2023 Consolidated Report and Accounts

The Economic Pillar of the CP Group

Analysis and performance of the Group's economic sustainability

COMBOIOS DE PORTUGAL

Legal Notice

CP – Comboios de Portugal, E.P.E.

Calçada do Duque, nº 20

1249– 109 Lisbon

Tax Number: 500 498 601

Registered at the Lisbon Company Register Number 109

Statutory capital €212,635,680.46 (at 31 December 2023)

Design and Coordination:

Planning Division, Management Control and Information

Financial Department

Contacts:

institucional@cp.pt

The original version complies with the Portuguese spelling agreement

Contents

Table of Charts

1.

Main Indicators

Group Operating Indicators	2023	2022	Δ 23-22	Δ %
Demand				
Passengers (10^3)	173,267	148,123	25,144	17.0%
Passenger Kilometre (10^3)	4,366,975	4,038,038	328,937	8.1%
Supply				
Trains (10^3)	398	422	-24	-5.7%
Train kilometres (10^3)	26,153	28,023	-1,870	-6.7%
Fleet - Active numbers				
Multiple Units	244	244	0	0.0%
Locomotives	49	47	2	4.3%
Coaches	153	141	12	8.5%
Human Resources				
CP	3,735	3,750	-15	-0.4%
SIMEF	69	69	0	0.0%
Fernave	10	10	0	0.0%
Ecosaúde	24	24	0	0.0%
Saros	1	1	0	0.0%
Group Work Force	**3,839**	**3,854**	**-15**	**-0.4%**

Group Financial indicators Group(€10^3)	2023	2022	Δ 23-22	Δ %
Financial Statements				
Operating Profit	57,359	28,903	28,456	98.5%
Net Profit	3,331	9,183	-5,852	-63.7%
EBITDA (1)	118,050	88,250	29,800	33.8%
Balance Sheet				
Assets	740,229	527,687	212,542	40.3%
Equity	226,759	-1,876,363	2,103,122	112.1%
Liabilities	513,470	2,404,050	-1,890,580	-78.6%
Borrowings	202,628	2,110,191	-1,907,563	-90.4%

* Before severance pay, fair value, impairments, provisions, depreciation, financing costs and taxes and other operations not related to the Group's core activities.

2.
The CP Group

Who we are

CP is a 100% state-owned rail transport company. It controls companies in the supply sector, particularly in rolling stock maintenance, training, healthcare, and insurance mediation, and holds minority stakes on a case-by-case basis, in a logic of cooperation, with other operators.

The Group provides the following services:

- Passenger rail transport;
- Maintenance of rolling stock, both its own and that of other transport operators;
- Technical training;
- Occupational health to companies and individuals.

The Group ended 2023 with a turnover of around EUR 271 million. At the end of 2023, the Group had 3,839 employees, a fleet of 244 multiple units, 49 locomotives and 153 coaches. These resources enabled 398,000 trains to run, carrying more than 173 million passengers.

The following diagram shows the CP stakes and affiliates as of 2023 2023.

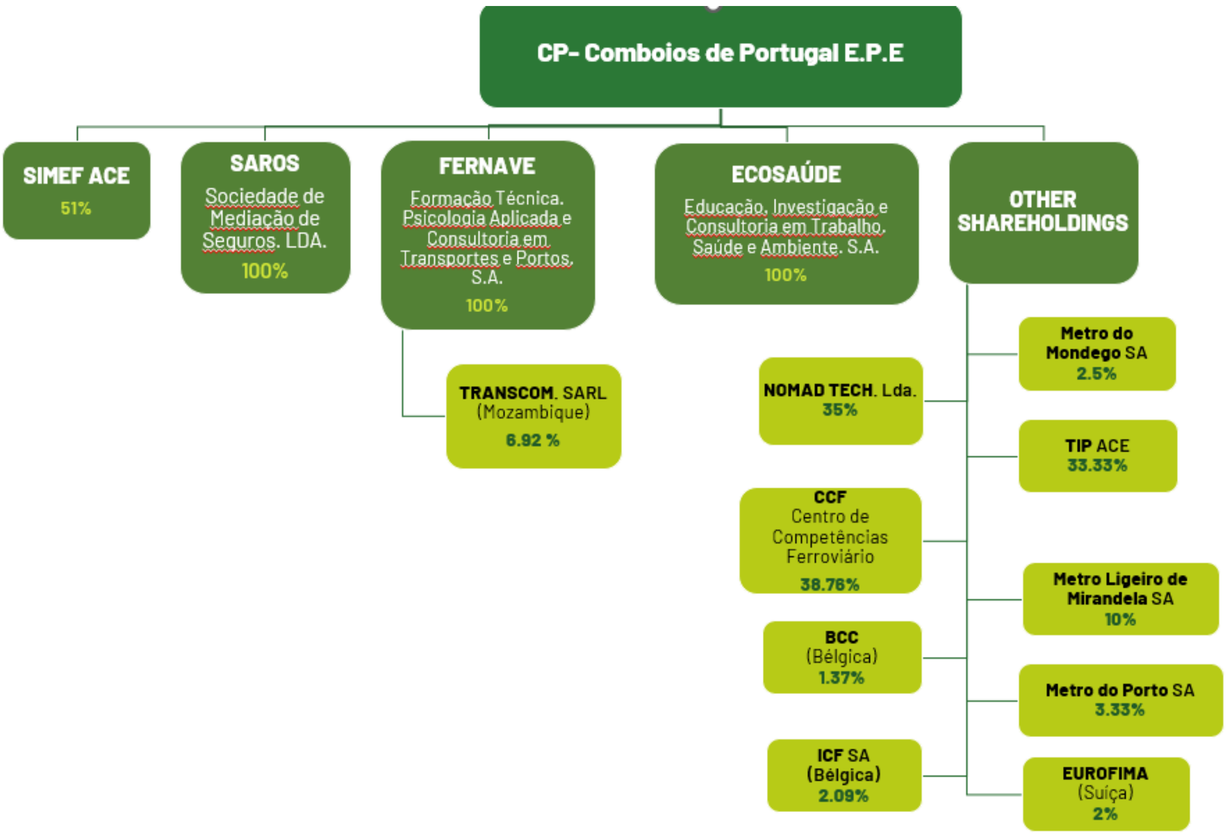


Chart 1 – CP.

CP still holds a 5% stake in Medway (formerly CP Carga), as agreed in the sale process of the former subsidiary. Cabinet Resolution no. 4/2024, of 5 January, authorised CP to make a Public Offer for the sale of 5% of the shares it holds, representing the share capital of Medway - Operador Ferroviário de Mercadorias, S. A.

Each of the Subsidiaries contributes as follows to the Group's mission to provide mobility to Portuguese society:

CP – Comboios de Portugal, E.P.E.

CP—Comboios de Portugal, EPE, mainly aims to provide passenger rail transport. This also includes the manufacture, refurbishment, major repair, and maintenance of railway equipment and vehicles and the study of workshop facilities for maintenance. CP—Comboios de Portugal, EPE, conducts workshop operations for its own rolling stock and that of other Transport Operators.

ECOSAÚDE – Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

ECOSAÚDE provides healthcare services, teaching, training and technical/professional development in working conditions, health and the environment. It also provides services in recruitment, selection and assessment of people, technical assistance, consultancy and auditing, particularly in health, hygiene and safety at work, the environment and environmental management. It carries out drug and alcohol control actions, ensuring referrals for treatment of these dependencies.

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

FERNAVE carries out training and professional technical development, studies and projects in the fields of business creation, organisation, and management, services in applied psychology and medical and psychological assessment, higher education, and scientific research in the context of transport, communications, or the technological areas surrounding them.

SAROS – Sociedade de Mediação de Seguros, LDA.

SAROS provides insurance brokerage services in the life and non-life fields. Its activity focuses on managing the insurance portfolios of CP Group companies.

SIMEF, A.C.E

SIMEF maintains 'LE 5600' and 'LE 4700' locomotives.

NOMAD TECH

NOMAD TECH develops its activity in engineering, innovation, and applied technology in the transport, manufacturing, repair, and maintenance of electronic components and developing computerised solutions.

TIP, A.C.E.

TIP is responsible for implementing and managing a shared and exclusive ticketing system for the Grouped Entities (CP, STCP, and Metro do Porto) in the greater Porto area and defining the common and exclusive intermodal fare structure for the means of public passenger transport operated directly or indirectly by the Grouped Entities.

Associação Centro de Competências Ferroviário (CCF)

The CCF Association, established in 2021, is a non-profit organisation that aims to position Portugal as a benchmark in the railway industry, in the development of technologies and new products, in the training of human capital and the national industrial fabric, and in the acceleration of ideas, projects, and companies with the capacity to internationalise.

Governance Model

CP's Board of Directors was constituted as follows in 2023:

Term of office	Position	Name	Appointment
Beginning-End			Form
28-09-2022 to 31-12-2024	Chair	Pedro Miguel Sousa Pereira Guedes Moreira	Order No. 11504/2022 of 19 September
28-09-2022 to 31-12-2024	Vice Chair	Maria Isabel de Magalhães Ribeiro	Order No. 11504/2022 of 19 September
28-09-2022 to 31-12-2024	Member	Ana Maria dos Santos Malhó	Order No. 11504/2022 of 19 September
28-09-2022 to 31-12-2024	Member	Pedro Manuel Franco Ribeiro	Order No. 11504/2022 of 19 September
28-09-2022 to 31-12-2024	Member	Joaquim José Martins Guerra	Order No. 11504/2022 of 19 September

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

Board Of Director Member	Ex-officio- 2023			
	Entity	Job	Regime (Public/Private)	Date and Means of Authorisation (AG/DUE/D)
Pedro Miguel Sousa Pereira Guedes Moreira	NOMAD TECH	Manager (since 30/07/2019)	Private	AG on 30/07/2019
Maria Isabel de Magalhães Ribeiro	SIMEF	Chair of the Board (since 30/07/2019)	Public	AG on 26/01/2022
Pedro Manuel Franco Ribeiro	TIP	Chair of the Board (since 01/06/2022)	Public	AG on 31/05/2022

Key:

Nomad Tech, Lda

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

TIP - Transportes Intermodais do Porto, ACE

Group Value Chain

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

Provider	Service	Receiver				
		CP	Fernave	Ecosaúde	SAROS	SIMEF
CP	Building Rents		☑			☑
	Provision of Services (Accounting, IT, Etc.)		☑	☑	☑	
	Reinvoicing (cleaning of facilities, surveillance, utilities, etc.)		☑	☑	☑	
	Rolling Stock Maintenance and Repair Services					☑
Fernave	Training	☑			☑	☑
Ecosaúde	Occupational health and safety services and alcohol and drug testing	☑	☑		☑	☑
SAROS	Insurance mediation	☑	☑	☑		☑
SIMEF	Rolling Stock Maintenance and Repair Services	☑				

This report will describe the main actions carried out in 2023 and prospects for these companies.

Non-Financial Report

The Non-Financial Report for 2023 is an integral part of CP's 2023 Corporate Governance Report as the group's parent company.

3.

Macroeconomic Background

National Accounts

In 2023, GDP grew by 2.3% in volume, following the 6.8% increase in 2022, the highest since 1987.

Domestic demand contributed positively to the annual change in GDP, although less than in the previous year, with a slowdown in private consumption and investment. The contribution of net external demand was also positive in 2023 but less intense than in 2022, with exports and imports of goods and services having slowed significantly in volume.

The limited growth in activity is due to lower external demand, coupled with the ECB's restrictive policy and cumulative inflation, which have taken purchasing power away from consumers. Tighter financing conditions due to rising interest rates mainly affected the industrial sector. On the other hand, the services sector showed resilience, positively contributing to maintaining a stable employment situation, even though the unemployment rate rose slightly in the last quarter of 2023.

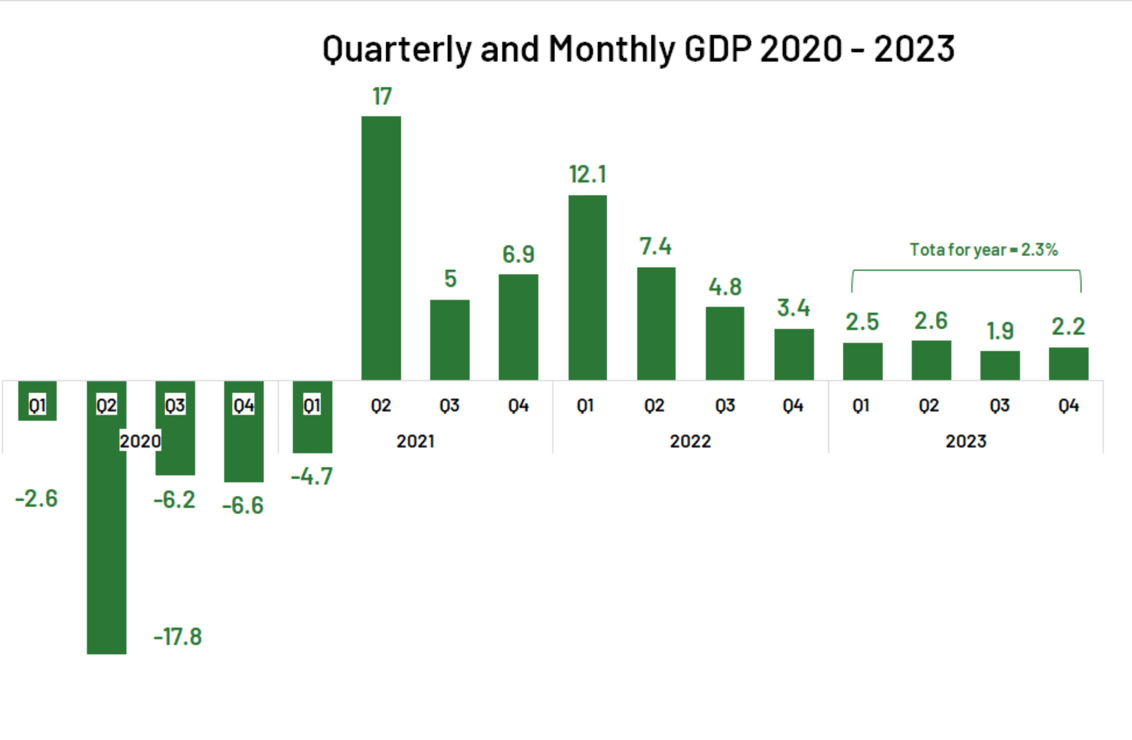


Chart 2 – Annual GDP growth between 2020 and 2023.

Fonte: www.ine.pt

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

Labour Market

The annual unemployment rate was around 6.6% in 2023. After a first quarter in which the rate reached 7.2% and a drop in the following two quarters to 6.1%, in the last quarter, it rose again to 6.7%, close to the rate seen in the same period of 2022.

After remote working became widespread during the pandemic, this alternative, thought to be temporary, has become a lasting solution for many organisations and workers. Remote working, or at least a hybrid of face-to-face and remote working, has emerged as a trend for the future.

Both the unemployment rate and remote working significantly impact the mobility market and are, therefore, phenomena that CP constantly monitors.

Chart 3 - Quarterly unemployment rate since 2021.

Source: www.ine.pt

Note: *The estimates for the 2nd quarter of 2020 to the 2nd quarter of 2023 were additionally revised following the results of the analysis of the impact of the suspension of the face-to-face collection mode (CAPI), which occurred due to the public health safeguard measures adopted during the COVID-19 pandemic period. For more details, please consult the explanatory note in the Press Release 'Employment Statistics - 3rd quarter 2023', published on Statistics Portugal's website.*

Inflation

In 2023, the Index of Harmonised Consumer Prices (IHCP) showed a downward trend. The slowdown in the IHCP was seen in most product categories, reflecting the base effect associated with the price increase in 2022, the decrease in energy prices and the VAT exemption applied to some essential foodstuffs from May onwards.

Average annual inflation totalled 5.3%, a decrease of 2.8 p.p. compared with the previous year.

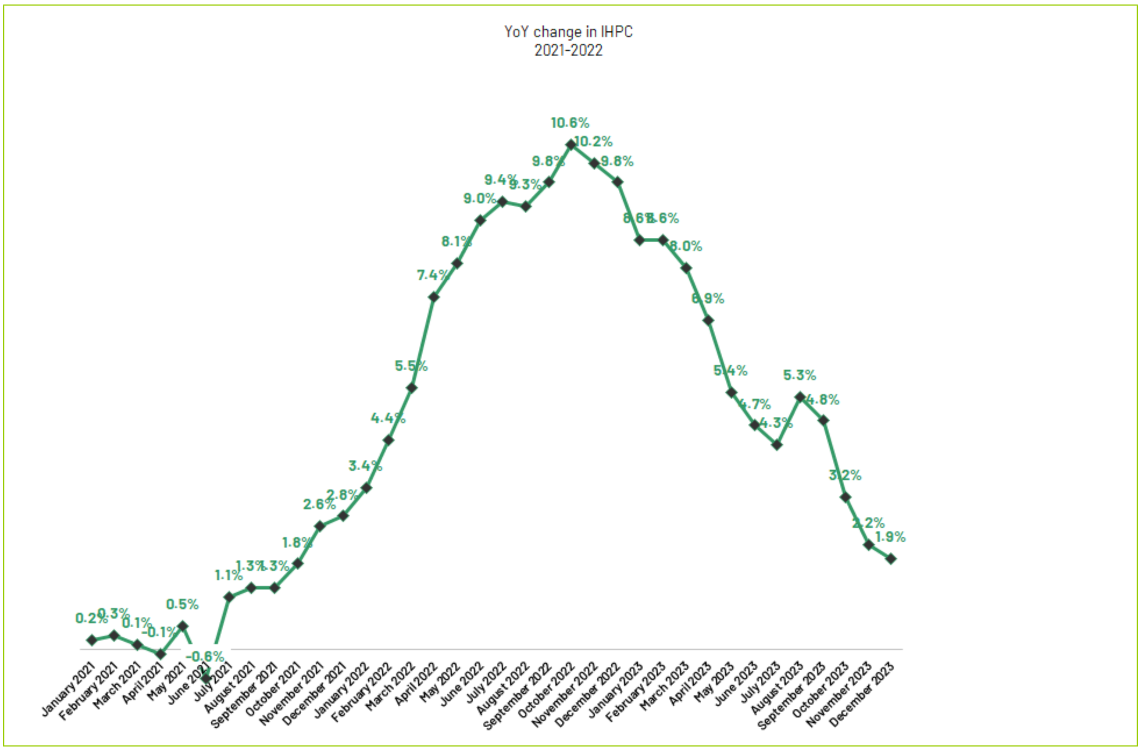


Chart 4 – Monthly YoY change in IHCP since 2021.

Source: www.ine.pt

4.

A Year of Activity

CP

Executive Summary

In 2023, CP made a Net Profit of EUR 3.6 million.

Of particular note is the substantial reduction in CP's debt, which fell from EUR 2.1 billion to EUR 202 million, following the award to the company of compensation for the public service obligations provided between 2002 and 2019.

In 2023, CP carried around 173.3 million passengers, an increase of 17% compared to the previous year and 20% compared to 2019 in the pre-pandemic period. Monthly passes for the Lisbon urban and Regional services drove this growth.

The strikes in 2023, which had a strong impact on the first seven months of the year, limited the recovery of the remaining services and occasional tickets and justified the decrease in supply compared to the previous year.

The Overall Punctuality Index for 2023 was 73.9%, 6.8 p.p., down from the previous year. The leading cause of the delays was the poor operating conditions of the infrastructure, which resulted from modernisation and conservation work throughout the National Railway Network, particularly concerning speed limitations.

Activity in 2023

World Youth Day 2023

World Youth Day occurred between the end of July and the beginning of August, culminating in His Holiness Pope Francis's visit. A plan was drawn up to ensure metropolitan mobility surrounding the event, contributing to more than 1.5 million passengers travelling during the event.

More Alfa Pendular Services

Two Alfa trains were brought back at the end of the year, one leaving Porto-Campanhã at 7.32 a.m. and the other from Lisbon-Santa Apolónia at 8 p.m., reinforcing the main link in CP's premium service.

Maintenance of the Mobility Service in Infrastructure Works Zones

As a result of the ongoing work on the railway infrastructure, CP has made some timetable adjustments and implemented a replacement bus service on the Beira Alta, Norte, Cascais, Algarve, Oeste and Sul lines.

Historical Trains

The 2023 campaign for the Douro and Vouga Historical Trains took place as usual during the summer, and many passengers enjoyed the experience.

National Rail Pass

A fixed monthly value pass has been created that allows passengers to travel on regional trains throughout Portugal, regardless of their point of departure or destination.

ANDA "Getting to Know Portugal" project"

A programme has been launched in partnership with Movijovem. It offers young people unlimited train travel for seven days and six nights in the Youth Hostels network free of charge.

Tender for the purchase of rolling stock

The tender for the purchase of 117 multiple units for the Lisbon and Porto regional and urban services, launched at the end of 2021, was finalised at the end of 2023 with the award of the contract to the Alstom Transporte S.A.U., Alstom Ferroviária Portugal, S.A. and Domingos da Silva Teixeira S.A. groups. The tender also includes the option of 36 additional multiple units for urban service.

Metro do Porto's new fleet

CP signed a five-year contract with train manufacturer CRRC to maintain the 18 vehicles in Metro do Porto's new CT fleet at CP's workshops in Guifões.

Resource Management

Human Resources

At the end of 2023, CP's total workforce totalled 3,735, 15 fewer than at the end of 2022.

This decrease is due to a high rate of unplanned departures, combined with the long time needed to obtain recruitment authorisations and the low entry-level salaries. Several processes have had to be restarted due to a lack of successful candidates and/or withdrawals.

The absenteeism rate increased by 0.32% in 2023 compared to the previous year, at 8.07%. The main reasons for absenteeism were strikes and sick leave.

The absenteeism rate increased by 0.32% in 2023 compared to the previous year, at 10.8%.

In 2023, approximately 105,000 hours of training were given to around 7,300 trainees, most of which were given through Fernave, a CP Group company. Safety and maintenance were the subjects with the most training hours and trainees.

Fleet

At the end of 2023, CP had 446 units of rolling stock allocated to the active fleet in commercial service, as described below:

Type of Rolling Stock	2023	2022	Δ 23-22
Electric Multiple Units	195	195	0
Diesel Multiple Units	49	49	0
Electric Locomotives	37	36	1
Diesel Locomotives	12	11	1
Coaches	153	141	12
TOTAL	446	432	14

Place of Operation	2023	2022
Lisbon Urban Service	98	98
Porto Urban Service	34	34
Reg. Long-distance Service	309	295
Rented to Medway	5	5
Total	446	432

At the end of 2023, the fleet included 18 diesel multiple units leased from RENFE, assigned to the Regional Service and the Celta Train (Porto-Vigo international link).

CP also has rolling stock assigned to the Historic Trains, Rescue Trains, and Shunters, which provide internal workshop support services.

Supply and Demand

In 2023, CP carried 173.3 million passengers, an increase of 17% compared to the previous year and 20% compared to 2019 in the pre-pandemic period.

This growth was driven by monthly tickets, namely the Lisbon Urban and Regional services, which benefited from the measures implemented under the Fare Reduction Support Programme (PART) and the introduction of the National Rail Pass in July 2023.

The strikes in 2023, which strongly impacted the first seven months of the year, limited the recovery of the remaining services and ticket sales, which were generally below pre-pandemic values.

Passengers (*10^3)	2023	2022	Δ 23-22	Δ %
Lisbon Urban Service	136,325	110,168	26,158	23.7%
Porto Urban Service	19,942	20,592	-650	-3.2%
Coimbra Urban Service	834	867	-33	-3.8%
Long Distance Service	5,193	5,522	-329	-6.0%
Regional Service	10,857	10,864	-7	-0.1%
Regional Service	115	111	4	3.3%
TOTAL	173,265	148,123	25,142	17.0%

CP ran around 398,000 trains in 2023 with approximately 26 million train-kilometres (CK).

The first seven months of 2023 saw severe disruption caused by strikes called by various CP and IP trade union organisations. These strikes affected all services across the board. During this period, more than 31,300 trains were cancelled due to strikes, equivalent to 7% of all scheduled trains.

Trains	2023	2022	Δ 23-22	Δ %
Lisbon Urban Service	190,484	199,482	-8,998	-4.5%
Porto Urban Service	78,596	83,286	-4,690	-5.6%
Coimbra Urban Service	10,382	10,964	-582	-5.3%
Long-distance Service	23,534	24,890	-1,356	-5.4%
Regional Service	93,200	101,437	-8,237	-8.1%
International Service	1,359	1,416	-57	-4.0%
TOTAL	397,555	421,475	-23,920	-5.7%

Income

Traffic revenue was €247.4 million, a 3.3% decrease from the previous year and 10% compared with 2019 figures. This development, contrary to the growth in demand, is essentially due to the increase in the relative weight of monthly passes, which have a lower fare base, and the impact of the strikes on single tickets and long-distance services, which have the highest fare bases.

The revenue figures include extraordinary contributions granted under the Tariff Reduction Support Programme (PART), which continue to be granted with a significant time lag and distort traffic income data's comparability. No reimbursement was received in 2023 for implementing the National Rail Pass.

Traffic Revenue (*€10^3)	2023	2022	Δ 23-22	Δ %
Lisbon Urban Service	98,362	97,477	885	0.9%
Porto Urban Service	28,515	31,473	-2,958	-9.4%
Coimbra Urban Service	1,141	1,184	-43	-3.7%
Long-distance Service	88,228	93,753	-5,525	-5.9%
Regional Service	29,306	29,539	-232	-0.8%
International Service	1,806	2,298	-492	-21.4%
TOTAL	247,358	255,723	-8,365	-3.3%

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

Maintenance Activity

This activity is designed to guarantee the reliability and availability of the rolling stock in CP's service as a transport operator and ensure compliance with the contracts established with clients in the field of fleet repairs and component repairs.

CP maintains all its rolling stock day to day except for the 5600 locomotives, which are maintained by SIMEF, a CP subsidiary.

In 2023, scheduled major repairs (type R) continued to be carried out on various equipment to restore them to operational conditions and safety levels.

Work continued restoring inoperable vehicles to service to reinforce the active fleet and minimise the number of commercial train cancellations, namely:

- One LE 2600/2620 series electric locomotive;
- One 1400 series diesel locomotive;
- Three Sorefame carriages;
- Nine Arco coaches.

Meanwhile, the effort to reduce the percentage of rolling stock covered in graffiti continued, strongly impacting service quality, image, and the passengers' feeling of safety and comfort.

The volume of maintenance services provided to third parties in 2023 totalled EUR 14.9 million. The main services provided to third parties included:

- VIAPORTO - maintenance of Metro do Porto's EUROTRAM and TRAMTRAIN fleet;
- RENFE - maintenance of the 592 series diesel multiple units leased by CP;
- Infraestruturas de Portugal - maintenance of track equipment;
- ADP - maintenance of Sentinel shunters and wagons;
- CRRC - Start of maintenance on Metro do Porto's new CT fleet;
- Repair of rotables for various clients.

Investments

In 2023, the value of investments totalled EUR 42.4 million, 81% of which was earmarked for the acquisition and modernisation of rolling stock.

Total Investment Amounts in €'000	Actual Amount	Proportion
Acquisition of Rolling Stock	16,800	39.6%
Modernisation of Rolling Stock	17,257	40.7%
Own works capitalised	15,910	
Other Rolling Stock	1,348	
Fixed Installations	1,205	2.8%
Equipment	3,426	8.1%
Sales equipment	2,688	6.3%
Computerisation	1,063	2.5%
TOTAL	42,439	

The 'Acquisition of rolling stock' includes the third instalment of the contract to acquire 22 multiple units for the Regional Service.

At the end of the year, a contract was awarded for the purchase of 117 multiple units for the Urban and Regional Services, but the two unsuccessful bidders contested the decision.

The merger of EMEF into CP internalised the maintenance and repair of rolling stock. As a result, since they are carried out in-house, major rolling stock repairs are now shown as 'Own Work Capitalised'.

Earnings

INCOME AND EXPENSES (amounts in thousands of euros)	Years		Variation 2023/2022	
	REAL 31/12/2023	REAL 31/12/2022	Amount	%
Sales and services rendered	267,615	275,094	-7,479	-3%
Sales and services rendered - Passengers	248,158	256,519	-8,361	-3%
Sales and services rendered - Maintenance and repair	14,937	13,902	1,035	7%
Sales and services rendered - Other	4,520	4,673	-153	-3%
Operating subsidies	157,884	116,204	41,680	36%
Change in production inventories	1,745	2,096	-351	-17%
Own work capitalised	15,910	12,992	2,918	22%
Other income	24,520	28,191	-3,671	-13%
	467,674	434,577	33,097	8%
Cost of goods sold and materials consumed	-35,278	-32,944	-2,334	-7%
External supplies and services	-146,655	-160,669	14,014	9%
Staff costs (excluding indemnities and variable agreements)	-160,269	-151,004	-9,265	-6%
Other expenses	-10,727	-4,676	-6,051	-129%
	-352,929	-349,293	-3,636	-1%
Operating profit from transport and maintenance* (EBITDA)	**114,745**	**85,284**	**29,461**	**35%**
Depreciation and amortisation expense/reversals	-51,636	-55,111	3,475	6%
Impairment of depreciable/amortisable investments (losses/reversals)	111	342	-231	-68%
Termination indemnities	-278	-235	-43	-18%
Imputed gains/losses of subsidiaries, associates and joint ventures	2,678	2,156	522	24%
Impairment of inventories (losses/reversals)	-2,068	-2,071	3	0%
Impairment of receivables (losses/reversals)	281	-33	314	952%
Provisions (increases/decreases)	-261	692	-953	-138%
Impairment of non-depreciable/amortisable investments (losses/reversals)	-2,000	261	-2,261	-866%
Exchange rate differences (increase/decrease)	-2,679	-2,050	-629	-31%
Other income (non-core)	55	4	51	1275%
Other expenses (non-core)	-1,952	-615	-1,337	-217%
Operating profit	**56,996**	**28,624**	**28,372**	**99%**
Interest and similar income	52	14	38	271%
Interest and similar expenses incurred	-50,853	-18,892	-31,961	-169%
Financial profit	**-50,801**	**-18,878**	**-31,923**	**-169%**
Profit before tax	**6,195**	**9,746**	**-3,551**	**-36%**
Income tax for the period	-2,643	-565	-2,078	-368%
Net profit for the period	**3,552**	**9,181**	**-5,629**	**-61%**

* Before severance pay, fair value, impairments, provisions, depreciation, financing costs and taxes and other operations not related to the company's core activities.

CP made a Net Profit of EUR 3.6 million in 2023. The decrease in Net Profit compared to the previous year is essentially explained by the worsening Financial Result and the impact of the strikes, partially offset by the increase in financial compensation for public service obligations.

Recurring EBITDA from transport and maintenance activities totalled EUR 114.7 million in 2023, an improvement of EUR 29.5 million compared with the previous year.

In terms of revenue, we would highlight the decrease in Services Provided of around EUR 7.5 million, essentially due to the impact of labour disputes, and the positive variation in Operating Subsidies of EUR 41.7 million, explained by the recognition of the settlement of compensation for public service obligations and contract rebalancing relating to previous years.

Expenditure on External Supplies and Services fell by EUR 14 million, mainly due to decreased electricity costs for traction.

Personnel costs (excluding severance pay) increased by EUR 9.3 million, essentially due to the increase in employees' pay, effective January 2023. There was also an additional update for some allowances, such as daily productivity bonuses, travel and subsistence allowances, and driving and inspection bonuses, effective May 2023.

The Financial Profit in 2023 was negative EUR 50.8 million, an increase of around EUR 31.9 million compared with the previous year. This is explained, in particular, by the authorisation[2] to defer payment of the debt service on the loans granted by the DGTF to CP, due by 31 December 2022 and due in 2023, until 31 December 2023. However, the debt is subject to the payment of interest.

By order of the Ministers of Finance and Infrastructure of 9 October 2023, it was decided to grant CP the due compensation for the public service obligations provided between 2002 and 2019 through an increase in the statutory capital paid up in kind by converting credits held by the state, through the DGTF and in cash, to be paid up 30% in 2023 and the rest in 2024.

The capital increase paid in cash in 2023 was partly used to buy back CP bonds in an operation that cost EUR 52.9 million, including debt amortisation of EUR 44.5 million and charges of around EUR 8.4 million.

[2] Orders of the Secretary of State for the Treasury no. 174/2023-SET, of 9 May, and of the Minister of Finance no. 130/2023-MF, of 6 June.

FERNAVE

Executive Summary

In 2023, FERNAVE recorded an increase in its activity compared to the previous year.

Revenues totalled almost EUR 2 million (an increase of 31% compared with the previous year), which enabled the 2023 financial year to end with a Net Profit of EUR 788,800 (an improvement of 47.3% compared with the previous year).

Activity in 2023

Training

With a portfolio of around 140 corporate and private clients, there was an increase of around 10% in the number of training hours and 12% in the number of participants compared to the previous year.

Four initial training courses for railway drivers were opened in the last four months of the year. One of the courses was based on a protocol with the IEFP to reintegrate workers from the former Petrogal / Galp refinery into the labour market by training them as train drivers.

As a result of this training, 61 new train drivers will be available on the labour market at the beginning of 2024.

Psychology:

Around 1,400 examinations were carried out, covering recruitment and psychological assessment interventions, namely selection and special and periodic control examinations, for various clients in the transport sector, in the context of the railway, road and maritime-port sectors, among others, as well as for private individuals.

Consulting:

In 2023, the company expanded into Angola by advising on the concession of a new freight railway operator on the Benguela Railway - CFB. This consultancy consisted of a series of structuring projects:

- Preparation of the railway operator licensing process and safety certificate;
- Specialised technical audit of the railway operation and infrastructure;
- Design of the network statement (still in progress);
- Start of work in terms of traffic command and control.

Human Resources

FERNAVE maintained its team of 10 employees.

Income

FERNAVE's three operating segments recorded significant increases in income, due to an increase in activity.

Income, totalling almost EUR 2 million, was up 31% compared with the previous year.

Earnings (Amounts in EUR)	2023	2022	Δ 23-22	Δ %
Training	€1,640,850	€1,341,277	€299,573	22.3%
Psychology	€149,681	€139,172	€10,509	7.6%
Consulting	€175,785	€21,008	€154,777	736.8%
TOTAL	€1,966,317	€1,501,457	€464,860	31.0%

Profits

INCOME AND EXPENSES (Amounts in EUR)	2023	2022	Δ 23-22	Δ %
Sales and services provided	€1,966,317	€1,501,457	€464,860	31.0%
External services and supplies	-€602,306	-€546,650	-€55,656	-10.2%
Staff costs	-€429,211	-€380,888	-€48,323	-12.7%
Debts receivable impairment (losses/reversals)	€334	-€433	€767	177.1%
Impairment of non depreciable investments (losses/reversals)	€10,242	€48,788	-€38,546	-79.0%
Provisions (increases/ reductions)	€0	€0	€0	s/s
Other income	€68,775	€22,402	€46,373	207.0%
Other costs	-€2,744	-€1,624	-€1,120	-69.0%
Profit before depreciation, financing costs and taxes	**€1,011,407**	**€643,052**	**€368,355**	**57.3%**
Costs/reversions of depreciation and amortisation	-€18,694	-€10,391	-€8,303	-79.9%
Operating profit (before financing costs and taxes)	**€992,713**	**€632,661**	**€360,052**	**56.9%**
Interest and similar income	€200	€0		s/s
Profit before tax	**€992,913**	**€632,661**	**€360,252**	**56.9%**
Income tax for the period	-€204,136	-€97,272	-€106,864	-109.9%
Net profit for the period	**€788,777**	**€535,389**	**€253,388**	**47.3%**

FERNAVE ended the 2023 financial year with a Net Profit of EUR 788,800, an increase of 47.3% compared with the previous year.

Of particular note is the increase in Turnover of around 31%, as analysed above.

The 10.2% increase in external supplies and services is due to the rise in training activities carried out mainly through subcontracting.

The increase in Personnel Costs was due to salary updates and the impact of an employee joining at the end of 2022.

ECOSAÚDE

Executive Summary

ECOSAÚDE ended the 2023 financial year with a Net Profit of around EUR 27,600, a decrease of EUR 67,400 compared to the previous year.

Turnover increased by 2.7%.

It reduced its interest-bearing debt by EUR 32,000, a reduction of 18%.

Activity in 2023

There was an increase in the company's activity in most services, especially in Medical Acts.

Activity Indicators (Units)	2023	2022	Variation %
Occupational medicine (medical procedures)	13,769	13,167	5%
Safety at work (working condition interventions)	1,763	1,829	-4%
Addiction prevention and control (workplace testing)	11,327	11,137	2%
Medical and nursing specialities	3,289	3,119	5%
Claims management (Work Accident consultations and trea	732	744	-2%
Training - Hours	7,869	8,612	-9%
Training - Courses	65	23	183%
Training - Trainees	671	253	165%

Human Resources

At the end of the 2023 financial year, ECOSAÚDE kept its team of 24 employees.

Income

Earnings increased by 2.7% compared to the previous year, with the shareholder being its biggest client, accounting for 44% of turnover.

Customers (amounts in EUR '000)	2023	% of Total Invoicing in 2023
CP Comboios de Portugal EPE	1,192,744	44%
Other CP Group Related Parties	29,496	1%
PSA SINES-TERMINAIS CONTE	299,672	11%
MULTICARE - SEG. SAÚDE,	74,721	3%
GENERALI SEGUROS, S.A	70,495	3%
Other Customers (300 in tal)	1,035,674	38%
Total	2,702,802	

Profits

ECOSAÚDE ended the 2023 financial year with a Net Profit of around EUR 27,600, a decrease of EUR 67,400 compared to the previous year.

As mentioned above, sales and Services increased by 2.7%, offset, however, by the increase in External Supplies and Services.

INCOME AND EXPENSES (amounts in EUR)	2023	2022	Δ 23-22	Δ %
Sales and Services	2,702,802	2,632,741	70,061	2.7%
External Supplies and Services	-1,808,723	-1,676,643	-132,080	-7.9%
Staff costs	-793,539	-793,215	-324	-0.04%
Debts receivable impairment (losses/reversals)	-20,137	-8,190	-11,947	-145.9%
Other Income and Gains	41,589	52,514	-10,925	-20.8%
Other Costs and Losses	-30,732	-28,407	-2,325	-8.2%
Profit before Depreciation, Financing Costs and Taxes	**91,260**	**178,800**	**-87,540**	**-49.0%**
Costs/reversals of depreciation and amortisation	-31,642	-40,005	8,363	20.9%
Operating profit (Before Financing Costs and Taxes)	**59,618**	**138,795**	**-79,177**	**-57.0%**
Interest and similar costs	-12,883	-5,779	-7,104	-122.9%
Profit before tax	**46,735**	**133,016**	**-86,281**	**-64.9%**
Income tax for the year	-19,165	-38,035	18,870	49.6%
Net profit for the period	**27,570**	**94,981**	**-67,411**	**-71.0%**

SAROS

Executive Summary

In 2023, Saros continued to mediate the companies' insurance policies that make up the CP Group and made a Net Profit of EUR 323,700.

Activity in 2023

Bearing in mind the mission assigned to the company, which is to mediate the insurance policies of the companies that make up the CP Group, during 2023, Saros focused its activity on the following pillars:

- Assisting companies in contracting insurance, specifically with drafting and reviewing tender documents (tender programmes, specifications and others), providing all the necessary technical clarifications;
- Providing ongoing technical support and advice to clarify various questions about the policies in force (cover/claims/compensation/etc.);
- Managing the insurance policies where Saros is the mediator. It should be noted that Saros' intervention does not end with the conclusion of insurance contracts, as its intervention also involves assisting at the end of these contracts;
- Support in analysing risk and finding product solutions that best meet the needs and specificities of companies.

Human Resources

In 2023, the company's operational activity was carried out solely by management, with no other employees.

Income

In 2023, the value of Sales and Services by SAROS totalled EUR 418,900, which decreased 1.3% compared to 2022.

Regarding the distribution of commissions earned by the insurance branch, 'Health' and 'Workmen's Compensation' were the most significant, accounting for 82.6% of total commissions earned in 2023.

Areas (amounts in EUR '000)	2023	2022	Δ 23-22	Δ %
Occupational Accidents	132.4	174.8	-42.3	-24.2%
Health	213.6	179.9	33.7	18.7%
Civil Liability	51.7	51.4	0.3	0.6%
Others	21.1	18.3	2.8	15.5%
TOTAL	418.9	424.4	-5.5	-1.3%

Profits

In 2023, Saros made a Net Profit of EUR 323,700, representing a decrease of EUR 14,100 compared to the previous year (-4.2%).

The items 'Sales and Services', 'External Supplies and Services' and 'Personnel Costs' recorded similar figures to the previous year.

With regard to 'Other Income', the variation was due to the recognition of excess tax estimates from previous years.

INCOME AND EXPENSES (amounts in EUR)	2023	2022	Δ 23-22	Δ %
Sales and services provided	418,873	424,355	-5,482	-1.3%
External services and supplies	-13,747	-13,368	-379	-2.8%
Staff costs	-56,814	-56,889	75	0.1%
Other income	57,794	70,834	-13,040	-18.4%
Other costs	-9,170	-9,241	70	0.8%
Profit before depreciation, financing costs and taxes	**396,936**	**415,691**	**-18,756**	**-4.5%**
Costs/reversions of depreciation and amortisation	-2,889	-497	-2,392	-481.1%
Operating profit (before financing costs and taxes)	**394,047**	**415,194**	**-21,148**	**-5.1%**
Interest and similar income	6,790	0	6,790	s/s
Interest and similar costs	0	0	0	s/s
Profit before tax	**400,837**	**415,194**	**-14,357**	**-3.5%**
Income Tax for the period	-77,100	-77,400	300	0.4%
Net profit for the period	**323,737**	**337,794**	**-14,057**	**-4.2%**

SIMEF, A.C.E.

Executive Summary

The strategic plan developed in the previous financial year, for the supply of critical materials to ensure the continuity of the operation, meant that despite the continuation of the war in Europe and the respective price escalation, there were no disruptions in the supply chain and no significant financial impact. Inventory levels showed a decrease compared to the close of 2022.

Net profit in 2023 was EUR 976,000 (+3.6% compared to the previous year). The invoicing of additional services contributed to the increase in Turnover.

At the proposal of the Siemens Mobility Portugal Group, the supply of labour services for the installation of the CBTC System in Lisbon Metro units began.

Activity in 2023

Despite the constraints created by incomplete staffing in the operational area, due to the submission of several requests for termination of employment contracts and recruitment difficulties, full compliance with locomotive maintenance activities was guaranteed.

Despite a reduction in reliability indexes due to equipment obsolescence, fleet availability for commercial service performed excellently. In terms of the number of kilometres travelled by the locomotives, the CP fleet increased by 4.55% from the contractual reference, and the Medway fleet decreased by 13%.

Also, in the operational sphere, work continued on the R2 interventions on the LE4700 series, which, in addition to leveraging technical skills, are also of great importance from a business point of view.

The year 2023 was marked by the consolidation and improvement of procedures, methodologies and workflows for processes and sub-processes intrinsic to the Quality, Safety and Environment Area (QSA) (created in 2022), in the fields of quality, railway safety (FS) and occupational safety and health (OSH). Work began on the project to implement an IT solution/tool to support the management of the Integrated Maintenance, Quality, Safety and Environmental Management System, which is expected to be finalised in the first quarter of 2024.

The renewal of the Quality Management System certification under the NP EN ISO 9001:2015 standard and the maintenance of the Health and Safety Management System certification under the NP EN ISO 45001:2018 standard were guaranteed in 2023. Very positive results were also obtained in the 1st Follow-up Audit by the APNCF concerning the Safety Management System, implemented under regulation 2019/779 - Entity Responsible for Maintenance.

Human Resources

SIMEF has a workforce of 69.

The absenteeism rate fell to 1.69%, below the target of 4% and the 4.97% recorded in the previous year.

2,433 training hours were given, corresponding to around 35.13 hours of training per employee.

In 2023, the entire SIMEF team continued to focus on consolidating the corporate culture of continually reducing accidents, with 1 accident at work recorded.

Income

Turnover increased by 4.8% due to the realisation of additional services.

Area of Activity (Amounts in EUR)	2023	2022	Δ 22-21	Δ %
Locomotive maintenance	14,032,448	13,386,031	646,417	4.8%
TOTAL	14,032,448	13,386,031	646,417	4.8%

Profits

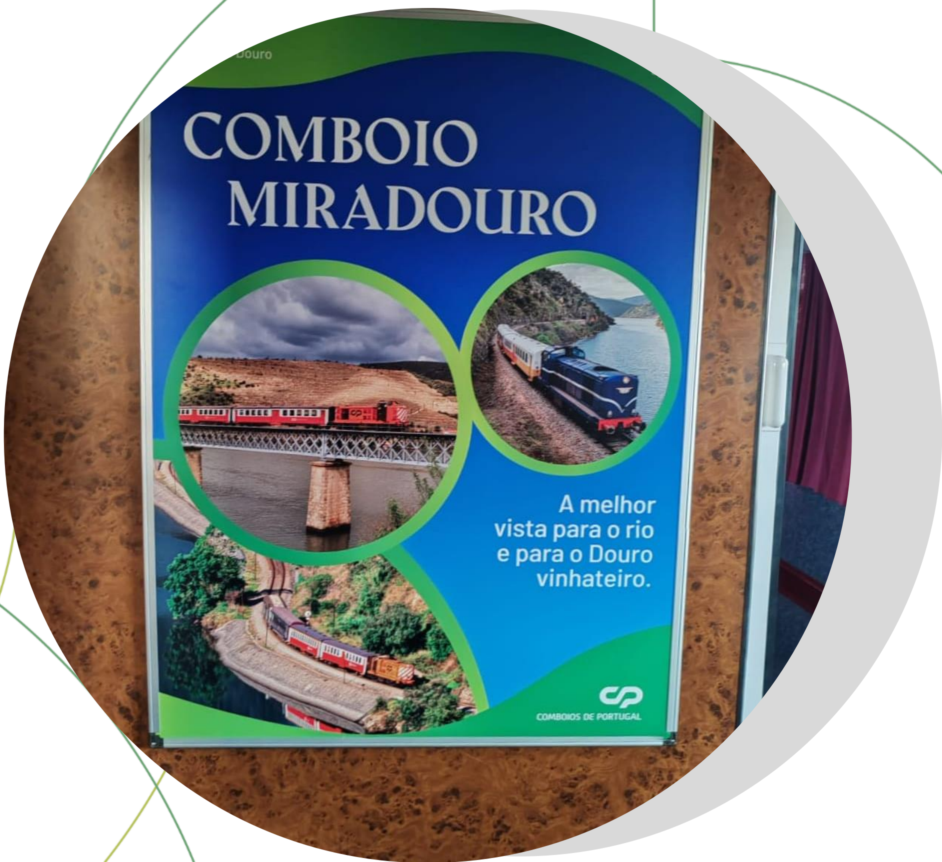
INCOME AND EXPENSES (amounts in EUR '000)	2023	2022	Δ 23-22	Δ %
Sales and services provided	14,032	13,386	646	4.8%
Cost of goods sold and materials consumed	-1,530	-2,156	626	29.0%
External supplies and services	-8,969	-7,953	-1,016	-12.8%
Staff costs	-2,383	-2,206	-177	-8.0%
Provisions (increases/ reductions)	-55	-47	-8	-15.9%
Other income and costs	-46	16	-62	-381.1%
Profit before depreciation, financing costs and taxes	**1,049**	**1,039**	**10**	**0.9%**
Costs/reversions of depreciation and amortisation	-86	-98	12	12.0%
Operating profit (before financing costs and taxes)	**963**	**942**	**21**	**2.3%**
Interest and similar income	13	0	13	4987.7%
Profit before tax	**976**	**942**	**34**	**3.6%**
Income Tax for the period	0	0	0	s/s
Net profit for the period	**976**	**942**	**34**	**3.6%**

Net profit in 2023 was EUR 976,000, an improvement of 3.6% compared to the previous year.

The realisation of additional services contributed to the increase in turnover and had an impact on the increase in expenses.

At the end of 2023, the Tax Authority (AT) conducted a tax inspection of 2019 and presented a proposal for a correction to the 2019 financial year in terms of IRC withholding tax totalling EUR 25,100.75. SIMEF's Board of Directors, based on the opinion of the tax consultants, believes that it has complied with its tax obligations and will, therefore, contest the proposal submitted by the tax authority.

5. Economic and Financial Analysis



Profits

Net profit for the Group

(amounts in thousands of euros)

INCOME AND EXPENSES (amounts in EUR '000)	YEARS		2023/2022 variation	
	REAL 31/12/ 2023	REAL 31/12/ 2022	Amount	%
Sales and services provided	270,622	277,500	-6,878	-2%
Sales and services provided - Passengers	248,158	256,518	-8,360	-3%
Sales and services provided- Maintenance and Repair	14,937	13,902	1,035	7%
Sales and services provided- Others	7,527	7,080	447	6%
Operating subsidies	157,885	116,204	41,681	36%
Variation in production stocks	1,745	2,096	-351	-17%
Own works capitalised	15,910	12,992	2,918	22%
Other income	24,307	27,938	-3,631	-13%
	470,469	436,730	33,739	8%
Cost of goods sold and materials consumed	-35,278	-32,944	-2,334	7%
External supplies and services	-146,782	-160,549	13,767	-9%
Staff costs (excluding indemnities and variable agreement)	-159,589	-150,272	-9,317	6%
Other costs	-10,770	-4,715	-6,055	128%
	-352,419	-348,480	-3,939	1%
Operating Earnings from Transport Activity* (EBITDA)	**118,050**	**88,250**	**29,800**	**34%**
Costs/reversals of depreciation and amortisation	-53,426	-56,870	3,444	-6%
Investment impairment depreciable/amortisable (losses/reversions)	111	342	-231	-68%
Severance payments	-279	-235	-44	19%
Gains/losses attributed to subsidiaries, associates and joint ventures	1,537	1,187	350	29%
Impairment of inventories (losses/reversals)	-2,068	-2,071	3	0%
Debts receivable impairment (losses/reversals)	261	-42	303	-721%
Provisions (increases/ reductions)	-261	692	-953	-138%
Impairments from non depreciable / amortisable investments (losses /reversals	-1,990	310	-2,300	-742%
Exchange rate differences (increases/reductions)	-2,679	-2,049	-630	31%
Other income (non core)	55	4	51	1275%
Other costs (non core)	-1,952	-615	-1,337	217%
Operating profit	**57,359**	**28,903**	**28,456**	**98%**
Increases/decreases in fair value	0	0	0	s/s
Interest and similar income	50	10	40	400%
Interest and similar costs	-51,135	-19,100	-32,035	168%
Financial Profit	**-51,085**	**-19,090**	**-31,995**	**168%**
Profit before tax	**6,274**	**9,813**	**-3,539**	**-36%**
Income Tax for the period	-2,943	-630	-2,313	367%
Net profit for the period	**3,331**	**9,183**	**-5,852**	**-64%**

* Before severance pay, fair value, impairments, provisions, depreciation, financing costs and taxes and other operations not related to the group's core activities.

The CP Group's Net Profit remained positive in 2023, standing at EUR 3.3 million, which represented a reduction of around EUR 5.9 million compared to the previous year.

This is essentially explained by the worsening of the financial result and the impact of the strikes that took place, partially offset by the increase in financial compensation for public service obligations.

Operating Result from Core Activities (EBITDA)

Recurrent EBITDA from Core Activities (transport and maintenance) was EUR 118.1 million in 2023, an improvement of around EUR 29.8 million on the previous year. Below are the main changes that contributed to the variation:

- Decrease in Services Provided of around EUR 6.9 million, due to the decrease in income associated with the passenger transport service (-EUR 8.4 million), mainly due to the impact of labour disputes. Note the increase in services provided in the area of maintenance and repair of rolling stock (+EUR 1 million);
- A EUR 41.7 million increase in operating subsidies, explained by:
  - an increase of EUR 28 million in the twelfths allocated as compensation for the public service obligations provided in 2022 and 2023;
  - recognition in 2022 of the rebalancing of the public service obligation contract for 2020 (EUR 17.7 million);
  - recognising in 2023 the amounts relating to the settlement of compensation and rebalancing of the public service obligations contract for 2021 (EUR 58.1 million) and the settlement of compensation for 2022 (EUR 7.1 million);
  - recognising in 2023 a decrease in income of around EUR 33.8 million due to the adjustment of compensation for public service obligations rendered in 2023;
- Increase in Own Works, totalling EUR 2.9 million;
- Decrease in Other Income of around EUR 3.6 million, particularly the decrease in Income from Previous Years, namely from the settlement of compensation relating to the Public Transport Fare Reduction Support Programme (PART), of around EUR 2.2 million;
- An increase of EUR 2.3 million in the Cost of Goods Sold and Materials Consumed, with a special focus on warehouse consumption in the rolling stock maintenance area (+EUR 4.3 million), partially offset by a decrease in fuel consumption (-EUR 1.8 million);
- A decrease in External Supplies and Services of around EUR 13.8 million, with particular emphasis on the decrease in electricity costs for traction, which fell by around EUR 16.6 million compared to the previous year;
- An increase of EUR 9.3 million in personnel costs (excluding severance pay), which is essentially due to the increase in workers' salaries with effect from January 2023. There was also an additional update for some allowances, such as daily productivity bonuses, travel and subsistence allowances, driving bonuses and overhauls, with effect from May 2023;

- An increase in Other Expenses of around EUR 6.1 million:
    (i) the increase in the Prior Year Correction item, due to the recording of electricity costs for the period between July and October 2022 (EUR 2.1 million);
    (ii) the cost of recognising the penalties provided for in CP's Public Service Obligations Contract for the years 2022 and 2023 (EUR 1.5 million);
    (iii) the costs associated with adjusting the moving average price of rotables (EUR 2.8 million).

Operating Profit

The CP Group's Operating Profit in 2023 was EUR 57.4 million, an improvement of EUR 28.5 million on the previous year (EUR 28.9 million). The following more significant changes stand out, in addition to those already mentioned for EBITDA:

- Decrease in Depreciation and Amortisation Expenses, by EUR 3.4 million;
- Reduction in Provisions in the amount of around EUR 1 million, as a result of liabilities, namely contractual penalties associated with the provision of maintenance services for Metro do Porto's rolling stock;
- Reduction in the Impairment of Non-Depreciable / Depreciable Investments (Losses / Reversals), of around EUR 2.3 million, due to the recording of impairment in the amount of EUR 2 million related to the financial participation in the Railway Competence Centre;
- An increase in Other Expenses (Non-Core) of EUR 1.3 million, as a result of the write-off of discontinued, inoperable and unrepairable equipment in 2023, which was higher than in 2022.

Financial Result

The CP Group's Financial Result in 2023 was negative EUR 51 million, an increase of around EUR 32 million compared to the previous year.

This is explained, in particular, by the Orders of the Secretary of State for the Treasury no. 174/2023-SET of 9 May, and of the Minister of Finance no. 130/2023-MF of 6 June, which allowed the deferral of the payment of the debt service on the loans granted by the DGTF to CP, due by 31 December 2022 and due in 2023, until 31 December 2023, although the debt was subject to the payment of interest.

By Order of the Ministers of Finance and Infrastructure of 9 October 2023, it was decided to grant CP the due compensation for the public service obligations provided between 2002 and 2019, through an increase in the statutory capital paid up in kind, by converting credits held by the state, through the DGTF and in cash, to be paid up partially in 2023 (30%) and the rest in 2024.

The capital increase paid in cash in 2023 was partly used to buy back CP bonds in an operation that cost EUR 52.9 million, including debt amortisation of EUR 44.5 million and charges of around EUR 8.4 million.

Balance Sheet

(amounts in EUR '000)

ITEMS (amounts in EUR '000)	YEARS		2023/2022 variation	
	31-12-2023	31-12-2022	Amount	%
ASSETS				
Non-current assets	383,865	393,588	-9,723	-2%
Current assets	356,364	134,099	222,265	166%
Total assets	**740,229**	**527,687**	**212,542**	**40%**
EQUITY AND LIABILITIES				
Equity that includes:	226,759	-1,876,363	2,103,122	112%
Net profit for the period	3,331	9,183	-5,852	-64%
Total Equity	**226,759**	**-1,876,363**	**2,103,122**	**112%**
LIABILITIES				
Non-current liabilities	172,958	216,867	-43,909	-20%
Current liabilities	340,512	2,187,183	-1,846,671	-84%
Total liabilities	**513,470**	**2,404,050**	**-1,890,580**	**-79%**
Total equity and liabilities	**740,229**	**527,687**	**212,542**	**40%**

Assets

In 2023, the CP Group's assets increased by around EUR 212.5 million, with the following impacts worth highlighting:

- A decrease of EUR 10.5 million in Tangible Fixed Assets, due to the fact that the investment value was insufficient to offset the year's depreciations;
- An increase of EUR 1.4 million in the balance of the State and Other Public Entities, fundamentally due to the increase in VAT to be Recovered;
- An increase in the Deferrals balance of around EUR 2 million, relating in particular to contracts for IT services;
- An increase of EUR 26.7 million in Trade and Other Receivables, with a special focus on the change in Debtors for Accrued Income, due to the recording of the financial compensation for public service obligations for rail passenger transport for the year 2022 and the rebalancing of the contract for the year 2021;
- An increase of EUR 1.9 million in the Right to Use Assets item (IRFS16), as a result of the extension of the rolling stock lease contract with RENFE Alquiler, SA (18 multiple units) for an additional 3 years (2023-2025);
- An increase of EUR 126.3 million in the balance of Subscribed and Unpaid Capital. Following the Order of the Ministers of Finance and Infrastructure of 9 October 2023, it was decided to award CP the due compensation for the public service obligations provided between 2002 and 2019,

through an increase in the statutory capital paid up in kind, by converting credits held by the State, through the DGTF and in cash, to be paid up partially in 2023 (30%) and the rest in 2024;

- Increase in the balance of Cash and Bank Deposits by EUR 66.6 million, of which EUR 50.9 million relates to the transfer made by the Environmental Fund to finance the acquisition of 117 vehicles for the Urban and Regional Service, in accordance with RCM no. 57-F/2024 of 21 March.

Capital

By Order of the Ministers of Finance and Infrastructure of 9 October 2023, it was decided to award CP the due compensation for the public service obligations provided between 2002 and 2019, by increasing the statutory capital by around EUR 2.1 billion, paid in:

a) by contributions in kind of EUR 1,9193 billion through the conversion of credits held by the State (EUR 1.8139 billion in capital and EUR 105.4 million in interest);
b) EUR 180.4 million in cash (30% to be paid immediately and the remaining 70% by 31 December 2024).

The same Order also determined

- To use the amount of EUR 91.4 million from the balance of the account labelled 'Financial Sanitation Reserves', under the heading 'Other Changes in Net Assets', to partially cover negative Retained Earnings, recorded at the end of the 2022 financial year;
- Reduce the Statutory Capital by EUR 5.8466 billion to cover the remainder of the negative Retained Earnings recorded on 31 December 2022, thus setting the statutory capital at EUR 212.6 million.

In addition to the changes identified above, there was also a transfer to Retained Earnings of the Net Profit for the 2022 financial year, which is still awaiting approval by the ministry.

Liabilities

The CP Group's liabilities fell by EUR 1.891 billion in 2023, with the following most significant impacts:

- Decrease in the balance of Borrowings, by around EUR 1.908 billion, explained in detail below in the section on Interest-bearing Debt;
- An increase of EUR 2.4 million in the balance owed to the State and Other Public Entities, fundamentally due to the variation in the Tax Payable estimate;
- Decrease in the balance of Suppliers and Other Payables by EUR 41.4 million, particularly in the Creditors for Accrued Expenses item, which saw the following changes:
  - Cancellation of Accrued Expenses with interest on DGTF financing, totalling EUR 105.4 million;
  - Registration of the liability resulting from the settlement of financial compensation for public service obligations for rail passenger transport for the year 2023 (EUR 33.8 million);

- An increase in the Deferrals item, totalling EUR 54.4 million, relating to investment subsidies for rolling stock. The amount is charged as income for the year on a systematic and rational basis over the useful life of the asset, in the same proportion as depreciation is recognised.

Interest-bearing debt

On 31 December 2023, the Group's financial debt stood at around EUR 202.6 million, broken down by financing source as shown in the following chart

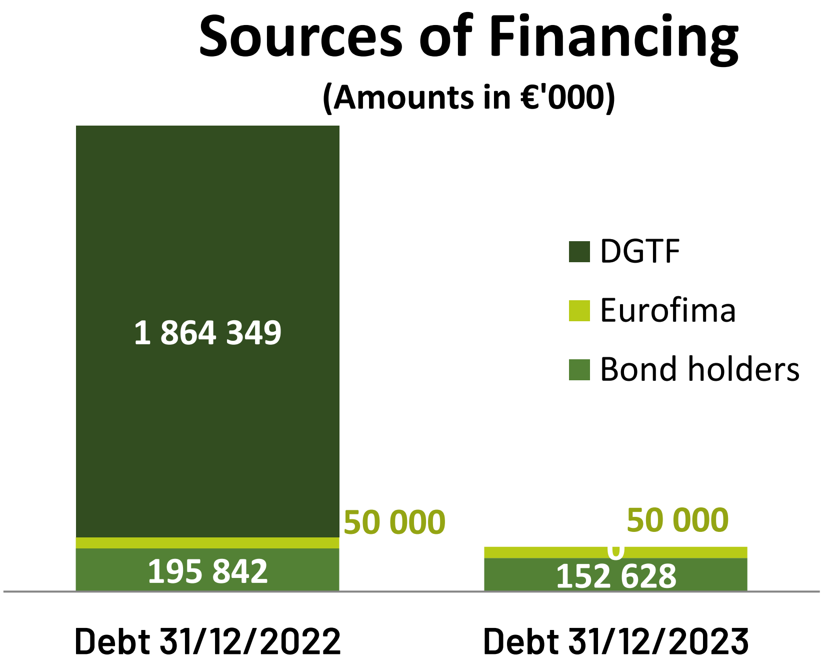


Chart 7 – Sources of Financing.

By Order of the Ministers of Finance and Infrastructure of 9 October 2023, it was decided to award CP the due compensation for the public service obligations provided between 2002 and 2019, by increasing the statutory capital by around EUR 2.1 billion, paid in:

a) by contributions in kind of EUR 1,9193 billion through the conversion of credits held by the State (EUR 1.8139 billion in capital and EUR 105.4 million in interest);
b) EUR 180.4 million in cash (30% to be paid immediately and the remaining 70% by 31 December 2024).

The capital increase paid in cash in 2023 was partly used to buy back CP bonds in an operation that cost EUR 52.9 million, including debt amortisation of EUR 44.5 million and charges of around EUR 8.4 million.

Under the Public Service Obligations Contract, CP received in 2023:

- EUR 134 million (including VAT) as twelfths relating to financial compensation for public service obligations provided in 2023;
- EUR 48.7 million (including VAT) relating to the settlement of compensation for public service obligations provided in 2021;
- EUR 1.1 million (including VAT) relating to the settlement of the rebalancing value of the public service obligation contract for 2020.

Following the receipt of these compensation settlements, it was possible to make the following debt amortisations:

- the remainder of the DGTF loan taken out at the end of 2020, of EUR 15.4 million;
- the DGTF loan taken out in 2022, of EUR 35 million.

These amortisations concluded the settlement of the loans taken out with the DGTF.

In the Group's debt structure, medium and long-term debt accounts for 75.3%, as can be seen in the following chart:

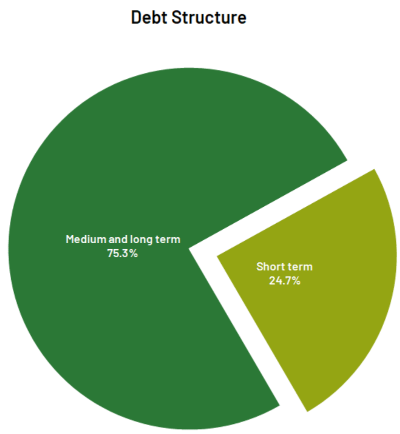


Chart 6 – Debt Structure.

Principle of the State Treasury Unit

CP has made every effort to ensure compliance with the principle of State Treasury Unity, centring as many services as possible on the Portuguese Treasury and Debt Management Agency (IGCP).

However, given the specificities inherent to its activity, transactions have been necessary with some national bank accounts due to the impossibility of IGCP providing some services necessary for its operation.

In this context, in compliance with the legislation on the principle of State Treasury Unity to which state-owned companies are subject, CP has requested exemption from compliance for some services not provided by IGCP, namely those relating to the collection, transport and counting of valuables from CP points of sale located in the different stations of the national railway network, payment gateway services for sales made through CP's digital channels, bank loans, bank guarantees that escrow deposits and the safekeeping of securities of Subsidiaries cannot replace.

It is therefore considered that compliance with the applicable legislation in this area has been ensured.

6.

Outlook for 2024

CP

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

Taking into account the strengths, weaknesses, opportunities and threats that lie ahead, the 2022-2030 Strategic Plan was developed, with the following Strategic and Specific Objectives:

An increase in passenger transport demand and income is expected by 2024, despite changes in mobility patterns resulting from teleworking and some unpredictability regarding the evolution of the economic scenario due to the current international situation.

The planned infrastructure interventions, which are due to be completed by 2024, are expected to reform the production model of the Oeste Line after electrification up to Torres Vedras and resume services on the Beira Alta Line.

Regarding rolling stock, the contract for purchasing 22 multiple units for the regional service is underway, and the first seven units are expected to be received by the end of 2025.

The tender for purchasing 117 multiple units for the Lisbon and Porto Urban Services and the Regional Service was awarded at the end of 2023. The contract is expected to come into force in 2024 after the two unsuccessful companies have withdrawn their objections and approval obtained from the Court of Auditors.

It is also expected that the process of acquiring multiple units for the high-speed commercial segment will be launched in 2024.

Given that much commercial equipment has operational obsolescence problems, the respective replacement processes will continue.

In terms of human resources, the necessary recruits are expected to be made to ensure the transport and maintenance of rolling stock.

Following the capital recovery operation carried out in 2023, together with the recovery of demand and the allocation of due financial compensation for the public service provided, the company is expected to continue to have a balanced and sustainable financial situation.

FERNAVE

Portugal 2030's priority objective is 'Qualification, Training and Employment', which aims to ensure the availability of human resources with the necessary qualifications for national economic and social development and transformation and the sustainability of employment.

Considering the prospects for creating new jobs and the commitment to maintaining, rehabilitating, and/or building infrastructures as a result of PNI 2030, FERNAVE hopes to improve the company's operational performance, ensuring that the quality of services and operational balance will be maintained.

ECOSAÚDE

ECOSAÚDE wants to remain equipped with the knowledge, resources, and skills to provide quality services in health and safety at work, in accordance with its clients' demanding needs.

We anticipate rises in some operating costs, particularly for clinical service providers (medical, nursing, and occupational safety technicians), and in the cost of renting premises. It may be difficult to pass on these increases in customer contracts.

Therefore, the focus in 2024 will be on maintaining qualified capacity and continuing to seek operational efficiency, which will result in maintaining adequate profitability.

SAROS

The overall objective will be to continue to maximise Saros's potential for the CP Group while maintaining an optimised cost structure and maximising the results obtained.

SIMEF

The year 2024 will be very demanding and challenging, but it will also be a year of opportunities, particularly given SIMEF's role since 2022 as the Entity Responsible for the Maintenance of the Medway and CP electric locomotive fleets and the need to manage the obsolescence of the LE5600 series equipment.

Intense operational activity is expected, particularly in heavy maintenance, due to the need to carry out 11 major R-type repairs and the possibility of participating in restoring LE5613 to service. Concerning light maintenance, the number of interventions planned is in line with that carried out in the last financial year.

In terms of fleet utilisation by Customers, it is estimated that this will be in line with the levels recorded in 2023, i.e. higher than the contractual reference in the case of the CP Customer and well down on the contractual reference in the case of Medway.

In terms of Additional Services, it is worth highlighting the continuation of R2-type interventions on the LE4700 series and the realisation of various modifications to the LE4700 and LE5600 series requested by Customers whose projects started in 2023.

In terms of personnel, measures are planned to ensure the satisfaction and retention of human capital, namely through salary adjustments, thus minimising the impact of the inflation rate, as well as continuing to extend social benefits to employees, taking advantage of the synergies provided by the Group Companies, Siemens and CP.

Regarding the acquisition of materials and repair services for incorporation into interventions, we will seek to increase the diversification of suppliers/service providers and, where possible, internalise services.

SIMEF will continue to focus on innovation and development, particularly cybersecurity, to avoid any digital disruption to the business.

7.

Shareholder Recommendations

Shareholder recommendations issued on approving the 2022 accounts

The Financial and Sectoral Ministries approved the accounts for 2016 to 2021 on 25 March 2024, with no recommendations.

The 2022 accounts are awaiting approval by the Ministry.

8.

Relevant Facts After the Year's End

Relevant facts after the year's end

After the balance sheet date, the following events stand out:

- Cabinet resolution no. 5/2024 of 5 January approved expenditure on the financial compensation to be paid by the state to CP, including the maximum amounts of financial compensation for public service obligations (PSO) for 2021 and 2022.
- By order no. 197/2024 of the Secretary of State for the Treasury, under the terms of article 15(1) of Decree-Law no. 276/2007 of 31 July, the IGF audit report on the settlement of the rebalancing of the contract for the 2021 PSO financial compensation was approved. This amount was recognised in the 2023 accounts, and CP is waiting to be reimbursed.
- By letter no. S/24/17509 from the Instituto da Mobilidade dos Transportes, dated 21 March, the IMT validated the reconciliation of the 2022 PSO financial compensation. This amount was recognised in the 2023 accounts, and CP is waiting to be reimbursed.
- The individual and consolidated financial statements for 2016 to 2021 were approved by decree no. 86_2024 of 25 March, issued by the Secretary of State for the Treasury and the Assistant Secretary of State for Infrastructure.

We are not aware of any other situation that should be reflected in the financial statements as of 31 December 2023, so the going concern assumption is not called into question.

Lisbon, 12 June 2024

The Board of Directors

Chair: Pedro Miguel Sousa Pereira Guedes Moreira

Vice-Chair: Maria Isabel de Magalhães Ribeiro

Member: Ana Maria dos Santos Malhó

Member: Pedro Manuel Franco Ribeiro

Member: Joaquim José Martins Guerra

9.
Financial Statements

COMBOIOS DE PORTUGAL

Consolidated Financial Statements as 31 December 2023 — **Amounts in Euros**

ITEMS	NOTES	YEARS 31/12/23	31/12/22
ASSETS			
Non-Current Assets:			
Tangible Fixed Assets	6	342 594 700	353 094 209
Intangible Fixed Assets	7	377 275	678 368
Rights of Use of Assets (note 16)	8	9 866 976	7 985 656
Financial holdings - equity method	9	2 936 158	3 750 315
Other financial investments	10	28 089 602	28 079 361
		383 864 711	**393 587 909**
Current Assets			
Stocks	12	43 764 506	44 579 526
Trade debtors	13	14 450 928	10 794 886
State and public sector	14	11 991 073	10 547 845
Subscribed and unpaid capital	18	126 307 574	-
Other accounts receivable	15	37 690 763	14 636 589
Deferrals	16	3 176 989	1 178 525
Non-current assets held for sale	17	2 051 678	2 064 340
Cash and bank	4	116 930 564	50 297 527
		356 364 075	**134 099 238**
Total assets		**740 228 786**	**527 687 147**
Equity And Liabilities			
Equity			
Subscribed capital	18	212 635 680	3 959 489 351
Legal reserves	19	24 703	24 703
Other reserves	20	1 306 650	1 306 650
Retained earnings	21	9 327 920	(5 937 857 128)
Other equity variations/adjustments	22	132 640	91 490 008
Net profit for the period		3 331 028	9 183 233
Total Equity		**226 758 621**	**(1 876 363 183)**
Liabilities			
Non-current liabilities			
Provisions	23	12 140 847	12 538 315
Borrowings	24	152 627 895	196 841 684
Leasing liabilities (IFRS 16)	8	8 189 715	7 487 068
		172 958 457	**216 867 067**
Current liabilities			
Suppliers	26	15 037 882	14 999 398
State and public sector	14	3 164 074	748 980
Borrowings	24	50 000 000	1 913 349 168
Leasing liabilities (IFRS 16)	8	1 751 110	548 399
Other accounts payable	25	134 055 556	175 463 686
Deferrals	16	136 503 086	82 073 632
		340 511 708	**2 187 183 263**
Total liabilities		**513 470 165**	**2 404 050 330**
Total equity and liabilities		**740 228 786**	**527 687 147**

To be read in conjunction with the notes to the financial statements.

Chartered Accountant - Elisabete Bettencourt

Chairman - Pedro Miguel Sousa Pereira Guedes Moreira

Vice-Chair - Maria Isabel de Magalhães Ribeiro

Member - Ana Maria dos Santos Malhó

Member - Pedro Manuel Franco Ribeiro

Member - Joaquim Jose Martins Guerra

COMBOIOS DE PORTUGAL

Consolidated statement of income and other comprehensive income

Period ended 31 December 2023

Amounts in euros

REVENUE AND COSTS	NOTES	YEARS 2023	YEARS 2022
Sales and services provided	27	270 622 461	277 500 580
Operating subsidies	28	157 884 853	116 203 550
Gains / losses assigned to subsidiaries, associate companies and joint ventures	29	1 537 420	1 187 402
Variation in production stock	30	1 745 457	2 095 617
Own works capitalised	31	15 909 557	12 992 032
Cost of goods sold and materials consumed	32	(35 278 014)	(32 943 532)
External supplies and services	33	(146 781 953)	(160 549 124)
Staff costs	34	(159 867 863)	(150 507 074)
Impairment of inventories (losses/reversals)	12	(2 068 445)	(2 071 014)
Debts receivable impairment (losses/reversals)	13/15	261 025	(41 997)
Provisions (increases/ reductions)	23	(261 446)	691 654
Impairments from non depreciable / amortisable investments (losses /reversals)	35	(1 989 758)	309 760
Other income	36	25 894 913	30 261 098
Other costs	37	(16 933 708)	(9 697 451)
Profit before depreciation, financing costs and taxes		**110 674 499**	**85 431 501**
Costs/reversions of depreciation and amortisation	38	(53 426 164)	(56 869 503)
Investment impairment depreciable/amortisable (losses/reversions)	39	111 045	342 412
Operating profit (before financing costs and taxes)		**57 359 380**	**28 904 410**
Interest and similar income	40	49 527	9 671
Interest and similar costs	41	(51 134 842)	(19 100 400)
Profit before tax		**6 274 065**	**9 813 681**
Income tax for the period	11	(2 943 037)	(630 448)
Net Profit for the Period		**3 331 028**	**9 183 233**
Other capital operations		49 811	(7 903)
Comprehensive profit for the period		**3 380 839**	**9 175 330**

To be read in conjunction with the notes to the financial statements.

Chartered Accountant - Elisabete Bettencourt

Chairman - Pedro Miguel Sousa Pereira Guedes Morei

Vice-Chair - Maria Isabel de Magalhães Ribeiro

Member - Ana Maria dos Santos Malhó

Member - Pedro Manuel Franco Ribeiro

Member - Joaquim Jose Martins Guerra

COMBOIOS DE PORTUGAL

Consolidated statement of alterations in equity in 2022

(amounts in euros)

DESCRIPTION		NOTES	Equity attributed to holders of parent company capital									
			Capital	Legal reserves	Other reserves	Resultados transitados	Revaluation surpluses	Adjustments / Other equity variations	Net profit for the period	Total	Non-controlling interests	Total equity
Position at the beginning of 2022	1	18 to 22	3 959 489 351	24 703	1 306 650	(5 924 032 469)	-	91 490 008	(13 816 756)	(1 885 538 513)		(1 885 538 513)
Alterations over the period			-	-	-	-	-	-	-	-		-
First adoption of new accounting principles			-	-	-	-	-	-	-	-		-
Alterations to accounting principles		5	-	-	-	-	-	-	-	-		-
Financial statement conversion differences			-	-	-	-	-	-	-	-		-
Revaluation surplus			-	-	-	-	-	-	-	-		-
Revaluation surpluses			-	-	-	-	-	-	-	-		-
Deferred tax adjustments			-	-	-	-	-	-	-	-		-
Other recognised alterations in equity		22	-	-	-	(13 824 659)	-		13 816 756	(7 903)		(7 903)
	2		-	-	-	(13 824 659)	-	-	13 816 756	(7 903)		(7 903)
Net profit for the period	3		-	-	-	-	-	-	9 183 233	9 183 233		9 183 233
Comprehensive Profit	4 = 2 + 3					(13 824 659)			22 999 989	9 175 330		9 175 330
Operations with owners of equity in the period												
Capital increases			-	-	-	-	-	-	-	-		-
Share premiums			-	-	-	-	-	-	-	-		-
Distributions			-	-	-	-	-	-	-	-		-
Entries to cover losses			-	-	-	-	-	-	-	-		-
Other operations			-	-	-	-	-	-	-	-		-
	5		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Position at the end of 2022	**6 = 1+2+3+5**		**3 959 489 351**	**24 703**	**1 306 650**	**(5 937 857 128)**	**-**	**91 490 008**	**9 183 233**	**(1 876 363 183)**		**(1 876 363 183)**
To be read in conjunction with the notes to the financial statements.			0.00	0.00	0.00	0.00		0.00	0.00	0.00		

Chartered Accountant - Elisabete Bettencourt

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Member - Joaquim Jose Martins Guerra

COMBOIOS DE PORTUGAL

Consolidated statement of alterations in equity in 2023

(amounts in euros)

DESCRIPTION		NOTES	Equity attributed to holders of parent company capital								Non-controlling interests	Total equity
			Capital	Legal reserves	Other reserves	Resultados transitados	Revaluation surpluses	Adjustments / Other equity variations	Net profit for the period	Total		
Position at the beginning of 2023	1	18 to 22	3 959 489 351	24 703	1 306 650	(5 937 857 128)	-	91 490 008	9 183 233	(1 876 363 183)		(1 876 363 183)
Alterations over the period			-	-	-	-	-	-	-	-		-
First adoption of new accounting principles			-	-	-	-	-	-	-	-		-
Alterations to accounting principles		5	-	-	-	-	-	-	-	-		-
Financial statement conversion differences			-	-	-	-	-	-	-	-		-
Revaluation surplus			-	-	-	-	-	-	-	-		-
Revaluation surpluses			-	-	-	-	-	-	-	-		-
Deferred tax adjustments			-	-	-	-	-	-	-	-		-
Other recognised alterations in equity		22	-	-	-	100 590 412	-	(91 357 368)	(9 183 233)	49 811		49 811
	2		-	-	-	100 590 412	-	(91 357 368)	(9 183 233)	49 811		49 811
Net profit for the period	3		-	-	-	-	-	-	3 331 028	3 331 028		3 331 028
Comprehensive Profit	4 = 2 + 3					100 590 412			(5 852 205)	3 380 839		3 380 839
Operations with owners of equity in the period												
Capital increases			2 099 740 965	-	-	-	-	-	-	2 099 740 965		2 099 740 965
Share premiums			-	-	-	-	-	-	-	-		-
Distributions			-	-	-	-	-	-	-	-		-
Entries to cover losses			-	-	-	-	-	-	-	-		-
Other operations			(5 846 594 636)	-	-	5 846 594 636	-	-	-	-		-
	5		**(3 746 853 671)**	**-**	**-**	**5 846 594 636**	**-**	**-**	**-**	**2 099 740 965**		**2 099 740 965**
Position at the end of 2023	6 = 1+2+3+5		212 635 680	24 703	1 306 650	9 327 920	-	132 640	3 331 028	226 758 621		226 758 621
To be read in conjunction with the notes to the financial statements.			0.00	0.00	0.00	0.00		0.00	0.00	0.00		

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Member - Joaquim Jose Martins Guerra

Consolidated Cash-Flow Statement

Period ended 31 December 2023 **(amounts in euros)**

CASH FLOW STATEMENT	31/12/23	31/12/22
Cash flow from operating activities - direct method		
Customer income	477 252 649	479 584 126
Payment to suppliers	(236 420 775)	(250 626 094)
Staff payments	(153 080 069)	(146 378 409)
Cash flow generated by operations	**87 751 805**	**82 579 623**
Payment/rebate from income tax	(465 159)	(310 536)
Other income/ payment	9 028 810	1 916 237
Cash flow from operating activities (1)	**96 315 456**	**84 185 324**
Cash flow from investment activities		
Payments for:		
Tangible fixed assets	(27 275 621)	(19 486 596)
Intangible assets	(45 065)	(35 822)
Financial investments	(2 000 000)	-
Other assets	-	-
Income from:		
Tangible fixed assets	-	61 500
Intangible assets	-	-
Financial investments	-	16 749
Other assets	-	-
Investment subsidies	62 007 954	5 100 000
Interest and similar income	5 243	-
Dividends	516 280	667 978
Cash flow from investment activities (2)	**33 208 791**	**(13 676 191)**
Cash flow from financing activities		
Income from:		
Borrowings	-	135 000 000
Capital increases and other equity instruments	54 131 820	-
Loss hedges	-	-
Donations	-	-
Other financing operations	-	117 347
Payments related to:		
Borrowings	(94 899 835)	(157 740 165)
Interest and similar costs	(22 124 485)	(15 722 044)
Dividends	-	-
Capital reductions and other equity instruments	-	-
Other financing operations	-	-
Cash flow from financing activities (3)	**(62 892 500)**	**(38 344 862)**
Variation in cash and equivalent (1+2+3)	**66 631 747**	**32 164 271**
Effect of exchange rate differences	1 290	425
Cash and equivalent at beginning of period	**50 297 527**	**18 132 831**
Cash and equivalent at end of the period	**116 930 564**	**50 297 527**

To be read in conjunction with the notes to the financial statements.

Chartered Accountant - Elisabete Bettencourt

Chairman - Pedro Miguel Sousa Pereira Guedes Moreira

Vice-Chair - Maria Isabel de Magalhães Ribeiro

Member - Ana Maria dos Santos Malhó

Member - Pedro Manuel Franco Ribeiro

Member - Joaquim Jose Martins Guerra

10.

Notes to the Financial Statements

Company name and operating notes (note 1)

Identification

CP - Comboios de Portugal, E.P.E., is a public corporate entity, a legal person governed by public law, endowed with administrative, financial and patrimonial autonomy, with its head office at Calçada do Duque, no. 20, 1249-109 Lisbon, whose current legal regime and statutes were approved by Decree-Law no. 137-A/2009, of 12 June, amended by Decree-Law no. 59/2012, of 12 March, and by Decree-Law no. 124/2018, of 12 March. 137-A/2009, of 12 June, amended by Decree-Law no. 59/2012, of 14 March, and by Decree-Law no. 124-A/2018, of 31 December and Decree-Law no. 174-B/2019, of 26 December[3], although this law only took effect on 1 January 2020.

The main purposes of CP's activity are:

- the provision of rail passenger transport services on railway lines, sections of line and branch lines that are or will be part of the national railway network, as well as international passenger transport;
- the manufacture and rehabilitation, major repair and maintenance of railway equipment and vehicles, as well as the study of workshop facilities for maintenance.

The integration of the manufacturing, rehabilitation, major repair and maintenance activity into its purpose resulted from the merger by incorporation of EMEF - Empresa de Manutenção de Equipamento Ferroviário, S. A., into CP, on 1 January 2020.

Freight transport was split up in 2009 and became CP Carga - Logística e Transporte Ferroviário de Mercadorias, S.A., with share capital held entirely by CP until 2015, and sold in 2016 to Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A.

Through its subsidiaries and associates, the CP Group carried out the following activities in 2023:

- Insurance brokerage (Saros, Lda.);
- Synergy and optimisation of activities regarding the maintenance of "LE 5600" and "LE 4700" locomotives (SIMEF, A.C.E.);
- Training and skills development, recruitment and psychological assessment, business consultancy and human resources for transport systems (Fernave, S.A.);
- Provision of occupational health, safety and hygiene services (Ecosaúde, S.A.);
- Implementation and management of a common and exclusive ticketing system for CP, STCP and Metro do Porto in greater Porto and the definition of a common and exclusive intermodal fare structure for the passenger public transport operated directly or indirectly by the three members (TIP, A.C.E.).
- Development of engineering, innovation and technology applied to the transport sector, manufacture, repair and maintenance of electronic components and development of IT solutions (NOMAD TECH, Lda);
- Fernave also has a 6.92% stake in TRANSCOM - Sociedade de Formação, Consultoria e Auditoria em Transportes e Comunicações, S.A.R.L. (Mozambique).

CP, as a public corporate entity, is subject to the management guidelines defined by the Economic and Financial Authority, exercised by the government members responsible for Finance,

3 To which should be added Declaration of Rectification 10/2020, of 21 February.

infrastructure, and Housing, as well as the jurisdiction of the Court of Auditors and the supervision of the General Inspectorate of Finance.

In addition to this control, the organisation's articles of association provide a dual supervisory structure comprising an Audit Committee and a Statutory Auditor.

CP is the parent company of a group of affiliates acting in different segments of activity, as described in further detail in note 3. These are their consolidated financial statements.

The Ministry of Finance is currently awaiting approval of the consolidated financial statements for the period ending 31 December 2022.

Accounting Standards used in Preparing the Financial Statements (note 2)

Accounting standards

The CP Group consolidated financial statements were prepared on the on-going basis, using the accounting records of the companies included in the consolidation perimeter, according to international financial reporting standards, as adopted by the European Union that were issued and in effect as of 31 December 2023.

The International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), The International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) and the respective interpretations (IFRIC and SIC), issued by the International Financial Reporting Interpretation Committee (IFRIC) and the Standing Interpretation Committee (SIC) are to be understood to be part of those standards. These standards and interpretations will be referred to as the "IFRS" from here on.

These financial statements, expressed in euros, were assessed by the Board of Directors at a meeting held on 12 June 2024, at which it decided to present them for ministerial approval.

The accounting policies set out in note 3 were used in the consolidated financial statements for the period ended 31 December 2023. Comparative financial information is presented in these financial statements for the period ended 31 December 2022.

Derogations from the IFRS

There were no diversions from the IFRS.

Comparative amounts

No changes were made to accounting policies, and no material errors were detected that affected the comparison of values between financial years.

Main Accounting Policies (note 3)

The main accounting policies used in drawing up these consolidated financial statements are described below and were applied consistently for the periods in question

Basis of Measurement

The consolidated financial statements were prepared according to the historical cost principle, modified by applying fair value to derivatives and financial assets and liabilities held for trading, except for those where the fair value is not available. Non-current assets held for sale and groups of assets held for sale are recorded at the lesser of the book value or fair value minus the respective disposal costs.

Preparing the financial statements according to IFRS requires management to make judgements, estimates, and suppositions that affect the application of accounting policies and the amounts of assets, liabilities, revenues, and costs. The associated estimates and suppositions are based on historical experience and other factors considered reasonable according to the circumstances and form the base for the judgements about the amounts of assets and liabilities whose valuation is not evident through other sources. The real profit/loss may differ from the estimates.

The questions that require a greater amount of judgement or complexity, or for which the suppositions and estimates are considered to be significant, are presented in the "Value Judgements", "Main suppositions regarding the future", and "Main sources of uncertainty in the estimates" points, given in this note.

Consolidation

Introduction

CP presents its consolidated financial statements in accordance with international financial reporting standards, as adopted by the EU and issued and in force on 31 December 2023. These statements express the financial position and results of the group's operations as if they were a single entity and are intended to show the results of the operations that the group companies have carried out with third parties.

This consolidation is not going to have any impact in tax terms, particularly regarding Income Tax, as it was considered that there were no expectations that the group is going to have any taxable profits in the future that could make use of the accumulated tax losses.

The Group and the Company

General Considerations

In 2023, CP's main objective continued to develop a sustainable group strategy, structuring the existing holdings and developing a culture of efficiency and added value focussed on the respective core business.

CP has spun off segments of activity that seek to create positive synergies for its business.

CP

Since July 2009, CP—Comboios de Portugal E.P.E. has been a business state enterprise 100% owned by the Portuguese state. It provides domestic and international passenger rail transport.

It operates throughout the country, offering essential services for Portugal's development and social and territorial cohesion.

Affiliated Companies

CP's financial holdings as of 31 December 2023 are described below:

Subsidiaries

SAROS – Sociedade de Mediação de Seguros, Lda.

CP holding - 100%

Capital- EUR 5,000

The company's purpose is insurance brokerage.

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

CP holding - 100%

Capital- EUR 50,000

It started its activity in 1992, to provide services in the fields of training and skills development, recruitment and psychological assessment, business consultancy and human resources for transport systems.

ECOSAÚDE – Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

CP holding - 100%

Capital- EUR 50,000

Incorporated in 1995, its main activity is to provide occupational health and safety services.

Jointly controlled entities

SIMEF, A.C.E.

CP holding - 51%

Capital - None

A joint venture was formed in 2009 to optimise the members' activities regarding the maintenance of LE 5600 and LE 4700 locomotives pursuant to the agreement between the joint venture and CP—Comboios de Portugal, E.P.E.

TIP, A.C.E – Transportes Intermodais do Porto

CP holding - 33.33%

Capital- EUR 30,000

A complementary grouping of companies established in 2002, it aims to implement and manage a common and exclusive ticketing system for the grouped entities (CP, STCP, and Metro do Porto) in the greater Porto area and define the common and exclusive intermodal fare structure for the means of public passenger transport operated directly or indirectly by the grouped entities.

Associated companies

NOMAD TECH, Lda.

CP holding -35%

Capital – EUR 160,000

The company was formed in 2013 to develop its activities in engineering, innovation, and applied technology in the transport, manufacturing, repair, and maintenance of electronic components and developing computerised solutions.

Other holdings

CP also owns a series of small holdings in companies that have activities related to group companies.

These holdings are recognised at cost less impairment losses. Their value is not traded publicly, so it is impossible to reliably determine their fair value.

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

Fernave holding– 6.92%

Capital - 74,025,000 meticais

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

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

CP holding - 5%

Capital – EUR 121,487,000

The company aims to provide rail freight transport, logistics activities and related operations.

The company was set up by simple demerger, in compliance with Portugal's commitment to liberalise the sector with the European Union.

CP wholly owned the capital until 2015 and sold in 2016 to Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A. As of 31 December 2023, CP still holds a 5% stake, which is temporary, and is awaiting the completion of some procedures provided for in the reference sale agreement.

Metro do Porto, S.A.

CP holding - 3.33%

Capital- EUR 7,500,000

Set up in 1993, its purpose is to operate a light rail system in the Porto Metropolitan Area under a concession granted by the state.

Metropolitano Ligeiro de Mirandela, S.A.

CP holding - 10%

Capital- EUR 125,000

The company was formed in 1995 to exclusively operate the surface light rail system in Mirandela on the stretch of line between Carvalhais and Cachão.

Metro Mondego, S.A.

CP holding - 2.5%

Capital- EUR 1,075,000

This company was formed in 2002 mainly to operate a light rail system in Coimbra, Lousã, and Miranda do Corvo under an exclusive system.

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

CP holding - 2.09%

Capital- EUR 18,300,000

The company's purpose is to organise and develop combined transport and refrigerated transport at the appropriate temperature, including all operations aimed at obtaining and maintaining the appropriate temperature for the various goods and the availability of auxiliary services related to these transports.

Entity being liquidated

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

CP holding - 2%

Capital - CHF 2,600,000,000

Its purpose is to ensure the necessary financing for investments in renovating and modernising rolling stock so as to ensure a progressive integration of European railway companies, playing a very competitive role in grating funds to its shareholders.

BCC – Bureau Central de Clearing (Belgium)

CP holding - 1.37%

Capital- EUR 109,500

The company's purpose is to provide services associated with the financial area and all commercial operations needed for this purpose, particularly reducing the number and amount of payments between its associates by centralising the clearing of reciprocal debits and credits.

CCF – Associação Centro de Competências Ferroviário

Holding 38.76%

Capital – EUR 10,320,000

The non-profit association aims to promote and carry out initiatives and activities in technical training, research, development and innovation (R&DI) in technology, particularly in the area of railways and railway equipment, promoting and encouraging specialised training, cooperation and technology transfer between companies, universities, organisations and other public and private entities, to increase R&DI capacity and the consequent increase in qualified employment, improved competitiveness and growth in turnover and exports for the entities involved.

Consolidation method

The obligation to draw up consolidated accounts lies with the parent company that controls one or more affiliates. According to the IFRS, all Group companies the company controls have been included in the consolidation using the comprehensive consolidation method.

Using the IFRS definition as the basis, the financial demonstrations have grouped together, on a line by line basis, identical assets and liabilities, equities, incomes and costs.

The consolidation procedures also involved eliminating parent company investments in each affiliate offset against equity and eliminating intergroup balances, transactions, income and gains, and costs and losses.

As of January 2013, as provided in IFRS 11, the equity method was applied to joint ventures instead of the proportional consolidation method.

According to the standard regarding the equity method application, the investment was initially recognised at cost, and the book value is increased or reduced to recognise the investor's part in the investment's earnings after the joint venture's constitution/acquisition date. The distributions received reduce the book value of the investment. There can also be adjustments to the book value for alterations in the investor's proportional interest in the joint venture arising from alterations in the equity that were not recognised in the joint venture earnings.

Consolidation Perimeter

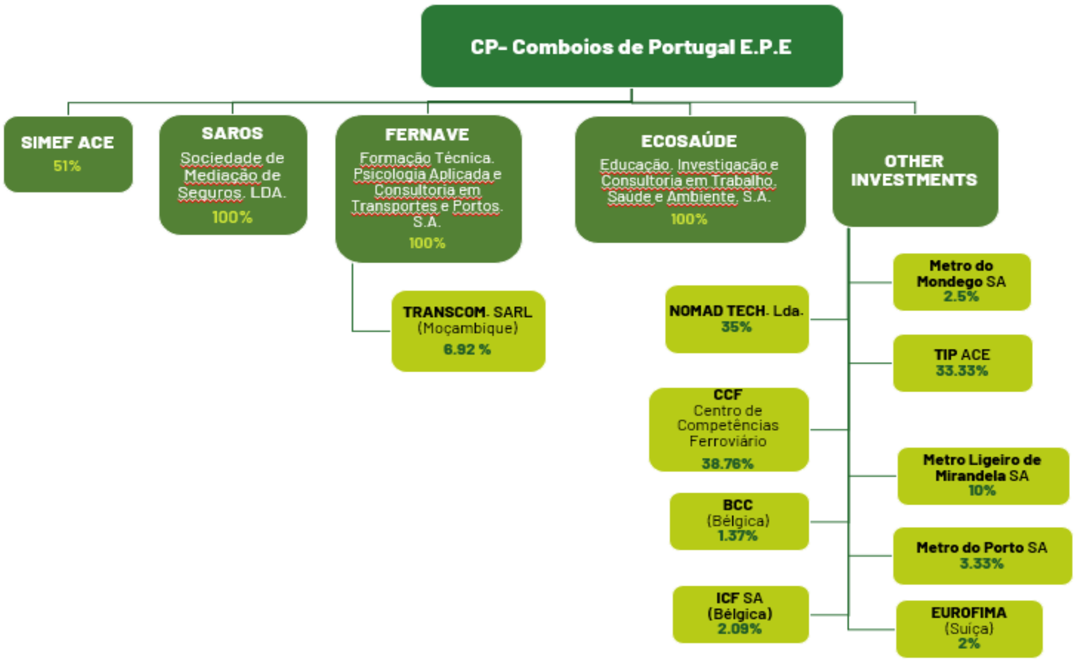

Chart 7 - CP.

The share capital of CP Carga - Logística e Transportes Ferroviários de Mercadorias, S.A. was sold in 2016 to Mediterranean Shipping Company Rail (Portugal) - Operadores Ferroviários, S.A. As at 31 December 2023, CP still holds a residual stake of 5%, which is merely temporary (and adjusted for impairment), as it is awaiting the conclusion of some procedures provided for in the agreement to complete the total sale of the stake (100%). For this reason it is not represented in the respective organisation chart of the consolidation perimeter.

Companies included in the consolidation by the comprehensive consolidation method

The companies included in the consolidation by the comprehensive consolidation method, their headquarters and the proportion of capital held directly and indirectly by the group as of 31 December 2023 are shown below:

Company	Registered office	Capital Holdings	% of capital owned
SAROS, LDA.	Lisbon	E.P.E. Group.	100%
FERNAVE, SA.	Lisbon	E.P.E. Group.	100%
ECOSAÚDE, SA.	Lisbon	E.P.E. Group.	100%

Associate companies accounted using the equity method

The companies included in the consolidation by the equity method, their headquarters and the proportion of capital held directly and indirectly by the group as of 31 December 2023 are shown below:

Company	Registered office	Capital Holdings	% of capital
TIP, ACE	Porto	E.P.E. Group.	33%
SIMEF ACE	Entroncamento	E.P.E. Group.	51%
NOMAD TECH, LDA.	Porto	E.P.E. Group.	35%

Other holdings

Financial investments whose fair value cannot reliably be identified are measured at acquisition cost less any accumulated impairment losses.

Relevant Accounting Policies

Tangible Fixed Assets

Recognition and evaluation

The parent company keeps tangible fixed assets related to the passenger transport segment and records them at cost minus the respective accumulated depreciation and impairment losses.

On the date of transition to IFRS, Group CP decided to consider the revalued amount of the tangible fixed assets calculated in accordance with the previous accounting policies as Group cost, which was broadly comparable to the cost, measured in accordance with the IFRS.

Subsequent costs are recognised as tangible fixed assets only if it is probable they will bring future economic benefits for the company. According to accrual accounting principles, all expenses related to maintenance and current repairs that do not extend the useful life of an asset or that are not regular scheduled replacements (major overhauls at intervals of between 2 and 15 years) of assets are recognised as costs.

Group CP's tangible fixed assets include state-owned property (listed in joint order 261/99 of 24 March) allocated to the company's operations. These assets are registered in the financial statements to allow an appreciation of the company's economic performance.

This policy was also adopted to recognise and measure tangible fixed assets used by the other affiliates in developing their respective activities, namely the manufacturing and maintenance of rail equipment and vehicles, technical training and applied psychology and the provision of medicine and health and safety at work services.

The cost of all tangible fixed assets includes the purchase price, import duties, non-refundable taxes, and the cost needed to place the asset at the site and in working condition, namely transport costs. It excludes commercial discounts and write-offs.

Subsequent costs are recognised as tangible fixed assets only if it is probable they will bring future economic benefits. All maintenance and repair expenses that do not extend the useful life of the assets are recognised as costs according to the according to the accrual accounting principles.

Maintenance and Repair Expenses

Rolling stock used for passenger transport:

- Current maintenance expenses incurred during the useful life of rolling stock are recognised as operating costs;
- The expenses incurred with major overhauls every so many years, that are essential to ensure the assets continue to operate are recognised in tangible fixed assets as specific rolling stock components and depreciated over the estimated useful life if the asset, separately from the main component. When every major overhaul of performed, its cost is recognised in the tangible fixed asset's carrying amount as a replacement, if the recognition criteria are met. Any carrying amount left over from the cost of the previous major overhaul is derecognised; and
- The expenses incurred at the end of the useful life of the main component, including its transformation and modernisation, are recognised in tangible fixed assets and depreciated over the length of the expected useful life.

Buildings and Fixed Installations:

- Current maintenance and repair expenses (maintenance agreements, technical inspections, etc.) are recognised as operating costs;
- Expenses incurred with scheduled multi-year maintenance plans are recognised in tangible fixed assets through the partial or total replacement of the replaced component; and
- Maintenance and repair costs are recorded in the earnings of the period in which they are incurred, in compliance with the accrual method.

Depreciation

Land is not depreciated. The depreciation of the other tangible fixed assets is calculated using the straight-line method, according to their expected useful lives.

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 Compopnent	5 to 15
Diesel and eletric multiple units:	
-Main Component	14 to 30
-Secondary Compopnent	2 to 15
Passenger coaches:	
-Main Component	15 to 30
-Secondary Compopnent	2 to 12
Transport equipment	4 to 12
Office equipment and tools	3 to 18
Other tangible fixed assets	5 to 20

Tangible fixed assets that belong to the state (assets listed in Joint Order 261/99 of 24 March) have been depreciated since 1999 at a rate of 2% a year, in compliance with Regulatory Decree 25/2009 of 14 September

Residual values were not considered in calculating the depreciable amounts.

Government subsidies

Investment grants received with the aim of compensating the Group for investments made in tangible and intangible fixed assets are classified as Deferred income and are recognised in the income statement over the estimated useful life of the respective subsidised assets.

Grants that compensate the Group for costs and losses incurred are recognised as income in the income statement on a systematic basis, in the same period in which the costs and losses are recognised.

Financial compensation for fulfilling the obligations defined in the public service contract is recognised in the income statement in accordance with the costs incurred, unless there are well-founded doubts about their quantification or actual receipt, in which case they are only recognised in the period in which they become receivable, which occurs with the validation of the contract manager and publication of the decree authorising the expenditure.

These financial compensations are settled through monthly payments on account (in twelfths), the difference between these payments and the final amount to be settled, if unfavourable to the Group (to be returned to the State), is immediately recognised in the income statement, regardless of awaiting validation by the contract manager.

Capitalisation of Borrowing Costs and Other Directly Attributable Costs

Interest on loans directly related with the acquisition or construction of assets are capitalised as part of the cost of these assets. For an asset to be capitalised, it must need a substantial period of time to be available for use or for sale. The amount of interest to capitalise is calculated by applying a capitalisation rate on the investments that were made. The capitalisation of costs with loans begins when the investment starts, interest on the loan has been incurred and the activities needed to prepare the asset to be available for use or sale are in progress. The capitalisation ends when all the activities needed to make the asset available for use or sale are substantially concluded.

Impairment Of Rolling Stock Used For Passenger Transport

Given the nature of the rolling stock used for passenger transport and particularly the lack of interoperability with the European network, means that calculating an appropriate market value of these assets is not possible due to the lack of an active market where they can be traded. This value is therefore calculated when there are proposals to buy specific rolling stock.

As regards the calculation of the usage value, this must reflect the expected cash flow, up-dated at an appropriate discount rate for the business. It is considered, for the expected cash flow calculation, that the public service that is provided and the specificities of the financing structure that are being followed, must be taken into account,

Taking into account the nature of the public service, it is understood that it is not possible to determine the value in use as defined in IAS 36, since there are no specific rules for public service companies.

Nevertheless, when there are specific situations that show that an asset may be impaired, namely when the rolling stock no longer provides a service, the recoverable value is calculated and an impairment loss is always recognised when the net value of an asset exceeds its recoverable value. This way, the impairment loses are recognised in the profits.

Recognition Of Impairment in The Other Group Assets

When there is an indication that an asset may be impaired, according to the definition in IAS 36, its recoverable value is calculated and an impairment loss is always recognised whenever the net book value of an asset exceeds its recoverable value. The impairment loses are recognised in the profits. The recoverable amount is determined as the higher of its sales price (net realisable value) and its value in use which is calculated based on the present value of estimated cash flows expected to be obtained from continued use of the asset and its disposal at the end of its useful life.

Leases

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

Identification of leases

On the start date of each contract, the Group assesses whether the scope of the contract corresponds to a lease or whether it contains a lease. A lease is defined as a contract, or part of a contract, whereby the right to control the use of an identifiable asset is assigned for a certain period of time in exchange for consideration. To assess whether a contract grants the right to control the use of an identifiable asset for a certain period of time, the Group assesses whether, during the period of use of the asset, it cumulatively possesses:

- The right to obtain substantially all the economic benefits derived from the use of the identifiable asset; and
- The right to direct the use of the identifiable asset.

Recognition

The Group recognises a right-of-use asset and a lease liability on the effective date of the contract. The right to use an asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted by any lease payments made on or before the commencement date, any initial direct costs incurred, as well as an estimate of the costs of dismantling and removing the underlying asset (if applicable), less any incentive granted.

The right to use an asset is depreciated in twelfths using the straight-line method over its estimated useful life or over the period of the lease, whichever is the shorter.

The right to use an asset is periodically subject to impairment tests and any losses detected are recognised immediately in the consolidated income statement for the year.

Lease liabilities are initially recognised at the present value of the rents still unpaid on the date the contract comes into force, discounted at the interest rate implicit in the lease or, if this rate cannot be determined, at the incremental interest rate of the respective company.

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

- fixed payments, less any incentives already received;
- variable payments, dependent only on a certain rate or index;
- amounts due under an agreement on the residual value of the asset;
- exercise price of purchase options, if it is reasonably certain that the lessee will exercise them; and

- penalty payments on termination of the lease, if it is reasonably certain that the lessee will cancel the lease.

The lease liability is subsequently measured at amortised cost, using the effective interest rate method, and remeasured when there are:

(i) changes in future payments derived from a change in a rate or index specified in the contract;

(ii) changes in the Group's estimate of the amount that should be paid as a guarantee on the residual value of an asset, or

(iii) if the Group changes its assessment about the exercise of a purchase option, or about its extension or cancellation.

When the lease liability is remeasured, the right of use of an asset is adjusted by the same amount, unless the carrying amount of the right of use has already been reduced to zero, in which case a gain is recognised in the consolidated income statement for the year.

Intangible Assets

Group company intangible fixed assets are recorded at cost less the respective accumulated depreciation and impairment losses.

The group companies carry out impairment tests whenever events or circumstances indicate that the book value exceeds the recoverable amount and any difference is posted to profit and loss. The recoverable amount is determined as the higher of its net sales price and its value in use which is calculated based on the present value of estimated future cash flows expected to be obtained from continued use of the asset and its disposal at the end of its useful life.

The amortisation is calculated using the straight-line method over 3 years.

Other financial assets and liabilities

The CP Group companies only recognise a financial asset, financial liability or equity instrument when they become part of the contractual provisions of the instrument.

The CP group classifies its investments, on their *"trade date* according to the objective that prompted their acquisition, in the following categories: financial assets at fair value through profits (held for trading and fair value " option); loans and accounts receivable; assets held to maturity; and financial assets available for sale, in compliance with IFRS 9 - financial instruments.

Financial Assets At Fair Value Through Profits.

This category includes:

(i) trading financial assets, which are acquired with the main purpose of being traded in the short term, and

(ii) financial assets designated on initial recognition at fair value with changes recognised in the income statement.

After their initial recognition, the financial assets at fair value through the earnings are evaluated at fair value and any variations recognised in earnings.

This category includes derivatives that do not qualify for hedge accounting purposes. Alterations to their fair value are recognised directly in profits for the period.

Financial Assets Held Until Maturity

These investments are non-derivative financial assets with fixed or determinable payments and fixed maturities, which are intended and able to be kept until their maturity.

These investments are measured at amortised cost, based on the effective interest rate method and deducted from impairment losses. Impairment losses are recorded based on the estimate and assessment of the losses associated with doubtful debts on the date of the financial statements.

Impairment losses correspond to the difference between the book value of the asset and the current value of estimated future cash flows (considering the recovery period) discounted at the original effective interest rate of the financial asset.

These assets are shown in the Balance Sheet net of the recognised impairment.

Loans And Accounts Receivable

These correspond to non-derivative financial assets, with fixed or specific payments which there is no active quotation market for. They originate in the normal course of operating activities, in providing goods or services and there is no intention to trade them.

The loans and accounts receivable are initially recognised at their fair value and then subsequently they are evaluated at amortised cost, based on the effective interest rate method.

Impairment losses are recorded when there are indications that the CP group company is not going to receive all the amounts it is due under the original terms of the agreements. Various indicators are used to identify impairment situations, such as:

(i) Default analysis:

(ii) Default more than 6 months

(iii) Debtor's financial difficulties;

(iv) Likelihood of the debtor going bankrupt.

Impairment losses correspond to the difference between the book value of the asset and the current value of estimated future cash flows (considering the recovery period) discounted at the original effective interest rate of the financial asset.

These assets are shown in the Balance Sheet net of the recognised impairment.

Financial Assets Available For Sale

Financial assets available for sale are non-derivative financial assets that the CP group intends to keep for an unspecified amount of time. They are designated as available for sale when they are initially recognised or if they do not fit in the categories mentioned above.

Financial assets available for sale are recorded at fair value and the respective variations in fair value are recognised directly in the equity in the fair value reserves until the instruments are derecognised or an impairment loss is identified, when the accumulated amount of the potential gains and losses recorded in reserves is transferred to earnings. If there is no market value, the assets are kept at acquisition cost, but impairment tests are performed.

The accrued interest from the fixed return instruments, when they are classified as assets available for sale and the differences between the acquisition cost and the face value (premium or discount) are recorded in earnings according to the effective interest rate method.

Subsequent Measurement Of Financial Assets/Liabilities

Financial assets/liabilities are measured at cost or amortised cost minus any impairment loss or at fair value with the alterations to fair value being recognised in the profit statement pursuant to IFRS 9: Financial Instruments

After the initial recognition, CP Group measures the financial assets, including any derivatives that are assets, at their fair value without any deduction for transaction costs that may be incurred in their sale or other kind of divestment, except for the following financial assets:

a) Loans granted and accounts receivable, which are measured at amortised cost using the effective interest method;

b) Investments held until maturity, which are measured at amortised cost using the effective interest method; and

c) Investments in equity instruments that do not have a market price quoted on an active market and whose fair value cannot be measured reliably, along with agreements connected with those instruments which, if enforced, result in handing over those instruments, which are measured at cost minus impairment losses.

Financial assets that are designated as hedge items are measured according to the hedge accounting requirements provided in IFRS 9.

All financial assets, except those measured at fair value through the profits, are revised for impairments, according to IFRS 9.

After the initial recognition, CP group measures all the financial liabilities at amortised cost using the effective interest method, except financial liabilities by fair value through profits. These liabilities, including derivatives that are part of the liabilities, are measured at fair value, except in the case of a derivative liability that is connected to, and must be settled by handing over of, a non-quoted equity instrument whose fair value cannot be measured reliably, which must be measured at cost.

Financial liabilities that are designated as hedge items are subject to the hedge accounting requirements provided in IFRS 9.

In calculating the fair value of a financial asset or liability, the market price is used if there is an active market. This constitutes level 1 of the fair value hierarchy as defined in IFRS 13.

If there is no active market, which is the case for some financial assets and liabilities, evaluation techniques that are generally accepted on the market are used, based on market suppositions. This constitutes level 2 of the fair value hierarchy as defined in IFRS 13 and is used by CP Group.

In this level 2 of the fair value hierarchy, CP Group includes non-quoted financial instruments such as derivatives. The evaluation models that are used most frequently are discounted cash flow models and models that assess options that incorporate interest rate curves and market volatility for instance.

For some kinds of more complex derivatives more advanced evaluation models are used containing suppositions and data that cannot be seen directly on the market. This constitutes level 3 of the fair value hierarchy as defined in IFRS 13.

Impairment

According to IAS 36 - Impairment of assets, whenever the book value of an asset exceeds its recoverable amount, its value is reduced to the recoverable amount and the impairment loss is recognised in the profits for the year.

At the date of every financial report period, asset impairment is assessed and if there is objective evidence of impairment, an impairment loss is recognised in the profit statement.

The respective recoverable amount is calculated for financial assets with impairment indicators and the impairment losses are charged to the income statement.

Stocks

In the rail transport components, stocks of goods and raw-materials and consumables are recorded at acquisition cost and the weighted cost method is adopted as the costing method for outgoings. Whenever necessary, an impairment is recognised for stock that is obsolete, has a slow turnover or is defective and presented as a stock deduction.

In maintaining rail rolling stock, the stocks (raw-materials, by-products, finished and intermediate goods and work in progress) are recorded at acquisition cost (in the case of raw-materials and by-products) or at production cost (in the case of finished and intermediate goods and work in progress) or at net realisable value, whichever is lower.

The acquisition or production cost of stocks comprises all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to the location and condition to be used or sold. The net realizable value is the estimated selling price in the ordinary course of business less the cost of sales, pursuant to IAS 2 - Stocks.

The value of the stocks is written down to their net realizable value when the assets are carried at amounts greater than can be expected to result from their sale or use.

In recognising and measuring stocks regarding products and work in progress and finished products, CP Group also has to consider what is defined in IAS 11 - Construction contracts, regarding the costs associated with construction contracts.

Raw Materials and Consumables

Raw materials and consumables are valued at the lower of their cost or net realizable value. The amounts inherent in the purchase, conversion and other costs incurred in bringing the stocks to the location and condition to be used or sold, are considered as a cost.

Raw-materials and consumables are adjusted based on turnover, obsolescence, nature and useful life of the assets. The amount of any stock adjustment to the net realisable value is recognised as a cost in the period when the loss occurs. When the circumstances that previously resulted in adjustments to the value of the stocks no longer exist, or when there is an increase in the net realisable value due to alterations in the economic circumstances, the amount of the adjustments is reversed and the reversal is limited to the amount of the original adjustment.

The method adopted for costing outgoings is the weighted average cost.

Products and works in progress

The stocks of products and works in progress are evaluated at either production cost (including the cost of the materials used and subcontracting services, direct labour and general manufacturing costs) or the net realisable value, whichever is lower.

The net realisable value is considered as the estimated sales price in the ordinary course of business activity, subtracted from the estimated cost of finishing and the estimated costs needed to sell the items.

Finished Goods

This item records the products transferred from products and work in progress after their conclusion and are evaluated at production cost or net realisable value, whichever is lower.

Cash and Equivalent

This item includes cash, bank balances, other short-term, high-liquidity investments and overdrafts. Bank overdrafts are shown in the statement of financial position, under current liabilities, under the heading of loans obtained.

Bank Loans and Overdrafts

Borrowings are initially recognised in the liabilities as the nominal amount received, net of issue expenses, which corresponds to the respective fair value on that date. Borrowings are subsequently measured using the amortised cost method. Any difference between the liability component and the nominal amount to be paid at the maturity date is recognised as interest costs using the effective interest rate method.

The amounts owed on financing agreements that satisfy any of the following criteria are classified in current liabilities:

- If it is expected that they are going to be settled in the entity's normal operational cycle;
- If they are mainly held in order to be traded;
- They must be settled within twelve months of the statement of financial position date;
- The entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

All the other loans are classified as non-current liabilities.

This way, the amount owed on the financing agreements where the deadlines established in the agreement are greater than a year, is classified in non-current liabilities.

Non-Current Assets Held for Sale And Discontinued Operations

Non-current assets or groups of non-current assets held for sale (groups of assets in conjunction with their respective liabilities, which include at least one non-current asset), are classified as being held for sale when their cost is mainly recovered by being sold, the assets or groups of assets are available for sale immediately and their sale is highly likely as provided in IFRS 5.

The CP Group companies also classify non-current assets or groups of assets acquired just to be sold at a later date, that are available for sale immediately and whose sale is highly likely 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 groups of assets for sale, are measured in accordance with the applicable national financial reporting standards. After being classified, these assets or groups of assets are measured at either their carrying amount or their fair value minus the cost of sales, whichever is lower.

Foreign Currency Transactions

Functional Currency and Presentation

The items included in the CP Group company financial statements are measured using the economic environment currency where the company operates (functional currency). The Financial Statements are presented in euros as this is the CP Group presentation and functional currency.

Transactions and Balances

Transactions in currencies other than the euro are translated into the functional currency at the exchange rates at the transaction date.

On each date of the statement of financial position, monetary assets and liabilities expressed in foreign currency are converted into euros using the exchange rates in force on that date.

Exchange differences, both favourable and unfavourable, arising from differences between the exchange rates in force on the date of the transactions and those in force on the date of collection/payment or on the date of the statement of financial position, are recorded as income and expenses in the income statement for the period.

Non-monetary assets and liabilities are recorded according to their far value denominated in foreign currency are translated into euros using the exchange rate in force on the date the fair value was calculated.

The exchange rates in force correspond to those published for the same date on the Banco Portugal website (https://www.bportugal.pt/taxas-cambio).

Recognition of Revenue

Passenger Transport

The income generated in this segment of activity refers to providing passenger transport services, to the sale of goods and other services related with rail transport, minus discounts and price deductions. Income is recognised at its fair value.

The services provided are normally concluded within each reporting period. Income from the activity is recognised in the profit statement at the time when the services are provided, which refers to the date the journey begins, and that is is likely that the amount of the income and the expenses can be measured reliably and that the associated economic benefits are going to revert to the entity.

Rolling Stock Maintenance

The recognition of revenue in this segment of activity follows the provisions of IAS 11 - Construction contracts and is included if the necessary conditions are met to consider a transaction has been estimated reliably, which allows for the percentage-finished method to be used.
The percentage-finished method applied to the provision of services considers the total estimated cost, which is calculated by the operational party taking into consideration the work to be done and past experience on similar jobs.
When the necessary conditions to consider the close of a reliably estimated transaction cannot be met, the amount of recognised costs that can be recovered is calculated. If there are no indicators that show how much of the incurred costs will be recovered, the revenue is not recognised and the costs are recognised as a cost.

Other Areas of Activity

Revenue is measured at fair value of consideration received or receivable. Revenue associated with services rendered is recognised with reference to the stage of completion of the transaction at the statement of financial position date when the outcome of a transaction can be reliably estimated. The outcome of a transaction can be estimated reliably when all the following conditions are met:

- The amount of revenue can be reliably measured;
- It is probable that the company will receive the economic benefits associated with the transaction;
- The stage of completion of the transaction at the financial statement position date can be measured reliably;
- The costs incurred with the transaction and the costs to complete the transaction can be measured reliably.

Revenue comprises the amounts invoiced in selling products or services net of value added tax, rebates and discounts. When the inflow of cash or equivalent is deferred, the fair value of the consideration may be less than the nominal amount. This difference is recognised as interest revenue.

Recognition of Costs and Incomes

Costs and incomes are recorded in the period to which they relate irrespective of the payment or receipt, according to the supposed underlying accrual basis (economic periods).

These financial statements do not only show the past transactions involving payment and income of cash, but also future payment obligations and the resources that represent cash to be received in the future.

The accrual method uses the item other accounts receivable and payable and the deferrals item.

Provisions

Provisions are recognised when:

(i) there is a present legal or constructive obligation arising from a past event;
(ii) it is probable that an outflow of resources will be required to settle the obligation; and
(iii) a reliable estimate can be made of the amount of the obligation.

The provisioned amount is the amount that is considered to be necessary to meet the estimated economic losses. When the time effect of the money is important, the amount of the provision is presented for the current amount of the expenses that are expected to be needed to settle the obligation.

Interest and similar income and Interest and similar costs

Interest is recognized under the accrual basis. Dividends receivable are recognised at the the date the right to receive them is established.

As they are recognised in costs and losses for the period, their recognition is made according to the accrual system and according to the applicable effective interest rate.

Income Tax on Profits

CP is the parent company of a group of companies, taxed in accordance with the Special Taxation Regime for Groups of Companies, provided for in article 69 of the IRC Code, which includes, in addition to CP itself, the subsidiaries SAROS-Sociedade de Mediação de Seguros, Lda. and, since 2014, Fernave - Formação Técnica, Psicologia Aplicada e Consultoria em Transportes e Porto, S.A. and Ecosaúde - Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A

The CP Group does not account for deferred tax assets related to the carry forward of tax losses and impairments and temporary provisions not accepted for tax purposes, as it considers that there are no expectations that the aforementioned group of companies, covered by the special tax regime, will obtain future taxable profits that would allow the CP Group's accumulated tax losses to be utilised.

Similarly, deferred tax liabilities relating to tangible fixed assets revalued (rolling stock) in previous periods were not accounted for, as it is not expected that the way in which the public transport service is financed and economic conditions will change significantly in such a way as to give rise to sufficient taxable income to generate collection and consequently give rise to the payment of income tax.

The accounting result was adjusted to reflect the estimated company tax payable.

Contingent Assets and Liabilities

Contingent Assets

A contingent asset is a possible asset arising from past events and whose existence will only be confirmed by the occurrence or absence of one or more uncertain future events not totally under the company's control.

Contingent assets are not recognised in the financial statements but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable.

Contingent liabilities

A contingent liability arises when there is:

- A possible obligation arising from past events and whose existence will only be confirmed by the occurrence or absence of one or more uncertain future events not totally under the company's control; or
- A present obligation from past events but is not recognised
    - **(i)** it is unlikely there will be an outflow of resources that incorporate economic benefits to settle an obligation, or
    - **(ii)** the amount of the obligation cannot be measured with enough reliability.

The contingent liabilities are not recognised in the financial statements, but are disclosed in the notes to the statements, unless the possibility of an outflow of resources that include future economic benefits is remote.

Subsequent events

These financial statements reflect subsequent events occurring up to 12 June 2024, the date they were approved by the Management Body as described in Note 2.

Events occurring after the date of the statement of financial position on conditions that existed at the date of the statement of financial position are taken into account in the preparation of the financial statements. Material events after the statement of financial position date that do not give rise to adjustments are disclosed in note 45.

Value Judgements

Preparing the financial statements in accordance with the IFRS requires the managers to exercise their judgement in applying the accounting policies.

The value judgement that was made in applying the accounting policies and that may have a major impact on the amounts recognised in the financial statements are given below:

- Provisions - provisions are recognised at the best estimate of the expenditure required to settle the present obligation on the statement of financial position date;
- Recoverability of customer debtor balances and other debtors - the impairment losses regarding debtors and other receivables are based on the likelihood of recovering the balances of accounts receivable,the age of the balances, debt cancellation and other relevant factors. There are certain circumstances and facts that can alter the estimated impairment losses of the accounts receivable balances compared with the suppositions that were considered. These alterations may be due to the economic situation, trends in the sector, a deterioration in the credit situation of the main customers and significant defaults. This evaluation process is subject to numerous estimates and judgements. The estimates of these changes may involve determining different levels of impairment and therefore different impacts on results.
- Recognition of revenue - in recognising the revenue, checks are made to see if the necessary conditions are met to consider a transaction has been estimated reliably, which allows for the percentage-finished method to be used. The percentage-finished method applied to the provision of services considers the total estimated cost, which is calculated by the operational party taking into consideration the work to be done and past experience on similar jobs. When the necessary conditions to consider the close of a reliably estimated transaction have not been met, the amount of recognised costs that can be recovered is calculated. If there are no indicators that show how much of the incurred costs will be recovered, the revenue is not recognised and the costs are recognised as a cost;
- Impairment losses - when determining asset impairment losses, different criteria are applied depending on the condition, age and nature/purpose of the assets, considering that these criteria reflect the loss in value;
- Tax on profits - there are many transactions and calculations where it is difficult to calculate the final amount of tax payable during the ordinary course of business. Other interpretations and estimates could result in a higher level of current and deferred income tax, recognised in the period. In Portugal, the Tax Authorities are entitled to review the calculation of taxable income for four years if tax losses have been brought forward. Thus,there still may be corrections to the tax base, resulting mainly from differences in the interpretation of tax legislation. However, the Company is confident that there will be no significant adjustments to income taxes recorded in the financial statements.

Main Suppositions For The Future

CP

By 2024, an increase in passenger transport demand and income is expected, despite changes in mobility patterns resulting from work from home and some unpredictability regarding the evolution of the economic scenario due to the current international situation.

As a result of the planned infrastructure interventions due to be completed by 2024, it is expected that the production model of the Oeste Line will be reformulated after electrification up to Torres Vedras and that services will be resumed on the Beira Alta Line.

In terms of rolling stock, the contract for the purchase of 22 multiple units for the regional service is underway, and the first seven units are expected to be received by the end of 2025.

The tender for the purchase of 117 multiple units for the Lisbon and Porto Urban Services and the Regional Service was awarded at the end of 2023. The contract is expected to come into force in 2024, after the two unsuccessful companies have withdrawn their objections and approval obtained from the Court of Auditors.

It is also expected that, in 2024, the process of acquiring multiple units for the high-speed commercial segment will be launched.

Following the capital recovery operation carried out in 2023, together with the recovery of demand and the allocation of due financial compensation for the public service provided, it is expected that the Parent Company will - continue to have a balanced and sustainable financial situation.

FERNAVE

The main objective of Portugal 2030 is 'Qualification, Training and Employment'. Taking into account the prospects for creating new jobs and the commitment to maintaining, rehabilitating and/or building infrastructures as a result of PNI 2030, FERNAVE hopes to improve the company's operational performance, ensuring that the quality of services and the maintenance of operational balance will be maintained.

ECOSAÚDE

We anticipate rises in some operating costs, particularly for clinical service providers (medical, nursing and occupational safety technicians), as well as in the cost of renting premises.

The focus in 2024 will therefore be on maintaining qualified capacity and continuing to seek operational efficiency, which will result in maintaining adequate profitability.

SAROS

The overall objective will be to continue to make the most of the potential that Saros can offer the CP Group, while maintaining an optimised cost structure and maximising the results obtained.

SIMEF

Intense operational activity is expected, particularly in heavy maintenance, as a result of the need to carry out 11 major R-type repairs, various modification projects requested by customers and the possibility of participating in the return to service of the LE5613. With regard to light maintenance, the number of interventions planned is in line with that carried out in the last financial year.

In terms of personnel, measures are planned to ensure the satisfaction and retention of human capital, namely through salary adjustments, as well as continuing to extend social benefits to employees, taking advantage of the synergies provided by the Group Companies, Siemens and CP.

Main Sources of Uncertainty In The Estimates

Preparing the financial statements in accordance with the IFRS requires the use of some important accounting estimates.

The estimates are based on best knowledge at any moment and any planned action and these are constantly reviewed depending on available knowledge. Alterations to the facts and circumstances may mean the estimates have to be revised, so the real future profits may differ from these estimates.

The main sources of uncertainty surrounding the estimates at the statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities during the next accounting period are:

Useful Life of Tangible Fixed Assets

The useful life of an asset is defined in terms of the expected utility of the asset for the entity. Asset management policy can involve selling the asset after a specific period or after the consumption of a specified proportion of the future economic benefits incorporated into the asset. Therefore, the useful life of an asset can be shorter than its economic life. The estimated useful life of an asset is a question of value judgement based on the entity's experience with similar assets.

Doubtful Debts

Impairment losses regarding doubtful debts are based on an assessment of the likelihood of recovering the balances of accounts receivable, the age of the balances, debt cancellation and other factors. There are certain facts and circumstances that may change the estimate of impairment losses on accounts receivable balances given the assumptions that were used, including changes in the economy, sectoral trends, the deterioration of the creditworthiness of major Clients and major defaults. This evaluation process is subject to numerous estimates and judgements. The estimates of these changes may involve determining different levels of impairment and therefore different impacts on results.

Provisions

The provisions correspond to liabilities of an uncertain amount or when they may occur, Taking into consideration the principle of prudence, the CP Group companies set up provisions whenever there is a present (legal or constructive) obligation, arising from a past event, where it is likely there is going to be an outflow of resources to settle the obligation and this can be estimated reliably. Regarding the constitution of provisions, particularly for legal processes, these require the use of judgement, based on the latest information known at the date the financial statements were drawn up, namely regarding the likelihood of losing the legal process and the estimated amount of the loss. Any alterations to these estimates can cause impacts on the earnings.

Impairments

The definition and application of criteria for determining asset impairments seeks to ensure that the value of the asset is close to its realisable value. However, the impairments determined by applying these criteria may differ from those actually calculated at the end of the asset's useful life. Particularly noteworthy is the complexity of the criteria for determining impairment of inventories, taking into account their diversity and the long period over which they can be used, specifically in the case of inventories held by the Group for use in rolling stock as part of its maintenance/repair programme.

Impairment losses on inventories relating to raw, subsidiary and consumable materials and those relating to finished and intermediate products originate essentially in the passenger transport area and in the maintenance and repair of rolling stock.

To calculate the impairment of inventories, the Group assesses the need to recognise impairments on its inventories every six months.

The criteria applied to determine impairment of inventories are summarised below, although the impairments determined by applying these criteria may differ from those actually calculated at the end of the asset's useful life:

Materials Used in Rolling Stock

For parts used in repairs to CP's rolling stock, and given their durability, impairment is calculated according to the estimated residual commercial useful life of the series of material to which they are associated, which allows the identification of materials that are effectively obsolete and out of use.

Materials with Application in Current Goods of External Customers

The calculation of the impairment of these items is generally based on the number of years remaining until the end of the respective contracts. If the inventories are also usable in CP rolling stock series, the impairment determination criteria applied to these apply.

'Rotatable' repairable parts

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

Other Materials

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

If these non-rotating materials start to move again, the impairment is only reversed if the net value of the material is negative and to the extent strictly necessary for it to cease to be so.

With regard to impairment of inventories used in rolling stock (CP Group series or those of its customers), in addition to the impairment attributed according to the remaining useful life, an additional impairment of 25% is considered for inventories that have not moved for more than 10 years, with an additional 5% increase for each year without movement, and reaching a maximum of 75% if they have not moved for more than 20 years. The definition of the 10-year period for starting to allocate 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 there will be consumption of the different materials in that period of time.

Non-Current Assets Held for Sale

Non-current assets held for sale should be recognised at the lower of their net book value and their fair value, less costs to sell, in accordance with the IFRS In determining fair value, particularly with regard to rolling stock, and taking into account the absence of an active market, the CP Group takes as a reference the value of recent transactions with similar material, adjusting this value to the technical characteristics of the material and existing demand. The existence and amount of the impairment to be recognised is calculated based on the estimated sales value, though the real impact will only be known when the assets are actually sold, which can imply quite significant variations in the earnings.

Changes to the Standards That Became Effective on 1 January 2023

The changes to the standards that became effective on 1 January 2023 are identified below and the possible impact on the CP Group is assessed:

IAS 1 – 'Disclosure of Accounting Policies'

Change to the disclosure requirements for accounting policies, which are now based on the definition of 'material' rather than 'significant'.

Information on an accounting policy is considered material if, without it, users of the financial statements would not be able to understand other financial information included in those same financial statements.

There were no impacts from this change on the CP Group.

IAS 8 – 'Disclosure of Accounting Estimates'

Introduction of the definition of an accounting estimate and how it differs from changes in accounting policies.

Accounting estimates are now defined as monetary values subject to measurement uncertainty, used to realise the objective(s) of an accounting

policy.

There were no impacts from this change on the CP Group.

IAS 12 – 'Deferred Tax Related to Assets and Liabilities Associated with a Single Transaction'

IAS 12 now requires entities to record deferred tax on certain specific transactions when their simultaneous initial recognition gives rise to equal amounts of taxable temporary differences and deductible temporary differences.

The subject transactions refer to the recording of:

- (i) right-of-use assets and lease liabilities; and
- (ii) provisions for dismantling, restoration or similar liabilities with the corresponding amounts recognised as part of the cost of the related asset, when on the date of initial recognition they are not relevant for tax purposes.

As such, these temporary differences are excluded from the scope of the exemption from recording deferred taxes on the initial recognition of assets or liabilities.

The cumulative effect of the initial application of this change is recognised as an adjustment to the opening balance of retained earnings (or other equity component) of the earliest comparative period presented.

There were no impacts from this change on the CP Group.

IAS 12 – 'International Tax Reform – Pillar Two Model Rules'

This amendment is the IASB's response to the issues raised by stakeholders in the context of the implementation of the OECD's Global Anti-Base Erosion ('GloBE') rules, and comprises:

a) a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to Pillar Two; and
b) additional disclosure requirements for affected entities (entities belonging to multinational groups with consolidated revenues of €750 million in at least two of the last four years), such as:
    - (i) the fact that the exception has been applied;
    - (ii) separate disclosure of the net current tax expense related to Pillar Two income taxes, and
    - (iii) known or reasonably estimable information that assists users of the financial statements in understanding the impact of the application of Pillar Two rules between the date of publication of the legislation and the date of its entry into force.

This amendment has been developed provisionally, to be in force while the global tax system is adapting to these new rules - the IASB plans to assess whether it will be retained or withdrawn once there is sufficient clarity on how tax jurisdictions adopt the new rules, as well as their impact on entities.

There were no impacts from this change on the CP Group.

Amendments to Standards and New Standards that Become Effective on or After 1 January 2024

IAS 1 - 'Classification of Liabilities as Non-current and Current' and 'Non-current Liabilities with Covenants'

The published amendments clarify that liabilities are classified as current or non-current balances depending on the right an entity has to defer their payment beyond 12 months after the financial reporting date.

If an entity estimates, and has the right at the reporting date, to refinance or roll over a liability negotiated under a credit facility for at least twelve months after the reporting period, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. However, if the entity does not have the discretionary right to refinance or roll over (for example, there is no agreement to refinance), the entity must classify the liability as current.

The published amendments also clarify that the covenants that an entity is obliged to fulfil on or before the reporting date affect the classification of a liability

as current or non-current, even if its verification by the creditor only occurs after the reporting date (e.g. when the covenant is based on the financial position at the reporting date).

When an entity classifies liabilities resulting from financing contracts as non-current and these liabilities are subject to covenants, it is required to disclose information that allows investors to assess the risk of these liabilities becoming repayable within 12 months, such as:

a) the book value of the liabilities;
b) the nature of the covenants and the fulfilment dates; and
c) the facts and circumstances that indicate that the entity may have difficulties in complying with the covenants on the due dates.

These changes are retrospective.

There were no impacts from this change on the CP Group.

IFRS 16 - 'Lease Liabilities on a Sale and Leaseback'

This amendment to the leases standard introduces guidance regarding the subsequent measurement of lease liabilities related to sale and leaseback transactions that qualify as a 'sale' in accordance with the principles of IFRS 15 - 'Revenue from contracts with customers', with greater impact when some or all of the lease payments are variable lease payments that do not depend on an index or a rate.

When subsequently measuring lease liabilities, seller-lessees should determine 'lease payments' and 'revised lease payments' in such a way that they do not recognise gains/(losses) in relation to the right of use they retain. Variable lease payments that do not depend on an index or a rate do not fulfil the definition of 'lease payments'.

This amendment applies retrospectively. These changes are retrospective.

There were no impacts from this change on the CP Group.

Cash Flow (note 4)

The Cash Flow statement is prepared using the direct method, showing receipts and cash payments in operating, investing and financing activities.

The company classifies interest and dividends paid as financing activities while interest and dividends received as investment activities.

As at 31 December 2023 all cash balances and cash equivalents are available for use.

Cash and Bank Balances

The cash and bank item consists of the following balances:

(amounts in euros)

Description	31/12/23	31/12/22
Cash	433 788	465 181
Bank accounts	116 496 776	49 832 346
Total	**116 930 564**	**50 297 527**

Accounting Policies, Alterations to Accounting Estimates and Mistakes (note 5)

There are no changes to be reported in accounting policies and estimates or errors with a material impact on the Group's financial statements.

Tangible Fixed Assets (note 6)

At the end of 2023, CP group had its tangible fixed assets organised by class of tangible fixed asset as shown in the following table:

		(amounts in euros)
Description	**31/12/23**	**31/12/22**
Gross amount:		
Land and natural resources	20 533 661	20 533 661
Buildings and other structures	102 832 479	102 510 329
Plant and machinery	1544 163 673	1 528 894 130
Transport equipment	3 318 832	3 318 832
Office equipment	29 126 941	28 547 132
Other tangible fixed assets	32 947 528	43 559 234
Investments in progress	18 005 164	11 114 571
Advances on account of investments	27 004 296	10 268 506
Sub-total	**1 777 932 574**	**1 748 746 395**
Accumulated depreciation and impairments:		
Depreciation over the period	51 364 058	54 813 693
Accumulated depreciation in previous periods	**1 393 177 976**	**1 334 679 852**
Accumulated depreciation of written-off and transferred assets in the period	(11 567 325)	3 684 431
Impairment losses over the period	(111 045)	**(342 412)**
Impairment losses in previous periods	2 474 210	2 816 622
Sub-total	**1 435 337 874**	**1 395 652 186**
Net book value	**342 594 700**	**353 094 209**

Movements in the tangible fixed assets item in 2023 are broken down as follows:

(amounts in euros)

Description	Opening balance	Additions	Divestments	Assets classified as held for sale	Write-offs	Transfers	Other adjustments	Closing balance
Gross amount:								
Land and natural resources	20 533 661	-	-	-	-	-	-	20 533 661
Buildings and other structures	102 510 329	2 068	-	-	-	320 082	-	102 832 479
Plant and machinery	1528 894 130	301 589	-	1 476 143	(3 651 728)	17 138 271	5 268	1544 163 673
Transport equipment	3 318 832	-	-	-	-	-	-	3 318 832
Office equipment	28 547 132	41 718	-	-	(100 803)	638 894	-	29 126 941
Other tangible fixed assets	43 559 234	13 128	-	-	(10 930 140)	311 818	(6 512)	32 947 528
Investments in progress	11 114 571	25 598 942	-	-	(299 284)	(18 409 065)	-	18 005 164
Advances on account of investments	10 268 506	16 735 790	-	-	-	-	-	27 004 296
	1 748 746 395	**42 693 235**	**-**	**1 476 143**	**(14 981 955)**	**-**	**(1 244)**	**1 777 932 574**
Accumulated depreciation and impairments:								
Buildings and other structures	57 527 790	3 140 204	-	-	-	-	-	60 667 994
Plant and machinery	1265 898 729	46 204 241	-	1 463 481	(3 650 053)	2 930	(457)	1309 918 871
Transport equipment	3 052 544	61 576	-	-	-	-	-	3 114 120
Office equipment	27 220 936	667 037	-	-	(100 803)	-	-	27 787 170
Other tangible fixed assets	39 477 978	1 291 000	-	-	(9 278 706)	(2 930)	(787)	31 486 555
Tan. Fixed Assets - Imp losses To date Plant and Machinery	2 474 209	(111 045)	-	-	-	-	-	2 363 164
	1 395 652 186	**51 253 013**	**-**	**1 463 481**	**(13 029 562)**	**-**	**(1 244)**	**1 435 337 874**
Total	**353 094 209**	**(8 559 778)**	**-**	**12 662**	**(1 952 393)**	**-**	**-**	**342 594 700**

The CP Group's tangible fixed assets are measured at cost and depreciated using the straight-line method, with useful lives specified in note 3.

The most significant investments in 2023 essentially relate to major periodic repairs to R2 rolling stock that fulfil the criteria for recognition as tangible fixed assets.

The most significant amounts shown in the write-offs column refer to the other equipment heading and are regularisations made to fleet parts that have been applied to rolling stock in various years.

The accumulated depreciation referred to in the additions column relates to the depreciation of assets according to their useful life, with the depreciation of rolling stock standing out for its contribution.

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

As at 31 December 2023, the following tangible fixed assets were used as collateral for loans obtained by the CP Group from Eurofima:

	(amounts in euros)
Description	**Book value**
Multiple units	33 387 351
Total	**33 387 351**

Intangible Assets (note 7)

The CP Group's intangible assets essentially relate to the implementation of IT systems and there are no assets that have been developed internally, as shown in the following table:

		(amounts in euros)
Description	**31/12/23**	**31/12/22**
Gross amount:		
Research & Development expenses	50 795	46 040
Computer programs	1 146 367	1 135 708
Intangible assets in progress	8 518	-
Sub-total	**1 205 680**	**1 181 748**
Accumulated depreciation and impairment:		
Depreciation over the period	325 025	348 125
Accumulated depreciation in previous periods	503 380	157 015
Accumulated depreciation of written-off assets in the period	-	(880)
Sub-total	**828 405**	**503 380**
Net book value	**377 275**	**678 368**

For amortisation purposes, these assets normally have a useful life of 3 years. However, this estimate is revised annually depending on the asset's expected use. Intangible assets are measured at cost and amortised by the straight-line method in twelfths as of when the asset comes into production.

Movements in the intangible fixed assets in 2023 are broken down as follows:

(amounts in euros)

Description	Opening balance	Additions	Divestments	Assets held for sale	Write-offs	Transp.	Closing balance
Gross amount:							
Research & Development expenses	46 040	-	-	-	-	4 755	50 795
Computer programs	1 135 708	10 659	-	-	-	-	1 146 367
Intangible assets in progress	-	13 273	-	-	-	(4 755)	8 518
	1 181 748	**23 932**	**-**	**-**	**-**	**-**	**1 205 680**
Accumulated depreciation and impairment:							
Depreciation over the period	347 245	325 025	-	-	-		672 270
Accumulated depreciation in previous periods	156 135	-	-	-	-		156 135
	503 380	**325 025**	**-**	**-**	**-**	**-**	**828 405**
Total	**678 368**	**(301 093)**	**-**	**-**	**-**	**-**	**377 275**

The increase in intangible assets relates to the acquisition of computer programmes.

Rights of Use of Assets (note 8)

At the end of 2023, the CP Group had the following rights of use, which met all the requirements listed in IFRS 16:

(amounts in euros)

Description	31/12/23	31/12/22
Gross amount:		
Rights of Use (Financial Leases - IFRS 16)	13 654 624	14 735 284
Vehicles	257 659	241 019
Multiple units	3 654 811	4 797 582
Workshop space (a)	9 742 154	9 696 683
Sub-total	**13 654 624**	**14 735 284**
Accumulated depreciation and impairment:		
Depreciation over the period	1 737 081	1 707 684
Vehicles	54 766	64 052
Multiple units	1 218 270	1 182 262
Workshop space (a)	464 045	461 370
Accumulated depreciation in previous periods	2 050 567	5 041 944
Vehicles	197 174	133 122
Multiple units	-	3 516 799
Workshop space (a)	1 853 393	1 392 023
Sub-total	**3 787 648**	**6 749 628**
Net book value	**9 866 976**	**7 985 656**

As well as the respective liabilities arising from finance leases:

		(amounts in euros)
Description	**31/12/23**	**31/12/22**
Non-current		
Financial leasing responsibilities	**8 189 715**	**7 487 069**
Vehicles	2	2 660
Multiple units	1 156 378	-
Workshop space (a)	7 033 335	7 484 409
Current		
Financial leasing responsibilities	**1 751 110**	**548 399**
Vehicles	5 718	41 185
Multiple units	1 317 679	102 862
Workshop space (a)	427 713	404 352
Total	**9 940 825**	**8 035 468**

Also with impacts as a result of the application of IFRS 16, the amount of interest paid in the 2022 and 2023 financial years is shown:

		(amounts in euros)
Description	**2023**	**2022**
Interest and similar costs		
Vehicles	12 533	12 336
Multiple units	96 616	16 999
Workshop space (a)	169 082	178 341
Total	**278 231**	**207 676**

Financial Holdings – Equity Method (note 9)

The financial holdings where the equity method is applied are detailed in the following table:

							(amounts in euros)
Description	**Type**	**31/12/23**			**31/12/22**		
		Gross amount	**Impairment**	**Net value**	**Gross amount**	**Impairment**	**Net value**
TIP, ACE	Investment	650 836	-	650 836	2 055 686	-	2 055 686
SIMEF A.C.E.	Investment	498 144	-	498 144	480 313	-	480 313
NOMAD TECH, LDA.	Investment	1 787 178	-	1 787 178	1 214 316	-	1 214 316
Total		**2 936 158**	**-**	**2 936 158**	**3 750 315**	**-**	**3 750 315**

The movements shown in the following table took place in these financial holdings in 2023:

(amounts in euros)

	Opening balance	Additions	Divestments	Eqty. Mthd	Other alterations	Closing balance
Gross amount						
TIP, ACE	2 055 686	-	-	430 447	(1 835 297)	650 836
SIMEF ACE	480 313	-	-	498 111	(480 280)	498 144
NOMAD TECH, Lda.	1 214 316	-	-	572 862	-	1 787 178
Sub-total	**3 750 315**	**-**	**-**	**1 501 420**	**(2 315 577)**	**2 936 158**
Impairment	-		-	-	-	-
Sub-total	**-**	**-**	**-**	**-**	**-**	**-**
Total	**3 750 315**	**-**	**-**	**1 501 420**	**(2 315 577)**	**2 936 158**

As the table shows, the decrease in the financial holdings is essentially due to the integration of positive results from group companies.

The summarised financial information on subsidiaries (pending approval at the General Meeting) is as follows:

(amounts in euros)

Associate company's name	Holding %age	Reference date	Assets	Liabilities	Equity	Revenue	Net profit
SIMEF ACE	51	31/12/23	11 961 289	10 984 536	976 753	14 046 204	976 753
NOMAD TECH, Lda.	35	31/12/23	16 305 950	11 199 728	5 106 222	3 490 735	334 909
TIP, ACE	33	31/12/23	27 866 461	25 913 757	1 952 704	8 480 986	1 374 488

* This amount refers to the Net Profit for the period between 01/07/2023 and 31/12/2023.
As mentioned above, Nomad Tech closes its financial year on 30 June.

Other Financial Investments (note 10)

CP Group has small holdings in different companies that are recognised at cost less impairment losses, as the value of these holdings are not traded publicly, so it is impossible to get their fair value reliably.

The possibility of these financial assets being impaired is assessed at the date of each financial report. An impairment loss is recognised in the profit statement if there is objective evidence of this impairment.

The details of this item are given in the following table:

(amounts in euros)

Description	Method	31/12/23			31/12/22		
		Gross amount	Impairment	Net value	Gross amount	Impairment	Net value
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	Acquisition cost	2 500	(2 500)	-	2 500	(2 500)	-
Centro de Competências Ferroviário (Railw	Acquisition cost	4 000 000	(4 000 000)	-	2 000 000	(2 000 000)	-
TRANSCOM, S.A.	Cost	388 280	(64 723)	323 557	388 280	(74 964)	313 316
Work Comp Fund	Acquisition cost	311	-	311	207 662	(207 351)	311
		32 881 214	**(4 791 612)**	**28 089 602**	**31 088 565**	**(3 009 204)**	**28 079 361**

Eurofima is a supranational organisation in corporate form comprised of public rail transport companies. It was established on 20 November 1956 due to a treaty ('Convention') between the various signatory European member states. Eurofima's statutes stipulated that the 'Convention' would last 50 years after its constitution. However, at the extraordinary general meeting on 1 February 1984, all the member states approved the extension of the Convention period for a further 50 years, i.e. until 2056.

The amount recorded in Eurofima's shareholding corresponds to a subscription of 52,000 Swiss Francs on the date of the initial capital subscription and subsequent capital increases. CP and the other Eurofima shareholders have only realised 20% of that amount, with the remaining CHF 41.600 still to be realised. Shareholders can be called upon to unconditionally realise the unpaid amount at any time.

The movements in financial holdings in 2023 are given in the following table:

(amounts in euros)

	Opening balance	Additions	Divestments	Fair Value	Other alterations	Closing balance
Gross amount						
CP Carga, SA	80 000	-	-	-	-	80 000
MLM, SA	12 721	-	-	-	-	12 721
METRO DO PORTO, SA	249 399	-	-	-	-	249 399
METRO-MONDEGO, SA	3 595	-	-	-	-	3 595
ICF	382 269	-	-	-	-	382 269
EUROFIMA	27 760 679	-	-	-	-	27 760 679
BCC	1 460	-	-	-	-	1 460
INEGI	2 500	-	-	-	-	2 500
Centro de Competências Ferroviário (Railway Compe	2 000 000	2 000 000	-	-	-	4 000 000
TRANSCOM, S.A.	388 280	-	-	-	-	388 280
Work Comp Fund	311	-	-	-	-	311
	30 881 214	**2 000 000**	**-**	**-**	**-**	**32 881 214**
Impairment						
CP Carga, SA	(80 000)	-	-	-	-	(80 000)
MLM, SA	(12 721)	-	-	-	-	(12 721)
METRO DO PORTO, SA	(249 399)	-	-	-	-	(249 399)
ICF	(382 269)	-	-	-	-	(382 269)
INEGI	(2 500)	-	-	-	-	(2 500)
Centro de Competências Ferroviário (Railway Compe	(2 000 000)	(2 000 000)	-	-	-	(4 000 000)
TRANSCOM, S.A.	(74 964)	-	-	-	10 241	(64 723)
	(2 801 853)	**(2 000 000)**	**-**	**-**	**10 241**	**(4 791 612)**
Total	**28 079 361**	**-**	**-**	**-**	**10 241**	**28 089 602**

Income Tax (note 11)

CP is the parent company of a group of companies, taxed in accordance with the Special Taxation Regime for Groups of Companies, provided for in article 69 of the IRC Code, which includes, in addition to CP itself, the subsidiaries SAROS-Sociedade de Mediação de Seguros, Lda. Fernave - Formação Técnica, Psicologia Aplicada e Consultoria em Transportes e Porto, S.A. and Ecosaúde - Educação, Investigação e Consultoria em Trabalho, Saúde e Ambiente, S.A.

Although the public service contract was signed in 2019, which significantly changes the way the public transport service is financed, and was approved by the Court of Auditors during 2020, it wasn't until 2022 that CP received all the amounts set for the settlement/reconciliation component of the public service obligations (PSO) for 2020, with EUR 1.1 million still to be paid for the financial rebalancing component for that same year, as disclosed in note 3 and note 28. CP is also awaiting the final settlement of compensation for the fulfilment of the 2021 and 2022 PSOs.

During the 2023 financial year, CP recorded the following income adjustments related to the PSOs:

(i) The value of the reconciliation of the 2021 public service obligations (PSO), totalling EUR 45.9 million, received during the year;

(ii) The adjustment to be received from the replacement component of the financial rebalancing of the 2021 public service obligations (PSO), totalling EUR 12.2 million, for which approval has already been obtained;

(iii) The adjustment to be received from the reconciliation of public service obligations (PSO) for 2022, totalling EUR 7.1 million, for which approval has already been obtained;

(iv) The adjustment to be returned from the reconciliation of public service obligations (PSO) for 2023, totalling EUR 33.8 million, for which the respective tax document was issued in 2024.

On the date this report was signed, and with regard to previous years, the IGF is awaiting approval of the amount relating to the replacement component of the financial rebalancing for compliance with the 2022 PSOs, which will finalise the final settlement for that year.

If the compensation adjustments recognised in the 2023 accounts for 2021 (EUR 58.1 million) and 2022 (EUR 7.1 million) had been fully recognised in the years to which they relate, the net result for 2023 would have been negative by EUR 59 million (and with a negative tax result of around EUR 53 million). The same situation can be seen in the comparative information for 2022, with a net result that is also negative.'

In view of the above and considering that, in the current context, there is significant uncertainty as to the stability of future results, which essentially derives from the determination of the financial compensation that will be due to CP and the possible effects of the financing options that will be followed, CP believes that it is not prudent to record deferred tax assets relating to deductible tax losses. For this reason, it does not intend to recognise any deferred tax assets or liabilities, even though there are temporarily taxable/deductible differences.

As shown in the table below, the CP Group's total deductible tax losses up to 2023 will increase from EUR 315.2 million to EUR 322.2 million, which can be utilised in accordance with current legislation without any time limit.

(amounts in euros)

	Deductible tax loss to date in 2023	Deductible tax loss to date in 2022
CP	335 132 524	352 385 100
Group	322 230 943	315 236 854

The reconciliation between the CP Group's nominal and effective individual tax rates for 2023 and 2022 is as follows:

	(amounts in euros)	
	2023	**2022**
Profit before tax	**6 274 065**	**9 813 681**
Expected tax	2 943 037	(630 448)
Permanent Differences:	15 099 093	(5 297 628)
Taxable profit	**24,316,195**	**3,885,605**
Tax losses deducted	(17 252 576)	(3 108 484)
Tax Base	**7,063,619**	**777,121**
Nominal tax rate	**21.0%**	**21.0%**
Tax	2 438 532	202 873
Municipal surcharge	358 911	57 658
Autonomous Taxation	145 594	136 613
Result of settlement (art. 92)	-	233 303
Income Tax	**2,943,037**	**630,448**
Effective tax rate	**38.5%**	**6.4%**

Stocks (Note 12)

On 31 December 2023, CP Group had the following stocks broken down by category:

		(amounts in euros)
Description	**31/12/23**	**31/12/22**
Gross amount:		
Merchandise	128 988	129 591
Raw materials and consumables	57 432 218	56 420 971
Finished goods and goods in progress*	4 523 359	4 621 213
Products and works in progress	3 267 765	3 460 092
Advances on account for purchases	532 962	-
	65 885 292	**64 631 867**
Accumulated impairments		
Impairments over the period	(2 068 445)	(2 071 014)
Impairments from previous periods	(20 052 341)	(17 981 327)
	(22 120 786)	**(20 052 341)**
Net book value	**43 764 506**	**44 579 526**

*Internal manufacturing and rotables

The gross value of inventories increased by EUR 1.3 million compared to 2022, particularly Raw materials, subsidiaries and consumables of EUR 1 million and advances on account of purchases by EUR 0.5 million. The other items showed minimal changes in the opposite direction.

External constraints followed the same trend as in the previous period, namely price trends resulting from the international climate, which led to an increase in the value of inventories. Another factor justifying the increase is the definition of the consistency of the interventions estimated with a higher replacement rate than the one consummated. On the other hand, it is also directly related to the time lag between the start of repair/modernisation projects and the actual arrival of materials, in which some cannot be used in the planned interventions. However, their use in future interventions is not compromised in either situation.

The company monitors the value of inventories every six months to assess whether they need to be adjusted. If necessary, impairments are recognised.

Regarding the impairment of inventories, the criteria that have been followed in recent periods have been maintained, and they are detailed in note 3.

Applying these criteria, an impairment loss of around EUR 2.1 million was recognised in 2023, as in the previous year. This increase contributed, on the one hand, to impairment losses recorded in expenses of EUR 2.7 million, partially offset by the reversal of impairment losses of EUR 0.6 million recorded in income for the year, as shown in the following table :

(amounts in euros)

Description	Opening balance	Losses	Reversal	Adjustments	Closing balance
Stock impairments					
Raw materials and consumables	(19 217 441)	(2 407 973)	481 135	-	(21 144 279)
Finished goods and goods in progress	(834 900)	(246 790)	105 183	-	(976 507)
Products	(350 434)	(27 306)	643	-	(377 097)
Rotables	(484 466)	(219 484)	104 540	-	(599 410)
Total	**(20 052 341)**	**(2 654 763)**	**586 318**	**-**	**(22 120 786)**

Customers (Note 13)

The customers item contained the following amounts as of 31 December 2023:

(amounts in euros)		
Description	**31/12/23**	**31/12/22**
Gross amount:		
Customers a/c		
General	12 108 999	10 761 877
Associated companies	2 236 037	70 412
joint undertakings	105 892	(37 403)
Other Related Parties	-	-
Customers - Doubtful debts	6 540 096	5 887 581
Sub-total	**20 991 024**	**16 682 467**
Accumulated impairments		
Impairment losses over the period	(652 515)	(60 456)
Impairment losses in previous periods	(5 887 581)	(5 827 125)
Sub-total	**(6 540 096)**	**(5 887 581)**
Net book value	**14 450 928**	**10 794 886**

The increase in customers in 2023 is essentially due to the associated companies, with payments settled during the first quarter of 2024, but also to the increase in the general customers item, which was paid in the first month of the year.

Movements in impairment losses are as follows:

(amounts in euros)					
Description	**Opening balance**	**Losses**	**Uses**	**Reversals**	**Closing balance**
Impairment losses					
General customers	(5 887 581)	(718 161)	-	65 646	(6 540 096)
Total	**(5 887 581)**	**(718 161)**	**-**	**65 646**	**(6 540 096)**

State and Other Public Entities (note 14)

The State and other public bodies item is broken down as follows:

(amounts in euros)

Description	31/12/23	31/12/22
Assets		
Income Tax	251 492	240 388
Special payment on account	136 469	167 451
Withholding tax	57 888	52 033
Withholding tax - Dependent	57 135	20 904
VAT	11 411 360	9 960 014
Recoverable VAT	1 000 000	2 646 007
VAT rebates requested	10 411 360	7 314 007
Other taxes	328 221	347 443
Soc. Sec. Contrib Nat Pens.	328 221	337 245
DGI-FCT	-	10 198
Total	**11 991 073**	**10 547 845**
Liabilities		
Income Tax	2 977 783	675 861
Income Tax	2 943 037	630 448
Retained income tax	34 746	45 413
VAT	163 303	50 813
VAT Payable	163 303	50 813
Other taxes	22 988	22 306
Social security contributions	22 988	22 306
Other taxes	-	-
Total	**3 164 074**	**748 980**

In 2023, the increase in VAT under 'VAT to be recovered/reimbursements requested' was due to the acceptance and consequent accounting of invoices for the use of railway infrastructure from August to December and energy invoices for traction.

As for liabilities, the increase in the income tax item was essentially the result of calculating the tax estimate for the current year in line with the results for the period.

Other Accounts Receivable (Note 15)

Other accounts receivable is broken down as follows:

(amounts in euros)

Description	31/12/23	31/12/22
Gross amount:		
Advances to suppliers	194 502	182 001
Suppliers a/c - debtors	41 052	211 842
Others	769 752	469 834
Other debtors - staff	103 047	173 914
Misc. Debtors - a/c	8 915 292	10 087 922
Debtors by accrued revenues	32 513 716	9 271 219
Sub-total	**42 537 361**	**20 396 732**
Accumulated impairments		
Impairment for the period - Other 3rd party debts	913 545	65 953
Impairment for previous periods - O. 3rd party debts	(5 760 143)	(5 826 096)
Sub-total	**(4 846 598)**	**(5 760 143)**
Net book value	**37 690 763**	**14 636 589**

Other receivables increased by around EUR 23.1 million in 2023 compared to the same period in the previous year.

The specialisation of income explains this variation of EUR 19.3 million, for which CP expects to be reimbursed:

(i) The amount of compensation for the financial rebalancing of the 2021 public service obligations, totalling EUR 12.2 million, for which CP has already obtained validation from the IGF and the respective approval by the Secretary of State; and.

(ii) The reconciliation of public service obligations for 2022, totalling EUR 7.1 million, which the IMT has validated.

Also contributing to this variation was the settlement of a debt from previous years totalling EUR 1 million, substantially reducing the accumulated impairment.

Movements in impairment losses are as follows:

(amounts in euros)

Description	Opening balance	Losses	Use	Transfer	Reversals	Closing balance
Impairment losses						
Other debtors	(5 760 143)	-	5	-	913 540	(4 846 598)
Total	**(5 760 143)**	**-**	**5**	**-**	**913 540**	**(4 846 598)**

Deferrals (note 16)

The deferrals item contains the amounts shown in the following table:

(amounts in euros)

Description	31/12/23	31/12/22
Assets		
Recognisable costs		
Deferrals - Recog. Expen. - others-misc	3 176 989	1 178 525
Total	**3 176 989**	**1 178 525**
Liabilities		
Recognisable income		
Deferrals - rent recog - investment subsidies	135 844 656	81 575 076
Deferrals - rent recog - other deff - rent recog,	658 430	498 556
Total	**136 503 086**	**82 073 632**

As far as assets are concerned, this item shows the various costs to be recognised in the period, including the various insurance premiums invoiced and paid at the end of the year to ensure that the insurance will be effective in the first quarter of the following year. The main insurances contributing to the balance under this heading are labour accident, health, multi-risk and civil liability insurance.

In 2023, the main increase is due to an increase of around EUR 2 million in the costs to be recognised with IT contracts, such as the acquisition and renewal of software, licensing and IT platforms.

Concerning liabilities, the figure shown reflects the income to be recognised from the maintenance and repair of rolling stock, specifically invoicing on account of work to be carried out and issued under the established contractual conditions.

The following table gives a breakdown of the subsidies:

(amounts in euros)

	31/12/23	31/12/22
Environmental Fund - Aqui 117 elec. MU, 12 Bimode MU and 10 Elec	73 163 089	11 056 145
PIDDAC subsidies	25 786 960	29 236 744
FEDER subsidies	35 355 171	39 610 142
IGCP subsidies	1 311 721	1 444 330
Other Subsidies (inc. CEF)	227 715	227 715
Total	**135 844 656**	**81 575 076**

Non-current Assets Held for Sale (note 17)

One of the company's objectives is to sell assets no longer needed for its activity. These are mainly buildings and rolling stock. Therefore, top management is committed to making sure these sales go through by finding interested parties either in Portugal or abroad.

Although some of these assets have been classified as fixed assets held for sale for more than a year, CP believes that they should remain classified under this asset heading. Their value will be recovered not through use but through sale, and top management is strongly committed to making efforts in this direction.

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

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

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

(amounts in euros)

Description	31/12/23	31/12/22
Assets		
Land and natural resources	84 031	84 031
Buildings and other structures	175 369	175 369
Plant and machinery	1 792 278	1 804 940
Total	**2 051 678**	**2 064 340**

In 2023, CP rehabilitated inoperable rolling stock, registered as plant and machinery, which required a reclassification under tangible fixed assets in the amount of EUR 12,662 in net book value.

After these impairments were made, the universe of rolling stock classified as non-current assets held for sale had its value in the Group's accounts adjusted to zero if the value of subsidies to be recognised and the value of scrap were taken into account, as detailed below with reference to 31 December 2023:

(amounts in euros)

Description	Book value (1)	Subsidy to be recognised (2)	Scrap value (3)	Impairment (4)	(1)+(2)+(3)+(4)
Several series	4 257 714	(1 297 880)	(494 397)	(2 465 437)	-

Capital (note 18)

Paid-up capital

According to the legislation that defines CP's articles of association, the Portuguese state wholly owns the company's capital, which is intended to meet the company's permanent needs.

Joint orders from the financial and sectoral authorities decided to increase CP's capital by around EUR 2 billion between 2015 and 2019, which was paid in over the respective years.

These amounts were intended to meet the needs arising from debt servicing (amortisation, interest and other charges), investment and staff costs related to the historic variable agreement.

In 2023, it was decided by joint order of the ministers of finance and infrastructure, dated 9 October 2023, to award CP the due compensation for the public service obligations provided between 2002 and 2019 by increasing the statutory capital as follows:

(i) Increase CP's statutory capital by EUR 2,099,740,964.99 through the conversion of capital and interest credits held by the state through the DGTF, corresponding to EUR 1,919,301,571.5 and through the delivery in cash of EUR 180,439,393.49, of which % awaits realisation by 31 December 2024.

(ii) Use the financial reorganisation reserve under the 1993 protocol, signed under Decree-Law 361/85 of 5 September, in the amount of EUR 91,357,368, to cover negative retained earnings.

(iii) Reduce the capital to cover the remaining negative retained earnings by EUR 5,846,594,636, setting the statutory capital at EUR 212,635,680.46.

As of 31 December 2023, the company's statutory capital was EUR 212,635,680.46, partially paid in by the Portuguese state.

Unrealised Capital

Of the statutory capital of EUR 212,635,680.46, EUR 126,307,573.57 remains to be paid in by 31 December 2024.

Legal Reserve (note 19)

In accordance with article 295 of the Companies Code and article 30 of Decree-Law 137-A/2009 of 12 June, amended by Decree-Law 59/2012 of 14 March and Decree-Law 124-A/2018 of 31 December, which defines CP's articles of association, the company must set aside reserves and funds deemed necessary. A legal reserve of 5% of the profits for each financial year is mandatory. The legal reserve can be used to cover losses for the year.

During the period, there was no increase in the legal reserves or their use to cover losses.

Other Reserves (note 20)

This item shows the statutory reserve, which corresponds to the amount of the existing rolling stock renovation and amortisation fund as of 31 December 1974.

The rolling stock renovation and amortisation fund was used for the renovation of rolling stock under article 16 of the 1951 concession contract between the state and Companhia dos Caminhos de Ferro Portugueses and had to do with the excess of fund income over the investments it financed.

Retained earnings (note 21)

The variation in retained earnings essentially relates to:

- The transfer of the previous year's net profit to retained earnings.
- The transfer of EUR 91,357,368 from the financial reorganisation reserve under the 1993 protocols under Decree-Law 361/85 of 5 September to cover negative retained earnings.
- Capital reduction operation to cover the remaining negative retained earnings, totalling EUR 5,846,594,636.

The movements shown in the following table also contributed, however, to this variation:

(amounts in euros)

Reconciliation of consolidated retained earnings		
Retained earnings 2023		9,327,920
Retained earnings 2022	(5 937 857 128)	
+ 2022 net profit	9,183,233	
+ Other alterations to 2023 retained earnings	5,937,952,004	9,278,109
2023 movements directly in retained earnings		49,811
Consolidation differences related to.		
- Others (balances and transactions)		49,811

Other Equity Variations/Adjustments (note 22)

This item is broken down as follows:

(amounts in euros)

Description	31/12/23	31/12/22
Financial recovery	-	91 357 368
Transition adjustment	132 640	132 640
Total	**132 640**	**91 490 008**

In 2023, a joint order dated 9 October 2023 stipulated the transfer of the financial reorganisation reserve to cover negative retained earnings.

This financial reorganisation reserve reflected the liabilities assumed by the state under the terms of the Protocol of 24 August 1993, relating to debts to the Tax Administration, the Directorate

General of the Treasury and the Banks, in the amount of EUR 97,975,959, and to be used to settle the remaining amount owed by the state, in the amount of EUR 6,618,591, resulting from the financial reorganisation carried out under Decree-Law 361/85.

Provisions (note 23)

A breakdown of the heading Provisions is given below:

(amounts in euros)

Description	Opening balance	Additions	Uses	Reversals	Closing balance
Judicial processes in progress	1 978 030	-	20 000	80 588	1 877 442
Railway accidents	2 446 591	-	-	65 358	2 381 233
Work accidents and occupational illnesses and other provisio	8 113 694	1 653 686	638 914	1 246 294	7 882 172
Total	**12 538 315**	**1 653 686**	**658 914**	**1 392 240**	**12 140 847**

Provisions for all the items shown in the table decreased slightly by EUR 397,000 compared to 2022.

An entity external to CP (Fidelidade) carried out the actuarial valuation of liabilities for accidents at work up to 31 December 1999, with reference to 31 December 2023.

Increases or reductions in liabilities arising from changes in the benefits attributed are recognised as expenses or income in the period they occur.

The methodology and the financial and actuarial suppositions of the supposed liabilities are:

- Calculation method: The current value of immediate life-long payments was calculated to find the liabilities regarding retirees with industrial accident pensions.
- Discount rate: 4.5%.
- Pension growth rate: 1.0%.
- Mortality table The French life table TV 88/90 was used.
- Deadline for payment of occupational accident pensions: Life-long pensions.
- Calculation date: 31.12.23.

Borrowings (Note 24)

Borrowings at the end of 2023 are shown in the table below:

		(amounts in euros)
Description	**31/12/23**	**31/12/22**
Non-current		
Credit institutions and financial firms		
Bond loans	155 500 000	200 000 000
Application effective loan rate Bond holders	(2 872 105)	(4 158 316)
Other lenders	-	1 000 000
Total non-current	**152 627 895**	**196 841 684**
Current		
Credit institutions and financial firms		
Other lenders	50 000 000	1 913 349 168
Total Current	**50 000 000**	**1 913 349 168**
Total	**202 627 895**	**2 110 190 852**

The total financing item shows a reduction of EUR 1.908 billion, essentially due to the conversion in kind of loans in a capital increase in October 2023, as detailed in note 18, plus the bond buyback operation authorised by the supervisory authority.

In compliance with the order, debt and interest loans totalling EUR 1.919 billion (EUR 1.814 billion in principal and EUR 105.3 million in interest) were converted in kind, while the EUR 50 million Eurofima loan was maintained. Its maturity was extended by another year until 28/07/2024.

Regarding the bond loan, the capital increase paid in cash in 2023 was partially used to buy back CP bonds in an operation with a total value of EUR 52.9 million, including debt amortisation of EUR 44.5 million and charges of around EUR 8.4 million.

Also, the remainder of the DGTF loan taken out at the end of 2020, amounting to EUR 15.4 million, and the DGTF loan taken out in 2022, amounting to EUR 35 million, were amortised.

The analysis of borrowings by maturity, excluding bank overdrafts, is as follows:

		(amounts in euros)
Description	**31/12/23**	**31/12/22**
Credit institutions and financial firms		
Bond loans		
More than 5 years	155 500 000	200 000 000
Application effective loan rate Bond holders	(2 872 105)	(4 158 316)
Other lenders		
Up to 1 year	50 000 000	1 913 349 168
1 to 5 years	-	1 000 000
Total	**202 627 895**	**2 110 190 852**

Below is a breakdown of CP's sources of finance, which represent the total outstanding principal of the loans obtained:

Details by sources of funding	31/12/23	31/12/22
Bond holders	152 627 895	195 841 684
Eurofima	50 000 000	50 000 000
DGTF	-	1 864 349 168
Total	202 627 895	2 110 190 852

Other Payables (note 25)

Other payables are broken down as follows:

(amounts in euros)

Description	31/12/23	31/12/22
Current		
Investment suppliers	1 020 174	201 737
Unreleased subscription creditors	44 924 406	42 246 369
Other debtors and creditors	3 085 411	2 557 932
Creditors by accrued costs	85 025 565	130 457 648
Total	134 055 556	175 463 686

This item shows a decrease of EUR 41.4 million originated by the reduction in the balance of creditors due to accrued expenses by EUR 45.5 million, due to the combined effect of:

- Reduction through the conversion in kind to capital of the specialised interest with the DGTF (from 2017 to 2022); and
- An increase due to the accounting of the financial compensation to be returned by CP related to the 2023 public service obligations.

The Investment Suppliers balance also slightly increased by EUR 818,000 due to invoicing still to be paid on 31 December 2023 relating to various investments in workshop equipment and rolling stock.

Suppliers (note 26)

The suppliers' item is broken down as follows:

		(amounts in euros)
Description	**31/12/23**	**31/12/22**
Suppliers a/c		
General	14 124 130	7 850 096
Invoices being received and checked	913 752	7 149 302
	15 037 882	**14 999 398**

There was a slight increase in this item of EUR 38,000, which is insignificant compared to last year.

Sales and Services (note 27)

Sales and services are broken down as follows:

		(amounts in euros)
Description	**2023**	**2022**
Provision of services		
Passengers net of sales discounts and write-offs	247 357 939	255 722 351
Rolling stock maintenance and repair	16 433 471	15 233 433
Others	6 831 051	6 544 796
Total	**270 622 461**	**277 500 580**

This item fell by EUR 6.9 million, essentially due to the decrease in income associated with passenger transport, largely due to the impact of labour disputes during the year.

On the other hand, income related to the maintenance and rental of rolling stock increased slightly by EUR 1.1 million.

Concerning amounts that are not certain to be recognised, we would highlight the extraordinary compensation presented by AMP on behalf of CP under order no. 5387/2023 (extra PART) for the 2023 financial year. The IMT's report assessing the availability of extraordinary funds for the 1st and 2nd quarters of 2023 considered CP to be eligible, and a decision is awaited for the 3rd and 4th quarters. The total estimated value for the period under review is EUR 2,258,262.

Operating Subsidies (note 28)

The following table shows the operating subsidies recognised as income in 2023 and 2022:

(amounts in euros)

Description	2023	2022
Misc. Subsidies		
Public service contract	157 884 853	116 203 550
Regarding PSO		
Contribution for the financial year (advance)	126 459 441	98 463 385
Return of compensation 2023	(33 800 588)	
	92 658 853	**98 463 385**
Regarding previous years' PSO		
2020 PSO compensation - financial rebalancing	-	17 740 165
2021 PSO compensation - Correction of reconciliation	45 938 157	-
2021 PSO compensation - financial rebalancing	12 162 590	
2022 PSO compensation - Correction of reconciliation	7 125 253	-
	65 226 000	**17 740 165**
Shift2Rail subsidies	-	-
Total	**157 884 853**	**116 203 550**

The public service contract (PSC) signed by the State and CP on 28 November 2019 was approved by the Court of Auditors on 26 June 2020. As a result of this formalisation, the financial compensation agreed in advance with the State was paid to CP without prejudice to any future adjustments that may be determined and agreed by the parties, as provided for in the contract, arising from the reconciliation of CP's public service obligations provided and the consequent costs incurred and revenues collected.

The twelfths/advances granted as compensation for the 2023 public service obligations (PSO) have been adjusted by the compensation to be returned of EUR 33.8 million for 2023, which was realised with the issue of a credit note in May 2024.

This adjustment was calculated as the best estimate by directly applying the methodology and calculation formula set out in Annex V and Clause 5 of the PSO, respectively, an amount which, under the contract terms, will still be validated by the contract manager.

Of the 2021 and 2022 PSO compensation settlements approved during 2023, CP is still waiting to receive EUR 19.3 million related to the 2021 rebalancing and 2022 reconciliation settlements.

Gains/Losses Assigned to Subsidiaries, Associate Companies And Joint Ventures (Note 29)

The gains/losses assigned to subsidiaries, associate companies and joint ventures is broken down as follows:

(amounts in euros)

Description	2023	2022
Losses		
Application of equity method	-	(34 311)
Others	-	(729)
Gains		
Application of equity method	1 501 420	1 013 644
Others	36 000	208 798
Total	**1 537 420**	**1 187 402**

The increase in gains imputed to subsidiaries, associates, and joint ventures is mainly due to the improvement in their subsidiaries' individual results, which result from the application of the equity method to the stake held in those entities.

Variation in Production Stocks (Note 30)

(amounts in euros)

	2023	2022
Closing stocks		
Finished and goods in progress	4 523 359	4 621 214
Internal manufacturing	663 762	680 371
Repair of rotables	3 859 597	3 940 843
Products and works in progress	3 267 765	3 460 092
Stock reclassifications/corrections		
Finished and goods in progress	(2 035 639)	(418 308)
Repair of rotables	(2 035 639)	(418 308)
Opening stocks		
Finished and goods in progress	4 621 214	3 826 472
Internal manufacturing	680 371	698 786
Repair of rotables	3 940 843	3 127 686
Products and works in progress	3 460 092	2 577 525
	1 745 457	**2 095 617**

This item shows a negative variation of EUR 0.4 million compared to the same period last year, as a result of the slight decrease in work in progress on maintenance and repair work on rolling stock, rotables under repair and in-house manufacturing.

Own Works Capitalised (note 31)

The own work item records the work carried out by the maintenance component on rolling stock and is broken down as follows:

(amounts in euros)

Description	2023	2022
Passenger transport		
Tangible fixed assets	15 909 557	12 992 032

Cost of Goods Sold and Materials Consumed (note 32)

The cost of goods sold and materials consumed is broken down as follows:

(amounts in euros)

Description	2023	2022
Merchandise	(17 415)	(9 009)
Raw materials and consumables	(35 260 599)	(32 934 523)
	(35 278 014)	**(32 943 532)**

There was a year-on-year increase of EUR 2.3 million. This increase was mainly due to the consumption of raw materials for maintenance and repair activities, which rose by around EUR 4.3 million, partially offset by a fall in fuel consumption of around EUR 1.8 million.

External Supplies and Services (note 33)

The external supplies and services item is broken down as follows:

(amounts in euros)

Account	Name	2023	2022
621	Subcontracts	(21 741 044)	(19 395 343)
622/626	Specialised works and others	(91 788 541)	(91 082 549)
	(includes in infrastructure use rates)	(54 145 417)	(56 503 025)
623	Materials	(1 038 689)	(967 755)
624	Energy and fluids	(31 293 436)	(48 216 870)
625	Travel, accommodation and transport	(920 243)	(886 607)
		(146 781 953)	(160 549 124)

In 2023, external supplies and services were reduced by EUR 13.8 million due to a very significant reduction of around EUR 16.6 million in electricity costs for traction due to the favourable change in energy tariffs, which did not occur in the comparative period.

On the other hand, catering costs increased by EUR 2.3 million, and surveillance and security costs increased by EUR 1.1 million.

Staff costs (note 34)

The staff costs item is broken down as follows:

(amounts in euros)

Description	2023	2022
Governing body remuneration	(610 627)	(517 322)
Staff remuneration	(126 192 930)	(118 938 271)
Compensation	(279 120)	(235 117)
Charges on remunerations	(27 878 939)	(26 633 288)
Insurance against accidents at work and occupational illnesses	(3 867 191)	(3 360 536)
Social welfare expenses	(458 877)	(238 854)
Other staff costs	(580 179)	(583 686)
	(159 867 863)	(150 507 074)

There was an increase of EUR 9.4 million, essentially due to the increase in workers' salaries, which took effect in January 2023. Certain allowances, such as daily productivity bonuses, travel and subsistence allowances, driving bonuses, and overhauls, were also updated, which took effect in May 2023.

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

The details of this item are given in the following table:

(amounts in euros)		
Description	**2023**	**2022**
Losses		
In financial investments	(2 000 000)	-
Non-current assets held for sale	-	-
Reversals		
From financial investments	-	-
In financial investments	10 242	48 787
Non-current assets held for sale	-	260 973
	(1 989 758)	**309 760**

In 2023, an impairment of EUR 2 million was recorded concerning the financial participation in the Railway Competence Centre.

Other Income (note 36)

The other income item is broken down as follows:

(amounts in euros)		
Description	**2023**	**2022**
Additional revenues	8 998 940	8 367 632
Prompt payment discounts obtained	2 210	1 930
Stock gains	31 243	45 350
Resulting financial assets	1 533 192	2 319 185
Non-financial investments	-	2 957
Others	15 329 328	19 524 044
	25 894 913	**30 261 098**

There was a decrease of around EUR 4.4 million compared to 2022, to which the following items contributed:

- Under Other Financial Assets, there was a decrease of EUR 0.8 million as a result of exchange rate developments associated with the valuation of Eurofima's stake;
- Under Other, there was also a substantial decrease of EUR 4.2 million, with a reduction of EUR 2.2 million due to regularisations from previous years relating to the Public Transport Tariff Reduction Support Programme (PART). There was also the allocation of investment subsidies of EUR 0.9 million and contractual penalties of EUR 0.8 million.
- In the Supplementary Income heading, on the other hand, there was an increase of around EUR 0.6 million, mainly due to Infraestruturas de Portugal being invoiced for the cost of road transhipment under the protocol that regulates the procedures for restricting rail traffic due to interventions made on the track.

Other Costs (note 37)

The Other Costs item is broken down as follows:

		(amounts in euros)
Description	**2023**	**2022**
Taxes	(231 106)	(225 735)
Bad debts	(4 553)	(143 385)
Stock losses	(7 005)	(230 044)
Non-financial investments	(1 952 940)	(615 282)
Others	(14 738 104)	(8 483 005)
	(16 933 708)	**(9 697 451)**

The increase of EUR 7.2 million was mainly due to the increase of EUR 6.3 million in other items. The variation was mainly due to the combined impact of the settlement of maintenance orders associated with interventions on rotables, electricity costs between July and October 2022, and the accounting of the value of contractual penalties associated with the PSC for 2022 and 2023.

Costs/reversions of depreciation and amortisation (note 38)

The depreciation costs/reversals item has the following amounts:

		(amounts in euros)
Description	**2023**	**2022**
Costs		
Tangible fixed assets	(51 379 307)	(54 998 970)
Intangible assets	(325 025)	(348 125)
IFRS 16	(1 737 081)	(1 707 684)
Reversals		
Tangible fixed assets	15 249	185 276
Intangible assets	-	-
	(53 426 164)	**(56 869 503)**

The costs recorded result from the depreciation/amortisation of assets according to their defined useful lives. These are reviewed annually to ensure that they are in line with reality.

Impairment of Depreciable and Amortisable Investments (note 39)

The impairment of depreciable/amortisable investments heading shows the following figures:

		(amounts in euros)
Description	**2023**	**2022**
Losses		
Tangible fixed assets		
Reversals		
Tangible fixed assets	111 045	342 412
Total	**111 045**	**342 412**

The amount recorded in 2023 relates to reversing impairment losses on rolling stock.

Interest and similar income (note 40)

Interest and similar income is broken down as follows:

		(amounts in euros)
Description	**2023**	**2022**
Interest received	49 527	9 671
Dividends received	-	-
Total	**49 527**	**9 671**

This heading essentially includes income related to interest on loans to subsidiaries.

Interest and similar paid (note 41)

The interest and similar paid item has the following amounts:

		(amounts in euros)
Description	**2023**	**2022**
Interest paid	(44 362 884)	(17 999 706)
Other costs and losses	(6 771 958)	(1 100 694)
	(51 134 842)	**(19 100 400)**

The item Interest and Similar Expenses borne by the CP group during the 2023 financial year increased by EUR 32 million compared to the same period of the previous year.

This increase is mainly due to the EUR 26.3 million variation in interest borne by CP, which was approved by order no. 174/2023-SET of 9 May and order no. 130/2023-MF, of 6 June, to extend to 31 December 2023 the debt service instalments of the loans granted by the State to CP (due in 2022 and due in 2023), which would be subject to remunerative interest, conditions that did not apply in the previous year.

In 2022, by order no. 1138/2021_ SET of 7 December, the instalments due in 2021 related to debt servicing were also extended to 31 December 2022, but without any increase in interest.

With regard to Other Financial Expenses for 2023, it should be noted that there was an increase of EUR 5.7 million compared to the same period in the previous year. The largest contribution was the payment of the premium for the repurchase of the EUR 44.5 million of bonds issued by CP (SEO order no. 1143/2023 of 05/12/2023).

Guarantees and Sureties (note 42)

	(amounts in euros)
Company	**Amount**
CP guarantees to third parties	2 881 796

Balances and Transactions with Associated Companies (note 43)

The CP group has carried out transactions with its associates whose holdings are identified in the following table:

		(Holding %)
Stake	**31/12/23**	**31/12/22**
MEDWAY S.A.	5%	5%
TIP, ACE	33%	33%
SIMEF ACE	51%	51%
NOMAD TECH, LDA	35%	35%

The balances as of 31 December 2023 and 31 December 2022 are as follows:

		(amounts in euros)
Description	**31/12/23**	**31/12/22**
Assets		
Customers and other accounts receivable		
Associated companies		
TIP, ACE	2 236 037	70 412
SIMEF ACE	265 910	17 421
NOMAD TECH, LDA	277 460	277 552
Liabilities		
Suppliers and other accounts payable		
Associated companies		
TIP, ACE	(467 056)	(11 980)
SIMEF ACE	(640 931)	-
NOMAD TECH, LDA	(872 586)	(149 691)
Total Assets + Liabilities	**798 834**	**203 714**

Transactions as of 31 December 2023 and 31 December 2022 are as shown in the following tables:

		(amounts in euros)
Description	**2023**	**2022**
Sales and services		
Associated companies		
TIP, ACE	9 828 314	9 117 054
OTLIS, ACE	-	88 798
SIMEF ACE	3 546 484	3 741 746
NOMAD TECH, LDA	67 679	68 044
total	**13 442 477**	**13 015 642**
Costs		
Associated companies		
TIP, ACE	(234 806)	(388 670)
SIMEF ACE	(6 049 039)	(5 870 821)
NOMAD TECH, LDA	(550 950)	(506 297)
Total	**(6 834 795)**	**(6 765 788)**

		(amounts in euros)
Description	**2023**	**2022**
Investment		
Associated companies		
SIMEF ACE	72 802	-
NOMAD TECH, LDA	1 259 838	1 450 140
Total	**1 332 640**	**1 420 140**

Remuneration of the Statutory Auditor (note 44)

The firm Alves Da Cunha, A Dias & Associados, Lda. presented fees for the 2023 period, within the scope of the audit and legal certification of CP's individual and consolidated accounts, totalling EUR 27,360, plus VAT.

Ribeiro, Rigueira, Marques, Roseiro & Associados, SROC, Lda., presented annual fees for auditing CP's individual and consolidated accounts, totalling EUR 27,830, plus VAT.

Events Occurring After the Balance Sheet Date (Note 45)

After the balance sheet date, the following events stand out:

- Cabinet resolution no. 5/2024 of 5 January 2024 approved expenditure on the financial compensation to be paid by the state to CP, including the maximum financial compensation for public service obligations (PSO) for 2021 and 2022.
- By order no. 197/2024 of the Secretary of State for the Treasury, under the terms of article 15(1) of Decree-Law no. 276/2007 of 31 July, the IGF audit report on the settlement of the rebalancing of the contract for the 2021 PSO financial compensation was approved. This amount was recognised in the 2023 accounts, and CP is waiting to be reimbursed.
- By letter no. S/24/17509 from the Instituto da Mobilidade dos Transportes, dated 21 March, the IMT validated the reconciliation of the 2022 PSO financial compensation. This amount was recognised in the 2023 accounts, and CP is waiting to be reimbursed.
- The individual and consolidated financial statements for 2016 to 2021 were approved by decree no. 86_2024 of 25 March, issued by the Secretary of State for the Treasury and the Assistant Secretary of State for Infrastructure.

We are unaware of any other situation that should be reflected in the financial statements as of 31 December 2023, so the going concern assumption is not called into question.

11.

Audit Report

Ribeiro, Rigueira, Marques, Roseiro

& Associados, **SROC**, Lda.

AUDIT REPORT

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of CP - Comboios de Portugal, E.P.E. and its subsidiaries (the Group), which comprise the consolidated statement of financial position as of 31 December 2023 (which shows a total of EUR 740,228.786 and total equity of EUR 226,758,621, including a net profit of EUR 3,331.028), the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year ending on that date, and the notes to the consolidated financial statements which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements fairly present, in all material respects, the Group's consolidated financial position as of 31 December 2023 and its consolidated financial performance and cash flows for the year then ended under International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit under the International Standards on Auditing (ISA) and other technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors. Our responsibilities under these standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. We are independent of the Entities that make up the Group under the terms of the law. We also fulfil the other ethical requirements under the terms of the code of ethics of the Portuguese Institute of Statutory Auditors.

We are satisfied that the audit evidence we have obtained is sufficient and appropriate to support our opinion.

Emphasis

As disclosed in note 18 to the financial statements, the State decided to increase the statutory capital of CP - Comboios de Portugal, E.P.E., by EUR 2,099,740,965, a large part through the conversion of capital credits and interest of EUR 1,919,301,572 and the rest through a cash contribution of EUR 180,439,393 (partially paid in). In addition, it decided to cover all of the negative retained earnings, EUR 5,937,952,004, by reducing capital and utilising the financial reorganisation reserve of EUR 91,357,368. As a result of this decision, the Group showed positive equity in the financial statements as of 31 December 2023, with EUR 126,307,574 still to be paid in cash.

Ribeiro, Rigueira, Marques, Roseiro & Associados, SROC, Lda.
Registered with the O R O C as No 197- Registered with the C.M.V.M. with No. 20161495 - Share capital of 10,000 Euros- Company Tax /VAT: 507 327 314 -C R.C Lisboa
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As disclosed in notes 11 and 28 to the financial statements, the net profit for the year ended 2023 reflects the adjustments to the financial compensation resulting from the fulfilment of the obligations defined in the public service contract for 2021, 2022 and 2023 and which, given the uncertainties as to their amount, CP Comboios de Portugal, E.P.E. only recorded in 2023: (i) in a favourable sense, the adjustments to the financial compensation for 2021 and 2022, amounting to EUR 45.938,157 and EUR 7,125,253, respectively, as well as the compensation relating to restoring the contractual balance for the 2021 financial year, amounting to EUR 12,162,590; and (ii) unfavourably, the adjustment of compensation for the 2023 financial year, received in excess, amounting to EUR 33,800,588, which was still awaiting validation from the Contract Manager.

The Sectoral and Financial Ministries have not yet approved the Group's 2022 Annual Report, as disclosed in note to the financial statements as of 31 December 2023.

Our opinion remains unchanged on these matters.

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

The management body is responsible for:

- preparing consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Group under International Financial Reporting Standards (IFRS) as adopted by the European Union;
- preparing the management report and the corporate governance report under the applicable legal and regulatory terms;
- establishing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- adopting accounting policies and criteria that are appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, disclosing, where applicable, any matters that may give rise to significant doubts as to the continuity of its activities.

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

Auditor's responsibilities for auditing the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement, whether due to fraud or error, and to issue a report that includes our opinion. Reasonable assurance is a high level of assurance. It does not say that an audit performed under the ISAs will always detect a material misstatement when one exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these consolidated financial statements.

As part of an audit under the ISAs, we make professional judgements and maintain professional scepticism during the audit and also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement due to fraud is greater than the risk of not detecting a material misstatement due to error since fraud can involve collusion, forgery, intentional omissions, false statements or overriding internal control;

- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group's internal control;

- assess the appropriateness of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by the management body;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists. In that case, we must draw attention in our report to the related disclosures included in the consolidated financial statements or, if those disclosures are not adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to discontinue its activities;

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

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

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

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

REPORTING ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the consolidated management report

In compliance with Article 451(3)(e) of the Companies Code, we believe that the consolidated management report has been prepared under the applicable legal and regulatory requirements in force. The information contained therein is consistent with the audited consolidated financial statements, and, taking into account our knowledge and assessment of the Group, we have not identified any material misstatements.

Lisbon, 12th June 2024

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

Represented by:

[Signature]

Maria Filomena Neves Marques, ROC no. 1201

Registered with the CMVM under no. 20160812

12.

Legal Certification of Accounts

ALVES DA CUNHA, A. DIAS & ASSOCIADOS
SOCIEDADE DE REVISORES OFICIAIS DE CONTAS, Lda.

LEGAL CERTIFICATION OF ACCOUNTS

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of CP - Comboios de Portugal, E.P.E. (the Group), which comprise the consolidated statement of financial position as of 31 December 2023 (showing total assets of EUR 740,228,786 and total equity of EUR 226,758,621, including a net profit of EUR 3,331,028), the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to the consolidated financial statements, including material information on accounting policy.

In our opinion, the accompanying consolidated financial statements fairly present, in all material respects, the Group's consolidated financial position as of 31 December 2023 and its consolidated financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The basis for our opinion

Our audit was conducted under the International Standards on Accounting (ISA) and other technical and ethical standards and guidelines issued by the Portuguese Statutory Auditors' Association. The "Auditor's responsibility for auditing consolidated financial statements" section below describes our responsibilities under these standards. According to the law, we are independent of the entities that comprise the Group and meet the other ethical requirements in terms of the Portuguese Statutory Auditors' Association's code of ethics.

We are convinced that the proof of the audit we obtained is sufficient and appropriate to provide the basis for our opinion.

Notes

1. As disclosed in note 18 to the consolidated financial statements, in 2023, the State decided to increase CP's statutory capital by EUR 2,099,740,965, to be paid up in kind, through the conversion of capital credits and interest held by it (EUR 1,919,301,572), and in cash (EUR 180,439,393). To cover the total negative retained earnings (EUR 5,937,952,004), a capital reduction was also determined, and a financial reorganisation reserve was used under a protocol signed in 1993 of EUR 91,357,368. At the end of this process, CP's statutory capital was set at EUR 212,635,680.46, with EUR 126,307,573.57 still to be realised in cash.

2. As disclosed in notes 11 and 28 to the consolidated financial statements, the net profit for the year (EUR 3,331,028) was significantly affected by a series of adjustments to the financial compensation resulting from compliance with the obligations defined in the public service contract for 2021, 2022 and 2023, which CP was only able to recognise as income in 2023: (i) favourably, the adjustments to the financial compensation for 2021 and 2022, amounting to EUR 45,938,157 and EUR 7,125,253, respectively, as well as the compensation relating to restoring the contractual balance for 2021, amounting to EUR 12,162. 590; and (ii) unfavourably, the adjustment of compensation for the 2023 financial year itself, given that the

monthly advances received by CP in the financial year in question exceeded the amount of compensation to which the Entity is entitled by EUR 33,800,588, a figure which, as of this date, was still awaiting validation by the Contract Manager.

3. As disclosed in note 1 to the consolidated financial statements, the financial and sector authorities have not formally approved the Group's consolidated financial statements for 2022.

Our opinion on these matters has not been modified.

Responsibilities of management and those responsible for the oversight of the Consolidated financial statements

The management body is responsible for:

- preparing the consolidated financial statements that give a true and fair view of the consolidated financial position, financial performance and consolidated cash flows of the Group under the International Financial Reporting Standards (IFRS), as adopted by the European Union;
- preparing the consolidated management report, including the corporate governance report, by the applicable laws and regulations;
- setting up and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- adopting accounting policies and criteria that match the circumstances; and
- assessing the Group's ability to continue as a going concern, disclosing, whenever applicable, any matters that may raise significant doubts about the going concern basis.

The Supervisory Body is responsible for overseeing the preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Group’s internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw attention in our report to the related disclosures included in the consolidated financial statements or, if those disclosures are not adequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and the events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the entities' financial information or activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and are ultimately responsible for our audit opinion and
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

Our responsibility also includes checking that the financial information in the consolidated management report coincides with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

About the consolidated management report

Under article 451(3)(e) of the Companies' Code, we believe that the consolidated management report was prepared in accordance with the applicable legal and regulatory requirements in force, that the information it contains coincides with the audited consolidated financial statements, and that, taking into account the Group's knowledge and appreciation, we found no material misstatements.

Lisbon, 12 June 2024

Alves da Cunha, A. Dias & Associados, SROC, Lda.
represented by José Luís Areal Alves da Cunha
Statutory auditor No.8,585 registered at the CMVM under No. 20160240