



Infraestruturas
de Portugal



Infraestruturas
de Portugal



CONSOLIDATED REPORT AND ACCOUNTS

FIRST-HALF 2021

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Inclusive Language

Due to the length of the text, we have not used gender-inclusive language. The only reason for this decision is to make the report easier to read; this does not compromise our fight against all forms of sexist communication.







Part I

Consolidated Report and Accounts

First-half 2021

1. EXECUTIVE SUMMARY

The outbreak of the third wave of COVID-19 followed by consecutive States of Emergency lasting until 30 April 2021, alongside a large set of restrictions to business activity and movement of people, inevitably affected the IP's results, as had happened in 2020.

Notwithstanding this adverse background, the continuity of the business and operation of the infrastructure were ensured. At the same time, the Group implemented all measures required to protect the safety and health of its employees.

As far as business results are concerned, the direct negative impact caused by the loss of revenues as a result of the pandemic totalled approx. € 67 million in the first half of 2021 as against the same period of 2019 (prior to the pandemic).

Notwithstanding, results evolved positively compared to the same period of 2020, though not enough to bring net results back into the positive side of the balance sheet.

In fact, Net Losses totalled € 38.9 million in the period under review as against Net Losses of € 48.5 million in the same period of 2020, showing an improvement of 15%. Operating Results remain positive at € 78.5 million, i.e. € 5.3 million less than in the same period of 2020.

Sales and Services amounted to € 479.4 million, increasing by € 6.5 million (+1%) over the 1st half of 2020. Revenues from the Road Service Contribution and Rail Services grew by € 4.4 million and € 1.7 million, respectively. Conversely, toll revenues fell by € 3.6 million.

The amount of Compensatory Allowances totalled € 27.5 million, the same as in the first half of 2020. This amount for the first half of 2021 was fixed in Addendum to the Framework Contract, as per Council of Ministers Resolution 117/2020 of 30/12/2020. This Addendum to the Contract was necessary as the negotiations for the new Framework Contract for 2020-2025 are not yet completed.

Operating expenses totalled € 475.1 million as of 30 June 2021, increasing by € 15.2 million (+3%) over the same period of 2020, mainly as a result of increasing expenses with road and railway maintenance services (+€4.7 million), and depreciation and amortisation (+€ 7.8 million).

The increase in road and railway maintenance expenses in the first half of 2021 follows the trend of recent years, as the Company seeks to align the volume of intervention works with the effective needs of the network, as provided in IP's Asset Management System.

Investment in the road and railway infrastructure in the first half of 2021 totalled € 101.3 million, increasing by 34% over the same period of the previous year. It is worth mentioning the implementation of the Ferrovias 2020 Investment Programme in the amount of € 68.9 million.

The most relevant works carried out in the first half of 2021 within the scope of this Programme were as follows:

- Completion of the renovation of the Beira Baixa Line, specifically the Covilhã-Guarda section (46 km), which is now operating;
- Completion of the electrification of the Minho Line (Viana do Castelo-Valença section);
- Continuation of the construction of the new Évora-Elvas railway line, involving an investment of approximately € 31 million in the first half of 2021.

During the period now under review a high number of modernisation and renovation interventions in the National Railway Network were launched/awarded, as provided in the Ferrovias 2020 Investment Programme; amongst these we point out the modernization of Cerdeira-Vilar Formoso section of the Beira Alta Line, which was awarded on 15 June. In overall terms, 84% of the Ferrovias 2020 Investment Programme is either under awarding phase, ongoing or completed.

In addition to the works relating to Ferrovia 2020 Investment Programme carried out in the first half of 2021, it is worth pointing out the work developed within the scope of the Recovery and Resilience Plan (RRP), which views to bolster the country's economic and social development. Investments to be developed by IP under this Plan are provided in Component 7 - Infrastructures, which seek to "Strengthen Resilience and Territorial Cohesion, increasing the competitiveness of the productive fabric and allowing to reduce tape costs".

Component 7 of the RRP, which was publicly presented on 17 May 2021 at the head-office of IP during a ceremony attended by the Prime Minister, foresees an overall expenditure of € 520 million exclusively dedicated to the road infrastructure, distributed across 38 projects, of which 27 (€ 388 million) to be developed by IP.

Amongst these projects, the following three are in an advanced stage of development and respective works are under awarding phase: IC35 Penafiel (EN15)/Rans; EN14 Maia (Via Diagonal)/Trofa Road-Railway Interface; By-pass to EN248 (Arruda dos Vinhos).

Still at road level, in the first half of 2021 the Business Areas Enhancement Plan continued to be implemented, namely the contract works for the construction of the road link connecting the Business Area of Escariz to A32 were continued, corresponding to an investment in the period of € 5.6 million.

At railway level, the Mondego Mobility System is also worth mentioning for its infrastructure relevance, representing an investment in the period of € 3.3 million.

Additionally, we point out the following road and railway maintenance and repair works carried out in the first half of 2021:

- **Road works: Improvement of section of ER342 Arganil/Coja; (ii) Renovation of EN9 between Torres Vedras and connection with EN115; and (iii) Replacement of the cable system of International Bridge over Guadiana River;**

- **Railway works: (i) Cascais Line - Improvement of track superstructure - Paço de Arcos, Santo Amaro and Algés section"; (ii) North Line - Stabilisation of excavation slopes from km 147,100 to km 147,400, Right and Left Sides; and (iii) Douro Line "Stabilisation of excavation slopes at pk 163,500, 164,350 and 169,700.**

With regard to Road Partnerships, payments made in the first half of 2021 totalled € 698.7 million (VAT not included), increasing by 3% over the same period of 2020, in line with budget estimates.

Overall Financial Results at 30 June 2021 amounted to -€ 114.9, million, improving by € 10.0 million over 2020, mainly driven by a decrease in financial expenses related to the High Performance segment, as a result of a reduction in debt to Sub-concessionaires.

At the end of the first half of 2021 Financial Debt totalled € 4,742.1 million, decreasing by € 42.7 million over 31 December 2020.

Capital increases in a total amount of € 721.3 million were carried out in the first half of 2021 to cover expenditure (€ 676.1 million) and debt service. At 30 June 2021 share capital totalled € 8,978,810,000.



2. WHO WE ARE

Infraestruturas de Portugal, S.A. (IP) is the state-owned company that results from the merger of Rede Ferroviária Nacional – REFER, E.P.E. (REFER) into EP – Estradas de Portugal, S.A. (EP). The merger entered into force on 1 June 2015, as provided in Decree-law 91/2015 of 29 May.

IP is responsible for the management of road infrastructures, as provided in the General Concession Contract for the national road network entered into with the State. IP also provides public services as manager of the National Railway Network (RFN), under a system of delegated powers from the Portuguese State, according to Framework Contract for the railway sector.

Road Concession Contract:

The State entered a concession contract with EP, S.A. (now integrated in IP), the bases of which were approved in annex to Decree-Law 380/2007 of 13 November, amended by Law 13/2008 of 29 February, Decree-Law 110/2009 of 18 May, and Decree-Law 44-A/2010 of 5 May.

One of the more relevant changes concerned the introduction of the concept of availability, which consists of assessing the quality of the service provided to users and measuring road accident levels and the levels of externalities generated therefrom, translated in performance indicators.

The National Road Network gets its financing from tolls charged in tolled roads, in addition to other operating income and the Road Service Contribution (RSC), as defined in Law no. 55/2007, of 31 August.

Railway Framework Contract:

On 11 March 2016 the State and IP signed a 5-year Framework Contract for the National Railway Network, as provided in Decree-Law no. 217/2015, of 7 October.

This Framework Contract was extended by six months until 31 December 2021; a new contract is being prepared to regulate the public management service of the National Railway Network infrastructure for the 2022–2025 period.

The State's main obligation is to finance the management of the infrastructures, whilst IP is required to meet user-oriented performance targets, specifically quality indicators and criteria covering such aspects as train performance (line speed and reliability, and customer satisfaction), network capacity, asset management, activity volumes, safety levels, and environmental protection. The contract also establishes financial efficiency objectives for IP in the form of revenue and expenditure indicators.

The National Railway Network is financed through the following: tariff revenues charged to railway operators; surpluses resulting from ancillary activities associated with the operation of the railway infrastructure; and compensatory allowances to cover the costs of fulfilling public service obligations that are not covered by such revenues.



2.1 IP GROUP

IP Group gathers the technical know-how required for the proper performance of road and rail infrastructures, in the areas of design, construction, financing, maintenance, operation, redevelopment, extension and modernisation of the national road and rail networks, which includes, in relation to the latter, the command and control of traffic.

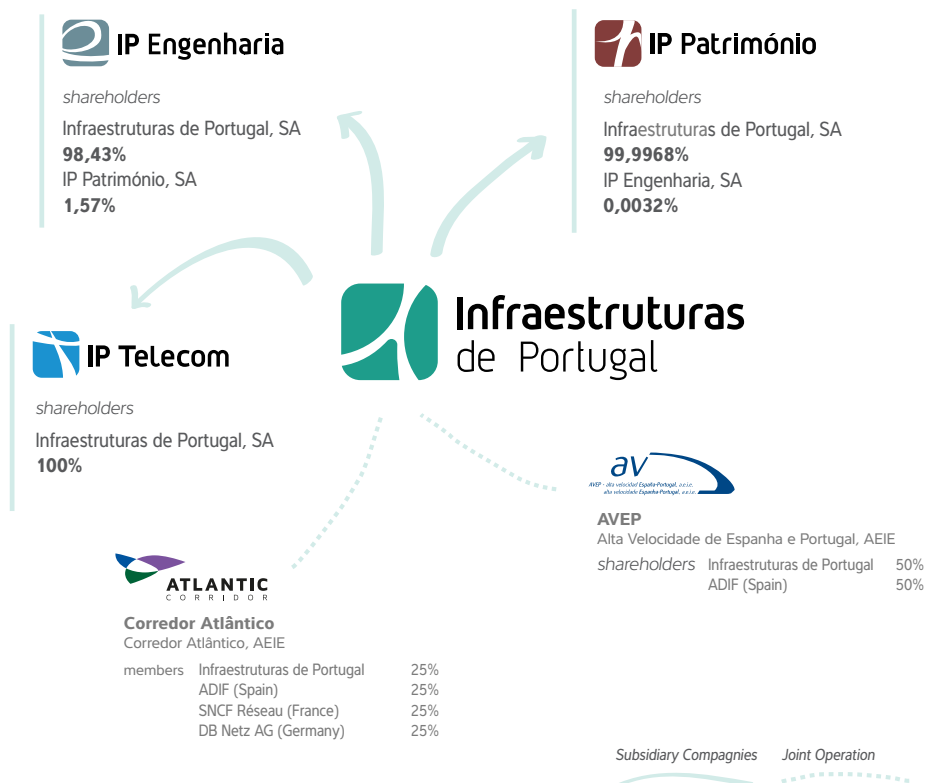
IP currently holds stakes in the share capital of three companies: IP Engenharia, IP Património and IP Telecom.

These subsidiaries are profit centres aimed to optimise the non-core revenue of the Group, making the best possible use of existing surplus capacity in assets not used in main activities.

IP Engenharia, on the other hand, focuses most of its activity in the achievement of the 2020 Railway Programme.

Additionally, IP holds a stake in the share capital of Atlantic Corridor and AVEP – Alta Velocidade Espanha/Portugal, entities formed with peer European companies to promote the competitiveness of rail freight transport and conduct preliminary studies for the Porto-Vigo and Madrid-Lisbon-Porto corridors.

Shares representing the total capital stock of IP belong to the State and are held by the Directorate-General for the Treasury and Finance. **The company's share capital is currently of € 8,978,810,000.**



2.2 MISSION, VISION AND VALUES

MISSION

IP's corporate object is the planning, design, construction, financing, maintenance, operation, renovation, expansion and modernisation of the national road and railway networks, including the command and control of train movements in the railway domain.

VISION

Position Infraestruturas de Portugal as manager of multimodal mobility, enhancing asset management and ensuring the provision of a safe, efficient and sustainable service, with added value from the profitability of complementary assets.

VALUES

ETHICS

Act with respect for ethical principles, namely transparency, good faith and honesty.

SAFETY

Act with respect for people's lives and their physical integrity, the attribute that most marks our service.

SUSTAINABILITY

Act oriented towards economic, social and environmental sustainability.



DEFINING DESTINATION

VISION



DEFINING HOW WE GET THERE



**VALUES AND
MANAGEMENT
COMMITMENT**

2.3 GOVERNANCE MODEL

IP takes the form of a state-owned enterprise set up as a public limited company and it is governed by the following: Decree-Law 91/2015 of 29 May, which created it; its by-laws, as approved in annex to said law; the legal scheme for the state-owned business sector, as approved by Decree-Law 133/2013 of 3 October; the good practices of corporate governance applicable to the sector; provisions of the Portuguese Commercial Companies Code; and, internal regulations and national and European legal norms underlying its business activity.

IP adopted a two-tier corporate governance model, allowing the effective separation of supervision from management in the pursuit of the objectives and interests of the company, its shareholder, employees and remaining stakeholders, in order to achieve the degree of trust and transparency necessary for its adequate functioning and optimi-

sation.

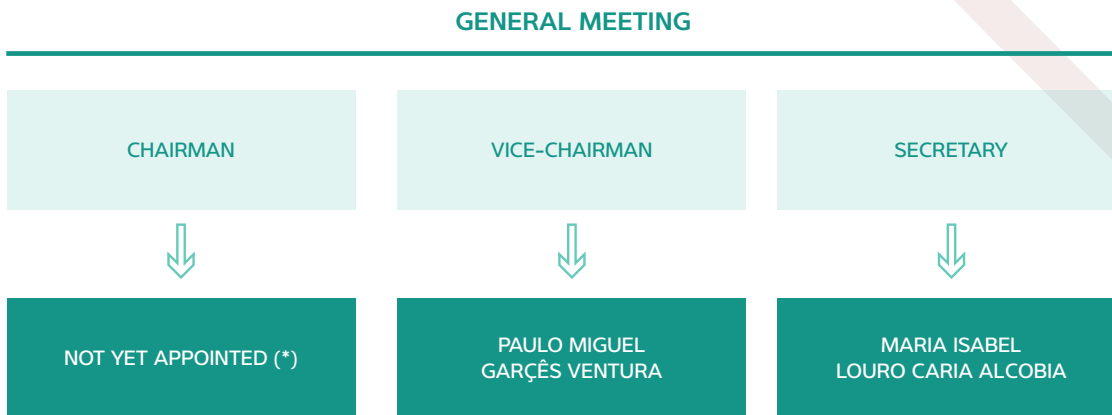
IP is subject to the supervision of the Ministry of Infrastructures and Housing and, under the terms of the legal scheme of the state-owned business sector, to the jurisdiction and control exercised by the Audit Court and the supervision of the General Inspectorate of Finance, pursuant to law.

CORPORATE BODIES

IP's corporate bodies are the General Meeting, the Executive Board of Directors, the General and Supervisory Board, including the Financial Matters Committee, and the Statutory Auditor.

GENERAL MEETING

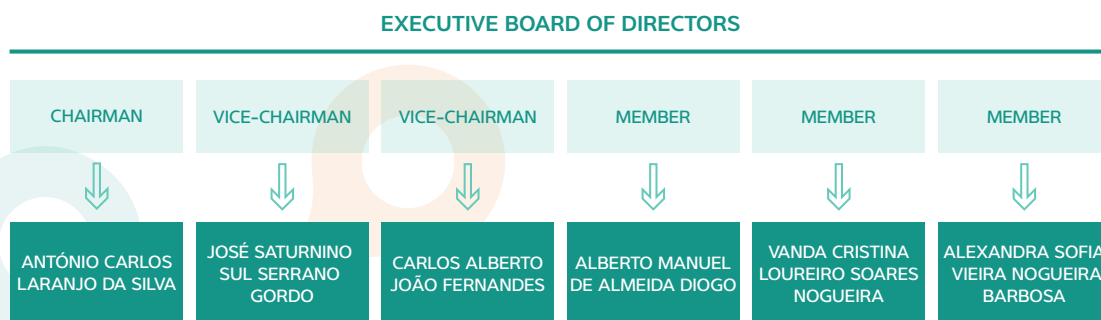
The General Meeting is made up of shareholders. The Board of the General Meeting consists of a Vice-Chairman and Secretary.



(*) The former chairman of the General Meeting resigned on 24 January 2020.

EXECUTIVE BOARD OF DIRECTORS

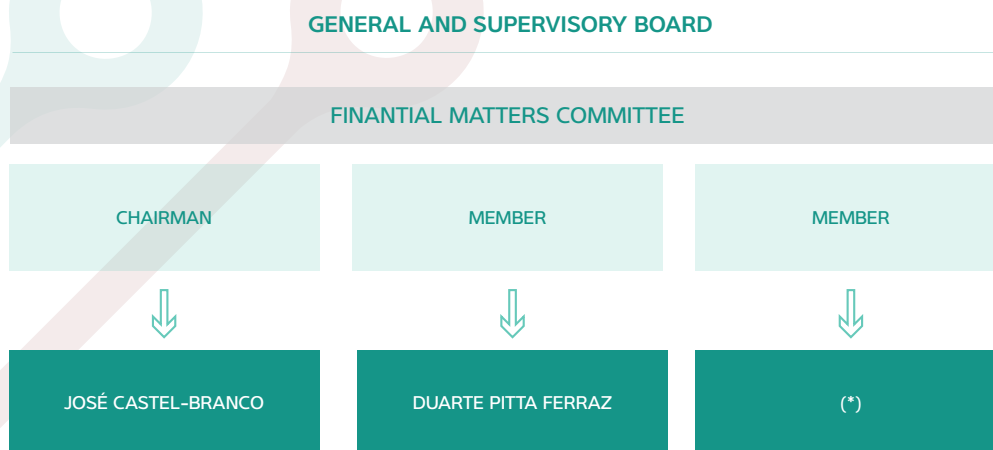
The Executive Board of Directors was appointed in 2018, comprising the Chairman, two Vice-Chairmen and three Directors, as follows:



GENERAL AND SUPERVISORY BOARD

The General and Supervisory Board (GSB) is made up of six to nine members, appointed at a General Meeting, which also designates the Chairman from among them.

Three members are currently assigned to the General and Supervisory Board, who integrate the Financial Matters Committee, as follows:



(*) Mr. On 23 November 2020, (effective date as of 31 December 2020) Issuf Ahmad resigned from office (member of the CSB of IP, SA) for which he had been elected - 2015-2017 mandate, following Unanimous Corporate Resolution in Writing 28/08/2015, but joined the Committee for Financial Matters.

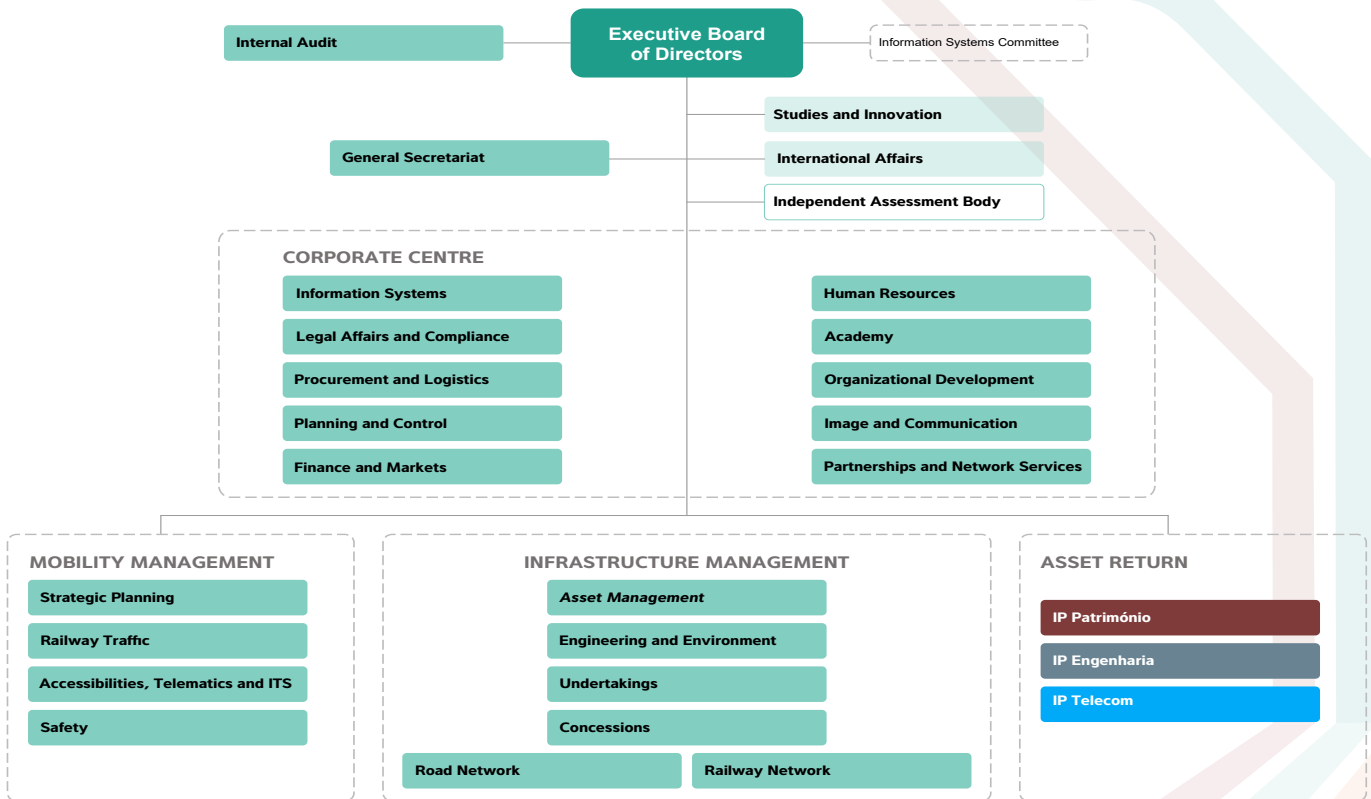
STATUTORY AUDITOR

At the General Meeting of 19 March 2019 the Shareholder appointed firm Vitor Almeida e Associados, SROC, Lda (SROC no. 191, registered with the CMVM under no. 20161491), represented by partner Vitor Manuel Batista de Almeida (ROC no. 691, registered with the CMVM under no. 20160331) as Statutory Auditor of IP. This appointment was made for the 2018-2020 mandate.

2.4 IP GROUP STRUCTURE: ORGANISATIONAL MODEL

The macro structure of IP Group was defined taking into account the mission, vision and values mentioned above, in order to allow for the generation / creation of value in view of the needs and expectations of stakeholders, whilst optimising efficiency in the different areas and companies of the Group.

Broadly speaking, the organisation is divided into two major areas, one comprising the divisions that provide (shared and corporate) support services of internal added value, and the other consisting of the business that generates products and services provided by IP Group.



Business areas are organic units dedicated to

- **Managing mobility**, ensuring the implementation of the integrated planning of the networks and the management of road and rail mobility, in accordance with principles of safety, sustainability and core revenue optimisation;
- **Managing the infrastructure**, with efficiency gains, based on asset management principles;
- **Asset monetisation**, where the subsidiaries are geared towards optimising non-core revenues to the benefit of the core services, which have the following features:
 - They view to optimise non core revenues of IP Group, taking advantage of the excess capacity of assets not used in core activities and non-core assets;
 - Their Boards of Directors are made up of a member of the EBD of IP, who is the chairman, and two executive members.
 - The organic structure of subsidiaries comprises a General-Directorate (except for IP Engenharia) and several hierarchic levels: Divisions, Departments, Units and even Functions (whether shown or not in the Organisation Chart).
 - IP's Corporate Centre provides support and a framework to the activity of subsidiaries, which can thus focus on their core activities.





LEGENDA

- 1 Línea de ancho normal
- 2 Línea de ancho métrico
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2.5.2 Railway Network

The national railway network lines and branches (whether operating or idle) total 3,621.6 km in length.

Seventy percent of the network is in operation, corresponding to 2,526 km¹, of which 1,916 km of single track and 610 km multitrack.

The length of the electrified network (1,791.2 km) accounts for 70.8% of the overall network in operation.

The Convel speed control system associated with electrical or electronic signalling systems is installed on approximately 68.9% of the network (1,964.4 km). The complementary Solo-Train Radio safety system is implemented on 77.9% of the network (1,964.4 km).

The Solo-Train Radio system is undergoing modernisation, evolving towards a digital GSM-R (Global System for Mobile Communications – Railways) technology, in line with European Interoperability Directives. It is implemented on 25 km of the network. There are 116 km of network in operation with GSM-P (the letter "P" means that communications are made across the Public Network).

At the end of 2020 a total of 465 railway stations were open to service, of which: 429 exclusively for passenger service; 8 exclusively for freight service; and 28 for combined services.

¹ Source IET 50 data - Technical Operating Instruction - 17th Addendum





2.5.3 Trans-European Transport Network

Part of the national road and rail network has been integrated into the Trans-European transport network, with the aim of strengthening the social, economic and territorial cohesion of the Union and create an efficient and sustainable single European transport area.

The European Union's goal is to provide more benefits to users and ensure inclusive growth, focused on modal integration, interoperability and

coordinated infrastructure development, especially for cross-border sections and at bottlenecks.

The network comprises two levels: the global network to be completed by the end of 2050, and the main network integrated into the Atlantic Corridor, to be completed by the end of 2030, comprising the strategically most important parts of the global network to achieve the development goals of TEN-T.

Approximately 1800 km of the national rail network is comprised in the overall network, of which approximately 900 km form the main network. As for the road network, the main network comprises 800 km.



Global and Main Road Network



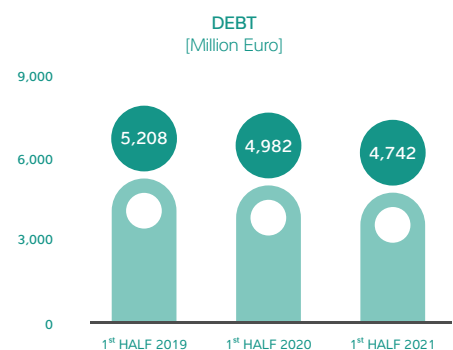
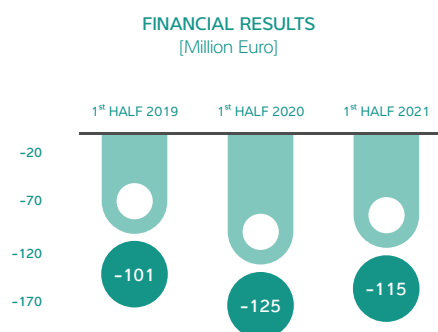
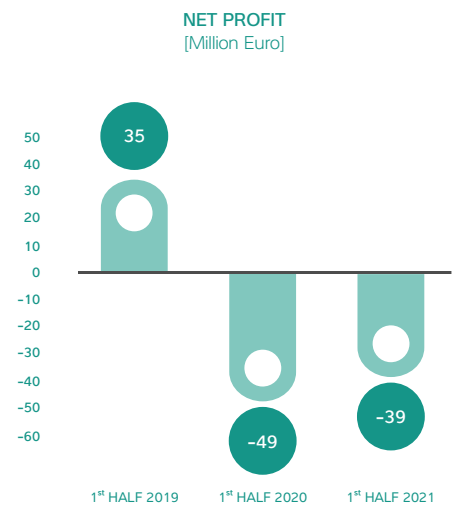
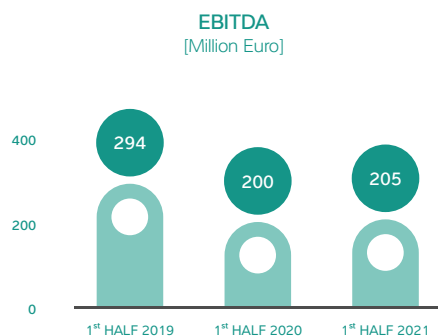
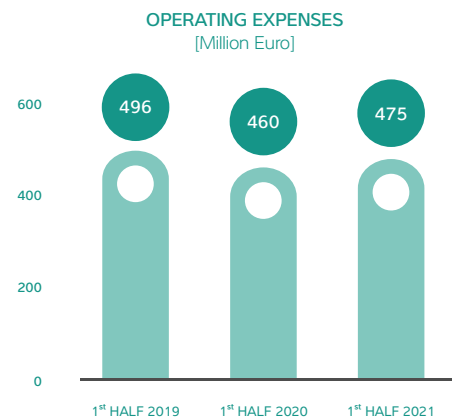
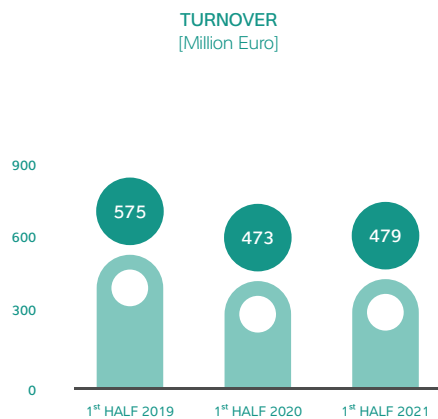
Global and Main Railway Network



3. PERFORMANCE IN THE 1ST HALF OF 2021

3.1 KEY INDICATORS

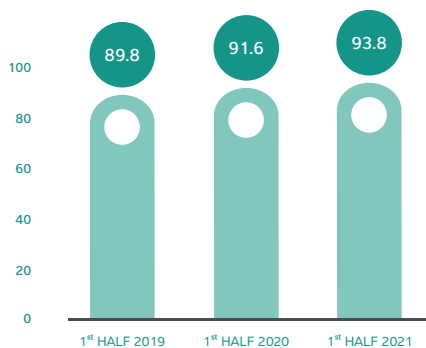
3.1.1 Economic and Financial Indicators



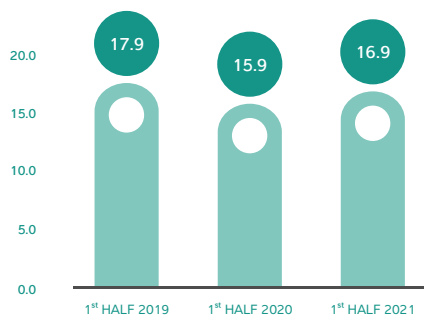
3.1.2 Operating Indicators

Railway

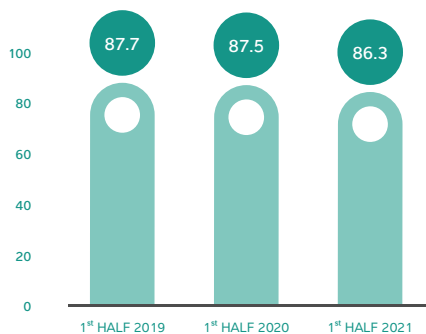
PUNCTUALITY INDEX
[%]



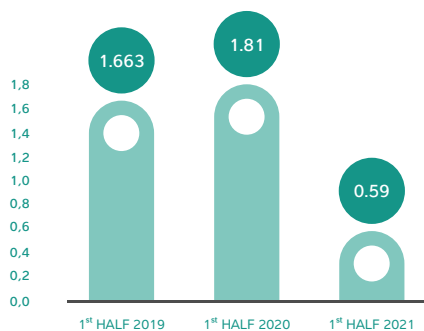
TRAIN.km
[million]



RAILWAY NETWORK AVAILABILITY
[%]

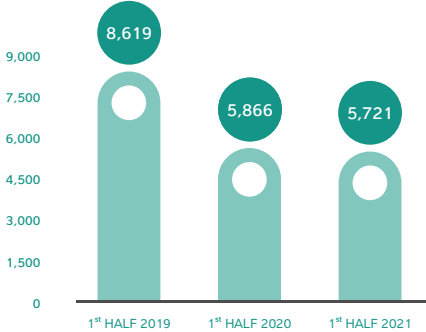


LEVEL OF NETWORK SAFETY
[Significant accidents per MTK]

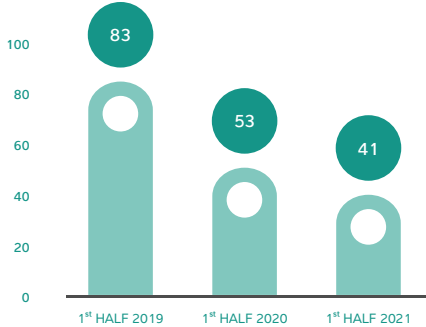


Road

SEVERITY INDICATOR IN BUILT-UP AREAS
[index]



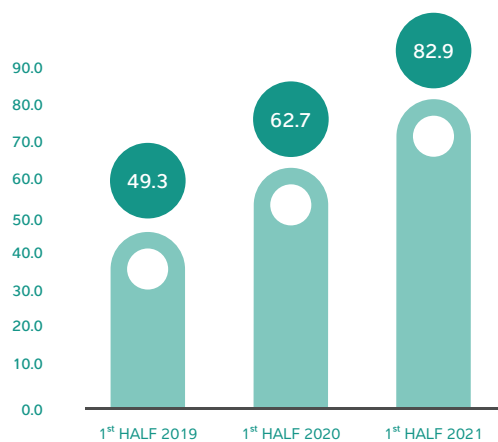
FATALITIES (ROAD)
[n.º]



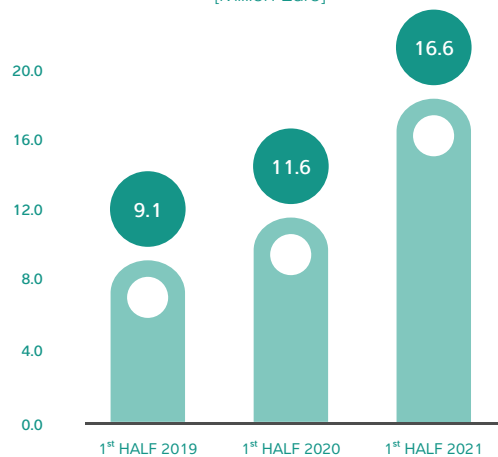


3.1.3 Investment Indicators

RAILWAY INVESTMENT
[Million Euro]

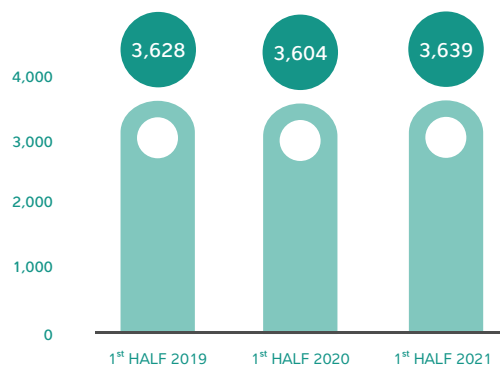


ROAD INVESTMENT
[Million Euro]



3.1.4 Average workforce of the IP Group

IP GROUP AVERAGE WORKFORCE
[No.]



3.2 HIGHLIGHTS OF THE PERIOD

JANUARY

FULL RENOVATION OF THE VOUGA LINE

The tender for the renovation of the track superstructure between Vila da Feira and Oliveira de Azeméis was launched on 8 January. Expenditure associated with these renovation works totals € 2.6 million.



MEASURES TO PROTECT THE IBERIAN LYNX SPECIES ON EN122

Within the scope of the LIFE IBERLINCE project, which views to minimize risks to the Iberian Lynx, IP completed the deployment of fences along the road.

The implementation project was prepared internally, by IP technicians.

Fences were deployed across 1.3 km of the road in Mértola, Beja. Expenditure with these works amounted to € 50 thousand. The contractor was A. Milne Carmo S.A.



FEBRUARY

FINAL PHASE OF THE MODERNISATION PROJECT OF CASCAIS LINE

The Public Tender for the preparation of Preliminary Study and Final Design including renovation of stations, interfaces and elimination of level crossings on Cascais Line was published in the Official Gazette. This project, which is co-funded by POSEUR under Portugal 2020 Programme, will strengthen and improve operating conditions, foster demand and contribute to the sustainability at business/financial level of the Lisbon region railway system, whilst integrating the infrastructure within the multimodal transport system.



OPERATION AND MAINTENANCE OF THE HIGH PERFORMANCE NETWORK OF MARÃO

The contract works for the "Operation of the Network - High Performance Network of Marão - 2021", at



Amarante and Vila Real, districts of Porto and Vila Real, were awarded on 16 February. The works were awarded for € 372,417.70 to Egis Road Operation Portugal, S.A.. The contract works will cover the Marão Motorway (A4) and Marão Tunnel, included in the North High Performance Network (RAP Norte), with an approximate length of 30 km of high ways, five junctions, 15.3 km of stretches and 50 engineering structures (including 5.7 km tunnel).

COMPLETION OF RENOVATION OF ER342 BETWEEN ARGANIL AND COJA



The road renovation and improvement works on the 12.7 km stretch of ER342, between Arganil and Coja, district of Coimbra were completed.

The design project was made by Optimyzer, Optimização e Revisão de Soluções de Engenharia, Lda., and the contractor was Civibérica – Obras Civas, S.A.

Expenditure associated with these works totalled € 1.6 million. The new road will improve road users mobility and safety.

MARCH

EAST LINE | COMPLETION OF TRACK RENOVATION WORKS



IP completed two relevant track renovation works at km 194,450 to km 199,815 on the East Line (at the municipality of Crato).

These works correspond to the last phase of the integrated renovation project of the East Line, where different parts of the track superstructure had already reached the end of their useful life.

Expenditure associated with these works stood at € 2.2 million (including materials); The works were performed by Fergrupo – Construções e Técnicas Ferroviárias, S.A. and Somafel – Engenharia e Obras Ferroviárias, S.A.

IP SUPPORTS PORTUGUESE SCIENTIFIC RESEARCH

IP supported 14 applications within the scope of tender launched by Fundação para a Ciência e para a Tecnologia (FCT), providing funding for scientific research projects.



SILVARES JUNCTION OPENS TO TRAFFIC

The opening took place on 9 March, following completion of works in Silvares roundabout, connecting to A11 in Guimarães. The business area now has better and more efficient access to the motorway network.

With an associated expenditure of € 3.4 million, the contract works viewed to improve road accesses, creating a more efficient and direct link between Avepark business area and the motorway network.



COMPLETION OF RENOVATION WORKS OF EN9 AT TORRES VEDRAS

Contract works "EN9 - Torres Vedras (km 68,000) and junction with EN115 (Merceana) (km 83,700) - Renovation" located in the municipalities of Torres Vedras and Alenquer were completed on 15 March. Related expenditure totalled € 3,664,386.96.



RENOVATION AND REINFORCEMENT OF EDGAR CARDOSO BRIDGE

The public tender advertisement for the renovation and reinforcement works of Edgar Cardoso Bridge at Figueira da Foz, km 118,108 of EN109 was published on 15 March. These works have an estimated expenditure of € 18 million and a time limit to be performed of 720 days.



APRIL

IP3 | COMPLETION OF ROAD RENOVATION FROM PENA VOCA JUNCTION TO BRIDGE OVER RIVER DÃO

The design project was made by ENAQUE - Engenharia e Arquitetura, Lda. and COTEPROL - Estudos





e Projetos de Engenharia, C.R.L., with the coordination of DEA Studies and Road Projects Department (EA-EP). The contract works were awarded to the joint-venture made up of EMBEIRAL, Engenharia e Construção, S.A. and ACA - Alberto Couto Alves S.A., for € 11,847,000.00.

LAUNCHING OF THE NATIONAL RAILWAY PLAN

The National Railway Plan was presented on 19 April, at the National Civil Engineering Laboratory (LNEC) in Lisbon, marking the starting point of the national discussion on the options for the sector.

The National Railway Plan is the instrument defining the railway network for Portugal and international connections. The Plan views to provide stability to the planning of the railway network in the medium and long term.

2020 RESULTS OF IP PATRIMÓNIO

IP Património presented its Annual Report for 2020, which comprises the Management Report, the Financial Statements and respective Notes, and the Corporate Governance Report. The COVID-19 pandemic strongly affected and continues to affect the business activity and results of IP Património. Operating Results amounted to € 14.61 million, decreasing by 28.5% (-€ 5.82 million) over 2019

2020 RESULTS OF IP ENGENHARIA

IP Engenharia presented its Annual Report for 2020, which comprises the Management Report, the Financial Statements and respective Notes, and the Corporate Governance Report. In a year marked by the COVID-19 pandemic, IP Engenharia posted Operating Results of € 496 thousand and Net Income of € 387 thousand, fulfilling the company's goal of maintaining its operating balance.

2020 RESULTS OF IP TELECOM

IP Telecom presented its Annual Report for 2020, which comprises the Management Report, the Financial Statements and respective Notes, and the Corporate Governance Report. Despite the adverse background, IP Telecom implemented technological projects

and created a network of Cloud partners, called IPT Partner Network. From a financial performance point of view, the company posted Operating Results of € 454 thousand and Net Income of € 322 thousand.

MINHO LINE | ELECTRIC TRACTION SYSTEM ON THE VIANA DO CASTELO/VALENÇA SECTION

April 25 marked the beginning of operation of electric traction trains on the Viana do Castelo/Valença section of the Minho Line, operated by CP – Comboios de Portugal. The electric traction system now covers the full length of the Nine–Viana do Castelo section (134 km) from Porto to the Spanish border at Valença. The electrification and modernisation of this stretch as provided in the Ferrovia 2020 Investment Plan accounted for an investment of over € 19 million, co-funded by the European Union, through Compete 2020.

MAY

CEREMONY | MODERNISATION OF THE BEIRA BAIXA | COVILHÃ-GUARDA LINE

The ceremony celebrating the opening of the Covilhã-Guarda section of the Beira Baixa Line took place on 4 May.

The long-awaited opening to traffic of this railway section with 46 km in length took place following completion of the modernisation and electrification works carried out by IP, as provided in the Ferrovia 2020 Plan, co-funded by the European Union, under Compete 2020.

PRIME MINISTER AT IP | PRESENTATION OF THE RECOVERY AND RESILIENCE PLAN (RRP)

The event took place at IP's head-office, attended by the Prime Minister, António Costa, the Minister for Infrastructures and Housing Pedro Nuno Santos and the Chairman of IP António Laranjo.



"I want to express my confidence in Infraestruturas de Portugal, in the face of this huge effort; the country has not seen an investment as large as this in many years - € 520 million in design plans, tenders, and works".



COMPLETION OF SLOPE STABILISATION WORKS ON THE LINE LINE

IP completed three relevant slope stabilisation works on the Douro Line, accounting for an overall investment of approximately € 4 million.

The works were carried out between km 56,550 and km 56,960 in Municipality of Marco de Canaveses; at km 89,500, in Municipality of Mesão Frio and between km 119,540 and 145,800, in Municipalities of Sabrosa, Alijó and Carraceda de Ansiães.



OPENING TO TRAFFIC OF 1ST PHASE OF LINK ROAD TO EN210

The 1st phase of Link Road to EN210, at Celorico de Basto was opened to traffic on 29 May. The new link to Mondim de Basto is already partly ready to receive traffic. Investment in these works totalled € 7.6 million.

The new link road to EN210, between the roundabout of Celorico de Basto Industrial Area and the roundabout of Lordelo,(1.6 km) is now open to traffic.



IP LAUNCHES ADDITIONAL EXECUTION PROJECT INCLUDED IN PNI2030

The tender for the design plan of Évora East By-pass was published on 31 May.

Construction of this road was provided in the 2030 National Investment Plan (PIN2020).

The design project views to define the technical solutions to improve accesses and road safety in the periurban and urban areas of Évora. Construction of this stretch of IP2 will create a privileged link to major international axes via connection with A6, thus fostering the economic development of the region and improving mobility for people and goods.

JUNE

WATER WORLD FORUM FOR LIFE | "RAILWAY, A SUSTAINABLE SOLUTION"

The Water World Forum For Life event took place on 4 and 5 June in Reguengos de Monsaraz, to discuss relevant environmental sustainability issues and raise awareness to one of the greatest threats of the century.

José Carlos Clemente, manager of IP Undertakings, was one of the speakers at the WATER World Forum For Life event. During his intervention on "Railway, a Sustainable Solution", José Clemente pointed out that the "contribution of the Ferrovia 2020 Plan at environmental level involves the electrification of the network, since the system is much more efficient than the thermal (diesel) system, and will improve the performance of the rolling stock in terms of towing and power capacity, thus reducing greenhouse gases and noise".

According to this manager "projections for the reduction of CO2 emissions as a result of Ferrovia 2020 are of 2750 thousand tons of tonCO2eq within a 30-year horizon."

MODERNISATION OF THE CERDEIRA - VILAR FORMOSO SUB-STRETCH

The contract for the modernisation of the Cerdeira - Vilar Formoso sub-stretch of the Beira Alta Line was signed on 15 June.

These modernisation works are part of the North Corridor provided in Ferrovia 2020 Programme, and complements the track renovation works on the Guarda-Cerdeira sub-stretch already completed.

Expenditure relating to these works totals € 43 million and the execution time is of 729 days.

COMPLETION OF WORKS ON THE INTERNATIONAL BRIDGE OVER RIVER GUADIANA





The renovation works on the international bridge over river Guadiana on the IP1 were completed. The bridge is one of the most important border links between Portugal and Spain. The bridge's cable system was fully replaced, consisting of 128 cables. Approximately 500 km (the distance between Lisbon and Bragança) of strands made up of seven galvanised steel wires and approximately 3500 km (the perimeter of the Iberian Peninsula) of steel wires were used.



4. MAIN AREAS OF ACTIVITY

4.1 NETWORK MAINTENANCE

4.1.1 Railway Network

Safety, availability, reliability and sustainability are the basic pillars of the railway maintenance activity.

To ensure that the strategy pursued incorporates these references IP has human resources and state-of-the-art equipment allowing a thorough knowledge of the state of the infrastructure. It can thus prioritise its investments and sustain the maintenance and renovation actions required on the 2,526 km-length network under its operation and management.

Based on the experience gained in diverse technical areas: **Track and Geotechnics; Catenary and Traction Energy; Signalling; Low Voltage; Civil Construction and Bridges and Tunnels**, IP carries out the maintenance and renovation of the railway infrastructure following the best international practices and complying with demanding requirements and safety standards.

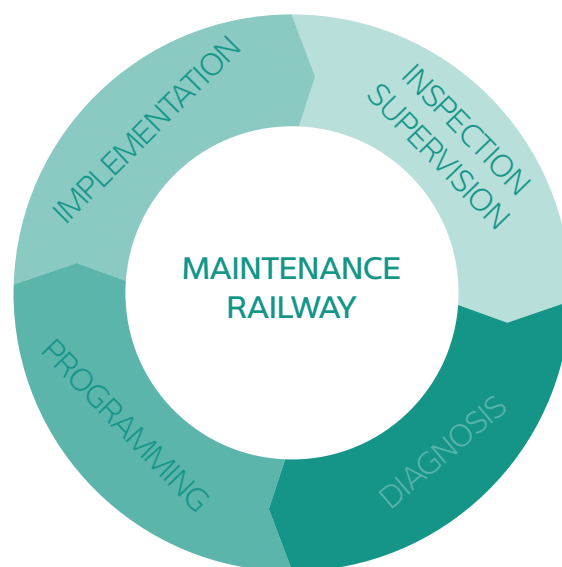
Railway maintenance consists of different activities developed on a continuous cycle from inspection to execution, taking into account the characteristics of the infrastructure, the type of operation and the service objectives of each line.

Based on its exclusive and unique know-how, IP keeps its inspection and supervision functions inhouse, outsourcing execution activities.

Railway maintenance and renovation interventions are supported by two management tools:

Maintenance Expenditure

Expenditure in maintenance is foreseen in IP's operating budget under multi-annual contracts in the various specialities, and comprise three components:



- Systematic Preventive Maintenance (SPM), carried out according to previously defined road-map;
- Condition-based Preventive Maintenance (CPM), carried out at IP's express request as a result of an inspection and diagnosis of the infrastructure;
- Corrective Maintenance (CM), to correct anomalies.

In the first semester of 2021 the amount associated with this type of works stood at € 33.4 million, increasing by 6% over the same period of the previous year.

Examples of intervention works carried out as maintenance activity:

Investment in renovation of Long Duration Infrastructure (LDI)

Investment in the renovation of Long Duration In-



Repair of tunnels using internal teams



Inspection undertaken on foot



Sintra Line – Paço de Arcos SST - MPC works



Deforestation at Sines

frastructure (LDI) (not comprised in Ferrovia 2020 Investment Programme) totalled approx. € 14 million in the first half of the year, increasing by 73% over the same period of the previous year.

4.1.2 Road Network

NETWORK SUPERVISION

The supervision of the road network is an operational activity required under the Concession Contract with the Portuguese State. These contractual obligations include complying with duties of **vigilance** to protect the road public domain; **patrolling**, exercising the public authority over road administration; **surveillance**, as provided National Road Network Regulations; and **assistance to road users**.

The Network Supervision activity translates into the operational need to patrol roads on a regular basis, in line with a stratification of the network based on specific criteria, such as Annual Average Daily Traffic (AADT), commercial activity (licences), existing resources and service levels compliance requirements.

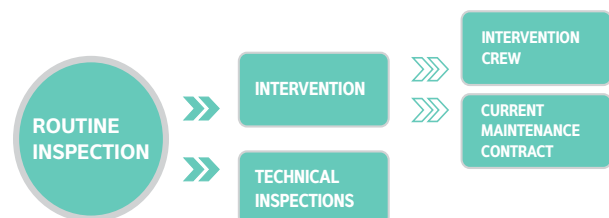


This activity is performed by the Mobile Inspection and Support Units (UMIA) based on roadmaps comprising the road stretches to be supervised, and road links, including the direction to take and the situations to be assessed.

The main function of the Mobile Inspection and Support Units (UMIA) is to systematically and continuously monitor roads, collecting and recording information on deficiencies or occurrences arising from unexpected events that do not result from the normal wear and tear and their components, which require urgent intervention and signalling for endangering traffic conditions and/or the immediate safety of users.

CURRENT MAINTENANCE

Current Conservation Management is a systematic process of inspection and preventive and reactive intervention, aimed to ensure the maintenance, repair and replacement, in appropriate conditions of functionality, of all components of the road. The purpose is to ensure traffic safety and comfort to users and prevent the deterioration of the roads and service conditions.



Routine Inspections are performed using IP's own resources, and cover around 50% of the network every year.

Operational activity is based on current maintenance contracts of a multi-year nature, complemented by the Intervention Brigades (BIs).

Current Maintenance Contracts

The current road maintenance is ensured by current maintenance contracts, allowing the company to carry out road maintenance works to ensure user comfort and safety and prevent the deterioration of the infrastructure.

In the case of the High Performance Network (RAP), these contracts, which also comprise operation of these tracks, are called current maintenance and operation contracts (CCO).

High Performance Network (RAP)

The High Performance Network accounts for 2.5% of the road network under direct management of IP. It is divided into three areas: High Performance North; High Performance Marão; and, High Performance South.

Intervention Brigades

The intervention brigades perform activities with one-off nature, namely "Emergency", "Preventive or Corrective" and "Non-core" situations, i.e. which do not fit into the current and systematic preventive maintenance framework.

Urgent interventions



- Clearing of drainage systems
- Signalling of damaged safety rails
- Road cleaning after adverse weather conditions
- Cleaning of oil on pavement
- Cleaning of snow and ice
- Road clearing
- Elimination of loopholes

Preventive or corrective interventions



- Removal of advertising
- Clearing of pavement
- Maintenance and clearing of drainage elements and water lines in areas of the road
- Maintenance of vertical signalling
- Plant cutting, deforestation and vegetation control
- Preventive treatment of snow and ice

Non Core Interventions



- Repair and deployment of signs
- Stockage of materials
- Support to routine inspections
- Cleaning of leftover plots
- Support to the pilgrims on the roads
- Support to the Technical Channel
- Maintenance works at IP facilities

Regular Maintenance

Regular maintenance consists of the performance of highly technically complex works, carried out according to timetable based on technical criteria issued by the Management Systems, taking into account the economic rationale and the optimisation of human, operating and opportunity resources. It views to renovate components of road whilst keeping its initial characteristics, restoring a satisfactory level of service and extending the useful life of a existing structure.

Regular maintenance is organised into a series of roadside intervention programmes, including pavements, geotechnical aspects, engineering structures and road safety.

The most relevant regular maintenance works completed in the first half of 2021 are the following:

- ER342, Arganil (km 92+530) and Coja (km 105+200) – Improvement works

These road works were completed on 19 February 2021; the road is located in the District of Coimbra, Municipality of Arganil; the works viewed the improvement of traffic conditions, road safety and comfort in a deteriorated and winding road 12.7km long, which crosses a forest area. The main works carried out consisted of: reinforcement of the asphalt pavement and bituminous layers to flatten and level out the platform and increase supporting capacity; improvement/renovation of drainage systems as well as of signalling and safety systems and strengthening of concrete supporting wall. The works were awarded to Civibérica – Obras Civis, S.A. for the amount of € 1,655,000.01.

- **EN9. TORRES VEDRAS (KM 68,000) AND JUNCTION WITH EN 115 (MERCEANA) (KM 83,700) - RENOVATION**

Completed on 15 March 2021, these contract works consisting of the renovation of EN9 located in the Municipality of Torres Vedras, District of Lisbon, viewed to improve traffic and safety conditions. The



Before the works



After the works

works were awarded to Construções Pragosa, S.A., for the amount of € 3,664,386.96.

- **IP1, KM132+500, INTERNATIONAL BRIDGE OVER RIVER GUADIANA - REPLACEMENT OF CABLE SYSTEM**

Completed on 11 April 2021, the works consisted of the full replacement of the cable system of the bridge, viewing to strengthen its structure and duration and improve traffic safety conditions. The



Before the works



After the works



bridge is located in the Municipality of Castro Marim, Faro District. The works were awarded to Conduril – Engenharia, S.A., for the amount of € 8,599,999.99.

IPV 2020 PROGRAMME - PREVENTIVE WORKS ON PAVEMENTS

IPV 2020 was completed in the 1st half of 2021. The purpose of the IPV2020 programme was to improve road traffic conditions on the national road network, consisting of 9 contract works covering a total length of approximately 107 km, involving a total expenditure of € 7 million.



ROAD SAFETY

This action plan is focused on Road Safety and comprises two types of activities:

- One-off interventions, to eliminate blackspots, protect urban crossings and geometric redesigning of junctions.
- Interventions on the network with the purpose of ensuring the renovation of



equipment, involving contracts for vertical signalling, road marking, guardrails, traffic lights and public lighting.

Amongst the interventions first mentioned, we point out the following:

- EN109 - Improvement of Safety Conditions on km 122+150 to km 137+700

Completed on 27 May 2021, the works consisted of the re-arrangement of several intersections along the stretch of EN 109 between km 122+150 and km 137+700, aimed at significantly improving traffic and safety conditions. This road is located in the Municipality of Figueira da Foz, Coimbra District. The contract was awarded to Construções J.J.R. & Filhos S. A., for € 3,079,710.05.



Before the works



After the works

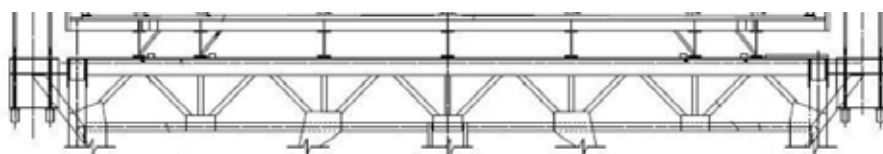
4.1.3 – 25 de Abril Bridge

The management of the 25 de Abril bridge is governed by specific law; in this context, IP operates in close cooperation with LUSOPONTE, whose management duties specifically focus the road component.

A set of actions involving inspections, surveys, maintenance, conservation and improvement works and the safety of the operation are regularly carried out on an integrated management basis.

For matters relating to operational safety, the work carried out by the 25 de Abril Bridge Safety Board, which is chaired by IP, is particularly important. The board members also include Instituto da Mobilidade e dos Transportes (IMT), the security forces through the Security Coordination Office, and emergency services, represented by the National Civil Protection Authority (ANPC).

During 2020 contract works were carried out for the maintenance of Ponte 25 de Abril with end in August 2021 and estimated expenditure of € 12.8 million. The works comprise repairs on the suspension bridge and on the North Access Viaduct, including strengthening the rigidity of the beam.



4.2 INVESTMENT IN THE ROAD AND RAILWAY INFRASTRUCTURE

The expenditure amount spent until the end of the first half of 2021 in the rail and road networks under the direct management of IP, excluding investment in Public-Private Partnerships, totalled € 101.3 million, increasing by 34% in relation to the same period of 2020.

INVESTMENTS	1st Semester		
	Effective 2020	Effective 2021	Δ% 2020
Railway Investment	54,6	68,9	26%
Road investment PETI3+	5,8	6,2	9%
Investments PETI3+	60,3	75,1	25%
Other railway investments	8,1	14,0	73%
Other road investments	4,2	1,4	-68%
PVAE investment	1,7	9,0	446%
Other investments	14,0	24,4	75%
Management related investment	1,4	1,7	19%
Total	75,7	101,3	34%

unit: €M

Note: The amount of Road Expenditure in the 1st half of 2021 was distributed amongst the following programmes: PETI3+, Other Investments and PVAE.

4.2.1 Investment in the Railway Network

Investment in the railway infrastructure consists of the construction, installation and renewal of infrastructure, an activity developed on behalf of the State (assets that are part of the public railway domain) and considered as Long-Duration Investments (LDI).

FERROVIA 2020

The "Ferrovia 2020" Investment Plan is anchored in PETI3+. It aims to strengthen internal and international connectivity (at national and Iberian levels) and competitiveness, and encourage private investment and job creation.

Amongst the priorities identified by a broad set of stakeholders, the following are worth mentioning:

- International commitments, including bilateral agreements with Spain and those resulting from the Atlantic Corridor;

- Promote freight transport, particularly of exports;
- Set up links between Portuguese ports and the main land borders with Spain.

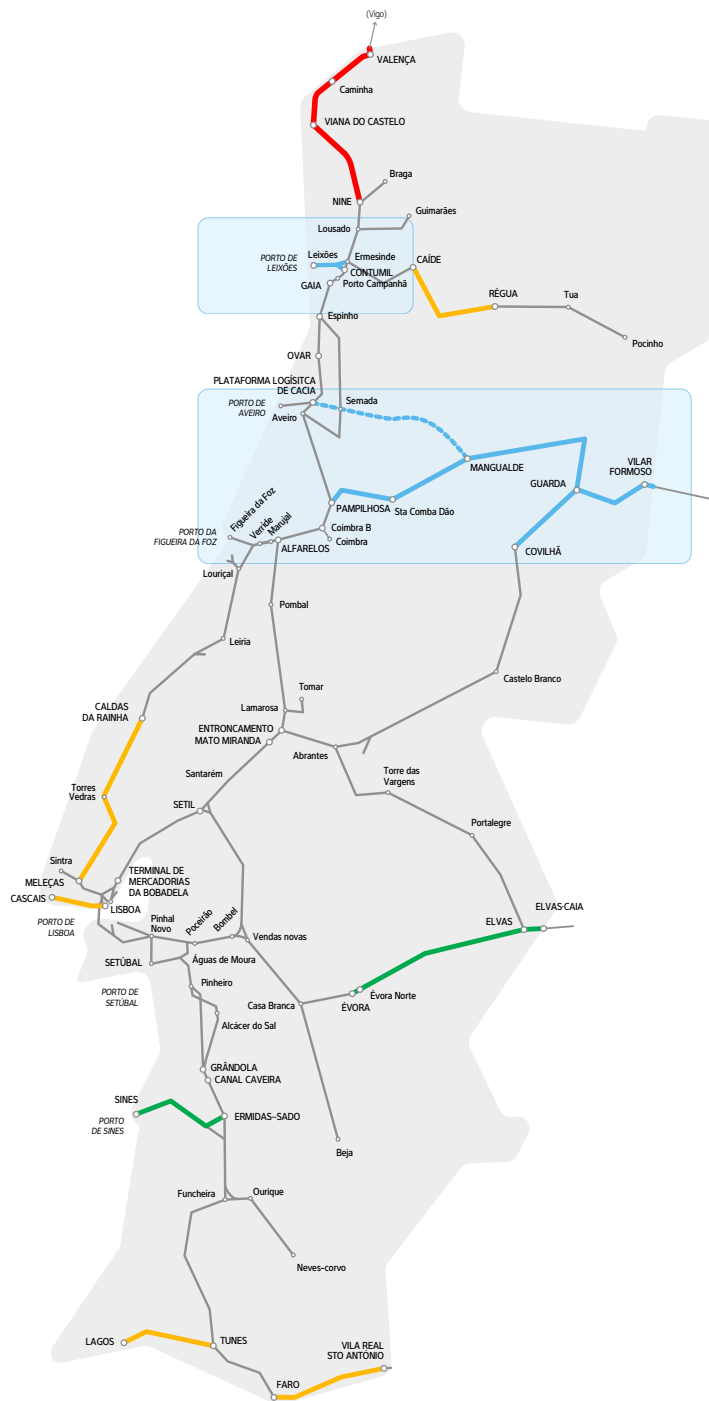
The plan foresees the development and construction of the main links to Spain and Europe, the modernisation of approximately 1,000 km of existing network, the renovation of part of the northern line and the electrification of more than 400 km of existing lines. These investments will include the beginning of the installation of the European Railway Traffic Management System (ERTMS/ETCS), the extension of the crossing length of trains to 750m and the preparation of migration to the standard rail gauge. The objective is to ensure an increase in rail transport efficiency, namely freight transport, in terms of:

- Increase in capacity, in terms of both loads and number of trains;
- Reduction of transport costs;
- Decrease in travel time and distances; and
- Improvement of safety and reliability conditions.

At the end of the 1st half of 2021, the following major works included in Ferrovia 2020 were either completed or visibly under way:

- Completion of intervention works on the Beira Baixa Line, between Covilhã and Guarda section (46 km), which is now operating, involving an overall investment of € 77 million;
- Completion of the Electrification of the Minho Line between Viana do Castelo and Valença; this section (134 km) is now fully operating; Related expenditure totalled over € 19 million;
- Continuation of contract works for the full track renovation of sub-stretch 3.3 - Ovar-Gaia on the North Line;
- Continuation of the largest railway construction works of the century, between Évora and Elvas.

The financial implementation of the Ferrovia 2020 Plan in the first half of 2021 totalled € 68.9 million, increasing by 26% over the same period of 2020. In cumulative terms, the financial implementation of this investment plan at 30 June 2021 totalled € 473.0 million.



The overall expenditure planned in Ferrovia 2020 Investment Programme amounts to approximately € 2,130 million, to be completed by 2024.

International North Corridor

In the first half of 2021 overall investment in this Corridor totalled € 11.1 million. Of this amount, € 6.7 million will be spent on the Beira Baixa line and € 4.4 million will be spent on the Beira Alta Line.

On 2 May 2021 the section of the Beira Baixa Line between Covilhã and Guarda was re-opened to traffic.

As far as the Beira Alta Line is concerned, we point out the awarding on 15 June of the contract works for the modernisation of Cerdeira / Vilar Formoso section, whereas the modernization works in section between Pampilhosa and Santa Comba Dão are under way since 10 December 2020.

International South Corridor

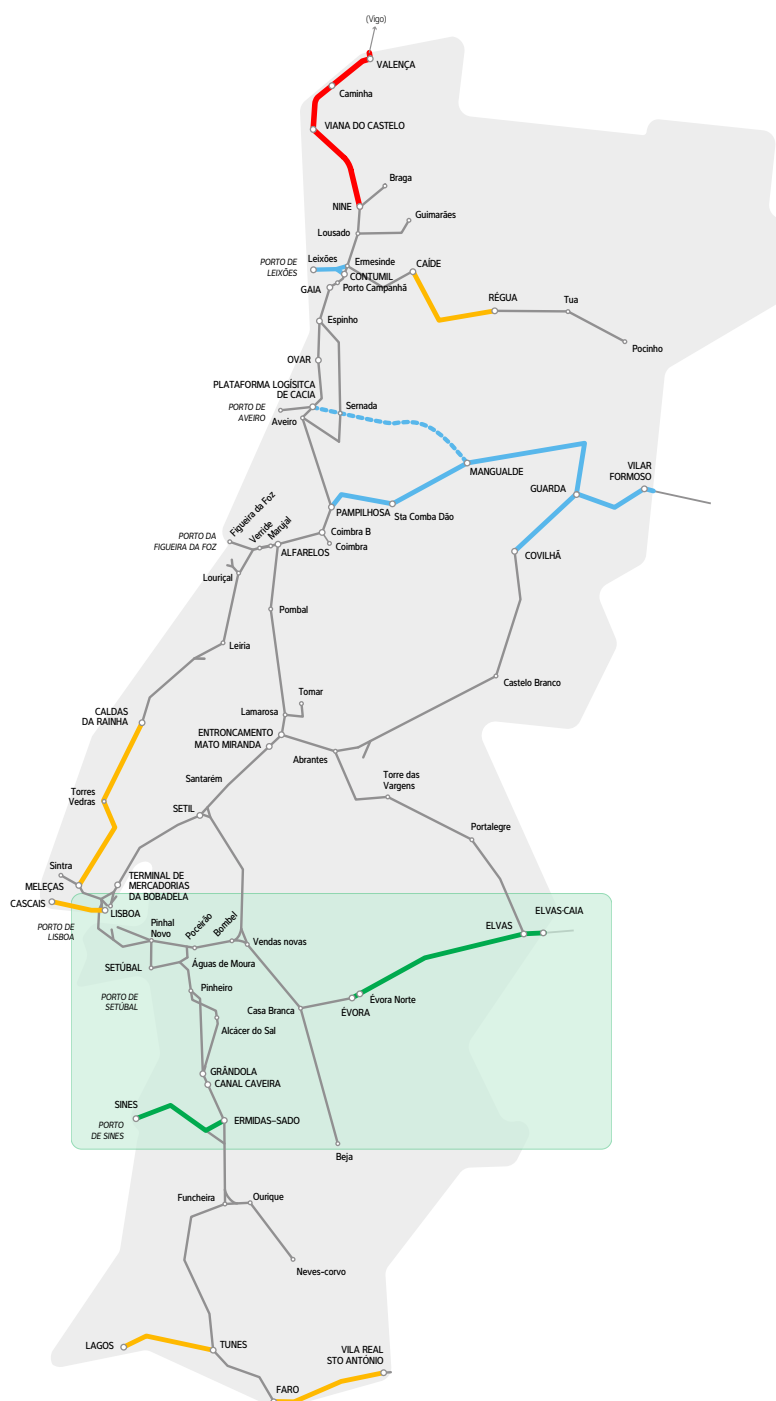
The International South Corridor connects Lisbon's metropolitan beltway (including the ports of Sines, Setúbal and Lisbon, the Lisbon airport and logistics platform) to Madrid and the rest of Europe.

Major projects within the scope of this corridor view to ensure the rail link between the South of Portugal and Europe, in order to provide an efficient transport of goods by railway, linking ports in the south of the country to Caia border in Spain.

As regards the International South Corridor implementation in the first semester of 2021 totalled € 35.7 million, increasing by 84% compared to the same period of the previous year, which accounts for 52% of total investment from Ferrovia 2020 carried out during the period.

Amongst the relevant works under way in the first half of 2021 we point out the following:

- Évora Norte – Freixo, € 3.6 million;
- Freixo – Alandroal, € 13.2 million;
- Alandroal – L.Leste € 13.8 million.

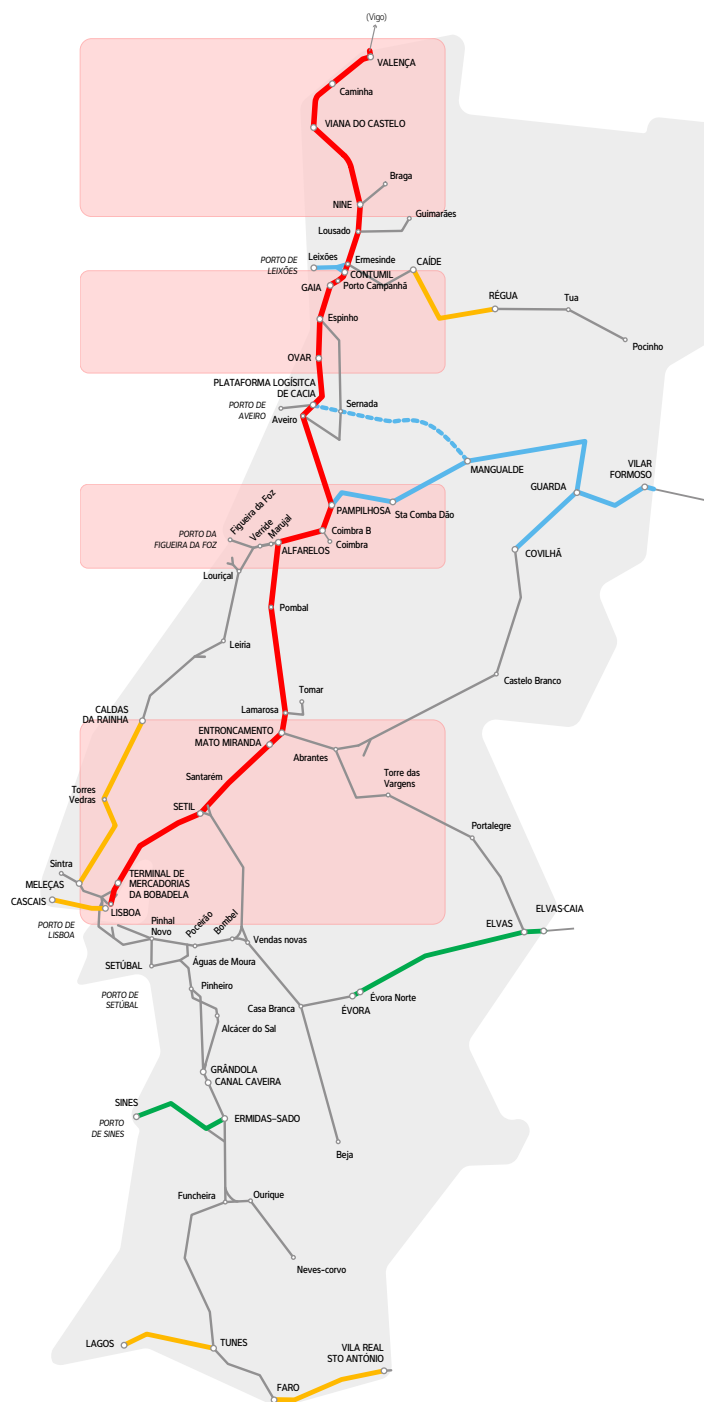


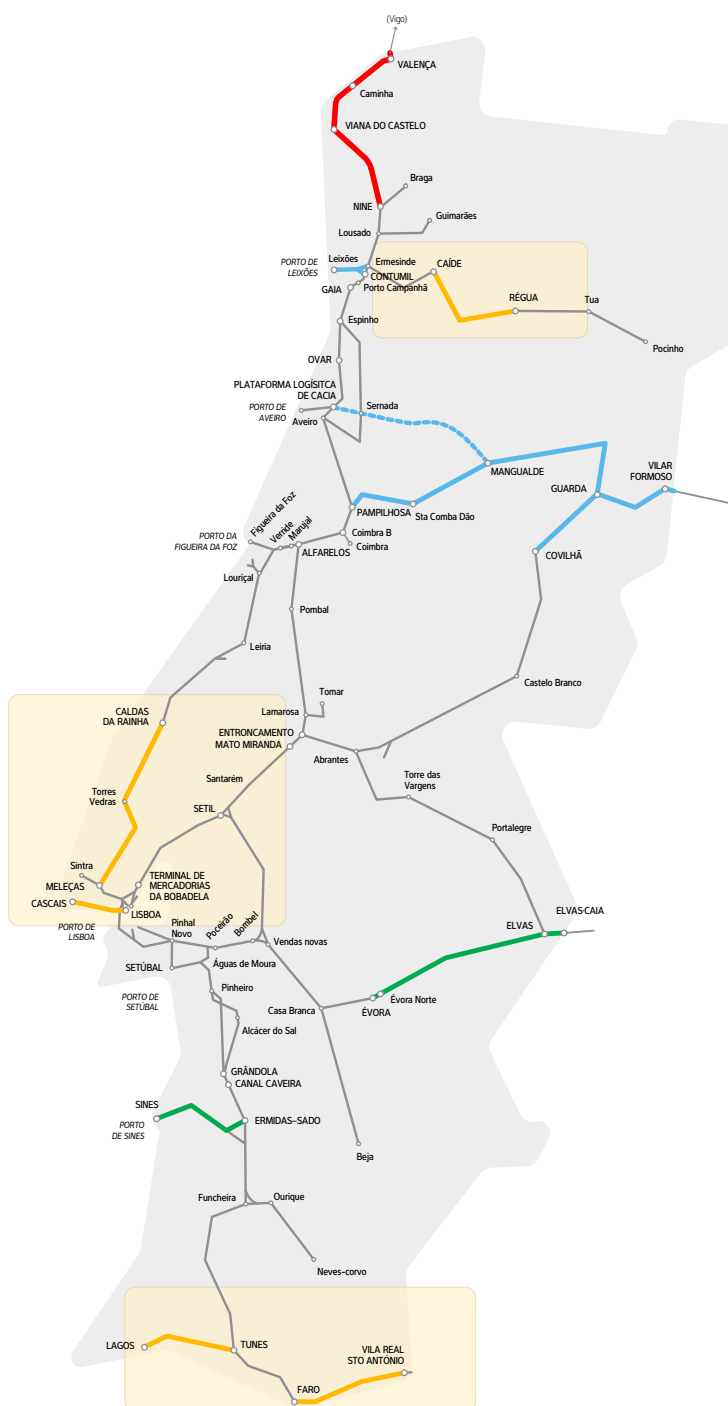
North-South Corridor

Up to June 2021 an amount of € 16.8 million had been implemented in this corridor, corresponding to a growth rate of 51% over 2020.

Implementation in section Nine-Viana-Valença on the Minho Line totalled € 5.4 million, including the electrification of section Viana-Valença, completed and opened to traffic on 26 April.

Implementation in section Ovar-Gaia totalled € 9.6 million in the first semester of 2021.





Secondary Corridors

Works in secondary corridors include the modernisation of the Douro, Oeste, Algarve and Cascais lines.

In the first half of 2021 the amount implemented totalled € 5.2 million.

Implemented works comprise the Cascais Line (€ 2.1 million) and modernisation of the West Line - Meleças-Caldas (€ 2.4 million).

OTHER EXPENDITURE

Other investments in the rail infrastructure aim to reinforce safety conditions and improve the reliability and quality of the service provided to the clients. These interventions also aim to improve the integration of the rail infrastructure in the surrounding territory, enhancing the positive externalities and mitigating the negative ones. This caption comprises investment in Mondego Metro Mobility System.

In the first half of 2021 expenditure totalled € 14 million, increasing by 73% over the first semester of the previous year.

The largest investments were made on the North Line (€ 3.5 million), the Mondego Metro Mobility System (€ 3.3 million), Douro Line (€ 1.8 million), Cascais Line (€ 1.5 million), Algarve Line (€ 1.4 million) and South Line (€ 1.2 million).

Amongst the most relevant contract works, we point out the following:

- Cascais Line - "Improvement of Track Superstructure at Paço de Arcos Station, Santo Amaro e Algés" - implemented amount of € 1,521 thousand;
- Algarve Line - "Replacement of RNP fixings with Nabla in Section Tunes/Faro - 1st Phase" - implemented amount of € 1,222 thousand (Works+Materials);
- Douro Line "Stabilisation of Excavation Slopes at pk 163,500, 164,350 and 169,700" - implemented amount of € 1,133 thousand (Works+Supervision);
- North Line - "Stabilisation of Excavation Slopes from km 147,100 to km 147,400, Right and Left Side" - implemented amount of € 13 thousand (Works+Supervision).



Cascais Line



Douro Line



North Line

4.2.2 Investment in the Road Network

BUSINESS AREAS ENHANCEMENT PROGRAMME (PVAE)

In February 2017 the Government presented the Business Areas Enhancement Programme (PVAE), which aims to strengthen the competitiveness of businesses, foster job creation and increase exports.

It is the Government's view that infrastructures and equipment used in the creation and expansion of business areas aim to strengthen competitiveness in convergence regions, and facilitate the installation of businesses in areas lacking corporate implantation, amongst other goals.

On the other hand, investment in road accesses to the existing 12 business areas, carried out mostly from IP's budget, views to reduce travel time from/to main road network, facilitate access to ports and the border, foster economic growth and attract new investment to respective regions, and increase road traffic. The criteria guiding this investment included reducing travel time, cost by km and the size of the business fabric.

The amount initially projected for this Programme was significantly reduced, because the work phase and supervision of some of the undertakings, namely those not yet under way, were transferred to the Recovery and Resilience Plan (RRP).

In overall terms, the amount currently implemented under the Programme totals € 25 million. In the first semester of 2021, the following undertakings are worth pointing out:

- Link to Formariz (Paredes de Coura), € 1.6 million implemented in the 1st half of 2021;
- Link to Escariz (Arouca), which is currently the largest road investment of IP, with an estimated amount of € 30.4 million, of which € 5.6 million used in the 1st half of 2021;

Three major works are almost finished: Lanheses (Viana do Castelo), EN14 (Famalicão) and Silvares junction (Guimarães); The latter was completed on 9 February 2021; The works viewed to improve the road access to the Sciences and Technology Park (AVEPARK) to crucial road axes for transport of people and goods, particularly A11, within a Management Agreement entered by IP and the Municipality of Guimarães on 05.02.2018. The contract was awarded to Cândido José Rodrigues, S.A., for € 3,378,882.90.



PETI3+ ROAD

In respect of the Road Investment PETI3+, contract works on IP5 – Vilar Formoso / Fronteira are worth pointing out; their implementation rate in the first half of 2021 stood at 78% (€ 5.3 million), and they are still ongoing.

As regards works completed during the first semester of 2021 we point out the following: contract works for the renovation of IP3 - Penacova Junction (km 59+000) / Bridge over river Dão (km 75+160, completed on 15 April 2021; this highway is crosses the districts of Coimbra and Viseu, Municipalities of Penacova and Mortágua; the works comprised the functional renovation and reinforcement of the pavement, renovation of the longitudinal drainage system; replacement and improvement of signalling and safety equipment; uniformisation of lane widths; replacement of central reservation, and new drainage system; improvement of entrances and exits, including construction of intersections at different levels at Oliveira do Mondego and Cunhedo, eliminating existing ones; the contract works were awarded to joint-venture made up of EMBEIRAL, Engenharia e Construção, S.A. and ACA - Alberto Couto Alves S.A., for € 11,847,000.00.



OTHER INVESTMENTS

In what concerns Other Road Investments, implementation in the first half of 2021 totalled € 1.4 million.

EXPENDITURE IN SUPPORTING STRUCTURES

The amount of expenditure in Management Supporting Structures totalled € 1.7 million in the first half of 2021, accounting for 22% of the sum provided in the budget.

This expenditure comprises works in buildings (€ 1.3 million), including the works at Pragal Campus, and purchase of software (€ 162 thousand).

4.2.3 New Investment Programmes

The Government has presented two new road/railway investment plans to be implemented in the next few years, including the following:

NATIONAL INVESTMENT PLAN 2030 (NIP 2030)

On 22 October 2020 the National Investment Plan 2030 (NIP2030) was officially disclosed. This Plan comprises a huge investment of € 43 billion in infrastructures and equipment in the sectors of Transport and Mobility, Environment, Energy and Irrigation.

The PNI2030 was designed as the planning tool for the next cycle of strategic and structuring investment at national level, aimed to meet the needs and challenges of the future. Additionally, the Plan aims to increase territorial cohesion, improve competitiveness and innovation, expand and improve infrastructures across the country, and facilitate the transition to an energy-efficient, low-carbon economy.

The amount of investment allocated to the Transport and Mobility sector is € 21.7 billion, accounting for almost half of the total, including € 12.5 billion in 24 undertakings aimed to improve road and railway infrastructures.

A major gamble of PNI2030 is the modernisation and development of the National Railway Network.





This comprises the creation of the Porto-Lisboa high-speed railway line, involving an estimated expenditure of € 4.5 billion, to connect the country's largest cities in one hour and 15 minutes instead of the current 2 hours and 50 minutes.

The Plan also provides a new trans-border railway link between Porto and Vigo, with an estimated cost of € 900 million, which will reduce travel time between the two cities to one hour.

Electrification of the entire National Railway Network until 2030, started under Ferrovia 2020 is also comprised in this Plan. Estimated investment to achieve the goal of having electric traction trains circulating across the entire network by 2030 the Plan is € 740 million.

As far as the road network is concerned, a large slice of the investment will be used in the construction of trans-border connections and the improvement of quality and safety in road accesses of Business Areas to major highways.

The Plan further provides for the completion of IP8 between Sines and Beja, viewing the promotion of territorial cohesion by strengthening mobility and safety conditions on this major road link of the Alentejo region.

The investment amount implemented in the first half of 2021 is not yet relevant.

RECOVERY AND RESILIENCE PLAN (RRP)

The Portuguese Recovery and Resilience Plan (RRP) was approved by the European Commission on 16 June 2021. The plan has funding resources in the amount of € 14 billion and is to be implemented until 2026 to allow the country to resume its sustained economic growth pace and achieve convergence with Europe within the next decade.

The RRP is guided by national strategies and policies, the European framework and is in line with Europe's priorities relating to climate and digital transitions. These priorities are seen as the main drivers for economic and social recovery throughout Europe, aimed to help countries to recover from the pandemic and mitigate the social and territorial inequalities it caused.

The Recovery and Resilience Plan views to boost economic and social development nationwide, improving resilience and territorial cohesion, enhancing the competitiveness of the productive fabric, allowing a reduction in costs.

Based on a diagnosis on the needs and challenges the country faces, the Recovery and Resilience Plan was organized in three structuring dimensions: Resilience, Climate Transition and Digital Transition.

These dimensions integrate 19 Components, comprising 36 reforms and 77 investments.

IP's activity falls within Component 7 - Infrastructures, aimed to "Strengthen Resilience and Territorial Cohesion, increasing the competitiveness of the productive fabric and allowing to reduce tape costs".

IP will be responsible for € 388 million of overall expenditure in roads, whereas the remaining (€ 132 million) will fall under the responsibility of Municipalities.

The investment amount implemented in the first half of 2021 is not yet relevant.



4.3 USE OF THE ROAD AND RAIL NETWORK

4.3.1 Use of the Railway Network (Train-km)

The Network Directory is an annual document listing the characteristics of the national rail network (RFN), the general conditions of access, and other services related to the railway activity provided by IP to railway operators. This document also explains the principles governing the fixing of fees and tariffs, including methodology and rules to be followed.

In the first half of 2021 a total of 16.8 million train-kilometre (TK) were travelled by rail operators, of which 83% were passenger traffic and 17% from the freight segment.

USE OF NETWORK	IP GROUP		
	1ST HALF 2020	1ST HALF 2021	Δ% 21/20
Passenger	13 285	13 995	5%
Goods	2 630	2 859	8%
Total tKs	15 915	16 854	6%

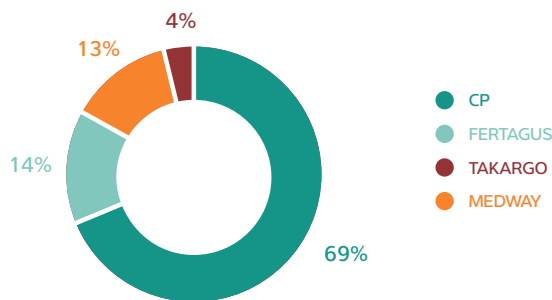
Unit: thousand of tK

Demand increased by 6% in the first half of 2021 in relation to the same period of the previous year (corresponding to 1.0 million train-kilometre). The passenger segment accounted for 5% of the increase in the use of the railway infrastructure, whilst the freight segment accounted for 8% of the rise, driven by a context of recovery and confidence following a year of uncertainty caused by COVID-19 pandemic.

Train operators using the NRwN are, CP and FERTAGUS, for passengers, and Medway and TAKARGO for freight.

CP continues to be the operator with the highest impact on IP's turnover, with a market share of nearly 69%.

TKs MARKET SHARES 2021



4.3.2 Railway Infrastructure Management - Framework Contract

In 2016 the State and IP signed a 5-year Programme Contract for the National Railway Network, in compliance with Decree-Law 217/2015, of 7 October.

This Framework Contract was extended until 31 December 2021; a new contract is being prepared, which will govern the public management of the National Railway Network infrastructure from 2022 to 2025.

The Contract views to establish the State's obligations in relation to the funding of infrastructure management and IP's requirements to meet user-oriented performance targets, in the form of quality indicators and criteria covering such aspects as train performance, network capacity, asset management, activity volumes, safety levels, and environmental protection. The contract also sets financial efficiency objectives to be achieved by IP, in the form of revenue and expenditure indicators.

The structure of service level indicators, including financial indicators, is shown below:

1. Additional Margins correspond to the travel times added to planned timetables to reflect the speed limitations imposed during scheduled works;
2. Railway Punctuality reflects the aggregate indicator representative of annual punctuality recorded on the entire railway network in operation.

- ration, as measured by the delay of trains on arrival;
3. Railway Customer Satisfaction is the level of satisfaction obtained in satisfaction surveys answered by Railway Operators and other users of the rail network in operation;
 4. Network Availability reflects the percentage of time the infrastructure was available for operation;
 5. Railway Assets Management aims to assess the state of repair of the railway infrastructure;
 6. Activity Volumes correspond to the sum of train-km travelled on the national rail network in the year;
 7. Safety Level is determined by the ratio made up of the number of significant accidents vs. the total train-km, viewing to assess railway safety according to actual train traffic.
 8. Environmental Protection is the percentage reduction of the number of people exposed to noise levels higher than the limits imposed in the General Noise Regulation, in relation to the total number of people exposed to those noise levels;
 9. Rail revenue evaluates IP's success in obtaining core revenue;
 10. Other Revenue, which evaluates the evolution of non-core revenue from supplementary activities associated with the operation of the railway infrastructure;
 11. Maintenance Expenses assesses the evolution of expenditure on maintenance;
 12. Expenditure with other ESS assesses the development of expenditure on External Supplies and Services;
 13. Personnel Expenses evaluates the evolution of staff related expenditure.
- Calculation formulas and performance targets have been defined for each of these performance indicators. The following results were obtained in first half of 2021:

	INDICATOR	GOAL FOR 2021	1ST HALF 2021 RESULTS	DEVIATION 1ST HALF 2021
1	Additional margins	32	125	290.6%
2	Railway punctuality	≥ 90.00%	93.8%	3.8 p.p.
3	Railway customer satisfaction	≥ 56.00%	n.a.*	n.a.*
4	Network Availability	≥ 88.40%	86.3%	-2.1 p.p.
5	Management of Railway Assets	≥ 61.30%	61.9%	0.6 p.p.
6	Business volumes	≥ 37,366,349	16,853,924 tK	-9.00%
7	Safety Levels	≤ 0.942	0.591	-37.3%
8	Environment protection	3.00%	2.3%	-0.7 p.p.
9	Railway income	100.00%	89.1%	-10.9 p.p.
10	Other income	5.6%	31.5%	25.9 p.p.
11	Maintenance Expenses	1.00%	1.3%	0.3 p.p.
12	Expenses with other external supplies and services	0.00%	11.8%	11.8 p.p.
13	Personnel Expenses	-3.00%	4.9%	7.9 p.p.

* Annual indicator, to be determined at the end of the year.

4.3.3 Traffic on the road network (Average Daily Traffic for the Semester - SADT)

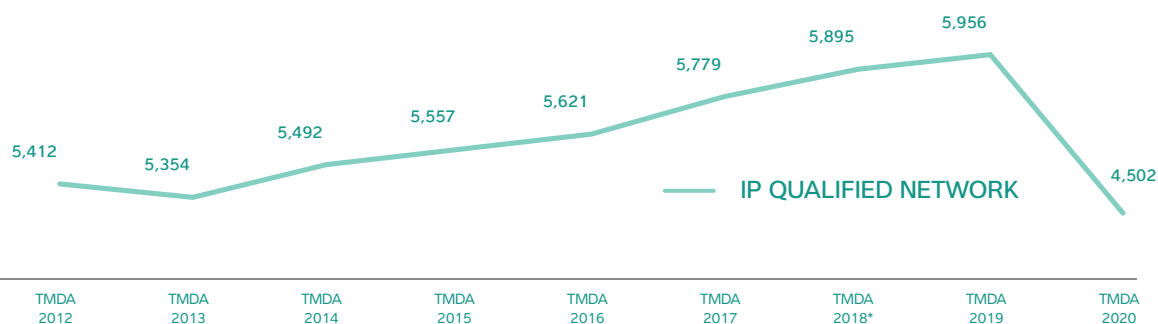
Traffic on IP's road network in the first half of 2021 evolved positively in relation to 2020, increasing by 6.5 % on the whole IP network (6.9% on motorways).

IP NETWORK	HALF-YEARLY AVERAGE DAILY TRAFFIC (AADT)		Change 2021/2020
	1ST HALF 2020	1ST HALF 2021	
National Road Network (IP and Sub-concessions)	4,401	4,743	7.8%
National Motorway Network (IP and Sub-concessions)	17,914	19,080	6.5%
Weighted Total	8,591	9,188	6.9%

NATIONAL MOTORWAY NETWORK	HALF-YEARLY AVERAGE DAILY TRAFFIC (AADT)		Change 2021/2020
	1ST HALF 2020	1ST HALF 2021	
National Motorway Network - Sub-concessions	7,756	8,518	9.8%
National Motorway Network - IP	33,918	35,722	5.3%
Weighted Total	17,914	19,080	6.5%

Note: Traffic relating to the metered network and sub-stretches with full information in both periods under review.

With regard to Annual Average Daily (AADT), available data relate to 2020, reflecting a downward trend, as shown in the following graph on the evolution of average Daily Traffic on IP's qualified road network. This evolution is explained by the pandemic and restrictions deriving therefrom.



4.3.4 Service levels on the road network

The concession contract entered by IP - Infraestruturas de Portugal, SA and the Portuguese State on 23 November 2007, as provided Resolution of the Council of Ministers 174-A/2007, later amended by Decree-Law 110/2009 of 18 May, establishes that the road sections on the national road network must comply with service levels in accordance with the PRN2000: Level B for the Core Network and Level C for the Supplementary Network

The latest figures available translate the compliance of service levels in 2020, as shown in the following graph:

TYPE	FULFILMENT				NO FULFILMENT		TOTAL LENGTH (KM)
	WITHOUT RESTRICTIONS (KM)	WITH RESTRICTIONS (KM)	TOTAL (KM)	%	AMOUNT (KM)	%	
IP	489.7	96	585.7	100	0	0	585.7
EDIP	224.7	47.3	272	100	0	0	272.0
IC	947.8	55.1	1 003	100	0	0	1 002.9
EDIC	1039	93.1	1 132	100	0	0	1 132.1
EN/ER	7 727.3	496.7	8 224	99	87.5	1.1	8 311.5
Total	10 428.5	788.2	11 216.7	99.2	87.5	0.8	11 304.2

4.4 PUBLIC-PRIVATE PARTNERSHIPS

IP's road activity includes all roads managed pursuant to public-private partnership (PPP), namely Sub-concessions.

According to the terms of the Concession Contract established between the Grantor State and former EP, Infraestruturas de Portugal (IP) is contractually responsible for making payments and collecting the amounts due by/to the State, pursuant to the State Concession contracts.

IMT is the relevant entity to represent the Grantor State in matters of road infrastructure, as provided in Decree-Law 77/2014, of 14 May.

4.4.1 Renegotiation of the Concession and Sub-Concession Contracts

The negotiation process concerning all State Concession Contracts was completed during 2015, with the signature of nine contracts, namely, Norte concession, Costa de Prata Concession, Beira Litoral/Beira Alta Concession, Grande Porto Concession, Grande Lisboa Concession, Interior Norte Concession, Beira Interior Concession, Algarve Concession and Norte Litoral Concession.

The nine contracts were submitted to the Audit Court for appraisal, however, the Court returned them with the indication that the contracts were not subject to its prior supervision, thus being already in full effect.

With regard to the negotiation process of the sub-concession contracts, the situation is as described below.

ALGARVE LITORAL SUB-CONCESSION

The Amended Sub-concession Contract (CSA) of Algarve Litoral, signed on 23 October 2017, was submitted to prior auditing of the Audit Court, however, following the Court's decision dated December 2017, IP notified the Sub-concessionaire that the contract needed to be subject again to prior supervision by the Audit Court. After examining the case, the Audit Court refused to grant its approval on 20 June 2018, pursuant to ruling 29/2018.

The Audit Court, through ruling 13/2019 of 28 May, kept its initial refusal to approve the Contract for the Algarve Litoral Sub-concession. The Board of Directors thus decided to appeal from this decision

to the Constitutional Court and re-submitted the Amended Contracts for Baixo Alentejo, Autoestrada Transmontana and Pinhal Interior Sub-concessions to the prior audit of the Audit Court.

In 2020, following refusal of the appeal, IP appealed to the Plenary of the Constitutional Court, but was again turned down according to Decision 58/2021, of 22 January.

As all avenues of appeal to the Audit Court were tried to no avail, IP deems that the final refusal is definitely decided and effective, under the terms of art. 45(4) of the Audit Court Organisation and Process Law.

As a result, the Reformed Sub-concession Contract entered into on 20 April 2009, as amended by the reform document of 28 May 2010 is the final contract governing the relations between parties.

On 17 July 2019, the Sub-concessionaire (RAL) asked IP to accept its termination of the concession contract, under the terms of the relevant law; on 4 September 2019, in the light of the existing conflict with the sub-concessionaire, RAL triggered arbitration proceedings against IP, which are ongoing. Within the scope of these proceedings, RAL submitted an injunction, asking for the advanced payment of € 30,007,923.12 added of a monthly sum until a final decision is issued, in a minimum amount of € 1,162,805,95.

Following decision dated 9 March 2021 IP was sentenced to pay € 30,007,923.12 added of a monthly sum until a final decision is issued, in a minimum amount of € 1,162,805,95, and € 1,262,805.95 within 45 days of the date of the arbitral decision. The amounts concerned are being paid by IP against the remuneration due pursuant to the Reformed Sub concession Contract.

From an operational standpoint, it should be noted that:

- The Sub-concessionaire suspended all operation and maintenance activities as from 0:00 hour of 6 July 2018. Against this background, within the scope of the supervision powers provided in the said sub-concession agreement, IP took all necessary steps to ensure

safety conditions for people and goods, while triggering the mechanisms provided in the contract to deal with the sub-concessionaire's failure to comply with its operation and maintenance obligations under the contract.

- Subsequently, the sub-concessionaire resumed activities but only those established in the object of the Amended Sub-concession Contract (CSA), arguing that such contract is in force since 27.12.17, and refused to undertake any works in roads that are expected to fall under IP's direct jurisdiction under the said contract. This situation required IP to intervene in this Sub-concession network in emergency situations and to ensure road safety conditions, given the express breach by the Sub-concessionaire.
- Following injunction decision by the Arbitral Court of 9 March 2021, in April 2021 IP paid € 30,007,923.12 and is required to pay a monthly amount of € 1,162,805.95 until July, as a result of the following:
- On 18 July 2021, following the Arbitral Court's decision of 9 March 2021 relating to the injunction, the sub-concessionaire resumed operation activity and maintenance works in all road sections covered by the Reformed Sub-concession Contract, including those sections that would be excluded under the Altered Sub concession Contract. As from this date, IP will pay a monthly sum of € 1,262,805.95.

BAIXO TEJO AND LITORAL OESTE SUB-CONCESSIONS

Given the refusal of the Audit Court to approve the Algarve Litoral Sub-concession contract, the Baixo Tejo and Litoral Oeste Sub-concessionaires considered that the negotiation process was not feasible in the exact terms of the Memorandums of Understanding (MoU) established with the Negotiations Committee, which were not extended.

As a result the MoUs expired, whilst the rights and obligations of both IP and the sub-concessionaires in force at the date of signature of the MoU were reinstated; in other words, the Reformed Sub-concession Contracts were resumed, including payments provided therein.

Both sub-concessionaires deemed that the negotiations should not proceed.

AEBT, the sub-concessionaire for Baixo Tejo communicated this fact to IP, adding that the (formal) permanence of ER377-2 within the object of the sub-concession, combined with the impossibility of AEBT to continue the said road's construction and operation (due to the annulment of the DIA), financially imbalanced the sub-concession Contract, stripping the undertaking of absolutely essential revenue to cover among other things, the widening works and major repairs foreseen in the Work Plan.

Subsequently, on 07/02/19 and again on 11/06/2019, under the terms of Decree-Law 111/2012, of 23 May, IP requested with the relevant authority (SEI) the setting up of a negotiation committee, on the grounds that the impossibility of building the said road ER377-2 should be contractually established. This committee was set up on 22 July 2019 by order of UTAP, and the final report of the negotiation committee was submitted to the Government's appraisal on 8 January 2021.

On 4 June 2021, following the approval of the negotiation committee's (NC) report by the Secretary of State for Finance and the Secretary of State for Infrastructures, IP – Infraestruturas de Portugal, S.A. (IP) and AEBT – Autoestradas do Baixo Tejo, S.A. (AEBT) signed an Addendum and additional documentation as agreed by the NC and AEBT, which IP subsequently submitted to the prior approval of the Audit Court.

The Audit Court issued its preliminary refusal on 20 July 2021.

The Amended SCC will enter into force on 29 July 2021, after AEBT accepting the understanding of IP that the Audit Court decision approves its entry into force (see Clause Four (1-c) of the Addendum).

BAIXO ALENTEJO, PINHAL INTERIOR AND AUTOESTRADA TRANSMONTANA SUB-CONCESSIONS

The Amended Sub-concession Contracts (ASCC) of Baixo Alentejo, Pinhal Interior and AE Transmontana are effective since 3 April 2017, 21 December 2017 and 24 May 2018, respectively.

DOURO INTERIOR SUB-CONCESSION

As regards the Douro Interior sub-concession, renegotiations are now completed; the final minutes were signed on 15 February 2018. The government approval process is under way.

Following the final decision against the appeal to the Constitutional Court mentioned above (Algarve Litoral Sub concession), the Government's final decision in respect of the renegotiation of the Douro Interior Sub-concession is no longer restricted by the said appeal.

4.4.2 Completion of the sub-concession network

The seven sub-concession contracts in force cover approximately 1,028 km of motorways, of which 911 km are in service (finished work), as summarised in the following table.

Given the problems surrounding the Algarve Litoral Sub-concession contract, there are 82 km of new road / renovation to be completed and 26 km of works suspended.

As regards the Baixo Tejo Sub-Concession, as provided in the initial agreement, the ER337-1 road with a total length of 9 km, was not built (due to the annulment of the DIA). This road was withdrawn from the object of the Sub-concession contract, as provided in the Amended Sub-concession contract which entered into force on 29.07.2021.

The Pinhal Interior, Transmontana and Baixo Alentejo sub-concessions no longer comprise the stretches that are now under the direct jurisdiction of IP, according to the Amended sub-concession Contracts.

On 26 June 2020 the newly built A26/IP8 – Grândola Sul / Santa Margarida do Sado stretch by Baixo Alentejo sub-concessionaire was opened to traffic; the operation and maintenance is to be ensured directly by IP as contractually provided, as from 0:00 hours of 29 September 2020.

Table below shows the extension of the sub-concessioned network, according to sub-concession contracts in force.

SUB-CONCESSION	IN OPERATION (*)	BEING BUILT		NOT TO BUILD	TOTAL
		NEW CONSTRUCTION	RENOVATED		
Douro Interior	241			0	241
AE Transmontana (CSA)	136			0	136
Baixo Alentejo (CSA)	113			0	113
Baixo Tejo	60			0	60
Algarve Litoral	165		82	26	273
Litoral Oeste	102			0	102
Pinhal Interior (CSA)	93			0	93
Total	911		82	26	1 019

(*) Includes stretches which are under operation though they were still not renovated
Unit: km

4.4.3 2021 Charges

Payments made during the first half of 2021 relating to road concessions and sub-concessions totalled € 698.7 million (excluding VAT), increasing by € 20.1 million (+3%) in relation to the same period of 2020.

Payments relating to availability and availability B of State Concessions totalled € 377.3 million in the first half of 2021, increasing by € 21.2 million over 2020. This increase is mainly explained by the revision of the availability tariff, as provided in the financial models of the contracts. The increase in the accident premium payment for Interior Norte Concession in the amount of € 2.2 million also contributed to the increase mentioned above.

Payments relating to the availability and service of Sub-concessions totalled € 317.4 million in the first half of 2021, increasing by € 18.8 million over the same period of the previous year. This rise is explained by the payment in the amount of € 33.5 million by Algarve Litoral Sub-Concession, conversely to 2020, as determined by arbitral decision dated 9 March 2021, under Proceedings 8/2020/AHC/ASB (Injunction), as mentioned above.

As regards remaining sub-concessions, payments have decreased in relation to 2020, mostly because of the revision of availability tariffs, as provided in the financial models of the contracts, and the evolution of demand.

Payments relating to Contributions and Rebalances totalled € 2.3 million in the first half of 2021, decreasing by € 21.0 million over the same period of the previous year. This relevant change is explained by the relevant amount of payments made in the first half of 2020, including payment of € 6.9 million to Litoral Centro Concession (which should have been paid at the end of 2019 but was only paid at the beginning of 2020), and payment of € 7.8 million of litigation costs relating to Douro Litoral Sub-concession proceedings.

Payments relating to Major Repairs totalled € 1.7 million in the period under review, increasing by € 1.1 million over the first half of 2020. It should be noted that the budget implementation concerning major repairs depends on a number of external factors, namely the approval by IMT of the scope and amount of the interventions, the development by concessionaires of contract procedures and the performance of the works, which is also the responsibility of concessionaires.

CONCESSIONS AND SUB-CONCESSIONS	1ST SEMES- TER 2020	1ST SEMES- TER 2021	Δ% 21/20
Concessions - Availability + Availability B	356.1	377.3	6%
Algarve	26.0	26.7	3%
Beira Interior	23.0	24.9	8%
Beira Litoral and Beira Alta	66.0	68.3	3%
Costa de Prata	28.4	29.8	5%
Greater Lisbon	15.6	15.9	2%
Greater Porto	41.4	44.8	8%
Interior Norte	42.0	42.8	2%
North	82.3	89.7	9%
Norte Litoral	31.4	34.5	10%
Sub-concessions - Availability+Service	298.6	317.4	6%
AE Transmontana	31.1	30.1	-3%
Baixo Alentejo	26.0	20,4	-21%
Baixo Tejo	44.2	41.0	-7%
Douro Interior	48.9	48.6	-1%
Litoral Oeste	76.3	72.8	-5%
Pinhal Interior	72.1	70.9	-2%
Algarve Litoral	0.0	33.5	
Contributions and Rebalances	23.3	2.3	-90%
Major Repairs	0.6	1.7	173%
Total	678.6	698.7	3%
unit: €M (excluding VAT)			



4.5 TELECOMMUNICATIONS AND BUSINESS CLOUD

IP Telecom is the Group company responsible for managing excess capacity in the telecom infrastructure and the data processing centres (CPD/Datacentres), providing IT and Communication Systems services to the market and to IP Group companies.

IP Telecom is a Telecommunications Operator licensed by ANACOM as provider of telecommunication services available to the public (public networks) and specialised in telecommunications infrastructures.

Its activity is anchored in the main national telecommunications infrastructure, using the optical fibre installed along the national railway network and the road technical channel deployed on the road network managed by IP, providing a unique nationwide grid of high speed networks. Additionally, the company offers a wide range of information systems and cloud computing solutions, particularly as supplier of Infrastructure as a Service (IaaS), based on its 3 cutting-edge datacentres.

IP Telecom has a strong market presence in the telecommunications market as supplier of high speed fibre services for telecom operators and a growing number of ITC services to the private business market and the public administration.

In the first half of 2021 IP Telecom continued to strengthen its portfolio of products and services with new corporate solutions, particularly in the cyber security field, seeking to deepen the resilience levels required to ensure the security of its clients' information.

The provision of high quality services is a core aspect of IP Telecom's activity. In the first half of 2021 the company reached availability levels of over 99.99%.

In the first half of 2021 revenues (including the technical road channel) totalled € 5.9 million, increasing

slightly over the same period of the previous year.

It is worth noting that the contingency plans deployed against the Covid19 background allowed to maintain the service quality and turnover.



4.6 ENGINEERING SERVICES

IP Engenharia's mission is to develop transport engineering studies and projects, managing, coordinating and supervising works in this field, and to promote the Group's international business.

IPE provides specialised railway engineering services, coordinating and developing studies, and supervising works under the responsibility of Infraestruturas de Portugal. The company's activity results from the planning of investments and orders from IP, with which it works closely, in order to maximise production capacity and available resources.

In the first half of 2021 the company's activity remained focused on the preparation, revision and management/coordination of design projects; the most relevant project completed during the period under review was the Design Project for South Line – Ermidas / Grândola Norte section (March 2021) and the Design Project for Cascais Line – Catenary and changes in layout and diagonals (May 2021).

Meanwhile, the Company continued the development of the Contumil/Ermesinde project and Modernisation project at Entroncamento. Revisions of the following design projects were completed and delivered: Mato Miranda/Entroncamento (2nd iteration) and Válega/Espinho (1st iteration) on the North Line and Reformulation project (1st iteration) on Leixões Line. The following design projects were started: Válega/Espinho - North Line (2nd iteration) and Elimination of constraints in Praias-Sado and Porto de Setúbal Stations on the South Line.

Additionally, the company ensured the management and coordination of projects on Beira Alta Line (IP/DEA) and advisory regarding the coordination of the Mondego Mobility System projects.

This activity is developed along with technical assistance to ongoing works (Cascais Station, North Line – Improvement of track superstructure at PK2,040, Tomar Branch – phase 4, South Corridor, Beira Baixa L. and Minho L.).

Management and supervision of works continued to be provided, namely at Minho Line – Viana/Valença Electrification and 2nd phase of contract works “SST of Vila Fria and PATs” (completed in June).

Business turnover totalled € 2 million; Management, Coordination & Supervision and Safety Coordination on Site accounted for 41% of activity whilst Studies and Projects accounted for 59%. The productive team’s occupation level is in line with expectations and deadlines agreed with the shareholder are strictly met.

Within the scope of its strategic approach to the international market, from a strictly institutional and proactive standpoint, the company continues to provide technical assistance services, namely: “Technical Assistance viewing the Improvement of Strategic Planning to the Ministry of Transport and Communications of the Republic of Mozambique” in partnership with China Tiesiju Civil Engineering, under the technical coordination of IPE and “Technical Assistance viewing the Improvement of the Internal Operation and Strategic Planning of the Ministry of Industry and Trade of Mozambique – Increase Competitiveness in Development Corridors”.

The company is negotiating the “Extension of the Technical Assistance viewing the Improvement of Strategic Planning to the Ministry of Transport and Communications of the Republic of Mozambique”. The intention to award this contract was notified by the Ministry of Transport and Communications of the Republic of Mozambique. The awarding contract will be signed between IPE and INATTER – Instituto Nacional dos Transportes Terrestre, under the responsibility of the said Ministry.




4.7 MANAGEMENT OF REAL ESTATE PROPERTY AND COMMERCIAL AREAS

IP Património (IPP) is responsible for managing the real estate assets of IP Group, holding experience in the commercial operation of the network of stations and transport interfaces, ensuring their efficient use, improvement, refurbishment and maintenance.

IPP business activity was strongly affected by the Covid-19 pandemic. On 18 March the President of Portugal declared the State of Emergency (Decree 14-A/2020) to be enforced by the Portuguese Government, against a background of public calamity and public health emergency caused by the disease. This state of emergency was effective until 2 May 2020. The Government subsequently and consecutively declared Situations of Calamity, Contingency and Alert.

The situation emerging from COVID19 pandemic is severely affecting and will continue to affect the operation of IPP’s sub-concessionaires and required the adoption of measures to mitigate such impacts. As a result, in accordance with article 11 of Law 4-C/2020 of 6 April and subsequent amendments, in addition to the moratoria granted to lessees, payment exemption measures were taken concerning January to June invoicing of 833 leases, totalling € 0.93 million, on a par with other payment reduction measures affecting 1,595 leases (January to June invoicing), in an overall amount of € 0.82 million.




Despite the unfavourable financial and economic context motivated by the pandemic, in the first half of 2021 IPP held 178 sub-concession leases (including 58 newly entered leases) in a total amount of € 0.30 million/year. Disposals (15 properties) cashed in € 0.27 million in the period under review.

Amongst the leases entered we point out the following:

- Lease entered with GEG for 430 sq.m. of office space at Campanhã undertaking;
- Contracts entered with private contractors for the recovery buildings in Beja, Évora, Montijo, Ganfei and Beirã, and Verdoejo, Ramal de Monção;
- Contract entered with the Municipality of Macedo de Cavaleiros for the recovery of buildings in Cortiços, Grijó, Castelãos, Salselas and Valdrez, on Tua Line;
- Revision of a number of contracts, including Setúbal Car Park, Fuel Station at Pinhão and Car Stand at Rio Tinto;

Revenues from the real estate property business (extra Group) in the first half of 2021 totalled € 5.1 million, falling by 21% in relation to the same period of 2020.



5. ECONOMIC AND FINANCIAL PERFORMANCE

The economic and financial performance of IP Group in the first half of 2021 continued to be seriously affected by the COVID19 pandemic, though it improved slightly over the same period of the previous year.

Net results were negative at -€ 38.9 million, against Net Losses of € 48.5 million in the same period of 2020, showing an improvement of 20%. Operating Results remain positive at € 78.5 million, i.e. € 2.6 million (3%) less than in the same period of 2020.

This improvement was driven by an increase in Operating Income (+€ 12.6 million), including an increase by € 4.4 million in Road Service Contribution. The evolution of financial results (€ 114.9 million in 2021 vs. € 124.9 million in 2020) also contributed to this performance.

Conversely, operating expenses increased by € 15.2 million, driven by an increase in railway maintenance expenses (+€ 4.7 million) and depreciation and amortisation expenses (+€ 7.8 million).

RESULTS	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Operating Income	540 956	553 580	2%
Operating expenses	459 932	475 116	3%
Operating profit/(loss)	81 024	78 464	-3%
Financial Results	-124 916	-114 932	8%
Profit before tax	-43 893	-36 468	17%
Net Profit	-48 510	-38 907	20%

unit: € thousand

5.1 OPERATING INCOME

Operating Income totalled € 554.0 million, increasing by € 12.6 million (2%) as compared to the same period of the previous year.

OPERATING INCOME	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Sales and services	472 959	479 447	1%
Road Service Contribution (RSC)	268 787	273 193	2%
Tolls	119 436	115 790	-3%
Rail Services	35 463	37 203	5%
State Grantor - Revenue LDI	15 298	18 049	18%
Construction contracts	18 675	22 161	19%
Other rendered services	15 301	13 050	-15%
Compensatory Allowances	27 528	27 528	0%
Other Income and gains	40 469	46 605	15%
Total Operating Income	540 956	553 580	2%
unit: € thousand			

5.1.1 Sales and services

Total revenue from Sales and Services amounted to € 479.4 million, i.e. € 6.5 million more than in 2020.

ROAD SERVICE CONTRIBUTION (RSC)

The Road Service Contribution (RSC) created by Law no. 55/2007 of 31 August is the consideration paid by users for using the national road network. It is levied on gasoline, road diesel and LPG subject to oil and energy products tax (ISP).

The unit values of the Road Service Contribution for 2020 remained unchanged as compared to those set for 2019, standing at € 87/1,000 litres for petrol, € 111/1,000 litres for diesel and 63 €/1,000 litres for LPG.

The RSC remains the main source of income of IP, totalling € 273.2 million in the first semester of 2021, increasing by +2% (€ 4.4 million) over the same period of the previous year.

TOLLS

Toll income fell by € 3.6 million (-3%) over the same period of the previous year, totalling € 115.8 million.

RESULTS	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Sub-concessions	10 297	12 676	23%
Other IP roads	11 270	10 644	-6%
Other toll services	2 050	134	-93%
Total	119 436	115 790	-3%
unit: € thousand			

The largest slice of toll income stems from tolls collected in State concessions, having reached € 92.3 million, i.e. 4% less than in the same period of 2020.

In IP sub-concessions toll revenues totalled € 12.7 million, increasing by 23% over the same period of 2020.

Tolls collected in motorways operated directly by IP (A21, A23 and Marão Tunnel) totalled € 10.6 million in 2020, i.e. 6% less than in 2020.

RAIL SERVICES

Revenues from the Railway Services, which include the use of channels (minimum access package), the recovery of capacity requested but not used (cancelled by the operator), the use of service facilities, the provision of auxiliary services, totalled € 37.1 million in the first half of 2021, increasing by 5% over the 2020.

This positive evolution is in line with the rise in traffic volume on the railway network, totalling 16.9 million train-kilometre (tK), corresponding to an increase by 6% over the same period of the previous year. In terms of segments, we saw an increase by 5% in tK relating to passenger transport and a rise by 9% in freight transport.

The favourable evolution in the passenger segment is explained by the following factors:

- The impact of the restriction measures implemented to face the 3rd wave of Covid-19 was lesser as compared to the same period of 2020;
- Opening of the new electrified section Viana do Castelo – Valença, with electric traction traffic (25/04);
- Opening of the new electrified section Covilhã – Guarda, on Beira Baixa Line, and opening of new “Beiras Connection” (2/05);

In the freight segment, the positive change shows the market's adaptation to current conditions.

Income from the User Fee (UF) totalled € 31.6 million in the first half of 2021, increasing by 6% over the same period of 2020, as shown in the following table:

REVENUES FROM THE RAILWAY SERVICES	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Goods	3 479	3 794	9%
Total Fee for Use of Infrastructure	29 889	31 584	6%
IJUF TARIFF / CK	1,88	1,87	-1%
Capacity requested and not used	62	80	28%
Total	29 952	31 664	6%
unit: € thousand			

As for provisions in Service Facilities, namely passenger stations, the most relevant service concerns the use of waiting areas, visualisation of travel information and use of equipment installed in the stations. Their valuation by commercial stop by the passenger train represented an income of € 1.3 million in the first half of 2021, increasing by 7% over the same period of 2020.

Service Facilities comprises the use of stations and stops and the provision of services in areas allocated to passenger service, e.g. visualizing of travel information and passenger access to platforms and equipment existing in platforms, and other services available (occupied areas and respective water

and energy consumption), supply of energy to operators in stations (e.g. automatic ticket vending machines and access gates) and advertising information.

Cumulatively, income from services provided in Service Facilities during the period under review totalled € 1.65 million, increasing by 5% over the same period of 2020.

Income from the provision of Additional Services totalled € 3.8 million, falling by 1% over the same period of 2020.

Additional Services comprise telematics, telecommunications, studies, human resources used in the supply of water and fuel to trains, processing of goods and other services; cumulative results generated by these services in the first half of 2021 stood at € 51 thousand.

OTHER RAILWAY SERVICES	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
PS-Emergency services		15	
Subtotal Emergency services	0	15	0
IS-Use of Stations	1 213	1 294	7%
IS - Use of energy	207	204	-1%
IS-Areas in Stations	110	116	5%
IS - Use of water	29	31	8%
IS - Customer Service	2	0	-94%
IS-Turning Plate		0	
Subtotal Service facilities	1 560	1 646	5%
Traction Power	2 886	2 799	-3%
Parking of Rolling Stock	913	924	1%
Shunting	63	86	37%
Other services	39	33	-15%
Subtotal Additional Services	3 901	3 843	-1%
Supply of water/fuel for Rolling Stock	13	12	-9%
Aux. Serv - Other Serv. Telecommunications and Telematics	33	33	0%
Other auxiliary services	3	5	59%
Subtotal auxiliary services	50	51	1%
Total	5 511	5 539	1%

Valores em milhares de euros.

STATE GRANTOR - REVENUE LDI

The amounts recorded under Caption State Grantor (LDI Revenue) correspond to internal works charged to investment in long duration infrastructure, namely materials and labour for investment and respective charges, under the terms of IFRIC12.

In the first half of 2021 LDI Revenue amounted to € 18.0 million, growing by 18% over the same period of 2019, driven by increasing expenditure.

CONSTRUCTION CONTRACTS

Construction contracts represent income obtained by IP for the development of the National Road Network (NRN) as provided in the Concession Contract, including all road construction activities carried out directly or via sub-concessions.

CONSTRUCTION CONTRACTS	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Contracts Construction of new infrastructures	11 767	16 647	41%
Capitalisation of Interest Expenses	6 907	5 514	-20%
Total	18 675	22 161	19%

unit: € thousand

The amounts corresponding to the construction of New Infrastructure concern construction activities under IP's direct management, and are calculated based on monthly monitoring reports stating the state of progress of the works and the expenses directly attributable to preparing the asset for its intended use.

In the first half of 2021 income from construction contracts for new infrastructures rose by 41% over the same period of the previous year.

The capitalized financial expenses correspond to the financial expenses incurred by IP during the road construction phase and consist of the financial expenses used to finance the acquisition of the State Concession Network.

OTHER SERVICES RENDERED

Total revenues from these services in the first half of 2021 totalled € 13.1 million, decreasing by 15% (€ 1.7 million) over the same period of 2020.

OTHER RENDERED SERVICES	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Property and Commercial Real Estate Management	6 431	5 092	-21%
Telecommunications and Cloud Solutions	4 256	4 132	-3%
Technical road channel	1 653	1 827	11%
Engineering and transportation services	13	56	334%
Transport of goods	1 269	857	-32%
Licensing	364	307	-16%
Service Areas Operation Right	655	-53	-108%
Other services	661	832	26%
Total	15 301	13 050	-15%
unit: € thousand			

A. Property and Commercial Real Estate Management

Income associated with this area derives from the renting of spaces, sub-concessions, parking, management of undertakings and advertising, totalling € 5.1 million in the first half of 2021, i.e. 21% less than in the same period of the previous year.

This unfavourable evolution, which grew worse in relation to the first half of 2020, was driven by the pandemic.

B. Telecommunications

This segment comprises the provision of telecommunication services to the market, including the lease, maintenance and other services associated with optical fibre; it also comprises the development of technological solutions in application areas such as ERP, CRM, Service Management, Cyber Defence, Cyber Security and other.

In the first half of 2021 income from telecommunications services totalled € 4.1 million, decreasing by 3% over the same period of 2020.

C. Technical road channel

Turnover with the Technical Road Channel in the first half of 2021 amounted to € 1.8 million, increasing by 11% over the same period of 2020, as a result of an increase in invoicing to one operator.

D. Engineering and transport services

This segment covers activities associated with transport engineering services in road and/or rail multidisciplinary projects and respective mobility solutions, at national and international levels.

Turnover in this segment in the first half of 2021 totalled € 56 thousand, increasing by € 43 thousand over the same period of 2020, driven by services provided by IP Engenharia to the Government of Mozambique.

Notwithstanding, IP Group and IP Engenharia resources remain focused on the Group's ambitious investment plan.

E. Transport of goods

The operation of the Railway Terminals translated into revenues of € 857 thousand in the first half of 2021, which is 32% less than in the same period of 2020.

This negative change was due to the fact that from June 2020 onwards, MSC/Medway group left the Bobadela terminal and started using the South Park pursuant to a concession contract, under the group's direct management.

F. Licensing

The changes introduced by the new legal scheme of the Public Road Domain, in particular with regard to its private use and the procedure for regularisation of access, had some impact on citizens and companies, leading the Portuguese Parliament to decide, through the State Budget Law for 2017, to suspend the access regularisation procedure in accordance with article 4 of Law 34/2015, as well as to suspend the procedures for application and collection of the fees provided for in Ordinance 57/2015. As a result, a significant part of the revenue from road licensing was lost until the said ordinance is suspended.

Revenues in the first half of 2021 totalled € 307 thousand, falling by 16% over 2020.

G. Service areas

Revenues from Service Areas were negative by € 53 thousand, as a result of the additional invoice relating to the annual rent of the service area of Loulé in 2020, in the amount of € 701 thousand, which was settled in the 1st half of 2021. If it were not for this settlement, revenues would have stood at € 660 thousand, in line with the same period of 2020, though below estimates for the period.

5.1.2 Compensatory Allowances

INCOME	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Compensatory Allowances	27 528	27 528	0%
unit: € thousand			

Income from compensatory allowances in the first half of 2021 totalled € 27.5 million, in line with the same period of the previous year. This sum was fixed in the Addendum to the 2016/2020 Framework Contract, according to Council of Ministers Resolution 117/2020 of 30/12/2020.

5.1.3 Other Income and Gains

Other Income and Gains recorded in the first half of 2021 totalled € 46.6 million, increasing by 15% over the same period of the previous year.

OTHER INCOME AND GAINS	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Investment subsidies	29 274	30 726	5%
Disposal of Property	1 318	224	-83%
Sale of waste	1 186	1 193	1%
Damage to property	1 746	858	-51%
Other income	6 946	13 605	96%
Total	40 469	46 605	15%
Valores em milhares de euros.			

INVESTMENT SUBSIDIES

Subsidies received from the Portuguese State and the European Union for the road component are recognised at fair value when there is reasonable certainty that the terms for receiving the subsidy will be complied with.

Non-refundable subsidies obtained for investment in tangible and intangible fixed assets are recognised as deferred income. These subsidies are subsequently credited in the statement of comprehensive income, under "Other income and gains", pro-rata to the depreciation/amortisation of the subsidized assets.

The amount of investment subsidies recorded in the first half of 2021 totalled € 30.7 million, i.e. 5% more than in the same period of 2020.

DISPOSAL OF PROPERTY

Income from the disposal of property in the first half of 2021 amounted to € 224 thousand, i.e. € 1,094 thousand less than in the same period of 2020.

SALE OF WASTE

Income from the sale of waste in the first half of 2021 totalled € 1.2 million, in line with the same period of 2020.

DAMAGE TO PROPERTY

In the first half of 2021 the amount of recovery of damages to road property totalled € 858 thousand, falling by 51% over the same period of 2020. This change is explained by the fact that in 2020 this caption included compensation in the amount of approximately € 800 thousand relating to Marão Tunnel.

OTHER INCOME

The increase in "Other Income" over the same period of 2020 (+96%) is mainly explained by the regularisation of railway inventories following audit made in 2020.

5.2 OPERATING EXPENSES

In the first half of 2021 operating expenses of the IP Group totalled € 475.1 million, increasing by 3.3% over the same period of the previous year.

OPERATING EXPENSES	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Cost of goods sold and materials consumed	112 949	112 337	-1%
External supplies and services	140 902	149 351	6%
Maintenance, Repair and Safety of the Road Network	53 684	56 418	5%
Maintenance, Repair and Safety of the Railway Network	31 431	33 380	6%
Other supplies and services	55 787	59 552	7%
Personnel expenses	68 093	68 998	1%
Impairments (losses/reversals)	237	-656	-376%
Expenses/reversals of depreciation and amortisation	118 664	126 487	7%
Provisions (Increase/Decrease)	15 308	11 026	-28%
Other expenses and losses	3 763	7 530	100%
Total Operating Expenses	459 932	475 116	3,3%

unit: € thousand

5.2.1 Cost of goods sold

In the period under review overall expenses with the cost of goods sold and materials consumed totalled € 112.3 million, in line with the same period of the previous year (€ 112.9 million).

COST OF GOODS SOLD AND MATERIALS CONSUMED	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
New road infrastructures	11 767	16 647	41%
Tolls - State Concessions	90 643	86 069	-5%
Rail Maintenance Material Consumption	4 660	2 969	-36%
Rail Investment Material Consumption	5 839	6 582	13%
Other	39	71	81%
Total	112 949	112 337	-0,5%

unit: € thousand

NEW ROAD INFRASTRUCTURES

The amounts stemming from the construction of New Road Infrastructures concern construction activities under IP's direct management, and are calculated based on monthly monitoring reports stating the state of progress of the works.

Implementation in the first half of the year totalled € 16.6 million, increasing by 41% over the same period of 2020, reflecting a higher implementation of construction activities under the direct management of IP vis-à-vis the previous year.

TOLLS IN STATE CONCESSIONS

Amounts received by IP relating to tolls in State concessions (net of collection costs) are deducted to IP's investment in the acquisition of rights over this concessioned network. This deduction is offset in this item, which decreased 5% over the same period of 2020, in line with the negative evolution of income from toll revenues.

MATERIALS FOR MAINTENANCE AND INVESTMENT IN RAILWAY INFRASTRUCTURES

This caption records the amount of consumptions with different types of materials, which are integrated in the National Railway Network, within the scope of maintenance and investment actions.

In the first half of 2021 as compared to the same period of 2020, consumption of maintenance materials fell by 36% whilst consumption of investment materials increased by 13%.



5.2.2 Supplies and Services

ROAD MAINTENANCE, REPAIR AND SAFETY

Overall expenses with the maintenance, repair and safety of the road network in the first half of 2021 amounted to € 56.4 million, increasing by € 2.7 million (5%) over the same period of 2020.


MAINTENANCE, REPAIR AND SAFETY OF THE ROAD NETWORK	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Regular road maintenance	27 833	27 833	0%
Road safety	2 373	4 201	77%
Current road maintenance	23 243	24 002	3%
Maintenance of Road Telematics	235	384	63%
Total	53 684	56 418	5%
unit: € thousand			

Regular Maintenance of Roads corresponds to the recognition of the increase in IP's responsibility for the expenditure required to maintain the service level in roads and engineering structures imposed by the Concession Contract. The annualised cost of the programmed maintenance works required to maintain the network's average quality index at the same level as when the network was received is determined based on technical assessments of repair needs and an index of the average quality of road and engineering structures.

The amount recorded in the first half of 2021 was € 27.8 million, the same as in 2020.

Road Safety activities are as included in the Road Safety Plan, and consist of vertical and horizontal signing, safety barriers, and any other works associated with road safety and the prevention of accidents.





The Road Safety Plan establishes priority goals, assesses all accident indicators (black spots, number of accidents with injuries, serious injuries and fatal casualties), Annual Average Daily Traffic (AADT), pedestrian traffic in urban crossings and the type and function of roads.

Expenses with the implementation of road safety measures in the first half of 2021 totalled € 4.2 million, increasing by 77% over the same period of the previous year. This change reflects the completion in the first half of 2021 of the following works: (i) EN109, Improvement of Safety Conditions on km 122+150 to km 137+700; (ii) EN8, km 36+300 to km 36+400 (Turcifal), EN8 km 21+to km 21+900 (Malveira) and EN8 km 27+500 to km 27+700 (Vila Franca do Rosário) – “Improvement of Safety Conditions”.

Current Maintenance corresponds to expenses for the year with current maintenance of roads and road related structures to maintain traffic comfort conditions and prevent deterioration in roads and services.

These contracts involve the performance of works such as pavement repair and improvement, improvement of drainage systems, maintenance of bridges and viaducts, replacement of road signs and marking and other road safety and protection equipment, stabilisation of slopes, cleaning of ditches and adjacent land. Maintenance expenses further comprise expenses with maintaining strips along roads and railway lines clean as protection against fires, which is an obligation of IP.

Current maintenance under contract covers the high capacity motorway network of the Greater Lisbon area, Greater Porto area, Marão Tunnel, A26 and A26-1, A23, IC10 and IP6. In 2021 IP outsourced the Maintenance and Operation Services in relation to these highways, in line with what was already happening in the Greater Porto network.

Implementation in the period under review totalled € 24.0 million, increasing by € 0.8 million (+3%) over the same period of 2020.

RAILWAY MAINTENANCE, REPAIR AND SAFETY

IP has several service contracts in force to ensure the maintenance and repair of the National Railway Network.

Most of these contracts are multi-annual and cover intervention works in the fields of systematic preventive maintenance (SPM), Condition-based Preventive Maintenance (CPM) and Corrective Maintenance (CM) of tracks, signalling, overhead lines, low voltage, substations, civil works, level crossings, lifts and escalators.

Overall expenses with railway maintenance, repair and safety in the first half of 2021 totalled € 33.4 million, increasing by € 2.0 million (+6%) over 2020, as shown in the following




table.

MAINTENANCE, REPAIR AND SAFETY OF THE RAILWAY NETWORK	1ST HALF 2020	1ST HALF 2021	Δ% 21/20
Carriageway	15 139	14 969	-1%
Signalling	5 503	5 607	2%
Telecommunications	1 584	1 821	15%
Overhead line	2 591	2 736	6%
Low tension	731	978	34%
Sub-stations	282	230	-19%
Civil works	1 217	1 516	25%
Engineering works	24	209	782%
Level Crossings	294	367	25%
Recovery of materials	152	174	14%
Emergency train	83	499	499%
Lifts and escalators	350	335	-4%
Rail Services	398	375	-6%
Deforestation	2 554	2 925	15%
Other	530	638	20%
Total	31 431	33 380	6%

unit: € thousand

Implementation of **Track** and **Signalling**, the two specialities with higher implementation levels, was in line with the same period of 2020 (deviations of respectively, -1% and +2%).

The increase recorded in the 1st half of 2021 is justified by remaining specialities, as described below:

- **Deforestation** The increase by approximately € 370 thousand in 2021 is due in part to the implemented amount relating to contract for “the cleaning of flammable scrub within 5 to 10 m alongside the railway, on the National Railway Network – PMDFCI”, which had not been planned for 2021. However, delays in invoicing in 2020 resulted in the forwarding of € 745 thousand invoiced in January and February 2021.
- **Low tension:** The increase by approximately € 250 thousand is due to the fact that contracts in force in the first half of 2021 allowed for a larger number of maintenance actions in relation to the first half of 2020.
- **Civil works:** The increase by approximately € 300 thousand relate to three specific actions, which were planned to happen at the end of 2020 but were pushed forward to beginning of 2021, due to delays in the contracting process, namely the following:

- o 10003607 “North Line - Gaia Station - Replacement of platform roof by fibre cement cover” (+€ 118 thousand);
 - o 10004390 “North Line - General Torres - Replacement of platform covers” (+€ 234 thousand);
 - o 10003079 “South Line – Pragal Tunnel – Reinstatement of Operating Conditions of Signalling System” (+€ 90 thousand).
- **Engineering works:** The increase by € 185 thousand concerns the “Inspection campaign to over crossings (by third-parties) of the Railway”, which started at the end of 2020.
 - **Emergency Train:** increase by € 416 thousand following annulment by mistake of accrual expense of € 417 thousand, corrected in July 2020. If it were not for this correction, the amount for 2020 would have been the same as in 2021.

OTHER SUPPLIES AND SERVICES

Other Supplies and Services totalled € 59.6 million in the first half of 2021, increasing by € 3.8 million (+7%) over the same period of the previous year.

OTHER SUPPLIES AND SERVICES	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
O&M EP Sub-concessions	20 313	21 522	6%
Toll collection costs	8 596	7 740	-10%
RSC Collection costs	5 376	5 464	2%
Electric power	4 446	4 882	10%
Traction Power	2 791	2 815	1%
Fees and related expenses Special. works	1 351	1 412	5%
Car fleet	2 155	2 062	-4%
Surveillance	3 711	3 755	1%
IT	1 422	2 047	44%
Cleaning	1 343	2 917	117%
Travelling and accommodation	106	152	43%
Transport of personnel	186	119	-36%
Communications	109	95	-13%
Other supplies and services	3 882	4 571	18%
Total	55 787	59 552	7%
unit: € thousand			

The increase recorded in the first half of 2021 is mainly due to the rise in O&M expenses of sub-concessions (+€ 1.2 million), cleaning services (+ € 1.6 million), and information (€ 0.6 million).

O&M - SUB-CONCESSIONS

Expenses with the operation and maintenance of sub-concessions translate the recognition in the accounts of expenses with the operation and maintenance carried out by sub-concessionaires within the scope of the sub-concession contracts in force.

In overall terms, expenses with the maintenance of the road network in the first half of 2021 amounted to € 21.5 million, increasing by € 1.2 million over the same period of 2020.

TOLL COLLECTION COSTS

This caption includes the payment of a variable fee and the monthly adjustment of accounts (cost offsetting) of the tolled network. In the first half of 2021 this amount fell by € 0.9 million (-10%) over the same period of 2020.

EXPENSES RELATING TO THE COLLECTION OF THE ROAD SERVICE CONTRIBUTION (RSC)

RSC collection costs correspond to 2% of the RSC which is withheld by the Tax Authorities for providing the service of calculating and collecting this contribution. Collection expenses are a share of the amount charged, hence they evolve in line with the RSC.

ELECTRIC POWER AND TRACTION POWER

These captions comprise the amount relating to electric power and traction electricity of the rolling stock, to be supplied to railway operators.

Power consumption in the period under review totalled € 7.7 million, increasing by € 460 thousand (+6%) over the same period of the previous year.

This change does not result from an effective increase in power consumption, rather with problems occurred in the first half of 2020, following the introduction of the digital billing system.

CAR FLEET

Expenses with the car fleet in the first half of 2021 totalled € 2.1 million, falling by € 93 thousand over the same period of the previous year.

Total expenses with the car fleet, including services and supplies, lease rents and interest totalled € 3.4 million, as shown in the following table.

CAR FLEET	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Car renting expenses	1 139	450	-60%
Fuel	529	699	32%
Tolls	156	213	36%
Maintenance	136	153	12%
Insurance	194	548	182%
Car tax	7	6	-20%
Leasing interest	101	180	78%
Sub-total	2 264	2 248	-1%
Repayments	470	1 138	142%
Total Fleet	2 733	3 386	24%

unit: € thousand

Increase by over € 653 thousand against the same period of 2020 was mainly due to caption Operational Lease (OL); The amount recorded in 2021 (€ 450 thousand) will be corrected, with OL rents tending towards zero at the end of the year.

Change in the amount recorded as "Insurance" (+€ 354 thousand), which was due to the recording of the contract's annual amount at the end of the first half of 2021.

SURVEILLANCE AND SAFETY

Surveillance costs comprise mainly expenses with surveillance services contracted for IP's administrative facilities and operating centres, and other related expenses such as access controls, maintenance of fire extinguishers and other equipment and services.

Expenses with surveillance and safety in the first half of 2021 totalled € 3.8 million, in line with the same period of 2020 (+1%).

FEES, CONSULTANCY SERVICES AND OTHER SPECIALISED WORKS

The amount recorded in this caption in the first half of the year totalled € 1.4 million, increasing by € 61 thousand (+5%) over the same period of the previous year.

INFORMATION TECHNOLOGY (IT)

In the first half of 2021 a sum of € 2.0 million was spent in IT services, increasing by € 0.6 million over the same period of 2020. This change was mainly due to an increase in expenses with software licences and increase in market licence prices.

CLEANING

Expenses with hygiene and cleaning services totalled € 2.9 million in the first half of 2021, increasing by € 1.6 million over the same period of 2020.

TRAVELLING AND ACCOMMODATION

This caption comprises travelling and lodging expenses at home and abroad.

TRAVEL AND SUBSISTENCE ALLOWANCES	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Travelling and accommodation - in Portugal	88	114	30%
Travelling and accommodation - abroad	18	37	107%
Total	106	152	43%
unit: € thousand			

Travelling and accommodation expenses in the 1st half of 2021 totalled € 152 thousand, increasing by € 46 thousand over the same period of 2020, due to an increase in travels within the country and abroad, following the sharp restrictions imposed in the first half of 2020.

COMMUNICATIONS

Communication expenses in the first half of 2021 totalled € 95 thousand, falling by € 14 thousand over the same period of the previous year.

5.2.3 Staff expenses

In the first semester of 2021, staff expenses at Group level totalled € 69.0 million,

increasing by +1% over the same period of the previous year.

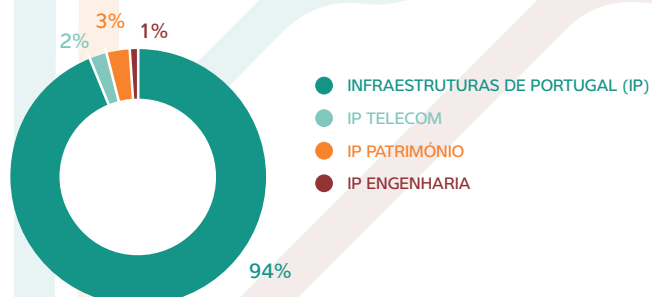
PERSONNEL EXPENSES	IP GROUP	IP GROUP	Δ% 21/20
	1ST HALF 2020	1ST HALF 2021	
Wages	53 274	54 390	2%
Wage expenses	11 914	12 142	2%
Other	2 906	2 466	-15%
Total	68 093	68 998	1%

unit: € thousand

The rise in expenses in the period under review vis-à-vis the same period of the previous year was driven by an increase in the average workforce (3639 in 2021 vs. 3604 in 2020), and to wage revisions as provided in the Company's Collective Bargaining Agreement.

At 30 June 2021 the IP Group had 3,676 employees, having added 121 employees to its workforce.

The structure of IP Group's workforce broken down by Group companies is as follows:



5.2.4 Impairment (losses/reversals)

In the first half of 2021 changes in impairment resulted, in overall terms, from a reversal in impairment by € 656 thousand, showing an upward change by € 893 thousand as against the € 237 thousand in impairment losses recorded in the same period of the previous year.

5.2.5 Provisions (Increase/Decrease)

In the first half of 2021 the total amount of expenses with provisions amounted to € 11.0 million, decreasing by €4.3 million (-28%) over the same period of the previous year.

This change is mainly explained by the change in the amount of VAT provided for relating to the road activity, which the Tax Authority does not consider as deductible, and the fact that the periodic maintenance works performed in the first half of the year were significantly lower than in the same period of 2020.

5.2.6 Other expenses and losses

Other expenses and losses in the first half of 2021 totalled € 7.5 million, increasing by 100% over the same period of 2020: This change is mainly due to the recognition of inventory losses in the amount of € 4.5 million.

5.2.7 Expenses/Reversals of Depreciation and Amortization

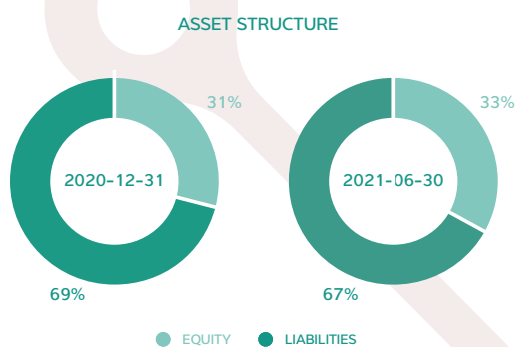
The amount recorded as depreciation and amortisation expenses totalled € 126.5 million in the first half of 2021, increasing by € 7.8 million (+7%) over the same period of the previous year.

This change is explained by the revision of calculations according to the latest version of the company's Business Plan, which estimates a reduction in profit in 2021, namely a reduction in the RSC.

5.3 EQUITY STRUCTURE

At the end of 2021 total assets amounted to € 27,811 million, mainly made up of Intangible Assets as provided by the Road Concession Contract.

At 30 June 2021 Equity totalled € 9,211 million (33% of Assets) and Total Liabilities amounted to € 18,600 million (67% of assets).



As regards Assets, there was an increase of € 736 million (3%) over the previous year. In respect of Non-current Assets we highlight the € 271 million rise in intangible assets (essentially the right resulting from the Road Concession Contract). In what concerns Current Assets we point out the increase by € 465 million in Caption State and Other Public Entities, corresponding to the balance of VAT to be received.

Liabilities at 30 June 2021 fell by € 177 million over 2020, mainly as a result of a decrease by € 107 million in other accounts payable (non current liabilities).

In the first half of 2021 the company carried out statutory capital increases by a total amount € 1,421 million. The Company's share capital at the end of the first half of 2021 totalled € 8,979 million.

6. FINANCIAL MANAGEMENT AND DEBT

6.1 FINANCIAL MANAGEMENT

IP GROUP

During 2021 the financial management of subsidiaries remained in the sphere of the Finance and Markets Department of IP.

Such framework allows an integrated management of the Group's financial resources and the optimisation of flows between subsidiaries and the parent company. Each subsidiary must manage the financial resources required for its own operation, however, these have to be maximised so as to contribute to the economic and financial stability of the parent company.

Moreover, the centralisation allows the standardization of practices and procedures related to treasury management and production of management information to support decision-making. On the other hand, the financial management of IP Group must comply with the legal framework applicable to the corporate state sector (Decree-law 133/2013), namely the obligation to apply the principle of Unity of the State Treasury (article 28) and restrictions in financing operations (article 29).

IP Group ended the first half of 2021 with cash and liquid assets totalling € 251 million:

CASH RESOURCES	
IP	239.8
IPE	2.9
IPP	4.6
IPT	3.5
Total	250.8
unit: EUR million	

IP

Following the inclusion of IP (former REFER and EP) into the universe of reclassified public entities

in 2012 in accordance with the Basic Law for the Budget, IP was included in the State Budget as from that year, under Account Autonomous Funds and Services; this required the redesigning and re-definition of financial and budget and management control processes, in line with the relevant law.

The 2021 State Budget (OE2021) approved IP's overall funding requirements at € 1,651 million.

IP implemented its budget in accordance with Law 8/2012 (Law on Commitments and Payments in Arrears) and related legislation, which requires that any expense must be committed prior to their realisation up to respective amount allocated in the State Budget for the relevant year under the different budget captions.

In 2021 the impact of the COVID19 continued to be felt, resulting in marked losses in revenues, particularly Revenues from Road Service Contribution, Tolls and User Fee. Additionally, delays in the finalisation of the new Framework Programme to be concluded with the Portuguese State resulted in that the Company did not receive the Compensatory Allowances due; the former Contract had been extended until 30 June 2021 and subsequently, to 31 December 2021.

Against this backdrop IP sought to minimise the risks of fiscal implementation and liquidity. We point out the following figures with relevant impact on both expenses and revenues:

REVENUE	1,163,5
Share capital increase	721.3
Road Service Contribution*	220.6
Tolls*	144.0
EU Funds	37.0
Other	40.2
* Deducted of collection costs	

EXPENSES	1,164,7
Payment of investment in PPP	859.5
Other Expenditure Payments	85.4
Repayment of EIB loans + Eurobonds	37.4
Financial Expenses***	9.5
Other	172.9

unit: €M
 ** Including Ferrovias 2020, PET13+ Road and Proximity Plan (road and railway)
 *** Does not include interest on State Loans

In view of the difficulties pointed out above, IP had to request to the Grantor the early provision of available funds (in order not to jeopardise payments due to PPP) and authorisation for statutory capital increases. The following measures were authorised:

- Capital increase in the amount of € 721.3 million to pay expenses with PPP and debt;
- Increase in available funds from the RSC in the amount of € 385.4 million;
- Temporary use of 36.9 million from the treasury balance, exclusively for cash management, without changing the allocation available, to pay Concessionaire RAL as determined by court decision.

As far as liquidity risk is concerned, the sooner the Finance Ministry will approve the transfer of the amounts allocated to IP under the 2021 State Budget, the lesser the liquidity risk will be.

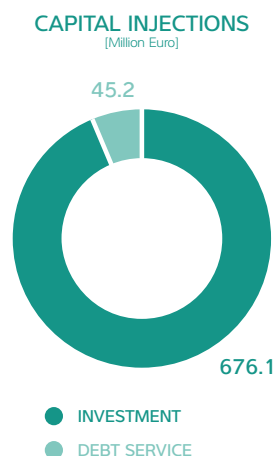
6.2 SHARE CAPITAL INCREASES

At 30 June 2021 the company's share capital amounted to € 8,978 million. During the first half of 2021 IP carried out capital increases in the total amount of € 721.3 million on the following dates:

	DATE	IP
Share capital (DL91/2015)	01/jun/15	2 555 835 000
Increases:	2015	539 540 000
	2016	950 000 000
	2017	880 000 000
	2018	886 135 000
	2019	1 391 870 000
	2020	1 054 150 000
	fev/21	393 605 000
	abr/21	175 615 000
	jun/21	152 060 000
Social capital	30/06/2021	8 978 810 000

EUR

These operations aimed to meet the following borrowing requirements (note that the debt service does not include loans with the Portuguese State):



Capital amounts allocated to investment were fully used to face payments to State Concessions and Sub-concessions, with State concessions accounting for 67% of this sum.

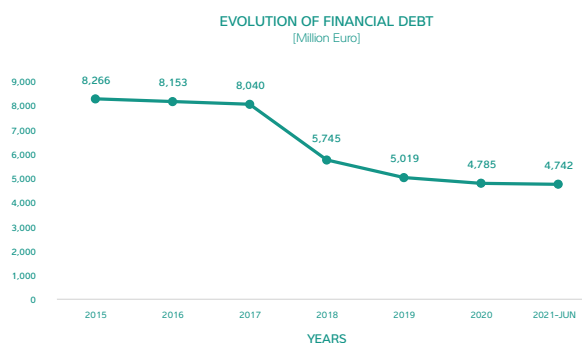
6.3 FINANCIAL DEBT STRUCTURE

Under the terms of Order from the State Secretary for the Treasury 890-N2020-SET, of 21 December, the maturity of the debt service associated with road segment loans was again extended by one year to 30 November 2021. Deferrals granted in this context are not subject to the payment of interest.

In line with previous years (2018 to 2020), the 2021 State Budget Law, specifically in article 166 approved by Law 75B/2020, of 31 December maintains the same legal framework for the settlement of loans relating to Long Duration Investment Infrastructure (LDI).

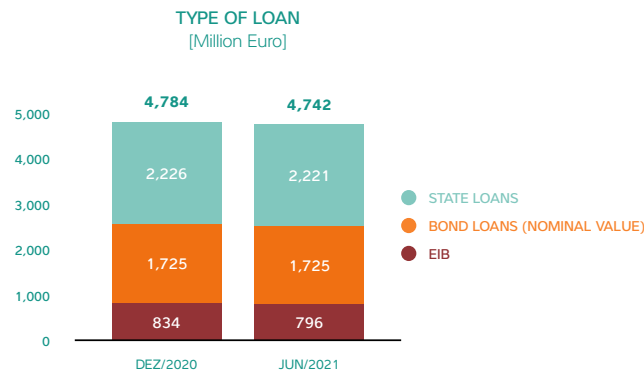
On 30 June 2021 IP signed an Agreement with the State to settle the debt service from State loans associated with the rail segment (principal of € 5.3 million and interest of € 0.1 million) against expenditure in LDI made on behalf of the Grantor in an equivalent amount. This Agreement became effective on 31 May 2021.

IP Group's financial debt at the end of June 2021 stood at € 4,742.1 million, corresponding to a decrease of € 42.7 million from € 4,784.8 million in December 2020, as shown in the following graph:



The reduction in debt mentioned above relates to loans contracted with EIB (€ 37.4 million) and the State (€ 5.3 million).

Table below shows the total amount of debt by type of loan:



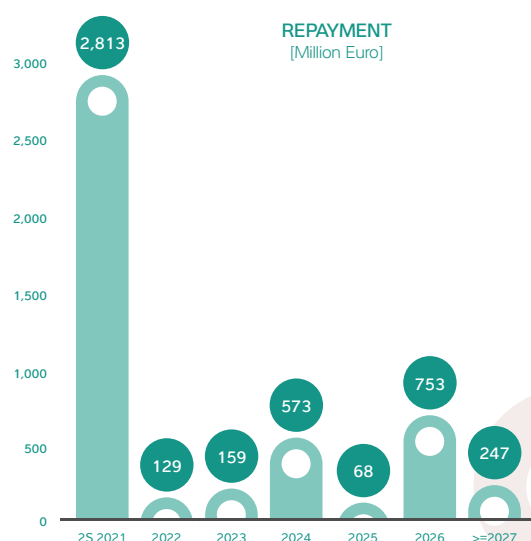
The share of IP's debt guaranteed by the Portuguese State was of 40% of total debt. This universe includes all EIB loans and two bond issues, totalling € 1.6 billion. If we exclude the State loans component, the share of debt benefiting from State guarantee stands at 75%.

Loans entered with the State since 2011 with maturity in 2016, 2017, 2020 and 2021 have an interest grace period of 12 months and a repayment plan consisting of 8 to 12 equal and consecutive principal instalments. These loans are subject to fixed interest rate.

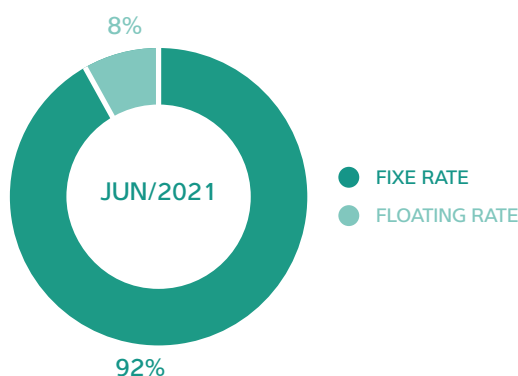
EIB loans benefit from a repayment plan consisting of equal or different but consecutive principal instalments, thus allowing for a flatter debt repayment profile.

Bond loans are subject to fixed rate and repayment is to be made in one principal instalment at due date (bullet). The repayment of these loans will occur in 2021 (December), 2024, 2026 and 2030, implying their refinancing in those years.

As shown in the following chart, the amount to be repaid in the second half of 2021 is quite high (€ 2,812.8 million), comprising the repayment of State Loans in November (€ 2,220.9 million) and repayment of Eurobond 06/21 in December (€ 500 million). The remaining sum of € 91.9 million concerns EIB loans. Still as concerns State Loans granted to finance the road network, IP expects an additional moratorium will be granted in November under the same terms of the previous ones.



At the end of June 2021 the Group's debt portfolio broken down by interest rate regime was as follows:



At 30 June 2021 Group IP had no risk hedging instrument. However, given the composition of the portfolio, the level of interest rate risk to which the IP Group is exposed is considered to be very low. Since 20 August 2020 Moody's Investors Service is keeping its credit rating of IP's at Ba1 with Positive Outlook, on account of the following:

- key role that IP plays in the management of Portugal's road and rail networks;
- effective Government supervision, since IP is included in the State's budget consolidation scope;
- expectations that the State will ensure timely financial support whenever necessary;
- maintenance of high indebtedness level and insufficient cash flow generating capacity.


6.4 ANALYSIS OF FINANCIAL RESULTS

Our analysis of financial results is made from the standpoint of Overall Financial Results, based on the financial results shown in the Statement of Comprehensive Income and ignoring accounting movements (revenues) with impact on the Statement of Financial Position relating to i) interest debited to the Grantor (in the railway business case), and ii) capitalisation of interest relating to PPPs (in the road business case). This approach gives a true view of the company's debt and risk management performance.

Table below shows the financial performance at 30 June 2021:

FINANCIAL RESULTS	JUNE		
	EFFECTIVE 2021	EFFECTIVE 2020	% CHANGE 2021/2020
Financial Results from Investment Activity	-30.0	-30.4	-0.4
Financial gains	0.0	0.0	0.0
Financial losses*	-30.0	-30.4	-0.4
Financial Results from Infrastructure Management Activity	-11.2	-12.6	-1.4
Financial gains	0.0	0.0	0.0
Financial losses	-11.2	-12.6	-1.4
High Performance Financial Results	-102.7	-111.5	-8.8
Financial gains	0.0	0.0	0.0
Financial losses - sub-concessions	-97.3	-104.7	-7.4
Financial losses - State concessions	-5.4	-6.8	-1.4
Financial results - Management of Road Network	-1.0	-0.9	0.2
Financial gains	0.0	0.0	0.0
Financial losses	-1.0	-0.9	0.2
Overall Financial Result	-144.9	-155.3	-10.4
Allocated amount - State Grantor*	30.0	30.4	0.4
Financial result (Comprehensive Income Statement)	-114.9	-124.9	-10.0
Global direct management	-47.6	-50.6	-3.1

EUR million



Overall Financial Results at 30 June 2021 amounted to -€114.9, million, improving by € 10.0 million over 2020, mainly driven by a decrease in financial expenses relating to the High Performance segment, as a result of a reduction in debt to Sub-concessionaires.

If we withdraw the part associated with sub-concessions from Overall Financial Results, as this concerns expenses with the financial revision of debt to sub-concessionaires for works/services provided (which will be invoiced in the future, under the terms agreed in respective sub-concession contracts), therefore, not included in the financing contracts entered by former EP, such Overall Financial Results would amount to € -47.6 million as against € -50.6 million as of June 2020, translating an improvement by € 3.1 million associated with the reduction in the debt stock occurred from 30 June 2020 to 30 June 2021.

7. EFFECTS AND IMPACT OF THE COVID-19 PANDEMIC

The emergence of the Covid19 pandemic is having sharp impact on the Portuguese economy and IP's activity as well.

The company implemented a global contingency plan, divided into several sector contingency plans, covering the business and corporate areas, taking into consideration the specificity and risk associated with the activity developed.

IP is ensuring the normal operation of the road and railway infrastructures and developing its investment plan, in line with respective programmes. The protection of employees is ensured, in line with the directives of the National Health Authority (DGS).

At operational level the impact is practically null, however, at financial and economic levels, the impact is considerable given the sharp reduction in railway and road travels, as a result of circulation restrictions in 2020 and the 1st half of 2021.

IP has worked closely with its shareholder the State throughout 2021 and 2020, in order to implement the most adequate solutions to meet additional funding requirements and thus safeguard the Company's financial sustainability.

Likewise, the real estate and commercial areas business under the management of IP Património continues to be seriously affected by COVID-19 pandemic, requiring the adoption of measures to mitigate the impact on the business and financial situation of some of the company's sub-concessionaires. As a result, in accordance with article 11 of Law 4-C/2020 of 6 April and subsequent amendments, in addition to the moratoria granted concerning invoicing relating to March, payment exemption measures and other cuts were put in place. Notwithstanding the above, the measures adopted by the management of IP Património jointly with the shareholder, ensure the continuity of IP Património's operation.

The impact of the COVID-19 pandemic on the activity of IP Group in the first half of 2021, namely as

concerns the loss of revenues and the increase in costs is described below.

7.1 IMPACT ON RESULTS

In order to correctly determine the loss of revenues motivated by the COVID-19 pandemic comparisons are made with 2019, which was the year before the pandemic.

The 1st half of 2021 compared to the first half of 2019 shows a loss in IP revenues by € 104 million, as direct result of the pandemic, as shown in the following table:

REVENUES (ECONOMIC STANDPOINT)	1ST HALF 2019	1ST HALF 2021	CHANGE	%
Tolls (Own Network + Sub-concessions)	25 708	23 319	- 2 388	- 9%
RSC	331 670	273 193	- 58 476	-18%
Railway Services	40 198	37 203	- 2 995	-7%
Management of real estate property	7 943	5 092	- 2 851	-36%
TOTAL w/ Impact PF	405 518	338 808	- 66 710	-16%
Tolls Concessioned Network	130 165	92 471	- 37 695	-29%
Total	535 684	431 279	- 104 405	-19%
Amounts in € thousand				

Considering that the change in revenues from the Concessioned Network bears no impact on results, as they are offset in the same amount under Cost of Goods Sold and Supplies and Services – toll collection expenses, the loss in revenues due to COVID-19 with direct impact on results, before taxes, stands at € 67 million in the 1st half of 2021.

An analysis by segment shows that the larger impact was felt by revenues associated with the use of the road network, namely Road Service Contribution and toll revenues

The loss of revenues associated with the Railway Network vis-à-vis 2019 was much lower. It should

be noted that the change recorded is not entirely due to the pandemic. In fact, the impact deriving from the pandemic is estimated to be of € 2 million.

Additionally, the Group recorded significant losses (in % terms) in the business volume associated with the management of real estate, activity developed by IP Património.

7.2 EXPENSES ARISING FROM MEASURES AGAINST THE PANDEMIC

Total expenses recorded with working organisation measures, mitigation and fight against the Covid-19 pandemic in the first half of 2021 totalled € 379 thousand, broken down as follows:

- Cleaning and disinfection measures: € 123 thousand;
- Purchase of masks, gloves, body-temperature controllers, disinfection products: € 166 thousand;
- Communication plan, increase in number of vehicles and other: € 90 thousand.

7.3 OPERATIONAL ACTIVITY

IP's operating activity in the first half of 2021 did not suffer any relevant impact thanks to the mitigation measures implemented and the working model adopted, as can be seen at various levels:

- **The level** of maintenance and repair activities carried out remained high, increasing by 17% as against the first half of 2019.
- The level of implementation of investment activities increased by 72% as against the same period of 2019;
- The road and railway networks remained available at all times, **despite the pandemic.**

In the light of the measures implemented or which may be taken in articulation with the Shareholder, if deemed necessary, the current context of the COVID-19 pandemic does not jeopardise the continuity of IP and IP Group operations.

8. SUBSEQUENT EVENTS

I) NEW LAW RELATING TO TOLL REDUCTIONS

The toll reduction regime planned in the 2021 State Law, specifically in articles 425 and 426 came into force on 1 July 2021, as provided in Council of Ministers Resolution 80/2021 of 28 June, governed by Order 138-D/2021 of 30 June.

The Amended SCC will enter into force on 29 July 2021, after AEBT accepting the understanding of IP that the Audit Court decision approves its entry into force (see Clause Four (1-c) of the Addendum).

II) EXTENSION OF THE FRAMEWORK CONTRACT UNTIL DECEMBER 2021

On 29 July 2021, according to Council of Ministers Resolution 104/2021, backdated as of 1 July 2021, the term of the Framework Programme for the national railway sector was extended until 31 December 2021; the said Resolution further authorised expenses with Compensatory Allowances in the amount of € 27,527,528.98 (plus VAT), corresponding to the proportional of six months of the compensatory allowance provided in the framework contract for 2020.

IV) UNANIMOUS WRITTEN DECLARATION FOR THE CREATION OF A CENTRE OF RAILWAY EXPERTISE

According to Unanimous Written Declaration dated 4 August 2021 the Executive Board of Directors of IP was mandated to adopt all necessary measures and diligences to create the Centre of Expertise for Railways, including participation in General Meetings and entering into of agreements and other documents relating to the creation and development of the Association.

III) BAIXO TEJO AMENDED SUB-CONCESSION CONTRACT

UTAP order dated 22 July 2019 established the creation of a negotiation committee to discuss the objective need to contractually reflect the impossibility of building ER377-2. The final report of the negotiation committee was approved on 4 June 2021 by the Secretary of State for Finance and the Secretary of State for Infrastructures and Housing.

As a result, IP – Infraestruturas de Portugal, S.A. (IP) and AEBT – Autoestradas do Baixo Tejo, S.A (AEBT) signed an Addendum and additional documentation as agreed by the NC and AEBT, which IP subsequently submitted to the prior approval of the Audit Court.

The Audit Court issued its preliminary refusal on 20 July 2021.

Almada, 23 September 2021

The Executive Board of Directors

Chairman, ANTÓNIO CARLOS LARANJO DA SILVA

Digitally signed

Vice-chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed

Vice-chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed

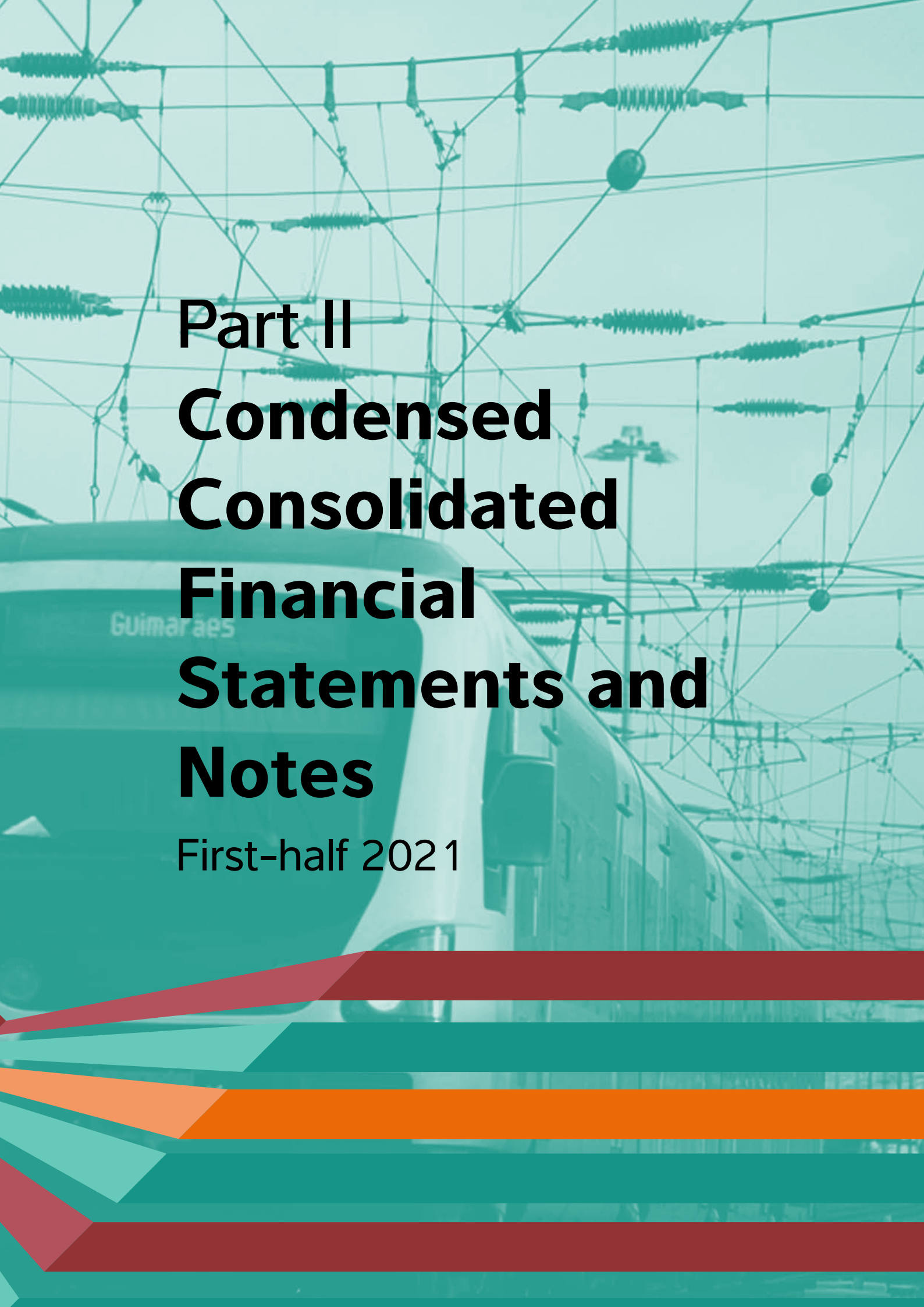
Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed



The background of the cover is a photograph of a high-speed train, likely a TGV, moving through a landscape with overhead power lines. The image is overlaid with a semi-transparent teal color. The text is centered and reads:

Part II
Condensed
Consolidated
Financial
Statements and
Notes

First-half 2021

At the bottom of the cover, there are several overlapping, semi-transparent geometric shapes in shades of teal, orange, and red, creating a modern, abstract design.

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CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(Amounts in € thousand - €th)



STATEMENT OF COMPLIANCE

Pursuant to and for the purposes of provisions in Article 246 (1) (c) of the Portuguese Securities Code, each member of the Executive Board of Directors of Infraestruturas de Portugal, S.A., identified below, signed the following statement:

"I hereby declare, pursuant to and for the purposes of provisions in Article 245 (1) (c) of the Portuguese Securities Code, that to the best of my knowledge, acting in the capacity and scope of the functions assigned to me and on the basis of the information provided through the Executive Board of Directors, the Condensed Consolidated Financial Statements for the first semester of 2021 were prepared in accordance

with the applicable accounting standards. I further declare that they provide a true and fair view of the assets and liabilities, the cash flows, the financial situation and the profit/loss of Infraestruturas de Portugal, S.A. and the companies included in its consolidation scope, and that the management report for first half of 2021 faithfully details the important events that occurred in that period and the impact on respective Condensed Consolidated Financial Statements, as well as the main risks and uncertainties faced."

The Executive Board of Directors

Chairman, ANTÓNIO CARLOS LARANJO DA SILVA

Digitally signed

Vice-Chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021 AND 31 DECEMBER 2020

ASSETS	NOTES	2021-06-30	2020-12-31
Non current			
Goodwill		21 687	21 687
Financial investments		75	40
Intangible assets	5	21 029 962	20 834 030
Tangible fixed assets		66 923	67 468
Investment properties		3 078	3 139
Clients	8.2.2	5 795	9 214
Deferrals	7.1	427	545
Deferred tax assets		286 019	279 468
		21 413 965	21 215 591
Current			
Inventories		75 365	74 382
Grantor .- State - Accounts Receivable	8.2.1	3 996 938	3 914 516
Clients	8.2.2	63 767	52 211
Current tax assets	6	26 041	26 041
Government and other public bodies	6	1 756 804	1 622 049
Other accounts receivable	8.2.3	226 515	142 342
Deferrals	7.1	896	2 053
Cash and cash equivalents	8.2.4	250 822	256 497
Non-current assets held for sale		3	3
		6 397 152	6 090 093
Total assets		27 811 118	27 305 685
To be read jointly with the notes to the Condensed Consolidated Financial Statements			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 30 JUNE 2021 AND 31 DECEMBER 2020 (CONTINUED)

EQUITY AND LIABILITIES	NOTES	2021-06-30	2020-12-31
Capital and reserves attributable to equity holders			
Paid-up capital	10	8 978 810	8 257 530
Reserves	10	279 618	279 618
Cumulative results		- 8 780	48 413
		9 249 648	8 585 561
Net profit or loss for the period		- 38 907	- 57 193
Total equity		9 210 741	8 528 368
Liabilities			
Non current			
Provisions	9	955 357	940 105
Loans	8.3.1	1 827 103	1 924 303
Other accounts payable	8.3.4	1 523 789	1 630 911
Deferrals	7.2	10 210 382	10 245 610
Deferred tax liabilities		13	8
		14 516 643	14 740 937
Current			
Trade payables (Suppliers)	8.3.3	26 153	11 188
Cash advances of trade receivables (clients)		486	547
Government and other public bodies	6	10 482	8 098
Current tax liabilities	6	8 435	0
Loans	8.3.1	745 560	653 291
Shareholder funding / Shareholder loans	8.3.2	2 338 010	2 343 354
Other accounts payable	8.3.4	942 130	1 009 612
Deferrals	7.2	12 477	10 289
		4 083 734	4 036 380
Total Liabilities		18 600 377	18 777 317
Total equity and liabilities		27 811 118	27 305 685
To be read jointly with the notes to the Condensed Consolidated Financial Statements			

COMPREHENSIVE INCOME STATEMENT FROM 1 JANUARY 2021 TO 30 JUNE 2021 AND FROM 1 JANUARY 2020 TO 30 JUNE 2020

	NOTES	2021	2020
Sales and services	11	479 447	472 959
Compensatory Allowances		27 528	27 528
Cost of goods sold and materials consumed	12	- 112 337	- 112 949
Variation in production inventories		- 43	- 15
External supplies and services	13	- 149 351	- 140 902
Maintenance, Repair and Safety of the Road Network		- 56 418	- 53 684
Maintenance, Repair and Safety of the Railway Network		- 33 380	- 31 431
Other ESS		- 59 552	- 55 787
Personnel expenses		- 68 998	- 68 093
Impairments (losses/reversals)		656	- 237
Provisions (Increase/Decrease)	9	- 11 026	- 15 308
Other Income and gains	14	46 605	40 469
Other expenses and losses		- 7 530	- 3 763
Earnings before depreciation, financial expenses and taxes		204 951	199 687
Depreciation and amortisation expenses / reversals		- 126 487	- 118 664
Operating profit (before financing and tax expenses)		78 464	81 024
Interest and similar income	15	29 967	30 403
Interest and similar costs	15	- 144 899	- 155 319
Profit before tax		- 36 468	- 43 893
Income tax for the period	16	- 2 439	- 4 617
Consolidated net profit for the year		- 38 907	- 48 510
Total Consolidated Comprehensive Income for the year		- 38 907	- 48 510
To be read jointly with the notes to the Condensed Consolidated Financial Statements			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES TO SHAREHOLDERS EQUITY FROM 1 JANUARY 2021 TO 30 JUNE 2021 AND FROM 1 JANUARY 2020 TO 30 JUNE 2020

	NOTES	SHARE CAPITAL	RESERVES	CUMULATIVE RESULTS	PROFIT FOR THE YEAR	TOTAL
Balance as of 31 December 2020		8 257 530	279 618	48 413	- 57 193	8 528 368
Appropriation of results for 2020:		-	-	- 57 193	57 193	-
Share capital increase	10	721 280	-	-	-	721 280
Comprehensive income for the year		-	-	-	- 38 907	- 38 907
Balance as of 30 June 2021		8 978 810	279 618	- 8 780	- 38 907	9 210 741

To be read jointly with the notes to the Condensed Consolidated Financial Statements

	NOTES	SHARE CAPITAL	RESERVES	CUMULATIVE RESULTS	PROFIT FOR THE YEAR	TOTAL
Balance as of 31 December 2019		7 203 380	155 967	153 599	18 465	7 531 411
Appropriation of results for 2018:		-	102 635	- 102 635	-	-
Appropriation of results for 2019:		-	991	17 474	- 18 465	-
Share capital increase	10	354 640	-	-	-	354 640
Comprehensive income for the year		-	-	-	- 48 510	- 48 510
Balance as of 30 June 2020		7 558 020	259 593	68 438	- 48 510	7 837 541

To be read jointly with the notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY 2021 TO 30 JUNE 2021 AND FROM 1 JANUARY 2020 TO 30 JUNE 2020

	NOTES	2021	2020
Operating Activities			
Cash receipts from clients		419 104	663 642
Cash paid to suppliers		- 538 706	- 527 622
Cash paid to personnel		- 63 427	- 62 565
Flows generated by operations		- 183 029	73 455
Income tax (paid)/received		225	-
Other receipts / (payments) relating to operating activities		9 609	30 033
Net cash from operating activities (1)		- 173 195	103 488
Investing activities			
Cash receipts relating to:			
Investment subsidies		37 074	10 769
Tangible fixed assets		295	1 221
Interest and similar income		2	2
		37 371	11 992
Cash payments relating to:			
Investment subsidies		- 32	- 280
Tangible fixed assets		- 70 425	- 69 121
Intangible assets		- 467 382	- 465 453
		- 537 840	- 534 854
Net cash from investing activities (2)		- 500 468	- 522 862
Financing activities			
Cash receipts relating to:			
Capital contribution	10	721 280	354 640
		721 280	354 640
Cash payments relating to:			
Borrowings	8.5	- 37 395	- 37 395
Finance leases	8.5	- 858	- 150
Interest and similar costs	8.5	- 8 860	- 9 261
		- 47 112	- 46 806
Net cash from financing activities (3)		674 168	307 834
Change in cash and cash equivalents (4) = (1) + (2) + (3)		504	- 111 540
Cash and cash equivalents at the end of the period	8.2.4	250 822	175 539
Cash and cash equivalents at the beginning of the year	8.2.4	250 318	287 079
Variation in cash and cash equivalents		504	- 111 540
To be read jointly with the notes to the Condensed Consolidated Financial Statements			

Almada, 23 September 2021

The Executive Board of Directors

Financial Director

MARIA DO CARMO ALMIRO DO VALE DUARTE
FERREIRA

Digitally signed

Chairman, ANTÓNIO CARLOS LARANJO DA SILVA

Digitally signed

Vice-chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed

Certified Accountant

DIOGO MENDONÇA LOPES MONTEIRO

Digitally signed

Vice-chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

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NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
1ST HALF OF 2021



1. CORPORATE INFORMATION

Infraestruturas de Portugal, S.A. is the state-owned company resulting from the merger of Rede Ferroviária Nacional – REFER, E.P.E. (REFER) into EP – Estradas de Portugal, S.A. (EP, S.A.) giving rise to a public limited company named Infraestruturas de Portugal, S.A. (hereinafter IP). The merger entered into force on 1 June 2015, as provided in Decree-law 91/2015 of 29 May.

The immediate consequence of the merger determined that road and railway infrastructures are to be managed by as single company, in accordance with a joint, integrated and complementary strategy.

The Infraestruturas de Portugal Group, hereinafter referred to as IP or the Group, includes the following subsidiaries: IP Telecom – Serviços de Telecomunicações, S.A. (IP Telecom), which is a telecommunications operator and provider of specialised information technology systems and services; IP Património – Administração e Gestão Imobiliária, S.A. (IP Património), which manages and improves the real estate property of the Group; IP Engenharia, S.A. (IP Engenharia), whose activity is the provision of engineering and transportation services.

Additionally, the IP Group holds stakes in two joint undertakings, AVEP – Alta Velocidade de Espanha e Portugal A.E.I.E., in partnership with ADIF – Administrador de Infraestruturas Ferroviárias (Spanish company), to study the Madrid-Lisboa-Porto and Porto-Vigo railway links and A.E.I.E Atlantic Corridor, in partnership with ADIF – Administrador de Infraestruturas Ferroviárias and RFF – Réseau Ferré de France (French entity) and DB Netz AG (German entity); the object of this joint-venture is to promote measures among its members to improve freight transport competitiveness in the railway corridor. The corridor consists of existing and planned sections of the railway infrastructure including: Sines-Setúbal-Lisboa-Aveiro-Leixões / Algeciras – Madrid – Bilbao – Saragoça / Bordéus-La Rochelle-Nantes-Paris – Le Havre – Metz-Strasbourg and Mannheim, crossing the borders at

Vilar Formoso/Fuentes de Oñoro, Elvas/Badajoz, Irun/Hendaye and Forbach/Saarbrücken.

1.1. IP Activity

According to Decree Law No. 91/2015, the corporate object of IP is “the design, construction, financing, maintenance, operation, restoration, widening and modernisation of the national road and rail networks, including the command and control of movements of traffic movements.”

In order to carry out its activity IP takes the position of infrastructure manager, under the terms of the overall concession contract for the national road network (NRN) and the national railway network (NRWN) programme both concluded with the Portuguese State.

In the development of its business and in order to ensure high level of efficiency and effectiveness, IP employs additional services in business areas that are not included in its core business but are carried out by its subsidiaries.

1.2. Activity of IP Group companies

The activities of IP Group companies are detailed below.

1.2.1. Telecommunications operations activity

IP Telecom with registered office in Lisbon, was set up on 9 November 2000; its business activity is the development, management, and operation of infrastructure solutions for telecommunications networks and information systems and technologies, as well as the development of subsidiary, complementary and ancillary activities, directly or by establishing or taking on shareholdings in other companies.

The current "Sub-Concession Contract for the Operation of the Telecommunications and Information Technology of Infraestruturas de Portugal, S.A." maintains, reviewing its terms, the current sub-concession for the operation of the telecommunications infrastructure and it sub-concessions the operation of the roads' technical channel already built or to be built, under the administration and management of IP.

Pursuant to the Sub-concession contract, IP Telecom is the managing company of the Telecommunications and IT Systems infrastructure in the road and railway public domain under IP's responsibility, its networks, data centres, technical road channel and systems and related services, and therefore, it is the only company responsible for the maintenance and repair of the said infrastructure.

1.2.2. Integrated management and improvement of the Group's and public railway property (commercial spaces)

The mission of IP Património encompasses the acquisition, expropriation, register updating and disposal of real estate assets or creation of liens thereon, the profitable use of the assets allocated to the concession or the autonomous estate of IP Group, and also the management and exploration

of stations and associated assets, including their operational management.

On 27 June 2018, IP Património began to integrate the management, maintenance, upkeep and cleaning of the Intermodal Transport Complex, designated Estação do Oriente (Oriente Station), providing maintenance, cleaning and surveillance services to IP and Metropolitano de Lisboa, in the respective components, leasing commercial units, operation of the car park, supply of goods and services to the tenants of the commercial units and leasing spaces and provision of services for the organisation of events.

1.2.3. Provision of engineering and transport services

IP Engenharia provides transport engineering services to support the activity of IP and in road and/or rail multidisciplinary projects, providing mobility solutions with a high level of integration at both national and international levels. Its activities further include cartography, topography, land registration and expropriation, and the rendering of integrated management services and supervision of undertakings, including in the areas of quality, environment, and safety.

1.3. Other Equity Holdings

1.3.1. Atlantic Corridor

In November 2013 the infrastructure managers of Portugal (REFER), Spain (ADIF) and France (Réseau Ferré de France – RFF, currently SNCF Réseau) set up Atlantic Corridor as European Economic Interest Grouping, with the purpose of developing an internal rail market, aiming at the transport of goods in particular, by setting up dedicated corridors.

Atlantic Corridor then covered the existing and planned railway lines on the routes of Sines/Setúbal/Lisboa/Aveiro/Leixões – Algeciras/Madrid/Bilbao – Bordeaux/Paris/Le Havre/Metz/~Strasbourg – Mannheim crossing the borders at Vilar Formoso/Fuentes de Oñoro, Elvas/Badajoz and Irún/Hendaya and Forbach/ Saarbrücken.

On 1 January 2016, with the extension of the rail freight corridor to Mannheim, crossing the France/Germany border at Forbach/Saarbrücken, Germany joined Portugal, Spain, and France as a partner of Atlantic Corridor. The new Atlantic-corridor configuration also encompasses another link to the river port of Strasbourg.

The role of Atlantic Corridor is, firstly, the management and revenue generation from existing infrastructures, without additional investments, through the centralised management of capacity allocation and customer relations.

Subsequently, through Atlantic Corridor, these neighbouring countries will be able to articulate investment in railway infrastructures, overcoming operational, technical and interoperability barriers to improve competitiveness of rail freight transport.

1.3.2. High-Speed Spain - Portugal Link - AVEP

In January 2001, a partnership was set up by Portugal and Spain to carry out preliminary studies of the Porto-Vigo and Madrid-Lisboa-Porto corridors in the form of a European Grouping of Economic Interests (EGEI).

The mission of the said EGEI is to:

- Conduct a number of economic and financial technical studies, undertake surveys and other work needed to define and implement the Porto-Vigo and Madrid –Lisboa – Porto corridors.
- Ensure coherence and coordination of the technical studies carried out for each of the corridors.
- On the basis of these technical studies, to carry out the economic, financial and legal studies required by government bodies, which are necessary to define the appropriate financing, construction and operating structures of both the corridors.
- Study the safety specifications and materials capable for use in the corridors.
- Proceed with the construction and operation of the corridors, if this mission is entrusted to it by the infrastructure managers of both members of the Grouping.
- Carry out any other mission entrusted to it by the players of the Grouping or by the respective Governments.

2. MAIN ACCOUNTING POLICIES

2.1. Bases of presentation

These Condensed Consolidated Financial Statements were prepared according to IAS 34 - Interim Financial Reporting. (IAS 34) Therefore, they do not include all the information required by IFRS and should be read jointly with the consolidated financial statements for the period ended 31 December 2020.

The Condensed Consolidated Financial Statements were approved by the Executive Board of Directors in meeting held on xx September 2021. The Executive Board of Directors is of the opinion that these financial statements give a true and fair view of Group IP's operations, as well as its condensed consolidated financial position, results, and cash flows.

All figures are expressed in Euro thousands (€ thousand/€th), without any rounding up or down, unless otherwise stated. This way, sub-totals and totals in tables presented in these condensed consolidated financial statements may not be equal to the sum of the figures presented, due to rounding up or down. Additionally, initials €M are used for Euro million, where necessary.

2.2. Consolidation basis

The Condensed Consolidated Financial Statements of the IP Group comprise the financial statements of IP (parent company of the Group) and its subsidiaries (note 3) as from the moment they fell under the control of IP, with reference to the periods ended as of 30 June 2021, 31 December 2020 and 30 June 2020.

2.3. Accounting policies

The accounting policies adopted are consistent with those used in the preparation of the Group's Financial Statements for the year ended as of 31 December 2020 and described in respective notes, with no changes recorded in the period in relation to the policies in force at the said date.

2.4. Main judgements and estimates and assumptions used in the preparation of the financial statements

In preparing the Condensed Consolidated Financial Statements in accordance with IFRS, the Executive Board of Directors of IP is required make judgements, estimates and assumptions that affect the amounts of assets, liabilities, income, financial flows as well as the disclosure of contingent liabilities. Judgements, estimates and assumptions are consistent with those followed in the preparation of the Consolidated Financial Statements for the period ended as of 31 December 2020.

The evolution of the estimates and assumptions considered in the first half of 2021 is described hereinbelow:

ESTIMATED REVENUE PATTERN

The amount and timing of future earnings are essential to determine the equivalent unit method on which the calculation of the amortisation of the Road Concession Right is based.

This pattern is estimated based on performance in the recent past and on the Executive Board of Directors' best outlook for the future, having the same calculation base of the revenues introduced in the multi-annual financial model, with the changes considered in the following paragraphs.

A sensitivity analysis was also carried out on the development of IP's revenues throughout the life of the contract and its impact on amortisation for the year. The analyses were based on the following scenarios:

- a) Real growth in toll revenues after the initial end of the concession contracts would be 0% and

the real growth of RSC would be in accordance with the Budget and Business Plan for 2021-2023 and after 2023 it would be 0%, with growth remaining in line with the CPI.

b) Real growth in toll revenues after the initial end of the concession agreements would be 1% up to 2039 and 0% after 2040 and the real growth of RSC would be in accordance with the Budget and Business Plan for 2021-2023, and after 2023 it would be 0.5%, with growth remaining in line with the CPI.

c) It was considered that the real growth in toll revenues after the initial end of the concession contracts would be 1% and the real growth of RSC would be in accordance with the Budget and Business Plan for 2021-2023 and after 2023 it would be 1%, with growth remaining in line with the CPI.

The results of these different analyses in the first half of 2021 are shown in the table below:

SENSITIVITY ANALYSIS OF GROWTH OF RSC AND ROLL REVENUE	SCENARIO A)	SCENARIO B)	SCENARIO C)
Amortisation for the year	122	110	88
Amortisation of grants	-31	-28	-24
	92	81	64
Difference		-10	-28

For the purposes of preparing its condensed consolidated financial statements the Group adopted scenario a), in accordance with its multi annual financial model.

3. GROUP

The companies included in the consolidation, their registered offices, shareholdings in the same and core activities as of 30 June 2021 and 31 December 2020 are as follows:

COMPANY	REGISTERED OFFICE	PERCENTAGE OF CAPITAL HELD		MAIN ACTIVITY
		2021-06-30	2020-12-31	
PARENT COMPANY				
Infraestruturas de Portugal, S.A.	Almada	-	-	Design, construction, financing, maintenance and operation, renovation, widening and modernisation of the national road and rail networks, including in the latter the command and control of traffics.
SUBSIDIARIES				
IP Telecom, Serviços de Telecomunicações, S.A.	Lisbon	100.00 %	100.00 %	Ensure the supply and provision of information and communications systems and technology, based on innovative solutions with a focus on cloud and security technology and the main national telecommunications infrastructure, based on optical fibre and the road technical channel, for the business market and public entities.
IP Património - Administração e Gestão imobiliária, S.A.	Lisbon	100.00 %	100.00 %	Carry out the acquisition, expropriation, registration update and sale of real estate or the constitution of rights over the same, as well as the profitability of the assets assigned to the concession or the autonomous assets of IP Group and the management and operation of stations and associated facilities, including their operational management.
IP Engenharia, S.A.	Lisbon	100.00 %	100.00 %	Provide transport engineering services for the activity of the IP and in road and/or rail multidisciplinary projects, providing mobility solutions with a high level of integration at both national and international levels.
JOINT OPERATIONS				
AVEP - Alta Velocidade de Espanha e Portugal, A.E.I.E. (a)	Madrid	50.00 %	50.00 %	Conducting studies required for the Madrid-Lisbon-Porto and Porto-Vigo connections.
A.E.I.E. - Corredor Atlântico (b)	Paris	25.00 %	25.00 %	Promotion of measures aimed at improving the competitiveness of the rail transport of freight in the rail corridor Sines - Lisbon/Leixões | Sines - Elvas/Algeciras - Madrid - Medina del Campo - Bilbao - Irun/Bordeaux - Paris-Le Havre - Metz | Vilar Formoso/Fuentes Onôro, Elvas/Badajoz, Irun/Hendaye and Fornack/Saarbrücken.
<p>a) Entity jointly controlled by IP and ADIF, in the form of European Economic Interest Grouping (E.E.I.G.).</p> <p>b) Entity jointly controlled by IP, ADIF, SNCF - Réseau and DB NETZ (the latter since the 1st of January 2016), in the form of European Economic Interest Grouping (E.E.I.G.), established in 2013, with no share capital.</p>				

4. SEGMENT REPORTING

See accounting policy 2.3.2 of the annual report as of 31 December 2020

The Group has the following business segments:

- High Performance;
- Road Infrastructure Management Activity;
- Railway Infrastructure Investment Activity;
- Railway Infrastructure Management Activity;
- Telecommunications;
- Commercial Real Estate Management; and
- Engineering and Transport Services.

The information relating to the results from 1 January 2021 to 30 June 2021 and from 1 January 2020 to 31 December 2020, assets and liabilities for the periods ended 30 June 2021 and 31 December 2020 of the identified segments is as follows:

2021	TELECOMMUNICATIONS	PROPERTY AND COMMERCIAL REAL ESTATE MANAGEMENT	ENGINEERING AND TRANSPORTATION SERVICES	RAILWAY		HIGH PERFORMANCE	ROAD		TOTAL
				INFRASTRUCTURE ACTIVITY	INFRASTRUCTURE MANAGEMENT ACTIVITY		INFRASTRUCTURE MANAGEMENT ACTIVITY		
Sales and services	5 946	5 135	56	18 049	38 641	121 376	290 245	479 447	
Impairment	-	- 73	-	-	729	-	-	656	
Provisions	- 7	- 47	- 89	-	- 527	-	- 10 355	- 11 026	
Other income	1	861	-	-	33 185	4 749	35 337	74 133	
Other expenses	- 3 149	- 2 999	- 53	- 17 572	- 98 532	- 121 129	- 94 826	- 338 260	
EBITDA	2 791	2 876	- 86	477	- 26 504	4 996	220 400	204 950	
Amortisation and depreciation	- 648	- 47	-	- 477	- 1 986	- 123 329		- 126 487	
EBIT	2 143	2 829	- 86	0	- 28 490	102 068		78 464	
Financial expenses	- 3	- 4	-	- 29 964	- 11 276	- 103 653		- 144 899	
Financial income	-	0,02	-	29 964	-	3		29 967	
EBT	2 140	2 826	- 86	0	- 39 766	- 1 582		- 36 468	
Income tax for the period								- 2 439	- 2 439
Net Income								- 38 907	- 38 907

2020	TELECOMMUNICATIONS	PROPERTY AND COMMERCIAL REAL ESTATE MANAGEMENT	ENGINEERING AND TRANSPORTATION SERVICES	RAILWAY		HIGH PERFORMANCE	ROAD		TOTAL
				INFRASTRUCTURE ACTIVITY	INFRASTRUCTURE MANAGEMENT ACTIVITY		INFRASTRUCTURE MANAGEMENT ACTIVITY		
Sales and services	5 782	6 473	13	15 298	37 323	127 033	281 038	472 959	
Impairment	-	- 222	-	-	- 20	-	5	- 237	
Provisions	-	- 154	-	-	- 2 536	-	- 12 618	- 15 308	
Other income	8	660	-	-	29 176	4 466	33 688	67 997	
Other expenses	- 3 103	- 3 343	- 15	- 14 865	- 92 911	- 123 903	- 87 583	- 325 723	
EBITDA	2 687	3 414	- 2	433	- 28 969	7 596	214 530	199 687	
Amortisation and depreciation	- 825	- 48	-	- 433	- 1 789	- 115 568		- 118 664	
EBIT	1 862	3 365	- 2	0	- 30 759	106 558		81 023	
Financial expenses	- 6	- 4	-	- 30 401	- 12 603	- 112 306		- 155 320	
Financial income	-	-	-	30 401	-	2		30 403	
EBT	1 855	3 361	- 2	0	- 43 361	- 5 746		- 43 893	
Income tax for the period								- 4 617	- 4 617
Net Income								- 48 510	- 48 510

2021-06-30	TELECOMMUNICATI- ONS	PROPERTY AND COM- MERCIAL REAL ESTATE MANAGEMENT	ENGINEERING AND TRANSPORTATION SERVICES	RAILWAY INFRASTRU. RAILWAY	RAILWAY INFRASTR. MANAG. ACTIVITY	HIGH PERFORMANCE	ROAD INFRASTR- TRU. MANAGE- MENT ACTIVITY	TOTAL
Assets								
Concession right	-	-	-	-	-	21 025 309		21 025 309
Grantor	-	-	-	3 996 938	-	-	-	3 996 938
Other assets	14 590	22 830	6 359	32 203	199 108	21 690	2 492 091	2 788 871
Total assets	14 590	22 830	6 359	4 029 141	199 108	23 539 090		27 811 118
Liabilities								
Borrowings	-	-	-	1 787 737	553 738	2 569 198	-	4 910 673
Grants/Subsidies	-	-	-	-	-	9 944 606		9 944 606
Other liabilities	5 541	4 755	1 516	2 158	90 057	2 328 024	1 313 045	3 745 097
Total Liabilities	5 541	4 755	1 516	1 789 895	643 795	16 154 874		18 600 377

2020-12-31	TELECOMMUNICATI- ONS	PROPERTY AND COM- MERCIAL REAL ESTATE MANAGEMENT	ENGINEERING AND TRANSPORTATION SERVICES	RAILWAY INFRASTRU. RAILWAY	RAILWAY INFRASTR. MANAG. ACTIVITY	HIGH PERFORMANCE	ROAD INFRASTR- TRU. MANAGE- MENT ACTIVITY	TOTAL
Assets								
Concession right	-	-	-	-	-	20 829 528		20 829 528
Grantor	-	-	-	3 914 516	-	-	-	3 914 516
Other assets	13 002	20 522	6 313	36 869	146 049	31 745	2 307 141	2 561 641
Total assets	13 002	20 522	6 313	3 951 384	146 049	23 168 414		27 305 684
Liabilities								
Borrowings	-	-	-	1 818 379	524 658	2 577 911	-	4 920 948
Grants/Subsidies	-	-	-	-	-	9 975 333		9 975 333
Other liabilities	3 736	4 090	1 331	1 570	73 615	2 522 520	1 274 175	3 881 036
Total Liabilities	3 736	4 090	1 331	1 819 949	598 273	16 349 938		18 777 317

5. INTANGIBLE ASSETS

See accounting policy 2.3.6 of the annual report as of 31 December 2020

At the end of the first semester 2021 and in the year ended as of 31 December 2020, the change in the value of intangible assets, as well as in accumulated amortisation, was as follows:

	CONCESSION RIGHT	OTHER	TOTAL
Gross assets			
31 December 2019	23 447 931	33 554	23 481 485
Acquisitions	477 320	586	477 907
2020-12-31	23 925 251	34 140	23 959 391
Acquisitions	318 278	303	318 581
2021-06-30	24 243 529	34 443	24 277 972
Amortization and Impairment			
31 December 2019	- 2 865 757	- 29 262	- 2 895 018
Amortisation for the year	- 229 967	- 376	- 230 343
2020-12-31	- 3 095 723	- 29 638	- 3 125 361
Amortisation for the year	- 122 497	- 152	- 122 649
2021-06-30	- 3 218 220	- 29 790	- 3 248 011
Net value			
2020-12-31	20 829 528	4 502	20 834 030
2021-06-30	21 025 309	4 653	21 029 962

Assets allocated to the concession right are calculated according to the percentage of completion of each works, regardless of whether this construction is directly carried out by IP Group or under Public-Private Partnerships (PPP).

Of the € 318 million of investments in the concession network as of June 2021, approximately € 298 million correspond to net payments of receipts from State concessions, and € 16.6 million to own works of IP.

These figures include capitalised financial expenses in the amount of € 5.5 million in 2021.

Amortisation for the year is calculated under IFRIC 12 by the equivalent unit method and refers to the value of the total investment that has already been made or will be made in the future, in the context of the concession between IP and the State, based

on the economic and financial flows for the concession period. These figures have the same basis as the multi-annual financial model of IP with the changes mentioned in note 2.4.

The estimated total investment of the concession was based on the following main assumptions:

- The annual costs with the formerly toll-free motorways (former SCUT) are effective until 2032 and represent the best estimate based on the renegotiated contracts between the Negotiation Committee and the Concessionaires;
- Expenses with construction present in Sub-concession contracts in force valued at cost of each base case;
- The costs of modernising and maintaining IP's own network;

- The remaining investments consist of installation and improvement of assets and studies, projects, supervision, and assistance;
- Expenses with regular maintenance reflect the revision of study made in 2019, based in the implementation of the business plan;
- The National Road Plan 2000 is implemented until 2052.

The total investment is amortised according with the best estimate of the revenue to be generated during the concession period.

The estimated annual revenue was based on the following main assumptions:

- Road Service Contribution (RSC), until 2023, takes the best management estimate for these years. From 2024 onwards, the RSC will evolve based on the assumption that the annual consumption of gasoline and auto diesel will increase by 0% and the unit price per litre consumed will increase in accordance with the CPI (2%/year).
- Receipts from the tolls of sub-concessions are based on the baseline cases or on more recent traffic studies conducted by specialised consultants, available on the date of the review and approval of the economic and financial flows for the concession period.. Following the reverting of the sub-concessions to IP, growth is considered according to the CPI, based on the latest year of these studies and baseline cases;
- After the formerly toll-free motorways revert to IP, growth is considered according to the CPI, based on traffic studies carried out by specialised technicians of the IP Group;

In the State Concessions under the actual toll scheme, after the concessions revert to IP, growth is considered according to the CPI, based on the latest year of the respective base cases or traffic studies by specialised technicians of the IP Group;

Overall, the remaining operating income (revenue from service areas, telematics, and others) was estimated in 2021, as part of the revision of the economic and financial model for the concession period.

On the basis of these assumptions, the amortisation recorded in the first half of 2021 amounted to EUR 122 million.

The remaining intangible assets concern, mostly, contractual rights on computer software (licences).

6. GOVERNMENT AND OTHER PUBLIC BODIES (ASSETS AND LIABILITIES)

As of 30 June 2021 and 31 December 2020 this item is detailed as follows:

Consolidated	2021-06-30	2020-12-31
DEBIT BALANCES		
CIT	26 041	26 041
Current tax assets	26 041	26 041
VAT	1 756 351	1 621 794
Other taxes and levies	453	256
Government and other public bodies	1 756 804	1 622 049
CREDIT BALANCE		
CIT	8 435	-
Current tax liabilities	8 435	0
Contributions to SS, CGA and ADSE health systems	7 754	6 184
IRS – Withholdings	2 265	1 726
VAT	447	175
Other taxes and levies	17	13
Government and other public bodies	10 482	8 098

The balance of VAT receivable comprises the amount of € 1,756,125 thousand to be reimbursed to IP, of which € 227,562 thousand were already claimed in 2009, relating to the period of January 2008 to October 2009. This balance is essentially the result of the VAT deducted by former EP and IP in its road activity. The company considers it is entitled to this deduction since the State collected VAT on revenues belonging to IP, specifically the Road Service Contribution, which in accordance with the legal settlement/collection mechanisms established, was paid by the fuel distributors.

IP has two ongoing legal proceedings. The first is relative to the application for VAT refund up to June 2009 and the second relative to the request for the refund of VAT from July to September and deduction of October 2009.

The first case, concerning the request for reimbursement of VAT up to June 2009, was refused by the Tax and Customs Authority which issued notifications of additional VAT payments and interest in the amount of € 277.124 thousand and € 11.697 thousand, respectively.

The company did not agree with these demands for payment considering them unfounded; as a result, on 30 November 2010 it filed a claim with the Alameda Administrative and Tax Court against the rejection of the hierarchical appeal. The claim made by former-EP was considered inadmissible by the court of first instance, in January 2013. Former-EP did not agree with the decision and filed an appeal on 6 March 2013.

The second case, with respect to the request for the refund of VAT for July to September and de-

duction of October 2009, which was also rejected by the Tax Authority, also resulted in the issue of additional demands for VAT and interest payments of € 64.506 thousand and € 763,000 respectively. On 29 July 2011, Former-EP filed a claim with the Almada Administrative and Tax Court against the ruling out of the hierarchical appeal. This claim was deemed inadmissible in the court of first instance, in January 2013. Former-EP did not agree with the decision and filed an appeal on 11 March 2013.

In this second case, the appeal was filed, and IP was notified on 17 October 2017 of the Ruling repealing the appealed decision, and considered EP's claim to be fully valid, thereby cancelling all additional demands for VAT issued by the Tax Authority. About this Decision:

- The Treasury claimed against it, invoking various errors. These were considered totally inadmissible on 26 January 2018.
- The Tax Authority on 1 March 2018 filed an appeal with the Supreme Administrative Court, which was accepted for consideration purposes. This appeal is deemed of exceptional nature, i.e. it considers that the court's decision can be reviewed whenever the issue is deemed of crucial fundamental importance on account of its legal or social importance, or when a better application of the law requires so. This appeal was rejected by the TCAS on 18 October 2018.
- An appeal filed by the Treasury was also admitted by the Supreme Administrative Court. Decision is still pending.

In the course of the usual annual tax inspection process, the Tax and Customs Authority has been making corrections on the same basis as those described for the above proceedings. IP has followed the complaints process, maintaining its position also in the terms described above. The situation of the proceedings for each year inspected are as follows:

YEAR	PROCEEDINGS PHASE	PHASE DATE	VAT CORRECTION	INTEREST
2011	Judicial challenge of the rejection of the hierarchical appeal	22-05-2018	195 514	29 412
2012	Judicial challenge of the rejection of the hierarchical appeal	22-05-2018	188 756	2 867
2013	Judicial challenge of the rejection of the hierarchical appeal	28-02-2020	171 213	13 300
2014	Judicial challenge of the rejection of the hierarchical appeal	30-10-2020	248 308	12 475
2015 (January to May) a)	Judicial challenge of the rejection of the hierarchical appeal	11-11-2020	121 043	4 164
2015 (June to December) b)	Hierarchical Appeal	31-07-2020	139 415	9 484
2016	Hierarchical Appeal	16-07-2021	286 873	10 349
2017	Inspection Report	20-08-2021	287 993	32 495

a) Regarding the period prior to the merger (NIF, formerly EP)
b) Regarding the post merger period

As a result of the evolution of the VAT case as described, in the first half of 2021 IP Group increased respective provisions by € 13,362 thousand; its cumulative value as of 30 June 2021 totals € 436,009 thousand, which corresponds to the VAT which the IP Group estimates it would cease to receive from the Tax Authority if the RSC should be considered income not liable for VAT (note 9).

Additionally, the figures corrected by the Tax Authority and not provisioned for by the Group mainly result from the value of VAT deducted from the State concessioned network, so that, if the Tax Authority's interpretation is backed by the Court, the consideration of the additional expense for the Group will always be an increase in its intangible assets, without a direct impact on the profit or loss of the year, only impacting on future years by an increase in the amortisation of that asset.

Balances of contributions to SS, CGA and ADSE health systems - Withholdings correspond to the processing of June 2021 wages, settled in July 2021.

7. DEFERRALS

7.1. Deferred assets

As of 30 June 2021 and 31 December 2020 the Group has registered the following balances under deferrals:

	2021-06-30	2020-12-31
Non current expenses to recognise		
Other services	427	545
	427	545
Current expenses to recognise		
Other services	896	2 053
	896	2 053

7.2. Deferred liabilities

As of 30 June 2021 and 31 December 2020 the Group has registered the following balances under deferrals:

	NOTES	2021-06-30	2020-12-31
Non current income to recognise			
Investment Subsidies - Road Concession Right	7.2.1	9 944 606	9 975 333
Term Sale - Brisa Concession		152 300	152 300
Douro Litoral Concession Fee		96 093	99 937
Greater Lisbon Concession Fee		16 916	17 500
Optical Fibre contracts		466	541
		10 210 382	10 245 610
Current income to recognise			
Douro Litoral Concession Fee		7 687	7 687
Optical Fibre contracts		2 415	1 237
Greater Lisbon Concession Fee		1 167	1 167
Technical road channel		950	166
Other income		258	32
		12 477	10 289

Income to be recognized result mainly from investment subsidies in the amount of € 9,945 million (31 December 2020: € 9,975 million), as described in note 7.2.1, and early receipts from concessions in the amount of € 274 million (31 December 2020: € 279 million) to be recorded as results throughout the period of respective concession.

7.2.1. Investment grants - Road Concession Right

Changes occurred during the first half of 2021 and year ended as of 31 December 2020 are as follows:

	NOTES	INVESTMENT GRANTS
2019-12-31		10 031 880
Increases		2 000
Imputation to income		- 58 548
2020-12-31		9 975 333
Increases		-
Imputation to income	14	- 30 726
2021-06-30		9 944 606

This item incorporates the investment grants received by IP to finance the intangible assets relative to the Concession Right and not yet recognised through profit or loss.



8. FINANCIAL ASSETS AND LIABILITIES

See accounting policy 2.3.10 of the annual report as of 31 December 2020

8.1. Categories according to IFRS 9

The breakdown of financial assets and liabilities by category according to IFRS 9 as of 30 June 2021 and 31 December 2020 is as follows:

2021-06-30	NOTES	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS.	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
Assets						
Financial investments		-	43	32	-	75
Grantor - State - Account Receivable	8.2.1	3 996 938	-	-	-	3 996 938
Clients	8.2.2	69 562	-	-	-	69 562
Other accounts receivable	8.2.3	177 050	-	-	49 465	226 515
Cash and cash equivalents	8.2.4	250 822	-	-	-	250 822
		4 494 372	43	32	49 465	4 543 912
Liabilities						
Suppliers	8.3.3	26 153	-	-	-	26 153
Loans	8.3.1	2 572 663	-	-	-	2 572 663
Shareholder funding/ loans	8.3.2	2 338 010	-	-	-	2 338 010
Other accounts payable	8.3.4	2 413 266	-	-	52 652	2 465 918
		7 323 939	0	0	52 652	7 376 592

2020-12-31	NOTES	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS.	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
Assets						
Financial investments		-	8	32	-	40
Grantor - State - Account Receivable	8.2.1	3 914 516	-	-	-	3 914 516
Clients	8.2.2	61 425	-	-	-	61 425
Other accounts receivable	8.2.3	100 604	-	-	41 738	142 341
Cash and cash equivalents	8.2.4	256 497	-	-	-	256 497
		4 333 042	8	32	41 738	4 374 819
Liabilities						
Suppliers	8.3.3	11 188	-	-	-	11 188
Loans	8.3.1	2 577 593	-	-	-	2 577 593
Shareholder funding/ loans	8.3.2	2 343 354	-	-	-	2 343 354
Other accounts payable	8.3.4	2 591 712	-	-	48 812	2 640 524
		7 523 848	0	0	48 812	7 572 659

Non-financial assets mainly relate to surety bonds in the amount of approximately € 31 million (31 December 2020: idem) and advances from suppliers in the amount of € 10.6 million (31 December 2020: € 6.6 million) and VAT to recover, deriving from credit notes and reverse charge in the amount of € 4.2 million (31 December 2020: € 1 million).

Non-financial liabilities include debts relating to employment benefits of approximately € 17.6 million (31 December 2020: € 14.9 million) and advances on sales of approximately € 22 million (31 December 2020: approximately € 22 million).

8.2. Financial assets

8.2.1. Grantor - State - Account Receivable

The breakdown of the financial asset underlying to the railway concession as of 30 June 2021 and 31 December 2020 is as follows:

	NOTES	2021-06-30	2020-12-31
Concessioned assets (LDI)		9 803 280	9 708 527
Interest charged		1 792 492	1 762 528
Grants/Subsidies		- 4 666 477	- 4 629 637
Receipts		- 2 618 460	- 2 613 005
Impairment		- 305 200	- 305 200
Return on assets		- 8 696	- 8 696
	17.2	3 996 938	3 914 516

In the first half of 2021 the amount of interest charged to the Grantor totalled € 30 million (30 June 2020: € 30.4 million); respective financial consideration is reflected in "Financial Gains – interest earned – Grantor – State" (note 15).

The increase resulting from grants directly allocated to IP for the development of the railway infrastructure comprises a net increase of € 36.8 million from European Structural and Investment Funds (€ 0.9 million from ERDF and € 15 million from the Cohesion Fund, € 19.3 million from CEF-GERAL and € 1.6 million from CEF-Cohesion Fund), which

corresponds to advances and repayment of applications approved in the 2014-2020 planning period (COMPETE 2020 and CEF programmes).

Note moreover the inflow of € 5.4 million (2020: € 147 million) resulting from offsetting the amount receivable by Group IP recorded under the Grantor – State – Account Receivable item and the value of the debt servicing for State loans granted by the DGTF to finance the railway activity, pursuant to provisions in article 154 of State Budget Law 2020, as described in note 8.4.4.

8.2.2. Clients

The breakdown of this caption as of 30 June 2021 and 31 December 2020 is as follows:

	NOTES	2021-06-30	2020-12-31
Non current			
Sundry		5 795	9 214
		5 795	9 214
Current			
Sundry		26 197	23 749
Tolls		10 742	20 882
Other related parties	17.3	29 973	10 668
		66 913	55 299
Cumulative impairment			
		- 3 147	- 3 088
		63 767	52 211
		69 562	61 425

The debits charged to other related parties (CP) and Sundry – (railway operators), mainly include the user fee charged to operators and other related services provided to railway operators: manoeuvres, capacity requested and not used, parking of rolling stock and other services.

Exposure of these balances to credit risk is shown in note 8.4.1.

8.2.3. Other accounts receivable

The breakdown of this caption as of 30 June 2021 and 31 December 2020 is as follows:

	NOTES	2021-06-30	2020-12-31
Accounts receivable for accrued income		159 908	86 332
RSC	17.2	122 811	74 733
Other		33 121	8 408
Railway Operators	17.3	3 975	3 191
Surety deposits		31 319	31 289
Other accounts receivable		44 514	33 946
Sundry		44 514	33 946
Cumulative impairment		- 9 226	- 9 226
		226 515	142 342

In respect of accounts receivable for accrued income, we point out the following:

RSC – corresponds to the recognition of revenue relating to revenues charged by the TA but not yet delivered to IP Group.

Sundry – this comprises compensatory allowances for 2021, in the amount of €M 27.5 million not yet received, provided in the Framework Contract established between the Portuguese State and IP in 2016, which established and governed the terms and conditions of the obligations relating to the public service of managing the infrastructures forming the National Railway Network (NRN) by IP for the period 2016-2020; this period was extended until 30 June 2021 pursuant to Council of Ministers Resolution 2 117/2020, of 22 December.

Other accounts receivable include, amongst other, protocols with several municipalities regarding the construction and redevelopment of various infrastructure, of which we highlight, Fundão, Cascais, Lisbon, Águeda and Espinho in the amount of € 9.9 million (31 December 2020: € 9.9 million), trade receivables in the amount of €M 10.6 million (31 December 2020: € 6.6), VAT to be recovered deriving from credit notes and reverse charge in the amount of € 4.2 million (31 December 2020: € 1 million) and € 2.7 million relating to a deposit with the Tax and Customs Authority pursuant to a litigation with this entity, following a tax inspection in 2006 relating to VAT, which IP Group considers to lack grounds as it fully complied with the relevant rules; legal proceedings were initiated in September 2014 concerning this issue, but as of 30 June 2021 the final outcome of this litigation was not yet known.

Exposure of these balances to credit risk is shown in note 8.4.1.

8.2.4. Cash and cash equivalents

The cash and cash equivalents shown in the Condensed Consolidated Cash Flow Statement as of 30 June 2021 and 31 December 2020 are reconciled with the amounts shown in the headings of the Condensed Consolidated Statement of Financial Position, as follows:

	2021-06-30	2020-12-31
Bank deposits	250 764	6 679
Cash	59	58
Other investments	-	249 760
Cash and cash equivalent in the Statement of Financial Position	250 822	256 497
Accounting overdrafts	-	- 6 179
Cash and cash equivalent in the Cash Flow Statement	250 822	250 318

Accounting overdrafts in the Consolidated Statement of Financial Position are shown in liabilities under the borrowings item.

As of 30 June 2021 there was no restriction on the movement of these amounts.

Exposure of these balances to credit risk is shown in note 8.4.1.

8.3. Financial liabilities

8.3.1. Loans

The fair value of the fixed rate financial debt as of 30 June 2021 and 31 December 2020 is as follows:

DESCRIPTION	2021-06-30	2020-12-31
Non-current loans	1 827 103	1 924 303
Current loans	745 560	653 291
	2 572 663	2 577 593

The terms and timing of repayment are as follows:

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTEREST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
Railway	CP III Linha do Norte-B	14-07-1997	49 880	3 325	2008-06-15	2022-06-15	Annual	EIB variable, cannot exceed Euribor 3M+0.13%	0,000%	15-mar 15/Jun 15/Sep 15/Dec
Railway	Connection to Algarve-A	2001-10-08	90 000	36 000	2012-09-15	2021-09-15	Annual	EIB variable, cannot exceed Euribor 3M+0.12%	0,000%	15-mar 15/Jun 15/Sep 15/Dec
Railway	Minho Line-B	2001-10-08	59 856	23 942	2012-09-15	2021-09-15	Annual	EIB variable, cannot exceed Euribor 3M+0.12%	0,000%	15-mar 15/Jun 15/Sep 15/Dec
Railway	CP III/2 L. Norte-A	2002-10-02	100 000	55 000	2013-03-15	2022-03-15	Annual	EIB variable, cannot exceed Euribor 3M+0.12%	0,000%	15-mar 15/Jun 15/Sep 15/Dec
Railway	CP III/2 L. Norte-B	2004-06-02	200 000	130 000	2014-12-15	2023-12-15	Annual	EIB variable, cannot exceed Euribor 3M+0.13%	0,000%	15-mar 15/Jun 15/Sep 15/Dec
Railway	Suburban	2004-10-28	100 000	38 095	2009-06-15	2024-06-15	Annual	EIB variable, cannot exceed Euribor 3M+0.13%	0,000 %	15-mar 15/Jun 15/Sep 15/Dec
Railway	Suburban B	2005-12-14	100 000	47 619	2010-09-15	2025-09-15	Annual	Revisable rate	3.615 %	15/Sep
	To be forwarded		699 736	333 982						
	transportation		699 736	333 982						

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTEREST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
Railway	Suburban C	2006-10-12	55 000	26 190	2011-03-15	2026-03-15	Annual	Revisable rate	4.247 %	15-mar
Railway	Connection to Algarve-B	2002-10-02	30 000	12 000	2013-03-15	2022-03-15	Annual	EIB variable, cannot exceed Euribor 3M+0.12%	0,000%	15-mar 15/Jun 15/Sep 15/Dec
Railway	CP III 2 Linha do Norte-C	2006-12-11	100 000	75 000	2017-06-15	2026-06-15	Annual	Revisable rate	1.887 %	15/Jun
Railway	CP III Linha do Norte-D	2007-07-12	100 000	80 000	2017-12-15	2026-12-15	Annual	Euribor 3M+0,108%	0,000%	15-mar 15/Jun 15/Sep 15/Dec
Road	EIB- Estradas 2009-2019	2009-12-17	200 659	107 018	2014-06-15	2029-06-15	Half-year	Fixed	2.189 %	15/Jun 15/Dec
Railway	Refer V	2008-08-04	160 000	96 000	2014-03-15	2033-03-15	Annual	Revisable rate	2.653 %	15-mar
Railway	Refer VI	2009-09-10	110 000	66 000	2013-09-15	2032-09-15	Annual	Revisable rate	2.271 %	15/Sep
Railway	Eurobond 06/26	2006-11-10	600 000	599 453	2026-11-16		Bullet	Fixed	4.047 %	16/Nov
Railway	Eurobond 09/24	16-10-2009	500 000	499 112	2024-10-16		Bullet	Fixed	4.675 %	16/Oct
Railway	Eurobond 06/21	2006-12-11	500 000	499 803	2021-12-13		Bullet	Fixed	4.25 %	13/Dec
Road	Eurobond 10/30	09-07-2010	125 000	121 635	2030-07-13		Bullet	Fixed	6.450 %	13/Jul
	External Loans			2 516 193						
	Accrued interest			56 470						
	TOTAL			2 572 663						

Interest on these loans is paid in arrears on a quarterly, half year or annual basis.

In what concerns the EIB loans, the principal will be repaid on a regular basis following the grace period. Remaining loans (Eurobonds) will be fully repaid at maturity (bullet).

As of 30 June 2021 loans secured by State guarantee totalled EUR 1,896 million, in nominal value.

8.3.2. Shareholder funding/Shareholder loans

As of 30 June 2021 and 31 December 2020 the breakdown of Shareholder Loans was as follows:

DESCRIPTION	NOTES	2021-06-30	2020-12-31
Non current loans			
State Loan		-	-
Current loans			
State Loan		2 338 010	2 343 354
	17.2	2 338 010	2 343 354

In the first half of 2021 no additional loans were contracted; funding requirements were met through capital increases (Note 10).

These loans pay interest at various fixed annual nominal rates, as agreed with the DGTF according to the amount and dates of the disbursements. The breakdown is as follows:

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTEREST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
Railway	State Loan	27-05-2014	15 000	1 250	2016-05-31	2021-11-30	Half-year	Fixed	2,430 %	31/May 30/Nov
Railway	State Loan	27-05-2014	15 000	1 250	2016-05-31	2021-11-30	Half-year	Fixed	2,330 %	31/May 30/Nov
Railway	State Loan	27-05-2014	20 000	1 667	2016-05-31	2021-11-30	Half-year	Fixed	2,220 %	31/May 30/Nov
Railway	State Loan	27-05-2014	14 000	1 167	2016-05-31	2021-11-30	Half-year	Fixed	2,010 %	31/May 30/Nov
Road	State Loan	30-12-2011	1 705 000	852 500	2013-05-31	2016-11-30	Half-year	Fixed	2,770 %	31/May 30/Nov
Road	State Loan	27-01-2012	204 000	153 000	2014-05-31	2017-11-30	Half-year	Fixed	3,690 %	31/May 30/Nov
Road	State Loan	27-01-2012	230 000	172 500	2014-05-31	2017-11-30	Half-year	Fixed	3,440 %	31/May 30/Nov
Road	State Loan	27-01-2012	75 000	56 250	2014-05-31	2017-11-30	Half-year	Fixed	2,930 %	31/May 30/Nov
Road	State Loan	27-01-2012	28 000	21 000	2014-05-31	2017-11-30	Half-year	Fixed	2,690 %	31/May 30/Nov
Road	State Loan	30-05-2012	44 000	33 000	2014-05-31	2017-11-30	Half-year	Fixed	2,690 %	31/May 30/Nov
Road	State Loan	30-05-2012	80 000	60 000	2014-05-31	2017-11-30	Half-year	Fixed	2,700 %	31/May 30/Nov
Road	State Loan	30-05-2012	33 500	25 125	2014-05-31	2017-11-30	Half-year	Fixed	1,980 %	31/May 30/Nov
Road	State Loan	26-09-2012	156 800	117 600	2014-05-31	2017-11-30	Half-year	Fixed	1,810 %	31/May 30/Nov
Road	State Loan	29-10-2012	16 000	12 000	2014-05-31	2017-11-30	Half-year	Fixed	1,710 %	31/May 30/Nov
Road	State Loan	29-10-2012	13 300	9 975	2014-05-31	2017-11-30	Half-year	Fixed	1,590 %	31/May 30/Nov
Road	State Loan	29-01-2013	85 000	85 000	2015-05-31	2020-11-30	Half-year	Fixed	2,750 %	31/May 30/Nov
	To be forwarded		2 734 600	1 603 283						

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTEREST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
	Forwarded:		2 734 600	1 603 283						
Road	State Loan	29-01-2013	135 600	135 600	2015-05-31	2020-11-30	Half-year	Fixed	2,420 %	31/May 30/Nov
Road	State Loan	29-01-2013	17 400	17 400	2015-05-31	2020-11-30	Half-year	Fixed	2,150%	31/May 30/Nov
Road	State Loan	08-03-2013	25 654	25 654	2015-05-31	2020-11-30	Half-year	Fixed	2,150%	31/May 30/Nov
Road	State Loan	08-03-2013	266 405	266 405	2015-05-31	2020-11-30	Half-year	Fixed	2,180%	31/May 30/Nov
Road	State Loan	08-03-2013	28 042	28 042	2015-05-31	2020-11-30	Half-year	Fixed	2,610%	31/May 30/Nov
Road	State Loan	04-09-2013	26 202	26 202	2015-05-31	2020-11-30	Half-year	Fixed	2,190%	31/May 30/Nov
Road	State Loan	04-09-2013	25 000	25 000	2015-05-31	2020-11-30	Half-year	Fixed	2,180%	31/May 30/Nov
Road	State Loan	04-09-2013	17 943	17 943	2015-05-31	2020-11-30	Half-year	Fixed	2,070%	31/May 30/Nov
Road	State Loan	09-10-2013	3 688	3 688	2015-05-31	2020-11-30	Half-year	Fixed	2,100%	31/May 30/Nov
Road	State Loan	09-10-2013	21 805	21 805	2015-05-31	2020-11-30	Half-year	Fixed	1,870%	31/May 30/Nov
Road	State Loan	09-10-2013	49 891	49 891	2015-05-31	2020-11-30	Half-year	Fixed	1,970%	31/May 30/Nov
	Total shareholder financing			2 220 911						
	Accrued interest			117 099						
	TOTAL			2 338 010						

FLAT-RATE FINANCING

As of 30 June 2021 the fair value of the fixed rate debt was as follows:

NAME	NOMINAL VALUE	PRINCIPAL DUE	FAIR VALUE	INTEREST RATE
EIB - Suburbans B	100 000	47 619	55 104	3,615%
EIB - Suburbans C	55 000	26 190	30 636	4,247%
EIB - REFER V	160 000	96 000	112 014	2,653%
EIB - REFER VI	110 000	66 000	74 898	2,271%
EIB - CP112 Northern Line C	100 000	75 000	83 283	1,887%
EIB- Estradas 2009-2019	200 659	107 018	118 091	2,189%
Eurobond 06/26	600 000	600 000	734 078	4,047%
Eurobond 09/24	500 000	500 000	582 681	4,675%
Eurobond 06/21	500 000	500 000	509 871	4,250%
Eurobond 10/30	125 000	125 000	151 522	6,450%
State Loan	15 000	1 250	1 268	2,430%
State Loan	15 000	1 250	1 270	2,330%
State Loan	20 000	1 667	1 693	2,220%
State Loan	14 000	1 167	1 184	2,010%
State Loan	1 705 000	852 500	886 217	2,770%
State Loan	204 000	153 000	163 721	3,690%
State Loan	230 000	172 500	183 818	3,440%
State Loan	75 000	56 250	59 429	2,930%
State Loan	28 000	21 000	22 097	2,690%
State Loan	44 000	33 000	34 724	2,690%
To be forwarded:	4 800 659	3 436 411	3 807 600	

NAME	NOMINAL VALUE	PRINCIPAL DUE	FAIR VALUE	INTEREST RATE
Transport:	4 800 659	3 436 411	3 807 600	
State Loan	80 000	60 000	63 145	2,700%
State Loan	33 500	25 125	26 119	1,980%
State Loan	156 800	117 600	121 898	1,810%
State Loan	16 000	12 000	12 417	1,710%
State Loan	13 300	9 975	10 300	1,590%
State Loan	85 000	85 000	93 104	2,750%
State Loan	135 600	135 600	147 046	2,420%
State Loan	17 400	17 400	18 713	2,150%
State Loan	25 654	25 654	27 590	2,150%
State Loan	266 405	266 405	286 774	2,180%
State Loan	28 042	28 042	30 585	2,610%
State Loan	26 202	26 202	28 214	2,190%
State Loan	25 000	25 000	26 912	2,180%
State Loan	17 943	17 943	19 249	2,070%
State Loan	3 688	3 688	3 960	2,100%
State Loan	21 805	21 805	23 248	1,870%
State Loan	49 891	49 891	53 359	1,970%
TOTAL	5 802 887	4 363 739	4 800 233	

8.3.3. Suppliers

As of 30 June 2021 and 31 December 2020 this caption was made up as follows:

	NOTES	2021-06-30	2020-12-31
General suppliers		25 819	11 030
Other related parties	17.3	335	158
		26 153	11 188

The change occurred in Trade Payables (Suppliers) resulted of the effort made by IP Group at the end of 2020 to fuel liquidity into the economy, which gained particular relevance in the current economic scenario.

8.3.4. Other accounts payable

As of 30 June 2021 and 31 December 2020, the details of this item are as follows:

	NOTES	2021-06-30	2020-12-31
Non current			
Accounts payable for accrued expenses		1 523 789	1 630 911
Sub-concessions		1 519 716	1 625 915
Right of use		4 072	4 997
		1 523 789	1 630 911
Current			
Accounts payable for accrued expenses		866 893	947 732
Sub-concessions		492 927	585 308
Regular road maintenance		333 870	323 725
Other		34 534	33 613
Other related parties	17.3	3 185	2 940
Right of use		2 377	2 146
Investment Suppliers		20 549	11 107
Advances to be forwarded to Sales		21 674	21 601
Remuneration payable		17 143	14 559
Other creditors		15 870	14 614
		942 130	1 009 612
		2 465 918	2 640 524

Caption Accounts Payable for Accrued Expenses comprises the liability of IP Group to sub-concessionaires for construction, operation and maintenance services carried out by these companies and not yet invoiced, in the amount of € 2,013 million, (31 December 2020: € 2,211 million), bearing interest at rates between 5% and of 13%, of which € 493 million (31 December 2020: € 585 million) payable within 12 months.

The change in caption Periodic Maintenance of Roads derives from the increase in the theoretical cost of planned maintenance works in the amount of approximately € 28 million (note 13) deducted of the Maintenance implemented in the first half of 2021 in the approximate amount of € 18 million.

The Investment Suppliers item refers mainly to the amounts billed for the execution of own works and the amount payable for the State Concessions and Sub-concessions.

The change in remuneration payable stems from the fact that as of June 2021 this caption already

comprises the six months relating to the Christmas allowance (€ 3 million).

8.4. Financial risk management policies

In what concerns its assets and liabilities, the Group is exposed to financial risk factors, such as credit risk, liquidity risk, interest rate risk associated with cash flows arising from financing obtained and capital risk.

These risks are managed by the Finance and Markets Division according to the risk mitigation policies defined by the Executive Board of Directors.

8.4.1. Credit risk

Note 8.1 details the maximum exposure of the Group to credit risk.

Table below provides a brief characterisation of accounts receivable (clients), according invoicing intervals and respective segments for the periods ended as of 30 June 2021 and 31 December 2020:

2021-06-30	TOLLS	> 1 000 m[	[999 m < 10 m[	[10m>0]	TOTAL
Number of clients	-	7	125	1 126	1 258
Railway	-	4	7	22	33
Road	Various	1	25	301	327
Real estate management	-	1	50	653	704
Engineering	-	-	1	1	2
Telecommunications	-	1	42	149	192
Debt	-	52 179	8 330	12 199	72 708
Railway	-	42 823	530	13	43 367
Non tolled roads	-	4 622	1 811	344	6 777
Tolls	-	-	-	10 742	10 742
Real estate management	-	2 060	2 402	832	5 294
Engineering	-	-	396	1	397
Telecommunications	-	2 674	3 191	267	6 131

2020-12-31	TOLLS	[> 1 000 m[	[999 m < 10 m[	[10m>0]	TOTAL
Number of clients	-	6	119	1 022	1 147
Railway	-	4	7	22	33
Road	Various	1	25	295	321
Real estate management	-	1	46	570	617
Engineering	-	-	1	1	2
Telecommunications	-	-	40	134	174
Debt	-	34 365	7 764	22 385	64 513
Railway	-	27 682	530	16	28 228
Non tolled roads	-	4 622	1 755	340	6 717
Tolls	-	-	-	20 882	20 882
Real estate management	-	2 060	2 270	874	5 204
Engineering	-	-	396	1	397
Telecommunications	-	-	2 812	273	3 085

The Group's client portfolio evolved favourably in the first half of 2021 vis-à-vis 31 December 2020 in terms of number of clients, given the relative stability of the amounts due.

As of 30 June 2021 the IP Group had a portfolio of 1,258 clients (31 December 2020: 1,147 clients), of which 7 (31 December 2020: 6) have balances above € 1000 thousand accounting for approximately 59% (31 December 2019: 53%) of amounts due.

Additionally, the weight of debts from tolls as against the total balance of clients is 15% (31 December 2020: 32%).

In what concerns the evolution of third-parties' gross debt (excluding impairment effects) there was a marked increase in debt by approximately € 8.2 million in the first half of 2021 (+12% compared to 31 December 2020), particularly in the Railway and Telecommunications segment, where it grew by € 15.1million and € 3 million, respectively, over 31 December 2020, partly offset by a decrease in toll clients (-€ 10.1 million). As far as the Real Estate segment is concerned, notwithstanding the increase in the number of clients in the period under review (+87), the amounts due did not change much in relation to 31 December 2020.

The following table shows the balances of Group clients broken down by category/type and seniority:

2021-06-30	]0-30[	[30-60[	[60-90[	[90-360[	[360[	TOTAL
Tolls	10 742	-	-	-	-	10 742
Railway Operators	15 456	6 139	6 681	1 676	13 281	43 233
Public entities	67	7	50	49	2 198	2 371
Other debtors	2 510	314	680	2 898	9 842	16 244
Clients with payment plans	13	2	1	22	62	100
Surety bonds provided by clients	-	-	-	-	-	18
	28 790	6 461	7 412	4 645	25 383	72 708
Impairment	-	- 2	- 1	- 155	- 2 988	- 3 147
	28 790	6 459	7 411	4 490	22 395	69 562
Average rate	0,00%	0,03%	0,01%	3,35%	11,77%	4,33%

2020-12-31	]0-30[	[30-60[	[60-90[	[90-360[	[360[	TOTAL
Tolls	20 882	-	-	-	-	20 882
Railway Operators	10 085	606	176	1 489	15 486	27 843
Public entities	57	2		10	2 202	2 271
Other debtors	1 881	248	222	924	10 066	13 341
Clients with payment plans	18	13	2	76	54	162
Surety bonds provided by clients	-	-	-	-	-	14
	32 923	869	401	2 498	27 808	64 513
Impairment	- 157	- 3	- 22	- 67	- 2 839	- 3 088
	32 766	866	378	2 431	24 969	61 425
Average rate	0,48%	0,39%	5,54%	2,68%	10,21%	4,79%

The analysis above on the evolution of debt in the first half of the year shows the following:

Road Activity – Accounts receivable (clients) concern mainly tolls which have a diversified customer base and comprises low-value transactions and are collected by the Tax Authority if not paid, so they do not have significant associated credit risk.

Railway Activity – At the end of 2020 two negotiation processes concerning overdue debt were completed, giving rise to two payment plans to be settled until 2025. In the first semester of 2021 the amount of debt paid out under the said plans totalled € 3.8 million (including € 0.3 million of interest). At the same time, current debt of operators rose by € 19.3 million.

Management of property and commercial areas activity – No relevant changes have occurred in the face of the risk policy disclosed as of 31 December 2020; nonetheless, the number of clients increased in relation to 31 December 2020, whilst client debt remained stable during the period under review, as explained in Note 11.

Telecommunications Activity – Credit risk in this segment is considered low, as the Group's client portfolio has remained stable over the years. Moreover, it is current practice the provision of credit guarantees in the form of surety bonds or bank guarantees. The change in debt occurred vis-à-vis 31 December 2020 is consistent with what has happened in previous years, and stems from the current activity of the segment (optical fibre invoiced in the first months of the year and settled in the second half of the year).

Engineering and Transport Services Activity – this segment has no credit risk for IP Group.

Impairment recognised concern clients included in table above as other accounts receivables (clients), according to the calculation criteria disclosed in note 2.4 (impairment of main judgements, estimates and assumptions - financial assets impairment in the Annual Report and Accounts of the IP Group). This balance includes a sum receivable from a former State concessionaire, in the amount of EUR 4.6 million, jointly with several other balances with no relevant in the Group's client portfolio. The Executive Board of Directors thus believes that the impairment recognised is appropriate.

In what concerns credit risk associated with other accounts receivable and respective evolution in the first half of the year, it is worth noting the debt of Municipalities, the credit risk of which is not deemed relevant given the public nature of these entities. As regards the usual weight of the RSC, the justification of the balance is adequately disclosed in note 8.2.3.

As regards credit risk associated with the financial activity, IP is exposed to the national banking sector for the current account balances held with such entities. This exposure is reduced, since according to Treasury Unit of the State Principle, public companies' liquid assets must be held with IGCP, as far as possible. Currently, IP holds 99.9% of its cash assets with IGCP.

To date, IP has not incurred any impairment resulting from non-compliance with contractual obligations entered into with financial entities.

The following table summarises the credit quality of the company's deposits as of 30 June 2021:

	2021-06-30		2020-12-31	
	RATING	BALANCES	RATING	BALANCES
IGCP(*)	BBB	250 407	BBB	256 180
BANCO BPI	BBB	164	BBB	130
CGD	(-)	53	(-)	16
BCP	BB	48	BB	69
BANCO SANTANDER	A	43	A	2
BBVA	A-	33	A-	33
Novo Banco	(-)	15	(-)	9
Total		250 764		256 439

Note: The ratings used are those awarded by Standard and Poor's.

8.4.2. Liquidity risk

Table below shows the liabilities of the IP Group by intervals of contracted maturity. The amounts presented represent non discounted future cash flows as of 30 June 2021.

	LESS THAN 1 YEAR	1 TO 5 YEARS	+ THAN 5 YEARS
Borrowings			
- Repayment of loans obtained	689 288	1 599 148	232 755
- Interest on loans obtained	87 534	267 194	40 062
- Repayment of shareholder funding / Shareholder's loans	2 220 911	-	-
- Interest on shareholder funding / Shareholder's loans	182	117 089	-
- Surety	3 659	12 857	635
Trade payable and other accounts payable	200 086	1 523 989	-
	3 201 660	3 520 277	273 452

Until 31 December 2020 the liquidity risk as measured by the Group's capacity to obtain financial resources to meet its liabilities was considered residual or null. As from 2021 this risk has gradually increased due to delays by the Finance Ministry to approve and transfer the amounts allocated to the Group under the State Law, resulting in difficulties to meet liabilities.

8.4.3. Interest rate risk

The IP Group is subject to interest rate risk as long as it holds loans contracted with the (national and international) financial system and the State to finance its activity.

Currently no interest rate hedging instruments are used.

Presently, the purpose of the interest rate risk management is basically to monitor interest rates affecting Euribor-based financial liabilities.

Sensitivity test to change in interest rate

IP Group uses periodic sensitivity analyses to measure the impact on profit or loss of changes in interest rates on fair value of loans. These analyses have helped decision-making in interest rate risk management. The sensitivity test is based on the following assumptions:

- i. As of 30 June 2021 Group IP had not recognised any loan obtained at a fair value;
- ii. Changes in the fair value of financial loans and liabilities are estimated discounting future cash flows using market rates at the time of reporting;
- iii. On the basis of these assumptions, as of 30 June 2021, a 0.5% increase or decrease in the Euro interest rate curves would result in the following changes in the fair value of loans with direct impact on profit and loss:

INCREASE/(DECREASE) IN THE FAIR VALUE OF LOANS		
Change in the Interest rate curve		
	-0,50%	0,50%
EUR	50 162	- 48 918
Net effect on results		
	-0,50%	0,50%
EUR	- 50 162	48 918

8.4.4. Capital risk


The IP Group's objective with regard to capital risk management, which is a broader concept than the capital shown in the Condensed Consolidated Statement of Financial Position, is to safeguard the ongoing nature of the company's operations.

IP was set up with a share capital of € 2,555,835 thousand represented by 511,167 shares, with a nominal value of € 5,000 each. As of 30 June 2021, the share capital amounted to € 8,978,810 thousand represented by 1,795,762 shares, with a nominal value of € 5000 each.

The capitalization policy adopted by the Shareholder since the creation of IP has a dual goal: in the short term, to meet funding requirements, and in the medium and long term, to adjust the capital structure to the nature of the company's assets.

In the first half of 2021 capital increases totalling € 721,280 thousand (note 10) were carried out, in cash, corresponding to 144,256 shares (Note 10), as shown in table below:

	2021-06-30	2020-12-31
Share capital increases	721 280	1 054 150
Investment	676 075	870 969
Debt Service	45 205	183 181



Under the terms of Order from the State Secretary for the Treasury 890-N2020-SET, of 21 December, the maturity of the debt service associated with road segment loans was again extended by one year to 30 November 2021. Deferrals granted in this context are not subject to the payment of interest.

On 30 June 2021 IP signed an Agreement with the State to settle the debt service from State loans associated with the rail segment (principal of € 5.3 million and interest of € 0.1 million) against expenditure in LDI made on behalf of the Grantor in an equivalent amount. This Agreement became effective on 31 May 2021.

8.5. Changes in liabilities deriving from financing activity

The reconciliation of liabilities whose flows affect financing activities for the periods ended as of 30 June 2021 and 30 June 2020 is as follows:

	LOANS	SHAREHOL- DER'S LOANS	LEASES	TOTAL
31 December 2020 (1)	2 577 593	2 343 354	7 148	4 928 096
Cash				
Interest	- 6 737	- 121	- 180	- 7 038
Amortisation (2)	- 37 395	- 5 333	- 858	- 43 594
Other financial expenses	- 1 926	-	-	- 1 926
Non Cash				
Effective Rate (3)	406	-	-	406
Specialised interest (4)	37 244	- 11	-	37 234
Other financial expenses (5)	994	-	-	994
Other changes (6)	- 6 179	-	160	- 6 011
30 June 2021 (1) + (2) + (3) + (4) + (5) + (6)	2 572 663	2 338 010	6 450	4 917 123

	LOANS	SHAREHOL- DER'S LOANS	LEASES	TOTAL
31 December 2019 (1)	2 660 786	2 486 561	485	5 147 832
Cash				
Interest	- 7 301	-	- 17	- 7 318
Amortisation (2)	- 37 395	-	- 150	- 37 545
Other financial expenses	- 1 944	-	-	- 1 944
Non Cash				
Effective Rate (3)	390	-	-	390
Specialised interest (4)	37 184	2 755	- 85	39 854
Other financial expenses (5)	988	-	-	988
Other changes (6)	- 13	-	6 319	6 306
30 June 2020 (1) + (2) + (3) + (4) + (5) + (6)	2 661 939	2 489 316	6 569	5 157 824

9. PROVISIONS

See accounting policy 2.3.13 of the annual report as of 31 December 2020.

The evolution of provisions for risks and charges in the first semester of 2021 and the year ended as of 31 December 2020 is as follows:

	GENERAL RISKS	LAND EXPROPRIATIONS	CONTRACT WORKS	EMPLOYEE BENEFITS	DISQUALIFIED ROADS	VAT PROCEEDINGS	TOTAL
2019-12-31	41 945	18 075	42 383	1 024	408 402	391 695	903 525
Increase/Reinforcement	2 639	1 141	12 025	286	-	30 682	46 773
Reduction/Use	- 5 283	- 4 096	- 625	- 188	-	-	- 10 192
2020-12-31	39 301	15 121	53 783	1 121	408 402	422 377	940 105
Increase/Reinforcement	918	-	1 040	-	-	13 632	15 590
Reduction/Use	- 10	- 236	-	- 70	- 22	-	- 339
2021-06-30	40 209	14 884	54 823	1 051	408 380	436 009	955 357

Analysis of table above shows that the change occurred in provisions in the first half of 2021 (€ 15.2 million), approximately € 4.3 million are allocated to intangible assets and relate to land expropriation (-€ 0.2 million), road contracts (€ 1.0 million) and VAT (€ 3.5 million).

Additionally, the Company used provisions for disqualified roads (approx. -€22 thousand), pursuant to the management agreement to hand over EN245 to the Municipality of Fronteira and provisions relating to employment benefits (approx. -€ 70 thousand).

10. SHARE CAPITAL AND RESERVES

i) SHARE CAPITAL

The share capital is represented by nominative shares in book-entered form, owned by the Portuguese State and held by the Directorate-General for Treasury and Finance.

As of 31 December 2020 the share capital was € 8,257,530 thousand fully subscribed and paid up by its shareholder, corresponding to 1,651,506 shares with a nominal value of € 5,000 each.

During the first half of 2021 the share capital was increased in February, April and June by € 393,605 thousand, € 175,615 thousand and € 152,060 thousand, through the issuing of 78,121, 35,123 and 30,412 new shares respectively, to make up the amount of € 8,978,810 thousand corresponding to 1,795,762 fully subscribed and paid-up shares.

The basic/diluted earnings per share are as follows:

	2021-06-30	2020-12-31
Profit allocated to shareholders (in Euro)	- 38 907 403	- 57 193 267
Average number of shares in the period	1 715 694	1 518 830
Average number of diluted shares in the period	1 715 694	1 518 830
Basic earnings per share (in Euro)	-22,68	-37,66
Diluted earnings per share (in Euro)	-22,68	-37,66

The basic and diluted earnings per share is EUR -22.68 as there are no dilution factors.

Group IP calculates its basic and diluted earnings per share using the weighted average of the shares issued during the reporting period, as follows:

	(NO. OF SHARES)
February 2021	1 730 227
April 2021	1 765 350
June 2021	1 795 762
Average number of outstanding shares	1 715 694

ii) RESERVES

Reserves are made up as follows:

	2021-06-30	2020-12-31
Reserves	279 709	279 709
Other changes	- 95	- 95
Donations	4	4
	279 618	279 618

We point out that the Financial Statements of IP for the year ended as of 31 December 2020 were not yet approved by the Shareholder.

11. SALES AND SERVICES

See accounting policy 2.3.14 of the annual report as of 31 December 2020.

From 1 January 2021 to 30 June 2021 and from 1 January 2020 to 30 June 2020, sales and services are detailed as follows:

	NOTES	2021	2020
RSC	17.2	273 193	268 787
Tolls		115 790	119 436
Use of slots (fees)		31 679	29 952
Construction contracts		22 161	18 675
Construction of new infrastructures		16 647	11 767
Capitalized financial expenses		5 514	6 907
State Grantor - Revenue LDI	17.2	18 049	15 298
Other		18 574	20 812
		479 447	472 959

Table above shows a favourable evolution in all items for the semesters under review, which cannot be dissociated from the gradual lifting of the lockdown measures imposed by the Covid19 pandemic, namely traffic restrictions.

As regards RSC-related revenues, they grew marginally by 1.6% in the first half of 2021 vis-à-vis the same period of the previous year, since there were no changes in unit values payable by road network users as compared to those disclosed in the Group's consolidated financial statements as of 31 December 2020.

Toll revenues have still not recovered vis-à-vis the first semester of 2020, having fallen by € 3.6 million in the period under review; this sum comprises tolls of network concessions and own roads, which in the first half of 2021 totalled € 92.5 million (first half of 2020: € 97.9 see note 12)) and € 23.3 million (first half of 2020: € 21.6 million), respectively.


Item "Use of Slots (fees)" refers mainly to income from Infrastructure User Fees (UF). The most important are, in terms of volume of Passengers (€ 27.2 million) and Freight (€ 3.7 million). Both recorded an increase by 5.2% and 7.6% respectively over the same period of 2020.

Construction contracts (allocated the construction of the NRN as provided in the concession contract) determined based on the monthly reports in the physical evolution of the works, show an increase over the same period of 2020 of approx. € 3.5 million (+18.6%).

The change in caption "State Grantor - (LDI Revenues)" corresponds to the re-debit to the Grantor of expenses borne with investment in Long Duration (LDI), and it is in line with the evolution seen in Investment in Railway Infrastructure in the period under review.

Caption "Other" comprises revenue in the amount of € 11.1 million (30 June 2020: € 12.2 million) relating to segments: Telecommunications; Management of property and commercial areas; and, Engineering and Transport Services, as described in Note 4.

Change in the periods under review occurred mainly in the "Management of property and commercial areas" segment (-€ 1.1 million over 30 June 2020) as a result of a set of measures carried out by the Group in order to tackle the adverse impact of the Covid-19 pandemic, namely the granting of exemptions and reduction in rents, adding to the fall in demand for car parking.



The Group's activity is recovering gradually from the Covid19 impact, notwithstanding, the adverse effects are still relevant at Group level, as shown below:

In June 2020 income fell compared to June 2019; the direct impact on results was € 72 million (€ 70 million in the Road and Railway activity and € 2 million in the real estate segment).

With the third wave, the impact as of June 2021 amounted to € 63 million (€ 62 million in the Road and Railway activity and € 1 million in the real estate segment); as a result the direct impact on results stood € 9 million below the sum recorded in 2020.

The third wave further led to a increase by approx. € 5 million in Tolls on State Concessions vis-à-vis 2020, although its impact on results was null.



12. COST OF GOODS SOLD AND MATERIALS CONSUMED

See accounting policy 2.3.11 of the annual report as of 31 December 2020.

From 1 January 2021 to 30 June 2021 and 1 January 2020 to 30 June 2020, the detail of this item is as follows:

	2021	2020
Capitalization Concession Tolls	86 069	90 643
Construction of new infrastructures	16 647	11 767
Railway equipment	9 551	10 499
Telecommunications material	71	39
	112 337	112 949

The change in Item "Capitalisation of Concession Tolls" results from the direct fall occurred in tolls on State Concessions (-€ 5.4 million - note 11) net of expenses with toll collection (-€ 0.1 million - note 13).

In respect of new infrastructures, the change occurred is mainly explained by the contract works for the new road link to the Business Park of Escariz in Arouca.

13. EXTERNAL SUPPLIES AND SERVICES

From 1 January 2021 to 30 June 2021 and from 1 January 2020 to 30 June 2020, external supplies and services are detailed as follows:

	NOTES	2021	2020
Railway maintenance		33 380	31 431
Current Maintenance and Road Safety		28 586	25 852
Regular road maintenance		27 833	27 833
Operation and Maintenance Sub-concessions		21 522	20 313
Toll collection costs	12	7 740	8 596
Electricity		7 696	7 237
Collection costs RSC	17.2	5 464	5 376
Surveillance and Safety		3 755	3 711
Cleaning, Hygiene and comfort		2 936	1 350
Software licences		1 820	1 193
Insurance		1 769	501
Specialised works		1 617	1 544
Maintenance and repair		1 279	1 116
Other		3 954	4 849
		149 351	140 902

The increase in heading "Railway Maintenance" in the first half of 2021 as against the same period of the previous year is mainly explained by an increase in the subcontracting of emergency trains services, € 499 thousand (2020: €83 thousand) and deforestation, € 2,925 thousand (2020: € 2,554 thousand).

The change recorded in heading "current Maintenance and Road Safety" is mainly due to the increase road safety improvement works, € 4,201 thousand (2020: € 2,373 thousand).



14. OTHER INCOME AND GAINS

From 1 January 2021 to 30 June 2021 and from 1 January 2020 to 30 June 2020, other income and gains supplies are as follows:

	NOTES	2021	2020
Allocation of investment grants	7.2.1	30 726	29 274
Income from concession fees		4 427	4 427
Gains on inventories		3 814	16
Other, non specified		2 108	624
Concessions for use and licences		2 050	1 278
Gains on the sale of waste/used materials		1 193	1 186
Other		2 287	3 665
		46 605	40 469

15. FINANCIAL LOSSES AND GAINS

See accounting policy 2.3.10 of the annual report as of 31 December 2020.

From 1 January 2021 to 30 June 2021 and from 1 January 2020 to 30 June 2020, financial losses and gains are detailed as follows:

	NOTES	2021-06-30	2020-06-30
Financial losses		144 899	155 319
Interest paid:			
Sub-concessions		97 338	104 696
Loans		44 092	47 240
Leases		180	101
Other interest paid		10	-
Other financial losses		3 279	3 282
Financial gains		29 967	30 403
Interest earned:			
Interest earned - State Grantor	8.2.1 /17.2	29 964	30 401
Other interest earned		3	2
Financial results		- 114 932	- 124 916

The decrease in interest expense over 2020 is mainly explained by a decrease in interest of Sub-concessions, following reduction in debt to Sub-concessionaires.

Expenses with the financial revision of the debt to sub-concessionaires for works/services are recorded in Interest Paid Sub-concessions, which will be invoiced in the future, according to terms provided in respective Sub-concession Contracts. This amount results from IP's responsibility to sub-concessionaires for construction works and road operation and maintenance services already carried out but not yet paid, in the amount of € 2,013 million (indirectly managed debt), remunerated, in accounting terms, at rates of 5% to 13%.

Interest paid on loans relates to interest incurred with the debt contracted for the High-Performance Road, Railway Infrastructure Investment Activity

and Railway Infrastructure Management Activity business segments.

Other financial losses relate to the charges incurred with the fees for the guarantee stood by the Portuguese government, bank commissions and the accrual of charges associated with bond issues.

Caption interest earned includes interest charged to the Grantor (Note 8.2.1). Interest charged to the Grantor State is calculated based on the same financing terms as investing in long-duration infrastructure.

16. INCOME TAX

See accounting policy 2.3.9 of the annual report as of 31 December 2020.

The breakdown of the tax amount for the year recognised in the Condensed Consolidated Comprehensive Income Statement for the first half of 2021 and 2020 is as follows:

	2021	2020
Current income tax	8 985	7 500
Deferred income tax	- 6 546	- 2 883
Tax (income) expense	2 439	4 617

The tax rate adopted to determine the tax amount for the year in the Condensed Consolidated Financial Statements is as follows:

	2021	2020
Nominal tax rate	21,00%	21,00%
Municipal surcharge	1,25%	1,25%
State surcharge (1)	9,00%	9,00%
Current income tax	31,25%	31,25%
Taxable temporary differences (2)	30,25%	26,71%
Deductible temporary differences other than tax losses	31,20%	26,49%
Tax applicable to tax losses	21,00%	21,00%

(1) 3% on taxable income between € 1.5 million and € 7.5 million / 5% on taxable income between € 7.5 million and € 35 million / 9% when taxable income exceeds € 35 million.

(2) The rate applied to taxable temporary differences corresponds to the average rate at which the Group expects to reverse these differences in relation to their specific nature, taking into account that entities included IP Group consolidation perimeter is not applied when the amounts concerned remain within the first scale (€ 1.5 million and € 7.5 million).

The reconciliation of the effective tax rate for the periods under review is shown below:

	%	2021	%	2020
Profit before tax		36 468		- 43 893
Nominal tax rate	31,25	- 11 396	31,25	- 13 716
State surcharge - Amount to be deducted / added	4,16	- 1 516	2,88	- 1 265
Deductible permanent tax differences	- 41,65	15 188	- 43,53	19 109
Deductible permanent differences	0,16	- 57	-	-
Temporary differences - Other	-	-	-0,15	64
Tax losses and tax benefits	- 0,19	71	-0,12	55
Excess /(insufficient estimate)	0,62	- 225	0,00	-
Autonomous taxation	- 1,03	375	-0,85	372
Tax expense / (income) for the year	- 6,69	2 439	-10,52	4 617

The change in the effective rate in relation to the nominal tax rate is mainly explained by the "Permanent tax differences", particularly expenses with under capitalisation of financial expenses in the amount of € 14.6 million (2020: € 18.8 million).

17. RELATED ENTITIES

See accounting policy 2.3.17 of the annual report as of 31 December 2020.

17.1. Summary of related parties

The entities identified as related parties of IP Group as of 30 June 2021 and 31 December 2020, under the provisions of IAS 24 – Related parties, are as follows:

	RELATIONSHIP	% HOLDING 30-06-2021	% HOLDING 31-12-2020
Joint Ventures			
AVEP	-	50,00%	50,00%
Atlântico Corridor	-	25,00%	25,00%
Other related parties			
AMT	Regulatory entity	-	-
Portuguese State	Shareholder / Grantor	-	-
CP	Control relationship - State (Railway operator)	-	-
Members of governing bodies		-	-

17.2. Significant balances and transactions with public entities

The IP Group is fully owned by the Portuguese State. The shareholder functions are carried out by the Directorate-General of the Treasury; the company is under the joint authority of the Ministry of Planning and Infrastructures and the Ministry of Finance.

The following table shows the main balances (as of 30 June 2021 and 31 December 2020) and transactions (relating to the first semesters of 2021 and 2020) between IP Group and the State and Public Entities:

NATURE	CAPTION	NOTES	2021-06-30						
			ASSETS		LIABILITIES		INVESTMENT	INCOME	EXPENSES
			CURRENT	NON CURRENT	CURRENT	NON CURRENT			
Rail operator fee	Clients/Suppliers	8.2.2 / 8.3.3	29 973	-	335	-	27	30 179	1 388
Rail operator fee	Other accounts receivable	8.2.3 / 8.3.4	3 975	-	3 185	-	-	-	-
Compensatory Allowances	Compensatory Allowances		-	-	-	-	-	27 528	-
Grantor - State - Account Receivable	Grantor - State - Account Receivable	8.2.1	3 996 938	-	-	-	-	-	-
State Grantor - Revenue LDI	Rendered services	11	-	-	-	-	-	18 049	-
Grantor	Interest earned - State Grantor	14	-	-	-	-	-	29 964	-
TRIR/F	Other expenses and losses		-	-	-	-	-	-	1 053
RSC	Rendered services	11	-	-	-	-	-	273 193	-
RSC	Other accounts receivable - Accrued debtors	8.2.3	122 811	-	-	-	-	-	-
RSC - collection costs	External supplies and services	13	-	-	-	-	-	-	5 464
RSC	Other accounts payable - Accrued creditors		-	-	2 456	-	-	-	-
Shareholder's loans	Shareholder funding/ loans	8.3.2	-	-	2 338 010	-	-	-	-
Shareholder's loans - Interest	Interest paid - loans		-	-	-	-	-	-	111
			4 153 697	0	2 343 986	0	27	378 913	8 016

NATURE	CAPTION	NOTES	2020-12-31				2020-06-30		
			ASSETS		LIABILITIES		INVESTMENT	INCOME	EXPENSES
			CURRENT	NON CURRENT	CURRENT	NON CURRENT			
Rail operator fee	Clients/Suppliers	8.2.2 / 8.3.3	10 668	-	158	-	456	28 657	1 216
Rail operator fee	Other accounts receivable	8.2.3 / 8.3.4	3 191	-	2 940	-	-	-	-
Compensatory Allowances	Compensatory Allowances		-	-	-	-	-	27 528	-
Grantor - State - Account Receivable	Grantor - State - Account Receivable	8.2.1	3 914 516	-	-	-	-	-	-
State Grantor - Revenue LDI	Rendered services	11	-	-	-	-	-	15 298	-
Grantor	Interest earned - State Grantor	14	-	-	-	-	-	30 401	-
TRIR/F	Other expenses and losses		-	-	-	-	-	-	2 190
RSC	Rendered services	11	-	-	-	-	-	268 787	-
RSC	Other accounts receivable - Accrued debtors	8.2.3	74 733	-	-	-	-	-	-
RSC - collection costs	External supplies and services	13	-	-	-	-	-	-	5 376
RSC	Other accounts payable - Accrued creditors		-	-	1 495	-	-	-	-
Shareholder's loans	Shareholder funding/ loans	8.3.2	-	-	2 343 354	-	-	-	-
Shareholder's loans - Interest	Interest paid - loans		-	-	-	-	-	-	2 755
			4 003 107	0	2 347 947	0	456	370 669	11 537

17.3. Balances and transactions with railway operators

The breakdown of balances with railway operators as of 30 June 2021 and 31 December 2020 is as follows:

	NOTES	2021-06-30	2020-12-31
BALANCES RECEIVABLE			
Current			
Clients	8.2.2	29 973	10 668
Other accounts receivable	8.2.3	3 975	3 191
Accounts receivable for accrued income		3 975	3 191
		33 948	13 859
BALANCES PAYABLE			
Current			
Suppliers	8.3.3	335	158
Other accounts payable	8.3.4	3 185	2 940
Accounts payable for accrued expenses		3 185	2 940
		3 520	3 098

The breakdown of transactions with railway operators recorded in the first semesters of 2021 and 2020 is as follows:

	2021	2020
Investment	27	456
	27	456
Rendered services	29 989	28 422
Other income	190	235
	30 179	28 657
Supplies and services	972	591
Personnel expenses	280	440
Other expenses	137	186
	1 388	1 216

Expenditure in the first half of 2021 relates to maintenance of vehicles and railway equipment (2021-2023 period).

Services rendered concern the use of the railway Infrastructure, the sub-concession of space (rooms), consumption of traction power in sub-stations (as provided in 1st Addendum, paragraph 6.3.4.1. of the 2021 Network Directory), data transmission of the national network, cloudsolution services and fixed and mobile communications.

Caption other income mainly refers to the re-invoicing of utilities in concessioned areas.

Supplies and services comprise, amongst other, traction power consumption on the Amadora and Vila Franca de Xira sub-stations, supply of electric power and services for the Help Train pursuant to the CP/IP Protocol;

The amount of heading “Personnel Expenses” relates to the transport concessions invoiced pursuant to the “Use of CP transport by REFER workers and beneficiaries” agreement.

17.4. Joint Ventures

Impacts of jointly controlled ventures on the Condensed Consolidated Financial Statements of IP Group as of 30 June 2021 and 31 December 2020 and transactions relating to the first semesters of 2021 and 2020 are as follows:

BALANCES	2021-06-30	2020-12-31
Assets	1 153	1 024
Liabilities	165	165
TRANSACTIONS	2021	2020
Revenue	528	-
Profit/(Loss) for the period/year	528	-

17.5. Remuneration of corporate officers

BOARD OF THE GENERAL MEETING

Chairman: (*)

Vice-Chairman: Paulo Miguel Garcês Ventura

Secretary: Maria Isabel Louro Caria Alcobia

(*) The former Chairman of the Board of the General Meeting resigned on 24 January 2020, and was not yet replaced.

In the first half of 2021 members of the Board of the General Meeting did not receive any remuneration.

EXECUTIVE BOARD OF DIRECTORS

Chairman: António Carlos Laranjo da Silva

Vice-Chairman: José Saturnino Sul Serrano Gordo and Carlos Alberto João Fernandes

Members: Alberto Manuel de Almeida Diogo, Vanda Cristina Loureiro Soares Nogueira and Alexandra Sofia Vieira Nogueira Barbosa.

The terms of the mandate and the remuneration scheme associated with the exercise of the positions were established at the general meeting of 29 March 2018.

As provided article 12 of Law 12-A/2010 of 30 June a 5% reduction was applied in relation to gross amounts.

Likewise, directors did not receive management bonuses, in compliance with provisions in article 27 (1) of Law 71-B/2018 of 31 December.

The annual remuneration of the members is as follows:

(Figures in Euro)

	2021		2020	
	REMUNERATION	EMPLOYER'S WELFARE CONTRIBUTIONS	REMUNERATION	EMPLOYER'S WELFARE CONTRIBUTIONS
António Carlos Laranjo da Silva	51 104	12 137	51 104	12 137
Carlos Alberto João Fernandes	45 994	10 924	45 994	10 924
José Saturnino Sul Serrano Gordo	45 994	10 924	45 994	10 924
Alberto Manuel de Almeida Diogo	40 883	9 710	40 883	9 710
Vanda Cristina Loureiro Soares Nogueira	40 883	9 710	40 883	9 710
Alexandra Sofia Vieira Nogueira Barbosa	40 883	9 710	40 883	9 710
	265 742	63 114	265 742	63 114

GENERAL AND SUPERVISORY BOARD

The remuneration of the members of the General and Supervisory Board, which comprises a Committee for Financial Matters, was defined at the General Meeting of 28 August 2015.

After requesting such, the members of the General and Supervisory Board identified below perform their duties in this Board without receiving any remuneration for such:

- José Emílio Coutinho Garrido Castel-Branco, because he was appointed public manager of another entity in the State-owned enterprises sector, since the start of 2017;
- Duarte Manuel Ivens Pita Ferraz, because he retired under Decree-Law 1-A/2011 of 3 January, since July 2017.

STATUTORY AUDITOR

The remuneration of the Statutory Auditor was fixed at the General Meeting of 19 March 2019 (Minutes 03/2019 of the General Meeting) at a maximum amount of 35% of the overall remuneration of the Chairman of the Executive Board of Directors, added of VAT at the legal rate in force.

(Figures in Euro)

	2021	2020
Vitor Almeida & Associados, SROC, Lda.	17 886	17 886

18. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE AS OF 1 JANUARY 2021

AMENDMENTS TO IFRS 16: COVID-19-RELATED RENT CONCESSIONS (COMMISSION REGULATION 2020/1434 OF 9 OCTOBER)

These amendments to IFRS 16 concern the treatment for rent concessions by lessees as a result of COVID-19. The amendments change the requirements of IFRS 16 to provide lessees with a practical expedient so that they do not need to determine whether rent concessions occurring as a direct consequence of the Covid19 pandemic are lease modifications and may account for such rent concessions as if they were not lease modifications. The amendments are effective from 1 June 2020.

No impacts have resulted from this change.

AMENDMENTS TO IFRS 9, IAS 39, IFRS 7, IFRS 4 AND IFRS 16: INTEREST RATE BENCHMARK REFORM PHASE 2 (COMMISSION REGULATION 2021/25 OF 15 JANUARY 2021)

IASB finalised its reply to the ongoing reform of interbank interest rates (IBOR) and other benchmark interest rates by issuing a package of amendments to the IFRS. These amendments aim to help entities to provide useful information to investors about the effects of this reform on their financial statements.

The amendments complement those issued in 2019 and address issues that might affect financial reporting when an existing interest rate benchmark is actually replaced.

These changes are effective for annual periods beginning on or after 1 January 2021.

No impacts have resulted from these changes.

NEW STANDARDS, INTERPRETATIONS, AND AMENDMENTS EFFECTIVE AS OF OR FOLLOWING 01 JANUARY 2022

AMENDMENTS TO IFRS 4 – INSURANCE CONTRACTS (COMMISSION REGULATION 2020/2097 OF 15 DECEMBER 2020)

Currently, according to IFRS 4 – Insurance Contracts, the effective date for applying IFRS 9, following the temporary exemption, is 1 January 2021. In order to align the term of this temporary exemption with the effective date for the application of IFRS 17 – Insurance contracts, following the amendments made on 25 June 2020, IASB extended the period of application of IFRS 9 and IFRS 4 until 1 January 2023.

No impacts are expected as result of this amendment.

AMENDMENTS TO IFRS 3, IAS 16, IAS 37 AND ANNUAL IMPROVEMENTS (REGULATION 2021/1080 OF 28 JUNE 2021)

This set of small amendments made to the IFRS will be effective for annual financial years starting from 1 January 2022:

- Amendments to IFRS 3: Updating of reference in IFRS 3 for the Conceptual Framework of Financial Reporting without changing the accounting requirements of business combinations;
- Amendments to IAS 16: It prohibits an entity from deducting from the cost of a tangible fixed asset any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.
- Amendments to IAS 37: It clarifies what costs an entity considers in assessing whether a contract is onerous.
- Annual improvements with minor amendments to IFRS 1, IFRS 9 e IAS 41, and illustrating examples of IFRS 16.

These changes are effective for annual periods beginning on or after 1 January 2022.

No materially relevant impacts are expected to arise from these changes.

AMENDMENTS TO IFRS 16: COVID-19-RELATED RENT CONCESSIONS BEYOND 30 JUNE 2021 (REGULATION 2021/1421 OF THE COMMISSION DATED 30 AUGUST 2021)

These changes extend, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a Covid19-related rent concession is a lease modification. The practical expedient provided by the former amendments to IFRS 16 issued in May 2020 (and endorsed by the European Union on 9 October 2020 pursuant to Regulation 2020/1434 of the Commission) was available for rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. The change extends this period to 30 June 2022.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021 (earlier application permitted, including in financial statements not yet authorised for issue up to 31 March 2021).

No impacts have resulted from this change.

(NEW OR REVISED) STANDARDS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) AND THE INTERPRETATIONS ISSUED BY THE INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC) NOT YET ENDORSED BY THE EUROPEAN UNION

Additionally, as of the date of approval of these financial statements the following standards and interpretations were issued by IASB, though they are not yet endorsed by the European Union:

SALE OR CONTRIBUTION OF ASSETS BETWEEN AN INVESTOR AND ITS ASSOCIATE OR JOINT VENTURE - AMENDMENTS TO IFRS 10 AND IAS 28 (ISSUED BY IASB ON 11 SEPTEMBER 2014)

The amendment clarifies the accounting treatment for transactions when a parent company loses control over a subsidiary by selling all or part of its interest in such subsidiary to an associate or joint undertaking accounted for by the equity method.

The date of application of these amendments was not defined yet and the endorsement process by the European Union will only be started after confirmation of the date of application of the amendments by IASB.

No impact is expected to arise from the application of this standard.

IFRS 14: REGULATORY DEFERRAL ACCOUNTS (ISSUED BY IASB ON 30 JANUARY 2014)

This standard permits an entity which is a first-time adopter of IFRS to continue to account for 'regulatory deferral account balances' in accordance with its previous standards. However, to allow comparison with entities already adopting IFRS and not recognising regulatory assets / liabilities, the said amounts must be presented separately in the financial statements.

Applicable to financial years from 1 January 2016; the European Commission decided not to start the endorsement process of this transitional standard and wait for IASB to issue the final standard.

No impact is expected to arise from the application of this standard.

IFRS 17: INSURANCE CONTRACTS (ISSUED BY IASB ON 18 MAY 2017, INCLUDING AMENDMENTS ISSUED BY IASB ON 25 JUNE 2020)

IFRS 17 solves the comparison issue created by IFRS 4 requiring all insurance contracts to be accounted for in a consistent manner, thus benefiting both investors and insurance companies. Insurance obligations are now accounted for using current values instead of historic cost. Information is updated on a regular basis, providing useful information to users of the financial statements.

Applicable to financial years from 1 January 2023, subject to the endorsement by the European Union.

No impact is expected to arise from the application of this standard.

AMENDMENTS TO IAS 1 – PRESENTATION OF FINANCIAL STATEMENTS (ISSUED BY IASB ON 23 JANUARY 2020 AND REVISED ON 15 JULY 20)

These amendments to IAS 1 – Presentation of Financial Statements clarify the requirements for classifying liabilities as current or non-current. These amendments, in nature, only aim to reduce the scope, clarifying the requirements of IAS 1, rather than altering the underlying principles.

Applicable to financial years from 1 January 2023, subject to the endorsement by the European Union.

This change will be the object of analysis by the Group.

AMENDMENTS TO IAS 1 AND IFRS PRACTICE STATEMENT 2 (ISSUED BY IASB ON 12 FEBRUARY 2021)

These changes to IAS 1 require entities to disclose its material accounting policy information instead of its significant accounting policies. IFRS Practice Statement 2 has been amended by adding guidance on how to apply of the materiality process' to accounting policy information.

Applicable to financial years from 1 January 2023, subject to the endorsement by the European Union.

This change will be the object of analysis by the Group.

AMENDMENTS TO IAS 8: DEFINITION OF ACCOUNTING ESTIMATES (ISSUED BY IASB ON 12 FEBRUARY 2021)

These changes clarify how entities should distinguish between accounting policies and accounting estimates. This distinction is important because changes in accounting estimates are applied prospectively only on future transactions and other events, however, changes in accounting policies are generally applied retrospectively to past transactions and other events.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, subject to the endorsement by the European Union.

This change will be the object of analysis by the Group.

No impacts have resulted from this change.

AMENDMENTS TO IAS 12: DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION (ISSUED BY IASB ON 31 MARCH 2021)

IAS 12 provides an exemption to entities to recognise deferred tax when such tax result from the initial recognition of assets and liabilities. However, it was not clear if such exemption would apply to transactions such as leases and decommissioning obligations where companies when a company recognises an asset and a liability

at the lease commencement. This amendment clarifies that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. Accordingly, companies must recognise the deferred tax on such transactions.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early adoption is permitted. These amendments are still subject to the endorsement process by the European Union.

This change will be the object of analysis by the Group.

19. GUARANTEES AND SURETIES

The liabilities for bank guarantees as of 30 June 2021 totalled € 638.7 million (2020: € 639 million), including the following:

- Guarantees in the amount of € 633.4 million (2020: € 633.4 million) provided in favour of the Tax Authority arising from the VAT proceedings (note 6);
- Guarantees in the amount of € 5.3 million (2020: € 5.6 million) provided to courts as part of litigation proceedings.

20. CONTINGENCIES

See accounting policy 2.3.13. of the annual report as of 31 December 2020.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security) except when there has been tax losses, tax benefits have been granted or inspections, complaints or challenges are in progress, in which case, depending on the circumstances, the time limits are extended or suspended. The Executive Board of Directors, supported by the information from its tax advisers, considers that any tax contingencies should not have a significant effect on the Condensed Consolidated Financial Statements as of 30 June 2021, taking into account the provisions set up and expectations that existed on that date, including the situation of the judicial appeal in the VAT case.

VAT PROCEEDINGS

As of the date of its financial statements, in addition to the proceedings disclosed in Notes 6 and 9, IP Group is facing the following VAT proceedings:

- Following the final decision by the Tax Administration concerning the VAT correction for 2006 involving the amount of € 2,816 thousand (see note 8.2.3), accepted in part by the Tax Authority, IP Património submitted a judicial challenge based on the opinion of a tax expert. Notwithstanding the rejection of the said appeal, tax experts' opinions on the subject support the Group's conviction that there are grounds for the refund of this amount, since IP Património duly complied with provisions in the VAT code relating to the tax assessment of tax and processing. In a worst-case scenario, if the case is not won, the amount already deposited and payable to the Tax Authority (note 8.2.3), plus any interest on late payment and compensatory interest, must be recognised as expense. On 25 May 2015, the company was notified of the challenge by the Tax Authority and it is awaiting the scheduling of the hearing.

PENDING LAWSUITS

As of 30 June 2021, the pending lawsuits relating to railway expropriations totalled € 20,158 thousand (3 December 2020: € 12,996 thousand). This amount is not reflected in the Condensed Consolidated Statement of Financial Position. In these cases, deposits are made in the name of the court where the proceedings are being heard. The deposits are equivalent to the value of the case and are in the custody of the Caixa Geral de Depósitos bank. Their resolution does not result in an expense for the Company, rather for the Grantor of the railway infrastructures.

There are also other lawsuits related to accidents in the railway infrastructure that the Company is responsible for, and also damage caused to neighbouring property and imputable to IP Group. These lawsuits are covered by the business insurance of IP Group.

The contingencies that may arise from the cases in the Labour Court have been provisioned, as stated in note 9.

SUBSIDIES

The grants assigned to the concession were granted in accordance with the eligibility conditions applicable to the respective applications. They are, however, subject to audits and possible correction by the relevant authorities. In the case of applications for Community grants, these corrections may occur over a period of five years from payment of the balance. In the case of grants assigned to the railway investment business on behalf of the Grantor, the refund only has an impact on the State Grantor – Accounts receivable item.

21. COMMITMENTS

IP's commitments result primarily of its obligation to meet the commitments made in the Road Sub-concession Contracts and the substitution of the State in its payments to and receipts from the concessioned road network.

The IP Group's net costs with the State's Road Concessions and Sub-concessions including the toll revenues after the end of the State's Concession Contracts with its private partners, which are

IP Group revenues in accordance with the Concession Contract, at constant prices and including VAT, as per the figures sent to the Directorate-General for the Treasury and Finance and used as a basis for the corresponding table in the Report on the State Budget for 2021, are summarised in the table below:

CONCESSIONS AND SUB-CONCESSIONS EXPENSES (€M)	2022	2023	2024	2025	2026	2027	2028	2029
Gross expenses	1 452	1 296	1 203	1 084	954	857	774	684
Revenues	- 376	- 374	- 410	- 685	- 559	- 570	- 570	- 576
Net expenses	1 076	922	793	399	395	286	204	107

CONCESSIONS AND SUB-CONCESSIONS EXPENSES (€M)	2030	2031	2032	2033	2034	2035	2036	2037
Gross expenses	566	503	353	280	269	215	146	124
Revenues	- 434	- 324	- 261	- 228	- 231	- 236	- 184	- 155
Net expenses	132	179	92	53	38	- 20	- 38	- 31

CONCESSIONS AND SUB-CONCESSIONS EXPENSES (€M)	2038	2039	2040	2041	2042
Gross expenses	143	32	10	0	-
Revenues	- 166	- 23	- 8	0	-
Net expenses	- 24	9	2	0	0

Source: 2021 State Budget Report

According to the 2021 State Budget Report:

"Figures relating to the road partnerships presented in table above were based on the contracts in force, and did not consider expected results of ongoing legal proceedings."

Regarding the Douro Interior, Litoral Oeste and Baixo Tejo sub-concession contracts, projections for respective net charges do not include, in line with the previous fiscal year, contingent compensations, which will not be paid in line with the Audit Court's position in this regard."

22. INFORMATION REQUIRED BY LAW

a) Under article 21(1) of Decree-Law 411/91 of 17 October, the Group confirms that it does not have any Social Security payments in arrears. It also informs that it does not have any debts with the Tax Administration.

b) Impact of the Activity of IP Group on National Accounts and Public Accounts (Base 12, paragraph 3 c) of Decree-Law 110/2009 of 18 May).

i. National accounts:

After consultation with the National Statistical Institute (INE), it is considered that all IP Group accounting items have a direct impact on the national accounts. The flows that the Group establishes with units outside the perimeter of general government will have a direct effect on the general government aggregates (deficit and/or debt); such effect and magnitude will depend on the operations concerned. Thus, when IP Group receives interest from financial applications outside the general government perimeter, it positively contributes to the balance of general government. When IP Group pays for services provided by companies outside the general government perimeter it is increasing public spending and, consequently, the deficit. If IP Group contracts financing from the financial sector or the rest of the world, it is increasing public debt.

Due to the nature of the national accounts system, the estimate of the impact of a single unit should only be taken as indicative. In so far as this is an integrated system, in order to demonstrate the underlying economic relations in a more explicit way, the national accounts methodology establishes that the operations of a unit or set of units are sometimes subject to transformations and the analytical effect of

which only makes sense within the broader scope of the accounts.

ii. Public accounts:

Financial reporting on a public accounts basis uses the so-called cash basis where financial flows - payments and receipts - are registered. The IP Group is included in the Reclassified public bodies and is deemed equivalent to the Autonomous services and funds; therefore, it is integrated into the state budget.

c) Forward-looking financial information - commitments assumed and multi-annual forward-looking information for the concession period concerning the concessionaire's activity, namely in terms of results, funding needs, dividends payable to the shareholder and income tax (Base 12, paragraph 4(b) of Decree-Law 110/2009 of 18 May).

23. OTHER RELEVANT FACTS

COMPENSATION, RESERVE OF RIGHTS, REQUESTS FOR REINSTATEMENT OF FINANCIAL EQUILIBRIUM (REF) AND APPEALS OF FINES IN SUB-CONCESSIONS AND SERVICE CONTRACTS.

Under the terms of the Sub-concession Contracts still prior to submission of any specific application for the reinstatement of financial equilibrium (REF), IP Group's consideration is called the "reserve of right", i.e. it has to inform IP Group that a particular fact is eligible for the purposes of REF. Only

following such reserve of right REF application requests are or can be submitted. It should also be noted that if the right of reserve is not formulated within 30 days of the occurrence of the event, any putative right to REF expires.

The following REF requests were submitted up to 30 June 2021:

SUB-CONCESSION	TYPE OF REQUEST MADE	FACT GENERATING REQUEST	STOCK OF THE SITUATION
Auto-Estrada Transmontana (AEXXI)	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	The IP Group's Executive Board of Directors suspended payments, at least until the Court of Auditors decision on AL's CSA appeal; payments were resumed but only partially.
Baixo Alentejo	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	The IP Group's Executive Board of Directors suspended payments, at least until the Court of Auditors decision on AL's CSA appeal; payments were resumed but only partially.
Baixo Tejo (AEBT)	Reinstatement of financial balance	Impossibility of construction of ER377, including Avenida do Mar	IP requester the set-up of negotiation committee o 7 February 2019 (see article 21 of DL 111/2012, of 23 May); NC submitted its report to the Government on 8 January 2021; The Government approved it on 25 (SEI) and 26 (SEF) May 2021; amended contract signed by IP/AEBT; following prior audit, the Audit Court issued its preliminary refusal, which the Parties agree to allow the entry into force of the Amended Sub-concession Contract]
Baixo Tejo (AEBT)	Non compliance with payment of remuneration due	Non compliance with payment of remuneration due	AEBT triggered arbitral proceedings; Arbitral Court was set on 18-11-19; proceedings are suspended and litigation integrated in the renegotiation of REF ER377
Litoral Oeste (AELO)	Reinstatement of financial equilibrium (based on unilateral change in Reformed SCC)	IC9-Alburitel/Carregueiros e IC9 - Carregueiros/ Tomar stretches; repair of pathologies in slopes transferred to AELO	Unilateral change in Reformed SCC, IP decision There is consensus between IP/AELO about the REF and amount required; IP triggered proceedings provided in DL 111/2012, of 23 May, letter SET dated 24.10.2019; pending Government decision (regarding the setting up of negotiation committee).
Pinhal Interior (Ascendi PI)	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	The IP Group's Executive Board of Directors suspended payments, at least until the Court of Auditors decision on AL's CSA appeal; payments were resumed but only partially.
Algarve Litoral	Compensation lawsuit	Lawsuit proposed by financing banks	In progress
Algarve Litoral	Termination of Reformed Sub-Concession Contract	Termination of Reformed Sub-Concession Contract, for reason attributable to IP	Arbitration Court set up, Dr. Luis Laureano appointed Chairman by the President of the Portuguese Bar Association, Prof. Paulo Otero, indicated by IP, Prof. Pedro Costa Gonçalves, indicated by RAL; ongoing; According to interim decision, the Court considered itself relevant to decide on the matters; IP will propose action viewing the annulment of this decision.
Algarve Litoral	Injunction within the scope of proceedings for the rescission of the reformed Sub-Concession Contract	Injunction within the scope of proceedings for the rescission of the reformed Sub-Concession Contract	Arbitral decision: IP was sentenced to pay € 30,007,923.12, added of monthly sum payable until issuing of final decision, in minimum amount of € 1,162,805.95, and € 1,262,805.95 following 45 days from said arbitral decision; IP has requested the partial annulment of the decision (in respect of the Court considering itself relevant).
SERVICE PROVIDER AGREEMENT	TYPE OF REQUEST MADE	FACT GENERATING REQUEST	STOCK OF THE SITUATION
Vialivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Amendment to Law no. 25/2006 pursuant to approval of Law 64-B/2011, of 30 December	IP accepted the expenses presented as eligible, and these will be approved or rejected on a case-by-case basis.

“COMPENSATIONS, RESERVE OF RIGHTS AND REQUESTS FOR THE REINSTATEMENT OF THE FINANCIAL EQUILIBRIUM IN STATE CONCESSIONS”

These concessions are State Concessions, negotiated by the State with Concessionaires; accordingly, IP is not a party in these contracts and is only informed of the situations through the State's representative, IMT. As part of its Concession Contract with the State, the IP Group may possibly be called upon to pay the REF if the Grantor so decides.

In the first half of 2021 the IP Group recorded expenses of EUR 2.26 million in co-payments, compensation and rebalancing, the most important of which were:

- i. Compensation to concessionaire AEDL – Auto-estradas do Douro Litoral, in the amount of EUR 4.19 million, pursuant to decision of the Arbitration Court dated 7 February 2017.
- ii. Implementation of Financial Rebalancing Agreement with Lusoponte, resulting in a balance of EUR 2.08 million in favour of IP.

APPROVAL OF FORMER REFER ACCOUNTS RELATING TO 2020

As of the date of approval of these financial statements the shareholder had not yet approved the Separate and Consolidated Financial Statements and corresponding management reports of the Executive Board of Directors relating to 2020.

COVID-19 IMPACT

The emergence of the Covid19 pandemic had a sharp impact on the Portuguese economy, and inevitably on IP Group's activity as well.

The Group implemented a global contingency plan, divided into several sector contingency plans, covering the business and corporate areas, taking into consideration the specificity and risk associated with the activity developed.

The Group is ensuring the normal operation of the road and railway infrastructures and developing its investment plan, in line with respective programmes. The protection of employees is ensured, in line with the directives of the National Health Authority (DGS).

At operational level the impact is practically null, however, at financial and economic levels, the impact is considerable given the sharp reduction in railway and road travels, as a result of circulation restrictions imposed in 2020 and the first semester of 2021..

Throughout 2021 and the first half of 2021 IP Group worked closely with its shareholder, the State, in order to implement the most adequate solutions to meet additional funding requirements and thus safeguard the Group's financial sustainability.

Likewise, the real estate and commercial areas business continue to be seriously affected by the pandemic, which required the adoption of measures to mitigate the impact on the business and financial situation of some of the sub-concessionaires. As a result, in accordance with article 11 of Law 4-C/2020 of 6 April and subsequent amendments, in addition to the moratoria granted concerning invoicing relating to March, as well as payment exemption and compensation reduction measures. Notwithstanding the above, the measures adopted by the management of the real estate segment of the Group jointly with the shareholder ensure the continuity of the activity of the segment.

The impact of Covid19 pandemic on the activity of IP Group in the first half of 2021, namely as concerns the loss of revenues and the increase in costs is described below.

IMPACT ON RESULTS

In comparative terms, results for the first half of 2020 vis-à-vis the first half of 2019 show a decrease in income with direct impact on results of € 72 million (CSR: € 62 million; railway tariffs: € 4 millions, Tolls on own roads: € 4 million and real estate segment: € 2 million).

With the third wave, the impact as of June 2021 vis-à-vis the same period of 2019 amounted to € 63 million (RSC: € 58 million; Railway tariffs: € 2 million, 2 M€ Tolls on own roads: € 2 million and real estate segment: € 1 million). The direct impact on results stood € 9 million below the sum recorded in 2020, as detailed in note 11.

EXPENSES RELATED TO THE FIGHT AGAINST THE PANDEMIC

Total expenses recorded with working organisation measures, mitigation and fight against the Covid-19 pandemic in the first half of 2021 totalled € 308 thousand, as follows:

- Cleaning and disinfection measures: € 100 thousand;
- Purchase of masks, gloves, temperature controllers, disinfection products: € 135 thousand;
- Communication plan, increase in number of vehicles and electric equipment: € 73 thousand.

OPERATING ACTIVITIES

The Group's operating activity did not suffer any relevant impact thanks to the mitigation measures implemented and the working model adopted, as can be seen at various levels:

- The level of maintenance and repair activities performed remained high, increasing by 17% as against the first half of 2019.
- Financial implementation of investment activities rose by 72% over 2019;
- The road and railway networks remained fully available at all times.

Following the measures implemented or which may be taken in articulation with the Shareholder, if necessary, the current situation of the COVID-19 pandemic does not jeopardise the continuity of the operations of IP Group.

PUBLIC-PRIVATE PARTNERSHIPS

As regards Public-Private Partnerships, following the declaration of the state of emergency, several sub-concessionaires and toll collection service providers notified IP Group that the pandemic declared by the WHO constituted a case of force majeure triggering the effects provided in respective contracts.

The pandemic situation also triggered restrictions to the free movement of people and the free exercise of economic activity.

These restrictions of rights correspond to the fulfilment of a contractual obligation, i.e. whenever an event occurs which private partners consider to qualify and lead to a financial disequilibrium of the sub-concession, they are required to communicate such situation to IP Group.

On the other hand, as they comply with this requirement, private partners are also required to communicate which obligations can be complied with and which cannot, for how long, and what are the mitigation measures that were adopted.

However, despite the restriction of rights mentioned above, no claim was made so far viewing the reinstatement of the financial balance.

24. SUBSEQUENT EVENTS

See accounting policy 2.3.18 of the annual report as of 31 December 2020.

I) NEW LAW RELATING TO TOLL REDUCTIONS

The toll reduction regime planned in the 2021 State Law, specifically in articles 425 and 426 came into force on 1 July 2021, as provided in Council of Ministers Resolution 80/2021 of 28 June, governed by Order 138-D/2021 of 30 June.

II) EXTENSION OF THE FRAMEWORK CONTRACT UNTIL DECEMBER 2021

On 29 July 2021, according to Council of Ministers Resolution 104/2021, backdated as of 1 July 2021, the term of the Framework Programme for the national railway sector was extended until 31 December 2021; the said Resolution further authorised expenses with Compensatory Allowances in the amount of € 27,527,528.98 (plus VAT), corresponding to the proportional of six months of the compensatory allowance provided in the framework contract for 2020.

III) BAIXO TEJO AMENDED SUB-CONCESSION CONTRACT

UTAP order dated 22 July 2019 established the creation of negotiation committee to discuss the objective need to contractually reflect the impossibility of building ER377-2. The final report of the negotiation committee was approved on 4 June 2021 by the Secretary of State for Finance and the Secretary of State for Infrastructures and Housing.

Subsequently, IP and AEBT – Autoestradas do Baixo Tejo, S.A (AEBT) signed an Addendum and additional documentation as agreed by the NC and AEBT, which IP subsequently submitted to the prior approval of the Audit Court.

The Audit Court issued its preliminary refusal on 20 July 2021.

The Amended SCC will enter into force on 29 July 2021, after AEBT accepting the understanding of IP that the Audit Court decision approves its entry into force (see Clause Four (1-c)) of the Addendum).

IV) UNANIMOUS WRITTEN DECLARATION FOR THE CREATION OF A CENTRE OF RAILWAY EXPERTISE

According to Unanimous Written Declaration dated 4 August 2021 the Executive Board of Directors of IP was mandated to adopt all necessary measures and diligences to create the Centre of Railway Expertise, including participation in General Meetings and entering into of agreements and other documents relating to the creation and development of the Association.

V) CAPITAL INCREASES - 9 SEPTEMBER 2021 AND 10 SEPTEMBER 2021

Pursuant to unanimous written corporate resolutions dated 09 September 2021 and 10 September 2021, the share capital of IP was increased by € 73,335 thousand and € 73,880 thousand, through the issue of respectively, 14,667 and 14,776 shares with the nominal value of € 5,000 per share, subscribed and paid up by the Portuguese State, as shareholder.

VI) CHANGE IN RATING

On 20 September 2021 Moody's Investors Service ("Moody's") changed its rating on the bond issues of IP as follows:

- Senior unsecured debt: from Ba1 to Baa3;
- Senior secured debt: from Baa3 to Baa2.

The outlook was changed from "positive" to "stable".

This change occurred following the upward revision of the rating for the Republic of Portugal occurred in September, and brings the credit risk provided to IP 's debt (secured and unsecured) back to "investment grade", a credit ranking last seen in July 2011.

VII) END OF COVID19 MEASURES APPLIED TO THE REAL ESTATE MANAGEMENT SEGMENT

On the onset of the Covid19 pandemic back in March 2020, a set of extraordinary and temporary measures were put in place to help lessees of real estate areas leased to IP (see notes 16 and 32 of the annual report, as updated in this report in notes 11 and 23), including reductions in rents, which naturally had financial impact on the segment.

In the light of the positive evolution of the pandemic and the lifting of lockdown measures, such measures were lifted as from September 2021.

Almada, 23 September 2021

The Executive Board of Directors

Chairman, ANTÓNIO CARLOS LARANJO DA SILVA

Digitally signed

Vice-chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed

Financial Director

MARIA DO CARMO ALMIRO DO VALE DUARTE
FERREIRA

Digitally signed

Vice-chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed

Certified Accountant

DIOGO MENDONÇA LOPES MONTEIRO

Digitally signed

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed



The background of the cover is a photograph of a high-speed train, likely a TGV, moving through a landscape with overhead power lines. The image is overlaid with a semi-transparent teal color. The text is centered and reads:

Part III
Report on Review
of Condensed
Consolidated
Financial
Statements

First-half 2021

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Infraestruturas de Portugal, SA (hereinafter referred by IP or Company), which comprise the condensed consolidated statement of financial position as of June 30, 2021 (that presents a total of € 27,811,118 thousand and a total equity of € 9,210,741 thousand, including a net loss of € 38,907 thousand), the condensed consolidated income statement by nature, the consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six month period then ended, and the explanatory notes to these condensed consolidated financial statements.

Executive Board of Directors' responsibilities

The Executive Board of Directors is responsible for the preparation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. Our work was performed in accordance with ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors (Ordem dos Revisores Oficiais de Contas). These standards require that we conduct the review to conclude whether something has come to our attention that causes us to believe that the condensed consolidated financial statements were not prepared in all material respects in accordance with the International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union.

A limited review of condensed consolidated financial statements is a limited assurance engagement. The procedures that we performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained.

The procedures performed in a limited review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (ISA). Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Infraestruturas de Portugal, SA, as at June 30, 2021, are not prepared in all material respects, in accordance with the International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union.

Emphases

Without modifying our conclusion, we draw your attention for the following matters:

1. As disclosed in paragraph 4.4.1 of the Management Report and in note 23 to the condensed consolidated financial statements, the Court of Auditors confirmed through judicial decision no. 13/2019, of May 31, following an appeal filed by the Group against the decision contained in Judgment decision no. 29/2018, the refused to approval (Visa) to the Amended Sub-concession contract of Algarve Litoral, agreed with the Sub-concessionaire in the context of a renegotiation process. IP appealed to the Constitutional Court against this decision, but the appeal was refused in September 2020 and IP filed a complaint to the Plenary of the Constitutional Court, which issued its final and definitive decision through the Judgment decision 58/2021, of January 22) against the appeal. On July 17, 2019, under the terms of the relevant law, the Sub-concessionaire submitted a request for the termination of the sub-concession agreement, which was refused; as a result, in early September 2019 the sub-concessionaire initiated arbitration proceedings against IP; the arbitral court was officially set up in 2020; the proceedings are still ongoing. Additionally, the financing entities filed a compensation lawsuit, as disclosed in said note 23, which is still ongoing. As a result of the understanding expressed in the first Decision of the Court of Auditors, the ongoing negotiation proceedings regarding the Baixo Tejo and Litoral Oeste sub-concessions were suspended as a result the Memoranda of Understanding already signed that provided lower remuneration payments even though negotiations were still ongoing, were not renewed by the Sub-concessionaires, leading to the resumption of the agreements in force. Consequently, the Baixo Tejo Sub-concessionaire invoked the existence of financial imbalances resulting from the obligations provided for in the respective reformed contract, due to the impossibility of building and operating ER 377-2; on June 4, 2021, following approval of the Negotiation Committee's report by the relevant ministries, the Parties entered an Amendment Agreement; as a result, the Amended Sub-Concession Contract entered into force on 29 July 2021. In what concerns the Douro Interior

Sub-concession, negotiations were completed; the report of the Negotiation Committee awaits the decision of the relevant ministerial authorities.

2. As disclosed in Note 6 to the condensed consolidated financial statements, current assets recorded under the heading State and Other Public Entities correspond almost entirely to the VAT determined by former company EP - Estradas de Portugal, SA and by IP since the merger with REFER relating to the road segment, totalling € 1,756,125 thousand. Due to the framework provided by the Tax Authority to the activity carried out by IP, specifically in the Road Service Contribution (RSC), additional VAT corrections have been made, amounting to € 1,980,745 thousand added of interest totalling € 127,006 thousand for the years inspected up to 2017; the Company filed judicial claims against such payments (relating to 2008 to 2009 and to 2011 to May 2015) and administrative complaints (June to December 2015 and 2016), and inspection report (2017). As disclosed in Note 6, IP was notified in October 2017 of the Decision overturning the decision appealed against in relation to one of the legal proceedings (tax of Euro 64,506 thousand), which considered the challenge totally justifiable and cancelled the additional tax settlements issued by the Tax Authority; the Tax Authority appealed against this decision to the Administrative Supreme Court. As disclosed in note 9, IP is setting specific provisions corresponding to the overall VAT amount deducted from activities financed by the RSC, which totalled € 436,009 thousand at 30 June 2021. It should be noted that any risk associated with VAT not considered in the provisions would have accounting impact on the cost of the concession right of the national road network.

3. As disclosed in Note 8.3.2 to the condensed consolidated financial statements, significant part of Group's funding requirements is provided by the Shareholder State; as of June 30, 2021, total funding/shareholder loans including interest amounted to € 2,338,010 thousand, including € 2,215,578 thousand in loans for the road segment that have already reached maturity, but were granted a moratorium with suspended interest. As also disclosed in note 8.2.1, current assets include € 3,996,938 thousand of investments made by the Group on behalf of the State, in long-term railway infrastructures.

4. As disclosed in notes 2.4 and 5 of the Notes to the condensed consolidated financial statements, the accounting recognition of the Intangible Asset Road Concession Right, has underlying assumptions and estimates of great relevance, such as the total amount of the investments and the expected income until the end of the concession (December 31, 2082), which are provided in the business plan annually prepared and reviewed by the Group. Given that future events often may not occur as expected, namely as a result of factors exogenous to IP, such as the evolution of macroeconomic variables, political decisions and socio-economic changes, the financial and economic performance of the Concession may be significantly affected if the assumptions change, as demonstrated in the sensitivity analysis disclosed in note 2.4 to the Notes to the condensed consolidated financial statements.

5. The annual report and accounts for the year ended at December 31, 2020 are still pending of approval by the Shareholder State, as disclosed in note 23 to the condensed consolidated financial statements.

6. In respect of the Covid-19 pandemic, the risks, measures and contingency plans, and impacts are described in chapter 7 of the Management Report and Note 23 of the Notes to the condensed consolidated financial statements; As a result of the measures implemented or that may still be implemented if needed, in articulation with the Shareholder, the Executive Board of Directors considers that the exceptional circumstances of the Covid-19 pandemic, do not compromise the continuity of the Group's operation. On the other hand, as disclosed in point 7.5 of the Management Report and the said note of the Notes, pursuant to their legal obligations, a number of sub-concessionaires and toll collection services providers have notified IP claiming that the declaration of the state of emergency is an event of Force Majeure for the purposes provided in respective contracts; however, no request for financial re-equilibrium was submitted as of this date.

Our conclusion is not modified in relation to these matters.

Lisbon, September 24, 2021

António José Carvalho Barros, on behalf of
BDO & Associados, SROC, Lda.
(Registered with the Securities Market Commission under number 20161384)

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