(1 672 673 526)	34 327 974	(1 638 345 552)	(34 327 974)	(450 457)		220 004	-	(1 672 903 979)	(230 453)
Liability			-						-	-
Non-current liability			-						-	-
Provisions	14 290 852	1 963 827	16 254 679						16 254 679	1 963 827
Loans obtained	785 416 398	8 550 000	793 966 398		(8 550 000)				785 416 398	-
	799 707 250	**10 513 827**	**810 221 077**	**-**	**(8 550 000)**		**-**		**801 671 077**	**1 963 827**
Current liability			-						-	-
Suppliers	8 264 962	4 737 291	13 002 253		(2 056 969)		-		10 945 284	2 680 322
State and other public entities	766 770	3 333 486	4 100 256						4 100 256	3 333 486
Loans obtained	1 281 235 333	1 700 000	1 282 935 333		(1 700 000)				1 281 235 333	-
Other debts payable	156 746 809	7 384 444	164 131 253		(4 497 537)		-		159 633 716	2 886 907
Deferrals	-	2 649 572	2 649 572		1 570 067	(1 470 345)	(3 598 848)	1 044 219	194 665	194 665
	1 447 013 874	**19 804 793**	**1 466 818 667**	**-**	**(6 684 439)**	**(1 470 345)**	**(3 598 848)**	**1 044 219**	**1 456 109 254**	**9 095 380**
Total of liability	2 246 721 124	30 318 620	2 277 039 744	-	(15 234 439)	(1 470 345)	(3 598 848)	1 044 219	2 257 780 331	11 059 207
Total of equity and liability	574 047 598	64 646 594	638 694 192	(34 327 974)	(15 684 896)	(1 470 345)	(3 378 844)	1 044 219	584 876 352	10 828 754

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

[4] The 2019 financial statements, used for comparison purposes in the 2020 financial year, correspond to the statements disclosed and subject to the legal certification of accounts with reference to the 2019 financial year, reflecting CP's shareholding in EMEF by means of the application of the equity method and its integration in CP's individual results.

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

Main Accounting Policies (note 4)

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

Bases of Measurement

The financial statements were prepared in accordance with the historical cost principle, modified by the application of fair value for the derivative financial instruments, financial assets and liabilities held for trading, with the exception of 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 1st, 2009), CP decided to consider the revalued amount of fixed tangible assets – established in accordance with the previous accounting policies – as their cost, which was generally comparable to the cost measured in accordance with the NCRF.

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

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

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

Fixed Tangible Assets of the State linked to 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 24th) and which are assigned to the operating activity of the company. The assets made available by the Portuguese State, without transfer of the property of the State, are registered in the financial statements of CP in order to allow an appreciation of the economic performance of the Company.

Maintenance and Repair Expenses

Rolling Stock:

- Expenses incurred with periodic maintenance during the useful life of 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.

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

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

No residual amounts were considered when determining the depreciated amounts.

Government Grants

The government grants related with fixed tangible and intangible assets are initially recognised 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 net cost 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 net cost 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 net cost 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 receivable are measured at their nominal value less impairment losses.

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 likeliness 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 and repair, 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 2020, 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 June 15th, 2021. The Management Board has approved such financial statements on the aforementioned date, as referred to in note 2.

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

Value Judgements

The preparation of the financial statements in accordance with the 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 28th, 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 vis-à-vis the considered assumptions, including alterations of the economic environment, of the sectorial trends, of the deterioration of the credit standing from the main customers, and of significant non-compliance. This assessment process is subject to several estimates and judgements. Changes in these estimates may imply the establishment of different impairment levels, thus resulting in different impacts in results.

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

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 impacts 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 31st, 2020, all cash and cash equivalents balances are available for use.

The cash flow statement with reference to the period of 2020 shows negative cash flows from operating activities, and with a decrease, by about 90,7 million euros, when compared with the same period of the previous year. This situation essentially results from the decrease in receipts from customers because of the impact caused by the COVID-19 pandemic, which originated a very sharp decrease in passenger transport. It should be noted that this situation was partially offset by the receipt of financial compensation resulting from the signing of the public service contract, as described in note 1.

Still regarding operating cash flows, the increase in payments to suppliers (16,5 million euros) and to staff (20,1 million euros) should be noted, mainly as a result of the merger of EMEF into CP.

In terms of cash flows from investment activities, the decrease in payments for tangible fixed assets (14,5 million euros) should be highlighted. This fact also results from the merger operation referred to above, given that in 2019 a large part of the investment originated from major repairs carried out by EMEF and which in 2020 began to be recorded as work for the entity itself.

Regarding financing activities, of note is the increase in financing obtained, as a result of the drop in revenue caused by the pandemic.

Cash and Bank Deposits Heading

The cash and bank deposits heading comprises the following balances:

			(amounts in euros)
Description	**31-dez-20**	**EMEF Merger Impact**	**31-dez-19**
Cash	372 542	2 500	488 806
Bank deposits	32 405 362	9 032 453	30 195 446
Sub total	**32 777 904**	**9 034 953**	**30 684 252**
Bank overdrafts	-	-	-
Total	**32 777 904**	**9 034 953**	**30 684 252**

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:

			(amounts in euros)
Description	**31-dez-20**	**EMEF Merger Impact**	**31-dez-19**
Cash			
Central cash	49	500	850
Petty cash	2 600	-	2 600
Treasury Fixed Cash Fund	15 395	-	10 845
Train station cash	349 498	-	469 511
Automatic vending machine cash	5 000	-	5 000
Workshop yards	-	2 000	-
	372 542	**2 500**	**488 806**
Demand deposits			
Banco Português de Investimento	841 298	130 479	1 940 099
Caixa Geral de Depósitos	965	-	1 206
Inst. Gestão Crédito Público	31 493 422	8 867 656	28 254 141
Millennium BCP	69 677	34 318	
	32 405 362	**9 032 453**	**30 195 446**
Sub total	**32 777 904**	**9 034 953**	**30 684 252**
Bank overdrafts	-		-
Total	**32 777 904**	**9 034 953**	**30 684 252**

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 31st, 2020, the shareholder structure of the company (direct holdings) is as shown in the following table:

(% of the holding)

Holding	31-dez-20	31-dez-19
EMEF, SA	0%	100%
CP CARGA, SA *	5%	5%
FERNAVE, SA	100%	100%
SAROS,Lda	100%	100%
ECOSAÚDE, SA	100%	100%
TIP, ACE	33%	33%
OTLIS, ACE	14%	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.**

** indirect participation through EMEF in 2019

Transactions between related parties are presented in the table below:

(amounts in euros)

Description	2020	2019
Sales and services provided		
Subsidiaries		
EMEF, SA	-	4 437 522
FERNAVE, SA	85 355	326 815
SAROS,Lda	2 700	500 403
ECOSAÚDE, SA	19 007	24 769
Associated companies		
TIP, ACE	6 140 899	7 595 530
OTLIS, ACE	2 238 043	4 239 785
SIMEF, ACE	2 723 208	760 801
total	**11 209 212**	**17 885 625**
Expenses		
Subsidiaries		
EMEF, SA	-	(37 850 330)
FERNAVE, SA	(415 180)	(904 683)
ECOSAÚDE, SA	(1 036 854)	(841 916)
Associated companies		
TIP, ACE	(362 191)	(316 223)
OTLIS, ACE	(66 106)	(142 242)
SIMEF, ACE	(5 086 270)	(5 372 371)
NOMAD TECH, LDA	(897 689)	-
Total	**(7 864 290)**	**(45 427 765)**

		(amounts in euros)
Description	**2020**	**2019**
Investment		
Subsidiaries		
EMEF, SA	-	12 407 360
ECOSAÚDE, SA	-	(21 000)
Associated companies		
TIP, ACE	-	2 530
NOMAD TECH, LDA	(1 970 886)	-
Total	**(1 970 886)**	**12 388 890**

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

			(amounts in euros)
Description	**31-dez-20**	**EMEF Merger Impact**	**31-dez-19**
Asset			
Investment			
Subsidiaries			
EMEF, SA	-	(10 250 000)	10 250 000
FERNAVE, SA	-	-	-
ECOSAÚDE, SA	234 480	-	264 480
Customers and other accounts receivable			
Subsidiaries			
EMEF, SA	-	(2 334)	2 334
FERNAVE, SA	48 831	-	14 396
SAROS,Lda	632	-	299
ECOSAÚDE, SA	21	-	34
Associated companies			
TIP, ACE	235 046	-	421 339
OTLIS, ACE	-	-	-
SIMEF, ACE	61 659	-	107 821
NOMAD TECH, LDA	277 460	-	-
Liability			
Suupliers and other accounts payable			
Subsidiaries			
EMEF, SA	-	1 000 963	(1 000 963)
FERNAVE, SA	(61 331)	-	(287 337)
ECOSAÚDE, SA	(20 834)	-	(35 279)
Associated companies			
TIP, ACE	(392 310)	-	(796 647)
OTLIS, ACE	(856 610)	-	(939 154)
SIMEF, ACE	-	-	(952 316)
NOMAD TECH, LDA	(341 506)	-	-
Total Asset + Liability	**(814 462)**	**(9 251 371)**	**7 049 007**

Intangible Assets (note 8)

At the end of the year 2020, CP presented intangible fixed assets organised by classes, as shown in the table below:

(amounts in euros)

Description	31-dez-20	EMEF Merger Impact	31-dez-19
Gross amount:			
Computer programs and information systems	517 791	517 791	-
Sub total	**517 791**	**517 791**	**-**
Accumulated amortisation and impairment:			
Amortisation for the period	83 600	-	-
Accumulated amortisation of previous years	**295 144**	**295 144**	**-**
Impairment losses for the period	**-**	**-**	**-**
Impairment losses in previous years	-	-	-
Sub total	**378 744**	**295 144**	**-**
Net book value	**139 047**	**222 647**	**-**

(amounts in euros)

Description	)pening Balanc	EMEF Merger Impact	Additions	Disposals	Assets classified as held for sale	Decommissioning	Tranfers	Other adjustments	Closing Balance
Gross amount:									
Computer programs and information systems	-	517 791	-	-	-	-	-	-	517 791
	-	**517 791**	**-**	**-**	**-**	**-**	**-**	**-**	**517 791**
Accumulated amortisation and impairment:									
Computer programs and information systems	-	**295 144**	83 600	-	-	-	-	-	378 744
	-	**295 144**	**83 600**	**-**	**-**	**-**	**-**	**-**	**378 744**
Total	**-**	**222 647**	**83 600**	**-**	**-**	**-**	**-**	**-**	**139 047**

The additions during the period under analysis relate to assets incorporated into CP during the merger process with EMEF, consisting essentially of IT software acquired externally.

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 2020, CP presented a fixed tangible asset organised by fixed asset categories, as presented in the following table:

			(amounts in euros)
Description	**31-dez-20**	**EMER Merger Impact**	**31-dez-19**
Gross amount:			
Lands and natural resources	20 533 661	1 592 530	18 941 131
Buildings and other constructions	96 702 034	6 926 489	87 853 633
Basic equipment	**1 480 470 930**	**17 882 064**	**1 412 621 170**
Transportation equipment	3 003 692	1 681 988	1 261 140
Administration equipment	27 394 668	1 865 095	24 345 286
Other fixed tangible assets	63 129 178	965 446	60 427 014
Ongoing investments	7 696 160	(1 402 002)	3 384 645
Advance payments for investment purposes	313 973	-	1 641 592
Sub total	**1 699 244 296**	**29 511 610**	**1 610 475 611**
Accumulated depreciation and impairment:			
Depreciation of the period	59 127 788	-	52 958 003
Accumulated depreciation of previous periods	**1 194 190 511**	**25 552 008**	**1 121 640 912**
Adjustments carried out against accumulated depreciations	33 359 025	-	(5 960 412)
Impairment losses of the period	**(548 477)**	**-**	**(814 416)**
Impairment losses of previous periods	4 179 584	-	4 994 000
Sub total	**1 290 308 431**	**25 552 008**	**1 172 818 087**
Net book value	**408 935 865**	**3 959 602**	**437 657 524**

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

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

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

(amounts in euros)

Description	Opening Balance	EMER Merger Impact	Additions	Disposals	Assets classified as held for sale	Decommissioning	Transfers	Other adjustments	Closing Balance
Gross amount:									
Lands and natural resources	18 941 131	1 592 530	-	-	-	-	-	-	20 533 661
Buildinds and other constructions	87 853 633	6 926 489	205 097	-	-	-	1 716 815	-	96 702 034
Basic equipment	**1 412 621 170**	17 882 064	310 675	-	39 727 956	(31 262)	11 301 091	(1 340 764)	**1 480 470 930**
Transportation equipment	1 261 140	1 681 988	60 564	-	-	-	-	-	3 003 692
Administrative equipment	24 345 286	1 865 095	185 656	-	-	(1 983)	1 000 614	-	27 394 668
Other fixed tangible assets	60 427 014	965 446	359 772	-	-	-	1 376 946	-	63 129 178
Ongoing investments	3 384 645	(1 402 002)	19 663 529	-	-	-	(15 395 466)	1 445 454	7 696 160
Advance payments for investment purposes	1 641 592	-	143 274	-	-	-	-	(1 470 893)	313 973
	1 610 475 611	**29 511 610**	**20 928 567**	**-**	**39 727 956**	**(33 245)**	**-**	**(1 366 203)**	**1 699 244 296**
Accumulated depreciation and impairment:									
Buildinds and other constructions	44 304 912	4 575 967	2 522 797	-	-	-	-	-	51 403 676
Basic equipment	**1 054 092 963**	16 759 163	52 676 539	-	34 733 034	(31 262)	-	(1 340 764)	**1 156 889 673**
Transportation equipment	1 256 097	1 628 521	24 562	-	-	-	-	-	2 909 180
Administrative equipment	21 601 975	1 801 683	1 638 126	-	-	(1 983)	-	-	25 039 801
Other fixed tangible assets	47 382 556	786 674	2 265 764	-	-	-	-	-	50 434 994
Fixed Tang. Assets - Accum. Impair. Losses - Basic Equipment	4 179 584	-	(548 477)	-	-	-	-	-	3 631 107
	1 172 818 087	**25 552 008**	**58 579 311**	**-**	**34 733 034**	**(33 245)**	**-**	**(1 340 764)**	**1 290 308 431**
Total	**437 657 524**	**3 959 602**	**(37 650 744)**	**-**	**4 994 922**	**-**	**-**	**(25 439)**	**408 935 865**

Apart from the additions that resulted from the merger by incorporation process with EMEF, the most significant investments made in the 2020 financial year essentially concern periodic major repairs to rolling stock of the R1 and R2 types that meet the recognition criteria.

Also noteworthy is the recovery of rolling stock that was classified as held for sale and that, as it was in a condition to return to commercial service, was transferred to tangible fixed assets, in a value of around 5 million euros.

The registered decrease results from the regularisation of advance payments related with major interventions provided by CP to EMEF.

On December 31st, 2020 the following tangible fixed assets were pledged as collateral for loans obtained by CP from Eurofima:

	(amounts in euros)
Description	**Book value**
Railcars	169 906 559
Total	**169 906 559**

Non-Current Assets Held for Sale (note 10)

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

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

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

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

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

(amounts in euros)

Description	31-dez-20	31-dez-19
Asset		
Lands and natural resources	84 031	84 031
Buildings and other constructions	175 369	175 369
Basic equipment	2 443 126	4 185 605
Total	**2 702 526**	**4 445 005**

In 2020, CP proceeded with the rehabilitation of rolling stock that was classified as non-current assets held for sale for its reallocation to operation, which led to a reclassification into tangible fixed assets, in an amount of approximately 5 million euros, and a reversal of impairment, in the amount of approximately 3,3 million euros.

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				Current value of future minimum payments
		Period		Accumulated						
		Minimum payments	Contigent rents	Minimum payments	Contigent rents	Up to 1 year	Between 1 and 5 years	More than 5 years	Total	
Leaseplan Vehicles	668 348	71 727	-	56 445	-	186 167	354 009	-	540 176	540 176
Finlog Vehicles	239 252	51 255	-	121 796	-	41 781	24 420	-	66 201	66 201
Locarent Vehicles	247 451	38 863	-	174 509	-	34 079	-	-	34 079	34 079
Total	**1 155 051**	**161 845**	**-**	**352 750**	**-**	**262 027**	**378 429**	**-**	**640 456**	**640 456**

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				Current value of future minimum payments
		Period		Accumulated						
		Minimum payments	Contigent rents	Minimum payments	Contigent rents	Up to 1 year	Between 1 and 5 years	More than 5 years	Total	
railcars	67 243 259	7 475 156	-	34 680 670	-	7 163 690	17 923 743	-	25 087 433	25 087 433

The agreement identified relates to railcars and runs until 2025.

(amounts in euros)

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

(a) lease agreement that was transferred to CP with the merger with EMEF on 01.01.2020

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-20			EMEF Merger Impact			31-dez-19		
		Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount	Gross amount	Impairment	Net amount
EMEF, SA	Investment	-	-	-	(34 327 975)	-	(34 327 975)	34 327 975	-	34 327 975
EMEF, SA	Loans	-	-	-	(10 250 000)	-	(10 250 000)	10 250 000	-	10 250 000
SAROS, SA	Investment	465 306	-	465 306	-	-	-	481 475	-	481 475
FERNAVE, SA	Investment	524 736	-	524 736	-	-	-	280 492	-	280 492
ECOSAÚDE, SA	Investment	5 477	-	5 477	-	-	-	-	-	-
ECOSAÚDE, SA	Loans	234 480	-	234 480	-	-	-	264 480	-	264 480
OTLIS, ACE	Investment	342 236	-	342 236	-	-	-	529 613	-	529 613
TIP, ACE	Investment	1 359 611	-	1 359 611	-	-	-	1 706 696	-	1 706 696
SIMEF, ACE	Investment	419 904	-	419 904	387 775	-	387 775	-	-	-
Nomad Tech, Lda.	Investment	1 068 952	-	1 068 952	855 148	-	855 148	-	-	-
Total		4 420 702	-	4 420 702	(43 335 052)	-	(43 335 052)	47 840 731	-	47 840 731

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

(amounts in euros)

	Opening Balance	EMER Merger Impact	Additions	Disposals	Equity Method	Other changes	Closing Balance
Gross amount							
EMEF, SA	44 577 975	(44 577 975)	-	-	-	-	-
SAROS, SA	481 475	-	-	-	388 889	(405 058)	465 306
FERNAVE, SA	280 492	-	-	-	244 244	-	524 736
ECOSAÚDE, SA	264 480	-	-	-	5 477	(30 000)	239 957
OTLIS, ACE	529 613	-	-	-	69 968	(257 345)	342 236
TIP, ACE	1 706 696	-	-	-	(347 085)	-	1 359 611
SIMEF, ACE	-	387 775	-	-	419 904	(387 775)	419 904
Nomad Tech, Lda.	-	855 148	-	-	213 804	-	1 068 952
Sub total	**47 840 731**	**(43 335 052)**	**-**	**-**	**995 201**	**(1 080 178)**	**4 420 702**
Impairment	-	-		-	-	-	-
Sub total	**-**		**-**	**-**	**-**	**-**	**-**
Total	47 840 731	(43 335 052)	-	-	995 201	(1 080 178)	4 420 702

As can be seen from the analysis of the table below, the sharp decrease under the heading of financial holdings was essentially due to the merger by incorporation of EMEF into CP, which led to the annulment of the holding against the assets and liabilities that were transferred to CP.

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

(amounts in euros)

Name of the associated company	% of the holding	Reference date	Assets	Liabilities	Equity	Income	Net Result
SAROS, SA	100	31-dez-20	564 031	98 725	465 306	551 113	388 889
FERNAVE, SA	100	31-dez-20	1 124 912	600 176	524 736	1 089 859	244 244
ECOSAÚDE, SA	100	31-dez-20	1 043 344	1 037 867	5 477	2 749 739	191 912
SIMEF, ACE	51	31-dez-20	9 736 028	8 912 686	823 342	11 702 922	823 342
Nomad Tech, Lda.	35	31-dez-20	5 139 416	2 085 269	3 054 148	431 368	(440 796)
TIP, ACE	33	31-dez-20	17 408 118	12 745 214	4 662 904	4 407 429	(193 486)
OTLIS, ACE	14	31-dez-20	3 989 890	1 594 236	2 395 655	3 842 340	510 430

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:

(amount in euros)

Description	Method	31-dez-20			EMEF Merger Impact			31-dez-19		
		Gross Amount	Impairment	Net Amount	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)	-	-	-	-
Work compensation fund	Acquisition cost	137 503	-	137 503	43 852	-	43 852	39 551	-	39 551
		28 630 126	(726 889)	27 903 237	46 352	(2 500)	43 852	28 529 674	(724 389)	27 805 285

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

The amount accounted for in the holding of *Eurofima* corresponds to a subscription of 52 thousand Swiss Francs at the date of initial capital subscription and subsequent capital increases. CP, as well as all the other shareholders of *Eurofima*, only paid 20% of that amount, and the remaining 41,6 thousand Swiss Francs are still payable. The shareholders can be requested to pay said amount at any moment and unconditionally.

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

	Opening Balance	EMER Merger Impact	Additions	Disposals	Fair Value	Other changes	Closing Balance
							(amounts in euros)
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
Work compensation fund	39 551	43 852	54 100	-	-	-	137 503
	28 529 674	**46 352**	**54 100**	**-**	**-**	**-**	**28 630 126**
Impairment							
CP Carga, SA	(80 000)	-	-	-	-	-	(80 000)
MLM, SA	(12 721)	-	-	-	-	-	(12 721)
METRO DO PORTO, SA	(249 399)	-	-	-	-	-	(249 399)
ICF	(382 269)	-	-	-	-	-	(382 269)
INEGI - Instituto de Engenharia Mecânica e Gestão Industrial	-	(2 500)					(2 500)
	(724 389)	**(2 500)**	**-**	**-**	**-**	**-**	**(726 889)**
Total	27 805 285	43 852	54 100	-	-	-	27 903 237

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

Income Tax (note 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 contract was signed, which significantly changes the way of financing the public transport service, due to the impact of the COVID-19 pandemic on the Company's accounts, it is not expected 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 related to the carry forward of tax losses and temporary impairments and provisions not accepted for tax purposes.

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

Similarly, no deferred tax liabilities 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)

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

			(amounts in euros)
Description	**31-dez-20**	**EMER Merger Impact**	**31-dez-19**
Gross amount:			
Goods	188 242	-	-
Raw, auxiliary and consumable materials	47 996 886	34 414 146	9 740 659
Finished and intermediate products*	3 935 107	748 036	-
Ongoing works and products	793 346	-	-
Adance payments for purchasing purposes	-	596 347	-
	52 913 581	**35 758 529**	**9 740 659**
Accumulated impairments			
Impairments of the period	(4 919 449)	-	(123 082)
Impairments of previous periods	(11 362 319)	(5 577 291)	(5 661 946)
	(16 281 768)	**(5 577 291)**	**(5 785 028)**
Valor líquido contabilístico	**36 631 813**	**30 181 238**	**3 955 631**

*internal and rotary manufacture

The company assesses every six months the need for recognition of impairments in respect of its inventories.

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

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

In 2020, as a result of the merger, CP will also have a greater volume of parts in its inventory for application in maintenance and repair of its own rolling stock, but also for application in rolling stock of external customers. Its inventories now also include repaired parts, entitled “spares”, i.e., parts removed from the rolling stock for repair and subsequent application in active series and own fabrication.

The criteria applied for determining inventory impairment are summarised as follows:

- Materials with application in CP Rolling Stock

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

- Remaining materials

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

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.

Taking into consideration the application of this criterion, an impairment loss of approximately 4,9 million euros was recognised in 2020 as identified in the table below:

(amounts in euros)

Description	Opening Balance	EMER Merger Impact	Losses	Reversal	Settlement	Closing Balance
Inventory impairments						
Goods	-	-	-	-	-	-
Raw, auxiliary and consumable materials	5 785 028	5 365 530	4 614 101	-	-	15 764 659
Finished and intermediate products	-	211 761	305 348	-	-	517 109
Manufacture	-	211 761	88 955	-	-	300 716
Rotary	-	-	216 393	-	-	216 393
Total	5 785 028	5 577 291	4 919 449	-	-	16 281 768

Customers (note 16)

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

(amounts in euros)

Description	31-dez-20	EMEF Merger Impact	31-dez-19
Gross Amount:			
General	3 535 304	5 139 914	5 917 845
Associated companies	235 046	-	421 339
Joint ventures	183 932	509 921	390 787
Other related parties	101	-	914
Customers - bonds	-	27 927	-
Customers - accumulated impairment losses	6 193 869	433 223	2 403 472
Sub total	**10 148 252**	**6 110 985**	**9 134 357**
Accumulated impairment			
Impairment losses of the period	(3 493 095)	-	(651 489)
Impairment losses of previous periods	(2 700 774)	(297 302)	(1 751 983)
Sub total	**(6 193 869)**	**(297 302)**	**(2 403 472)**
Net book value	**3 954 383**	**5 813 683**	**6 730 885**

In 2020, the customers' heading shows a decrease compared to the same period of the previous year in the order of 2,8 million euros. This fact is essentially explained by the constitution of impairment for the amount owed related to the co-payment of social passes (4-18, sub-23 and social +) regarding the financial years of 2018 and 2019. The increase in impairment referred to is shown in the following table:

(amounts in euros)

Description	Opening Balance	EMEF Merger Impact	Losses	Uses	Reversals	Closing Balance
Impairment losses						
General customers	2 403 472	297 302	3 493 095	-	-	6 193 869
Total	2 403 472	297 302	3 493 095	-	-	6 193 869

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	3 535 304			
Associated companies	219 721	-	15 325	-
Joint ventures	62 020	434	120 576	902
Other related parties	101		-	-
Total	**3 817 146**	**434**	**135 901**	**902**

State and Other Public Entities (note 17)

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

(amounts in euros)

Description	31-dez-20	Impacto fusão EMEF	31-dez-19
Asset			
Income tax	238 963	-	754 358
Special payment on account	167 451	-	551 717
Withholding tax	59 275	-	116 033
Withholding tax - Dependent	12 237	-	86 608
VAT	7 134 218	-	8 370 193
VAT receivable	7 134 218	-	8 370 193
Other taxes	173 327	-	42 894
Social Security contributions CNP [National Pensions Centre]	173 281	-	42 841
DGI-FCT	46	-	53
Total	**7 546 508**	**-**	**9 167 445**
Liability			
Income tax	334 404	2 250 352	746 572
Income tax	312 115	1 986 175	740 864
Income tax withholdings	22 289	264 177	5 708
VAT	-	561 306	-
VAT payable	-	561 306	-
Other taxes	6 159	521 828	20 198
Social Security contributions	-	519 613	20 198
Other taxes	6 159	2 215	-
Total	**340 563**	**3 333 486**	**766 770**

In 2020 there was a decrease of the VAT receivable when compared to 2019 motivated essentially by the reduction in the company's activity due to the COVID-19 pandemic, but also by the increase of the output tax resulting from the monthly invoicing of the service delivery within the scope of the public service contract.

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

Other accounts receivable (note 18)

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

(amounts in euros)

Description	31-dez-20	EMER Merger Impact	31-dez-19
Gross Amount:			
Advance payments to suppliers	678 939	1 518 342	133 790
Currenct account Suppliers - debit balance	33 100	-	153
Other debtors - Employees	98 268	38 434	73 023
Sundry debtors - current accounts	3 732 969	3 623 352	2 493 291
Sundry debtors - doubtful collection	4 585 177	-	3 120 582
Sundry debtors - debit balance	202 995	-	139 815
Sundry creditors - dep. given collateral	227 758	-	227 758
Sundry debtors - VAT - operations to be settled	51 317	-	31 399
Debtors / creditors - sundry - invoicing to be issued	196 941	-	272
Sundry debtors / creditors - health insurance	-	-	190 210
Sundry creditors - ODC - galp frota card/via verde [electronic toll]	(4 866)	-	20 126
Other accounts receivable/payable - deposits to be settled	(715)	-	(763)
ODC - business units/other	90 550	-	117 281
Debtors by accrual of income	1 504 489	602 540	1 438 197
Sub total	**11 396 922**	**5 782 668**	**7 985 134**
Accumulated impairment			
Impairment of the period - other debts to third parties	(64 595)	-	22 036
Impairment previous periods - Other debts to third parties - short term and medium and long term	(4 520 582)	(1 400 000)	(3 142 618)
Sub total	**(4 585 177)**	**(1 400 000)**	**(3 120 582)**
Net book value	**6 811 745**	**4 382 668**	**4 864 552**

There is an increase in this heading in the order of 1.9 million euros, originated mainly by the values brought forward from EMEF, arising from the merger process previously mentioned, with an impact on the increase of impairment losses, as verified in the following table.

(amounts in euros)

Description	Opening Balance	EMEF Merger Impact	Losses	Uses	Reversals	Closing Balance
Impairment losses						
Other third party debts	3 120 582	1 400 000	354 346	-	(289 751)	4 585 177
Total	**3 120 582**	**1 400 000**	**354 346**	**-**	**(289 751)**	**4 585 177**

Deferrals (note 19)

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

(amounts in euros)

Description	31-dez-20	EMEF Impact Merger	31-dez-19
Asset			
Expenses to be recognised			
Deferrals - recognised expenses - other - miscellaneous	1 091 023	525 163	896 288
Total	**1 091 023**	**525 163**	**896 288**
Liability			
Incomes to be recognised			
Deferrals - recognised expenses - other deferrals - expenses recognised	627 897	194 665	-
Total	**627 897**	**194 665**	**-**

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

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 2020 financial year there were no capital increase operations, with the company having, as of December 31st, 2020, 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 12th, amended by Decree-Law no. 59/2012 from March 14th and by Decree-Law no. 124-A/2018 from December 31st that defines CP's Statutes, the company must have reserves and funds deemed necessary, and the constitution of legal reserve in the amount of 5% of the profits of each financial year is mandatory. The legal reserve may be used in the hedging of losses of the financial year.

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

Other Reserves (note 22)

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

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

Results Brought Forward (note 23)

The following operations are registered in this heading:

- The company has transferred the net income of the previous financial years to results brought forward;
- 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 results brought forward. 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 31st, 1995.

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

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

Other Fixed Tangible Assets

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

Adjustments/Other Variations in Equity (note 24)

The particulars of this heading are analysed as follows:

(amounts in euros)

Description	31-dez-20	EMER Merger Impact	31-dez-19
Allowances	93 141 300		103 745 416
Financial repair	91 357 368		91 357 368
Transitional adjustments	132 640		132 640
Total	**184 631 308**	**-**	**195 235 424**

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

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

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

(amounts in euros)

	31-dez-20	EMEF Merger Impact	31-dez-19
Environmental Fund - Acqui. 12 bi-mode railcars and 10 Elec	(4 565 785)		(4 565 785)
Invest Transf - CPA (Tilting Train) 4005 and CPA (TIting Train) 4007	-		(1 832 212)
PIDDAC Subsidies	(36 597 995)		(40 786 212)
FEDER Subsidies	(49 883 677)		(56 176 912)
IGCP Subsidies	(1 709 548)		-
Other Subsidies (including CEF)	(384 295)		(384 295)
Total	**(93 141 300)**	**-**	**(103 745 416)**

Provisions (note 25)

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

(amounts in euros)

Description	Opening Balance	EMEF Merger Impact	Additions	Uses	Reversals	Closing Balance
Ongoing legal actions	1 232 272	20 946	328 440	-	-	1 581 658
Work accidents and occupational illnesses	9 780 800	-	199 952	(656 438)	-	9 324 314
Railway accidents	3 036 095	-	-	-	(293 234)	2 742 861
Financial investments	186 435	-	-	-	(186 434)	1
Other	55 250	1 942 881	-	-	-	1 998 131
Total	**14 290 852**	**1 963 827**	**528 392**	**(656 438)**	**(479 668)**	**15 646 965**

The changes registered in the provisions heading, during the financial year of 2020, arise from the taking over of court cases that have been brought forward by the EMEF through the merger process, the estimated outcome of ongoing legal proceedings and railway accidents, and of actuarial valuation of work accident pension liabilities.

The actuarial evaluation, with reference to December 31st, 2020, of the liabilities with work accidents occurred until December 31st, 1999, was carried out by an external entity 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 work accident pensions, the current value of immediate lifetime income annuities was calculated.

Discount rate: 0,75%.

Pensions' Growth rate: 1,0%.

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

Period for payment of occupational accident pensions: Life annuities.

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

Loans Obtained (note 26)

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

(amounts in euros)

Description	31-dez-20	EMER Merger Impact	31-dez-19
Non-current			
Loans granted			
Bank loans	32 533 333		56 333 334
Bond loans	200 000 000		200 000 000
Applic. of Effective Rate Bond Loans	(4 983 183)		(5 430 936)
Other funders	153 000 000		534 514 000
Total	**380 550 150**	**-**	**785 416 398**
Current			
Loans granted			
Bank loans	23 800 000		37 693 333
Other funders	1 727 756 000		1 243 542 000
Total	**1 751 556 000**	**-**	**1 281 235 333**
Total loans	**2 132 106 150**	**-**	**2 066 651 731**

The increase registered in the loans obtained in about 65 million euros results, on one hand of a loan contracted with DGTF worth 73.1 million euros - which resulted from the need to address urgent financial needs related to the company's operating expenses – and, on the other hand, of the amortisation of the EIB loan, in the amount of 8.1 million euros.

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

(amounts in euros)

Description	31-dez-20	31-dez-19
Laons granted		
Bank loans		
Up to 1 year	23 800 000	37 693 333
From 1 to 5 years	32 533 333	56 333 334
Over 5 years	-	-
Bond loans		
Up to 1 year	-	-
Applic. of Effective Rate Bond Loans	-	-
From 1 to 5 years	-	-
Applic. of Effective Rate Bond Loans	-	-
Over 5 years	200 000 000	200 000 000
Applic. of Effective Rate Bond Loans	(4 983 183)	(5 430 936)
Other funders		
Up to 1 year	1 727 756 000	1 243 542 000
From 1 to 5 years	153 000 000	534 514 000
Over 5 years	-	-
Total	**2 132 106 150**	**2 066 651 731**

As of December 31st, 2020, future payments of the outstanding capital regarding non-current loans obtained are analysed as follows:

(amounts in euros)

Description	2020	2021	2022	2023	2024	2025 and following	Total
Loans granted							
Bank loans	23 800 000	23 666 666	1 266 667	7 600 000	-	-	56 333 333
Bond loans						200 000 000	200 000 000
Applic. of Effective Rate Bond Loans						(4 983 183)	(4 983 183)
Other funders	1 727 756 000	101 000 000	51 000 000	1 000 000	-	-	1 880 756 000
Total	**1 751 556 000**	**124 666 666**	**52 266 667**	**8 600 000**	**-**	**195 016 817**	**2 132 106 150**

Other debts payable (note 27)

The heading of other accounts payable is analysed as follows:

(amounts in euros)

Description	31-dez-20	EMEF Merger Impact	31-dez-19
Current			
Investment fund providers	644 917	(535 930)	1 497 332
Creditors by outstanding subscriptions	38 439 256	-	38 254 752
Other debtors and creditors	1 631 048	464 979	12 306 277
Creditors by expenditure growth	114 709 269	2 916 280	104 611 669
Employees	60 130	41 578	26 542
Advance payments from customers	92 660	-	50 237
Total	**155 577 280**	**2 886 907**	**156 746 809**

Although this item presents a residual decrease when compared to the previous financial year, there is a very accentuated reduction in the other creditors (10.7 million euros), which is offset by the increase in creditor balance due to an increase in expenses (10.1 million euros).

Regarding the other creditors the reduction is explained by the debt regulation at the end of 2020, with the company Infraestruturas de Portugal.

The change that is observed in the creditors due to increase in expenses is justified essentially by the increase in specialised values with financing interest to be paid.

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:

(amounts in euros)

Description	31-dez-20	EMER Merger Impact	31-dez-19
Suppliers current account			
General	6 037 744	4 239 837	4 963 698
Subsidiary companies	61 331	(2 054 635)	2 341 973
Associated companies	283 209	-	796 647
Joint ventures	34 155	-	40 267
Other related parties	74 190	67 420	197 289
Guarantee withholding	82 565	85 599	
Invoices received and pending approval	719 605	342 101	(74 912)
	7 292 799	2 680 322	8 264 962

The reduction observed in the balance of the suppliers' heading is mainly due to the debt cancellation to EMEF, through the merger process by incorporation that took place in the beginning of the year.

Provided Sales and Services (note 29)

Provided sales and services have the following particulars:

(amounts in euros)

Description	2020	2019
Provided services		
Passengers net of discounts and rebates in sales	150 899 224	274 630 739
Maintenance and lease of rolling stock	15 475 069	5 304
Other services	4 959 348	6 083 686
Total	**171 333 641**	**280 719 729**

We highlight the reduction registered in the passengers' service provisions in around 124 million euros, because of the COVID-19 pandemic. This negative impact was partially compensated with the integration of maintenance and repair services in CP, and of the respective incomes of approximately 15,5 million euros, after the merger process with EMEF, which occurred on January 1st, 2020.

Operating Subsidies (note 30)

The operating subsidies recognised as income in the financial years of 2020 and 2019 are identified in the following table:

(amounts in euros)

Description	2020	2019
Miscellaneous allowances		
Compensatory allowances	-	40 000 000
Public service agreement	88 101 529	-
IEFP Training	-	3 543
Shift2rail Subsidies	25 855	-
Total	**88 127 384**	**40 003 543**

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

The public service contract signed on November 28th, 2019, between the State and CP was approved by the Court of Auditors on June 26th, 2020. Thus, as a result of the contract formalisation, financial compensations previously agreed with the State were paid to CP in 2020, without 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:

(amounts in euros)

Description	2020	2019
Gains		
Application of the equity method	995 201	9 152 932
Other	191 579	-
Total	**1 186 780**	**9 152 932**

The reduction in gains attributed to subsidiaries, associated companies and joint ventures is mainly due to the merger operation by incorporation of EMEF into CP, since no more gains arising from the application of the equity method to the shareholding previously held in that entity were recorded.

Changes in Production Inventories (note 32)

(amounts in euros)

	2020	2019
Final inventories		
Finished and intermediate products	3 187 222	-
Ongoing works and products	793 346	-
Initial inventories		
Finished and intermediate products	-	-
Ongoing works and products	-	-
	3 980 568	**-**

The values presented in 2020 result from the integration of the rolling stock maintenance and repair activity in the company.

Capitalised Production Costs (note 33)

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

(amounts in euros)

Description	2020	2019
Fixed tangible asset	14 047 695	-
Total	14 047 695	-

Sold Commodities and Consumed Materials Costs (note 34)

Sold commodities and consumed materials costs are as follows:

(amounts in euros)

Description	2020	2019
Goods	(316)	(796)
Raw, auxiliary and consumable materials	(22 695 225)	(6 286 847)
Total	(22 695 541)	(6 287 643)

The significant increase in this heading results essentially from the integration of the rolling stock repair and maintenance services that were transferred from EMEF through the merger.

The expense with fuel consumption suffered a decrease of around 1.8 million euros, largely due to the reduction in railway passenger transportation service, as a result of the COVID-19 pandemic.

External Services and Supplies (note 35)

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

(amounts in euros)

Description	2020	2019
Sub-agreements:		
Cleaning facilities	(866 561)	(282 240)
Cleaning rolling stock	(3 216 557)	(2 790 109)
Additional and auxiliary service	(3 992 919)	(4 071 368)
Restoration service	(1 133 622)	(2 395 538)
CP/Renfe Agreement	(980 040)	(4 434 731)
Other sub-agreements	(13 208 893)	(8 754 156)
Specialised services:		
Maintenance and repair	(6 398 332)	(45 755 037)
Specialised works	(3 734 272)	(483 171)
Surveillance and safety	(4 103 207)	(874 746)
Use of rolling stock	(47 146)	(306 449)
Other specialised works	(1 477 406)	(2 480 962)
Materials	(699 230)	(138 422)
Energy and fluids:		
Electricity	(20 237 433)	(24 190 488)
Fuels	(233 661)	(130 205)
Water	(183 160)	(138 150)
Miscellaneous services:		
Travels, accommodation and transport	(664 212)	(3 370 974)
Cont. CP/ACE (EMEF/Siemens)	(5 339 663)	(4 965 326)
Infrastructure usage fee	(50 446 957)	(56 848 060)
Other rents and leases	(12 075 922)	(11 823 690)
Communication	(603 394)	(480 906)
Insurance	(655 998)	(259 930)
Other services	(846 582)	(228 828)
Total	**(131 145 167)**	**(175 203 486)**

In 2020, there was a decrease in the heading of external supplies and services of 44.1 million euros. This decrease was mainly due to:

- As a result of the EMEF merger process, there was, on the one hand, a reduction in rolling stock repair expenses, of around 39.4 million euros, and, on the other hand, an increase of expenses with other subcontracts, namely those related to the maintenance area, worth 8.5 million euros. Also, regarding subcontracts, there was a reduction in the charges arising from the CP Renfe agreement of approximately 3.5 million euros, which meant that the net increase in this heading was of 4.5 million euros;
- The pandemic situation and the inherent decrease of passengers' transport services resulted in a decrease of the expenses on infrastructure charge, around 6.4 million euros, and on electricity, around 4 million euros.

Personnel Expenses (note 36)

The heading of personnel expenses has the following particulars:

(amounts in euros)

Description	2020	2019
Remuneration of governing bodies	(537 515)	(484 677)
Remunerations of personnel	(107 818 532)	(83 263 763)
Compensations	(139 335)	(1 161 188)
Charges on remuneration	(24 118 155)	(18 793 287)
Insurance for work accidents and occupational illnesses	(3 990 749)	(3 024 427)
Social action expenses	(287 271)	(258 234)
Other personnel expenses	(1 953 528)	(2 028 966)
Total	**(138 845 085)**	**(109 014 542)**

The increase in staff expenses is essentially the result of the integration of EMEF employees in CP, due to the merger already mentioned, as well as the implementation of the Company Agreements.

The following table presents the detail of the permanent staff employees, as of December 31st, 2020, and 2019, by Management/ Senior Management positions and professional category:

Description	31-dez-20	31-dez-19
Governing bodes *	8	8
Directors/senior management	379	260
Upper management	379	248
Middle management	-	12
Middle managers	269	207
Highly qualified professionals	2 997	2 079
Semi-qualified professionals	78	92
Non-qualified professionals	5	-
Total	**3 736**	**2 646**

* 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:

(amounts in euros)

Description	2020	2019
Losses		
Non-current assets held for sale	-	(679 963)
Reversals		
Non-current assets held for sale	3 485 991	214 574
Total	**3 485 991**	**(465 389)**

In 2020, there was a reversal of impairments of non-depreciable/amortisable investments of approximately 3.5 million euros, which results mainly from the recovery for the passenger transport service of rolling stock that was inoperable.

(amounts in euros)

Description	Opening Balance	Additions	Reversals	Transfers	Closing Balance
Buildings and other constructions	3 897	-	-	-	3 897
Basic equipment	7 674 630	-	(3 485 991)	-	4 188 639
Total	**7 678 527**	**-**	**(3 485 991)**	**-**	**4 192 536**

Other Income (note 38)

The heading of other income has the following particulars:

(amounts in euros)

Description	2020	2019
Supplementary income	3 613 098	9 051 144
Prompt payment discounts received	1 477	-
Inventory gains	13 625	5 015
Remaining financial assets	1 656 483	1 846 666
Non-financial investments	38 914	489 043
Other	16 140 338	12 668 085
Total	**21 463 935**	**24 059 953**

The reduction of this heading, in 2020, was essentially due to the reduction of the supplementary income heading of 5.4 million euros, with a special focus on the premises granting (premises leased to EMEF, in 2019) and the sale of cards for tickets and subscriptions, due to the decrease in passenger transport services as a result of the COVID-19 pandemic.

It should be noted that this decrease was partially offset by an increase of 3.5 million euros in the heading of others. This change is due to the recognition of income resulting from the cancellation of overestimated tax, in the amount of 1.5 million euros, and from the reimbursement of taxes that had been unduly withheld by the Tax Authority between the years of 2000 to 2003 (0.7 million euros).

Other Expenses (note 39)

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

(amounts in euros)

Description	2020	2019
Taxes	(311 104)	(195 734)
Inventory losses	(118 536)	(14 256)
Non-financial investments	(52 461)	(236 274)
Other	(7 745 553)	(6 930 520)
Total	**(8 227 654)**	**(7 376 784)**

The main contributions to the change in other expenses heading were as follows:

- Decrease in expenses associated with exchange rate differences (around 1.4 million euros) which result from the participation subscribed, but not carried out, in Swiss francs at Eurofirma;
- Decrease in expenses related to commissions with electronic terminals (0.7 million euros) due to the drop in sales associated with passenger transport;
- On the other hand, although to a lesser extent, there was an increase in expenses arising from billing settlements as a result of the celebration of a new agreement (1.6 million euros), contractual penalties and fines and (0.6 million euros) and compensation for material damage (0.6 million euros), the latter as a consequence of the accident with RENFE motorcar in September 2016.

Expenses/Reversal of Depreciation and Amortisation (note 40)

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

(amounts in euros)

Description	2020	2019
Expenses		
Fixed tangible assets	(59 127 788)	(52 967 706)
Intangible assets	(83 600)	-
Reversals		
Fixed tangible assets	-	9 703
Intangible assets	-	-
Total	**(59 211 388)**	**(52 958 003)**

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.

This heading has registered an increase of approximately 6.3 million euros as a result of the integration of EMEF assets into CP, as well as the reclassification of some rolling stock from non-current assets held for sale to tangible fixed assets, due to its reallocation to commercial activity, with the consequent recognition of depreciation for the time elapsed since its classification as non-current assets held for sale.

Impairment of Depreciable and Amortisable Investments (note 41)

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

(amounts in euros)

Description	2020	2019
Reversals		
Fixed tangible assets	548 477	814 416
Total	**548 477**	**814 416**

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

Interest and Similar Income Gained (note 42)

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

(amounts in euros)

Description	2020	2019
Interest gained	11 539	526 306
Total	**11 539**	**526 306**

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

This interest decreased as a result of EMEF's merger into CP and consequent cancellation of the financing contract between the two companies.

Payable Interest and Similar Expenses (note 43)

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

(amounts in euros)

Description	2020	2019
Interest charges	(28 662 627)	(52 809 090)
Other expenses and losses	(1 959 829)	(2 967 632)
Total	**(30 622 456)**	**(55 776 722)**

The expenses with interest and financial charges borne by CP during the financial year of 2020, suffered a decrease of 25.2 million euros in comparison with the same period of the previous year, as a result of the reduction in recent years of the interest-bearing liabilities of the company, as well as the historically low interest rates presented by the market.

Guarantees and Sureties (note 44)

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

(amounts in euros)

Company	Amount
Guarantee provided by CP to Fernave	3 492
Guarantees provided by CP to third parties	3 666 202

Guarantees provided in favour of CP by the State:

(amounts in euros)

Company	Amount
Guarantees and bank sureties provided to CP by the State	56 333 333

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

The following events should be noted:

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

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

- Decree-Law No. 121/2019, of August 22nd, establishes in article 12, the winding-up and liquidation of OTLIS – Operadores de Transportes da Região de Lisboa, A.C.E, with the constitution of the companies foreseen in the above Decree-Law and respective commercial register. Considering that the Court of Auditors issued, on December 23rd, 2020, a favourable prior approval for the constitution of TML- Transportes Metropolitanos de Lisboa, E.M.T., S.A., the Lisbon Metropolitan Area (LMA) signed TML's public deed of incorporation, coming into force on February 17th, 2021 (transfer date). Thus, pursuant to article 12 of the above Decree-Law, the global transfer of assets from OTLIS to TML took place on the transfer date, and the LMA or TML shall agree with OTLIS members or with its liquidators the compensation for the transfer mentioned.

Proposal for application of results (note 46)

In accordance with the provisions in force, we suggest that the net results for the financial year, losses of 95,399,259 euros, are transferred to the results brought forward account.