
Infraestruturas de Portugal
ANNUAL REPORT
2021

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Part I
Management Report 2021

1. ABOUT THE REPORT

Infraestruturas de Portugal, SA publishes the Integrated Report for the year 2021 providing financial and non-financial information, according to the latest reporting guidelines published by the International Integrated Reporting Council (IIRC), and the legal guidelines for the State-owned Enterprises Sector, adjusted as needed to the Group's reality.

The IP Group has evolved over recent years to cover multimodal mobility, in addition to the management of the vast infrastructure network under its responsibility. Under the motto **WE CONNECT PLACES**, the Company plays a relevant role in the country's economic and social development.

This integrated report describes the activity and performance of the different business areas and capitals (human, intellectual, social, natural, and financial), not to mention IP Group's greatest present challenges, amongst which we point out the modernisation of the National Railway Network in accordance with the 2020 Ferrovia Investment Programme and the road investments foreseen in the Recovery and Resilience Plan.

This report will provide a better understanding of our business strategy, and the transfer of value to our stakeholders (employees, shareholders, customers, regulators, suppliers, partners, etc.) to whom this Report is addressed.

All of these aspects, which form part of the Management Report (Part I), are presented and developed from IP Group's perspective, focused on IP's operation as the largest company in the Group, as well as remaining companies operating under a common corporate strategy.

Parts II and III of this report present the separate and consolidated financial statements and respective notes to the accounts; Part IV comprises IP's Corporate Governance Report, and Part V includes the Global Reporting Initiative (GRI) table.

The financial statements of IP and IP Group were prepared on the basis of ongoing operations, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), issued and in force on 31 December 2021.

IP's 2021 Corporate Governance Report was prepared in accordance with the manual provided by the Technical Unit for Monitoring and Supervision of the State-owned Enterprises Sector (UTAM).

The disclosure of non-financial information follows the guiding principles of the Global Reporting Initiative (GRI) and complies with mandatory disclosure provisions in Decree-Law 89/2017 of 28 July, and art. 66(B) and 508(G) of the Companies Code relating to consolidated non financial information.

This document is digitally signed (Part VI).

The Management Report and the Financial Statements were approved by the General Supervisory Board, certified by the statutory auditor Vitor Almeida e Associados, SROC, Lda, and audited by the external entity BDO - Rosa, Correia & Associados, SROC, SA (Part VII).

For further information on the data published in this report or if you wish to send us your comments, please write to us to the following email address: ip@infraestruturasdeportugal.pt; or postal address: Campus do Pragal; Praça da Portagem; 2809-013 ALMADA · Portugal.

Inclusive Language
Due to the length of the text, we have not used gender-inclusive language. This option is only motivated by the ease of reading, not compromising our conviction and our practice of combating all sexist forms of communication.

2. STATEMENT OF THE BOARD OF DIRECTORS

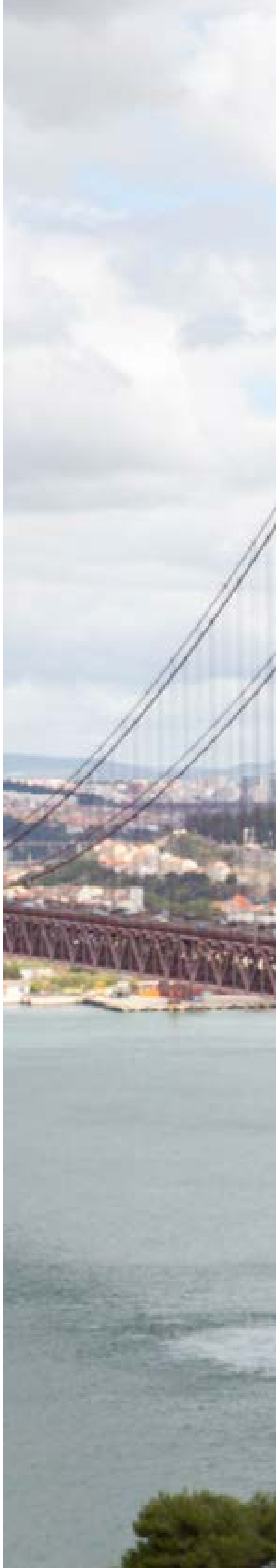
As was expected and desired, 2021 was a year of recovery and gradual return to normality, following a year indelibly marked by the COVID-19 pandemic, and respective impact in economic and social terms, as is well known by all.

Notwithstanding the above, the year 2021 started on the wrong foot, as a 3rd wave of COVID-19 emerged, provoking the greatest pressure on the National Health System ever seen since the beginning of the pandemic, and forcing the Government to decree a State of Emergency to further contain the spread of the pandemic, with a set of circulation restrictions, which affected commercial activity and the freedom of movement.

Despite the strong impact that this period of about three months inevitably had on IP's activity, we once again overcame difficulties, as was the case throughout 2020, ensuring the permanent availability of more than 15,000 km of roads and more than 2,500 km of railway lines and branches, without affecting service levels and operational safety.

Recovery started as soon as the state of emergency ended, especially from the 2nd half of the year onwards, as the prompt return ot the Group to positive results clearly showed. In fact, the IP Group ended 2021 with a positive Net Income of € 15.9 million, which compares with the negative Net Income of € 57.2 million recorded in 2020.

The increase in road traffic decisively contributed to this performance, mainly reflected in the increase in revenue from the Road Service Contribution, which grew by around € 52 million compared to 2020, reaching € 636 million. This increase became clearer in the 2nd half of the year, particularly in the last four months - a period during which road fuel consumption approached the figures recorded in the same period of 2019, that is, before the pandemic.



JOSÉ SERRANO GORDO

Vice-President, Acting President

In terms of toll revenue, the increase in traffic was offset by the introduction, in the 2nd half of the year, of the new reduction regime for former SCUT motorways (50% on user fees), as provided for in the 2021 State Budget Law. The coexistence of these two opposite factors led to a decline in toll revenues of around €15 million compared to 2020.

If this reduction regime is maintained, IP will feel the full impact throughout the 12 months of 2022, which means that the reduction in revenue will be much higher.

Although the variation in net revenue from State Concession tolls, where ex-SCUT concessions are included, do not have direct impact on economic results, due to the accounting model of the Road Concession Contract, its impact is high in financial terms, with repercussions on the funding of activity, a situation that naturally worries IP and which requires alternative forms of financing by the State Shareholder.

Revenues from Rail Services reached €78 million, rising by around € 5 million compared to 2020.

In 2021, IP's ambitious Investment Plan was continued, with a financial implementation of around € 278 million, growing by 36% over 2020. We naturally highlight the Ferrovia 2020 Programme, with a financial implementation of approximately € 196 million in 2021; this programme is in full development phase, with modernisation works underway on almost the entire length of the Beira Alta Line, the North Line, the West Line and the Algarve Line, in addition to the construction of the new railway section between Évora and Elvas.

It is also worth noting, in line with what happened in 2020, the fact that IP did not change the existing schedule of public tenders related to the 2020 Railway Programme because of the pandemic context.

In addition to the 2020 Railway Programme, important steps were taken in 2021 to develop the investments planned for the coming years within the scope of the Recovery and Resilience Plan (RRP), and the National Infrastructure Plan 2030; on March 31, 2022, the first work foreseen in the RRP was awarded, specifically the 2nd phase of the bypass on the EN14 between Maia and Trofa, worth € 32 million.

We this foresee a scenario of relevant investment activity in 2022 and subsequent years, maintaining the annual growth trend that has been consecutively observed since 2016.

Thus, the company's activity as well as the fulfilment of its Mission were fully ensured in 2021. The commitment and dedication of our workers was decisive to this achievement, despite the measures to prevent and mitigate the Covid-19 risk, which the company implemented.

In the light of the expected increase in activity for the coming years, we must reinforce and renew the workforce, Reinforcement is needed to provide IP with the necessary resources to face such increase. Renewal is crucial to ensure the transfer of know-how to new generations and future leaders, a fundamental aspect in such specific and important areas of activity as the management of railway and road networks.

After nearly a decade without being allowed to hire, it is with great satisfaction that in 2021 we had a total of 227 new admissions to IP Group, and an increase in the workforce by 112 workers, thus reversing the trend of the last few years, which had seen an annual decrease in the number of employees, mainly due to retirement.

Another relevant aspect, which is important to highlight, is the development of our Human Capital. In 2021 IP continued to promote its career development culture based on continuous learning, sharing of knowledge, specifically the technical know-how relating to road and railway activity, innovation, alongside an internal culture focused on Safety.

Against this background, and even in an atypical year as was 2021, we provided a total of 4 thousand hours of training to our employees, mainly to new employees.

The enhancement of our Human Capital is a path that we intend to pursue in the coming years, as it is deemed decisive for the future sustainability of IP.

As far as sustainability is concerned, the IP Group is committed to putting in place sustainable policies to address the economic, environmental and social dimensions of sustainability, based on best social responsibility practices both within its business areas and in its external relationships.

During 2021 several initiatives were developed in this scope, as will be detailed further down in this report, in line with the work started in previous years and that will be continued in the future.

We live in times of strong changes. Two years ago we faced the COVID-19 pandemic, which significantly changed the economic and social context of the country and the world, to which we had to adapt. And now, since February 24th, we are faced with a new paradigm, that of a war in Europe, with the invasion of Ukraine by Russia.

The impact of this new geopolitical scenario is already visible in Portugal, with direct repercussions on the price of commodities, and in particular of oil and food products. Naturally, is likely to adversely impact the evolution of the IP Group, given its significant exposure to the country's economic context, in particular with regard to the level of use of the National Road Network, whose revenues (CSR and Tolls) accounted for 82% of the IP Group's turnover in the year under review.

It is important to highlight the high uncertainty associated with this issue, both in terms of its impact and in terms of its time horizon, which alongside the set of mitigating measures that are being implemented by the Portuguese Government, namely in terms of the tax burden on oil products, does not allow us to confirm, let alone quantify, the potential reduction in revenue due to a decrease in road traffic.

Despite the existing uncertainty, we are certain that the IP Group will be able to overcome this additional challenge.

A final word of thanks to all employees for their dedication and professionalism, as well as to the Shareholder, Supervisory Bodies and other Stakeholders for the collaboration and confidence shown.

José Serrano Gordo

Vice-President, Acting President

3. ABOUT US

The IP GROUP is the largest group active in the management of transport infrastructure in Portugal; its major aim is to provide a safe, efficient and sustainable multimodal mobility service.

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 the road infrastructure, under the terms of the General Concession Contract for the National Road Network entered into with the State and provides a public service as manager of the National Railway Network, under a system of delegated powers from the Portuguese State, according to a Framework Contract, which defines and regulates the terms and conditions of the provision by IP of the public service obligations of management of the National Railway Network.

Additionally, IP´s corporate object includes the business operation of the public railway and road domain, including autonomous assets, such as the operation of service stations, parking areas, information and traffic management systems, rail and road safety systems, technical channel, and communication networks between infrastructures or between infrastructures and vehicles, or stations, or terminals or other railway facilities.

A brief summary of the aforementioned contracts with the State is presented below:

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 produced by them, translated in performance indicators.

The National Road Network gets its financing from tolls charged in tolled roads and other income deriving from the operation of the concession and the road service contribution (RSC) created by Law no. 55/2007, of 31 August.

Railway Framework Contract:

On 11 March 2016 the State and IP signed a 5-year (2016-2020) Framework Contract for the National Railway Network, as provided in Decree-Law no. 217/2015, of 7 October.

The Framework Contract has been extended every six months since the 1st semester of 2021, for periods of six months, according to Addenda to the Framework Contract determined by Resolutions of the Council of Ministers, its current end date being June 30, 2022.

The need to conclude these Addenda stemmed from the fact that it was not possible to finalise the negotiations of the new Framework Contract for 2021-2025, though this is expected to occur in 2022, pending approval by the Government.

The State's main obligation is to finance the management of the infrastructure, 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 tariff revenues charged to railway operators, surpluses resulting from ancillary activities associated with the operation of the railway infrastructure and the compensatory allowances to cover the costs of fulfilling public service obligations that are not covered by such revenues.

3.1 The 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 Ferrovia 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.

IP's stake in the share capital of subsidiaries

IP Engenharia

shareholders

Infraestruturas de Portugal, SA
98,43%
IP Património, SA
1,57%

IP Património

shareholders

Infraestruturas de Portugal, SA
99,9968%
IP Engenharia, SA
0,0032%

IP Telecom

shareholders

Infraestruturas de Portugal, SA
100%

Infraestruturas de Portugal

AVEP
Alta Velocidade de Espanha e Portugal, AEIE

shareholders		
	Infraestruturas de Portugal	50%
	ADIF (Espanha)	50%

Corredor Atlântico
Corredor Atlântico, AEIE

members		
	Infraestruturas de Portugal	25%
	ADIF (Espanha)	25%
	SNCF Réseau (França)	25%
	DEB Netz AG (Alemanha)	25%

Subsidiary Compagnies *Joint Operation*

3.2 Mission, Vision and Values

MISSION

IP's corporate objed 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.

Within this scope IP assumes the position of manager of infrastructures, under the terms of the General Concession Contract for the National Road Network and the Framework Contract for the National Railway Network both entered into with the Portuguese State.

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 THE DESTINATION

↓

VISION

DEFINING HOW WE GET THERE

↓

VALUES AND MANAGEMENT COMMITMENT

3.3 Our Networks

3.3.1 Road Network

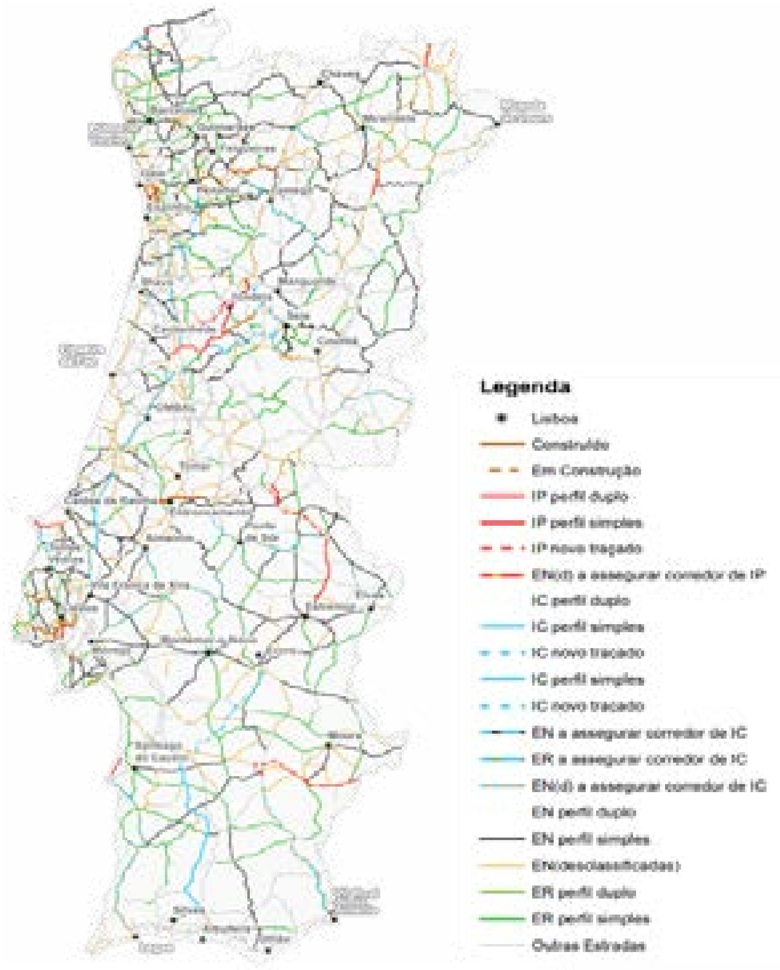
The total length of the network operated by IP is currently 15,057 km, of which 14,042 km are directly managed, and 1,015 km are subject to concession.

The 14,042 km network under direct management of IP is distributed as follows:

- IP = 463 km
- IC = 1.810 km
- EN (National Road) = 4,685 km
- ER (Regional Road) = 3.344 km
- ED (Declassified Road) = 3.740 km

Section of IP5 (A25) – Vilar Formoso/Fronteira, with 3.6 km in length, open to traffic in 2021.

During the year under review the management of 71 kilometres of roads was transferred to respective municipalities.



3.3.2 Road Network

The national railway network lines and branches (whether operating or idle) total 3,600 km in length.

No changes in the length of the National Railway Network (including operational and idle lines) have occurred during the year under review, which stands at 3,600 km. Seventy percent of the network is operational, corresponding to 2,527 km, of which 1,916 km is single track and 563 km multi--track.

The length of the electrified network (1,794 km) corresponds to 71% of the total operating network. This figure includes the recent electrification of the Minho Line (Nine-Valença section).

The Convel speed control system associated with electrical or electronic signalling systems is installed on about 68.9% of the operating network (1,741.4 km). The Solo-Train Radio supplementary safety system is implemented on 74.4% of the operating network (1,879.6 km).

The GSM-R (Global System for Mobile Communications – Railways) digital system according to European Interoperability Directives, is deployed over 25 km of network, whilst 116 km use GSM-P ("P" means that communications are made over the Public Network).

In 2021, there were 563 operating railway stations, of which 292 were exclusively for passenger service, 12 exclusively for freight service and 245 for combined services.

3.3.3 Trans-European Transport Network

Part of the national road and rail network is integrated in 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 advantages 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.

Around 1800 km of the national rail network are part of the global network, of which 900 km are part of the main network. As for the road network, approximately 800 km form part of the main network.

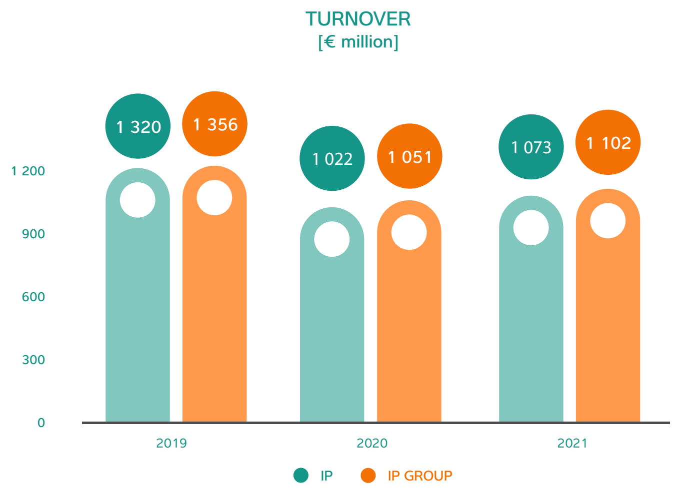
Global and Main Road Network

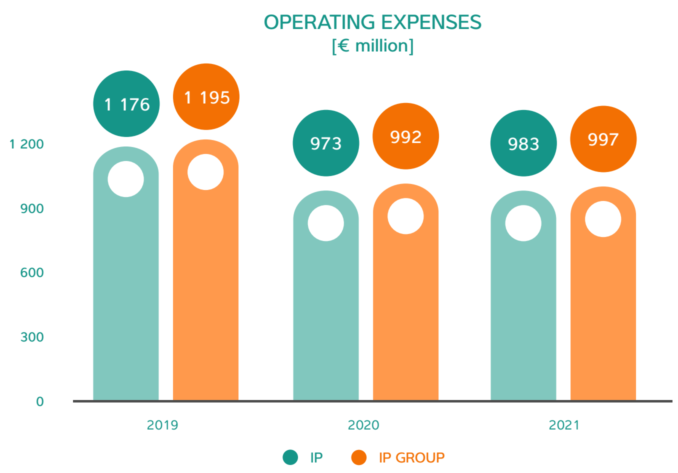
Global and Main Railway Network

3.4 Key Indicators

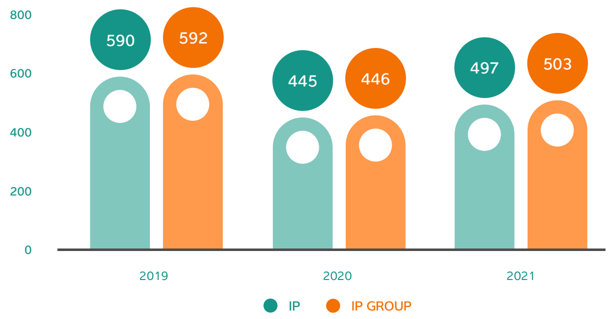
3.4.1 Financial Capital

In 2021 IP Group's Turnover reached € 1,102 million, with positive Net Results of € 16 million.

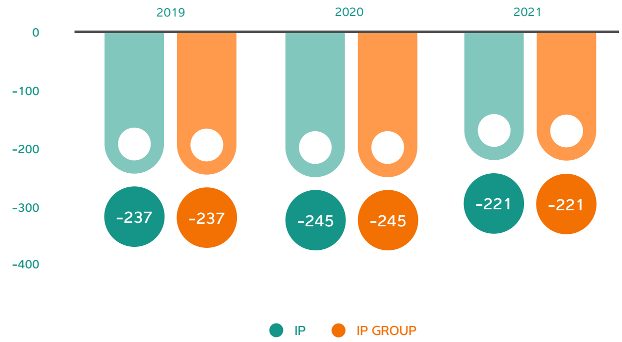




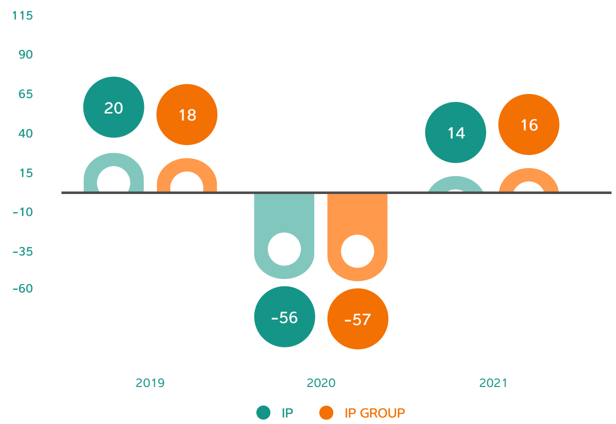
EBITDA
[€ million]



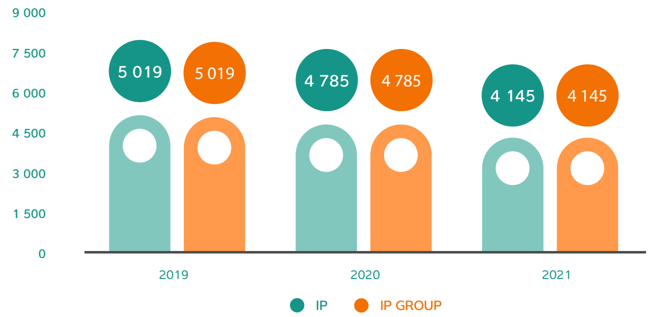
FINANCIAL RESULTS
[€ million]



NET PROFIT
[€ million]

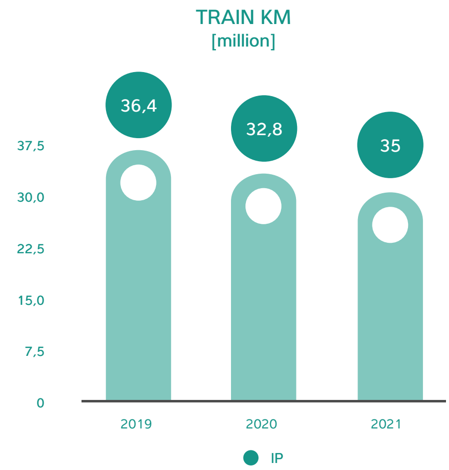


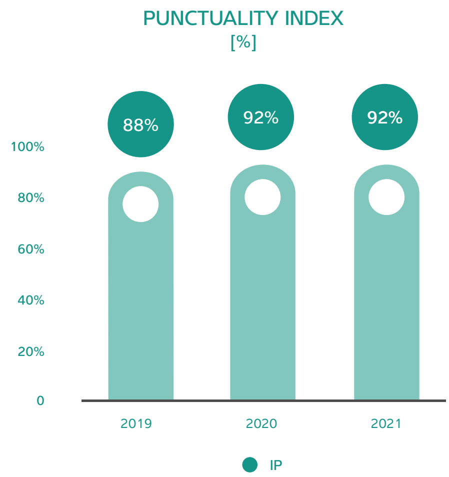
DEBT
[€ million]

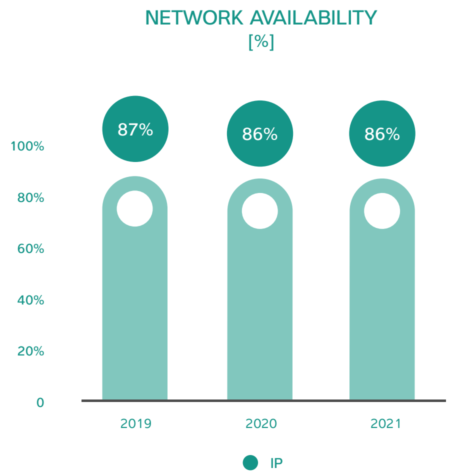


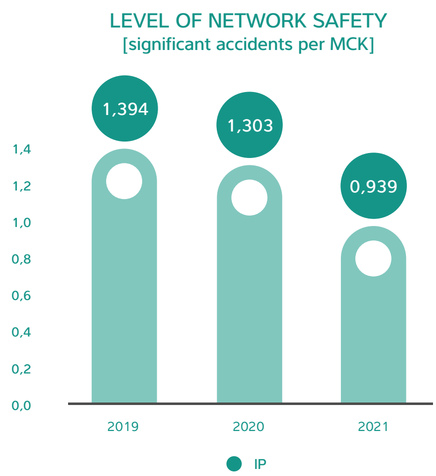
3.4.2 Operation

In 2021 a total of 35 million train-kilometre (TK) were travelled by rail operators, of which 84% consisted of passenger traffic and 16% were freight traffic.



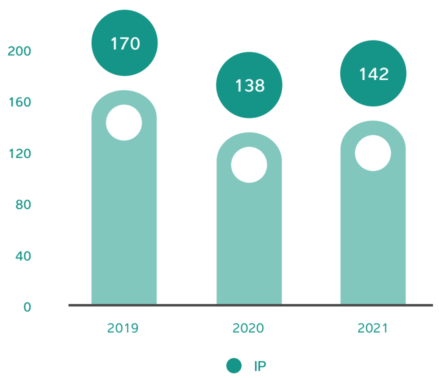




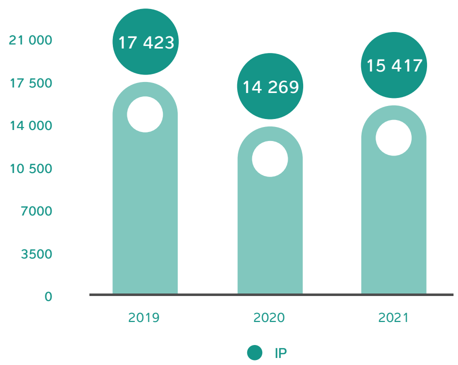


In terms of accidents, the year saw a slight increase in the number of fatal casualties and in the severity index of accidents in built-up areas.

FATALITIES (ROAD)
[No.]

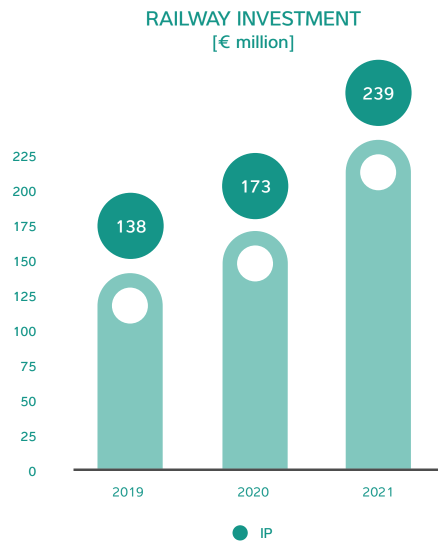


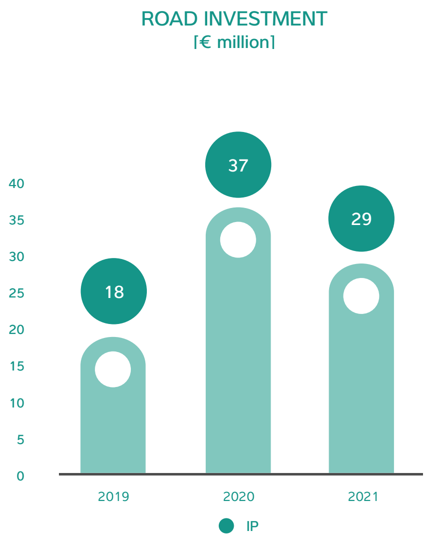
SEVERITY INDICATOR IN BUILT-UP AREAS
[index]



3.4.3 Investment

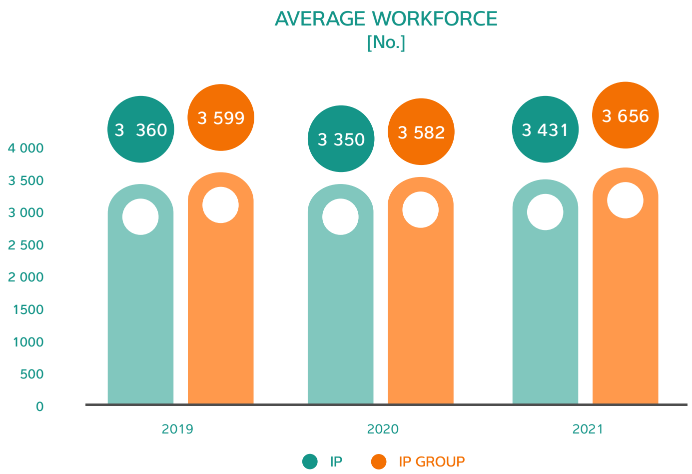
Increase in railway investment by 38% in 2021, boosted by the Ferrovia 2020 Programme.





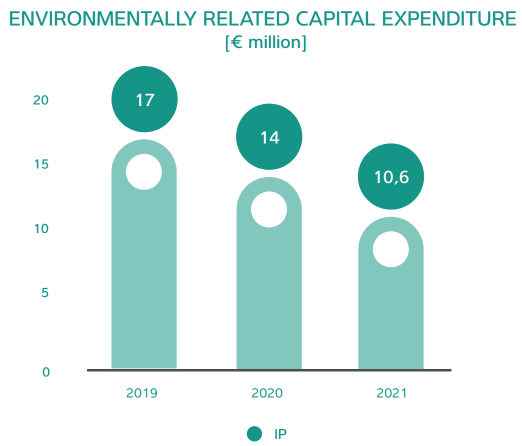
3.4.4 Human Capital

The company wants to stabilise its current workforce, replacing employees and strengthening specific critical areas, namely in the operational maintenance, inspection, and control areas.



3.4.5 Natural Capital

In 2021 environment-related investment covered numerous aspects, however, the largest slice was assigned to current maintenance contracts.



3.5 Highlights of the Year

JANUARY

MEASURES TO PROTECT THE IBERIAN LYNX SPECIES ON EN122

Fences were deployed across 1.3 km of the road in Mértola, Beja district. Related expenditure was € 50 thousand..

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. Capital expenditure associated with these renovation works totals € 2.6 million.

COMPLETION OF THE RENOVATION OF TOMAR RAILROAD BRANCH

IP completed track renovation works at km 0,000 to km 1,933 of Tomar Railroad Branch. With an investment of € 1 million, the works will improve safety, quality, and availability levels of this railway infrastructure.

FEBRUARY

CONTRACT FOR RAINHA D. AMÉLIA ROAD BRIDGE

The works will reinforce the protection of the foundations and renovate the pillars of the bridge linking Cartaxo and Salvaterra de Magos. The investment is worth € 1 million and aims to strengthen the integrity of the bridge's pillars and protect its foundations against the effects of erosion caused by the current of the Tagus River.

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, for a sum of € 372 thousand. The contract covers A4 – Marão Motorway and Marão Tunnel.

COMPLETION OF RENOVATION OF ER342 BETWEEN ARGANIL AND COJA

The renovation and improvement of the section of the ER342 between Arganil and Coja, in the district of Coimbra, with 12.7 km in length and expenditure of over € 1.6 million, was completed.

MARCH

COMPLETION OF RENOVATION WORKS OF EN9 AT TORRES VEDRAS

The contract "EN9 - Torres Vedras (km 68,000) and junction with EN115 (Merceana) (km 83,700) - Renovation" was completed, located in the municipalities of Torres Vedras and Alenquer, with an associated investment of € 3.7 million.

IMPROVEMENT OF TRACK SUPERSTRUCTURE ON THE PINHÃO - TUA SECTION

The contract to improve the track superstructure, between km 127,059 and 139,500, on the Pinhão - Tua section of the Douro Line, in the municipalities of Alijó and Carrazeda de Ansiães, was awarded. The contract works, with an implementation period of 300 days, were awarded for the amount of € 3.6 million, to which add about € 2.2 million in materials to be deployed, corresponding to an overall capital expenditure of around € 5.8 million.

FULL RENOVATION OF CASCAIS LINE

Track renovation of three stretches of Cascais Line - Algés, Paço de Arcos and Santo Amaro. The work, awarded for € 1.7 million, is carried out between the Algés and Santo Amaro stations, and aims at the complete replacement of sleepers, rails and fixings in the aforementioned sections, with an implementation period of 240 days.

OPENING TO TRAFFIC OF SILVARES JUNCTION

The new Silvares junction was opened to traffic, as the levelling works of the Silvares roundabout giving access to the A11, in Guimarães, were completed.

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

APRIL

RENOVATION OF RAILWAY TRACK BETWEEN SANTA APOLÓNIA AND BRAÇO DE PRATA

The works to renovate the railway track on the section between Santa Apolónia and Braço de Prata, in Lisbon, began on 19 April, with an estimated capital expenditure of € 4 million.

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

Renovation works on the IP3, between Penacova Junction and bridge over river Dão were completed on 15 April (investment of € 11.8 million).

2020 RESULTS OF IP GROUP

IP Group disclosed its annual results on 23 April. IP ended 2020 with positive EBITDA of € 445 million and Net Results of -€ 56 million, which reflected the impact of COVID-19 on revenues from the use of road-rail infrastructures.

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, following completion of the modernisation and electrification works carried out by IP, with an associated investment of € 86.4 million.

MAY

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

The presentation session of the Recovery and Resilience Plan (RRP) took place on May 11. IP enjoys a privileged position as the largest national agent in the Infrastructure Sector.

FERROVIA 2020 – INTERNATIONAL NORTH CORRIDOR. REOPENING OF BEIRA BAIXA LINE - COVILHÃ/GUARDA SECTION

The ceremony marking the reopening of the Beira Baixa Line took place at Covilhã Station on May 4 and was attended, among others, by the Minister of Infrastructure and Housing, Pedro Nuno Santos, and the Minister of Territorial Cohesion, Ana Abrunhosa.

This was a historic day that marks the replacement of the rail link between two important cities in the Beiras region and Serra da Estrela.

FERROVIA 2020 – INTERNATIONAL SOUTH CORRIDOR. VISIT TO THE CONSTRUCTION WORKS OF THE NEW RAILWAY SECTION BETWEEN FREIXO AND ALANDROAL, OF THE ÉVORA LINE

The Prime Minister, António Costa, accompanied, among others, by the Minister of Infrastructure and Housing, Pedro Nuno Santos, paid a visit on the 19th of May to the construction works of the new railway section between Freixo and Alandroal, on the Évora Line, comprised in the International South Corridor.

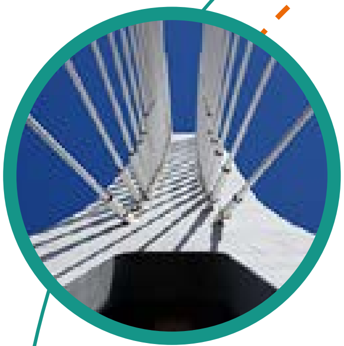
JUNE

DOURO LINE | RENOVATION OF VARGELAS AND FONTAÍNHAS I TUNNELS

Structural reinforcement and stabilisation works were awarded for the entrances of the Vargelas and Fontaínhas I tunnels, respectively at km 153,702 and 166,822 of the Douro Line, in the municipalities of São João da Pesqueira and Vila Nova de Foz Côa, for the amount of € 934 thousand and duration of 240 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, with related investment of € 9.3 million. Normal traffic flow was thus resumed on this bridge, which is one of the most important border links between Portugal and Spain.



COMPLETION OF RENOVATION OF EN203 IN PONTE DE LIMA

Inauguration of renovation works on the EN203 – Via do Foral Velho de Dona Teresa, in Ponte de Lima, with financial support from IP of € 400 thousand.

The renovation project for this section included the treatment of the urban crossing, including the reorganisation of accesses and the reformulation of intersections, with the construction of two roundabouts, the improvement and replacement of the vertical, horizontal and orientation signalling system, as well as the safety and signalling equipment.

IP AND ADIF SIGN AN AGREEMENT TO BOOST CROSS-BORDER CONNECTIONS

On June 30, Infraestruturas de Portugal and ADIF – Manager of Railway Infrastructures in Spain, signed a cooperation agreement to strengthen cross-border connections, strengthen collaborative relationships in order to support operational and business relationships and improve interoperability between the two rail systems.

JULY

FERROVIA 2020 – INTERNATIONAL SOUTH CORRIDOR. AWARDING CONTRACT FOR TRACK AND CATENARY WORKS AND CIVIL CONSTRUCTION ON THE ÉVORA LINE – ÉVORA NORTH SUB-SECTION

On July 14, the contract for the track and catenary works between Évora and Elvas/Fronteira and for the construction of the subsection between Évora and Évora Norte, which will form part of the International South Corridor, was awarded. The contract, which was awarded for € 86,989,263.98 was signed in a ceremony held at IP's headquarters.

FERROVIA 2020 - ONLINE SEMINAR- THE STRATEGIC IMPORTANCE OF THE INTERNATIONAL SOUTH CORRIDOR

On the 15th of July, IP organised an online seminar on the "International South Corridor - Its Strategic Importance".

The importance of the International South Corridor in the National Railway Network and the connection with Spain were presented and discussed, namely the expansion of the area of influence of the maritime ports of Sines, Setúbal and Lisbon.

FERROVIA 2020 – INTERNATIONAL NORTH CORRIDOR. AWARDING OF THE MODERNISATION WORKS OF CELORICO DA BEIRA – GUARDA SECTION

In a ceremony held at IP's headquarters, on the 28th of July, the Consignment Notice was signed for the modernisation works of the Celorico da Beira – Guarda section, an investment worth € 53,112,000.00 and an execution period of 751 days.

AUGUST

IP SIGNS PROTOCOL FOR THE RENOVATION OF SINES PETROQUÍMICA BRANCH

IP and Repsol signed, on 4 August, a protocol for the renovation of the Petroquímica branch in Sines, in a ceremony held at IP's headquarters, which was attended by the Secretary of State for Infrastructures, Jorge Delgado, the Director- General of the REPSOL Petrochemical Complex, Arsénio Salvador and the President of IP, António Laranjo.

COOPERATION AGREEMENT FOR THE IMPROVEMENT OF RAIL ACCESSES ON THE SOUTH LINE BETWEEN IP AND APSS

The ceremony marking the signing of the cooperation agreement for the Improvement Works of Railway Access "South Line – Modernisation of infrastructure and elimination of constraints on the railway connection to the Port of Setúbal and Praias-Sado" took place at the APSS headquarters, on the 9th August, and was attended by the Deputy Secretary of State and Communications. This agreement reinforces the importance of railway transport for the development of Setúbal Port.

SEPTEMBER

TRAIN SUMMIT - CONNECTING EUROPE EXPRESS, FROM LISBON TO PARIS

Departing from Estação do Oriente, in Lisbon, on 2 September, the *Connecting Europe Express* covered over 20,000 kilometres across the European rail network, stopping in more than 100 cities in 26 countries, and arrived in Paris on 7 October.

The journey of this special train was an initiative promoted by the European Union (EU), within the scope of the European Year of Rail Transport, which Infraestruturas de Portugal joined, with the aim of promoting the benefits for the environment of rail transport for passengers, freight and services.

IP AND EXTREMADURA AVANTE MEET IN BADAJOZ

On September 16, a meeting took place between representatives of IP and Extremadura Avante, a grouping of public companies of the Junta de Extremadura, in the area of industrial and business development in the Spanish region.

This session aimed to disclose the different projects that are taking place on both sides of the border and to enhance current and future investments.

FERROVIA 2020 – INTERNATIONAL NORTH CORRIDOR. BEGINNING OF WORKS ON THE BEIRA ALTA LINE, BETWEEN MANGUALDE AND CELORICO DA BEIRA

The contract for the works to renovate a section of about 34 kilometres, fully replacing the track superstructure on the Beira Alta Line, between Mangualde and Celorico da Beira, with an investment of €68 million was signed in a ceremony held on 28 September at IP's headquarters, which was attended by the Minister of Infrastructure and Housing, Pedro Nuno Santos.

FERROVIA 2020 – INTERNATIONAL SOUTH CORRIDOR. AWARDING OF SINES-SOUTHERN LINE CONTRACT WORKS

The signing of the contract works for the Sines - Linha do Sul project took place at IP's headquarters, on 28 September, and was attended by the Minister of Infrastructure and Housing, Pedro Nuno Santos.

With an investment of around € 29 million, this intervention views to eliminate existing constraints on circulation and transport capacity, enhancing operating and safety conditions on the Sines Line.

OCTOBER

FERROVIA 2020 – INTERNATIONAL NORTH CORRIDOR. BEGINNING OF THE WORKS ON SANTA COMBA DÃO – MANGUALDE SECTION

On 12 October, the contract for the modernisation of the section of the Beira Alta Line between Santa Comba Dão and Mangualde was awarded, for € 57.6 million.

The contract involves the complete renovation of a stretch of about 40 kilometres, improving safety and traffic conditions. The modernisation of the Beira Alta Line is now fully under way.

PORTUGAL AND SPAIN ANALYSED CROSS-BORDER LINKS

IP and the General Directorate of Roads in Spain met on October 14, within the scope of the Portuguese-Spanish Joint Bridges Technical Commission, with the aim of analysing the current situation of road connections between the two countries.

FERROVIA 2020 – INTERNATIONAL SOUTH CORRIDOR. SIGNATURE OF PROTOCOLS ON COMPENSATORY MEASURES

On October 14th, the Collaboration Protocols were signed between IP and landowners in the Special Protection Zones of Vila Fernando, Veiros and Torre da Bolsa, for the implementation of Compensatory Measures within the scope of the Environmental Impact Assessment process of the new rail link between Évora Norte and Elvas/Caia, in the International South Corridor.

NOVEMBER

FERROVIA 2020 – ALGARVE LINE. BEGINNING OF THE ELECTRIFICATION OF THE FARO/VILA REAL SECTION

In a ceremony held on 2 November, at the Vila Real de Santo António Station, with the presence of the Minister of Infrastructure and Housing, the consignment document was signed for the electrification of the Algarve Line, on the section between Faro and Vila Real. de Santo António, worth € 20,452,244.08.

BEGINNING OF MONDEGO METROBUS WORKS BETWEEN ALTO DE SÃO JOÃO AND PORTAGEM

On November 15, construction works began on the section of the Mondego Mobility System (SMM), in the municipality of Coimbra, between Alto de São João and Portagem, a project worth € 23,595,219.02.

The date was marked with a ceremony that took place in the City Council building of Coimbra, where the contract document was signed. The interventions to be carried out by IP aim to adapt the existing railway infrastructure in the urban section of the Lousã branch, enabling the creation of a transport service in high-capacity buses.

PRESENTATION OF PILOT ETCS L2 FACILITIES

On the 22nd of November, the presentation of the new Rail Traffic Management technology "ETCS L2" took place, with the demonstration of the Pilot Installation at the Elvas Railway Station, within the scope of the construction of the new section between Évora and the East Line, included International South Corridor.

DECEMBER

OPENING TO TRAFFIC OF A25 BETWEEN VILAR FORMOSO AND THE SPANISH BORDER

On 20 December, the section of A25 between Vilar Formoso and the Spanish border, opened to traffic, simultaneously with section of the A62 - Autovía de Castilla, in Fuentes de Oñoro, ensuring a direct connection, by motorway, from the Port of Aveiro to the border with Spain. With the finalisation of this investment of € 14.9 million the A25 is now fully completed.

4. OUR STRATEGY

4.1 Strategic Plan

IP Group's Strategic Plan is based on the company's Mission, Vision, and Values, and establishes the Company's strategy and major goals. It is guided by strict asset management, aimed to the creation of value, whilst consistently focused on the integrated development of the road and rail network; additionally, it aims to increase revenue (core and non-core), capture of internal and external synergies (scale and know-how), articulate regional presence, always with a view to ensuring the sustainable management of national road and railway infrastructures.

IP's operating strategy is oriented to the following **lines of action**, taking into consideration its internal and external planning instruments:

COURSES OF ACTION

and considering also:

- The analysis of internal and external contexts,
- The needs and expectations of stakeholders, and
- Macro Trends of the Mobility and Transport System,

four major strategic objectives were defined for IP Group's activities, to be converted into quantitative impacts:

		KPI
SUSTAINABLE MOBILITY	Enhance the **management of multimodal mobility** within a framework of integrated and rational development of the road and rail network. • Ensure IP's **financial sustainability**, within a framework of **compliance with the service levels** established with the Portuguese State for the operation of the road and rail networks and for the **integrated and rational development/modernisation of the network**	**Financial** (Global and Core Revenue) **Service**
ASSET MANAGEMENT	Develop **Asset Management to leverage OPEX and CAPEX optimisation** associated with road and rail infrastructure • **Integrated and rational planning** of the road and rail network in a **multi-year perspective** • Compliance with the **Annual and Multi-Year Investment Plan** • Optimise **Access to Community Funds**	**Investment**
SAFE, EFFICIENT AND SUSTAINABLE SERVICE	Guarantee the **service levels established with the Portuguese State** for the operation of the road and rail networks • Compliance with the **service levels** established in the **Concession Contract for the National Road Network** • Compliance with the **service levels** established in the **Programme Contract for the management of the National Rail Network**	**Service Level**
MONETISATION OF ASSETS TO ENHANCE THE VALUE OF THE SERVICE	Monetise **non-core assets or surplus capacity** that enhance the value of the core service • Ensure IP's **financial sustainability**, within a framework of **compliance with the service levels** established with the Portuguese State for the operation of the road and rail networks and for the **integrated and rational development/modernisation of the network**	**Financial** (Non Core Revenue)

The Business Plan stretching across a period until 2082 (term of the general National Road Network concession contract) was prepared simultaneously with the Strategic Plan. It contains economic and financial projections for the operation, investment and financing activities and is one of the key reference lines for the preparation of annual business plans and budgets.

4.2 Context Analysis

4.2.1 External Background

As climate change and deterioration of the environment are threatening our planet, Europe defined a growth strategy called the "Green Deal", aimed at transforming the European Union into a sustainable, modern, resource-efficient, and competitive economy.

The Green Deal is presently one of the most important strategic framework documents of the European Union, on which European policies are and will be based; the document views continued economic growth, whilst seeking to reduce environmental damages associated thereto; it also seeks to turn climate and environmental challenges into opportunities across all fields and sectors.

Accordingly, in line with this global sustainable development model, the European sustainable mobility policy does not promote the reduction or limitation of mobility, but rather an increase and improvement in mobility options and more sustainable transport.

In the light of the above, the European Union's transport policy is strongly intended on recovering market share for both passenger and freight rail transport based on a broad investment programme in railway infrastructure, as well as on policies to encourage the separation of the infrastructure from transport operation in accounting terms, seeking to increasingly open up the market and thus stimulate competition.

In what concerns the railway sector, the Ferrovia 2020 investment plan is crucial to promote an increasingly modern and efficient network, whilst in the road sector, the main focus continues to be the efficient maintenance and preservation of the existing network.

The National Investment Plan (NIP2030) that will succeed Ferrovia 2020 involving huge public investment to be carried out in 2021 to 2030 will continue to bank on the expansion of the railway network, and the renovation and modernisation of the infrastructure, to increase capacity and speed. As far as the road sector is concerned, the aim is to renew and renovate the existing network, invest in the digitalisation/connectivity of the network and complete missing links, whilst implementing the urgent measures required to decarbonise the sector and improve the resilience of infrastructures.

The Recovery and Resilience Plan - an investment plan to tackle the impact of the Covid-19 pandemic on the economy, foresess a capital expenditure in new road infrastructure of € 520 million, to be developed by IP or by local authorities. This Plan puts into practice part of the investment already recommended in the NIP2030 (National Investment Programme 2030), PETI (Strategic Plan for Transport and Infrastructure and PVAE (Business Areas Enhancement Programme), such as the Évora bypass, the Arruda dos Vinhos bypass or IP8 between Santa Margarida do Sado and Beja, among others.

Finally, the launching of the National Railway Plan in April 2021 is an opportunity, as it ensures stability in the railway network of national and international interest and, therefore, in planning and respective interventions, in the medium/long term. It will guarantee, as recommended, railway access in all district capitals, thus providing adequate coverage of the country and promoting intermodality, with view to transferring transport from road to rail in the medium term, thus positively contributing to the goal of decarbonisation.

IP has been developing its activity within this context, and in line with the Government's guidelines for the company's investment plan, namely:

- Modernisation and expansion of the railway infrastructure, with the Community Support Framework 2014-2020 working as financial lever for the Railway Investment Plan 2020. In the road sector, besides the RRP which is based on European funds, the implementation of the Strategic Infrastructure and Transport Plan (PETI) and the Business Areas Enhancement Plan (PVAE) is paid by own funds and one-off partnerships with municipalities.
- Modernisation and expansion of road-rail infrastructure, included in the next Community Support Framework 2021-2027, as financial lever for the National Investment Programme 2030.

As a 100% controlled State company, IP is subject to the guidelines of the Government/State Shareholder, provided through the Directorate-General of the Treasury and Finance within the scope of its budget activities, and also provisions in the State Budget Law and other legal and regulatory instruments of economic and social scope, which are decisive for how the company's activity may be developed.

In another perspective, clearly recognising the urgency and currentness of the environmental and decarbonisation challenges of the economy and the sector, and the implications that these may also have on its activity, IP joined several movements and groups of entities that lead some of the strategies for preserving the planet and combating climate change, formalising its commitments in these matters with three main initiatives:

- Business Ambition for 1.5°C Programme launched by the United Nations Global Compact (2019);
- Lisbon City Corporate Mobility Plan, launched by the Lisbon Municipality and the World Business Council for Sustainable Development (2019);
- Lisbon European Green Capital 2020/Lisbon 2030 Climate Action, launched by the Lisbon Municipality (2020).

With regard to the pandemic context verified in 2020 and 2021, IP prepared a Contingency Plan in line with the guidelines issued by the Directorate-General for Health, for the prevention and control of infection by COVID-19.

As a result, specific conditions were set up to reduce infection risks and ensure the continuity of the business, such as remote work where and whenever possible, reducing the concentration of workers in key areas, and implementing other back-up measures to ensure work turnover.

For employees performing critical functions in loco, conditions were set up to prevent or mitigate infection spreading, based on contingency plans specific to each different area, combined with wide distribution of PPE and cleaning products, distribution of manuals of good practices and behaviours, organisation of work areas to allow for social distancing, increase in hygiene and cleaning measures, amongst other.

The result was the continuity of the Company's operation with minimal impact on its mission.

Finally, reference is made to the invasion of Ukraine by Russia, which introduces a new geopolitical scenario with an impact on the economy at global level. This backdrop has already led to a very significant rise in the price of commodities in Portugal, particularly energy and food products.

The impact of the war between Ukraine and Russia may, therefore, have repercussions on IP's activity, depending on the evolution of the conflict, a scenario that is currently impossible to establish.

4.2.2 Internal Background

IP Group continues to be a benchmark in several technical skills - engineering, command and control of rail traffic, inspection, asset management, concession management, amongst others, buttressed on highly competent and committed teams.

IP Group also developed and consolidated an adequate planning and control model, which is an important tool to support management and decision-making, moreover in a context of limited financial resources.

The demographic issue (an ageing workforce with low employee renewal) and the high dependence on external services for some activities, along with a limited offer in the national market, particularly in the railway sector, are also constraints to the development of the business.

It is worth noting the fact that IP was authorised, in July 2020, to increase its staff by 100 workers, a process that has already been completed. More recently, in November 2021, IP was authorised to hire further 19 workers to support investment management tasks under the Recovery and Resilience Plan.

This reinforcement of human resources is essential for the implementation of the investment programmes in progress, but also to enable a better operational response in the areas of infrastructure maintenance, which have been greatly pressured by the high number of workers who have left the company in recent years, most of them because they reached retirement age.

We highlight some of IP's strengths, which are intended to be maintained and reinforced:

- Resources with in-depth knowledge and experience in the various fields of IP activity;
- Alignment with quality and good practices benchmarks, namely ISO standards;
- Existence of highly specialized, competent, and committed teams with the organisation;
- Concentration of human resources in corporate areas, allowing the strengthening of skills and bringing added value;
- Capacity of adaptation and continuous training and consolidation of knowledge;
- Rigour and reliability of information structured in robust systems and modern technologies and information systems, as well as the systematisation of monitoring mechanisms for road-rail strategic plans;
- Continuous modernisation of management systems, with a special focus on the development of new applications for document archiving and planning of intervention needs in the network, commonly known as SIGA and RADAR, respectively;
- Recruitment and integration process for new employees;
- High adhesion of employees to participatory governance processes;
- High capacity to mobilise employees to implement the Covid 19 Pandemic Contingency Plan.

On the weaknesses side, we notice:

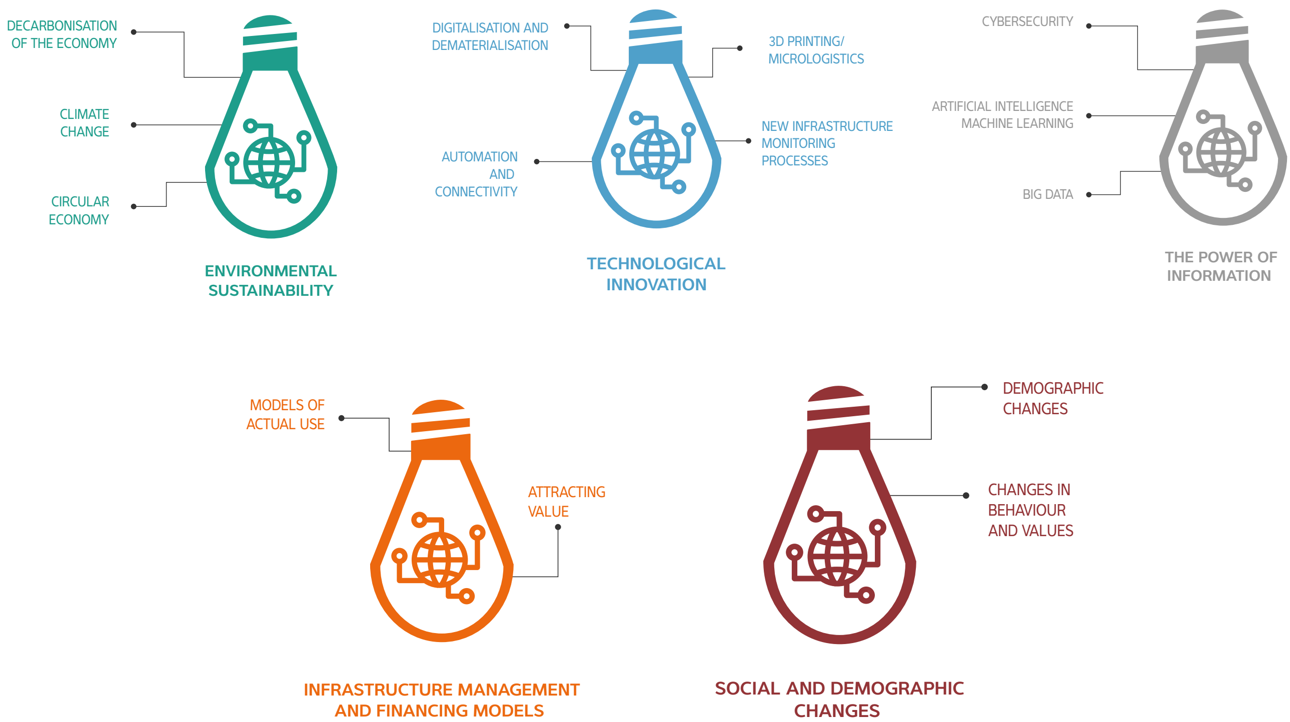
- Significant dependence on external services in some activities, together with a limited market offer (in particular in the railway and in information systems);
- A not very flexible salary policy with strong dependence on guidelines issued for the state's business sector.

4.2.3 Macro Trends of the Mobility and Transport System

As a critical provider of mobility services, it is essential that Infraestruturas de Portugal follows the macro trends of the Mobility and Transport System, integrating innovation projects and experiences, with the aim of clarifying its role and that of its infrastructures in the future of national mobility, but also that it participates in legislative and regulatory changes, which will be essential to understand the functioning and management of transport infrastructure in the future.

The involvement of IP in this type of projects is key for the establishment of a medium and long-term strategy with a view to ensuring sustainable mobility, which is one of its major strategic objectives.

The following chart summarises the main Macro Trends associated to the transport sector.



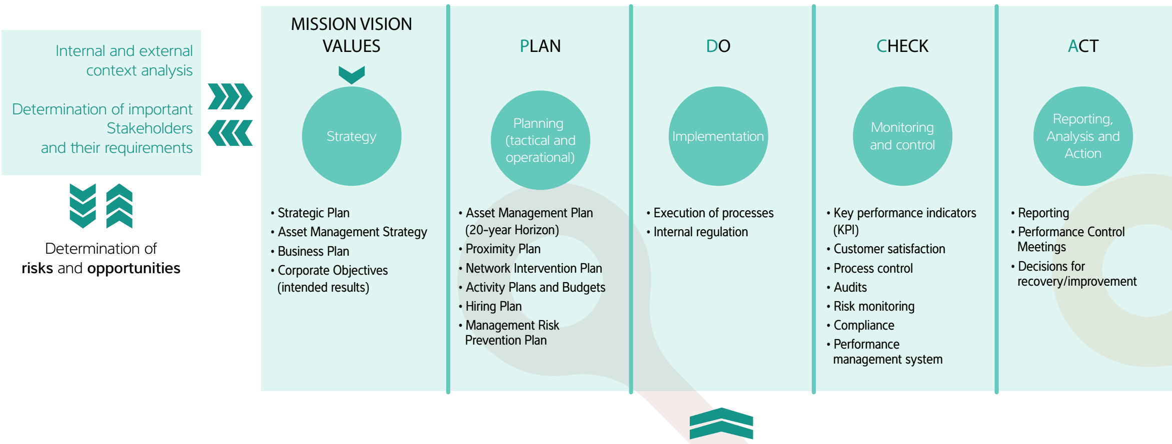
4.3 Management Model

The business model of the IP Group is based on a judicious asset management, aimed at creating value for stakeholders. It is developed in line with the organisation's strategy and purpose, from both internal and external perspectives.

The model is based on the PDCA improvement cycle (Plan, Do, Check and Act) and a corporate architecture that integrates several reference models (PRM, BRM, DRM, ARM, IRM and SRM) that support its implementation.

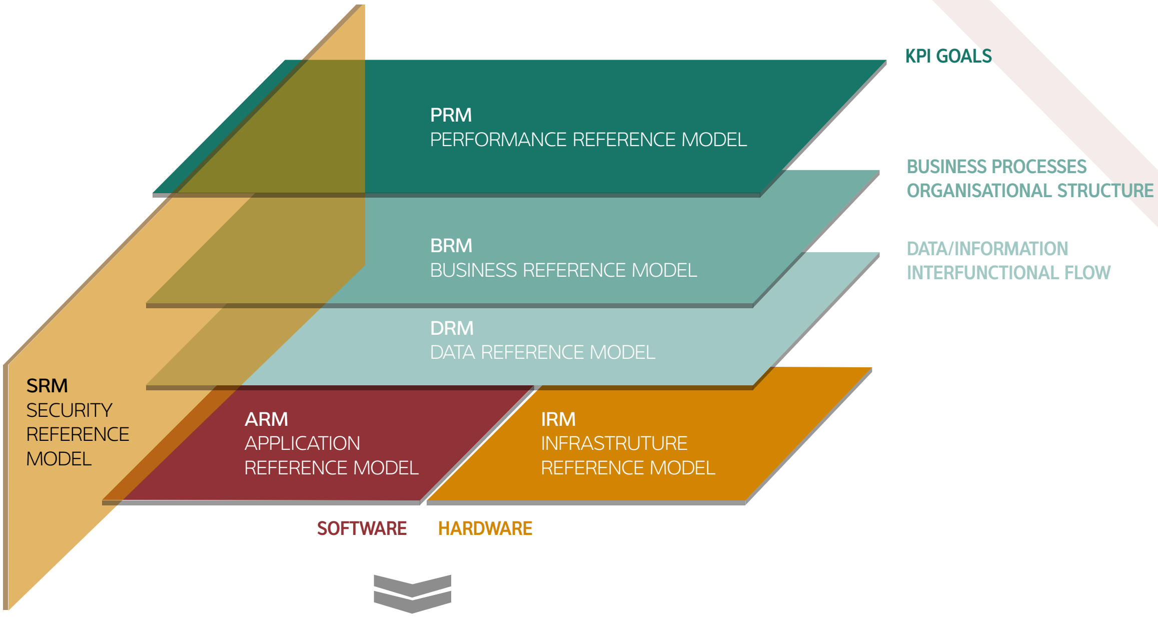
Strict asset management is crucial to maximize the value created for stakeholders. Such management allows identifying medium - and long-term improvements, based on planning mechanisms and a strong project management methodology (of wide-ranging, operational and investment projects), involving different areas of the IP Group, focused on the customer/user of road and railway infrastructures.

BUSINESS MODEL



COPORATE ARCHITECTURE BENCHMARK MODELS

As support to the business model of IP Group, a corporate architecture was defined, based on 6 reference models, which are interrelated to ensure the alignment and implementation of the strategy at the different levels of the organisation (performance, organisation and processes, IT applications, IT information/data and safety).



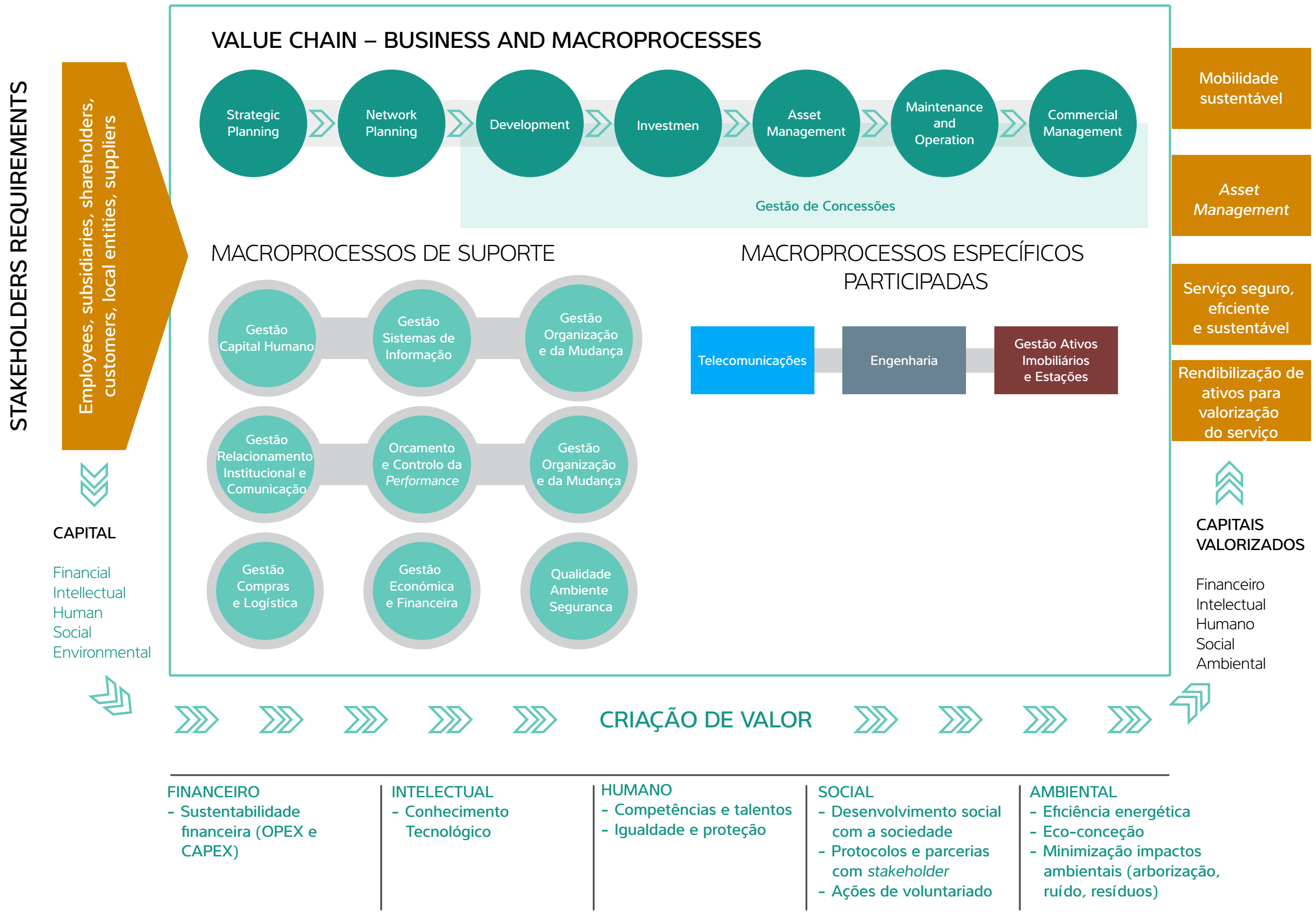
Asset Management System
Railway Safety Management System
Performance Management System
Wagons Maintenance Management System
Professional, Family and Personal Reconciliation Management System
Energy Management System
Subsidiaries Corporate Management System

CORPORATE ARCHITECTURE OF THE IP GROUP

4.4 IP Group Value Chain

To achieve intended short-, medium- and long-term results all the organisation's processes are supported on the performance of the activities according to the Group's value chain:

- IP macro business or core business processes (IP business processes);



- Macro processes supporting IP and its subsidiaries;
- Specific macro processes for subsidiaries.

The value chain supports the implementation of the Organisation's business model across the various phases of the PDCA (Plan-Do-Check and Act) improvement cycle and is based on:

- The requirements and expectations of stakeholders;
- The means or capital necessary for the transformation and creation of value for the market (financial, intellectual, human, social and environmental); and
- IP's internal and external strategy guidelines.

Additionally, IP's approach to improve process performance based on the BPM – Business Process Management principles has created an internal dynamic, which enables the identification of critical activities and improvement opportunities leading to efficient performance in the "production" of the outputs and, consequently, of the results intended by the Organisation (outcomes).

In 2021, the planning pipeline was revised, with the identification of network intervention needs (NIR) supported in the RADAR application. The integration of RADAR with the PGI and the adjustment of the workflow allowed the preparation of the Asset Management Plan (AMP) to occur only at the end of the pipeline, promoting alignment with the Activities and Budget Plan (ABP) presented to the Government.

The 2022/41 AMP report has been revised compared to previous editions, seeking to answer 20 high-level questions about the management of IP's assets over a 20-year horizon. This new format seeks to arouse the reader's interest, provide a more immediate response to emerging issues, present the expected results in the short and long term, identifying the risks to the business and highlighting what must be done at a strategic level.

Standing as an input to IP's Business Plan, the 2022/41 AMP addresses long-term management options, allowing the estimation of financing requirements within this horizon according to the evolution of the backlog and the respective trend of balance between cost, risk, and performance.

4.5 Stakeholders

IP Group's response to the requirements and expectations of stakeholders is ensured by various processes in the value chain, as well as by the communication and relationship mechanisms and channels available within the Organisation.

Table below shows information about internal and external stakeholders and what they expect from IP in the context of its activity.

STAKEHOLDER GROUP (EXTERNAL)	NETWORKS	STAKEHOLDERS	INTEREST (NEEDS/EXPECTATIONS) WHAT DO YOU EXPECT FROM IP?	REFERENCE/RESPONSE DOCUMENTS	NATURE OF THE INTEREST
Shareholder	Road	Portuguese State	• Sustainable mobility • Efficient management • (Quality vs. cost) • Good reputation • Public Service • Rational and judicious investment • Lower accident rate	• Concession contract	Obligation
	Railway			• Framework programme	
	Telecommunications				
Clients	Road	Private or collective users of the NRN (National Road Network)	• Safety • Information • Accessibility • Network availability • Reduced costs		Expectation
		Concessionaires	• Collaboration in the contractual relationship • Control of contract obligations	• Contracts	Obligation
	Railway	Railway Operators Customers of the railway service	• Fair fares • Information • Availability/Punctuality/Reliability • Safety • Reduced costs	• Network Directory • Network access (DL 151/2014)	Obligation Expectation
	Telecommunications	Users	• Information • Availability/Reliability • Reduced costs	• SLA	Expectation
State Regulator	Road	AMT IMT ANSR	• Compliance with the concession contract	• Concession Contrac/PCQ	Obligation
	Railway	AMT IMT	• Compliance with the framework programme • Compliance with safety requirements	• Framework contract • Safety Authorisation (Commission Delegated Regulation (EU) 2018/762 of 8 March 2018)	Obligation
	Telecommunications	ANACOM	• Compliance with legal and regulatory requirements • Reporting of correct and timely information	• Registration • Scope: GSM-R network and services; Public telecommunications network.	Obligation
Local entities	Road, Railway and Telecommunications	Municipalities CCDR Neighbours	• Equitable and transparent treatment • Accessibility • Information	• Road Statute (EERRN - Law 34/2015) • Public Railway Domain (Law 276/2003) • Agreements	Expectation/ Obligation
Suppliers	Road, Railway and Telecommunications	Sub-concessionaires Toll collection systems operators Design and construction companies; service providers; Conservation and maintenance; Consultants; Utilities suppliers	• Contractual obligations • Equitable and transparent treatment (CCP compliance)	• Contracts	Expectation/ Obligation
Working conditions	Road, Railway and Telecommunications	Authority for Working Conditions (ACT)	• Compliance with the law	• Collective Bargaining Agreement • General Labour Law for the public sector • Labour Code	Expectation/ Obligation
Media	Road, Railway and Telecommunications	Social Media	• Quick, strict and updated information	• Communications/Replies/Website/ social networks information	Expectation/ Obligation
Other	Road, Railway and Telecommunications	• European Commission. • Audit Court • Managing entities of EU Funds • General Tax Inspection • Directorate-General of the Treasury and Finance • Technical Unit for the Control and Monitoring of the Corporate Public Sector	• Compliance with European policies • Legality of contractual practices Compliance with recommendations of the Corruption Prevention Board	• Contracts • Report on the Implementation of Risk Management Plan for the prevention of Corruption and Related Offences of Group IP	Expectation/ Obligation

4.6 Risk Management

4.6.1 Background

Efficient management of risks[1] and opportunities translate into the implementation of "good practices" against uncertain backgrounds that restrict creation capacity; If applied in a structured, integrated, overarching, and continuous way, it allows anticipating occurrences likely to impact business goals, and acting efficiently in the control of the different risks[2] and opportunities associated with the development of the business. The ensuing results contribute to a (re)alignment of the strategy, taking into account internal or external factors threatening or helping the performance of the organisation.

Therefore, the risk management policy aims to monitor and control risks deriving from the background, in order to ensure that they remain at levels compatible with risk tolerance as pre-defined by the Management. Within this scope, the threats materialising into Regulation and Compliance, Financial, Operational, Technology, Reputation and Business risks are particularly relevant.

An effective and efficient risk management will integrate this process in the organisational structure; thereupon, the governance model of IP Group follows the directives of the 3 lines of defence model, to clarify responsibilities and define the actions of the different players, as shown below:

- Operational Managers (**1st line of defence**): responsible for the development and implementation of internal policies, controls, and procedures, to ensure that activities are in accordance with defined goals and objectives;
- Risk Management, Compliance and Management Control (**2nd line of defence**): incorporates the risk management department, the compliance department, and a management control system;

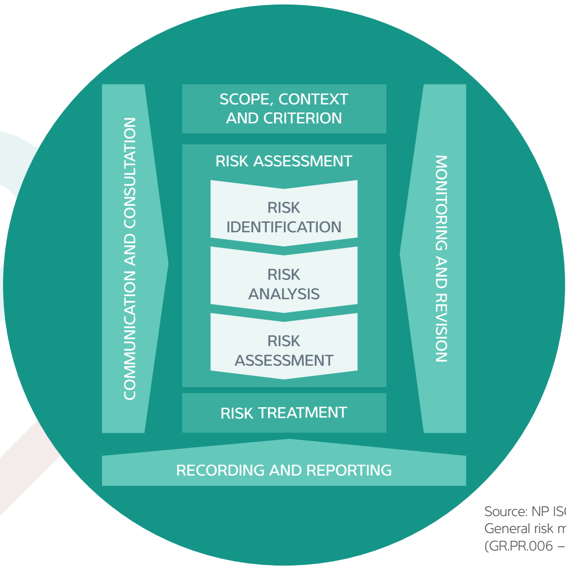
1. Risk: Effect of uncertainty on objectives - NP ISO 31000:2018 – Risk management – Guidelines) For the purposes of this document, the term "risk" refers to the 'negative' deviation vis-à-vis what is expected.
2. Including corruption, collusion, fraud and information leaks, and respective and necessary prevention and mitigating measures.

- Internal Audit (3rd **line of defence**): the Internal Audit Department is responsible for ensuring the compliance, functioning and adequacy of risk management, control and governance processes.

At Group level, the Legal and Compliance Department is responsible for creating, implementing, and promoting the risk management model to manage events with potential to affect the achievement of the Group companies´ goals.

4.6.2 Process to manage Risks and Opportunities

The approach to risk[3] and opportunities followed by IP Group is corporate, integrated and overarching, i.e. it is governed by control and reporting principles, methodologies and procedures defined at central level, and in collaboration with the different OU/companies, taking into account the specificity of each business area."



Source: NP ISO 31000
General risk management process
(GR.PR.006 – Risk Management Procedure)

The methodology followed to address risks and opportunities based on the principles and methodology provided in NP ISO 31000:2019, consists, in broad terms, in the recognition and appraisal of the risks and opportunities intrinsic to the Group's activity, and the monitoring of the controls provided in action plans, and finally the respective communication of results obtained to stakeholders.

Within the scope of the process mentioned above, a review of the internal and external contexts is made consistently and on a regular basis to assess the relevance and currentness of the risks and opportunities identified to impact the Group's activities and mission.

The risks are then analysed taking into considera-

3. Based on the principles and methodology provided in NP ISO 31000:2019
4. GR.PR.006 - Risk Management Procedure, latest revision approved by the EBD of IP on 21/11/2019, applicable across all organic units and subsidiaries of the IP Group.
5. GR.PR.039 - Opportunity Management, approved by the EBD of IP on 21/11/2019, applicable across all organic units and subsidiaries of the IP Group.
6. This phase does not apply to the management of opportunities

tion the likelihood of their occurrence and respective impact (criticality), in line with the following criteria:

Likelihood of occurrence

RANKING		UNLIKELY	REMOTE	OCCASIONAL	LIKELY	HIGHLY LIKELY
		1	2	3	4	5
Description	**Qualitative**	Occurrence of risk is practically impossible	Occurrence of risk is remote, but possible	Risk may occasionally occur	Occurrence of risk is likely	It is almost certain that the risk will occur
	Probability ranges	"0,00* ≤ P < 0,05 (*no occurren-ce expected) "	"0,05* ≤ P < 0,15 (*Occurs once in every 20 years, on average)"	"0,15* ≤ P < 0,35 (*Occurs once in every 7 years, on average)"	"0,35* ≤ P < 0,65 (*Occurs once in every 3 years, on average)"	"0,65* ≤ P < 1 (*Occurs once in every 1.5 years, on average)"

Note: Probability ranges should only be taken into account if there is historical data

Impact of the risk

RANKING		THREATS				
		VERY LOW	LOW	AVERAGE	HIGH	VERY HIGH
		1	2	3	4	5
"Financial Impact [1] (cost)"		I ≤ €6,000	€6,000 < I ≤ €30,000	€30,000 < I ≤ €150,000	€150,000 < I ≤ €750,000	I > €750,000
Impact on human life		"No impact (no body injury)"	Injuries without any disability	Injuries with temporary disability	Injuries with permanent disability	Fatal injuries
"Legal Impact [1] (Fines/Penalties/Inte-rest)"		I ≤ €500	€500 < I ≤ €2,500	€2,500 < I ≤ €5,000	€5,000 < I ≤ €20,000	I > €20,000
Reputation Impact [1] and [2]	**Qualitative**	No Impact	Slightly affects IP's image	Significantly affects IP's image	Strongly affects IP's image	Bad reputation
	Quantitative	• no negative media coverage	• Negative regional media coverage of less than 10 days	• Negative media cove-rage at regional level for 10 days or more	"• Negative media cove-rage at national level for less than 10 days"	"• Negative international media coverage • Negative national media coverage during 10 or more days"

[1] The amounts indicated always refer to the sum of all the impacts that could potentially occur during a year.
<u>Example concerning Legal Impact:</u>
The occurrence of a risk is subject to € 3,000 fine
If the risk is expected to occur 3 times within a period of 1-year, the impact to be taken into account should be: 3 fines x € 3,000.00 = € 9,000.00
Thus, the classification to be considered should be level 4 - HIGH, relative to the range € 5,000 < I ≤ € 20,000.
[2] The quantitative description of the level of media coverage should only be taken into account if the news history is known.

The final impact of the risk is determined based on the classification given to each of the four aspects of the impact, according to the following formula:

$$\text{Final Impact} = \frac{\text{Final Impact = financial Impact + Impact on human life + legal Impact + reputational Impact}}{4}$$

The level of risk is determined based on the level of likelihood and the final impact, using the following formula:

$$\text{Level of Risk} = \text{Likelihood (P)} \times \text{Impact (I)}$$

The response to apply as a result of the risk analysis is based on a four-level scale, as shown in the following chart:

RISK LEVEL		RESPONSE TO RISK	
INTERVALS	SCALE		
[1 ; 4]	Low	Accept	No action is identified to change the likelihood or impact of the risk. The consequences of the risk are accepted if it occurs, on the basis of an informed decision. (1)
[5 ; 9]	Moderate	Mitigate/Share	"Mitigate - Actions are defined to reduce the probability of the risk, its impact or both. Share - Actions are taken to reduce the likelihood or impact of the risk by transferring or sharing the same or part of it with third party(ies)."
[10 ; 16]	High		
[17 ; 25]	Very high		
Any interval	**Any risk level**	Avoid	The activities that give rise to the risk are eliminated (decision not to start or not to continue the activity that carries the risk).

(1) Except in cases where the risk has a level 5 impact on any of the four aspects considered.

Following the risk assessment[7], if applicable, action plans will be defined with the identification of the controls to address the risks and estimate the residual risk still existing following implementation of the plan. Implemented controls are then monitored, and their efficacy is reviewed in the annual reassessment of risks and opportunities.

The results of the risk and opportunities management is communicated to stakeholders.

The risk and opportunities management model of IP Group comprises i) systematic revision and monitoring of activities to ensure the necessary alignment of this management tool to the Group's business context, and ii) communication/disclosure to (internal and external) stakeholders of the results obtained, viewing their involvement in the process and spreading of "risk-based thinking" within the organisation.

7. Each of the four intervals of the risk level will trigger an action – accept, address (mitigate and/or share) or prevent.

4.6.3 2021/2022 Results

Risk Management

In 2021, activities implemented since 2015 were continued and reinforced:

- Update of the IP Group Global Risk Chart;
- Continuous monitoring of the implementation of the organisation's risk controls;
- Preparation and disclosure of IP Group's Report on the Implementation of the Risk Management Plan for Corruption and Related Offences (available for consultation on the website of Infraestruturas de Portugal, S.A.)[8].

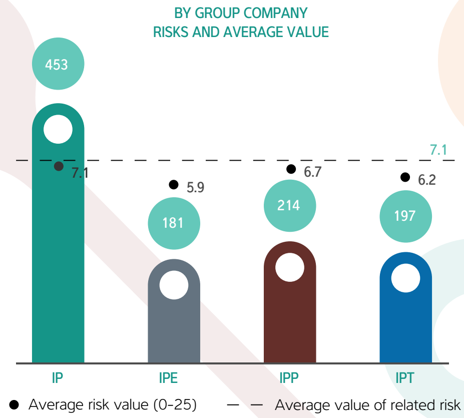
As regards the external and internal circumstances impacting the activity of IP Group in 2021 the ongoing Covid-19 pandemic was particularly relevant given the uncertainty as to the magnitude of its impact on society and businesses, namely, i) deterioration of social and economic conditions and respective impact on the market; ii) difficulty in ensuring maintenance and investment activities, due to Government-imposed restrictions to traffic (affecting the supply of material) and the provision of services; and finally iii) bankruptcy of clients and service providers.

At internal level, the impact of the pandemic was mostly felt on i) the company's results, due to the decrease in core revenues; ii) the decline in productivity as a result of the contingency measures imposed and/or illness of employees; iii) continuity of operation and maintenance due to problems in ensuring team availability, and iv) operational performance, namely as concerns rendered services and the goals of Group companies.

Adding to the above the Company continues to be affected by the conditions identified in previous years, which tend to worsen in the current backdrop:

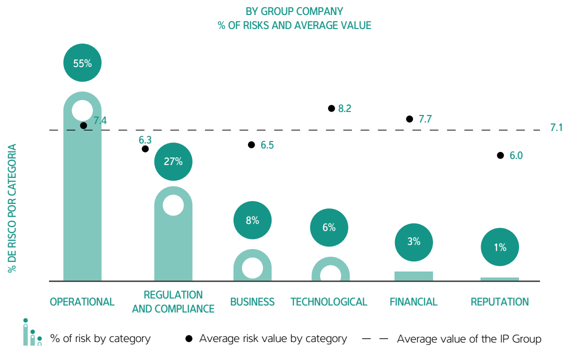
- The market's failure to meet the needs of the company in terms of projects and contracts and keep up with the pace of the contract works comprised in PETI3+/Ferrovia 2020/NIP2030;
- Attacks to IT security;
- The need to continue the rejuvenation of our personnel combined with the need to reinforce the staff in specific areas (operation and maintenance).
- The deterioration of critical infrastructures due to climate change or problems in ensuring maintenance actions (reduced teams).

As a result of the analysis of the current context, it is confirmed that the IP Group is exposed to 488 risks, 5 of which are new threats.



Total number of the risks with potential impact on companies

Considering the typology of risks that characterise the activity, the predominance of "operational" risks in the global universe of risks of the IP Group is confirmed. At average risk level, there was a slight decrease in "Operational" and "Technological" category risks, with the remaining categories experiencing a slight increase compared to the same period last year. Risks in the "Operational", "Technological" and "Financial" categories maintain an average level higher than the average value of IP Group's risks (7.1).

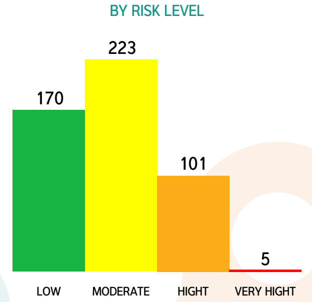


Total number of risks by category and average index

From the analysis of the 488 identified risks and the effect of implemented controls and mitigation measures, it is confirmed that the current average

8 - https://www.infraestruturasdeportugal.pt/pt-pt/sobre-nos/governo-da-sociedade/outras-divulgacoes

level of risk of the IP Group is 7.1, i.e., there is concentration of moderate level risks, as shown in the chart:



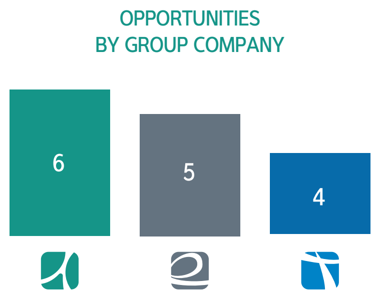
In view of the identified risks, a set of controls was established to be implemented in 2022 to i) continue to contain/minimise the impact of the pandemic on company activities, through the application of the measures provided for in the COVID-19 contingency plan across the entire Group and complementary actions aimed at the specificities of the most exposed areas (operation and maintenance area); ii) the implementation of applications and procedures for greater efficiency in the performance of the processes (e.g. planning and management of activities and also in contractual management) and fulfilment of compliance in activities; iii) improvement in technological and infrastructure systems and iv) reinforcement of human resources to meet the rejuvenation and team reinforcement needs.

The action plans included in the IP Group's current global map contain 396 controls that continue and reinforce the mitigation of risks, namely with regard to controlling the pandemic, continuity of training actions, implementation of actions in the technological plan and development of applications and support systems for the activity and, last but not least, the reinforcement of human resources.

The monitoring of the implementation of these controls will be carried out during the year 2022, between the "Risk Manager" body and respective "Risk Owner", with the respective result being reported to the stakeholders.

Management of opportunities

The Business and Budget Plan for the Group's companies identified 15 opportunities for IP Group, These opportunities are as follows:



The nature of these opportunities derives from the incentives provided by the National Investment Plan 2030 (PIN 2030), incentives to technological innovation, availability of community funds and the ongoing recruitment process.

As regards subsidiaries, opportunities stem from the specificity of their business: technological innovation at IPT; relation with clients in the international market, at IPE; and improvement of synergies with IP.

Forty-four controls were identified to tackle these opportunities; their implementation is monitored every half-year by the "Risk Management" area in collaboration with the "Opportunity's Owner" and the respective supporting management of each company. Results are reported to stakeholders.

4.7 Innovation

Innovation is seen by the IP Group as the driver for service improvement, namely through the creation of solutions and products to boost efficacy and generate new businesses.

In 2021 the IP Group continued to develop and implement its Innovation Plan.

At the end of 2021, IP Group participated in 17 Research, Development and Innovation (RDI) projects co-financed by several European programs in the most diverse areas (e.g. connectivity and telecommunications, asset management, road safety,

9. The Business and Budget Plan of IP Património did not include the identification of opportunities

environment and resilience). At the end of 2021, 11 RDI projects were in closing phase.

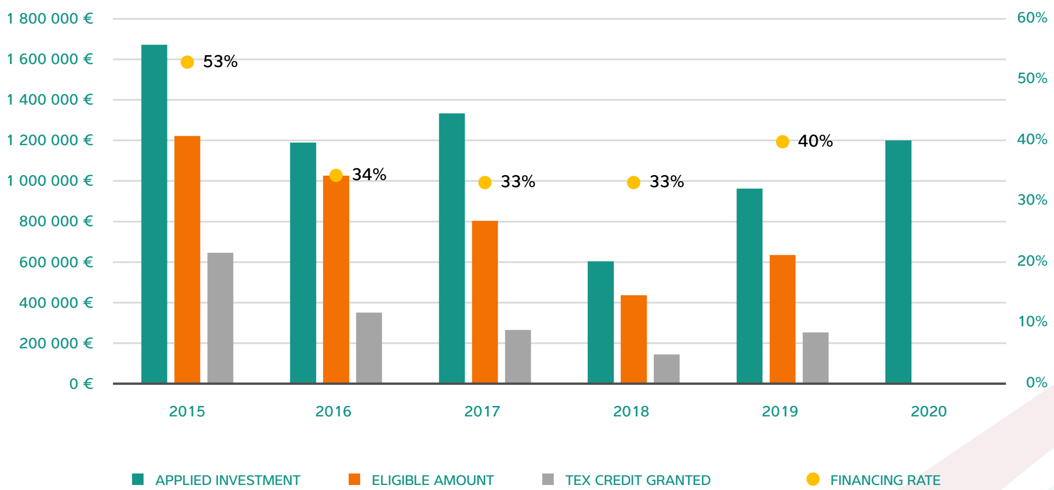
These projects involve nearly 110 employees of IP Group, clearly attesting for the Group's focus on innovation. The participation of IP Group in these innovation projects led to the creation of an extensive network of partners (approximately 350, of which 130 are Portuguese and 220 are international partners).

It should be noted that in 2021 two research grants were awarded under the IN2TRACK-3 project of the Shift2Rail Programme.

In 2021, the application of the Roboshot Project within the scope of Portugal 2020 was approved; the project, which had the participation of IP, intends to develop a robotic system for optimised projection of fibre-reinforced concrete in railway tunnels.

As regards SIFIDE (national programme for research & development activities), we point out the following projects developed in 2021:

- Submittal of 26 applications by IP Group relating to RD activities carried out in 2020;
- Approval of 28 applications by IP Group relating to RD activities carried out in 2019, representing tax credit of € 252,786.29.



During the year under review IP continued to promote the "50 RD&I Challenge Programme", which views to find RD&I solutions for the Group to be developed in collaboration with the scientific, technological, and business communities. In this respect, the following ventures were entered into in 2021:

- Cooperation protocols with universities:
- Collaboration Agreement with Instituto Politécnico de Castelo Branco to carry out monitoring tests of structures with wireless dynamic sensors;
- Partnership Agreement with the Lusófona University of Humanities and Technologies on the ClimaBridge Project;
- Specific contracts with Instituto Superior de Engenharia de Lisboa for i) application of machine learning techniques to analyse the mechanical behaviour of bituminous mixtures and ii) on methodology for automating the audit to the geometry of the road layout.

In 2021, two IP Innovation Think Tank meetings were organized, one on the theme of "How to get more out of the data generated by our infrastructures (Big Data)?" and another on the theme of "How to improve the End Customer experience in IP infrastructures?".

In terms of communication, several conferences were organised on strategic innovation issues, namely 5G technology, digitalisation, Big Data and Artificial Intelligence.

It is also important to highlight IP's participation in the Railway Competence Centre (CCF). This centre established on September 23, is a non-profit association that has the following founding partners:

- IP Infraestruturas de Portugal, S. A.
- CP – Comboios de Portugal, E. P. E.
- Metropolitano de Lisboa, E. P. E.
- Metro do Porto, S. A.
- IAPMEI — Agência para a Competitividade e Inovação, I. P.
- Associação da Plataforma Ferroviária Portuguesa – PFP
- Fundação Universidade do Porto

The main purpose of the CCF is the promotion and development of technical training, research, development, and innovation (R&DI) initiatives and technology in the field of railways and railway equipment, promoting and encouraging specialised training, cooperation, and transfer of technology between companies, universities, organisations. and other public and private entities.

5. BUSINESS AREAS

5.1 Asset Management

The management of IP's rail and road network assets is focused on the optimisation of the assets´ life cycle, and it is driven by sustainability criteria, aiming to provide high levels of reliability, quality, and safety.

In order to achieve this goal the Company must have updated and relevant information on the expectations of all its stakeholders, whether internal or external, the shareholder and the customers, perceived by a notion of value expected to be obtained from its assets, in terms of availability and reliability.

It is no less important to ensure the processes leading to a systematised knowledge of the portfolio of assets under management, and information as to their situation, condition, or performance.

As regards the availability of the information on the assets and their condition, IP´s asset management model is based on the knowledge of the state of the infrastructure and the development of inspection capacity. Asset groups with higher level of criticality are subject to regular inspection campaigns, as established in respective technical specifications.

In order to obtain a thorough knowledge of the state of the infrastructure, and autonomy and capacity for action, IP banks on adequate human resources and cutting-edge technology, whether internally provided or outsourced.

5.1.1 2021 Inspection Campaign

Major inspection campaigns for road surfaces are carried out on an annual basis and are considered core activities within the scope of IP's mission, as they provide the indicators needed for a good conservation and maintenance management. In this context, two campaigns were carried out using the Profilemetre and SKM.

In 2021 the execution period for the Mechanical Inspection of Surfaces with the Profilemetre, took place in March and September. The average yield of the campaign was 142 km/day, with a test speed of around 55 km/h. In the 2021 campaign, 9,060 km of track length were inspected, of which 6,956 km correspond to the annual inspection roadmap in accordance with the inspection and diagnosis strategy document, to which added 2,104 km corresponding to internal requests, the sub-concession network, and other inspections carried over from the previous year due to malfunctions in inspection equipment.

The period of implementation of the adherence campaign with SKM, took place from February to October. In the 2021 campaign, 6,083 km of lane length were inspected, of which about half correspond to the annual inspection roadmap, according to the inspection and diagnosis strategy document, and the rest to internal requests, the sub-concession network, and other inspections with the aim of covering the entire network extension under IP's management in the short term.

In terms of annual inspection campaigns for track geometry and overhead contact lines, two biannual campaigns were planned to be carried out in 2021 for the entire operational National Railway Network (campaigns for the general network), alternating with two others, also with a biannual frequency, called interim campaigns. Moreover, falling within a specific framework (planned inspections, MPS extra-plan), three extraordinary inspections were planned in between the four regular campaigns already mentioned, covering the Beira Alta Line and the sections with a maximum speed above 160 km/h of the North/South axis.

As part of the main inspection of the track, an ultrasonic track survey campaign using a heavy vehicle is normally carried out on an annual basis in a significant part of the wide track lines, which make up the operational National Railway Network. Due to contractual/procedural problems, in 2021 it was not possible to ensure this important rail inspection campaign. Inspections carried out until the end of December 2021 represent 60.4% of the planned annual volume. This result is justified by the late start (only in August) of inspection campaigns with the EM120 vehicle, due to equipment failures.

The Main Inspection based on Track Appliances (AV) consists of the detailed assessment of the general status and condition of its components. Periodic visits include a set of dimensional checks on a wide variety of safeguard and functional parameters, which are made against admissible tolerances recommended in the technical standard GR.IT.VIA.024 and good maintenance practices, to ensure traffic safety and the good operational functioning of the equipment. For the year 2021, compared to the same period of the previous year, there were 4,603 inspections planned (-5%) and 4,478 actually carried out (+8%), resulting in an implementation rate of the MPS roadmap of 97.3 %.

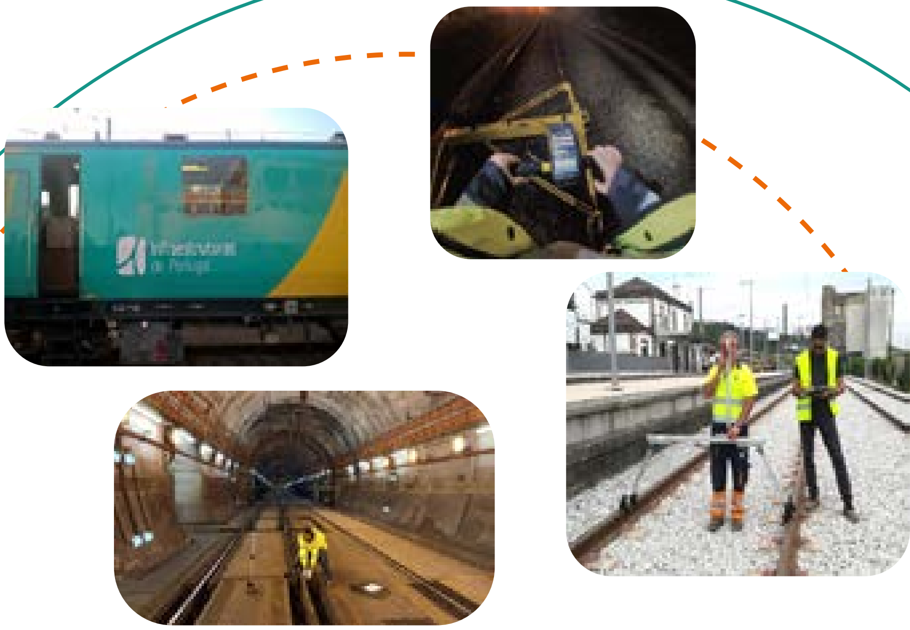
Finally, regarding engineering structures, on the National Road Network, 832 Main Inspection actions were carried out on Road Bridges, using internal means. In the National Railway Network, on the other hand, 276 definitive Master Inspection (MI) Reports were internally prepared, in addition to the analysis and validation of 132 reports of engineering structures inspected externally. Within the scope of the 2021 internal inspection cycle, the inspection campaign carried out on the Beira Baixa, Minho, Douro, Tua, East lines and the Alfarelos and Braga branches stands out due to their size.

5.1.2 Asset Management System

Asset management tools are developed based on the inspection activity carried out, viewing to provide information on the impact of short-term economic decisions on the long-term cost-performance-risk aspects, through:

a) Methodologies to assess the condition of the assets, the level of use they undergo and the current point of their life cycle;

TRACK AND CATENARY



ENGINEERING STRUCTURES

b) Differentiated management models according to the service level, or availability for operation, to which their performance should correspond;

c) Identification of the effective intervention needs according to the service levels required and also the most appropriate interventions to carry out, the time in the asset's life cycle and the respective impact on its performance;

d) Identification of the risks associated with the decisions not to carry out the recommended interventions at the right time;

e) Planning, with a 20-year horizon, analysing cost scenarios, which assess the corresponding risk and performance, as well as the resulting renewal liability.

The set of information relating to the condition of the infrastructure is collected and analysed so that it can be quickly made available and reviewed in a planning context, through dedicated management systems. The results obtained by the company's management systems lead to preventive actions rather than reactive interventions, since the latter carry greater risk, more network disruption, and larger investments.

In 2021 the Company continued the development of the Engineering Structures Management System (following the unification of the pre-existing systems, the support application is under development), the Containment Works Management System, The Road Surface Management System, the Track Management System, directed to the railway track superstructure, as well as the project for the design and implementation of a Gantry Management System.

After compilation, inspection information (technical and detailed) is processed and transformed into management and decision-support information, and then included in the State of Infrastructure Report published every year. Since 2019 the information concerning the state of the infrastructure is available at company level and to the general public on IP's corporate website, in line with the IP's values of clarity and transparency.

Finally, it should be noted that in 2021 a number of projects were carried out with a significant component of innovation, such as the use of drones for inspections of engineering structures and containment works or machine learning tools and artificial intelligence in data processing, aimed to improve the quality of information.

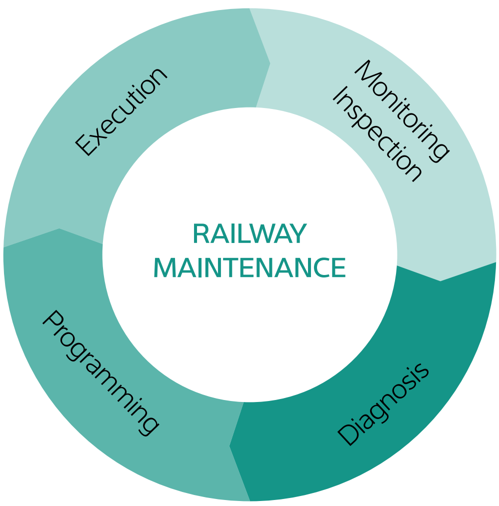
5.2 Network conservation and maintenance

5.2.1 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 2,527 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 implementation, taking into account the characteristics of the infrastructure, the type of operation and the service objectives of each line.

IP holds specific and exclusive know-how, to maintain inspection and supervision functions inhouse; implementation is generally outsourced.

Maintenance and renovation of railway infrastructure are supported by two management tools:

MAINTENANCE CONTRACTS

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 a previously defined roadmap;
- 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 2021 over 26 thousand maintenance actions were performed to ensure the operation of the different assets.

In 2021, the amount associated with all railway maintenance interventions, also including the Telematics and ITS, stood at € 71.2 million, in line with the figure of 2020 (€ 70.9 million).

Improvement of Silves station

Bridge Brigade works

Catenary works

INVESTMENT IN LONG DURATION INVESTMENT INFRASTRUCTURE (LDI)

In addition to the expenditure associated with the 2020 Railway Plan, other investments are made in the railway infrastructure to ensure safety conditions and improve the levels of reliability and quality of service provided to users; in 2021 this expenditure in renovation reached € 43.4 million, increasing by around 23% over 2020..

5.2.2 Road Network

TRAFFIC CONTROL CENTRE

IP's Traffic Control Enter ensures the coordination and management of the integrated road information system, in particular traffic, allowing to support the operation of the national road network, with a special focus on the metropolitan areas of Lisbon and Porto.

Focusing on the road user and on improving the quality of the service provided, particularly with regard to traffic conditions and safety, the system covers real-time traffic information, accidents and the various events happening in the network. This entire information system is managed on a specific IT platform.

The information is collected through the various road telematics equipment installed on the network, namely:

466 Video **771 Traffic counters** **405 SOS**

11 Weather stations **Assistance number 707 500 501**

Police force **ISMUs**

Interaction with the user is carried out through various means of communication, including the following:

110 Variable message screens (VMSs)

Travelling on the Road Portal
https://servicos.infraestruturasdeportugal.pt/pt-pt/viajar-na-estrada/transito-em-tempo-real

Assistance number 707 500 501

Police force **ISMUs**

It should also be noted that the TCC ensures the performance of audits of the virtual toll systems and traffic counters of the concessions and sub-concessions through video verifications.

24 hours
365 days

11,110 Occurrences
30/day

1,028 Video checkings
86/month

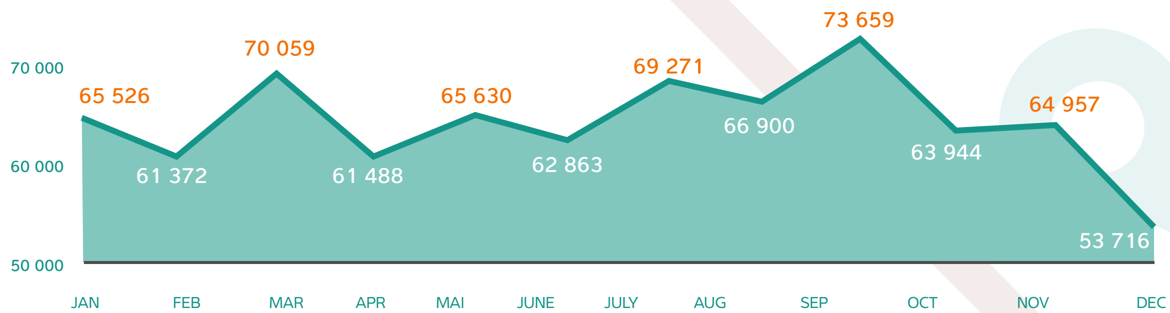
384,867 monitored vehicles
32,072/month

NETWORK SUPERVISION

IP supervises the network by patrolling roads on a regular basis, according to the stratification of the network assessed by specific criteria, such as Annual or Half-Year Average Daily Traffic (ADT), commercial activity (licences), existing resources and service levels compliance requirements.

The network is patrolled by the Inspection and Support Mobile Units (ISMUs) using plans that indicate the itineraries (road stretches or connecting routes to be supervised), the direction to take and the situations to be assessed. In 2021 the ISMUs travelled more than 779,385 km throughout the country (18 districts), to supervise approximately 1,590,737 km of road.

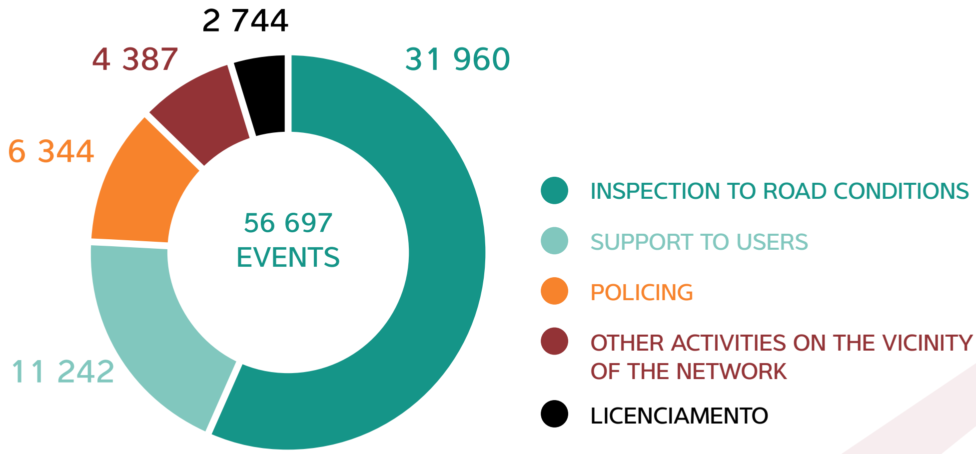
LENGTH OF CONTROLLED ROAD (KM)



779,385 km
of road patrolled by Inspection and Supporting Experts (ISE)

1,590,737 km
of network travelled by Inspection and Support Mobile Units (ISMUs)

The main function of the Mobile Inspection and Support Units (UMIA) is to monitor roads, collecting and recording information systematically and continuously on deficiencies or occurrences arising from unexpected events that do not arise from the normal wear and tear and require urgent intervention and signalling for endangering traffic conditions and/or the immediate safety of users. Summing up, 56,697 events were recorded by the inspection units in 2021.



MANAGEMENT OF CURRENT MAINTENANCE

Current Conservation Management is a systematic process of inspection and preventive or reactive intervention, 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 to prevent the deterioration of roads and service conditions.

ROUTINE INSPECTION

NEED FOR ACTION

TECHNICAL INSPECTIONS

CURRENT MAINTENANCE CONTRACTS

INTERVENTION BRIGADES

ROUTINE INSPECTIONS AND REVISION OF INVENTORY

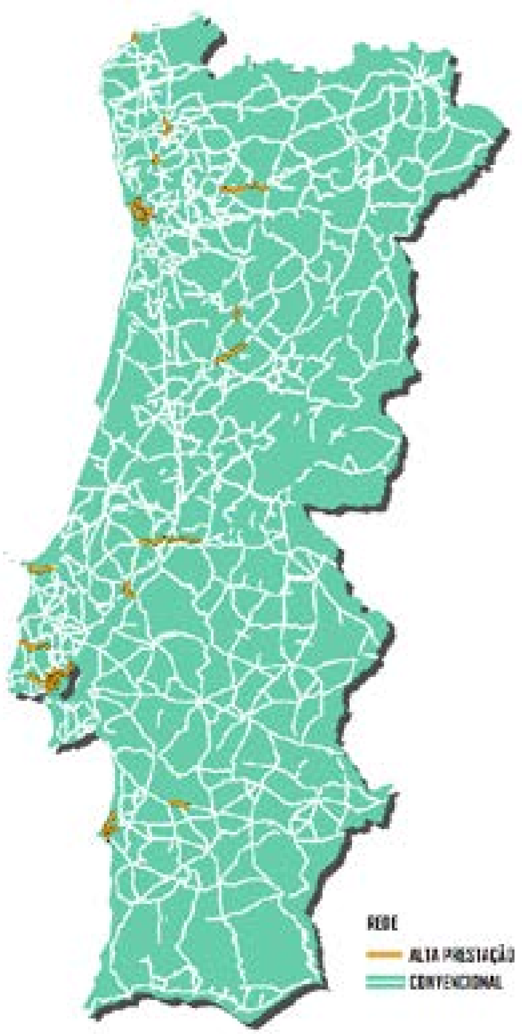
During 2021, IP outsourced routine inspections and road equipment and the revision of engineering structures inventories for six pilot districts, one from each Operational Centre, namely Braga, Porto, Castelo Branco, Leiria, Setúbal and Beja. This contract complements the Routine Inspections carried out using IP's own means. The outsourcing of these activities allowed to remedy the shortfall in IP's resources.

€ 961 thousand
Routine Inspections and Revision of Inventory
in 6 districts

This activity of inventorying and registering/updating track equipment, vertical signalling, engineering structures and carrying out routine inspections, aims to survey and characterise the assets and assess their state of conservation, including the junctions, accesses, and connections, integrated in the road network of the districts concerned. The survey was carried out on computer applications developed by IP for mobile platforms IP.GISMobile, allowing the gradual automation and standardisation to digitally represent objects or physical systems of road reality (Digital Twins)

OPERATING ACTIVITIES

The operational activity is anchored in current maintenance contracts of a multi-year nature, and its intervention is complemented by the Intervention Brigades (BIs). In overall terms, expenditure in Current Maintenance of the Road Network (Conventional and High-Performance Network), including, among others, Current Maintenance Contracts (with operation on the High-Performance Network), specific contracts for the management of vegetation in compliance with fire protection laws, specific contracts for the Corrective Maintenance of Pavements and activities developed under direct administration, totalled € 56.1 million in 2021.



LENGTH OF INSPECTED ROAD NETWORK

14,042 km

13,379 km Conventional Network
663 km High Performance Network

CURRENT MAINTENANCE CONTRACTS

Current road maintenance is provided under specific contracts called Current Maintenance Contracts (CMC), allowing IP to perform road maintenance works under direct management, viewing to ensure user comfort and safety, and prevent the deterioration of the infrastructure.

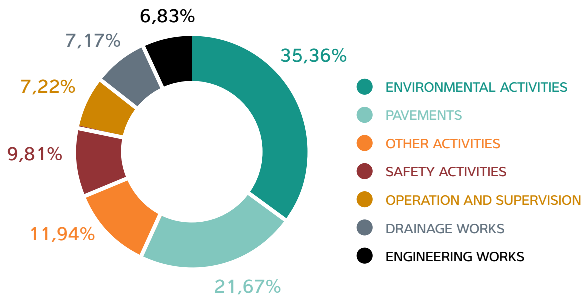
In the case of the High-Performance Network (RAP), these contracts, which also comprise operation activities, are called current maintenance and operation contracts (CCO).

CONVENTIONAL NETWORK (RCV)

There were 18 current maintenance contracts in force for the 2017-2021 period. In 2021 the works under these contracts evolved as planned, with an overall implementation of € 34.12 million. During 2021 environmental - and pavement - related works accounted for 57 % of the amount invested in the Conventional Network under IP jurisdiction. As far as environmental activities are concerned, we point out the works performed to protect forests from fire, namely deforestation, selective tree-cutting, and similar activities, representing expenditure of € 10.67 million in 2021.

€ 34.12 Million
Capital expenditure

€ 2,549/km
Expenditure by kilometre



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.

During 2021 the following current maintenance and operation works were undertaken:

- A4 - Marão Tunnel and respective access roads
- A23, IP6 and IC10
- A26 and A26-1
- Greater Lisbon roads
- Greater Porto Region roads, A3/IP1, N14 and N101

€ 10.45 Million

Capital expenditure

€ 15,847/km

Expenditure by kilometre

Against this background, IP's intervention was ensured through various contracts for each of the networks, with an overall implementation of € 10.45 million.

It should be noted that during 2021, the contract for the Current Conservation and Operation of the High-Performance Network South - Greater Lisbon 2020/2023 was awarded, with an award value of € 8,025,213.61 and an implementation period of 1095 days. The contract concerns the Road Network with motorway profile under the jurisdiction of Infraestruturas de Portugal, namely the accesses to the city of Lisbon, previously included in the Greater Lisbon and Mafra Atlântico Concessions.

This contract covering roads with motorway profile, aims to ensure an intervention that includes both the Operational Activities, namely Patrol, Network Inspection and User Assistance, but also the Current Maintenance/Conservation of all the constituent components of the road infrastructure.

€ 8 Million
Contract Value

1,095 days
Implementation Period

INTERVENTION BRIGADES

Intervention Brigade act on a one-off basis in the following situations:

URGENT INTERVENTIONS

- Clearing of drainage systems
- Signalling of damaged safety rails
- Road cleaning after adverse weather conditions
- Clearing of oilonthe road
- Cleaning of snow and ice
- Road clearing
- Repair potholes

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 against snow and ice

NON CORE INTERVENTIONS

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

PROTECTION OF FOREST AGAINST FIRE

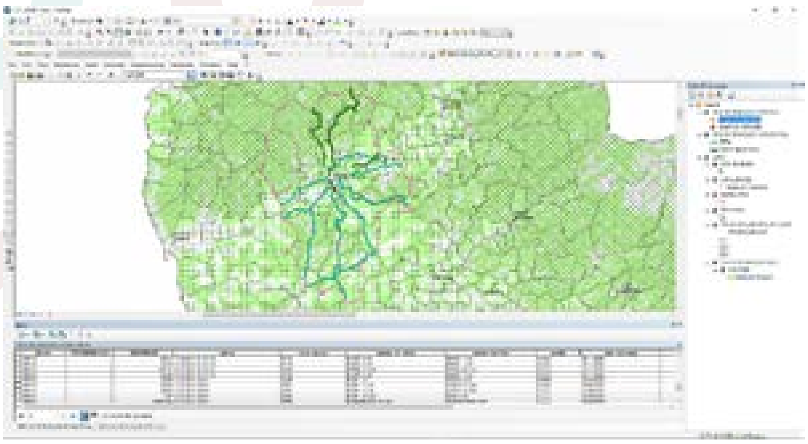
In compliance with legal obligations, namely pursuant to Decree-law124/2006 of 28 June, as amended, which provides the measures and actions to protect forest against fire, IP has several contracts with different service providers to perform this work.

The implementation of these specific contracts in 2021, including the activities of mowing and cutting of vegetation, selective cutting of vegetation and felling and pruning of trees, reached the amount of around € 1.66 million, which adds to the amount implemented within the scope of the Current Conservation Contracts, as previously mentioned.

€ 1.66 Million
Capital expenditure

We highlight the publication on October 13, 2021, of Decree-Law 82/2021, which establishes the Integrated Management System for Rural Fires (SGIFR) in mainland Portugal and defines its operating rules. This Decree-Law defines adjustments in required interventions and introduces the requirement of registration in the Public Administration's interoperability platform, defined through a model of horizontal articulation of all entities participating in structural prevention.

In order to allow a prompt response to this obligation, and respond to requests in this area, namely by the Municipal Forest Defence Commissions, or the Agency for the Integrated Management of Rural Fires (AGIF), IP has information on the implementation of these works on a geographic basis, which allows the information requested to be made available on Dashboards, where it is possible to quickly verify the quantities performed, as well as their respective location.



SNOW CLEANING CENTRE (SCC) AND REMAINING WINTER ACTIVITIES

IP's Serra da Estrela Snow Cleaning Centre was created in 1971 to ensure traffic in safe conditions during winter; it is located at an altitude of 1650 m, on EN339, in Piornos. This outpost is equipped with the means required to maintain traffic and safety conditions on national roads in the districts of Guarda and Castelo Branco, spanning across an area of approximately 290 km, of which 128 km are located on the mountain range of Serra da Estrela.

Winter activities play a crucial role in maintaining traffic safety conditions and in cleaning roads from snow and ice, when required. Given the country´s orography and climate, these activities occur mainly in the districts of Bragança, Coimbra, Guarda, Castelo Branco, Viana do Castelo, Vila Real and Viseu, and sometimes in Aveiro, Braga and Porto.

In 2021 IP spent approximately € 88,000 with the spreading of salt, through current maintenance contracts.

In 2021 the company purchased 3,775 tons of rock salt and 18 tons of sodium chloride to ensure safe traffic conditions.

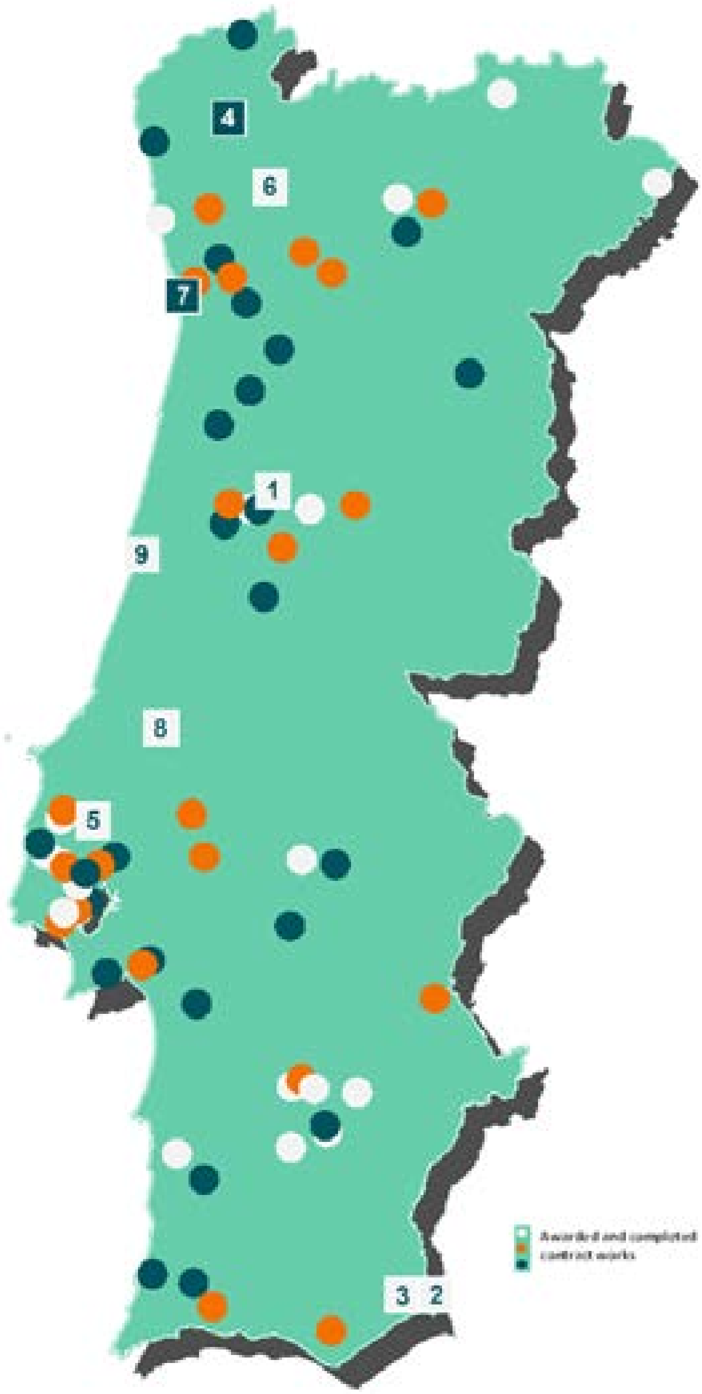
IP has silos with storage capacity of 60 tons to store rock salt, equipped with automatic machinery that ensure quick, easy and silent loading.

3,775 tons	18 tons
Rock Salt	**Sodium Chloride**

PERIODIC MAINTENANCE MANAGEMENT

Periodic maintenance consists of the performance of highly technically complex works, carried out according to a 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; this periodic maintenance views to restore the initial characteristics of road components, ensuring satisfactory service levels and extending the useful life of an existing structure.

It is organised into a series of roadside intervention programmes, including pavements, geotechnical aspects, engineering structures and road safety. Additional works are undertaken whenever necessary, based on the assessment of renovation needs, with priorities being set according to technical urgency, which in turn is determined based on the Quality Index (QI) of the roads and traffic levels, as foreseen in the 2015-2019 Proximity Plan.



34
Completed contract works

26
Awarded and completed contract works

49
Awarded contract works

€ 99.15 Million
Amount of Awarded
and/or Completed Contract Works in 2021

In 2021, the implementation of Periodic Conservation works totalled € 35.0 million, while Road Safety works totalled € 7.6 million.

During 2021 the main Awarded and/or Completed Contract Works were the following:

330 days
€ 11,847,000

1. IP3 - PENACOVA JUNCTION (km 59+000)/ RIDGE OVER RIO DÃO (km 75+160). RENOVATION | COMPLETED

Renovation of the IP3 section, between km 59+000 and km 75+160, with a view to improving traffic conditions and road safety and extending the useful life of the road. We highlight the unevenness of the two junctions of IP3, Oliveira do Mondego and Cunhedo, which were still level intersections.

317 days
€ 9,313,995

2. IP1, km 132+500, INTERNATIONAL BRIDGE OVER RIVER GUADIANA RENOVATION OF ENGINEERING STRUCTURE | COMPLETED

Renovation of structural elements of reinforced and pre-stressed concrete, renovation of surface, improvement and/or replacement of support equipment, joints and other safety elements and installation of new bridge monitoring systems, renovation of road lighting and aerial and river signalling, among other maintenance work on the bridge.

3. IP1, km 132+500, INTERNATIONAL BRIDGE OVER RIVER GUADIANA TIE ROD SYSTEM REPLACEMENT | COMPLETED

570 days
€8,599,999

Full replacement of the anchoring system of the bridge with a view to its structural improvement and continuity in ensuring road safety conditions, further increasing its durability.

420 days
€ 5,178,428

4. EN101. L.D. VCT/BRG (km 63+017) AND JUNCTION WITH EN205 (km 83+460). RENOVATION | IN PROGRESS

The renovation of the road aims to improve traffic and safety conditions, intervening in terms of surface, drainage, signalling and safety equipment, reformulation of junctions, treatment of urban crossings, among others.

300 days
€ 3,664,386

5. EN9. TORRES VEDRAS (km 68,000) AND JUNCTION WITH EN115 (MERCEANA) (km 83,700). RENOVATION | COMPLETED

Improvement, widening and rectification works in an extension of 3,250 m and interventions with regard to surface, drainage and signalling and road safety equipment in an extension of 11,150 m.

360 days
€ 3,378,882

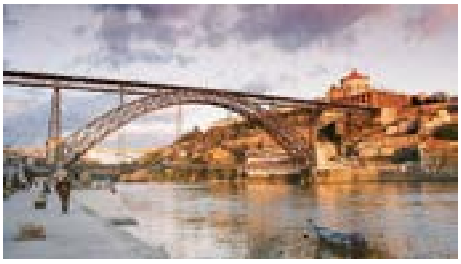
6. LINK TO AVEPARK – SILVARES JUNCTION | COMPLETED

Levelling out of Silvares junction on ER206, thus connecting the Science and Technology Park to to major road axes, which are crucial for the transport of people and goods, namely A11.

365 days
€ 3,252,250

7. D. LUIZ I BRIDGE OVER RIVER DOURO – REPAIR OF LOWER DECK | IN PROGRESS

Renovation and reinforcement of the lower deck to give the bridge a resistant capacity compatible with current road overloads. The works further include the renovation of the structure and the repair of identified anomalies due to surface corrosion of metallic elements, rectification of deformed plates, maintenance of support equipment, replacement of expansion joints, among others.



330 days
€ 3,211,151

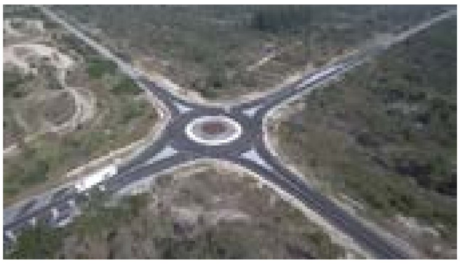
8. ER361 IMPROVEMENT BETWEEN AMIAIS DE CIMA (km 61+890) AND ALCANENA (68+910) | COMPLETED

Construction of two new sections and renovation of the surface in remaining sections, in order to reduce the existing curbs and improve the road layout.

9. EN109 - IMPROVEMENT OF SAFETY CONDITIONS ON km 122+150 TO km 137+700 | COMPLETED

360 days
€ 3,079,710

Intervention to achieve a significant improvement in traffic conditions and road safety, through the reformulation of the various existing intersections along the section of the EN 109 between km 122+150 and km 137+700.

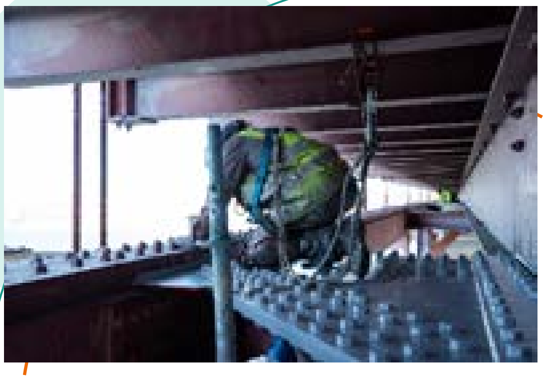


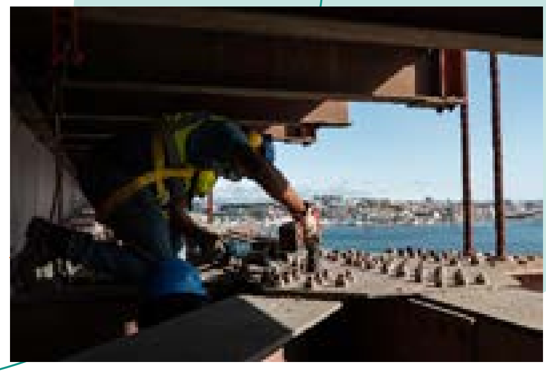
25 DE ABRIL BRIDGE

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 (ANEPC).

During 2021 contract works were carried out for the maintenance of Ponte 25 de Abril with end in August 2022 and estimated expenditure of € 16.3 million. The works comprise repairs on the suspension bridge and on the North Access Viaduct, including strengthening the rigidity of the beam.





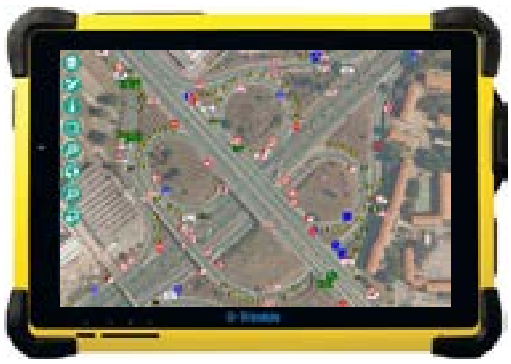
INNOVATION PROJECTS

DRONES

IP started using drones to support O&M related activities. Once the supply process was completed, a series of missions began that allowed to obtain, in an economic, functional, and expeditious way, a new digital reality of the terrain; such information thus became available for register updating, inspection, supervision, As-Built status, emergency responses (earth movements, fires, floods, etc.), analytical process and classification of new elements.

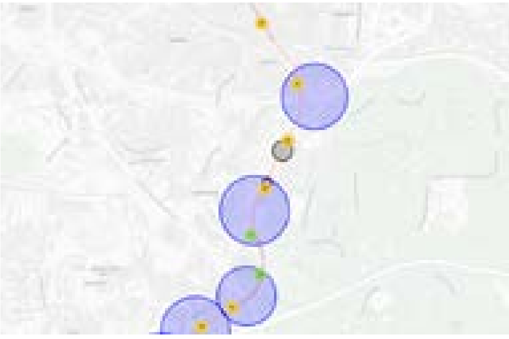
MOBILE APPLICATIONS USING GEOSPATIAL INFORMATION (IP.GISMOBILE)

IP has been developing tools and improving existing ones, in order to optimise and ensure efficiency in O&M related activities. Several mobile applications are in use, using a tablet, to carry out registrations and inspections of road assets, namely their track equipment.



REMOTE MONITORING

With a view to improving the process of detecting incidents on the Motorway Network under IP's Jurisdiction, IP has carried out an analysis of the coverage rate of the current CCTV installed on its motorway network; this will allow the installation of intelligent equipment capable of quickly and automatically detecting anomalous situations that generate traffic constraints and reduce the conditions of circulation and safety of road users in critical locations (black spots or places where there is a large number of accidents). This analysis should be completed in 2022.



5.3 Expenditure in Road and Rail Infrastructure

The "Ferrovia 2020" Investment Plan involves an overall expenditure of over € 2,000 million. It is the greatest challenge of IP Group for the coming years.

In terms of European co-funding, approximately 50% of the Ferrovia 2020 budget will be provided through the COMPETE 2020 or CEF lines.

5.3.1 Investment in the Railway Network

FERROVIA 2020

The "Ferrovia 2020" Investment Plan anchored in PETI3 + views to modernise the national Railway Network and strengthen internal and international connectivity (at national and Iberian levels), enhance competitiveness, and incentive private investment and job creation.

At the end of 2021 the overall progress of Ferrovia 2020 was quite clear : 84% of the effort (allocation of total investment to each undertaking to respective phase and current values) is currently in work phase (already awarded or under way) or already completed.

In terms of works, considering only those that are already under way or awarded, the amount involved totalled € 1,032 million, adding to € 160 million in Signalling and Telecommunications already awarded or in progress, under the design/construction regime . Capital expenditure in ongoing or under awarding phase projects is € 6 million.

Amongst the works under way and currently in full swing, we point out the largest railway construction work in recent years, between Évora and Elvas, the interventions on the Northern Line, the main national railway line, as well as the modernisation of the Beira Alta Line, the Modernisation of the Sines and South Line.

Of the works completed in 2021, we highlight the completion of the Beira Baixa Line between Covilhã and Guarda, the electrification of the Minho Line between Viana do Castelo and Valença, contract works between Caíde-Marco and contract works between Valadares and Gaia.

The financial implementation of the Ferrovia 2020 Plan in 2021 totalled € 195.8 million, increasing by 43% over 2020. In cumulative terms, the financial implementation since the start of this investment plan is of € 600 million.

The interventions of Ferrovia 2020 are developed in 4 corridors, territorially differentiated: the International North Corridor, the International South Corridor, the North-South Corridor, and the Complementary Corridors:

International South Corridor

The International South Corridor will allow widening the port hinterland of Sines, Setúbal and Lisbon, ensuring the railway link between the south of Portugal and Europe, via the Caia border, promoting railway interoperability and contributing to an efficient transport of goods.

This corridor will provide a direct link from Sines to Elvas/Caia, reducing travel time by 3h30, increasing capacity by two-fold and improving safety conditions, by eliminating level crossings and installing electronic signalling.

At the end of 2021 this corridor was under construction phase, with 96% of the projected investment under way or in awarding phase, and 4% already completed.

The tender for the modernisation of the Sines Line, Ermidas-Grândola Norte section was launched during 2021. This corridor further comprises three major works currently under way to enable the construction of the new line between Évora Norte and the East Line: Évora Norte-Freixo section, Freixo-Alandroal Section and Alandroal-East Line section.

The works on the East Line between Elvas and the border with Spain (Caia) are completed.

In 2021 expenditure in the International South Corridor totalled € 96.3 million.

International North Corridor

This corridor will consolidate the link between the metropolitan arch of Oporto and the coastline system, respective harbours (Leixões and Aveiro), airports and logistics platforms, Spain, and the rest of Europe, via the Vilar Formoso border.

It will increase daily capacity by more than twofold, allow the circulation of electric trains across the Beira Baixa Line, improve grade lines in critical stretches, build the concordance links of the Beira lines and Pampilhosa, and improve safety by eliminating level crossings and installing electronic signs.

At the end of 2021 this corridor was under construction phase, with 76% of the projected investment under way or in awarding phase, and 20% already completed.

We highlight the reopening to rail traffic of the Beira Baixa Line between Covilhã and Guarda, on May 4th, which represents the resumption of the rail connection between two important cities in the region of Beiras and Serra da Estrela.

On the Beira Alta Line, all works between Pampilhosa - Sta. Comba Dão (includes the new Junction da Mealhada, between the North and Beira Alta Lines) - Mangualde - Guarda and between Cerdeira-Vilar Formoso are awarded, except for the intervention at the Pampilhosa Station, which has not yet started, and the intervention on the section between Guarda and Cerdeira, already completed.

The completion of the works on the Beira Alta Line, within the Ferrovia 2020 framework, is planned in stages until the end of 2023.

In 2021 capital expenditure in the International North Corridor totalled € 35.7 million.

North-South Corridor

IInvestment in the Minho and North lines will improve the railway link between Portugal's Atlantic Axis and Europe, via the Valença border.

In the Minho Line, the travel time will be reduced with the introduction of electric traction trains and the elimination of the breaking load in Nine, the improvement in railway and road safety with the elimination of crossings and the building of uneven level crossings; moreover, safety and operating reliability will improve thanks to the deployment of a new signalling and telecommunications system and a threefold increase in capacity.

Adding to the above, the life cycle of the infrastructure will be renewed, long-distance travel time will be reduced, operational safety and reliability will improve with the modernisation of the signalling and telecommunications system. Railway and road safety are expected to improve with the elimination of crossings and the building of uneven level crossings.

By end 2021 31% of the investment in this corridor was completed, of which 38% was in construction phase (ongoing or in awarding phase).

On the Minho Line, sections Nine-Viana, Viana--Valença and Valadares-Gaia (Norte Line) are completed. April 25 marked the beginning of operation of electric traction trains on the Viana do Castelo/Valença section of the Minho Line, following completion of the modernisation and electrification works, with an associated expenditure of € 86.4 million.

Section Espinho-Gaia on the North Line is in progress.

In 2021 expenditure in the International North-South Corridor totalled € 47.1 million.

Secondary Corridors

This set of interventions comprises the electrification of the Minho Line from Caíde-Marco de Canavezes to Régua, electrification of the Algarve Line on the Tunes-Lagos and Faro-Vila Real de Santo António sections, and modernisation and electrification of the West Line between Meleças and Caldas da Rainha.

The modernisation of the Cascais Line is also comprised in the Secondary Corridors.

The electrification works on the Marco de Canaveses-Régua section, of the Douro Line, are under way; the first stretch from Caíde to Marco de Canaveses is already completed. On the West Line, the contract works for the Meleças-Torres Vedras section were awarded; the Torres Vedras-Caldas section is in awarding phase.

On the Algarve line, the Tunes-Lagos section is in awarding process and the Faro-Vila Real de Santo António section is under construction.

The intervention project on the Cascais Line is underway, and its components are under awarding phase.

The effort associated with 61% of the investment has already given way to contracts under awarding phase or in progress; 5% is already completed.

In 2021 capital expenditure relating to Secondary Corridors totalled € 16.0 million

Moreover, there are several signalling and telecommunications contracts under way in the corridors mentioned above.

Notwithstanding some constraints that have occurred, the Investment Programme has recorded remarkable progress in the period under review, as 84% of projected expenditure is either completed or under development. The remaining 16% are undertakings in an advanced stage of project development .

Below is a map with the location of the projects and stage of implementation in 2021.

OTHER CAPITAL EXPENDITURE

In addition to the investments associated with the Ferrovia 2020 Plan, additional investments were made to enhance safety conditions and improve the levels of reliability and quality of service provided to users.

In 2021 investment in renewal and modernisation of the infrastructure, adequacy to rules and regulations in force, and improvement of service levels totalled € 43.4 million (€25.8 million in track and overhead line renovation, € 4.6 million in renovation of engineering structures, € 1 million in signalling and telecommunications systems, among other works).

This item includes the Mondego Mobility System (POSEUR) project, with an implemented amount of € 7.1 million. In addition to this undertaking, the largest investments were made in the North Line (€ 6.2 million), in the Douro Line (€ 6.1 million), and in the Algarve Line (€ 2.4 million).

We highlight the following investments in 2021:

Reinforcement of pillars of Praia Bridge

Reinforcement works on the P4 and P5 pillars of Ponte da Praia, at km 118,860 of the Beira Baixa Line, in the municipalities of Constância and Vila Nova da Barquinha, with the aim of ensuring the structural stability of the bridge.

These intervention works followed the strengthening, protection and renovation works of the bridge's foundations carried out between 2011 and 2012.

These works represented an expenditure of € 2.9 million.

Stabilisation of slopes on the North Line

Stabilisation of excavation slopes between km 147.100 and km 147.400, of the North Line, municipality of Ourém.

The intervention aimed to correct instability phenomena and landslides, already signalled, and which in the long term could compromise the safety of rail traffic in a very busy section located at the entrance of the Albergaria dos Doze Tunnel.

Traffic conditions and safety levels for railway operation on the section were significantly improved following completion of these contract works with an associated global expenditure of € 1.5 million.

Renovation of Mercês Station – Sintra Line

Renovation of the station in different components, responding to IP's permanent concern to ensure and offer conditions of comfort, mobility, and safety to passengers, and adapt spaces to new demands and services.

Anticorrosive painting works were carried out on the metallic structure of the platform cover; replacement of elements of the roof's rainwater drainage system; waterproofing works; painting; placement of a pinned safety strip on the platforms and replacement of street furniture and lighting.

These works represented an expenditure of € 380 thousand.

Levelling of the waterline in the surroundings of the South Line

Levelling works on the bed of Vale da Mata stream, between km 282.400 and 286.00 of South Line, in the municipality of Silves.

The waterline in question, running in the vicinity of the railway, was highly vulnerable to flooding; the track platform was inundated several times, resulting in damages to the platform as well as to slopes and hydraulic passages, and causing significant constraints on rail traffic.

Expenditure associated with these works totalled € 1.3 million.

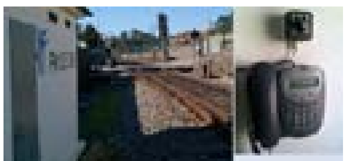
Investments in Communications Networks

Reformulation of the Operating Telephone System on the Beira-Baixa Line, Entroncamento--Castelo Branco section, € 270 thousand)

As part of the network intervention investment plan, the Operational Telephone Network on the Beira Baixa Line, Entroncamento-Castelo Branco section, was reformulated into a solution supported by VoIP technology.

This technological evolution, which is based on standard communication protocols, allowed the adoption of economic sustainability criteria, both from an investment perspective and from an operational support perspective, namely in centralised management and supervision, allowing greater speed in the identification and detection of anomalies.

Technological evolution has contributed to enhance the quality of service, by increasing the availability and reliability of this fundamental network for Railway Operation, as it ensures the continuity of the railway service in situations of poor operation on the Beira Baixa Line.



Video monitoring on the Minho Line, section Nine- Viana do Castelo – (€ 215 thousand)

As part of the Ferrovia 2020 investment plan and in line with the strategic guidelines defined by the Portuguese Infrastructure Security Department, in terms of infrastructure security and the safety of people and goods, IP has been installing technological solutions based on video monitoring security systems with digital processing in stations and in critical technical facilities of the railway network to allow the relocation of human resources. Video monitoring systems were installed on the Minho Line Section Nine-Viana do Castelo, at all stations and at technical facilities, namely Power Substations, of vital importance for the railway system, thus contributing to raising the degree of safety in the public railway domain.

5.3.2 Investment in the Road Network

BUSINESS AREAS ENHANCEMENT PROGRAMME (PVAE)

IP strengthens its driving role in the economy, providing accessibility to the business centres called Business Location Areas

The Business Areas Enhancement Programme, to which IP is deeply committed, foresees the promotion of better conditions of access to high-capacity roads for the "engines" of the Economy, made up of small and medium-sized companies.

The Programme was prepared viewing the achievement of the following goals:

i. Increase road accesses to the Business Areas already consolidated and deemed relevant at regional and national levels;

ii. Eliminate/minimise local disconnections, ensuring a supporting network with adequate performance standards;

iii. Ensure that the recommended road infrastructures are those that best suit the characteristics and estimated traffic volumes, providing optimised solutions in technical and economic-financial terms;

iv. Reduce travel time from the main road (IP and IC) to the Business Areas, thus contributing to reduce context costs;

v. Enhance the competitiveness of the Business Areas, thus contributing to:

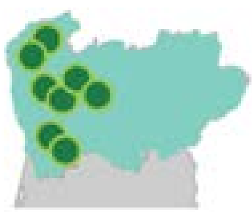
- Improve the performance of production units already installed;
- Attract new private investment;

vi. Improve road and pedestrian circulation, diverting heavy vehicle traffic from:

- Consolidated urban areas;
- Roads the profile of which is not compatible with heavy vehicle traffic;

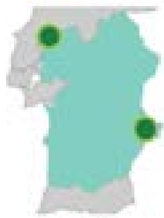
vii. Boosting the business fabric of the municipalities where the Business Areas are located, spurring the country's economy and internationalisation, from a broader perspective;

viii. Mitigating situations of traffic jams, thus contributing to reduce pollutant emissions.



8 Interventions

2 Interventions



2 Interventions

NORTH

1. Link to Escariz - Arouca à A32 | Sta. M. Feira)
2. Link to the Industrial Area of Fontiscos | Santo Tirso)
3. Link of Industrial Area of Cabeça de Porca | Felgueiras to the A11
6. Link of Business Park of Formariz (Paredes de Coura) to the A3 (Sapardos junction)
8. Link connecting the Business Park of Lanheses to ER305
9. Access road to Avepark in Guimarães - Taipas Science and Technology Park | Gandra Industrial Area
10. Improvement of road accesses to business areas of Famalicão Sul | Ribeirão and Lousado
11. Improvement of road accesses to Business Area of Lavagueiras (Castelo de Paiva)

CENTRE

15. Road accesses to Industrial Area of Riachos | Entroncamento, Golegã, Torres Novas)
16. Accesses to the Industrial Park of Mundão (Viseu)

ALENTEJO

17. Improvement of accesses to the Industrial Area of Campo Maior
18. Link of the Industrial Area of Rio Maior to EN114

The 12 Business Areas established by the Government in February 2017 gave rise to 15 projects and 15 contract works (Viseu, Santo Tirso and Guimarães have two interventions each).

Expenditure is provided in the budget of Infraestruturas de Portugal, for its most part, and for a smaller part, by the budget of the municipality concerned, namely as regards the land expropriation required.

Total expenditure amounts to nearly € 149 million in projects, land expropriation, supervision and works.

The programme is recording a frankly positive progress.

- In global terms, at the end of 2021, the Programme already showed significant maturity, with 45% completed or under construction.
- There are no projects to launch.
- Three undertakings were completed: Lanheses (Viana do Castelo), EN14 (Famalicão) and Silvares junction (Guimarães);
- Two works are in progress: the Connection to Escariz (Arouca) – amount implemented in 2021 € 14.6 million, the largest investment in progress on the highway - and the Connection to Formariz (Paredes de Coura) with the amount carried out in 2021 of € 3 .4 million.

The amount invested in this Programme in 2021 was € 19.7 million.

PETI3+

PETI3+ (Resolution of the Council of Ministers no. 61-A/2015 – Official Gazette no. 162/2015, 1st Supplement, Series I of 2015-08-20), on which the investment plan included in Ferrovia 2020 was based, continued to be implemented with regard to the road component.

Some of the most relevant investments in the PETI3+ (road) are currently under development, including the modernisation and renovation of the IP3 between Coimbra and Viseu; the contract works between Penacova and the Bridge over the River Dão are under way. The study of the remaining layout is in progress.

Another relevant investment already in progress is the IP5 Vilar Formoso/Fronteira completing the cross-border connection in Vilar Formoso, including works in Spanish territory; in 2021 associated expenditure with these works totalled € 5.6 million.

It should be noted that two of the undertakings initially allocated to PETI3+ are under development within the framework of the Business Areas Enhancement Programme, namely the improvement of EN14 – Santana/Vitória and widening between Vitória and Famalicão, as well as the link to the business park of Escariz to A32.

The amount invested in this Programme in 2021 was € 8.9 million.

OTHER INVESTMENTS

Other Investments refer to interventions for the renovation and improvement of the infrastructure, adaptation to existing norms and regulations and reinforcement of road infrastructure service levels, which are not included in the scope of PETI 3+/PVAE/NIP2030.

The amount implemented in 2021 was € 1.7 million, including € 835 thousand of land expropriations, of which € 520 thousand relate to IC17.092.1998 CRIL Olival Basto/Sacavém.

NATIONAL INVESTMENT PROGRAMME 2030 (NIP2030)

PROGRAMA NACIONAL DE INVESTIMENTOS 2030

The National Investment Programme 2030 defines the strategic investments that the country is expected to launch in the next decade, in line with the strategic objectives defined for Portugal 2030, regarding which it was possible to reach a broad social, economic, and political consensus.

The Programme is directed to Mobility and Transport - key factors for the external competitiveness and internal cohesion of our Country and to Environment/Climate Action and Energy, areas intrinsically linked to mobility, and the challenges of climate change, namely decarbonisation and energy transition.

Aiming at the functional and operational integration of the different investments, IP is developing the RFN Master Plan, which is based on the systemic analysis of the interaction between the recommended service levels in the medium and long term and the infrastructure needed to respond to the corresponding requirements from the point of view of capacity, safety, and reliability.

The National Investment Programme (NIP2030) was presented by the Government on 22-10-2020.

It is the planning tool for the next cycle of strategic and structuring investments at national level, viewing to meet the needs and challenges of the next decade and decades to come.

The NIP2030 was the result of a rigorous exercise of analysis and planning that the Government carried out in a comprehensive way, involving the most varied economic and social players, in order to reach a broad national consensus regarding the investments to be made.

The scope of the NIP2030 programme spans across sectors, though it is focused on the mobility and transport sectors, which are key to achieve external competitiveness and internal cohesion, and the environment, energy, and irrigation sectors, to meet decarbonisation and energy transition challenges.

NIP2030 reflects the country's strategy for the next decade, aimed at convergence towards with the European Union; it is based on three strategic goals, specifically:

- Territorial cohesion, by connecting territories and business activity, valuing natural capital;
- Competitiveness and Innovation, increasing and improving infrastructures, leveraging on the country's Atlantic potential, and strengthening territorial integration with Europe, and the Iberian Peninsula in particular.
- Sustainability and Climate Change, promoting decarbonisation, energy transition, adaptation to climate change and increased resilience of infrastructures.

In the light of the above, NIP2030 comprises all major investments in infrastructures and equipment to be made in Portugal from 2021 to 2030, covering 4 main areas: Transport and Mobility, Environment, Energy, and Irrigation.

Summing up, the scope of the NIP2030 may be defined as follows:

- Field: Investment in infrastructures and equipment;
- Territorial scope: Mainland Portugal;
- Time Horizon: 2021 to 2030
- Size: Projects or Programmes worth € 75 million or more.

The Transport and Mobility area comprises investment in road and rail infrastructures, which directly concern IP.

The definition of the strategic goals that guide the NIP2030 was based on the strategic areas and objectives that presided over the preparation of Portugal 2030.

Portugal 2030 Strategic Areas and Goals		
Wide-ranging	1. People first: less inequality and more inclusion	1.1 Promotion of Inclusion and demographic sustainability
		1.2 Quality, training, employment
	2. Innovation: driver force for development	2.1 Corporate Innovation
		2.2 Advanced Qualification of human resources
		2.3 Qualification of institutions

Portugal 2030 Strategic Areas and Goals		
With territorial focus	3. A Competitive Country Externally and Internally Cohesive	3.1 Competitiveness of urban networks
		3.2 Projection of the Atlantic coast
		3.3 Territorial insertion in the Iberian market
		3.4 Competitiveness and cohesion of low density areas
	4. A Sustainable Country that Values its Endogenous Resources	4.1 Energy and climate change
		4.2 The sea economy
		4.3 Agriculture and forests

Transports and Mobility	Number of Projects and Programmes	Investment
Mobility and Public Transport	9	€M 5,825
Railway	16	€M 10,510
Road	8	€M 1,980
Airports	4	€M 1,257
Maritime – Ports	8	€M 2,088
Total	45	€M 21,660
Public capital expenditure		€M 17,694
Private investment		€M 3,966

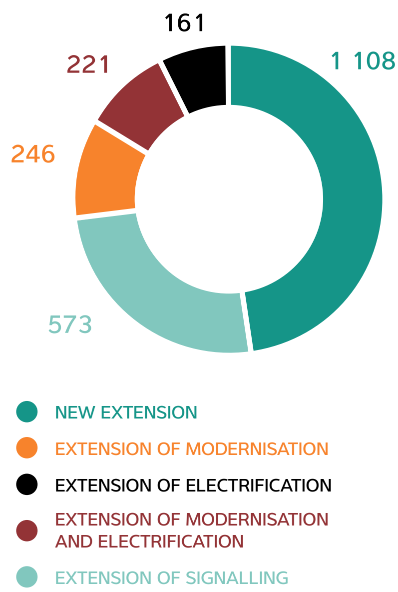
Railway

Sixteen programmes and projects were identified, representing an overall investment of € 10,510 million, based on the following guidelines:

- Increasing the capacity and reducing travel time across the Porto-Lisbon axis, where the largest flow of passenger and freight lies;
- Constructing a new double track high performance line (Lisbon–Oriente/Porto-Campanhã) equipped with multi-purpose sleepers and Iberian gauge, on a first phase;
- Promoting cross-border connectivity, ensuring interoperability across the Atlantic Axis towards North and intersecting international corridors;
- Solving major bottlenecks and consolidating the railway network in the metropolitan areas of Lisbon and Porto;
- Completing the modernisation and electrification of the National Railway Network, increasing capacity and speed where possible and useful;
- Launching the bases for the future expansion of the National Railway Network as factor of territorial cohesion;
- Improving railway access to ports and airports;
- Renovating accesses, improving safety, reducing environmental impacts, namely, noise, and adjusting the railway network to climate change.
- Dematerialising and computerising logistics in terminals;
- Developing telematics and digital connection systems for passenger interfaces and logistics terminals;
- Renovating and expanding the fleet of rolling stock available for all passenger service categories.

	Railway	Period	Investment
F1	New Porto - Lisboa Line	2021-2030	€M 4,500
F2	Programme to increase capacity in the rail network of metropolitan areas	2021-2028	€M 290
F3	Railway Safety, Renovation and Rehabilitation, Noise Reduction and Adaptation to Climate Change Programme	2021-2030	€M 450
F4	ERTMS/ETCS + GSM - R signaling and implementation programme	2021-2030	€M 270
F5	Programme for Electrification and Strengthening of the National Rail Network	2021-2030	€M 760
F6	Telematics, stations and operation safety programme	2021-2030	€M 165
F7	Multimodal terminals improvement programme	2021-2030	€M 200
F8	Modernisation of railway links to Beja and Faro	2021-2025	€M 230
F9	Modernisation the Vouga Line	2021-2025	€M 100
F10	Connection of the Cascais Line to the Belt Line	2023-2027	€M 200
F11	New Porto - Valença - Vigo line (1st Phase)	2021-2030	€M 900
F12	International South Corridor (2nd phase)	2021-2030	€M 150
F13	International North Corridor (2nd phase)	2026-2030	€M 600
F14	New rolling material Urban trains	2021-2029	€M 680
F15	New rolling material Long distance trains	2021-2029	€M 650
F16	New rolling material Regional trains	2024-2030	€M 385

PNI 2030 - MAJOR FIGURES (KM)



Road

Eight programmes and projects were identified, representing an overall investment of € 1,980 million, based on the following guidelines:

- Renovating and repairing the road network, promoting the digitalisation of infrastructures;
- Completing missing road links, promoting territorial cohesion and cross-border connectivity;
- Improving road accesses to business areas;
- Improving road accesses to airports;
- Mitigating negative externalities deriving from the use of motor vehicles;
- Renovating accesses, improve safety, reducing environmental impacts, namely, noise, and adjusting the road network to climate change.
- Supporting innovation and efficiency of existing infrastructure.

	Rodovia	Período	Investimento
R1	Prog. de Segurança Rodoviária, Renovação e Reabilitação, Redução de Ruído a adaptação às alterações climáticas	2021-2030	530 M€
R2	Programa de Construção de "Missing Links"	2021-2030	425 M€
R3	Arco Ribeirinho Sul	2021-2026	200 M€
R4	Programa de alargamentos e aumentos de capacidade	2021-2030	268 M€
R5	Conclusão do IP8 entre Sines e Beja	2021-2028	130 M€
R6	Programa de Apoio à Inovação e Eficiência na Rede Rodoviária	2021-2030	100 M€
R7	Programa de Valorização das Áreas Empresariais (2ª Fase)	2021-2030	164 M€
R8	Programa de Coesão Territorial e Transfronteiriça	2021-2030	163 M€

Summing up, the National Investment Programme (NIP2030) has as main objectives the reinforcement of territorial cohesion, the improvement of the competitiveness and innovation of the national economy, and the promotion of environmental sustainability. It covers a large set of investment in the transport sector. This investment, to be developed over the course of the decade, aims at the complete renovation of the infrastructure in order to allow the reduction of current travel times and the improvement of the services provided.

In the road segment, we highlight investment in Connections to Business Areas - 2nd Phase of the PVAE, Road Safety and Noise Reduction, the Completion of IP8 Sines – Beja and in Territorial and Cross-border Cohesion.

In the railway segment, we highlight the investment in the New Porto-Lisbon High Speed Line, which will reduce travel time to around 1h15m, the construction of the New Porto–Vigo Line, whose travel time is estimated at 1h, the increase of Capacity in Metropolitan Areas, for example with the Roma-Areeiro – Braço de Prata and Contumil – Ermesinde Quadrupling of Track, Modernisation and Electrification, aiming at having 100% of the grid electrified by 2030.

One of the essential dimensions in the definition of the NIP2030 is the identification and distribution of the investment effort required by different agents. The following table identifies and describes the funding sources available.

Funding sources		
European	European Structural and Investment Funds (ESIF)	ESIF comprise the Cohesion policy funds (European Social Fund, European Regional Development Fund and Cohesion Fund), the European Agricultural Fund for Rural Development and the European Fund for Fisheries and Maritime Affairs.
	Other European Funds (RRI, CEF, etc.)	Other investment funds provided by the EU, with emphasis on the Connecting Europe Facility (CEF). The Recovery and Resilience Plan (RRP), which is part of the policies designed to help economic recovery following the pandemic, is particularly worth mentioning.
National	Environmental Fund	The Environmental Fund aims to support environmental policies to achieve sustainable goals.
	Reduction in expenses with road PPPs	Savings are expected as a result of reduction in annual charges with payments to Public-Private Partnerships, especially in the road segment for the 2021-30 period, compared 2019
	General State Revenues	Direct funding through the State Budget
Other		Funding obtained by the public and private corporate sector through own funds or with banks

In 2021, the amount of road and rail investment in this Programme was € 1.8 million.

RECOVERY AND RESILIENCE PLAN (RRP) - INFRASTRUCTURES COMPONENT

The Recovery and Resilience Plan (RRP) was approved by the European Commission on 16.06.21 and is one of the financing instruments supporting national investment, with an implementation period until 2026.

The RRP aims to reinforce resilience and territorial cohesion, increase the competitiveness of the productive fabric, and contribute to the reduction of context costs in Portugal. This plan aims to implement a set of reforms and investments based on three main dimensions: Resilience, Climate Transition and Digital Transition.

With a view to strengthening the social, economic, and territorial resilience of our country, 9 Components were considered, which include a robust set of interventions in strategic areas, namely health, housing, social issues, culture, innovative business investment, qualifications and skills, infrastructure, forest, and water management.

IP supported the Government in the development of a rigorous and mature process of identification, characterisation and selection of investment projects that optimised the capitalisation of available funds to leverage Component 7, called Infrastructure.

Component 7 aims at territorial cohesion and improving conditions for attracting and securing investments in less densely populated territories, boosting economic competitiveness by improving mobility and accessibility conditions.

Projected investments in Missing Links and Network Capacity Increase, Cross-border Connections and Business Reception Areas (AAE) – Road Accessibilities will contribute to this purpose.

IP and the Recover Portugal Mission Structure (EMRP) signed on 09.15.2021, the financing contract for the Missing Links and Network Capacity Increase investment, in the total amount of € 272,980,000.00, Cross-border Connections, in the total amount of € 31,000,000.00 and Business Reception Areas (AAE) – Road Accessibility, in the total amount of € 90,800,000.00.

The capitalisation of community funds for this program is essential to ensure the improvement of the national road network, namely, with the completion of missing connections, the improvement of internal and cross-border cohesion and the promotion of accessibility to Business Location Areas.

IP is the largest national agent of the Infrastructure Component of the Recovery and Resilience Plan, and is working, in a planned and sustained manner, for the timely implementation of its projects.

IP reinforces its role as a driving force for the economy, providing accessibility to the economic centres made up of the Business Location Areas, as well as its role as a promoter of territorial and cross-border cohesion, providing essential connections in low-density territories.

IP helps to reduce the pollutant emissions, via the elimination of urban crossings and the adequacy of capacity, thus reducing travel times and jams, and reinforcing access to major corridors and multimodal interfaces, reducing context costs for the business fabric.

Investments are carried out with the following objectives:

- Missing Links and Network Capacity Increase - to promote the elimination of urban crossings and the adequacy of the road network capacity, reducing journey times, polluting gases, and congestion situations, as well as reinforcing accessibility to major corridors and multimodal interfaces, reducing context costs for the business fabric and boosting investments already made in related infrastructures;

- Cross-border Connections - leverage development, enhance cross-border mobility and reduce context costs;
- Business Reception Areas (AAE) – Road Accessibility – ensure the entry and exit of goods in an efficient and economic way, leveraging the investment already made in the Corporate Reception Areas.

The Plan is positively progressing; at the end of 2021:

- 86% of the investment is under project phase, of which 29% concern preliminary studies under way and 57% is already in project phase;
- 14% is in building phase.

In November 2021, the "More Transparency" website put IP on the TOP 10 of Public Entities with the largest sums contracted with EMRP.

5.3.3 Investment in Management Supporting Structures

The amount of investment in management supporting Structures (IMSS) totalled € 6.4 million in 2021, including € 2.6 million in the acquisition of road and railway machinery, equipment, and materials, € 2.8 million in service facilities and € 392 thousand in software.

In terms of investments in buildings, the works on the Pragal Campus stand out. Under heading Railway Road material, the development, supply, assembly, and supervision of a complementary safety system to be installed on IP's Special Motor Vehicles (VME) stands out, in the amount of € 663 thousand. Investment in this project is estimated at € 3.9 million, spread over several years. Major repairs in rail equipment are considered Investment in Management Supporting Structures.

5.4 Safety

Railway and road user safety is one of the core values of IP, as managing entity of the road and rail infrastructure.

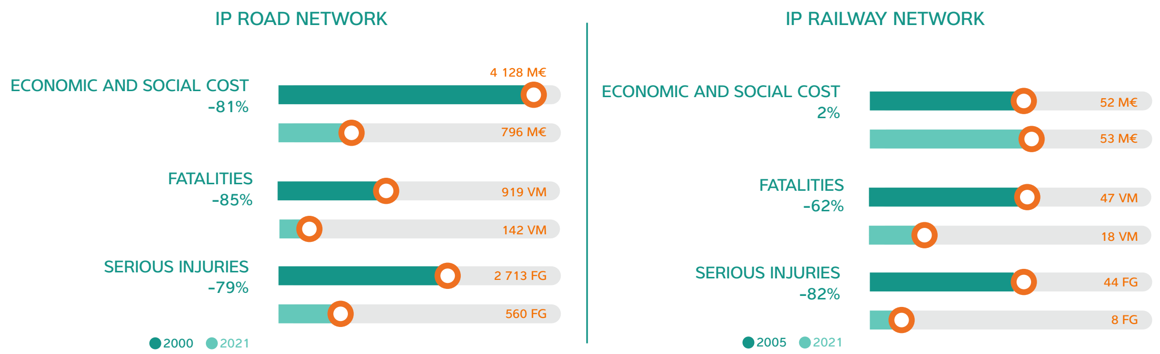
IP sees and treats Safety in an integrated manner following the same policy in the road and railway segments, with focus on workers, users, and entities with which it deals in the scope of the design, maintenance, and operation of the infrastructure it manages.

The work carried out by all at IP and preceding companies, has unequivocally contributed to the major progress achieved in reducing road and rail accidents in Portugal in recent decades.

Such performance was achieved against a backdrop of sharp rise in road traffic.

From a railway point of view, the results are associated with the number of Significant Accidents recorded throughout the National Railway Network, regardless of respective responsibility, i.e., they are not accidents that occurred only within the scope of IP's activity, leading to the conclusion that around 81% of these accidents are due to factors external to the rail system, mostly due to the intrusion of third parties into the rail space.

EVOLUTION OF THE ACCIDENT RATE AND RESPECTIVE ECONOMIC AND SOCIAL COSTS



Source: Handbook on the external costs of transport – Version 2019, 2021 prices

Font: ERA, 2017 prices
Reference: Annual Railway Safety Report 2019, IMT
Note: These figures show a discontinuity in relation to previous years as the following document published in 2019 had updated reference figures: Handbook on external costs of transport (CE Delft for EC, 2019)

- Value of prevention of 1 serious injury (**) € 396,771.88
- Value of prevention of 1 fatal casualty (**) € 2,612,386.52

5.4.1 Road Safety

Portugal's accident rate has evolved quite favourably over the last decades. In 2000 the number of deaths per inhabitant exceeded the European average by 57%; this indicator dropped significantly over the last 20 years, although it is still 24% above the EU average.

One of the factors that contributed most to this performance was the strong investment made in transport infrastructures in the last 20 years, especially in higher quality and safer roads, such as motorways, boosted by the implementation of the National Road Plan - 23% in 1995 against 75% today.

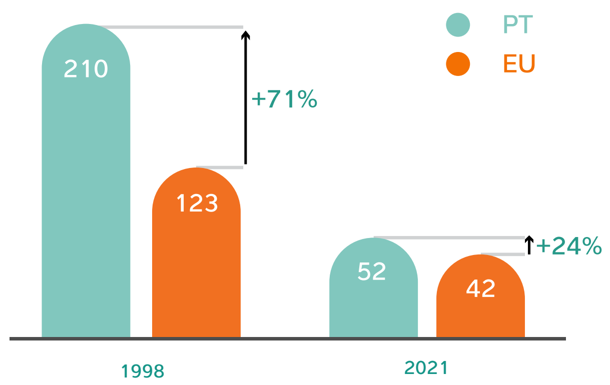
Twenty-four years ago, when road traffic on the network managed by IP was a quarter of what it is today, the number of fatalities was 1,100 (F), accounting for 59% of the overall fatality rate.

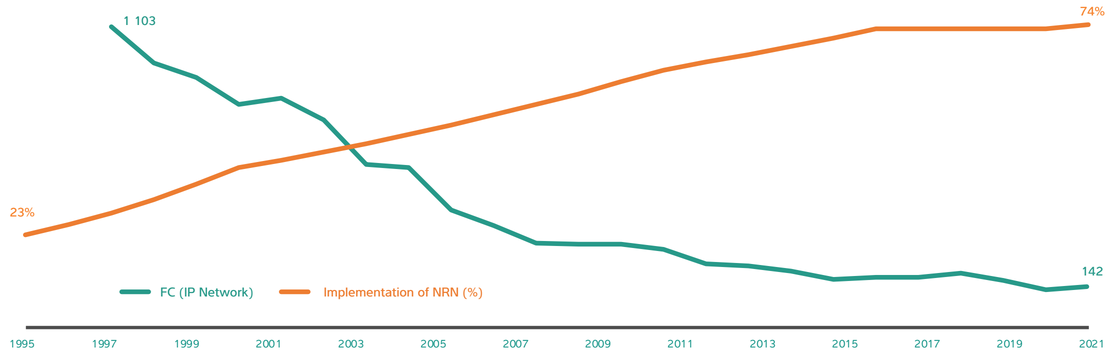
The number of fatalities recorded on the NRN in 2021 was 142, accounting for 35% at national level.

Investment made over the last 24 years in this field brought significant economic and social benefits to society – saving over 11,800 lives and more than € 66.7 billion in economic and social costs.

As mentioned above, the National Road Network (NRN) under the management of IP and its predecessors has decisively contributed to this decrease, particularly in the last 24 years: whilst Portugal has reduced the number of fatalities by 79%, the NRP under IP's management reduced this figure by 87%.

PORTUGAL IN EUROPE - 1998/2021
[Number of fatal casualties per million inhabitants]





Notwithstanding the decrease recorded in the last decades, the positive evolution of road accident indicators has slowed down in the past 3 years.

In 2021 all indicators improved as compared to the previous year, except for the number of blackspots indicator. This improvement was influenced by lower traffic recorded last year, as a result or the Covid-19 pandemic traffic restrictions.

Within the national context, the national road safety plan – **PENSE2020 - NATIONAL STRATEGIC PLAN FOR ROAD SAFETY 2020**, which followed the National Road Safety Strategy (NRSS) was completed; its aim was to reduce the number of fatalities by 56% by 2020 as against 2010 (6% more than the European Commission's target for the same period), resulting in a target of 41 deaths per million inhabitants. According to the European Commission, in 2016 Portugal recorded 54 deaths per million inhabitants.

Likewise, ENSE2020 set an additional target for 2020 concerning the "Serious Injuries" indicator (OVER ≥ 3 [10])/million inhabitants", specifically, a reduction by 22% as against 2010.

As of the date of this report no information had been published as regards the fulfilment of the targets set forth.

With a view to contribute to this achievement, IP also adopted the goals established in PENSE 2020 for the road network it manages.

In addition to these public policy instruments to reduce road accidents, the Concession Contract entered with the State establishes that IP must continue pursuing the objectives towards a lower accident rate, based on three indicators: number of blackspots, accident severity index in built-up areas and number of fatalities, giving rise to penalties if not complied with.

In pursuit of the national objective of combating road accidents, and based on the guidelines of these legal documents, the targets for road accident indicators, the objectives established in the concession contract, the deficiencies detected in the road network in terms of safety, and available funds, IP annually prepares the Road Safety Plan (RSP), which incorporates preventive and corrective measures aimed at reducing accidents and improving safety and circulation conditions on the road network under its management.

IP's road safety strategy is in line with PENSE2020 Proposal and with the strategies of most developed countries in terms of road safety, as is the case of Sweden, based on the ethical imperative that "no-one should die or become permanently disabled following a road accident in Portugal".

This approach is based on the concept of tolerant roads. Since it is recognized that road users will always make mistakes and that these can lead to road accidents, the infrastructure must, on the one hand, prevent and anticipate driver errors, and on the other hand, minimize errors and consequences that may occur.

In line with this approach, IP's Road Safety Plan (RSP) views to prevent the occurrence of driver mistakes and mitigate the occurrence of such mistakes, based on 5 strategic objectives, as follows:

10. Person with injuries ranking 3 on the Maximum Abbreviated Injury Scale (MAIS)

Strategic Objectives	Areas of Action
PREVENTIVE ACTION	Vertical signalling Road markings Modernization and maintenance of traffic light equipment
REDUCTION OF POTENTIAL CONFLICT ZONES	Improvement of road safety, road layout rectification, junction overhaul
TREATMENT OF AREAS WITH CONCENTRATION OF ACCIDENTS	Elimination of black spots
TRAFFIC CALMING MEASURES	Treatment of urban crossings PREVENT THE OCCURRENCE OF DRIVER ERRORS
TREATMENT OF THE AREA ADJACENT TO THE CARRIAGEWAY	Safety barriers and protective devices for motorcyclists MITIGATE THE CONSEQUENCES OF ERRORS THAT MAY OCCUR

A. ROAD SAFETY INDICATORS

As mentioned above, the Concession Contract (CC) established with the State defines objectives to reduce accidents, specifying three indicators: number of blackspots, accident severity index in built-up areas and number of fatalities.

IP has consistently met the goals established in its CC, except for the number of blackspots indicator in 2013 and 2014. This situation is due to the fact that in 2013 IP extended its network, integrating sections of Grande Lisboa and Douro Litoral concessions, which led to a significant rise in the number of blackspots (corresponding to an annual average increase of 45% in the number of blackspots recorded per year).

The data for 2020-2021 should be considered as provisional, since the National Road Safety Authority (NRSA) has not yet completed its validation of road accident data recorded in Portugal for that year. Established targets were revised and approved by Instituto da Mobilidade e dos Transportes (IMT).

It is not possible to indicate in this report the number of **Blackspots** on IP's network in 2020, as the ANSR has not yet provided any list of Blackspots for 2020 (whether interim or final).

Nonetheless we point out that IP set the target for 2020 at a maximum of 29 blackspots for its road network.

As regards serious casualties, according to the provisional records of fatalities and serious injuries on IP network, the number of fatalities increased (+4 F), moving to 142 F from 138 F (+2.9%).

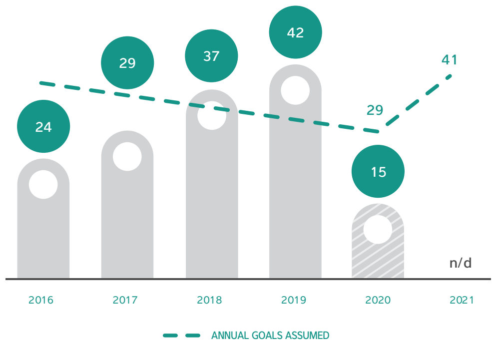
When compared to the target set forth for 2021, the number of Fatalities is below 12.9% (-21 F).

With regard to the number of Serious Injuries, there was an increase of 45 SI from 515 to 556 SI.

Interim figures for 2021 show that the **severity indicator of accidents occurring in urban areas** increased by 9.3% over 2020 and stood at below the target set for 2021 at 7.3%.

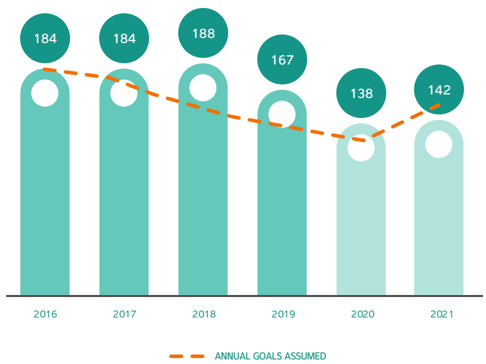
BLACKSPOTS IN IP NETWORK

Evolution



FATAL CASUALITIES ON IP NETWORK

Evolution



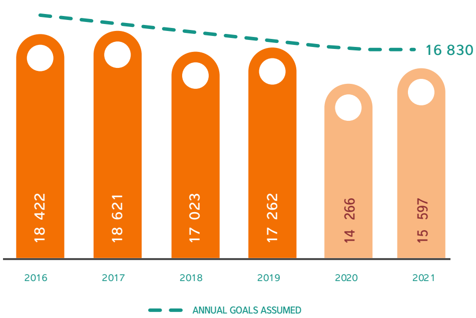
B. ROAD SAFETY INSPECTIONS CARRIED OUT IN THE YEAR

Road Safety Inspections are among IP's key activities in the field of road safety; these are carried out by nationwide safety inspection teams and allow to pinpoint defects and problems and propose corrective and cost-effective measures.

The Accident Prevention Centre's activity is gaining strength since 2015, having inspected and analysed 433 serious accidents (with record of fatalities and/or serious injuries) that occurred in IP network, allowing to analyse the possible causes of accidents, and thus to act more efficiently on the network.

SEVERITY INDEX IN BUILT-UP AREAS ON IP NETWORK

Evolution



ROAD SAFETY INSPECTIONS – EVOLUTION											
TYPE OF INSPECTIONS	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Planned on the network (km)	320	250	450	345	122	61	106	45	114	25,3	44,4
Blackspots (no.)	30	20	18	44	34	15	22	23	39	42	18
Accident Accumulation Areas (no.)	43	42		23	14	0	1	3	20	23	46
Monitoring (no.)				21	9	0	0	27	9	6	0
Inspection to accident sites (no.)				10	66	40	41	83	71	125	153

5.4.2 Railway Safety

IP's activity in the field of railway safety is supported by the approval by the Road Authority (IMT) of the Safety Management System (Letter of Approval of the Safety System no. 02/2019), according to Decree law 260/2003 of 28 October, as amended by Decree law 231/2007, of 14 June, followed by Decree law 151/2014, as amended by Decree Law 217/2015 of 7 October.

In the field of safety of railway operation, and in line with IP's mission as the managing entity of a reliable and safe railway infrastructure, the following activities are highlighted:

- Development of railway safety policies as a tool to improve the performance of infrastructure management operations, promoting a close relationship with all stakeholders, whether internal or external to IP;
- Management of railway safety indicators, promoting the analysis and monitoring of deviations, with the purpose of acting on respective causes, in order to maintain adequate safety levels of rail infrastructures and operations;
- Management of internal research to railway accidents and events and implementation and control of measures to eliminate/mitigate causes and causal factors.
- Investigation of occurrences on the railways, supporting their classification within the scope of the Common Safety Indicators, decision on the need and advantage in initiating a process of formal investigation of the accident/incident and identification of safety measures to be adopted;
- Preparation of procedures and rules to support and contextualise critical functions from the point of view of railway safety;
- Implementation of process viewing the issuing of European-format train driver licences, in line with Law 16/2011 of 3 May, approving the certification of train and locomotive drivers, in accordance with Directive 2007/59/EC of the European Parliament and Council of 23 October;
- Issuing of regulatory and technical expert opinions on railway safety (third-party interventions in the vicinity of the railways and technical conditions for contracting procedure documents);
- Management of Special Travel Authorisation processes;
- Application of common safety methods to determine and assess risks;
- Performance of safety inspections and audits and identification of respective mitigating measures, aimed to minimise incidents and accidents with impact on railway safety;
- Management and monitoring of the Wagon Maintenance Management System (certification valid until 2024, subject to annual review);
- Management of Authorisation of Entry into Service processes, safeguarding the technical and procedural conditions relating to the design, construction, entry into service, re-adaptation, renovation, operation, and maintenance of the elements that make up the railway system
- Management of safety certification procedures for rolling stock (running on operating tracks or closed tracks and checking of machinery under operating conditions), and production of techni-

cal and regulatory conditions for the circulation of vehicles, ensuring consistency in processes and compatibility with the various components of the railway infrastructure.

- Management of the procedures associated with the IP Safety Management System as support for the renewal and maintenance of the Safety Authorisation process.

A. RAIL SAFETY INDICATORS

The number of Significant Accidents has decreased considerably since 2019.

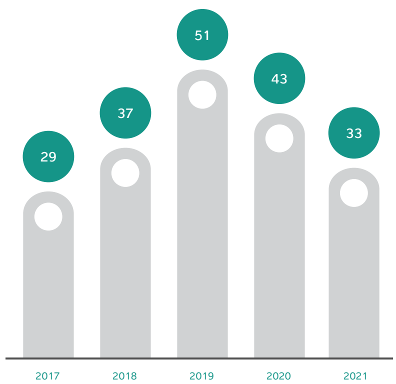
The 33 accidents that occurred in 2021 (-10 SA than in the previous year), account for 77% of the total accidents in 2020 (43 SA).

Compared with the average of SA over 5 years, there was a reduction of 15% (Average over 5 years: 39 SA).

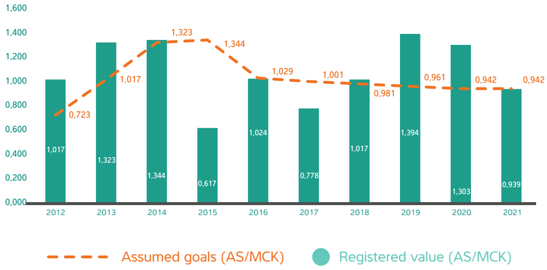
With regard to the causes, the vast majority of SA, around 76%, were due to factors external to the railway system, which are difficult to control; in fact, they were mainly caused by trespassing the railway space (15 accidents involving people and 10 accidents at level crossings), despite the existing systems and signalling.

The Significant Accidents Index (number of significant accidents per million train kilometre) in 2021, which stood at 0.939 SA/Mtk is in line with the target set for the year (0.942 SA/Mtk) in the Framework Programme agreed between IP and the State.

SIGNIFICANT ACCIDENTS
Evolution



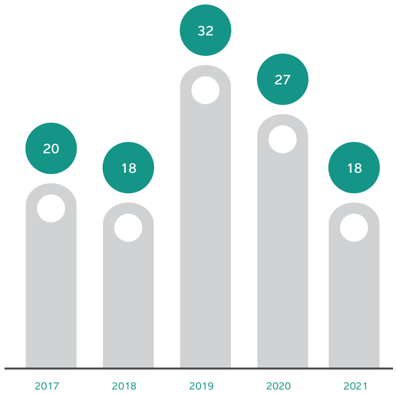
RAILWAY SAFETY INDICATOR
[SIGNIFICANT ACCIDENTS BY MILLION TK]



In terms of the consequences of Significant Accidents, of the 18 recorded fatalities:

- 61% (11) of the victims were unauthorised persons who trespassed the railway area, and
- 39% (7) were people who did not respect the safety rules at level crossings.

FATAL CASUALTIES
Evolution

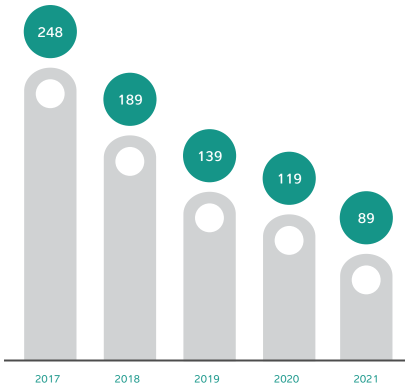


With regard to events that are not accidents, the consistent decline in precursors to accidents, particularly in respect of "track buckles", attests for the increasing improvement in conditions of the infrastructure.

This shows a very positive reduction of 25% compared to 2020. Comparing the figures recorded in 2021 against the average of the last five years, the decline is even larger (43%).

Railway safety is one of the main goals of IP; accordingly, the company promotes a proactive personal attitude focused on the themes of railway safety and the adequacy of safe behaviours. In 2022 IP will continue to push forward and strengthen the implementation of good practices and adoption of the necessary mechanisms to promote and identify new approaches and partnerships, viewing an increasingly safer Railway System..

PRECURSORS TO ACCIDENTS
Evolution



B. RAILWAY SAFETY INSPECTIONS

One of the fundamental activities of IP in terms of railway safety is Safety Inspections, which allow IP to identify any nonconformity or risky situation and propose mitigating measures accordingly.

Over the last 5 years Railway Safety Inspections covered the following length of the railway network:

RAILL SAFETY INSPECTIONS – EVOLUTION

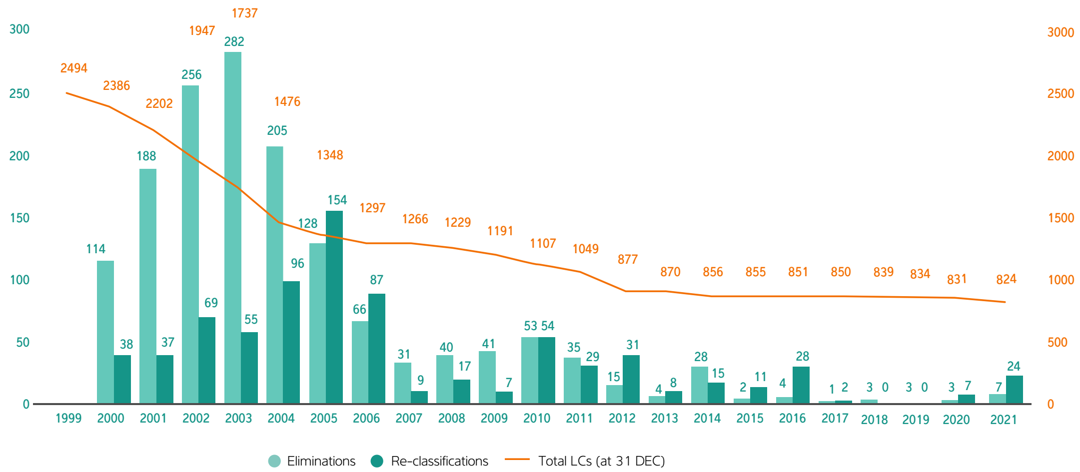
TYPE OF INSPECTIONS	2014	2015	2016	2017	2018	2019	2020	2021
Pedestrian (no./km)	25/119	19/104	12/65	15/74	20/105	21/109	10/54	22/148
Train (no./km)	6/877	12/1195	3/406	1/146	15/1216	11/693	2/39	3/284
Regulatory (no./km)	03/07	01/2	01/2	3/6	6/54	4/8	11/240	4/19

The activity developed in 2021 was affected by the restrictions imposed by the COVID-19 pandemic. However, it evolved favourably in relation to 2020.

C. LEVEL CROSSINGS

In line with the Plan for the Elimination and Reclassification of Level Crossings (LC) for 2021 – an obligation of road and rail network managers pursuant to article 2 of Decree-Law 568/99, of 23 December - 7 eliminations and alterations were carried out – related investment was included in the works of the Nine-Viana do Castelo stretches of the Minho Line and Covilhã-Guarda of the Beira Baixa Line.

At the end of 2021 there were 824 LC level crossings along the railway lines (IET50), of which 477 (58%) have active protection ensured by level crossing keeper or automatic signalling. At the end of 2020 the mean level crossing density was of 0.33 LC/km. The following graph illustrates the actions taken and how the number of Level Crossings evolved over the last few years:



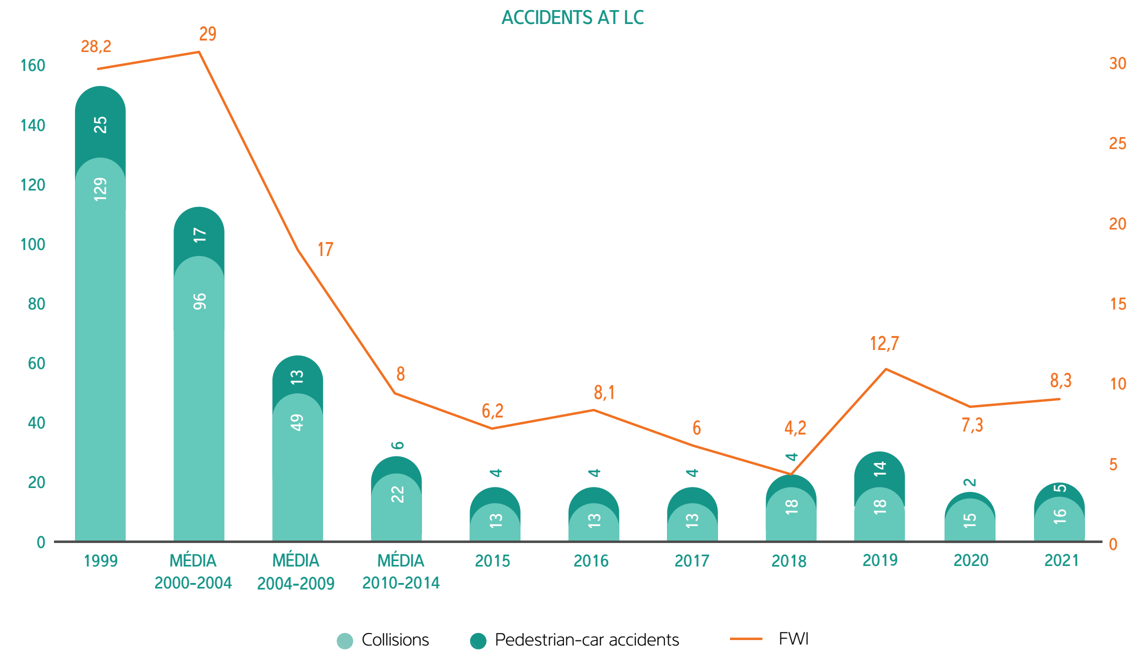
It is the responsibility of the Infrastructure Manager to ensure the correct classification of LC, as provided for in Article 13 of the Level Crossing Regulations published in annex to Decree-Law 568/99; 157 LC were subject to Inspection and Characterisation, including the assessment of use and associated risk factors.

With regard to mitigating the risk of blocked LCs proposed by the IMT/IP/ANSR Working Group, following the recommendation of the GPIAAF, "Break in case of emergency" banners were affixed inside the half barriers in automatic LC, in accordance with the regulations previously defined

Risk mitigation solutions were defined for 37 LCs, based on road intervention (reinforcement of signalling, and in some cases improvement of the geometry of the immediate accesses), to be implemented in conjunction with the highway manager.

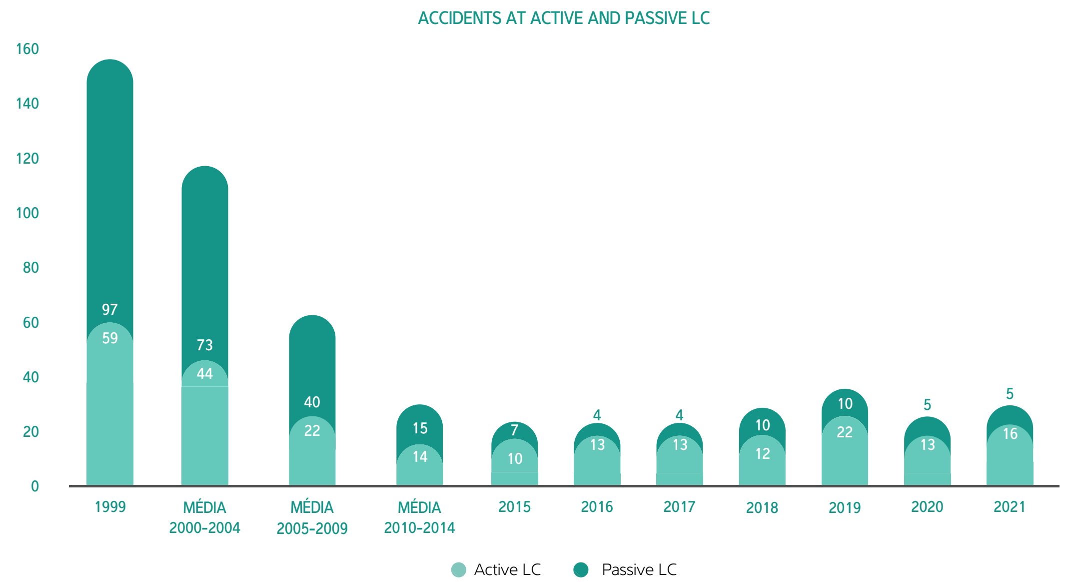
Alternative crossings were also laid out on the lines and line sections subject to future interventions, to be included in respective projects.

In recent years, accidents at level crossings evolved as follows:



From 1999 to 2015 there was a decrease in accidents at LC of more than 85% in terms of accidents and fatalities, as a result of the policy adopted to eliminate and improve safety conditions at LCs.

The last few years showed a stabilisation in figures and even a reverse in the trend, though in 2020-2021 such decline could be explained by the decrease in mobility due to the Covid-19 pandemic.



Considering the accidents recorded in the last 5 years, two thirds occurred in LCs equipped with active protection, which shows, on the one hand, a clear disrespect for existing signs, and, on the other hand, that the efficacy of safety measures will mainly depend on the behaviour and responsibility of LC users.

In the light of such evidence, in addition to the planned interventions in LC accesses, IP will continue to bank on the "STOP, LOOK, LISTEN" communication and awareness campaign and its involvement in initiatives of institutional and formative nature, such as the "International Level Crossing Awareness Day", which will be held on 9 June 2022.

IP will remain committed to continuing pursuing its action plan to reduce accidents at rail crossings, with the objective of completing the actions planned under the Ferrovia 2020 and Proximity programmes, the reduction of accidents at level crossings by a further 40% with reference to 2013, i.e. no more than 16 accidents per year.

The company has already started developing actions provided in the 2020-2030 plan to reduce accidents at level crossing, the target being to reduce them to less than 10/year.

5.4.3 Emergency Management Planning

A. Activity developed in partnership with the National Emergency and Civil Protection Authority (ANEPC)

IP was part of the Working Group that prepared the Serra da Estrela National Operational Plan (PONSE).

B. Emergency Procedures – Railway Regulations

In 2021, Annex 10 of the Complementary Instruction for Technical Exploration (ICET) No. 296 - Specific Emergency Procedures for Adverse Weather Conditions was developed:

C. Exercises/Drills

The Drill Plan approved in 2021 suffered significant changes due to the Covid2021 pandemic. As a result, most of the drills were postponed for 2022, and others were carried on in CPX and TTX modes.

- 1 train accident drill;
- 3 road accident drills;
- 1 evacuation drill.

IP participated in the "THE EARTH IS SHAKING" drill, a nationwide initiative to raise awareness to seismic risk promoted annually by the National Emergency and Civil Protection Authority (ANEPC), held in November.

This public drill is part of the National Strategy for Preventive Civil Protection and aims to train citizens in how to act in the event of an earthquake.

5.4.4 *Security*

The Security Area's action was in accordance with IP Organisation Manual (GR.MN.001); it was developed mainly by the Security Central, located in Santa Apolónia, and infrastructure and operation technicians, in addition to other employees in reception and gatehouse workstations.

A relevant part of the work developed is based on the Records of Evidence associated with the Public Railway Domain (PRD), which are analysed, processed, or forwarded, as the case may be; and, on other communications of occurrences not associated with the PRD , but stemming from all other departments of IP Group.

In 2020 a total of 448 Records of Evidence were received and processed, of which 299 gave rise to criminal complaints.

Additionally, a total of 52 administrative offences were notified to IMT also based on the Records of Evidence, most of which concerned illegal crossing of railway tracks.

With regard to the management of the video surveillance system, a resource that requires continuous adaptation, investment in 2021 comprised the addition of 189 cameras to the existing 3826, ending the year with 4015 active cameras.

5.5 Use of the Road and Rail Network

5.5.1 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 2021 rail operators recorded 35.0 million train-kilometre (TK), 84% of which was passenger traffic and 16% was freight traffic.

USE OF INFRASTRUCTURE	2017	2018	2019	2020	2021	% CHANGE 21/20	Δ% 21/20
Passenger	31,0	30,1	30,6	27,5	29,3	1,9	6,9%
Goods	6,1	6,1	5,8	5,4	5,6	0,3	5,0%
TOTAL	37,1	36,2	36,4	32,8	35,0	2,2	6,6%

Unit: million of tK

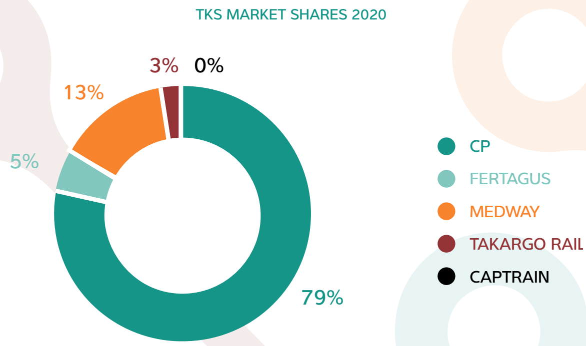
Demand increased by 6.6% from 2020 to 2021, corresponding to 2.2 million train-kilometre. In terms of segments, we saw an increase by 6.9% in TK relating to passenger transport and a rise by 5.0% in freight transport.

This increase in the use of the Rail Network in 2021 as compared to 2020, was mainly due to two factors:

- Expansion of the network under operation, namely with the opening of the new electrified section Covilhã – Guarda, on Beira Baixa Line, and opening of the new "Beiras Connection"; Opening of the new electrified section Viana do Castelo – Valença, with electric traction traffic (April 25);
- The lower impact, in 2021, of the mandatory confinement period due to COVID-19, compared to 2020.

Train operators using the National Railway Network are CP and Fertagus for passengers, and Medway, Takargo and Comsa for freight.

CP continues to be the operator with the highest impact on IP's turnover, with a market share of nearly 79%.



5.5.2 Railway Infrastructure Management - Framework Contract

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

The Contract provides obligations for the State to finance the management of the infrastructures and requirements for IP 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.

This Framework Contract ended on December 31, 2020, and, since that date, it was extended every six months, for six-month periods, with its current end date being June 30, 2022.

The structure of service level indicators, including financial indicators, is as 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, 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 operations;
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 higher noise levels than the limits imposed in the General Noise Regulation, in relation to the total number of people exposed to such 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 maintenance-related expenditure;
12. Expenditure with other ESS assesses the development of expenditure with External Supplies and Services;
13. Personnel Expenses evaluates the evolution of staff related expenditure.

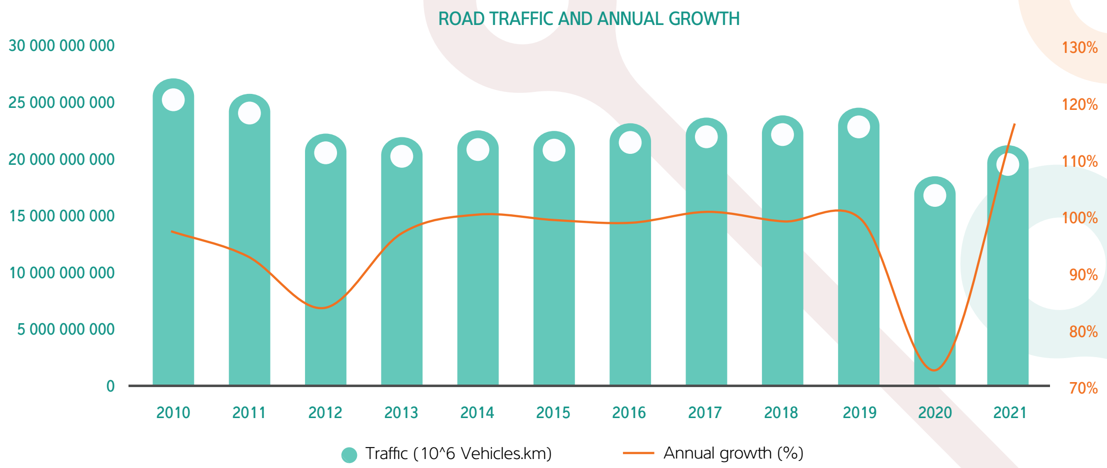
Calculation formulas and performance targets have been defined for each of these performance indicators. Within the scope of the extension of the Initial Framework Contract, it was determined that the contractual performance targets for the year 2020 should be maintained.

The results in 2021 were as follows:

	INDICATOR	ANNUAL TARGET 2021	RESULT 2021
1	Additional margins	32	137
2	Railway punctuality	≥ 90,00%	92,0%
3	Railway customer satisfaction	≥ 56,00%	65,0%
4	Network Availability	≥ 88,40%	85,7%
5	Management of Railway Assets	≥ 61,30%	62,7%
6	Business volumes	≥ 37,366,349	34,985,647 TK
7	Safety Levels	≤ 0.942	0,938981029
8	Environment protection	3,0%	3,6%
9	Railway income	100,0%	92,9%
10	Other income	5,6%	-17,1%
11	Maintenance Expenses	1,0%	-3,1%
12	Expenses with other external supplies and services	0,0%	4,5%
13	Personnel Expenses	-3,0%	1,7%

5.5.3 Traffic on the road network (Vehicles-km)

In 2021 traffic on the road network under concession to IP recorded an annual growth of 15%, reaching 22,153,357,795 vehicle.km, which is explained by the trend towards normality observed throughout 2021, following the strong travel restrictions in 2020, due to the covid19 pandemic.



5.5.4 Service levels on the road network

The concession contract entered by IP and the Portuguese State on 23 November 2007 and published on the same date through Resolution of the Council of Ministers 174-A/2007, later amended by Decree-Law 110/2009 of 18 May, requires that the road sections on the national road network to comply with service levels in accordance with the PRN2000: Level B for the Core Network and Level C for the Supplementary Network

The following table shows the results recorded in terms of compliance with service levels in 2021, showing a compliance level at 99.5%.

TYPE	FULFILMENT				NO FULFILMENT		TOTAL LENGTH (KM)
	WITHOUT RESTRICTIONS (KM)	WITH RESTRICTIONS (KM)	"TOTAL (KM)"	%	AMOUNT	%	
IP					(km)		599,9
EDIP	256,9	2,2	259,2	100,0	0,0	0,0	259,2
IC	953,9	49,0	1 003,0	100,0	0,0	0,0	1 003,0
EDIC	1 059,8	72,3	1 132,1	100,0	0,0	0,0	1 132,1
EN/ER	7 833,0	425,3	8 258,3	99,4	53,3	0,6	8 311,6
Total	**10 609,9**	**642,5**	**11 252,5**	**99,5**	**53,3**	**0,5**	**11 305,7**

5.5.5 Partnerships with Other Entities

The diversity of IP's operational activity recommends and determines the need to establish partnerships with external entities (Municipalities, other public entities, promoters, etc.), with a view to complementarity, cost sharing, efficiency gains and adequate allocation of functions to the most appropriate player.

These partnerships, formalised under Agreements, comply with the provisions of the National Statute of the National Road Network (EERRN), approved by Law No. 34/2015, of 27 April.

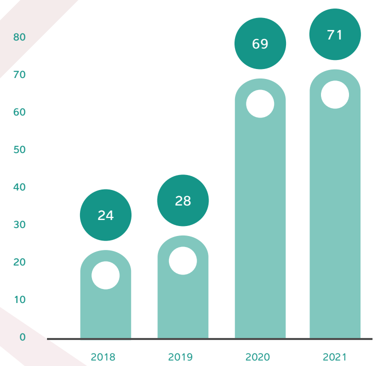
There are three types of Agreements defined under the aforementioned Law:

- Dominial Mutation Agreements (AMD) – for transfers of roads declassified by PRN 2000, roads replaced by bypasses;
- Management Agreement (AG) – to be entered into with Municipalities or other public entities;
- Agreements with Third Parties (AT) - to be entered into with third parties (individuals and private companies).

Regarding the Dominial Mutation Agreements, the network to be transferred to the Municipalities represented around 3,600 kilometres at the beginning of 2021.

In 2021, the number of km transferred totalled 71km, the trend having increased in recent years, as shown below:

KM TRANSFERRED TO MUNICIPALITIES



The financial contribution associated with the transfer of roads in 2021, under the Dominial Mutation Agreements, was € 2.9 million.

5.6 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.

5.6.1 Renegotiation of the Concession and Sub-Concession Contracts

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

These nine contracts were sent to the Court of Auditors (CA) for appraisal: they were returned by the said Court with the indication that they are not subject to prior inspection; they are, therefore, 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 the prior auditing by the Court of Auditors, but following the decision of the Court of December 2017, IP informed the Sub-concessionaire that the contract would have to undergo, once again, the prior supervision of the said Court. After examining the case, the Court refused to grant its approval on 20 June 2018, pursuant to ruling 29/2018.

The Court of Auditors, through ruling 13/2019 of 28 May, maintained its refusal to approve the Contract for the Algarve Litoral Sub-concession. The Board of Directors decided to appeal from this decision to the Constitutional Court, and it re-submitted the Amended Contracts for Baixo Alentejo, Autoestrada Transmontana and Pinhal Interior Sub-concessions to the prior audit of the Court of Auditors.

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 Court of Auditors 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 force on 20 April 2009, as amended by the reform document of 28 May 2010 is the final contract governing the relations between the Parties.

On 17 July 2019, the Sub-concessionaire 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 still 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 of at least € 1,162,805,95 until a final decision is issued, 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 its 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 the activities defined in the Amended Sub-concession Contract (CSA), on the grounds that it is in force since 27.12.17, refusing any intervention in roads which will fall under IP´s direct jurisdiction under the said contract. This situation has forced IP to intervene in this Sub-concession network in emergency situations and to ensure road safety conditions, taking into account the express breach by the Sub-concessionaire.
- Following injunction decision by the Arbitration 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 Arbitration 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 Amended 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

Encetado pela recusa do Visto do Tribunal de Cont-Given the refusal of the Court of Auditors to approve the Algarve Litoral Sub-concession contract, the Baixo Tejo and Litoral Oeste Sub-concessionaires considered that the negotiation process was not viable in the exact terms of the Memorandums of Understanding (MoUs) established with the Negotiations Committee, which were not extended.

As a result of the expiry of the MoUs, 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 SEI the setting up of a negotiation committee, to formally establish the impossibility of building the said road ER377-2. 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, following AEBT acceptance of IP´s understanding that the Audit Court decision allows its entry into force (see Clause Four (1-c)) of the Addendum).

BAIXO ALENTEJO, PINHAL INTERIOR AND AE 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.

However, following the Court of Auditors refusal to approve the CSA for Algarve Litoral, issued on 22 June 2018, IP decided to suspend payments to these 3 sub-concessionaires at the end of August 2018. In the light of the continued absence of answer from the Court of Auditors to the appeal submitted, in November 2018 IP decided to resume the payments (but only part) due to the three sub-concessionaires, a situation which remained valid in the first semester of 2019.

In June 2019, in the light of the Court of Auditor's Ruling 13/2019, IP re-submitted the CSA for Baixo Alentejo, Pinhal Interior and AE Transmontana to the prior supervision of the said Court.

The Court issued its decision, in the case of Baixo Alentejo CSA, as follows "the Court judges the dilatory exception res judicata verified, not knowing the merits of the claim to grant approval to the act(s) related to the proceedings(s)..." and in the case of Autoestrada Transmontana and Pinhal Interior CSA as follows "... decided to return the contracts to the proceedings referred to above since they are not subject to prior supervision".

In view of the aforementioned, in the 2nd half of 2019, with the exception of Pinhal Interior whose payment on account of August 2019 was still partial, payments were resumed in accordance with the respective CSA, as well as the settlements of partial payments occurred until at the end of the 1st half of 2019.

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.

5.6.2 Completion of the sub-concession network

The seven sub-concession contracts in force cover approximately 1,019 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.

With regard to the Baixo Tejo Sub-Concession, there are 9 km of road yet to be built, specifically ER337-1 (as a result of 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.

In the total length of the stretches, the sections of the Pinhal Interior, Transmontana and Baixo Alentejo sub-concessions, which, according to the Amended Sub-concession Agreements, were transferred to the direct jurisdiction of IP, are no longer considered.

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

SUB-CONCESSION	UNDER OPERATION	UNDER CONSTRUCTION		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**
unit: km					

5.6.3 2021 Expenses

Payments made during 2021 relating to road concessions and sub-concessions totalled € 1,252 million (excluding VAT), i.e. € 69.9 million less than the amount foreseen in the budget for the period Compared to 2020 these payments increased by € 112.3 million.

CONCESSIONS AND SUB-CONCESSIONS	2020	2021		
		EFFECTIVE	BUDGET	IMPLEMENTATION %
Concessions - Availability, Infrastructure+ Availability A+B	**610,5**	**626,7**	**630,4**	**99%**
Algarve	42,7	42,7	43,7	98%
Beira Interior	46,0	49,8	49,9	100%
Beira Litoral and Beira Alta	111,9	113,1	114,4	99%
Costa de Prata	48,4	48,6	49,3	99%
Greater Lisbon	26,7	26,3	26,5	99%
Greater Porto	70,5	74,5	75,6	99%
Interior Norte	69,9	68,9	67,8	102%
North	141,8	149,8	149,4	100%
Norte Litoral	52,6	53,0	54,0	98%
Sub-concessions - Availability+Service	**496,6**	**598,7**	**510,9**	**117%**
AE Transmontana	52,7	50,4	51,6	98%
Baixo Alentejo	42,7	35,3	39,2	90%
Baixo Tejo	73,5	151,5	95,5	159%
Douro Interior	81,8	81,4	82,2	99%
Litoral Oeste	126,6	121,4	122,3	99%
Pinhal Interior	119,3	119,0	120,1	99%
Algarve Litoral	0,0	39,7		
Contributions and Rebalances	**29,3**	**8,2**	**79,6**	**10%**
Major repairs	**3,0**	**18,1**	**100,7**	**18%**
Total	**1 139,4**	**1 251,7**	**1 321,6**	**95%**

unit: Euro million (without VAT)

Payments for **Availability of Road Concessions** totalled € 626.7 million in 2021, i.e € 3.7 million less than the amount foreseen in the budget, which is essentially justified by the evolution of the inflation rate compared to that forecast in budget. In comparison with 2020, there is an increase of € 16.2 million, which is in line with what was foreseen in the financial models of the contracts.

With regard to **sub-concessions**, total payments in 2021 amounted to € 598.7 million, € 87.8 million more than budgeted, and € 102.1 million more than in 2020, due to the following reasons:

- Payment of € 39.7 million to the Algarve Litoral Sub-concession, resulting from the arbitration decision, in accordance with the framework provided in point 5.6.1;
- Payment of the settlement made to the Baixo Tejo Sub-concession, determined by the Negotiation Committee, following the agreement obtained with the Sub-concessionaire regarding the exclusion of ER 377 from the sub-concession object, according to the framework also made in point 5.6.1. This payment was foreseen in the budget, under the heading of contributions and rebalances.

In general terms, these two factors also mostly explain the global increase in payments with Road Partnerships verified in 2021 compared to 2020.

Still with regard to sub-concessions, it should be noted that payments related to the Service component were around € 11 million below the budget forecast.

Payments related to Contributions and Rebalances amounted to € 8.2 million in 2021, € 71.4 million less than the budget forecast, which is essentially justified by the fact that the settlement payment made to the Baixo Tejo sub-concession had been accounted for under Availability of Infrastructure, whilst it was included in the budget under the heading of Contributions and Rebalance.

Finally, with regard to Major Repairs, payments made in 2021 totalled € 18.1 million, which account for only 18% of the budgeted amount. Compared to 2020 these payments increased by € 15.1 million.

Regarding this matter, it should be noted that the responsibility for following up/monitoring and inspecting the fulfilment of the Concession Contracts, including the carrying out of Major Repairs, is entrusted to the IMT, and IP is responsible, within the scope of the Road Concession Contract, to make the payments that are incumbent on the Portuguese State.

IP knows that the deviation in the implementation of the investment in Major Repairs was due, in part, to the existence of empty tenders promoted by the concessionaires, in relation to the established base prices.

IP Telecom

5.7 Telecommunications and Business Cloud

Within the scope of the IP Group, IP Telecom is responsible for ensuring the effective management of the telecommunications infrastructure, based on optical fibre and road technical channel, and ensuring the supply and provision of Information Technology and Communications Systems and services, based on innovative solutions with focus on Cloud and Security technologies.

IP Telecom has taken a strategic positioning in the corporate market and in the public administration sector, as a (wholesale) operator of optical fibre and manager of the road technical channel for national and international operators, an activity complemented by the operation in the Business Cloud and Data centre market.

In a year of strong change, in which the world faced and continues to face unprecedented challenges, IP Telecom responded to the call by increasing the resilience and capillarity of its High Debit Networks, supporting the 5G networks of B2C operators in the national market, welcoming international communications operators and implementing Datacentre facilities of global service providers within the national territory. This response, translated in the completion of some of the network renovation processes, as well as the review and reinforcement of investments in fibre and technical support rooms, is crucial to underpin the company's future growth.

In the Business Cloud and Data centres business area, 2021 represented the beginning of the full migration process to a state-of-the-art software and hardware infrastructure, supported by the new IPT Cloud trademark. The value proposal of the new IP Telecom brand, which will be presented to the market in April 2022, involved several clients and partners through an Early Adopter Programme which, even before the launch of the brand, has already made the IPT Cloud a success story. During the year under review the IPT Partner Network Partnership programme recorded a significant rise in subscriptions with an impact on the growth of the company's commercial business.

As part of IP Telecom's commitment to quality, the ISO20000 certification process was started, which will soon join the ISO9001 and ISO27001 certifications.

Following the important mandate given by the Portuguese Government to IP Telecom, in the first half of 2021, the technical structuring and business plan for the execution of the new Mainland-Azores-Madeira was developed and delivered to the Government.

Turnover associated with Information and Communications Technology services, excluding intra-Group IP flows, was € 8.8 million, in line with 2020, which was € 9.1 million.

IP Engenharia

5.8 Engineering services

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

IPE provides specialised services in railway engineering services, dedicated to the coordination, preparation and review of studies and projects and the management, coordination, and supervision of 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.

The adjustments in the organisation of the IP Group carried out in 2020 and the movements of staff that took place in 2021, consolidated IPE´s evolution towards becoming a specialised Engineering Projects company, holding a reserve of differentiated know-how, strategic for the IP group. Bearing in mind this specialisation and the instrumental nature of IPE as an affiliated company, in 2021 the activity remained focused on the railway sector, supported by an integrated management of available resources and skills, necessary for an agile and directed response to the IP Group's "core" investments, keeping its mission unchanged.

DEVELOPMENT OF THE INTERNATIONAL BUSINESS

In 2021 IP Group's approach to the international market, under the responsibility of IPE, was maintained, taking advantage of the good institutional relations which the IP Group has with public road and railway infrastructure managers of Portuguese speaking countries, based on the sharing of knowledge and experience and the rendering of technical assistance and training.

Despite the constraints arising from the measures taken to contain the COVID-19 pandemic with a direct impact on international mobility, in 2021 IPE´s activity concerned the presentation of proposals for technical assistance and training programs following requests received, as well as the strengthening of institutional relations with most Portuguese-speaking countries.

In 2021, ongoing projects comprised the works of Phase 2 of the "Technical Assistance Aiming at the Improvement of Strategic and Transport Planning of the Ministry of Transport and Communications of the Republic of Mozambique", which are being developed under the Technical Coordination of the IPE, and the work of Phase 1 of the "Technical Assistance for the Improvement of Internal Operations and Strategic Planning of the Ministry of Industry and Commerce of Mozambique".

IP Engenharia engineering and transport services revenues (excluding intra group flows) in 2021 totalled € 83 thousand, in line with the € 77 thousand recorded in 2020.

IP Património

5.9 Management of 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 stations and transport interfaces network, ensuring their efficient use, enhancement, renovation, and maintenance.

IP Património´s commercial activity in 2021 was again marked by the pandemic situation dictated by the New Coronavirus, SARS-CoV-2, in line with what happened in the last three quarters of 2020, with direct impact on Turnover.

As the pandemic persisted throughout 2021, requiring a lockdown period that was longer than previous ones, revenues again suffered a negative impact due to the extraordinary and temporary measures that had to be adopted throughout the year and the market adjustments to the Government-imposed measures. Against this background, revenues from contracts with financial compensation linked to the business volume of the sub-concessionaires continued to be negatively affected; additionally, there was loss of revenue due to the application of exemption, reduction and moratorium measures aimed to support the sustainability of the sub-concessionaires' businesses.

It should be noted that, as in 2020, thanks to the measures adopted, the Company was able to stop the termination of contracts, keeping this reduction at lower numbers than would be expected if such measures did not occur. We anticipate that this fact will allow the recovery to prior-pandemic revenue levels to occur in a shorter period of time, once the restrictions end and the economy starts recovering at a global level

Despite the adverse context resulting from the pandemic, it is worth noting the signing of about 382 sub-concession contracts, of which 108 are new sub-concession and lease contracts; the total number of contracts in force at the end of 2021 was 1,056.

The market for the renovation of spaces under IPP management remained buoyant, which translated in an estimated financial investment of approximately € 10.4 million to be made by the sub-concessionaires during the term of respective contracts.

Among the contracts concluded in 2021 we highlight the following:

- New leases for office spaces at the Campanhã Business Complex that had vacated the previous year, with important gains in generated revenue;
- New leases for office spaces at the Rossio Business Complex that had vacated the previous year, also with important gains in generated revenue;
- Negotiation of the contract for the complete recovery of the Viana do Castelo Station building and the "Dormitório" building, which will be transformed into a reference hotel;
- Signing of a Sub-concession contract for the operation of the Campanhã car park, following market enquiry carried out still in 2020;
- Among the numerous sub-concession processes developed throughout 2021, the 6 sub-concession stores at Roma Areeiro Station stand out, as they brought new life to this station.

Notwithstanding the adverse background caused by the COVID-19 pandemic, operating income associated with this area of activity evolved favourably, amounting to € 12.8 million, increasing by 7% over 2020.

6. PERFORMANCE

6.1 Financial Capital

IP Group key financial figures in 2021 are as follows:

- **Consolidated net profit of € 15.9 million, i.e. € 73.1 million than in 2020**, which had seen negative losses of € 57.2 million.
- **EBITDA of € 446.2 million**, que representa um aumento de 56,4 milhões de euros face ao período homólogo de 2020.
- **Operating Income of € 1,246.6 million**, i.e. € 45.6 million (14%) more than in 2020.
- **Operating expenses of € 997.0 million**, increasing by € 4.5 million over 2020.
- **Financial Results as of 31 December 2020 totalled - € 20.6 million**, improving by € 24.2 million in relation to the previous year.

6.1.1 Operating Income

Operating income in 2021 totalled € 1,246.6 million, standing 4% above that recorded in 2020.

SALES AND SERVICES	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
Road Service Contribution (RSC)				
Tolls	584 089	636 392	52 304	9%
Rail Services	278 835	264 225	-14 609	-5%
State Grantor - Revenue LDI	73 277	78 234	4 958	7%
Construction contracts	33 708	36 036	2 328	7%
Other rendered services	49 585	56 370	6 785	14%
Operating subsidies	31 949	30 567	-1 382	-4%
Other Income and gains	**55 055**	**55 055**	**0**	**0%**
Outros rendimentos e ganhos	**94 519**	**89 739**	**-4 780**	**-5%**
Total	**1 201 016**	**1 246 619**	**45 603**	**4%**

Amounts in € thousand

SALES AND SERVICES

Total revenue from Sales and Services was € 1,101.8 million in 2021, increasing 5% over 2020.

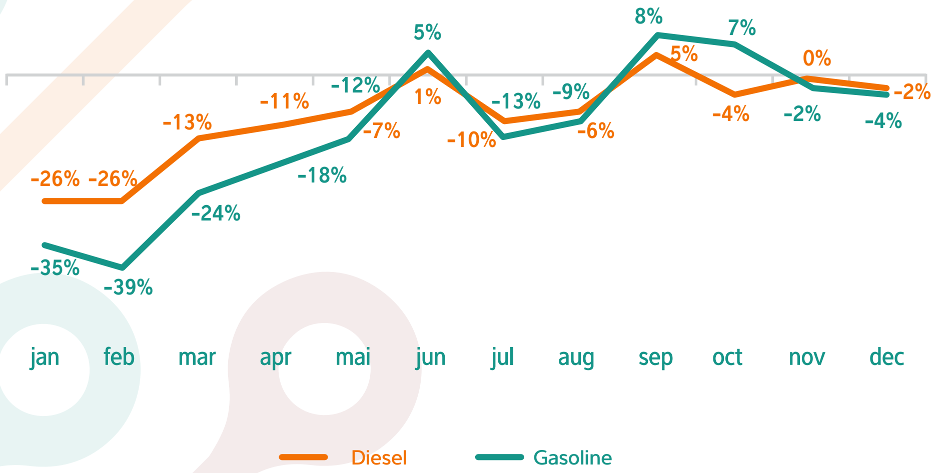
Road Service Contribution (RSC)

AThe 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 2021 remained unchanged compared to those set for 2020, standing at € 87/1,000 litres for petrol, € 111/1,000 litres for diesel and € 63 /1,000 litres for LPG.

Revenue from RSC, which is the IP Group's main revenue, increased by € 52.3 million compared to 2020 (+9%), which is explained by a gradual return to pre-COVID normality, particularly during the 2nd half of 2021, with a direct impact on the consumption of fuel for road use, as shown in the following chart.

MONTHLY CHANGE IN FUEL CONSUMPTION IN 2021 OVER THE SAME PERIOD OF 2020



Tolls

In 2021 toll income fell by € 14.6 million compared to the previous year (-5%), reaching a total of € 264.2 million. This negative change resulted from the introduction of the new reduction regime provided for in articles 425 and 426 of the SB (50% in toll tariffs) in former SCUT motorways, on 1 July 2021, despite a significant rise in use of the tolled network.

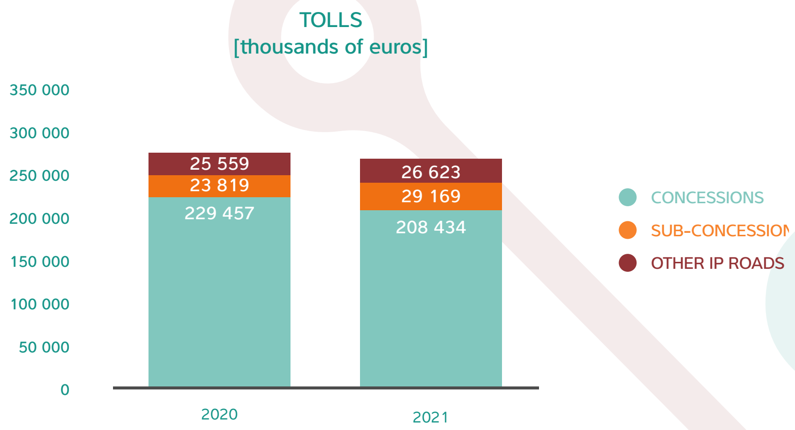
Toll revenues began to be strongly impacted, in the 1st half of 2021, especially in the 1st quarter, due to the 3rd wave of COVID-19, leading to consecutive States of National Emergency, which conditioned the movement of people and goods.

In the 2nd half, and although traffic on the toll network recovered to 2019's levels, revenue decreased significantly due to the entry into force of the new reduction regime provided for in articles 425 and 426 of the State Budget Law of 2021 (LOE 2021) as defined by RCM No. 80/2021, of 28 June, and regulated by Ordinance No. 138-D/2021 of 30 June. The impact of the new regime for former SCUT motorways, resulted in a 50% reduction in toll tariffs, totalled around € 37 million 2021. This reduction in force since July 2021 will continue to be applied until 2024, without any compensation measure.

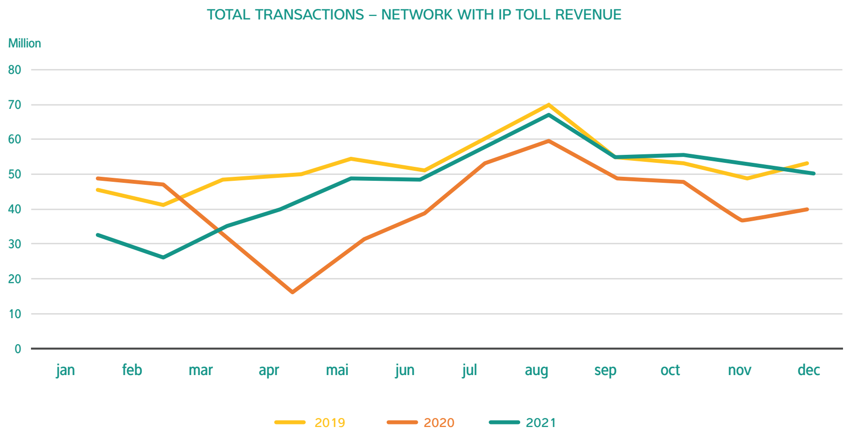
The largest share of toll income results from the use of the State Concessions network, where toll fees collected reached € 208.4 million (79% of the total); this sum has decreased by € 21.0 million compared to 2020, entirely due to the introduction of the new reduction regime provided for in the 2021 SB.

IP sub-concessions generated toll revenues in the amount of € 29.2 million (11% of the total), increasing by 22% over 2020.

Finally, direct operations on the IP network (A21, A23 and Marão Tunnel) gave rise to earnings of € 26.6 million in 2021 (10% of total revenues), i.e. 4% more than in the previous year.



As mentioned above, the negative evolution of toll revenues is directly associated with the introduction of the new reduction regime, despite the significant increase in traffic in 2021 compared to 2020 (with the exception of the months of January and February), as can be seen in the chart that follows.



Finally, it should be noted that, as contractually provided, namely with regard to the right to share the benefits of toll revenues from the previous year, a total amount of € 318 thousand was returned to the concessionaires (in 2021 this sharing concerned only the Algarve concession).

Railway 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 the auxiliary services, totalled € 78.2 million in 2021, increasing by 7% (-€M 5.0) over 2020.

Most of the revenue originates from services that comprise all the services necessary to effectively exercise the right of access to the railway infrastructure - Minimum access package.

The volume of railway traffic in the network in 2021 totalled 35.0 million train-km (TK), increasing in relation to the same period of 2020 (+7%). In terms of segments, we saw an increase by 7% in TK relating to passenger transport and a rise by 5% in freight transport.

This increase in the use of the Rail Network in 2021 as compared to 2020, was mainly due to two factors:

- Expansion of the network under operation, namely with the opening of the new electrified section Covilhã – Guarda, on Beira Baixa Line, and opening of the new "Beiras Connection"; Opening of the new electrified section Viana do Castelo – Valença, with electric traction traffic (April 25);
- The lower impact, in 2021, of the mandatory confinement period due to COVID-19, compared to 2020.

Income from the Infrastructure User Fee (IUF) totalled € 66.0 million, which is 7.3% more than in the same period of 2020.

The evolution by segment is shown in the following table, where it can be seen that the most significant increase was in the Long-Haul segment (+11%).

BREAKDOWN BY SEGMENT	2020	2021	CH. (%)
			4%
UI-Regional and Intra Regional	12 911	14 222	10%
UI-Long distance and international	13 362	14 858	11%
UI-Goods	6 911	7 334	6%
UI-Marches - breakdown by operator	1 128	1 275	13%
UI-Special	4	27	614%
	61 535	66 038	7%

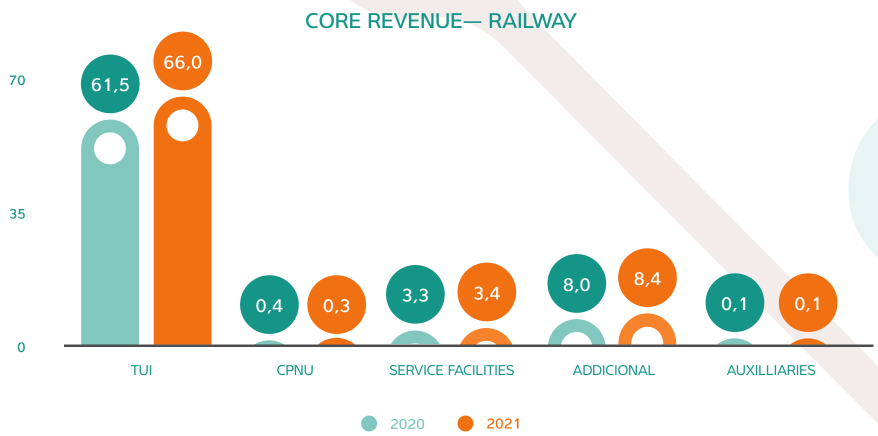
unit: € thousand

The amount of the penalty associated with requested and unused capacity was € 325 thousand in 2021, € 103 thousand less than in 2020. With the implementation of the second period of mandatory lockdown decreed on January 15, 2021, IP once again granted to all railway operators the exemption from the application of the Requested and Unused Capacity penalty (CPNU) and the evaluation of channel modifications necessary in these disturbed conditions. This exemption was implemented between January 1 and April 4, 2021.

The Station and Stops Use Service corresponds to the availability in stations or stops, of areas allocated to assisting passengers, the display of travel information and by ensuring passenger access to respective platforms and equipment. This service originated revenues of € 3.4 million in 2021, in line with the amount recorded in the previous year (€ 3.3 million)

IP also provides additional and auxiliary services to railway activity, among which the most important are traction power, parking of rolling stock and manoeuvring. Total revenue from these services in 2020 was € 8,0 million, less than in 2021 (€ 8,4 million).

The access to the electric power consumption for traction that IP provides to railway operators represents the greater part of the additional and auxiliary services, amounting to € 6.3 million in the period.



State Grantor

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.

Income totalled € 36.0 million, increasing 7% over 2020, as a result of the increase in railway investment, pursuant to the Ferrovia 2020 Programme.

Construction contracts

Construction contracts reflect IP's income from its NRN construction activity, as established in the Road Concession Contract. This includes all IP's construction activities, whether carried out directly or sub--concessioned.

In 2021 this income totalled € 56.4 million, increasing € 6.8 million in relation to 2020.

CONSTRUCTION CONTRACTS	2020	2021	CH. (%)
Contracts for the Construction of new infrastructures	36 513	28 457	-22 %
Contracts for the Construction of Subconcessioned Network Revised estimates	0	16 953	
Capitalisation of Interest Expenses	13 071	10 959	-16 %
Total	**49 585**	**56 370**	**14%**

unit: € thousand

The amounts corresponding to the Construction of New Infrastructure concern construction activities under IP's direct management; they 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.

The change recorded in this item is therefore directly related to a lower implementation in 2021, compared to 2020, in investment activities in the road network (own work).

The construction of the Sub-Concessioned Network is determined based on the construction values contracted for each sub-concession and the percentage of completion reported to IP by each sub-concessionaire. It reflects, therefore, the physical evolution of the works and is independent from the billing flow.

The amount recorded for 2021 is explained by the new contract signed with the Baixo Tejo sub-concessionaire, on 29 July 2021, which reflects the failure to build some sections provided for in the initial contract; hence the need to update the construction estimate of this Sub-concession.

The capitalised 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

OTHER SERVICES RENDERED	Effective 2020	Effective 2021	% Change 21/20	Δ% 21/20
Management of Property and Commercial Areas	12 007	12 857	849	7%
Telecommunications	9 104	8 848	-256	-3%
Engineering and transportation services	77	83	6	7%
Transport of goods	2 227	1 722	-505	-23%
Licensing	764	544	-221	-29%
Service areas	2 698	1 331	-1 367	-51%
Technical road channel	3 021	3 407	386	13%
Other	2 051	1 777	-274	-13%
Total	**31 949**	**30 567**	**-1 382**	**-4%**

unit: € thousand

A. Property and commercial real estate management

This income in the amount of approximately € 12.9 million comprises the amounts resulting from the lease of commercial areas, sub-concessions, Rental of Parking, Management of Enterprises and Advertising; it grew 7% over the same period of the previous year.

Although this area of activity continued to be affected by the COVID-19 pandemic, the evolution seen in 2021 represents a positive sign anticipating a recovery in revenues by 2023 to levels recorded in 2019, that is, before the pandemic.

B. Telecommunications

This segment comprises the provision of telecommunication services to the market, including 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. This segment's turnover reached € 8.8 million in 2021, falling by € 256 thousand over the previous year.

C. 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.

In 2021 this segment's turnover totalled € 83 thousand, reflecting the strategic allocation of IP Engenharia's resources to the Ferrovia 2020 Investment Programme, i.e. the provision of intra-group services.

D. Railway terminals

The operation of the Railway Terminals translated in revenues of € 1.7 million in 2021, less € 505 thousand than in 2019. This negative change was due to the fact that from June 2020 onwards, MSC/Medway left Bobadela terminal and started to use the South Park, under a concession contract and under its management. This new context had an impact of 6 months in 2020 and 12 months in 2021, which explains the negative variation between these two years.

E. Licensing

The changes introduced by the new legal Public Road Domain regime, in particular with regard to private use and 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 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.

Thus, revenue from licensing essentially depends on the annual fee collection of Fuel Supply Stations (FSS). In this context, revenue from licensing in 2021 was € 544 thousand, which represents a decrease of € 221 thousand compared to 2020, which is justified by the reduction in the volume of fuel sales with impact on revenues. It is important to mention that the amount invoices each year reflects the fuel sales recorded in the previous year.

F. Service areas

Revenues from Service Areas in 2021 totalled € 1.3 million, i.e. € 1.4 million less than in 2020, which is essentially explained by additional invoicing referring to the annual rent of FSS of Loulé in 2020 , in the amount of € 701 thousand, which was only settled in the 1st quarter of 2021. If such settlement had not taken place, revenues would have been of around € 2,030 thousand, which is line with 2019 (€ 2.1 million), the last year that was not impacted by the aforementioned settlement relating to Loulé FSS.

G. Technical road channel

Turnover from the Technical Road Channel in 2021 was € 3.4 million, which represents an increase of € 386 thousand compared to 2020. In 2021 the length of authorised cables was 5,110 km, 619 km more than in 2020..

OPERATING SUBSIDIES/COMPENSATORY ALLOWANCES

INCOME	EFFECTIVE 2019	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
Compensatory Allowances	59 748	55 055	55 055	0	0%

unit: € thousand

Income from Operating Grants/Compensatory Allowances in 2021 totalled € 55.1 million, in line with the previous year.

The amount of Compensatory Allowances granted by the Portuguese State in 2021 was fixed through two Addenda to the Framework Contract for the management of railway infrastructure, determined by the following Council of Ministers Resolutions: Resolution 117/220 of 12/30/2020, relating to the 1st half of 2021; and Resolution 104/2021 of 08/06/2021, relating to the 2nd half of 2021.

Each of these Resolutions set the amount of € 27,527,528.98 + VAT for each semester, in a logic of applying twelfths in relation to what the 2016-2020 Framework Contract had set for 2020.

The need to conclude these Addenda was due to the fact that it was not possible to finalise the negotiations of the new Framework Contract for 2021-2025, though this is expected to occur in 2022, pending the Government's approval.

OTHER INCOME AND GAINS

OTHER INCOME AND GAINS	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
Investment subsidies	58 548	61 452	2 905	5%
Income from concession fees	8 854	8 854	0	0%
Gains on the sale of tangible assets	2 033	281	-1 752	-86%
Gains on the disposal of waste	3 168	1 564	-1 604	-51%
Concessions for use and licences	4 078	3 381	-697	-17%
Accidents	2 391	1 479	-913	-38%
Other	15 447	12 728	-2 719	-18%
Other	**94 519**	**89 739**	**-4 780**	**-5,1%**

unit: € thousand

A. 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 recorded in 2021 totalled € 61.5 million, i.e. 5% more than in 2020.

B. Income from concession fees

The item Concession Signature Fees refers to the amount recognised in 2021 of the Fee assigned when signing the Grande Lisboa and Douro Litoral Concessions, the same as in 2020.

C. Gains on the sale of tangible assets

In 2021 this heading recorded gains of € 281 thousand from the sale of tangible fixed assets, 86% less compared to 2020.

D. Gains on the disposal of wastE

Gains on the sale of waste/used materials in 2020 totalled € 1.6 million, falling by 51% over 2020. This income stems mainly from the sale of ferrous waste.

The decrease compared to 2021 was essentially due to the raw material available for sale; the result for the year was in line with the budget forecast.

E. Concessions for use and licences

Overall income from Concessions for Use and Licenses was € 3.4 million in 2021, i.e. € 697 thousand less than in 2020, which is essentially due to the concession of plots of land in the Bobadela terminal, whose income in 2021 was of € 1,269 thousand, i.e. € 625 thousand less than in 2020.

F. Accidents

In 2021, compensation for damage to road assets reached the amount of € 1.5 million, 38% lower than in the same period of 2020.

The deviation in relation to the same period of the previous year is justified by the fact that 2020 reflects the compensation received for the accident in the Marão Tunnel. On the other hand, the reduction is also influenced by the decrease of the existing backlog, therefore, less potential revenue.

G. Others

The variation recorded in this item is essentially due to two factors: (i) the settlement in 2020 of the increases in expenses related to the Rail Infrastructure Regulation Fee from 2013 to 2018 in the amount of € 9.5 million; (ii) The recording, in 2021, of € 4.5 million of gains on inventories, following an internal audit process, which aimed to settle a set of virtual deposits that mediated the period of attribution of materials to the works and their application.

6.1.2 Operating Expenses

In 2021 operating expenses increased by € 4.5 million (+0.5%) compared to 2020, reaching the amount of € 997.0 million.

OPERATING EXPENSES	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
Cost of goods sold	274 374	259 301	-15 073	-5%
Variation in production inventories	15	127	112	742%
Maintenance, Repair and Safety of the Road Network	114 389	120 384	5 995	5%
Maintenance, Repair and Safety of the Railway Network	70 872	71 152	280	0%
Other Supplies and Services	120 589	124 362	3 773	3%
Personnel Expenses	137 620	141 156	3 536	3%
Impairments (losses/reversals)	4 272	440	-3 832	-90%
Expenses/reversals of depreciation and amortisation expenses	237 628	252 942	15 314	6%
Provisions (Increase/Decrease)	22 513	15 647	-6 866	-30%
Other expenses and losses	10 205	11 482	1 277	13%
Total	**992 477**	**996 995**	**4 518**	**0,5%**

unit: € thousand

COST OF GOODS SOLD AND MATERIALS CONSUMED

COST OF GOODS SOLD AND MATERIALS CONSUMED	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
Network under sub-concession	36 513	28 457	-8 056	-22%
New road infrastructures	213 782	192 739	-21 043	-10%
Tolls - State Concessions	0	16 953	16 953	0%
Construction of Subconcessioned Network - Revised estimates	11 027	5 494	-5 533	-50%
Rail Maintenance Material Consumption	13 052	15 658	2 606	20%
Rail Investment Material Consumption	**274 374**	**259 301**	**-15 073**	**-5,5%**

unit: € thousand

A. New Road Infrastructures

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

Implementation in 2021 stood 22% below the same period of 2020, reflecting a lower implementation of construction activities under the direct management of IP vis-à-vis the previous year.

B. Network under sub-concession – rev. Of estimates

With regard to the heading "Network under sub-concession - Rev. of Estimates", the amount recorded for 2021 is explained by the new contract signed with the Baixo Tejo sub-concessionaire, on 29 July 2021, which reflects the failure to build some sections provided for in the initial contract; hence the need to revise the estimated construction amount for this Sub-concession.

C. Tolls - 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. The amount of this deduction is recorded under this heading, which shows a deviation of -10% compared to the same period of 2020, a variation similar to that recorded in income from tolls from State Concessions, and which is due to the introduction, on 1 July, 2021, of the new reduction regime for ex-SCUT Concessions, determined by the 2021 State Budget Law.

D. Consumption of materials - railway maintenance and investment

This caption comprises the consumption of various types of materials which are integrated in the maintenance and investment in National Railway Network. Consumption of materials in investment activities increased in 2021, whilst consumption of materials in maintenance activities decreased.

ROAD MAINTENANCE, REPAIR AND SAFETY

Overall expenses with railway maintenance, repair, and safety in 2021 amounted to € 120.4 million, increasing by € 6.0 million (5%) over the previous year.

MAINTENANCE, REPAIR AND SAFETY OF THE ROAD NETWORK	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
Regular road maintenance	55 665	55 665	0	0%
Road safety	4 117	7 648	3 531	86%
Current road maintenance	53 858	56 186	2 328	4%
Total	**114 389**	**120 384**	**5 995**	**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 2021 totalled € 55.7 million, the same as in 2020.

The new **Road Safety** activities are supported by the Road Safety Plan, which includes interventions in the field of vertical and horizontal signalling, traffic lights and the installation of new safety barriers, among others. Related expenses in 2021 totalled € 7.6 million, i.e. € 3.5 million more than in 2020.

Current Conservation corresponds to expenses for the year to ensure the maintenance, repair, and replacement, in appropriate conditions of functionality, of all road components. The purpose is to ensure traffic safety and comfort to users and to prevent the deterioration of the roads and service conditions.

In overall terms, expenses with the Current Maintenance of the Road Network (Conventional and High-Performance Network), including, among others, Current Maintenance Contracts (with operation on the High-Performance Network), specific contracts for the management of vegetation in compliance with fire protection laws, specific contracts for the Corrective Maintenance of Pavements and activities developed under direct administration, totalled € 56.2 million in 2021, growing by 5% over 2020.

The financial implementation of **Road Telematics Maintenance Activities** totalled € 885 thousand in 2021, rising by 18% over the previous year.

RAILWAY MAINTENANCE, REPAIR, AND SAFETY

IP has several service contracts in force to ensure the provision of maintenance services on the National Railway Network (NRN).

Most of these contracts are multi-annual and include interventions in the areas of Systematic Preventive Maintenance (SPM), Conditional Preventive Maintenance (CPV) and Corrective Maintenance (CM).

In 2021 overall related expenses amounted to € 71.2 million, in line with 2020.

MAINTENANCE, REPAIR AND SAFETY OF THE RAILWAY NETWORK	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
	32 641	32 760	119	0%
Carriageway	11 430	11 409	-20	0%
Signalling	4 128	4 313	185	4%
Telecommunications	5 407	5 342	-65	-1%
Overhead line	1 776	1 969	193	11%
Low tension	593	698	105	18%
Sub-stations	3 068	3 550	482	16%
Civil works	70	415	345	491%
Engineering structures	615	723	108	18%
Level Crossings	267	387	121	45%
Rec. Materials	972	1 454	482	50%
Emergency train	685	832	147	21%
Lifts Esc. Escalators	7 407	5 520	-1 887	-25%
Deforestation	1 812	1 779	-33	-2%
Other	**70 872**	**71 152**	**280**	**0%**
unit: € thousand				

OTHER SUPPLIES AND SERVICES

Other external supplies and services totalled € 124.4 million in 2021, increasing by € 3.8 million in relation to 2020 (+3%).

OTHER SUPPLIES AND SERVICES	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
O&M EP Sub-concessions	40 846	42 360	1 515	4%
Toll collection costs	19 036	18 904	-131	-1%
RSC Collection costs	11 682	12 728	1 046	9%
Electric power	15 387	14 887	-500	-3%
Fees and related expenses Special. works	3 267	3 800	533	16%
Car fleet	5 324	3 418	-1 906	-36%
Surveillance	7 487	7 598	111	1%
IT	3 938	4 679	740	19%
Cleaning	4 942	6 422	1 480	30%
Travelling and accommodation	245	365	120	49%
Communications	240	208	-32	-13%
Remaining Supplies and Services	8 196	8 993	796	10%
Total	**120 589**	**124 362**	**3 773**	**3%**

unit: € thousand
Note: The Electricity item does not include the energy consumed by electric vehicles, which is considered in the Car Fleet item.

The increase of € 3.8 million recorded in 2021 is mainly due to the following items:

A. O&M EP Sub-concessions

This item translates the book recognition of expenses with the operation and maintenance carried out by sub-concessionaires within the scope of the sub-concession contracts in force. The amount recorded under this item increased by € 1.5 million over the previous year.

B. RSC Collection costs

The RSC collection charges correspond to 2% of the revenues from the RSC, which means that in percentage terms, is evolves exactly in line with RSC revenue. In 2021, there was an increase in collection charges of € 1.0 million due to the increase in fuel consumption for road use.

C. Cleaning

Finally, reference is made to the expenses with the Car Fleet, in Supplies and Services, which totalled € 3.4 million in 2021, i.e. € 1.9 million less than in the same period of 2020. Note that figures for 2021 and 2020 are not directly comparable as depreciation from the right of use of leased vehicles started being recorded as from mid 2020 for the whole IP Group car fleet, in line with revised standards (IAS17-Leases was replaced by IFRS 16 - Leases), adding to the expenses recorded as Supplies and Services.

PERSONNEL EXPENSES

In 2021 IP Group personnel expenses totalled € 141.2 million, i.e. € 3.5 million more than in 2020 (+2.6%).

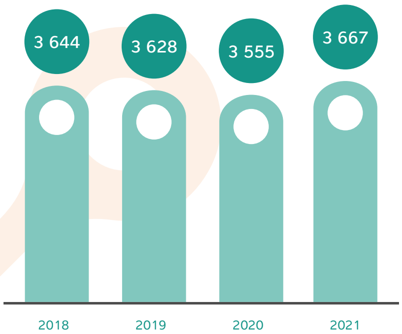
PERSONNEL EXPENSES	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
Personnel expenses	113 496	116 197	2 701	2%
Redundancy payments	24 173	24 959	786	3%
	-49		49	-100%
Total	**137 620**	**141 156**	**3 536**	**2,6%**

unit: € thousand

The increase in personnel expenses was due to the wage rise provided for in the Collective Labour Regulation Instrument, in force at the IP Group, as well as the increase in the average workforce, which went from 3,582 workers in 2020 to 3,656 in 2021.

The evolution of the workforce in the period 2018/2021 as of 31 December 2021 is presented below:

EVOLUTION OF THE WORKFORCE
31 DEC



IMPAIRMENT (LOSSES/REVERSALS)

In 2021, impairment changes (losses/reversals) amounted to € 440 thousand, € 3.8 million less than in 2020, comprising approximately € 1,929 thousand in impairments and € 1,489 thousand in reversals. Notes to the Financial Statements provide detailed information regarding this item.

EXPENSES/REVERSAL OF DEPRECIATION AND AMORTISATION

The recorded amount of depreciation and amortisation expenses amounted to € 252.9 million in 2021, € 15.3 million more than in 2020. Notes to the Financial Statements provide detailed information regarding this item.

PROVISIONS (INCREASE/DECREASE)

The total amount of expenses with increase/reduction in provisions in 2021 was € 15.6 million, i.e. € 6.9 million less than in 2020. Notes to the Financial Statements provide detailed information regarding this item.

OTHER EXPENSES AND LOSSES

Other expenses and losses in 2021 totalled € 11.5 million, increasing by € \.5 million over the same period of 2020. Notes to the Financial Statements provide detailed information regarding this item.

6.1.3 Investment

The amount of investment carried out until end 2021 totalled € 277.8 million, increasing by 36% over 2020.

This represents the amount of capital expenditure relating to the works developed in the road and railway infrastructure under direct management of IP, i.e. expansion, modernisation, and renovation of the network. It further comprises investment in the equipment needed for the development of IP's activity, as manager of the road and railway infrastructure. It does not comprise the charges assumed with Public--private Partnerships.

INVESTMENTS	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20
Railway Investment	137,3	195,8	58,5	43%
NIP2030 - Railway		1,7	1,7	100%
Other railway investments	35,4	43,4	8,0	23%
Railway Investment	**172,7**	**241,0**	**68,3**	**40%**
Road investment PETI3+	13,7	8,9	-4,9	-35%
NIP2030 - Roads		0,1	0,1	100%
PVAE investment	9,9	19,7	9,8	99%
Other road investments (*)	4,5	1,7	-2,7	-61%
Road Investment	**28,1**	**30,4**	**2,3**	**8%**
Management related investment	**4,0**	**6,4**	**2,4**	**59%**
Total	**204,8**	**277,8**	**72,9**	**36%**

unit: € million/€M
Some road investment actions 2020 were reclassified among the investment programs: PETI 3+, PVAE and other
(*) The amount of Other Road Investments does not include Provisions for Expropriation Legal Proceedings (€M 5) and reversal of Provisions for Legal Proceedings relating to Contract Works (-€M6.9)

Note the increase in expenditure made under the Ferrovia 2020 Plan, which reached € 195.8 million (+43% than in 2020), a trend that will continue in 2021 and subsequent years.

6.1.4 Community Funding of Investment Projects

In order to implement the **Ferrovia 2020 Investment Plan**, which is the ongoing investment project that is at a more advanced stage of development, IP benefits from a financial package of community funds from the Connecting Europe Facility (CEF), either in the general component (30% to 50% co-payment), or in the cohesion component (85% co-payment) and the Portugal 2020 programme (85% co-payment), in addition to the National co-payment, ensured by the Portuguese State.

During 2021, with regards to the Community Funding associated with investment projects, the most relevant events occurred during the 2014-2014-2020 programming period concern the CEF; within this scope the following applications were approved:

- Studies for the Lisboa-Madrid HS Connection;
- Studies for the Porto-Lisboa HS connection (1st phase).

In 2021 IP received community funds for the development of road infrastructures in the overall amount of € 79.96 million.

Finally, applications active in 2021 were as follows:

PROGRAMME PERIOD	PROGRAMME	FORM	APPLICATION	STATUS OF APPLICATION	TOTAL COST OF INVESTMENT	EU FUNDING
2014-2020	ECF-GENERAL	Railway	Studies on the Aveiro-Vilar Formoso Railway Connection in the Atlantic Corridor	Completed	4 433 056	1 942 385
2014-2020	ECF-GENERAL	Railway	"Leixões Port Multimodal Logistics Platform (2nd phase) - (Studies for the Road/Rail Terminal) "	Completed	925 000	238 640
2014-2020	ECF-GENERAL	Railway	Studies of road and railway accesses to Leixões harbour.	Completed	1 400 000	0
2014-2020	ECF-COHESION	Railway	Studies for the International South Corridor (Sines/ Setúbal/Lisbon-Caia) included in the Atlantic Corridor.	Completed	2 935 000	1 050 726
2014-2020	ECF-GENERAL	Road	Road trans-border connection in Atlantic Corridor A25-IP5 Vilar Formoso - A-62 Fuentes de Oñoro	Completed	13 478 117	1 347 812
2014-2020	ECF-GENERAL	Railway	Sines/Elvas (Spain) Railway Connection: Évora-Caia stretch and Technical Station at km 118 of the Southern Line	Active	286 142 571	115 994 394
2014-2020	ECF-COHESION	Railway	Sines/Elvas (Spain) Railway Connection: Évora-Caia section (Phase 2)	Active	73 059 035	55 839 020
2014-2020	ECF-COHESION	Railway	Aveiro-Vilar Formoso Railway Connection in the Atlantic Corridor: Beira Alta Line (Pampilhosa-Vilar Formoso) - Design and Construction;	Active	547 741 250	375 860 046
2014-2020	ECF-COHESION	Railway	Sines/Elvas (Spain) Railway Connection: Sines-Ermidas-Grândola Section (Works)	Active	44 139 899	33 736 125
2014-2020	COMPETE 2020	Railway	Minho Line – Modernisation of the Nine/Valença border section (Phase 2)	Active	86 408 383	67 858 668
2014-2020	COMPETE 2020	Railway	North Line – Modernisation of the Ovar/Gaia section (Phase 2);	Active	159 357 940	118 738 327
2014-2020	COMPETE 2020	Railway	North Line – Modernisation of the Alfarelos-Pampilhosa section (Phase 2);	Active	61 170 396	45 446 516
2014-2020	COMPETE 2020	Railway	North Line – Modernisation of the Santana Cartaxo/ Entroncamento section (Phase 2)	Active	58 968 390	43 937 690
2014-2020	COMPETE 2020	Railway	North Line - Braço de Prata-Alverca Section – Bobadela Railway Terminal	Active	14 265 030	11 059 617
2014-2020	COMPETE 2020	Railway	Algarve Line - Electrification	Active	64 816 921	48 714 673
2014-2020	COMPETE 2020	Railway	Beira Baixa Line - Modernisation of Castelo Branco-Covilhã-Guarda section (Phase 2)	Active	77 123 558	60 571 950
2014-2020	COMPETE 2020	Railway	Douro Line - Modernisation of Caíde-Marco de Canaveses-Régua Section	Active	72 382 140	49 179 171
2014-2020	COMPETE 2020	Railway	West Line - Modernisation of Meleças/Caldas da Rainha Section	Active	112 417 167	43 520 443
2014-2020	ECF-GENERAL	Road/railway	Redevelopment of Multi modal platform of Porto de Lisboa - Study of accesses to Container Terminal of Barreiro	Active	600 000	300 000
2014-2020	POSEUR	Railway	Modernisation of the Cascais Line	Active	77 002 012	50 000 000
2014-2020	POSEUR		Mondego Mobility System - Deployment of System	Active	138 578 411	60 000 000
2014-2020	ECF-GENERAL	Railway	Studies for Lisboa-Madrid HS Connection	Active	7 932 847	3 966 424
2014-2020	ECF-GENERAL	Railway	Studies for Porto-Lisboa HS connection (1st phase)	Active	35 464 132	17 732 066
				TOTAL	1 940 741 255	1 207 034 693

Unit: €

Within the scope of the Recovery and Resilience Plan, IP received in 2021, as an advance, the amount of € 834,783.00.

6.1.5 Equity Structure

By end 2021 Total Assets amounted to € 27,938 million, mainly made up of the intangible assets related to the right provided by the Road Concession Contract.

At 31 December 2021 Equity totalled € 10,156.9 million (36% of Assets) and Total Liabilities amounted to € 17,781.8 million (64% assets).

EQUITY STRUCTURE	EFFECTIVE 2020	EFFECTIVE 2021	% CHANGE 21/20	Δ% 21/20	Δ% 21/20
Assets	**26 865,5**	**27 305,7**	**27 938,7**	**633,0**	**2%**
Non current	20 944,0	21 215,6	21 482,7	267,1	1%
Current	5 921,5	6 090,1	6 456,0	365,9	6%
Equity	**7 531,4**	**8 528,4**	**10 156,9**	**1 628,5**	**19%**
Liabilities	**19 334,1**	**18 777,3**	**17 781,8**	**-995,5**	**-5%**
Non current	15 745,7	14 740,9	14 159,7	-581,3	-4%
Current	3 588,4	4 036,4	3 622,1	-414,3	-10%

unit: € thousand

Assets as of 31 December 2021 increased by € 633.0 million compared to 31 December 2020, comprising € 267.1 million of Non-Current Assets and € 365.9 million of Current Assets.

In Non-current Assets, we highlight the increase of € 244.3 million in intangible assets (relating mainly to the right resulting from the Road Concession Contract).

In Current Assets, the increase is mainly due to the heading State and other Public Entities (+ € 222.9 million), as a result of the increase in the balance receivable from VAT, as explained in detail in Note 12 to the Consolidated Accounts (Part III of the Integrated Report), and to the Grantor - State - Account Receivable item (+ € 222.0 million), as described in Note 14.2.1 to the Consolidated Accounts (Part III of the Integrated Report).

With regard to Liabilities, there was a decrease of € 995.5 million, of which € 581.3 million correspond to Non-Current Liabilities and € 414.3 million are Current Liabilities.

In Non-Current Liabilities, the item Other Accounts Payable (-€ 399.4 million) contributed to the significant decrease, essentially through the reduction of item "Accounts payable for Accrued Expenses - Sub--concessions", which records IP Group's liability to sub-concessionaires for construction, operation and maintenance services already carried out by them and not yet invoiced.

In Current Liabilities, the decrease in Loans (-€ 500.7 million) contributed significantly to the reduction in Liabilities.

During 2021 capital increases totalled € 1,612,650,000; the share capital at the end of the year stood at € 9,870,180,000.

6.1.6 Results by Domain and Mission

BACKGROUND

IP has the obligation to provide the public service for the management of the infrastructure of the National Railway Network (RFN), under the terms of Decree-Law 104/97 of 29 April, which is still in force by article 20 of paragraph 1 of Decree-Law 91/2015, as established in article 13 of the Basic Law of the Land Transport System, approved by Law 10/90 of 17 March.

Public service obligations relating to the management of RFN's infrastructure comprise the following:

- The management of railway infrastructure capacity;
- Traffic command and control;
- Maintenance of the railway infrastructure;
- The promotion, coordination, development, and control of all activities related to the railway infrastructure.

Decree-Law 217/2015 of 7 October transposed into national law Directive 2012/34/EU of the European Parliament and of the Council of 21 November establishing a single European railway area.

The said Decree-Law defines, inter alia, the conditions for the provision of rail transport services by rail and the management of railway infrastructure, as well as the content and obligation of preparation and publication of the Directory Network by the infrastructure manager.

For the development of its activity in the railway domain IP was structured into two segments:

- INVESTMENT MANAGEMENT: carried out directly on behalf of the State, comprises the construction, installation, and renewal of railway infrastructure, assuming rights and responsibilities over the public railway domain, namely the study, planning and development of investments in long-duration railway infrastructure (LDI).
- INFRASTRUCTURE MANAGEMENT: provision of the public management service for the infrastructure that is part of the national railway network. It includes functions such as maintenance and repair of infrastructure, capacity management, management of regulatory and safety systems, as well as command and control of traffic (core activities).

  Also included in this segment are Other Supplementary Activities related to generating revenue from other resources not directly related to the railway infrastructure (non-core activities).

METHODOLOGY

As manager of the railway infrastructure, it is the responsibility of IP to ensure access to the infrastructure by all railway operators, in a transparent and non-discriminatory manner, .

One of the mechanisms established by law to ensure this impartiality is the infrastructure manager's obligation to publish the Network Directory, where it informs the market of the conditions of access, services offered and respective tariffs to be charged.

Additionally, the manager must ensure that it complies with the model to determine the costs directly attributable to the Commission Implementing Regulation (EU) 2015/909 of 12 June.

This is made by breaking down expenses by railway and road domains, and with regard to railways it has to distinguish between the missions of investment, infrastructure management and other supplementary activities, as shown in the figure below.

In a **first phase**, IP's Total Costs are divided into Railway and Road segments, using a division key for the costs that cannot be directly allocated to one segment.

In the **second phase** the total railway expenses of IP are separated by Investment, Management of Railway Infrastructures, and other Supplementary Activities missions.

The breakdown of expenses by missions is based on a breakdown-key by mission drawn up for this purpose, which applies to all bodies of the company, irrespective of the nature of the expenditure.

Within the scope of the Railway domain, this key does not apply to the expenses directly allocated to the Maintenance and Repair of the Railway Infrastructure, nor the expenses with Substations, Relief Train, Traction Energy, AMT, Compensation for Termination by Mutual Agreement and Transport Concessions, Material Recovery, Management of Waste and Works for Third Parties, since these are accounted for in the respective cost centres as belonging to the missions of Infrastructure Management or Other Supplementary Activities, respectively.

The amounts concerning investment materials in the respective cost centres are added to the investment mission expenses resulting from the application of the division keys.

RESULTS

The following table shows the breakdown of Operating Results by Domain and Mission, based on IP's separate Financial Statements.

DESCRIPTION	RAILWAY			ROAD	TOTAL
	INVESTMENT	INFRASTRUCTURE MANAGEMENT	OTHER COMPLEMENTARY ACTIVITIES		
Sales and services	32 106 111	78 234 405	2 946 393	959 384 637	1 072 671 546
Operating subsidies (Compensatory Allowances)	0	55 055 058	0	0	55 055 058
Cost of goods sold and materials consumed	-15 679 539	-4 871 787	-440 379	-238 149 841	-259 141 547
Maintenance, Repair and Safety of the Road Network	0	0	0	-120 337 968	-120 337 968
Maintenance, Repair and Safety of the Railway Network	0	-75 292 499	-387 448	0	-75 679 947
Other Supplies and Services	-2 072 422	-30 572 615	-3 200 171	-81 918 194	-117 763 403
Staff costs	-12 879 229	-80 767 330	-4 354 137	-33 113 346	-131 114 042
Depreciation and amortisation for the year	-948 535	-3 088 783	-111 180	-246 635 122	-250 783 620
Provisions (Increase/Decrease)	0	0	3 214 242	-18 820 423	-15 606 182
Impairments (losses/reversals)	0	0	-1 165 517	0	-1 165 517
Other expenses	-526 384	-1 160 410	-5 897 545	-3 518 322	-11 102 660
Other income	0	0	21 458 280	77 811 079	99 269 359
Gains/Losses on associates	0	0	1 571 817	116 933	1 688 751
Operating Results	0	-62 463 960	13 634 355	294 819 432	245 989 827

(Figures in €)

6.1.7 FINANCIAL MANAGEMENT AND DEBT

FINANCIAL MANAGEMENT

Financial management processes are developed in compliance with the legal framework applicable to the corporate state sector (Decree-law no. 133/2013), namely the obligation to apply the principle of Unity of the State Treasury (article 28) and restrictions in financing operations (article 29). As from 2012, following the integration of IP (former REFER and EP) into the universe of reclassified public entities, in accordance with the Basic Law for the Budget, the Company was included in the State Budget as from that year (under Caption Services and Autonomous Funds); this required the Company to comply with specific laws and to redesign and re-define fiscal and management control processes.

At the end of 2021 IP had total cash and liquid assets of € 162,4 million, broken down as follows:

CASH RESOURCES	
Demand deposits and cash	10,6
Accounting overdrafts	-5,5
Financial applications	157,3
Total	**162,4**
unit: € million	

Financial applications concern Special Short Term Debt Certificates (CEDIC) issued with IGCP.

The 2021 State Budget (2021SB), approved by Law 75-B/2020, of 31 December determined IP's overall funding requirements to be of € 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.

IP had to face delays in the allocation of sufficient available funds, which contributed to delay the allocation of funds to the expense established in the business plan.

On the other hand, the impact of the COVID19 caused significant losses in terms of the company's main revenues, namely Revenues from Road Service Contribution, Tolls and User Fee.

In order to face these constraints, IP reinforced the monitoring of its treasury budget, involved, and articulated with the shareholder, thus obtaining:

- Approval of RSC available funds in the amount of € 619.8 million;
- Special credit authorisation for the use of management balance in the amount of € 78.6 million, for the payment of PPP;
- Unlocking of the reserve in the amount of € 48.7 million;
- Capital increase in amount of € 1,612.7 million.

This was the backdrop against which IP managed its activity, whilst seeking to minimise the risks of fiscal implementation.

REVENUE	2021
Share capital increase	1 612,7
Road Service Contribution*	619,8
Tolls*	313,9
Network Directory	78,4
Compensatory Allowances	67,7
EU Funds	80,4
Dividends	0,4
Other	61,7

unit: € million
* Deducted of collection costs

EXPENSES	2021
Payment of investment in PPP	1 537,3
Other Expenditure Payments	246,2
Financial Expenses***	98,5
Repayment of EIB loans and Eurobonds	629,3
Other	402,3

unit: € million
** Including Ferrovia 2020, PETI3+ Road and Proximity Plan (road and railway)
*** Does not include interest on State Loans

In 2021 IP agreed with the State to settle the debt service on State loans associated with the rail component against expenditure in LDI made on behalf of the Grantor in an equivalent amount. This operation has no fiscal relevance, due to its nature.

COMPENSATION AGREEMENT WITH THE STATE	2021
Repayments of State Loans	10,7
Interest on State Loans	0,2

unit: € million

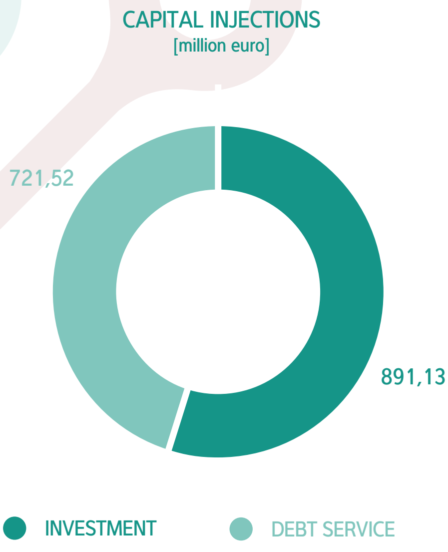
SHARE CAPITAL INCREASES

During 2021 share capital increases carried out at IP totalled € 1,612.7 million. As of 31 December 2021 the company's share capital amounted to € 9.870.2 million.

	DATE	IP
Share capital (DL91/2015)	**01/06/2015**	**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
	1st Q 2021	393 605 000
	2nd Q 2021	327 675 000
	3rd Q 2021	147 215 000
	4th Q 2021	744 155 000
Share Capital	**31/12/2021**	**9 870 180 000**

Unit: €

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



The capital allocated to investment was fully used to face payments to State Concessions and Sub-concessions, with State concessions accounting for 84% of this sum.

FINANCIAL DEBT STRUCTURE

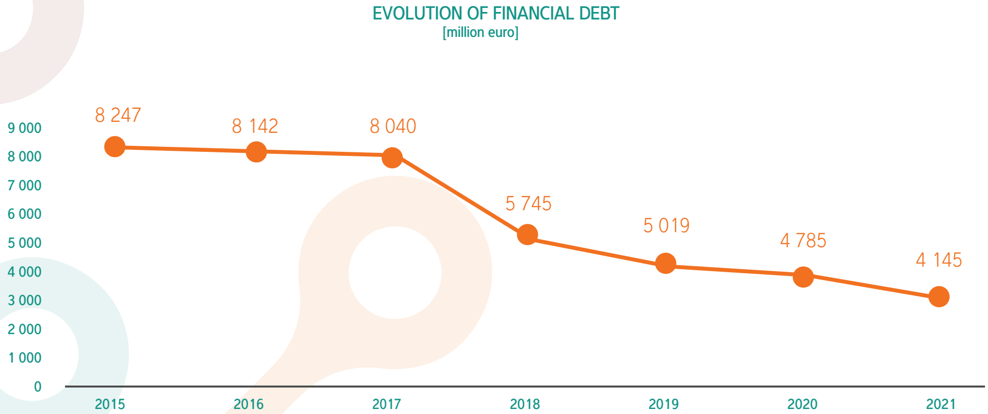
Following Order issued by the Secretary of State for the Treasury, the Directorate General of the Treasury and Finance (DGTF) granted a moratorium on the payment of debt service for State loans allocated to the road component, which was due on 30 November 2021, and was extended until 31 May 2022. This deferred repayment will not accrue interest.

According to the law in force, the State fully supports the expenses associated with investments in national railway infrastructure, and IP has the right to be reimbursed by the State for the investments made in Long-Duration Infrastructure (LDI), which belong to the Public Railway Domain

Article 166 of the 2021 State Budget approved by No. 75 B/2020, of 31 December, continues to provide a legal framework for the settlement of debt against debts to public companies resulting from investment in LDI.

IP signed an Agreement with the State to settle the debt service relating to State loans for the rail segment in the overall amount of € 5.3 million, against expenditure in LDI made on behalf of the Grantor in an equivalent amount. This Agreement became effective on 30 November 2021.

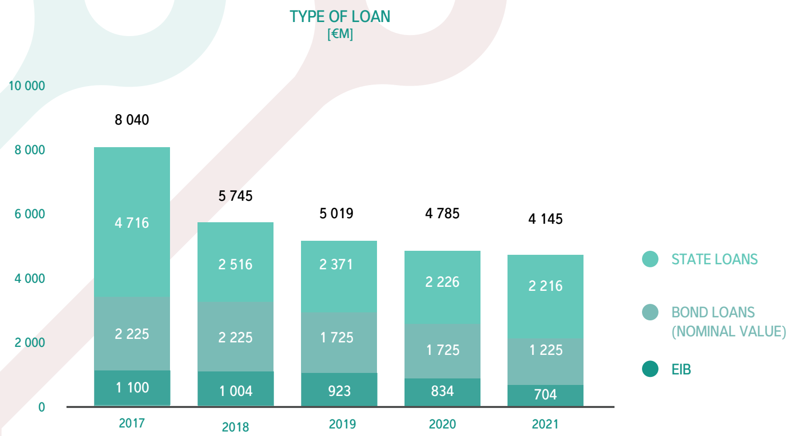
At the end of 2021 the financial debt of IP Group stood at € 4,145 million, corresponding to a decrease of € 640 million, against € 4,785 million in December 2020, as shown in the following graph:



The reduction in debt mentioned above was driven by:

- Repayment of € 500 million relating to the Eurobond 06/21;
- Repayment of € 129.3 million of EIB Loans;
- Repayment of € 10.7 million of State Loans.

Table below shows total debt by type of loan:



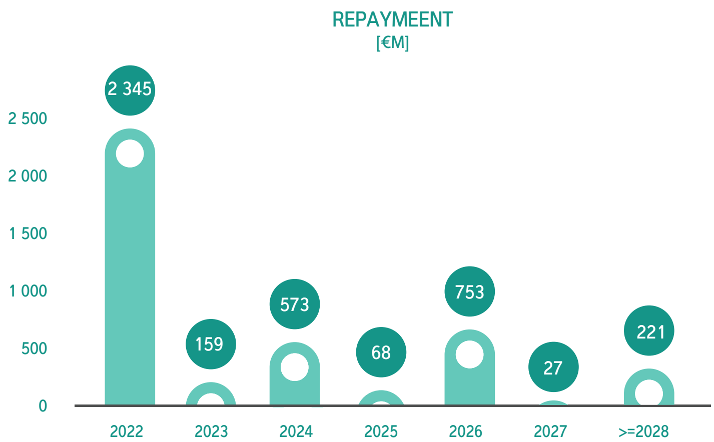
The share of IP's debt guaranteed by the Portuguese State was of 44% of total debt. This universe includes all EIB loans and two bond issues, totalling € 1.1 billion.

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.

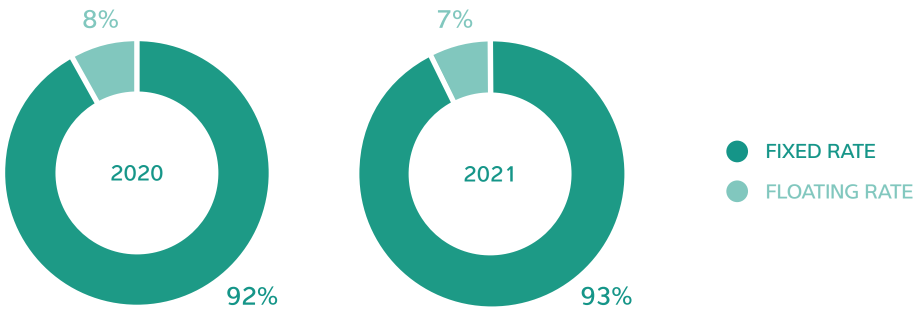
EIB loans benefit from a repayment plan consisting of equal or different but consecutive principal instalments, thus allowing for a flatter debt repayment profile.

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 2024, 2026 and 2030, implying refinancing in those years.

As shown in the following graph, the amount of debt projected to be repaid in 2022 is considerable: € 2,345 million, which comprises the repayment of the State Loans in the amount of € 2,216 million and the repayment of € 129 million relating to EIB loans.



At the end of 2020 and 2021, the debt portfolio broken down by type of interest rate was as follows:



At 31 December 2021 IP had no risk hedging instrument. The level of interest rate risk to which the IP Group is exposed is deemed as very low, considering the composition of the portfolio.

On 28 September 2021 Moody's Investors Service changed its credit rating of IP's from Ba1 to Baa3 with Positive Outlook, on account of the following:

- key role performed by IP 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.

ANALYSIS OF FINANCIAL RESULTS

Our analysis of financial results is made from the standpoint of the Global 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) debit of interest 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 31 December 2021:

FINANCIAL RESULTS	EFFECTIVE 2021	EFFECTIVE 2020	% CHANGE 2021/2020
Financial Results from Investment Activity	**-59,7**	**-60,6**	**0,9**
Financial gains	0,0	0,0	0,0
Financial losses	-59,7	-60,6	0,9
Financial Results from Infrastructure Management Activity	**-21,4**	**-24,4**	**3,0**
Financial gains	0,0	0,0	0,0
Financial losses	-21,4	-24,4	3,0
High Performance Financial Results	**-195,1**	**-218,0**	**22,9**
Financial gains	0,0	0,0	0,0
Financial losses - sub-concessions	-184,4	-205,1	20,7
Financial losses - State concessions	-10,7	-12,8	2,1
Financial results - Management of Road Network	**-4,1**	**-2,5**	**-1,7**
Financial gains	0,0	0,0	0,0
Financial losses	-4,1	-2,5	-1,7
Overall Financial Result	**-280,3**	**-305,4**	**25,1**
Allocated amount - State Grantor	59,7	60,6	-0,9
Financial result (Comprehensive Income Statement)	**-220,6**	**-244,8**	**24,2**
Global direct management	**-95,9**	**-100,2**	**4,4**

unit: € million

Overall Financial Results at 31 December 2021 amounted to -€ 280.3, million, improving by € 25.1 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.

In the Road Network Management segment, there was an increase of € 1.7 million compared to the same period last year, due to the contracting of a new bank guarantee to guarantee the VAT process that took place in the last quarter.

If we withdraw from Overall Financial Results the part associated with sub-concessions, which concerns amounts due to these companies for works/services (and 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 €-95.9 million as against €-100.2 million as of December 2020, translating an improvement by € 4.4 million.

6.2 Human Capital

The following table shows a comparative summary for 2020 and 2021, of key indicators relating to Human Resources and Training at the IP Group (figures as of 31 December 2021 and 2020, respectively):

	UNIT	TYPE OF CONTRACT	GENDER	2020	2021
Emprego					
Total employees	No.			3 555	3 667
Employees by gender	%		F	24,1	24,2
			M	75,9	75,8
Employees by type of contract	%	A termo		0,3	1,0
		Sem termo		99,7	99,0
"Employees by type of contract (by gender)"	%	A termo	F	30	22,9
			M	70	77,1
		Sem termo	F	24,1	24,2
				75,9	75,8
Employees by managerial function	%		F	36,7	36,4
			M	63,3	63,6
Evolution of average age level	years			51,1	50,9
Evolution of seniority level	years			24,0	23,4
Evolution of university degree index	%			36,0	37,4
Training					
Total hours	H		F	20 774	25 993
			M	107 407	188 000
Absenteeism Rate	%			5,04	4,92
Total unionised employees	No.			1 720	1 706
Entered	No.			51	235
Left	No.			124	123

6.2.1 Employment

EVOLUTION OF THE WORKFORCE

In December 2021 the IP Group had 3,667 employees, reflecting an increase of 112 employees (+3.2%) as compared to December 2020. This evolution, besides translating the net balance between admissions and terminations of employment contracts, also reflects the change in the IP Group's staff whose employment contract with the company is suspended, in particular those assigned to other entities.

	UNIT	2020	2021
Total employees	No.	3 555	3 667

Table below shows the breakdown of the workforce by type of contract and functional[11].

CHARACTERISATION		EBD MANDATE	MANAGING STAFF	SENIOR TECHNI-CIANS	TECHNICAL ASSIS., INTERM. LEVEL AND AD-MIN. PERSONNEL	OPERAT. ASSIS., WORKERS AND AUXILIARY PERSONNEL	TOTAL
Total employees	F	2	83	455	266	83	889
	M	6	145	602	1 104	929	2 786
	Total	8	228	1 057	1 370	1 012	3 675
Permanent contact	F		83	448	265	83	879
	M		144	576	1 104	928	2 752
	Total		227	1 024	1 369	1 011	3 631
Fixed term contract	F			1			1
	M			2		1	3
	Total			3		1	4
Open-ended contract	F			6	1		7
	M			24			24
	Total			30	1		31
Other type of contract	F	2					2
	M	6	1				7
		8	1				9

ADMISSIONS AND EXITS

In 2021 123 employees left the IP Group, 29 of whom on their own initiative. Group "Other Reasons" includes 61 exits following retirement, reflecting the ageing of the workforce.

MOBILIDADE	< 30 ANOS		ENTRE 30 E 50 ANOS		> 50 ANOS		TOTAL	
	F	M	F	M	F	M		
Regresso		1	3	3	1		8	235
Admissão	24	45	33	123		2	227	
Saídas por Mútuo Acordo								123
Saídas por Iniciativa do Trabalhador	1	5	6	15	2		29	
Saídas por Caducidade de Contrato								
Saídas por Outros Motivos			2	12	19	61	94	

11. Including members of the Executive Board of Directors/Boards of Directors.

The company's strategy is to stabilise its workforce, pursuing a constant objective of renewal and rejuvenation, through the replacement of employees who terminate their relationship with the company, with specific reinforcements in critical areas, such as the operational infrastructure maintenance, inspection and inspection area, and the design and engineering and other investment supporting areas. Additionally, in the short/medium term, a reinforcement in personnel will be needed to meet the increasing amount of work deriving from the ongoing expenditure in infrastructures.

In this regard, the recruitment authorisations granted to the IP Group companies are highlighted, either within the scope of the approval of the respective plans, or through specific authorisations. These recruitment processes are still ongoing.

TURNOVER (TURNOVER RATE)

Turnover allows measuring the relation between admissions and exits:

TURNOVER RATE BY GENDER	F	M
(Hired + left / 2) / final staff by gender	5,13%	4,80%

An analysis of the turnover rate shows that the Coverage Rate between entries and exits rose from 41.13% in 2020 to 191.06% in 2021, reflecting the increase in the number of admissions made: from 51 in 2020 to 235 in 2021, as a result of the specific recruitment authorisation to reinforce critical areas.

TURNOVER INDEXES	2020	2021
Staff turnover index Final staff / (initial staff + hired + left)	0,93	0,94
Coverage rate (hired / left x 100)	41,13%	191,06%
Total mobility rate (Hired + left / 2) / final staff x 100	4,92%	9,76%

AGE STRUCTURE AND LENGTH OF SERVICE

The average age of Group IP workforce decreased from 51.1 to 50.9 years old. The pace of admissions of younger staff, as opposed to the termination of workers with more advanced ages, intensified in 2021, which made it possible to offset the normal ageing, and also to slightly rejuvenate the workforce.

Table below shows the distribution by age group of the Group's various functional groups.

AGE STRUCTURE		EBD MANDATE	MANAGING STAFF	SENIOR TECHNICIANS	TECHNICAL ASSIS., INTERM. LEVEL AND ADMIN. PERSONNEL	OPERAT. ASSIS., WORKERS AND AUXILIARY PERSONNEL	TOTAL
Total employees	F	2	83	455	266	83	889
	M	6	145	602	1 104	929	2 786
	Total	8	228	1 057	1 370	1 012	3 675
< 30 years	F			31	3	4	38
	M		1	39	7	43	90
	Total	0	1	70	10	47	128
30 to 50 years	F	2	45	270	96	11	424
	M		63	328	406	346	1 143
	Total	2	108	598	502	357	1 567
> 50 years	F		38	154	167	68	427
	M	6	81	235	691	540	1 553
		6	119	389	858	608	1 980

Despite the aforementioned there continues to be a predominance of employees aged 50 and over (54%), although it is worth noting that in terms of managerial staff and skilled workers the most representative age group is the intermediate one.

It is also worth noting that the age group below 30 years old maintains an insignificant weight (about 3.5%), even considering the hiring of new workers made over the last three years, which also reflects the need to recruit workers with some professional experience.

RECRUITMENT AND INTERNAL MOBILITY

In 2021, an intense recruitment process was carried out in the IP Group companies, which resulted in 227 admissions, largely supported by the authorisation to reinforce the hiring of 100 workers granted to IP in 2020, to face the scale of the interventions in the rail and road networks required by the national investment plans, or the authorisations that allowed the replacement of workers whose employment ended during the years 2019, 2020 and 2021, for reasons not attributable to the company.

It is also worth mentioning, due to its specificity, the authorisation provided to IPT to reinforce its staff in core areas (6 permanent contracts). This recruitment is based on the need to rejuvenate the staff as this is crucial to achieve the company's purpose.

In 2021, the operationalisation of the recruitment process revealed additional difficulties, namely because a large part of the profiles searched, which are highly adjusted and geared towards specific infrastructure management activities, are from the engineering and civil construction sector, which is not was affected by the pandemic, on the contrary, and have higher remuneration levels than those that can be practised at IP.

Given that the company did not recruit for a long period thus failing to replace those employees that had left, and although recruitment was resumed in 2017, having gained strength since 2020, there are still certain functions and geographical areas where existing human resources are insufficient.

We highlight the critical aspect of these needs in core areas where the decapitalisation of know-how is more seriously felt and ageing is more acute, translating in continued exits due to retirement.

In line with previous years, part of the needs identified was met by banking on professional training and internal selection processes, allowing employees to evolve to more demanding and complex functions.

These internal recruitment processes allow responding to some of the needs, whilst promoting internal mobility and fostering career development. This is achieved based on the assessment of profiles and skills, in order to ensure an adequate selection.

Notwithstanding the continued problems resulting from the pandemic and the limitations it provoked, namely in terms of training activities, in 2021 it was possible to complete the process of integration into higher categories of 58 workers in the area of railway maintenance and traffic.

In the railway traffic area, which is under continuous reorganisation due to the ongoing investment in modernisation and automation, it was necessary to reallocate 34 workstations, moving personnel from stations which were closed to other places, where needed.

With regard to mobility processes, there were 291 reallocations, comprising 33 job conversions, not including the aforementioned cases of internal competition, 31 reallocations between different departments and 27 without change of department. Changes in workplace at worker's request, which we try to meet whenever possible, happened in 53 cases, and resulted mostly from requests to be closer to home.

We also mention 147 reallocations related to the physical change of the workstation required by the service.

The offer of 1-year Professional Internships granted to young graduates so that they may gain experience and learn new skills, was heavily impacted by the pandemic in 2021, having been considerably reduced compared to previous years. Nevertheless, it was still possible to provide 19 professional internships in different areas of the IP Group.

Within the scope of the authorised recruitment, it was possible to integrate 16 interns from the aforementioned Professional Internship programmes into the company's staff.

In 2022, in addition to the completion of ongoing recruitment processes, mainly those relating to the filling of vacancies identified by the end of 2021, we expect to continue the recruitment process, with a view to replacing people who leave for reasons beyond the company's control.

6.2.2 Social Dialogue

The importance of social matters within the Group is translated in the existence of a specific area within the Human Capital Division, responsible for:

- Promoting the dialogue and consensus between the company and the representative workers' organisations, through collective negotiation and meetings whenever necessary;
- Developing actions within the scope of social benefits and conditions of the social facilities placed at the disposal of all employees; Social facilities in particular, are very important considering the geographical dispersion of the company's working places, namely stations and other railway structures spread across the country.

The area is also responsible for developing activities and actions favouring the social climate and the company's relations with the workers.

LABOUR RELATIONS

Notwithstanding what was said in the previous paragraphs, different labour regimes still coexist within the IP Group, influencing the organisation and provision of labour and the integration and evolution of careers and professional categories.

Briefly, there are three labour frameworks coexisting within the IP Group:

- Collective Bargaining Agreement (CBA) – includes IP Group employees with individual employment contracts who adhere to the CBA, and corresponds to the vast majority of situations (about 89.5% of the workforce).
- Labour Code - governs the contractual relationship with Group employees with individual employment contract who did not join the CBA; respective contractual conditions are influenced by the organisational background and periods

when they were occurred; at the end of the year, these employees represented only 0.2% of total employees;

- Civil Servants General Employment Law - governs relations with civil service employees stemming from former Junta Autónoma de Estradas (JAE) which preceded former EP (accounting for 10.3% of the workforce).

The Company organises, manages, and classifies the provision of labour according to these frameworks, complying with the relevant provisions in each situation.

It should be noted that in respect of employees under public sector contracts, namely the Transitional Staff (QPT), in accordance with article 395 of Law 2/2020 of 31 March, they could opt for the Career System of the Collective Bargaining Agreement (CBA), including the meal allowance pursuant to this agreement, under the terms of Decree Law 91/2015, article 17(2) of 29 May, as amended, which created IP. As of 31 December 2021 95.2% of these employees had opted for this change.

It should be reminded that in 2019 the signature of the new Collective Bargaining Agreement (CBA) between the 4 companies of the IP Group and 22 trade unions, laid the grounds for a reference employment regime for all employees, including a career system. The adhesion rate to the CBA among the IP Group employees with individual employment contract was 99.8%.

Thus, 99.3% of workers are covered by the same Career System.

TRADE UNION MEMBERSHIP

The rate of trade union membership in IP is relatively high and the representative workers organisations play an active role mediating issues arising between their members and the Company.

There are communication channels between the Company and the Representative Organisations of Workers (RWO) through which the information is shared, all of which are subject to appropriate processing. In addition to regular meetings with the RWOs, meetings may also be held to discuss specific issues, if the topics justify it, and the Management may participate in them.

The trade union membership ratio reflects the importance of unions in the life of the company, mainly in the railway sector. In December 2021 a total of 1,706 workers were trade union members, a figure which accounts for 46.5% of the Group's workforce, translating a slight decrease compared to the previous year, when the trade union membership rate was 48.3%.

	No.	%
Trade Union Membership	1 706	46,5%
Non-unionised	1 961	53,5%

CORPORATE PEACE

Despite the high percentage of workers who are members of trade union and the high number of union organisations representing them, IP has a good relationship with all (RWO unions and committees (from IP and IPT)

Despite the prevalence of dialogue and the predisposition to social peace, in 2021, nine strikes were decreed by several unions representing workers at the service of the IP Group Companies, with no significant impact on normal operations.

In 2022 IP will continue working to build a solid Social Peace, strengthening the social dialogue with RWOs, promoting platforms for understanding that will lead to consensual and profitable solutions for IP workers, with impact on their well-being and productivity.

SOCIAL BENEFITS

During 2021 IP maintained the social benefits plan in force in recent years, which offers employees a range of additional support to remuneration in important social areas such as health, education, culture, and sports.

With regard to the conditions of social facilities, the review of railway facilities was completed; a similar review is being made to the road facilities. Among the interventions carried out, we highlight those made in the Vouga Line. In 2022, the Group intends to revisit about a third of the existing social facilities and to continue the intervention in a judicious manner.

HEALTH AREA

It is worth noting that given the geographical dispersion of its workers, health insurance benefits are important, insofar as they allow easy access to health care anywhere in the country.

- **Health insurance** – IP's health insurance plan provides access to a wide-ranging network of comprehensive health care, with 90% coverage of expenses. Medical consultations outside the plan's network also benefit from reimbursement, which is limited to 50%. The insurance allows including the employee's family members, in which case the premium is borne by the employee;

- **Personal Accident Insurance** - Covers any kind of professional and extra-professional risks of permanent disability or death.

EDUCATION AREA

The company supports workers during their children's pre-school phase, given the relative scarcity of public nursery and kindergarten offer, and also encourages the achievement of good results throughout secondary and higher education, conscious that good performance at school can translate into better academic and professional perspectives:

- **Nursery** – IP has its own nursery infrastructure ("O Ninho"), primarily dedicated to the children of its employees, but accepting other children as well, so as to profit from the installed capacity and serve the community; in 2021 the nursery welcomed in average 57 children;

- **Pre-school allowance -** provided to 4-month to 6-year-old children of employees attending nurseries, kindergartens, or Social Security-certified nannies. The amount/child of these allowances varies between €30 and €90, according to the level of remuneration earned by the employee; in 2021 these allowances covered 233 children;
- **Scholarships -** granted to the children of employees with school average grade above 14 (in 20) from the last three high school years until university graduation. In 2021 IP granted 521 merit scholarships relating to 2020/2021 school year.

In addition to these school allowances, IP grants student public travel passes to the children of employees who need them. In 2021, the number of travel passes granted employees' children totalled 24, in addition to 40 recipients of two weekly trips on long-haul trains.

CULTURE AND LEISURE

The company promotes regular initiatives, with a view to bringing employees (and their children) closer together, maintaining the group spirit (Christmas party) and also providing easier access to services (with no extra cost to the company) viewing to reconcile personal and family life with professional life and enhance well-being.

- **Christmas Party** – In 2021, restriction measures associated with the pandemic were eased, allowing the company to resume the usual organisation of the Christmas show for the children of employees (up to 12 years old) and the delivery of gifts up to the referred age group.
- **Reductions and partnerships** – access to products and services such as fuel, telecommunications, hotels, banking, gym, pharmacy, theatre, among others with reductions and/or other, under protocols entered with several entities from the most different sectors. The company wants to increase the number and quality of these partnerships in 2022 and to offer the largest range of advantages to its employees.

TRAVEL ALLOWANCES

Railway workers at the service of the IP have kept the right to travel by train free of charge, under the terms established in the law. This constitutes a relevant benefit in the field of professional activity since this activity requires frequent travel throughout the railway network.

As it is not possible, under the law, to extend this benefit to remaining employees, the company grants business travel allowances to employees when necessary.

SUPPORT INITIATIVES FOR SOCIAL, CULTURAL AND SPORTS ENTITIES AND ASSOCIATIONS

IP supports social, cultural and sports initiatives undertaken by entities with direct links to the company and its employees.

In the case of sports clubs, in 2021 support was granted to Clube Ferroviário de Portugal and Grupo Desportivo dos Ferroviários de Campanhã, for the development of sports.

Associação dos Lares Ferroviários was granted aid to help with maintenance expenses, namely for the replacement of the roof cover of Lar do Entroncamento.

In line with previous years, a grant was given to "Casa de Pessoal" of IP to carry out activities viewing the personal, cultural, and social development of member employees, covering areas as varied as sports, social and leisure activities, medical services and social support to children and young people.

6.2.3 Diversity and Opportunities

GENDER EQUALITY

Historically, the rail sector workforce was essentially male. This is mainly due to the nature of the activity carried out in operational and "on the ground" areas, where most of REFER's employees were concentrated, requiring considerable physical effort and exposure to risk conditions.

In the road area, the imbalance between the weight of men and women was smaller: 55% of men compared to 45% of women, at the end of 2014.

Therefore, six years after the merger, IP has a distribution between both sexes of 76% (men)/24% (women), with a greater degree of parity between both genders in terms of management positions: more than a third of the managers are women.

	2020		2021	
	No.	%	No.	%
Managing staff				
F	83	36,7%	83	36,4%
M	143	63,3%	145	63,6%
	226		**228**	
All employees (not including EBD)				
F	856	24,1%	887	24,2%
M	2 699	75,9%	2 780	75,8%
	3 555		**3 667**	

Regarding the differences in Base Wage between men and women, there are no significant differences except for the Operational Assistants, Workers, and Auxiliary Personnel careers, due to the fact that the female population is predominantly concentrated in the Level Crossing Guard category, which has a lower wage structure.

WAGE RANGE BY JOB/CAREER AND GENDER		2020		2021	
		AVERAGE WAGE	WAGE RANGE	AVERAGE WAGE	WAGE RANGE
Managing staff	F	3 102 €	0,92	3 115 €	0,92
	M	3 373 €		3 376 €	
Senior technicians	F	2 285 €	0,95	2 198 €	0,94
	M	2 405 €		2 337 €	
Technical assis., Interm. Level and admin. personnel	F	1 205 €	0,93	1 203 €	0,92
	M	1 303 €		1 311 €	
Operat. Assis., workers and auxiliary personnel	F	652 €	0,73	686 €	0,77
		892 €		888 €	

It should be noted that the non-discrimination in terms of wages is strengthened by the fact that the exact same rules laid down in the professional career system attached to the CBA apply to almost all IP Group employees, namely in terms of promotion and wage progression.

PARENTING

The reconciliation between work time and family time is explained by indicators related to parenthood, namely the return-to-work rate and the retention rate of workers who have been granted parental leave in a given period.

	UNIT	GENDER	2020	2021
a) No. employees entitled to parental leave during the year	No.	F	9	13
		M	48	40
b) No. employees returning to work after parental leave, during the year	No.	F	7	9
		M	43	34
c) No. employees returning to work after parental leave (enjoyed in the year) and who continue working 12 months after returning	No.	F	16	7
		M	51	43
d) Return to work rate of employees after parental leave	%	F	78	69
(d)= b / a		M	90	85
e) Retention rate 12 months following enjoyment of parental leave	%	F	94	100
(e) = c (n) / b (n-1)		M	100	100

FOREIGNERS/DISABLED

Charts below show the figures for foreign and disabled people working at the IP Group.

FOREIGN EMPLOYEES	2020	2021
From the European Union	6	6
From Portuguese Speaking Countries	7	9
From other countries	2	2

	2020	2021
Employees with disabilities	80	84

WORK/FAMILY RECONCILIATION

In this respect, we highlight IP Group's NP 4552:2016 certification on 2 December 2021, following the invitation of the Secretary of State for Citizenship and Equality addressed to IP in August 2018. The Reconciliation Management System viewing to reconciliate professional, family, and personal life is, thus, formally implemented and made available to all the Group's employees.

With regard to the Reconciliation Policy, as basis for sustaining the system, we highlight the following commitments:

- To promote a continuous communication process with employees, managers, and other relevant stakeholders;
- To adjust measures for reconciling professional, family, and personal life to the needs of employees and promote and encourage actions and activities within the scope of gender equality and parenting protection;
- To contribute to the sharing of good practices and dissemination of principles concerning the reconciling of professional, family, and personal life;
- To comply with the requirements of the Reconciliation Management System established in Portuguese Standard 4552;
- To ensure the System's performance and compliance with reconciliation commitments in a perspective of continuous improvement, whilst ensuring the necessary resources to achieve the objectives.

IP has a culture of reconciling work and family that is expressed in several practices, some of which we highlight below:

- Internal mobility that allows employees to work closer to home (DCH in articulation with remaining divisions);
- Nursery/kindergarten at the company's headquarters;
- Programmes to stimulate pre-school education, granting of merit scholarships, organisation of cultural activities for children of employees;

- Protocols in the areas of education, health and sports, leisure, and utilities, with reductions granted to employees of the IP group;
- Access to cultural and leisure events;
- Easier access to healthcare (health insurance and other benefits);
- Additional sickness allowance;
- Creation of specific (and non mandatory) measures to increase positive and shared parenting;
  a) "+ Pai" measure - granting of bonus of 2 days for each period of 30 consecutive days of parental leave enjoyed by the father, in addition to the 15 days to which he is entitled by law, up to a maximum of 4 days bonus;
  b) "Rights and Duties" Brochure - informing IP workers of their parental rights and duties, according to the law (Labour Code);
  c) "Congratulations" card - postcard sent to the employee's address to congratulate the family on the birth of their child;
  d) Welcoming of employees following parental leave - raise the awareness of and bind the direct manager of the returning employee to preparing her return to work;
- Internal training on well-being and health at work;
- Measures to allow adapting working hours;
  a) Flexible working hours;
  b) Monthly leave of up to ½ of the normal working period for time equivalent credits;
  c) Teleworking;
- Provision of a set of services at the Company's headquarters, where almost a quarter of the IP Group's employees are concentrated, facilitating daily routines, among others:
  a) Canteen and coffee bar;
  b) Transport (dedicated buses);
  c) Gym;
  d) Miscellaneous services (laundry/ironing, shoemaker, manicure, sale of vegetable/organic products, bakery, pharmacy, etc.);
  e) Internal clinical physician (available twice a week for minor sicknesses and prescriptions).

6.2.4 Safety and conditions at work

The following major activities were developed in 2021 to promote safety at work:

- Preparation/revision of 18 Risk Analysis Sheets and completion of 5 Safety Procedures Manuals defining preventive and protective measures to be implemented to ensure safety at work.

• Development of regular safety information directed to operating teams. The information is displayed in panels across nearly 95 facilities where the operational teams work.

From 2017 to 2021 63 different information sheets were made available.

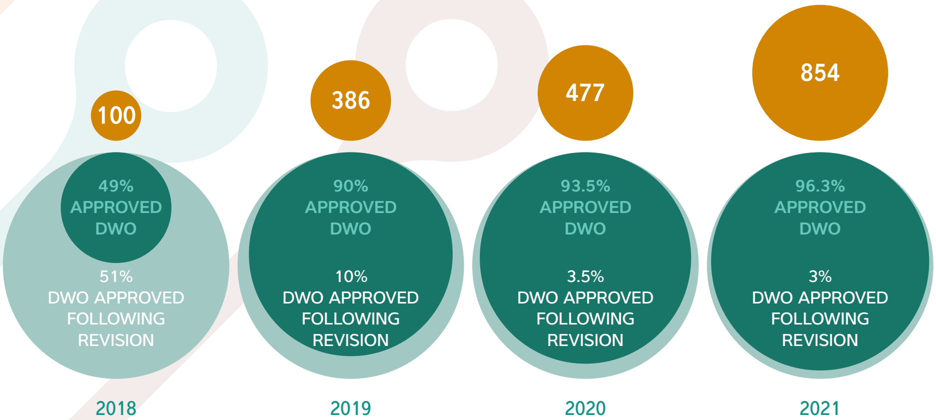
- Development of campaign "Safety has history", with the objective of disseminating historical information in the field of safety and working conditions, involving monthly publications. The Campaign started in January 2021 and ended in December 2021.

- Annual consultation of workers on safety and health at work, which resulted in the following conclusions (obtained from 619 answers to the submitted questionnaire):
    - Occupational Safety and Health - 84% know the occupational and health risks to which they are exposed and 80% feel confident in the actions they develop.
    - Employee participation - 70% have the habit of reporting situations that may pose a risk to their safety and that of their colleagues, 61% report making contributions to improve/solve problems in the field of safety at work and 64% feel that there is cooperation between colleagues.
    - Communication, motivation and promotion of safety and health - 50% reported receiving feedback from their hierarchical superior on their performance in terms of safety at work.
    - Personal Protective Equipment (PPE), High Visibility Protective Clothing (HVPC and Collective Protection Equipment (CPE) - 80% consider it important to use PPE to perform their tasks and 31% consider it necessary to include/change the requirements of some PPE/HVPC or CPE.
- Development of contents for the new "Safety Mission" training action, which arises from the need to address the adoption of safe behaviours in day-to-day work, as a determining factor in the prevention of occupational accidents;
- Training actions in the field of safety at work, to provide employees of the IP Group with the technical skills necessary for them to work safely.

- Checking of safety conditions in the planning of works on railway track and nearby, with the purpose of ensuring the correct planning of safety measures (854);

Railway safety (IET77)	19
Road safety near construction works	7
Awareness raising actions (IET77)	1
Works at height	4
Safety mission	8
Safety module	3
Developer´s function (RGS XII)	8
Awareness raising actions - Work safety – terminals	5

CONSULTATION WITH WORKERS



- Visits to IP teams with the objective of promoting the implementation of safety measures, raising awareness to the adoption of safe behaviours, promoting employee participation, and identifying opportunities for improvement (124 visits).
- Visits to assess the safety conditions in Catenary Conservation Vehicles (7 visits).
- Checks of Personal Fall Protection Equipment, in order to verify their compliance for use (369 PPE checked).
- Analysis of statistical data on work accidents viewing to identify the main causes, the injuries, and the severity of work accidents, in order to establish priorities in the prevention and promotion of occupational safety.

OCCUPATIONAL ACCIDENTS - KEY INDICATORS FOR 2021

Table 1 – Results for the last 5 years – IP Group

INDICATORS	2016	2017	2018	2019	2020	2021
Frequency index (IWO)	18,71	16,63	16,9	15	12,2	9,8
Incidence index (IWO)	31,66	28,67	28,94	25,5	20,7	16,7
Severity index (IWO)	464,24	137,63	295,69	172,6	133,6	220,4
Severity Index ([1])	464,24	137,63	1 491,19	172,6	3 849,90	220,4
Average number of employees	3 759	3 698	3 663	3 610	3 582	3 656
Number of accident at the workplace	119	106	106	92	74	61
Number of serious accidents	0	0	0	3	0	0
Number of fatal accidents	0	0	1	0	3	0
Total number of days lost at the workplace	2 952	877	1 855	1 055	816	1 367
Total number of hours worked	6 358 828	6 372 215	6 273 518	6 113 047	6 112 046	6 204 889

Table 2 – Global figures on occupational accidents at IP Group – 2021

INDICATORS	IP GROUP	IP	IP ENGENHARIA	IP PATRIMÓNIO	IP TELECOM
Accidents– Total	75	74	0	1	0
In the workplace	61	60	0	1	0
With sick leave	47	47	0	0	0
Without sick leave	14	13	0	1	0
Fatal accidents	0	0	0	0	0
in itinere	14	14	0	0	0
Total number of days lost	1 906	1 906	0	0	0
In the workplace	1 367	1 367	0	0	0
in itinere	539	539	0	0	0
Average no. of employees	3 656	3 431	37	110	78
Hours worked	6 204 889	5 825 550	59 778	179 865	133 554
Index					
FI	9,8	10,3	0	5,6	0
II	16,7	17,5	0	9,1	0
SI	220,4	234,7	0	0	0
SI [13]	220,4	234,7	0	0	0

13 ILO Severity Rate = No. of days lost by accidents occurred in the year *1.000.000/ No, hours worked. This figure comprises 7500 days per each fatal accident, in compliance with Resolution if the 6th International Conference of Labour Statisticians

Table 3 - Comparison with national values[14] in the IP Group, IP Group, Affiliates and Organic Units with the highest number of occupational accidents.

	IP GROUP, IP, AFFILIATES AND ORGANIC UNITS WITH THE HIGHEST NUMBER OF OCCUPATIONAL ACCIDENTS (EXCLUDES COMMUTING)	INCIDENCE INDEX OF ORGANIC UNITS	REFERENCE SECTORS (CORPORATE STATE SECTOR - GEP) (1)	INCIDENCE INDEX OF REFERENCE SECTORS GEP
GRUPO IP	61	16,7	National Total	41,1
IP	60	17,5	National Total	41,1
IP Engenharia	0	0	Sector F - Construction	90,4
IP Património	1	9,1	Sector F - Construction	90,4
IP Telecom	0	0	Sector F - Construction	90,4
DRF	27	35,1	Sector F - Construction	90,4
DCF	16	16,2	Sector H - Transport and storage	51,4
DEA	3	17,4	Sector F - Construction	90,4

During 2021, IP Group recorded 75 occupational accidents, of which 61 at work and 14 on the road. The 61 occupational accidents resulted in 1367 days of absence. Of the total number of occupational accidents, there was 1 accident occurred at IP Património; remaining subsidiaries did not record any occurrences (98.4% of accidents occurred at IP).

In the year under review, no serious or fatal accidents have occurred.

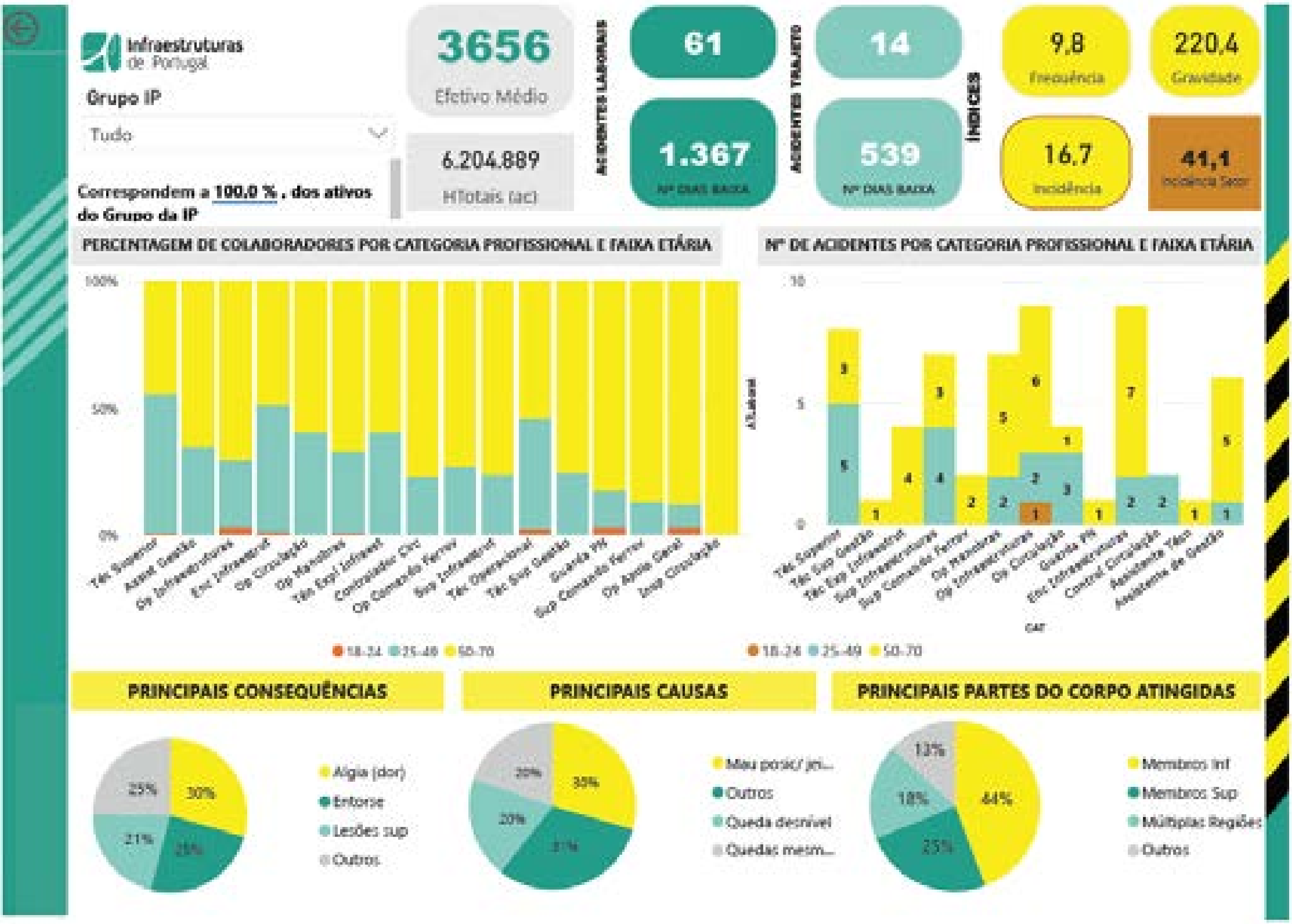
There was a decrease in the Incidence Index, however, it is considered that this reduction was related to the Covid19 pandemic context, which boosted remote work, reducing exposure to risk and the occurrence of accidents.

A comparative analysis with the data published by the Ministry of Solidarity and Social Security allows defining the position in relation to the established average values, either at the level of the national total values, or at the level of the reference sectors; this analysis showed that the incidence rates of the IP Group, IP and subsidiaries, as well as the IP's Organic Units that recorded the highest number of occupational accidents are below the national reference values.

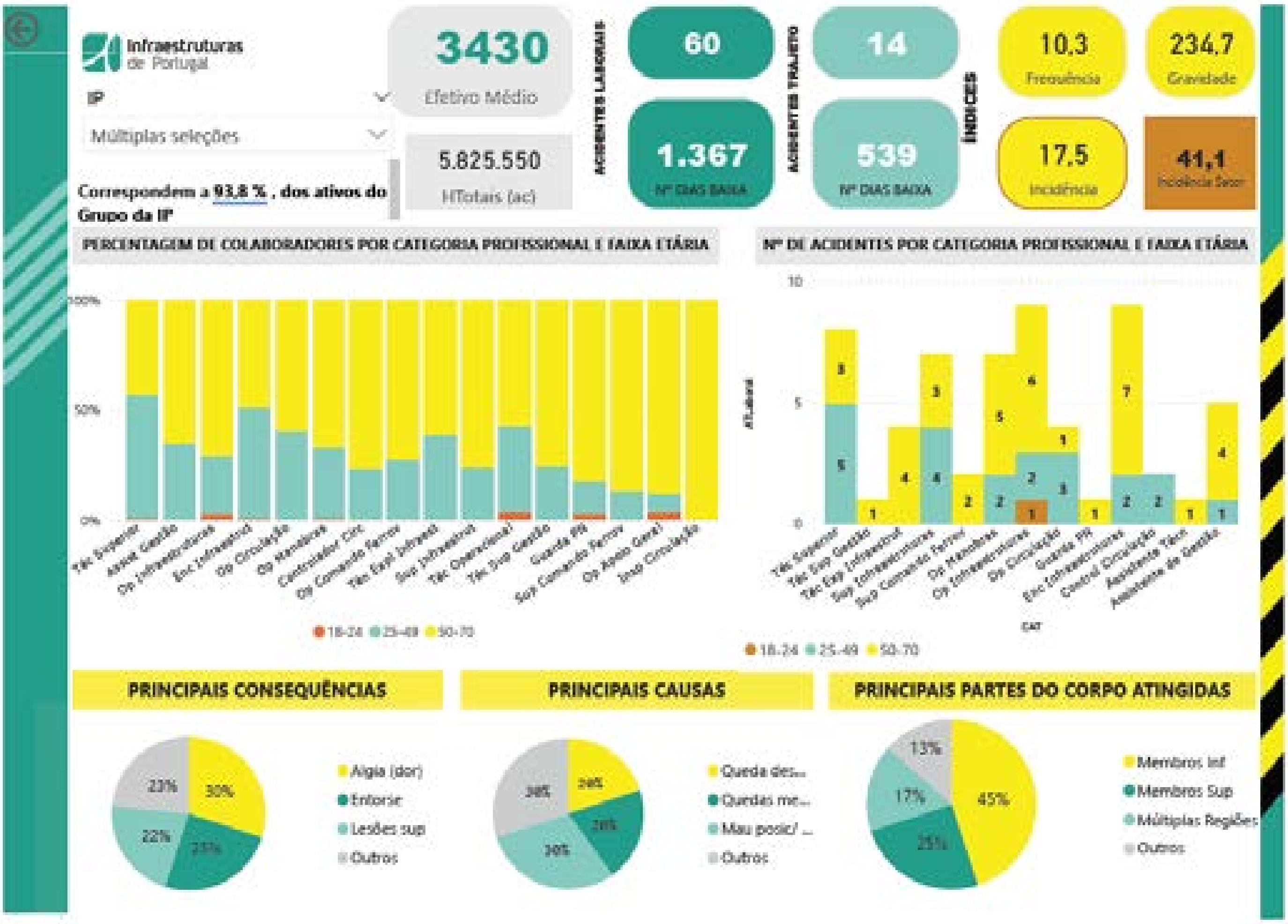
The professional categories that registered the highest incidence in terms of occupational accidents were: "Infrastructure Operators", "Infrastructure Managers", followed by "Superior Technicians", "Switch operators" and "Infrastructure managers". It should also be noted that, in the case of the most affected professional categories, 60% are aged between 50 and 70 years.

The main causes of accidents recorded were "Poor posture/handling", "Fall at the same level" and "Fall to different level". As for the consequences of work accidents in the IP Group, 55% of the accidents gave rise to pain and sprains.

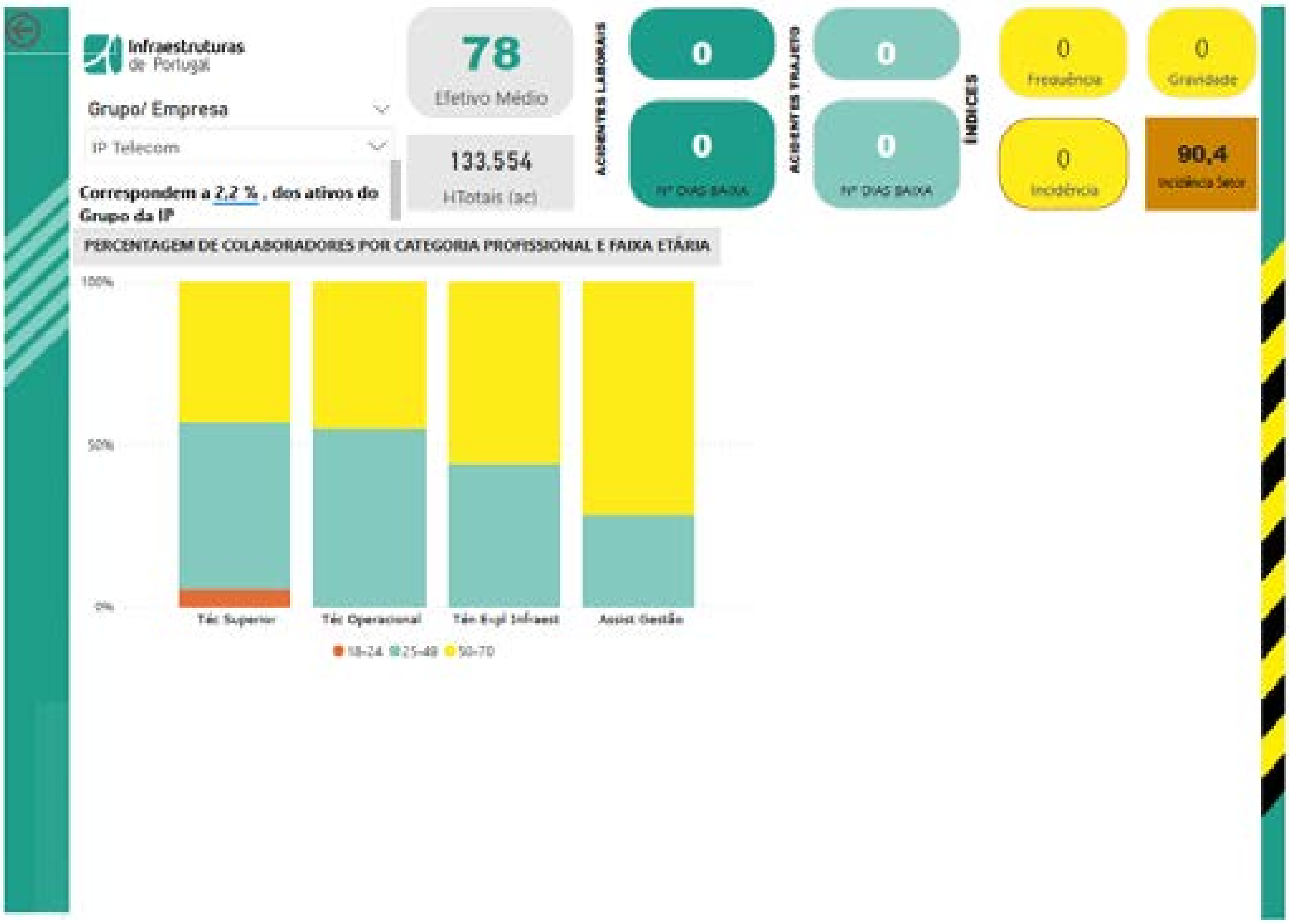
14 Source: Occupational accidents 2019 Published by the Office of Strategy and Planning on 06 August 2021



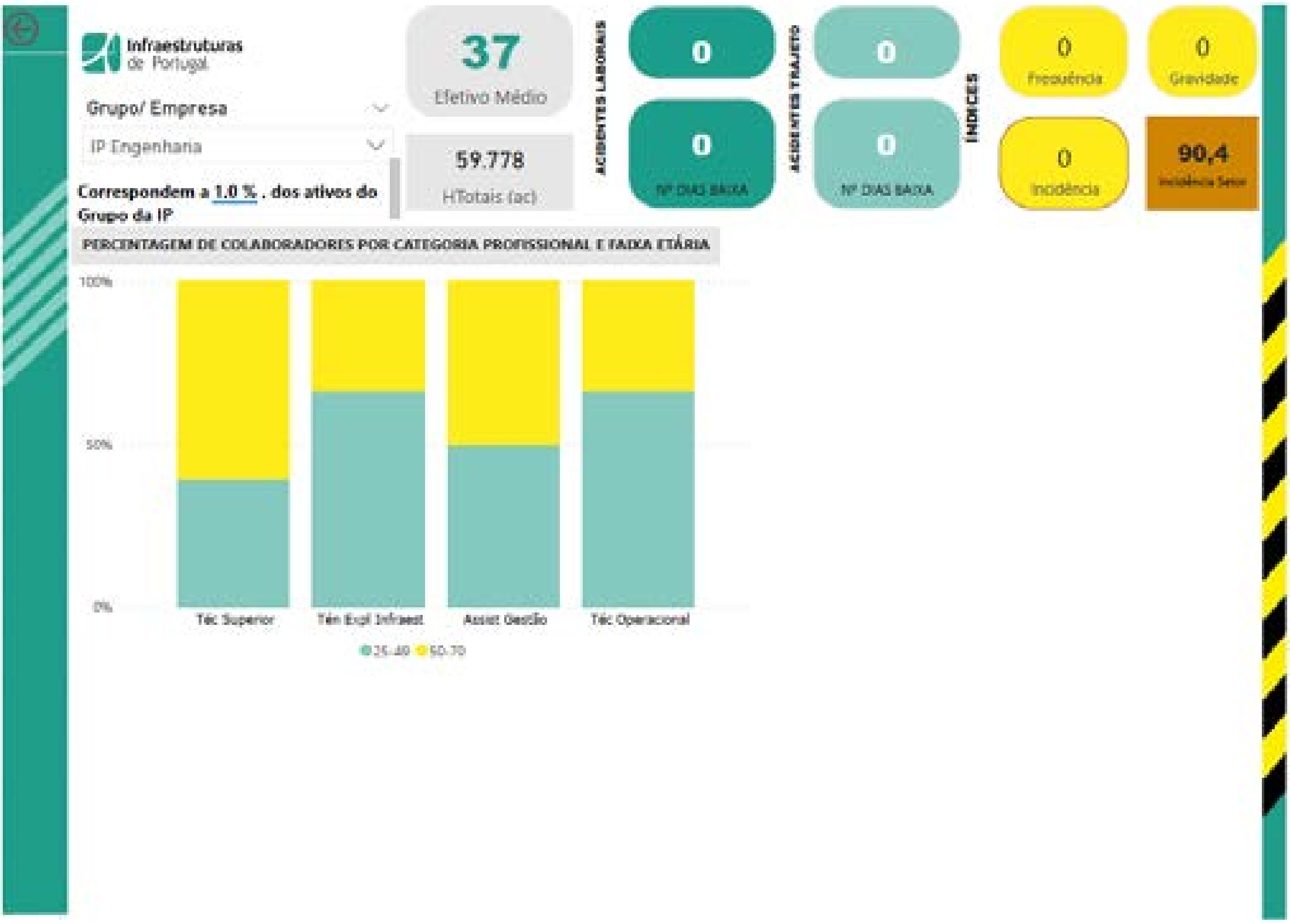
Infraestruturas de Portugal
Grupo IP
Tudo
Correspondem a 100,0 % , dos ativos do Grupo da IP
3656
Efetivo Médio
6.204.889
HTotais (ac)
ACIDENTES LABORAIS
61
1.367
Nº DIAS BAIXA
ACIDENTES TRAJETO
14
539
Nº DIAS BAIXA
ÍNDICES
9,8
Frequência
220,4
Gravidade
16,7
Incidência
41,1
Incidência Setor
PERCENTAGEM DE COLABORADORES POR CATEGORIA PROFISSIONAL E FAIXA ETÁRIA
Nº DE ACIDENTES POR CATEGORIA PROFISSIONAL E FAIXA ETÁRIA
18-24
25-49
50-70
PRINCIPAIS CONSEQUÊNCIAS
Algia (dor)
Entorse
Lesões sup
Outros
PRINCIPAIS CAUSAS
Mau posic/ jei...
Outros
Queda desnível
Quedas mesm...
PRINCIPAIS PARTES DO CORPO ATINGIDAS
Membros Inf
Membros Sup
Múltiplas Regiões
Outros

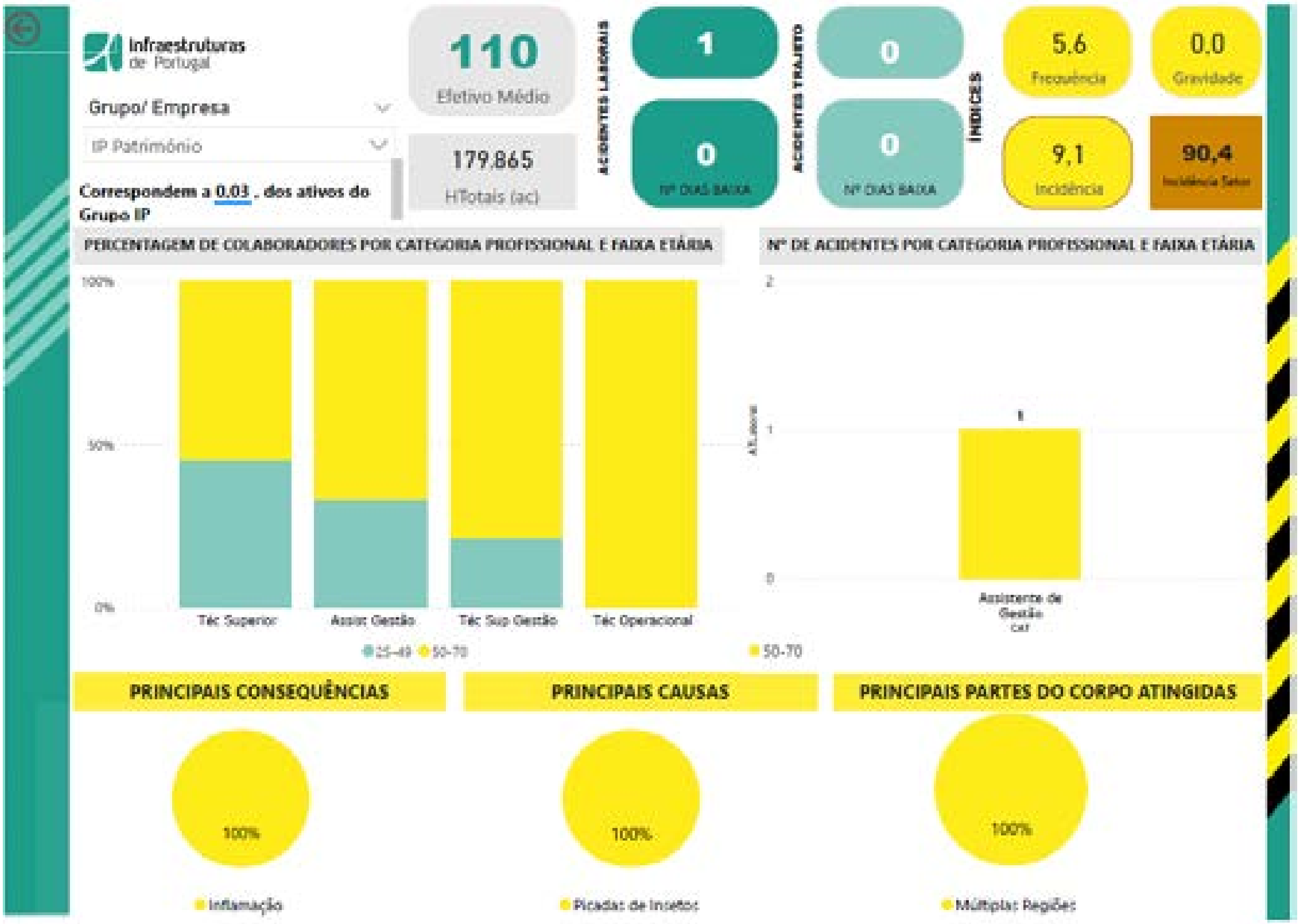


Infraestruturas de Portugal
IP
Múltiplas seleções
Correspondem a 93,8 % , dos ativos do Grupo da IP
3430
Efetivo Médio
5.825.550
HTotais (ac)
ACIDENTES LABORAIS
60
1.367
Nº DIAS BAIXA
ACIDENTES TRAJETO
14
539
Nº DIAS BAIXA
ÍNDICES
10.3
Frequência
234.7
Gravidade
17,5
Incidência
41,1
Incidência Setor
PERCENTAGEM DE COLABORADORES POR CATEGORIA PROFISSIONAL E FAIXA ETÁRIA
Nº DE ACIDENTES POR CATEGORIA PROFISSIONAL E FAIXA ETÁRIA
18-24
25-49
50-70
PRINCIPAIS CONSEQUÊNCIAS
Algia (dor)
Entorse
Lesões sup
Outros
PRINCIPAIS CAUSAS
Queda des...
Quedas me...
Mau posic/ ...
Outros
PRINCIPAIS PARTES DO CORPO ATINGIDAS
Membros Inf
Membros Sup
Múltiplas Regiões
Outros



Infraestruturas de Portugal
Grupo/ Empresa
IP Telecom
Correspondem a 2,2 % , dos ativos do Grupo da IP
78
Efetivo Médio
133.554
HTotais (ac)
ACIDENTES LABORAIS
0
0
Nº DIAS BAIXA
ACIDENTES TRAJETO
0
0
Nº DIAS BAIXA
ÍNDICES
0
Frequência
0
Gravidade
0
Incidência
90,4
Incidência Setor
PERCENTAGEM DE COLABORADORES POR CATEGORIA PROFISSIONAL E FAIXA ETÁRIA
100%
50%
0%
Téc Superior
Téc Operacional
Téc Espl Infraest
Assist Gestão
18-24
25-49
50-70


Infraestruturas de Portugal
Grupo/ Empresa
IP Engenharia
Correspondem a 1.0 % . dos ativos do Grupo da IP
37
Efetivo Médio
59.778
HTotais (ac)
ACIDENTES LABORAIS
0
0
Nº DIAS BAIXA
ACIDENTES TRAJETO
0
0
Nº DIAS BAIXA
ÍNDICES
0
Frequência
0
Gravidade
0
Incidência
90,4
Incidência Setor
PERCENTAGEM DE COLABORADORES POR CATEGORIA PROFISSIONAL E FAIXA ETÁRIA
100%
50%
0%
Téc Superior
Assist Gestão
Téc Operacional


Infraestruturas de Portugal
Grupo/ Empresa
IP Património
Correspondem a 0,03 . dos ativos do Grupo IP
110
Efetivo Médio
179.865
HTotais (ac)
ACIDENTES LABORAIS
1
0
Nº DIAS BAIXA
ACIDENTES TRAJETO
0
0
Nº DIAS BAIXA
ÍNDICES
5,6
Frequência
0,0
Gravidade
9,1
Incidência
90,4
Incidência Setor
PERCENTAGEM DE COLABORADORES POR CATEGORIA PROFISSIONAL E FAIXA ETÁRIA
100%
50%
0%
Téc Superior
Assist Gestão
Téc Sup Gestão
Téc Operacional
25-49
50-70
Nº DE ACIDENTES POR CATEGORIA PROFISSIONAL E FAIXA ETÁRIA
2
1
0
1
Assistente de Gestão
50-70
PRINCIPAIS CONSEQUÊNCIAS
100%
Inflamação
PRINCIPAIS CAUSAS
100%
Picadas de Insetos
PRINCIPAIS PARTES DO CORPO ATINGIDAS
100%
Múltiplas Regiões

6.3 Intellectual capital

6.3.1 Training and Management

A ademia IP continues to promote a development culture based on continuous learning, sharing of knowledge, specifically the technical know-how relating to road and railway activity and innovation, alongside an internal culture focused on Safety.

In such an atypical year as 2021, the total number of training hours provided to our employees stood at 213,993, with three aims in mind: flexibility, adaptation and resilience. The breakdown of training by professional category and knowledge area is as follows:

PROFESSIONAL CATEGORIES BY GENDER	Training volume
F	
Support	15
Technical Support to Infrastructure and Operation	491
Technical and Operational Support	151
Technical Assistant	32
Traffic	29
Trainees	252
Infrastructures	2 834
Other Careers	5
Information Personnel	2
Senior Staff	39
Support to Management	4 211
Senior Technician	17 908
Assistant Technician	6
Senior Technician	20
M	
Technical Support to Infrastructure and Operation	14 962
Technical and Operational Support	5 539
GIL Careers	7
Traffic	10 481
Consultant	44
Trainees	333
Infrastructures	127 257
Other Careers	71
Senior Staff	40
Support to Management	2 020
Technical	1
Senior Technician	27 131
Technician A	3
Assistant Technician	13
Specialised Technician	0
Senior Technician	97
Total Geral	**213 993**

6.3.2 Human Capital Development

In 2021 the Performance Management System (PMS) was strengthened, becoming a crucial tool to monitor performance, collective and personal goals, development of personal and technical skills, and assess merit as relevant factor in career advancement.

A technical audit of the PMS was carried out by an external entity, resulting in benchmarking report and recommended areas for improvement. These conclusions will guide the review of the PMS to be implemented from 2022 onwards. The aim is essentially to make the system more agile and effective in promoting individual performance and to reinforce the role of managers in the process of planning, monitoring, and assessing performance.

Talent Management and Employee Rewarding Programme Talent Management and Employee Rewarding Programme

Continuing the investment in leadership training started in 2019, which is essential to improve the training of "managers" in the management and development of their teams, the training and development programme in Strategic Leadership continued in 2021, addressed to Department Managers.

This leadership training developed in partnership with SBE and Indeg is innovating, and focuses on subjects relating to Strategy, Business and Personnel Management, having a triple goal:

- Increase awareness to the importance of leadership for obtaining results and improve the efficacy of the organisation;
- Strengthen management and leadership skills;
- Motivate, guide, and prepare them to act as agents of change.

In terms of personal development, the programme explores the processes of sponsorship, mentoring, coaching, succession planning, as crucial approaches to the strategic management of people, promoting self-assessment and self-knowledge as crucial personal development tool.

At the same time, in 2021, the Company continued the professional development programme addressed to around 30 younger technicians, referred by their superiors as worthy of recognition and investment in personal and professional development. This programme will be replicated in 2022, addressed to senior technicians recently admitted to the IP Group, in which the company intends to invest more intensively.

6.4 Social Capital and Relationships

The IP Group is committed to putting in place sustainable policies to address the economic, environmental, and social dimensions of sustainability, based on best social responsibility practices both within its business areas and in its external relationships.

The objectives and commitments governing the company's sustainable performance in society, taking into account the public interest, which is our duty to defend, are established in the Declaration of Social Responsibility Policy of the IP Group, of 15 July 2016.

IP Group action is addressed to both internal and external audiences, and it is structured around the following axes: Quality of Life, Environment, Mobility and Safety, based on a set of partnerships and innovating initiatives.

6.4.1 IP Solidarity Programme (Quality of Life Axis)

In 2021 this axis supported several social initiatives, amongst which the following:

GIVING TUESDAY

On November 30TH the 3rd edition of the GivingTuesday Solidarity Movement began, under the motto "You & I, together we change the world", in which IP participated for the third time, advertising the campaign and supporting the cause of ÂNIMAS - Associação Portuguesa para a Intervenção com Animais de Ajuda Social, a national association that provides disabled individuals an enabling resource that increases their level of independence and self-esteem.

IP SOLIDARITY CAMPAIGN | THIS CHRISTMAS "YOU & I" SUPPORT ÂNIMAS

The Christmas Campaign was intended to support the cause of ÂNIMAS - Associação Portuguesa para a Intervenção com Animais de Ajuda Social, with the aim of improving Rafael's quality of life by offering an Assistance Dog, educated, and trained by the ÂNIMAS team. IP Group's employees joined in donating to this charitable cause.

6.4.2 Partnerships (Quality of Life, Environment, Safety and Mobility Axis)

6.4.2.1 Quality of Life/Innovation

IP ON THE WORLD DAY OF CREATIVITY AND INNOVATION

The World Day of Creativity and Innovation was celebrated on April 21st; IP views itself as a strategic partner, with the mission of proactively contributing to the development of RDI activities that may be conceived and carried out in Portugal.

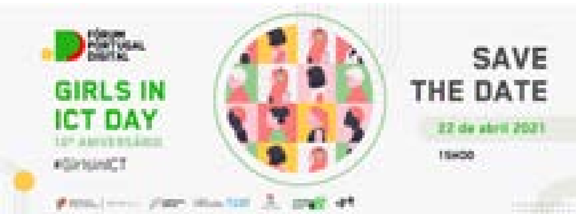
"ENGINEERS FOR A DAY" PROJECT

Starting on October 8th, IP joined the 5th edition of the "Engineers for a Day" project promoted by the Portuguese Chart for Diversity, assuming the commitments set forth in the gender equality and social responsibility policies.

This edition is to be carried out throughout 2021/2022 with young girls attending the 3rd grade of basic and secondary schools.

As signatory of the Chart, IP participated in:

"GIRLS IN ICT DAY" | "ENGINEERS FOR A DAY" PROJECT



IP participated for the third year IP in the "Girls in ICT Day" project; Engineer Isabel Ribeiro, from IP IT Systems Division participated in the online discussion held on April 27th - Girls International Day D about IT and Communication Systems - promoted by Daniel Sampaio Secondary School, in Almada, where she shared her professional evolution and experience, viewing to raise the girls interest in IT and engineering careers.

ENGINEERS FOR A DAY | IP FORMALISES ALLIANCE FOR EQUALITY IN IT

On December 14, IP together with government entities, universities and companies that are in the Engineers for a Day Programme, formalised the 'Alliance for Equality in Information and Communication Technologies'. The ceremony, held at the Electricity Museum in Lisbon, was attended by the Minister of State and the Presidency, Mariana Vieira da Silva, and the Secretary of State for Citizenship and Equality, Rosa Monteiro.

Additionally, IP supported the dissemination of information on:

- European Month of Diversity| Webinars
- Engineers for a Day | "Girls in Engineering and Technology" Workshops: "National Energy Day"; "Your Future: Which Profession to Choose?"; "Women in Artificial Intelligence"

SEMINAR ON "RECONCILIATION OF PROFESSIONAL, PERSONAL AND FAMILY LIFE: PROSPECTS AND CHALLENGES"

IP, as member of SGI Portugal and in articulation with several partner public entities, such as the Administração dos Portos de Sines e do Algarve, Águas de Portugal, Emel, Gebalis and Metropolitano de Lisboa, actively participated in the organisation of the Seminar on "Reconciliation of Professional, Personal and Family Life: Prospects and Challenges", which took place on November 5, in the Alto dos Moinhos Auditorium of the Metropolitano de Lisboa.

6.4.2.2. Environment

World Water Day

On March 22, World Water Day was celebrated, under the theme "Valuing Water", with the aim of raising the populations and political leaders' awareness to the urgent need to preserve and save this finite natural resource as a source of life. IP, as the manager of road and rail infrastructure, joined the "Water World Forum for Life" initiative, recognising the need to redouble efforts to strengthen everyone's resilience and adaptation to climate change.

Earth Hour 2021

On 27 March IP joined the largest global movement against climate change - Earth Hour, promoted by the World Wide Fund for Nature, turning off the decoration lights of the 25 de Abril Bridge, in Lisbon, Arrábida, and Freixo Estação Ferroviária de São Bento bridges in Porto, promoting this global cause as socially responsible company.

IP joined the initiative as manager of road and rail infrastructure; on June 4, José Carlos Clemente, IP's Director of Undertakings, presented on the digital stage, "Railway - a Sustainable Solution", incorporating the ongoing Ferrovia 2020 investment programme and its contribution to environmental sustainability, while increasing mobility and freight transport capacity, with a significant reduction in carbon emissions. Moreover, in the exhibitors' area dedicated to the partners of the event, IP had a display on the "Ferrovia 2020 - International South Corridor".

Volunteering for Nature in Montemor-o-Novo

On 8 May the 15th edition of Volunteering for Nature was held in Montemor-o-Novo for IP employees and their families, within the scope of the LIFE LINES project, which views to develop mea-

sures to mitigate the negative impacts of linear infrastructures on biodiversity.

As partner of "Electrão", IP joins campaign "Quartel Electrão"

IP established a new Cooperation Protocol with Electrão - Associação de Gestão de Resíduos, viewing the collection of used batteries, and electrical and electronic waste deposits),within the scope of the Sustainability and Efficiency and Social Responsibility Programmes of the IP Group. IP joined the "Quartel Electrão" Campaign, inviting employees to contribute to the Almada Volunteer Fire-fighters, in Setúbal, and to the Portuenses Volunteer Fire-fighters, in Porto. This is a project that aims to involve Humanitarian Associations of Volunteer Fire-fighters and raise awareness to the importance of recycling.

IP distinguished as "Corporate Changer" of the Do for the Planet Movement

On November 18th IP was distinguished as "Corporate Changer" at the 1st edition of the "Do for the Planet" by Electrão, an initiative sponsored by the President of Portugal. The ceremony was presided over by Ricardo Furtado, deputy general manager of Electrão, and was attended on behalf of IP by Alexandra Barbosa, member of the Board of Directors, who received the award, and highlighted the Company's commitment to environmental and social issues.

6.4.2.3 Safety

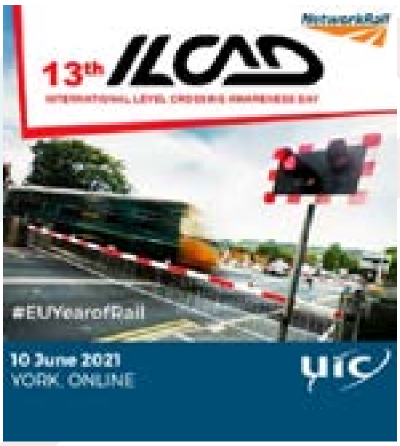
Safe Internet Day

The Safe Internet Day was celebrated on 9 February under the theme "Together for a better Internet". This initiative, which IP joined, was created by the joint network Insafe-INHOPE, through the project funded by the European Union "EU Safe-Borders", in 2004, which brings together organisations that develop the conscious use of the Internet in the European Union.

NATIONAL DAY FOR PREVENTION AND SAFETY AT WORK

This celebration, which takes place all over the world on April 28, aims to highlight Safety at Work, as a fundamental value of employers and employees. 25 years ago, the "National Day for Prevention and Safety at Work" was celebrated for the first time in Portugal, with a tribute to victims of work accidents and occupational diseases.

INTERNATIONAL LEVEL CROSSING AWARENESS DAY



The 10th of June was the International Level Crossing Awareness Day (ILCAD). This Day is promoted by UIC – Union Internationale des Chemins de Fer, and was celebrated for the 13th consecutive year, in 2021, aiming to disseminate information and raise awareness among pedestrians and drivers to comply with signs and safety rules in level crossings. IP has supported and collaborated with this initiative since the first edition, in favour of the adoption of safe behaviours when crossing the railroad.

IP AT THE "THE EARTH IS SHAKING" DRILL IN BOMBARRAL

On November 5th, Bombarral was the stage for the celebrations of the 9th edition of the District Seismic Risk Awareness Drill - The Earth is Shaking. The action took place at the facilities of the Fernão do Pó Basic and Secondary School and consisted of a drill with real intervention of means, to which IP joined.

AT LEVEL CROSSINGS DO NOT TAKE RISKS

IP and the Vila Franca de Xira Parish Council, in partnership with the Vila Franca City Council and the Police, promoted an awareness campaign among users, on the precautions to be taken when crossing the Level Crossing (PN) located next to the train station of this city.

CAMPAIGN - "PORTUGAL IS CALLING FOR YOU, FOR EVERYONE."

IP joined the National Mobilisation "Portugal calls for you, for everyone" campaign, launched by the Agency for the Integrated Management of Rural Fires. Messages were displayed on the variable message screens on roads under IP jurisdiction, across the country. Within the scope of road and rail infrastructure management, IP develops activities that aim at the quality of the service, the safety of traffic and populations, working in the defence of the forest heritage.

IP JOINED THE DISSEMINATION OF SEVERAL ROAD SAFETY CAMPAIGNS:

Campaign "Zero dead on the road, every day"

IP joined the ANCIA campaign, in partnership with the GNR and the PSP, which aims to promote safer behaviour by drivers, with the aim of registering zero deaths in road accidents, at least, in a single day. The initiative took place during the European Mobility Week as part of the European Roadpol Safety Days project, with the motto "Choosing life is mandatory".

Campaign "Travel without haste"

IP joined the National Road Safety Authority (ANSR) in advertising the "Travel without haste" Road Safety Campaign, included in the 2021 National Inspection Plan.

'Sécur'été 2021' Road Safety Campaign

The Road Safety campaign entitled «Sécur'été 2021 – Summer in Portugal » is aimed at Portuguese and Portuguese-descendants, residing in France, who travel by car to Portugal during the summer holidays. It takes place in three countries – France, Spain, and Portugal – and its main objective is to reduce the number of accidents during long journeys and at night. IP contributed by assigning billboards to advertise the Campaign.

"THE EARTH IS SHAKING"

National exercise "The Earth is Shaking" was carried out on 5 November (World Tsunami Risk Awareness Day"), promoted by the National Emergency and Civil Protection Authority, which IP joined, during which participants are invited to perform three life-saving gestures: DROP, COVER, HOLD ON for one minute.

Christmas and New Year Campaign - "The best gift is to be present"

IP participated again with the National Road Safety Authority (ANSR) in the dissemination of the Road Safety Campaign "The best gift is to be present", which takes place between the 22nd and 27th of December. As in previous years, IP supports these campaigns with the collective purpose of "saving lives" and achieving Zero Deaths on the road.

6.4.2.4 Mobility

Cyclable Mobility in Portugal presented at Velo-City 2021

The world bicycle mobility conference, Velo-City 2021, took place in Lisbon, from the 6th to the 9th of September. The event featured a session promoted by the Institute for Mobility and Transport, dedicated to the National Strategy for Active Cyclable Mobility (ENMAC), where IP, represented by Paulo Rodrigues, from IP Património, participated in the session on Cyclable Mobility in Portugal: a strategy for a sustainable future | Cycle Mobility in Portugal: a strategy for a sustainable future, sharing the experience of the National Eco-Lanes Plan.

September 20th, "A Day with the Train"

The initiative was part of the celebrations of the European Year of Rail Transport, as well as the European Mobility Week. During this day the price of suburban trips was only €1 - round trip.

Lisbon Metropolitan Area Tour by Bike

IP once again joined the European Mobility Week 2021, which took place between the 16th and 22nd of September. The Lisbon Metropolitan Area Tour by Bicycle consisted of two informal rides on the north and south banks

National Strategy for Active Pedestrian Mobility

IP is part of the Working Group in charge of developing the proposed National Strategy for Active Pedestrian Mobility (ENMAP), coordinated by IMT.

6.4.2.5 Culture and Leisure

WALL Festival | The Wall that (re)unites us in Parque das Nações

As a result of the close collaboration established between IP, and the Galeria de Arte Urbana, of the Lisbon City Council, and within the framework of the "Festival de Arte Urbana - MURO 2021", interventions were developed in the surroundings of Gare do Oriente, the main centre of the event, bringing together several urban art artists around an IP Wall.

Book "The Long Road to Equality" in the National Reading Plan

IP supported the launching of the first book published by iGen, "The Long Path to Equality. Women and Men in the 21st century", as a member of iGen - Equality Organizations Forum. The book, which was included in the National Reading Plan, was launched on March 8 - International Women's Day, and views to raise awareness among future generations to the issue of equal opportunities between men and women in the labour market.

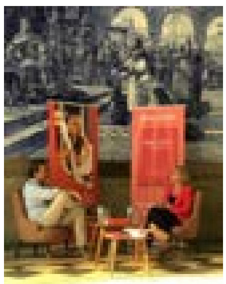
IP celebrates the National "Azulejo" Day

To mark the National Azulejo" Day celebrated on 6 May, IP and IPP, in association with CP – Comboios de Portugal, launched the "Azulejo Routes" project. IN 2021, the choice fell on the Minho Route, the first Local Route (stations with tiles per line and branch).

Exhibition of Inês Carrelhas at São Bento Station

On June 10, at the Clock Tower of São Bento Station, the exhibition "mamaminha" by textile artist Inês Carrelhas was inaugurated.

Book "Station" presented at São Bento



The public presentation of the book "Station - . 25 years of Life between Cities", by Paula Teles, founder and CEO of MPT – Mobilidade e Planeamento do Território and President of the Instituto de Cidades e Vilas com Mobilidade (ICVM) em Portugal took place at São Bento Station.

King Dom Sebastião returns to Rossio

On July 21, a replica of the statue of D. Sebastião, destroyed in 2016, was placed in the niche on the front wall of the Rossio Railway Station.

JEP 2021 | Railway Neighbourhoods of Entroncamento open to the public

Representing a partnership between IP, the National Railway Museum and the Municipal Council of Entroncamento, visits took place at Bairro da Estação, Bairro do Boneco, Bairro da Vila Verde e Bairro Camões. This initiative aimed to make disclose the history of an important railway heritage; it took place within the scope of the European Heritage Days 2021 - "Inclusive and Diversified Heritage", from September 24 to October 3. IP prepared a digital campaign, advertised on the Company's social networks, with the aim of promoting, disseminating, and sharing knowledge about the historic road-rail heritage under its direct management.

The City and Iron | I Sculpture symposium of Entroncamento

The National Railway Museum, in Entroncamento, welcomed the 'City and Iron' initiative, which included the 1st Entroncamento Sculpture Symposium and the Creation of Iron Sculptures, within the scope of the VOLver Programme. This initiative was supported by the Fundação Museu Nacional Ferroviário and by IP, which contributed with various materials from the railroad that served as raw material for the sculptors.

International Day for Monuments and Sites 2021

"Complex Pasts: Diverse Futures" was the motto chosen by the Directorate-General for Cultural Heritage to mark the International Day for Monuments and Sites (DIMS) which was celebrated on 18 April. IP joins the initiative with a joint proposal from IPP and CP - Comboios de Portugal, with the collaboration of Projeto Andarilho.

IP wins "Conservation and Restoration Intervention" Award

IP won the "Conservation and Restoration Intervention" award in the 2019-2020 SOS Azulejo Awards' edition for the Conservation of the Azulejar Heritage on the West Line.

IP awarded SOS Azulejo Prize

The SOS Azulejo Awards, 2019-2020 edition, were delivered on November 9, in a ceremony held at Palácio Fronteira. IP was awarded in the Category "Conservation and Restoration Intervention", relating to the conservation and restoration work of tile panels at the stations of Mafra, Outeiro, Bombarral, Óbidos, Caldas da Rainha, Valado and Leiria, of the West Line.

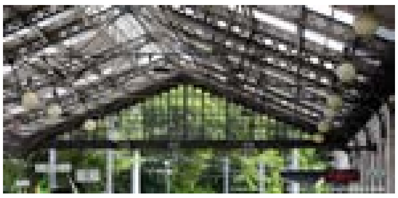
360 Virtual Exhibition

This initiative aimed to promote rail transport as a sustainable, innovative, interconnected, intermodal and safe transport in Europe, as the Railway celebrates 165 years in Portugal.

165 years of Railway in Portugal

The anniversary of the Railway was commemorated on October 8th. The first railway section between Lisbon and Carregado, on the East Line, now called the North Line, was inaugurated on October 28, 1856. The European Commission has designated 2021 as the European Year of Rail Transport, with the aim of promoting this sustainable, smart and safe mode of transport and encourage its use, contributing to the achievement of the EU's Green Deal objective of climate neutrality by 2050.

Art and Railway Project – Other perspectives – European Year of Rail Transport - 28 October – November – presentation at the virtual exhibition



Initiative promoted by IP and IP Património, within the scope of the commemorations of the European Year of Rail Transport. Nine renowned Portuguese photographers, from various age groups, were invited to join an artistic project on the various elements that make up the "world" of the railroad.

They took photographs of stations, pieces from the National Railway Museum, lines, stops, the tile heritage, passengers, details, as well as the crossing, the deck and the train that crosses the bridge over the Tagus in Lisbon. The aim is to encourage "a new look" on the various elements and promote different records, to be included in a book, and displayed in exhibitions and other media.

Printing of the stamp commemorating the European Year of Rail Transport – EYRT

This initiative by CTT in partnership with IP, CP, Fertagus, Medway and Takargo aimed to highlight the importance of the railways in the decarbonisation and digitalisation strategy defined by the European Commission. The stamps produced within the scope of the EYRT highlight the important role of the railways managed by IP, of the passenger and freight transport operators, whose management and physical support allow the entire transport operation to happen.

National Drawing Competition on Rail Transport

An initiative organised by the Fundação Museu Nacional Ferroviário, IP and CP - Comboios de Portugal, in partnership with the Directorate-General for School Establishments, within the scope of the EYRT. The 1st edition of the National Drawing Competition on Rail Transport was addressed to 2nd and 3rd cycle students from all primary schools in mainland Portugal, Madeira and the Azores, and aimed to advertise and promote rail transport, as well as the historical rail heritage with young people.

More than 800 drawings were received from 82 schools, with 1st, 2nd and 3rd prizes, a special National Railway Museum prize and 10 honourable mentions.

1st Prize: Carolina Lopes, from EB 2/3 Gil Vicente:

Book "Don't miss the Train!" at Rossio Station

The launching of the book "Don't Miss the Train! Stories About Carris and Other Travels", by author Alexandra Sousa, which had the support of IP, within the scope of the European Year of Rail Transport took place at Rossio Station.

The King's Room at Rossio Station hosted a photo exhibition called «Le regard et l'excédent», from November 17th to December 15th.

Caricature Festival at São Bento Station, emblem of PortoCartoon

As part of the 23rd edition of the PortoCartoon-World Festival, on the 27th and 28th of November, São Bento Station hosted another Caricature Festival. This initiative was attended by several national and international caricaturists, including some of the award-winning artists in the PortoCartoon 2021 edition, dedicated to the theme of "Health".

"Salão Piolho" at Cais do Sodré Station

On December 3, the Cais do Sodré Railway Station, in Lisbon, hosted a free admission photo-concert. The first week of December marked the return of Salão Piolho, an initiative by the Inatel Foundation that evoked the old improvised cinemas in Lisbon.

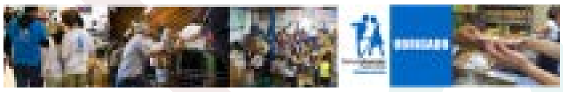
Exhibition commemorates the 70th anniversary of the Marechal Carmona Bridge

An initiative called "The (re)affirmation of an identity element", developed by IP and the Municipal Museum, in Vila Franca de Xira, which will run from December 30, 2021 to October 30, 2022.

6.4.2.6 Involvement with stakeholders/ communities

VULNERABLE GROUPS (LIFE QUALITY AXIS)

Food Bank Against Hunger Campaign "There will always be room for one more at our table'/ 'One dish One bag. One voucher. Anything is accepted."



Regarding the support to vulnerable groups, we highlight the partnership with the Food Bank Against Hunger IP continuously supports this cause by giving permission to using its premises in Lisbon, Caldas da Rainha, Évora and Covilhã. IP encourages its employees to participate in the Food Collection Campaign in supermarkets, which usually takes place twice a year.

Support social economy entities through the IRS

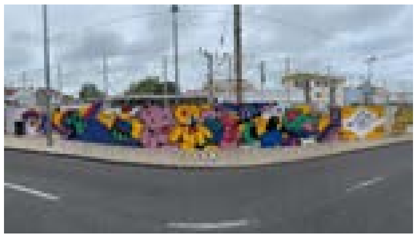
IP raises awareness among employees to support social organisations that need everyone's support, allocating 0.5% of the IRS to a Social Economy entity.

Donation of 52 used computers to Social Solidarity Institutions and Fire-fighters

In line with its Social Responsibility Policy and strategic vision for the creation of shared value, under a Cooperation Protocol, IP offered a total of 52 computers, to various Social Solidarity institutions and Fire-fighters, in different parts of the country (Beja, Almada, Coimbra, Entroncamento and Santiago do Cacém), helping disadvantaged children, young people and adults, promoting their inclusion.

Campaign "April, Month of Child Abuse Prevention"

IP joined the Campaign, symbolised by the Blue Ribbon, and disseminated throughout the country by the National Commission for the Promotion of Rights and Protection of Children and Youth (CPCJ), with the slogan "I will be what you give me...let it be love", promoted by the Algueirão-Mem Martins Parish Council and the CPCJ, with a mural painting by the artist Vasco Costa at the Algueirão-Mem Martins Station.



33rd Christmas Party with Homeless People

In 2021, Comunidade Vida e Paz celebrated the 33rd Christmas Party with Homeless People, in the canteen of Cidade Universitária, on the 17th, 18th and 19th of December. IP supported the dissemination of the event, appealing to everyone's contribution to bring Christmas to those who need it most.

International Day for the Elimination of Violence Against Women!

To mark this date, the Secretary of State for Citizenship and Equality, Rosa Monteiro, and the Commission for Citizenship and Gender Equality (CIG) launched the #PortugalContraAViolência Campaign; IP helped to advertise the campaign. The Campaign aimed to strengthen surveillance against domestic violence, raising awareness of the impacts of this crime not only on women, but also on children.

Yellow September | World Suicide Prevention Day

The well-being of the population is a constant concern of IP. The month of September, known as Yellow September, was marked by the 10th World Suicide Prevention Day. With the objective of reducing the number of suicides and suicide attempts on the National Railway Network and aiming to help people in these extreme and psychologically complex situations, IP and the Sociedade Portuguesa de Suicidologia (SPS), launched a joint campaign to advertise the importance of mental health and suicide prevention.

Justice Youthopia Project Campaign

Approved by the European Commission in 2019, project Justice Youthopia – improving children participation in legal proceedings – has a duration of two years. IP was a partner in the dissemination of this project, through the provision of several billboards on the railway network.

International Disability Day

The 3rd of December was the International Disability Day, the day to welcome what sets us apart and to find solutions that unite us IP supported and collaborated in the dissemination of the #IguaisDiferentes #IguaisProfissionais Campaign, an initiative that aims to raise awareness to the talent and abilities of those with a disability.

IAC – Instituto de Apoio à Criança Christmas Solidarity Campaign

IP is associated with the dissemination of the IAC Christmas Campaign and Giving Tuesday. We are committed to the defence of the Rights of the Child and to continuous improvement in everything that concerns childhood and youth in Portugal.

"Your Christmas gift is our children's New Year's resolution. Help a child change his/her life in 2022."

HEALTHCARE AND DISEASE CONTROL (LIFE QUALITY AND SAFETY AXIS)

In relation to issues relating to healthcare and disease control in a year marked by the Covid-19 pandemic, IP was particularly active, having joined several initiatives:

2nd Edition of "Race for Life" | Portuguese League Against Cancer

The 2nd edition of the "Race for Life", promoted by the Portuguese League Against Cancer, aimed to put everyone in motion in favour of cancer patients, particularly the most needy; IP joined by supporting the dissemination of this initiative, within the scope of the Company's Social Responsibility policy.

Covid-19

Against the background of the Covid-19 pandemic, IP organised and joined several initiatives of the Health Authority (DGS) and the Government on this issue:

Did you test positive?" Campaign Follow the recommendations of DGS

IP joined the DGS Campaign, raising awareness to the mandatory use of the mask, respect for respiratory etiquette, physical distancing and frequent hand washing, following the guidelines of health professionals, if you are positive for Covid-19.

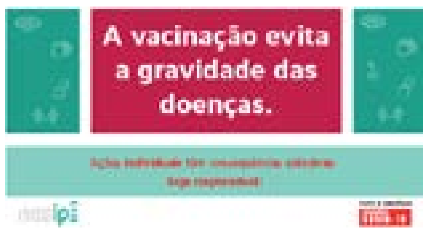
Covid-19 | "To be Patient or to be a Patient"

IP joined the DGS "be patient or be a patient" campaign. Controlling the Covid-19 pandemic depends on you, it depends on the attitude of each and everyone of us.

COVID Vaccination and Digital Certificate

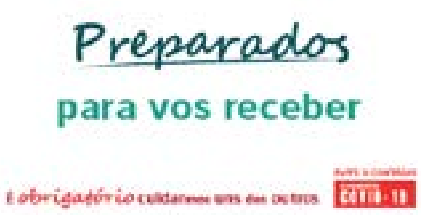
In line with the guidelines of the Directorate-General for Health, and as a company active for the public sake, IP sought to raise awareness among employees to the importance of vaccination in containing the pandemic, and of obtaining the Digital COVID Certificate of the EU.

Campaign - Vaccination prevents the severity of diseases



IP internally launched the "Vaccination prevents the severity of diseases" campaign, with the aim of raising awareness among employees to the importance of continuing to behave safely.

We are prepared to welcome you

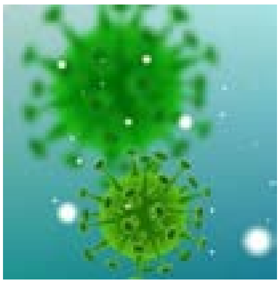


Following a long period in which everyone was subject to mandatory lock-down measures and remote working, as the epidemiological situation stabilised, IP promoted a gradual return to the face-to-face work, without jeopardising the compliance with all public health protection rules established by the relevant authorities.

Covid-19 Test Plan

New measures were implemented by the Directorate-General for Health aimed at a stricter control of the infection. One of the measures taken was the intensification of Covid-19 tests; IP introduced this approach in its testing plan under the coordination of IP Contingency Plan Management Group.

Covid -19 | Mandatory use of face mask



IP raised employees´ awareness to the mandatory use of mask in all closed spaces and in all areas (not exempted by the Directorate-General for Health), namely in the interior spaces of IP Group companies, regardless of whether it was possible to ensure the recommended social distance (2 m).

We have to take care of each other

The purpose of this 2nd Internal Campaign was to remind us that having responsible behaviour does not make us weaker nor does it affect our personal or group identity.

WAP - Workers Assistance Programme

Considering the seriousness of the public health situation, IP continued to intensify measures aimed at ensuring the best conditions for the health, safety and protection of employees, namely the "WAP - Workers Assistance Programme", made available free of charge to IP Group employees.

"Ninho" open to support the fight against Covid-19

As a socially responsible company and considering its role in the fight against Covid-19, IP decided, with the Government's approval, to keep the nursery and kindergarten equipment "O Ninho" open to support health professionals, as well as the Company's employees in key functions.

Additionally, IP issued several normative and programme documents relating to the Covid-19 situation:

Lifting of Covid-19 restrictions | Recommendations and Revision of IP Manual

In accordance with the law, IP defined the rules and behaviours to adopt at the workplace following the third phase of the lifting of restrictions in the Revised Covid-19 Contingency Plan (V.02).

Covid-19 Pandemic related Report

In line with its principle of transparent and strict communication, IP published on its intranet key indicators on the impact of the Covid-19 pandemic on IP Group.

Social Benefits

Measure +Pai

On Father´s Day, we congratulated all carer fathers and rewarded the Fathers of the Year 2020, within the scope of +Pai initiative, with 2 days (up to 4 days) for each 30 consecutive days period enjoyed by the father on parental leave. Measure +PAI is provided in the Gender Equality Plan and the Agreement entered by IP and iGen - **Fórum das Empresas para a Igualdade**, showing year after year, that reconciliation is not only possible but increasingly sought for and practised.

6.5 Natural Capital

Within the scope of promoting environmental protection and sustainable development at IP, and despite the pandemic background, IP continued the implementation of the processes related to environmental management in the road and rail context, promoting innovation and the improvement of services with an impact on environmental performance.

These processes cover the whole life cycle of infrastructures, from planning to design, construction, operation, and maintenance.

Eco-design principles were reflected in the projects developed, by introducing, whenever possible, the re-use and recycling of raw materials that reconcile environmental protection options with other intervention needs in the network, in line with the principles of the Circular Economy promoted by the EU.

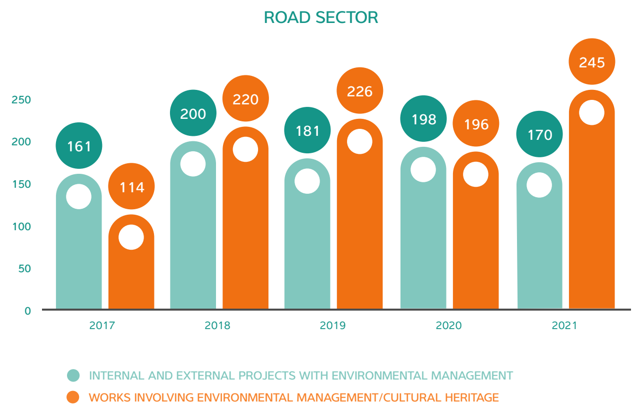
We continue to contribute to the preservation of the environment and biodiversity, directing the company's growth to environmentally sustainable results.

ENVIRONMENTAL INDICATORS	UNIT	2017	2018	2019	2020	2021
Global energy consumption *	GJ	325 055	331 462	323 486	288 804	288 250
Water used	m^3	215 780	204 148	226 971	198 316	219 505
Greenhouse gas emissions	tonCO2eq	15 226	15 585	15 349	13 485	13 444
Total waste produced	ton	6 069	6 096	16 036	12 582	5 704
Environment-related investment	M€	8	17	17	14	2,5
Fuel consumption	l	1 680 801	1 746 987	1 778 528	1 454 943	1 472 198

* Based on conversion factors provided in Ordinances 15793-D/2013, of 3 December and 17313/2008, of 26 June

Environmental and cultural heritage management in design, construction, and maintenance

Environmental management and cultural heritage activities in design, construction and maintenance play a very important role at IP.

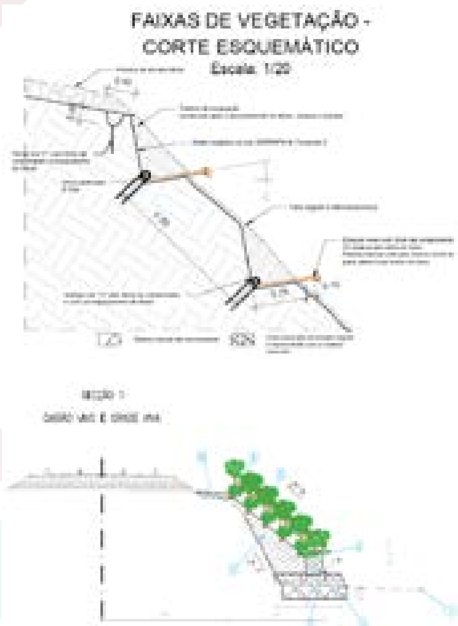


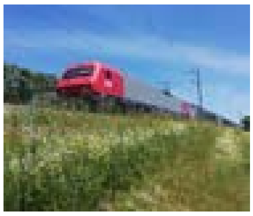
In the road segment, we point out a slight decrease in 2021 as compared to 2020 in the number of projects with environmental management developed internally or outsourced, and an increase in the number of works and maintenance services involving environmental management and/or management of the cultural heritage.

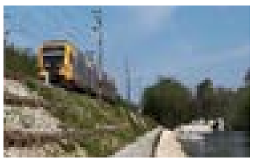
In the railway segment, in 2021 there was a decrease in the number of works and services provided with environmental/cultural heritage management, however, there was an increase in projects requiring environmental/cultural heritage management.

It should be noted that IP has begun to gradually implement principles of natural engineering in its projects and works, especially in places requiring geotechnical structural reinforcement, such as slopes. In these cases, the consolidation of slopes is done using more natural materials (e.g. gabion walls) and vegetation suitable for this purpose, to the detriment of construction processes with more impacts (e.g. projected concrete).

In this context, we highlight the intervention on the North Line – km 281+625 to 281+782, for the stabilisation of the embankment slope, using natural engineering principles.





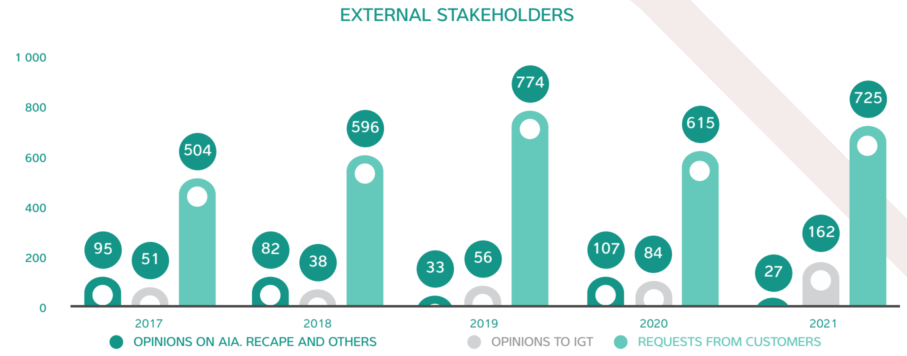


Involvement with Stakeholders

Interaction with external stakeholders is increasing at various levels, as shown in the growing number of requests/answers to customers on environmental issues, with emphasis on the management of forestation and the environmental noise generated in our infrastructures.

Likewise, the company participated in processes relating to Land Management Instruments and procedures promoted by the Environmental Impact Assessment authorities (EIA), within the scope of the EIA legal framework.

In 2021, IP received 914 requests of an environmental and land planning nature made by external stakeholders, 108 more than in 2020.



With regard to the **management of the environmental activities** of our networks, emphasis was given to the landscape, while bearing in mind the safety of roads and railways and of the neighbouring land.

In 2021 we continued to fulfil the requirements relating to the defence against forest fires, contributing to the revision of Municipal Plans (PMDFCI's), and supporting operational areas in the field of natural fuel management for the prevention and protection against fire in the areas adjacent to the road and rail networks.

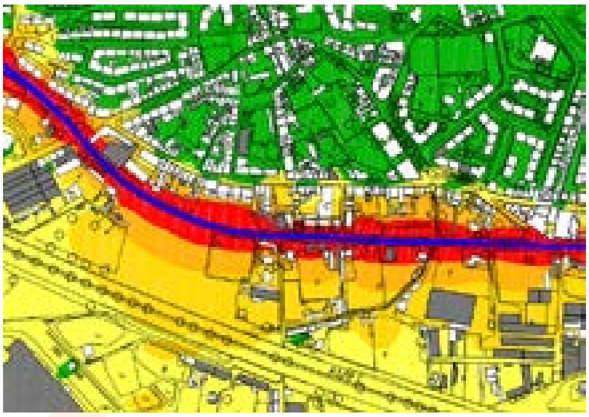
Environmental Noise

In 2021, the Portuguese Environment Agency (APA) approved the National Railway Network Action Plans, corresponding to the Major Railway Transport Infrastructure (MTI), that is, the railway lines with more than 30,000 trains per year.

The full or ongoing implementation of the following works led to a reduction in the number of people exposed to high levels of noise thanks to an improvement of the track superstructure:

- North Line - ESPINHO-GAIA - RIV/North/South Corridor - North Line;
- North Line – Improvement of the superstructure and road infrastructure between km 2,040 and 3,900;
- Minho Line - Renovation of the track superstructure at PK 7+750 to 5+050

- Cascais Line - Improvement of the track superstructure at PK 7+400 and PK 16+000.



With regard to the road network, the APA approved the Action Plans for a significant number of MTI (with traffic exceeding three million vehicle passages per year), in the overall equivalent of 1039 km.

Landscape Management

In the field of landscape management IP continued the work relating to the Invasive Plant Control, as provided in current Maintenance Contracts and as relevant authority in the management of road and railway infrastructures in Portugal.

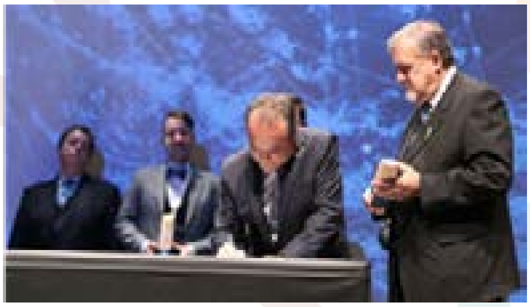
These actions took into account the goals of the "Life Stop Cortaderia" Project. This project views the creation of a Transnational Strategy to manage invasive pampas grass (Cortaderia selloana) in the Atlantic Arc. It started in October 2018 and will end in September 2022 and is promoted by Associación AMICA (Spain) and SEO/BirdLife (Sociedad Española de Ornitología), in cooperation with other Spanish and Portuguese partners, namely Patronato Municipal de Educación SERCA CEE, Escola Superior Agrária de Coimbra/Instituto Politécnico de Coimbra and the Municipal Council of Gaia.

Sustainability and Efficiency Programme – SEE

The Sustainability and Efficiency Programme (SEE) was continued in 2021, as part of the Company's environmental sustainability drive. This programme views increasing optimisation and streamlining of operation-related resources.

The Sustainability and Efficiency Programme (SEE) covers the following themes: energy, water, landscape, mobility, and waste.

In 2021 IP continued focused on its climate commitments, namely, Business Ambition for 1.5º C. Under this initiative promoted by the United Nations - Global Compact, companies are committed to aligning their activity and business processes with the goals of the Paris Agreement, to limit global temperature rise to 1.5°C above pre-industrial levels.



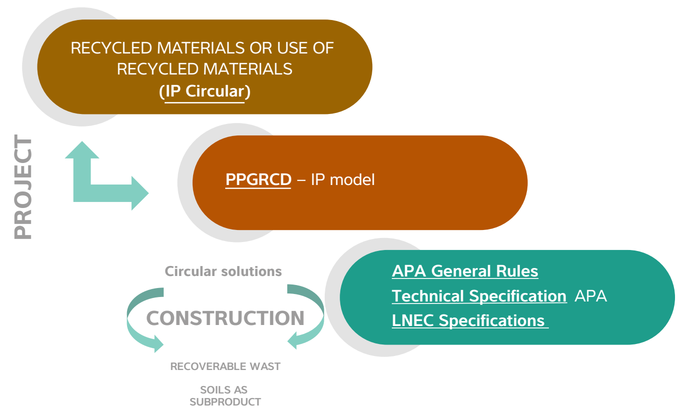
IP has already prepared its emissions inventory for the base scenario in 2021 and is preparing its carbon performance roadmap for the coming years. These steps comprise a comprehensive analysis of the various business processes and activities of IP, including the inventory and monitoring of associated emissions, in order to allow IP to outline its emission reduction targets for the coming years and measures to achieve them, which will need to be approved by the Science Based Targets Initiative (SBTi) scientific committee.

6.5.1. Key Eco-efficiency Indicators (Detail)

MATERIALS

Circular Economy – from Design Project to Construction

IP has gradually aligned its activity with the principles of the Circular Economy and in 2021, with the entry into force of Decree-Law no. 102-D/2020, of 10 December, IP's interventions in discussion forums and the development of supporting documentation have promoted its applicability in the Company's core areas.



Eco Sustainable Rail Project

The Eco Sustainable Rail Project, which took place over 3 years, aimed to find an alternative to the wooden sleeper, valuing mixed plastics that are usually not valued in conventional recycling processes, and developing eco-sustainable railway sleepers.

During 2021 the Company monitored the behaviour of Eco Rail sleepers, focusing on those installed on the East Line, along 60 metres of railroad track. The 1st pilot installation in Entroncamento with only four sleepers was intended to be a first test (assembly on the track).

Scale and gauge measurement campaigns have been carried out since January 2021, in order to assess the behaviour of the sleepers, and they are intended to last until 2023. To date, no technical reasons have been identified that would motivate the replacement of any sleeper.

CLOSER Project - Close to Resources Recovery

The CLOSER Project, promoted by LNEC, in partnership with APA and IMPIC, aims to prepare a Portuguese Guide for carrying out preliminary audits to the demolition and renovation of buildings, viewing to increasing the application of the principles of Circular Economy in the construction sector, contributing to a reduction in construction and demolition waste, minimizing the presence of hazardous substances and promoting the production of higher quality secondary materials.

In 2021, IP participated in the Closer Project with the case study of the 'Covered Platform of Malveira', included in the Modernisation Contract of the Mira Sintra-Meleças/Torres Vedras section (excl.), of the West Line.

The Covered Platform of Malveira was subject to detailed characterisation, with an inventory of all the constituent elements, in order to determine the deconstruction sequence and reuse solutions, for materials that meet quality conditions for reuse.

The deconstruction procedures defined allowed preventing the mixing of materials with the potential to be reused with those that were sent for recovery or used as waste in the work, in compliance with the general rules, starting the whole process with the removal of the asbestos-containing waste, in order to eliminate contamination from the remaining elements of the Platform.

In terms of material consumption, different types of materials are consumed in the current activity of construction and maintenance of the road-rail network, which are reused whenever possible in IP's activity.

On the railway, the following consumption, use and re-use of the following track materials were recorded in the year 2021:

RAIL (km)		
INFLOW (TOTAL)	NEW OUTFLOW	USED OUTFLOW
313.85 km	238.61 km	6.984 km

SLEEPERS (UNIT)				
WOOD		CONCRETE (MONO AND DUAL BLOCK)		
INFLOW	OUTFLOW	INFLOW	LEFT NEW	USED OUTFLOW
88 542	59 846	127 219	166 136	6 015

RE-USE TRACK MATERIAL FOR USE OTHER THAN INITIAL USE		
MATERIAL	METRES	TOTAL QUANTITY
Rail 54E1 EDA sub-station at Ilha Terceira in the Azores.	86.4	526.4
Rail 54E1 installation of gantry on the rails, in a quarry, in the Mangualde area	180	
Rail 54E1 non rail application	260	

The following consumptions of raw materials were recorded in 2021 in the road secor:

RAW MATERIALS	TOTAL
Bituminous mixtures (m^3)	131 554
Concrete (m^3)	20 653
Iron and steel (ton)	2 321
Selected soils for landfills and aggregates (m^3)	333 149
Brine (ton)	2 201

ENERGY CONSUMPTION

IP's energy consumption figures refer mainly to the consumption of electricity, fuel, and gas.

Gas consumption

In 2021 the IP Group gas consumption totalled 2,225 GJ, decreasing by 45% over the previous year. The repair of the air conditioning system (chiller) at OCC Lisboa, powered by gas, contributed to this reduction, with the subsequent reduction in consumption.

YEAR	GAS CONSUMPTION (GJ)
2017	4 257
2018	5 066
2019	6 919
2020	4 030
2021	2 225

Electricity consumption

The global consumption of electricity in the IP Group in 2021 was 64,279,681.00 kWh, with a slight increase of 0.3%, explained by the return to workstations following Covid by IP employees.

It should also be noted that this figure is still lower than the reference value of 2019 (70 GWh).

Consumption was calculated for low voltage, special low voltage, and medium voltage from the operation of buildings, facilities and road and rail equipment (traffic lights, street lighting, etc.).

YEAR	CONSUMPTION (KWH)	CONSUMPTION (GJ)
2017	71,788,906	258,440
2018	72,661,759	261,582
2019	69,606,456	250,583
2020	64,109,943	230,796
2021	64,279,681	231,407

6.5.3. ENERGY CONSUMPTION

OVERALL ENERGY CONSUMPTION

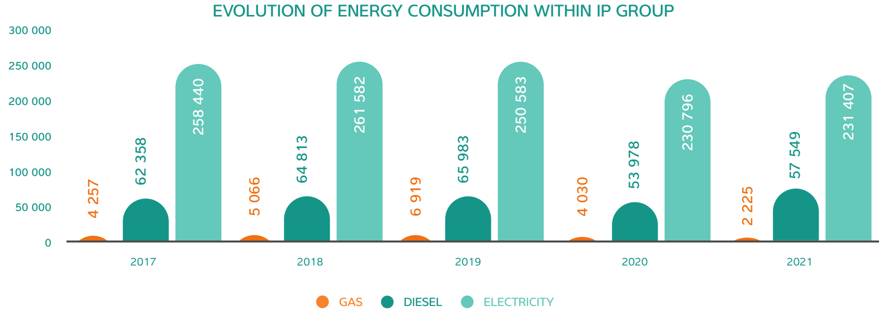
Based on the various consumptions presented above, overall energy consumption value recorded for the IP group was 288,250 GJ, corresponding to a slight decrease compared to 2020.

"ENERGY SOURCE (GJ)"	2017	2018	2019	2020	2021
Diesel	62 358	64 813	65 983	53 978	57 549
Gas	4 257	5 066	6 919	4 030	2 225
Electricity	258 440	261 582	250 583	230 796	231 407
TOTAL	325 055	331 461	323 486	288 804	288 250

Among energy consumption figures, electricity and fuel bear the most relevant weight within the Organisation, in contrast to gas consumption, which is of little relevance compared with the other energy sources.

The breakdown of the various types of energy consumption is shown in the graph below, which shows that they have remained relatively constant over the last 5 years.

EVOLUTION OF ENERGY CONSUMPTION WITHIN IP GROUP



INITIATIVES TO REDUCE ENERGY CONSUMPTION

In 2021, we highlight the continued implementation of energy efficiency measures in IP facilities and infrastructure, with emphasis on the replacement of lighting with more efficient LED systems; 72 interventions were carried out, which will allow energy savings estimated at 555,000 kWh/year.

Two new Solar Energy Production Units for self-consumption (SEPU) were also installed, in carport systems, at the IP Headquarters, in the Pragal Campus and in Porto.

At the Operational Control Centre – Porto, the SEPU has a total power of 65 kWp, comprising 126 high-power modules (520 Wp each).

On the Pragal Campus, the SEPU has a power of 171 kWp, being composed of 330 photovoltaic modules (520 Wp each), which will ensure a production of around 10% of the campus's total electrical consumption.

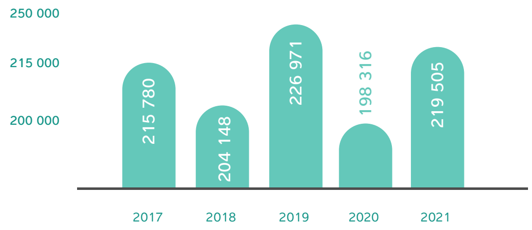
These 2 units have the particularity of being installed in car park covers. In addition, new charging stations for 100% electric vehicles or plug-in hybrid vehicles were also installed in the 2 SEPUs, favouring the electric charging of vehicles with "greener" energy.

6.5.4. Water

In buildings and facilities allocated to IP, water comes essentially from the public network, with no water source being affected by water consumption. In 2021, IP recorded a total water consumption of 219,505 m^3, 10% more than in 2020 and coinciding with the return to face-to-face work of most IP employees.

IP WATER CONSUMPTION [M³]				
2017	2018	2019	2020	2021
215 780	204 148	226 971	198 316	219 505

IP WATER CONSUMPTION
[m³]

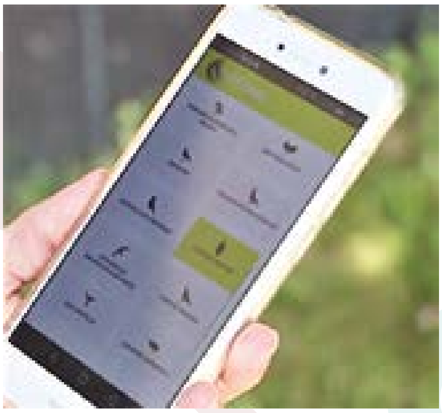


6.5.5. Biodiversity

Recognising the need to monitor the impacts on fauna, IP implemented a fauna mortality monitoring programme on the roads under its jurisdiction, which is in place since 2010. According with this programme, any sighting of dead animal during road inspections is recorded in a geo-referenced database and the critical situations and blackspots for fauna mortality are then identified based on these records, with the aim of proposing measures to minimise them.

Over the last few years, the University of Évora has collaborated with IP, within the scope of the LIFE LINES Project. This Project took place between August 2015 and May 2021, during which the University team monitored some roads in the district of Évora. The results of this monitoring were integrated into the IP database, which analysed them together with their data.

IP updates its database with data and information from the LIFE LINES app, which is a mobile app for recording animal mortality available to the public through Google Play, developed by IP in collaboration with the University of Évora.



LIFELINES application for fauna mortality record, available to the public

The app gathers all information on fauna mortality recorded by users and validated by the University of Évora. Subsequently to this validation, data are introduced in IP's database and the Project's national database and then used for scientific purposes, such as their modelling, viewing the implementation of measures to reduce fauna mortality and promote the creation of a Green Infrastructure to preserve and improve biodiversity. Moreover, the data contribute to road safety, as they help to identify the sections with the greatest risk of animals being run over.

For 2021 IP analysed all roadkill data recorded from the three sources mentioned above. The results are shown in an annual summary report soon to be available on IP website.

In brief figures, the number of animal deaths on roads directly managed by IP recorded in 2021 totalled 1802; 359 of these deaths were recorded using the LIFE LINE app and 16 were recorded by Universidade de Évora; 73% of the total are wild animals and 27% are domestic animals/pets. Mammals constitute the largest group recorded, especially domestic animals and wild carnivore. The number of birds detected was also relevant, particularly night birds of prey.

Recent studies show that, in general, carnivores and other mammals use water drainage tunnels and agricultural passages under the road to cross them, and that the availability of these structures can positively influence the reduction of their mortality on the roads. If L-mesh fences are associated with these passages, the decrease in animal mortality is substantially reduced. The results of this programme are taken into consideration in the definition of specific requirements to be included in future works, including measures to minimise the danger to fauna. The measures implemented in this area include solutions such as the expansion of hydraulic passages and the implementation of walkways for fauna in them, improvement of fences, complemented with the L-shaped net, mowing of slopes to increase visibility and avoid the presence of small animals that attract predators to the roads, and road signs to alert drivers in areas of greater risk of animals.

Also noteworthy are the measures aimed at protecting the Iberian lynx, which included special fences, installation of chromatic bands, specific signalling, and electronic panels for speed control, as well as public awareness campaigns, such as the use of vehicle to inspect road pavement friction, to raise awareness of the need to protect the Iberian lynx, since being run over is one of the main threats to its survival.

Wild carnivore fauna using causeways on Hydraulic Crossings and Engineering works (source: University of Évora)

Specific fences for the protection of the Iberian lynx

It should also be pointed out that under the LIFE LINES Project, various innovating solutions were also implemented to reduce fauna mortality on roads, such as:

- Channelling barriers for amphibians in hydraulic crossings under roads;
- Creation of new road sign specific for amphibians.
- installation of barriers to raise the flight of flying species, preventing them from being run over;
- Deployment of specific reflectors to reflect car lights off the roads, timely alerting night birds;
- Nets over the slopes to prevent rabbits and other animals from settle in or being run over.

Channelling barriers for amphibians in hydraulic crossings under the roads

Barriers to elevate the flight of flying species, in particular bats, nocturnal birds of prey and passerine birds

New road sign specific for amphibians

The solutions tested within the scope of the LIFE LINES Project were monitored in terms of their effectiveness, aiming to know their cost-benefit ratio and the feasibility of their use in promoting the company's environmental sustainability. Monitoring showed a good cost-benefit ratio and a high efficiency of most of the measures, with a significant reduction in the values of fauna mortality. For instance, in sections where barriers were implemented to guide the amphibians to the hydraulic passages, the mortality of this group decreased between 90% and 100% and in the sections where the L-mesh fence was implemented, there was a reduction of 90.8% in the mortality of carnivorous mammals.

These and other results of the monitoring, as well as the evaluation of their cost-benefit ratio, were transposed into Good Practice guides: **Guide – Solutions for Minimizing the Impacts of Roads on Fauna; Management Practices Guide for the Promotion of Biodiversity in Linear Infrastructures and Guide for Monitoring and Recording Data on Fauna Mortality by Run Over, which presents the work carried out on this topic, including the control of invasive vegetation, with several methods tested and positive results.**

Taking into account the increase in knowledge about the effectiveness of these solutions and the necessary requirements to optimise them, a Technical Instruction GR.IT.AMB.001 PROTECTION MEASURES was also produced, including a description of the measures and requirements to be taken into account to implement them.

6.5.6. Emissions

GREENHOUSE GAS EMISSIONS

Scope 1 and Scope 2 emissions were considered for the quantification of GHG emissions associated with the IP activity.

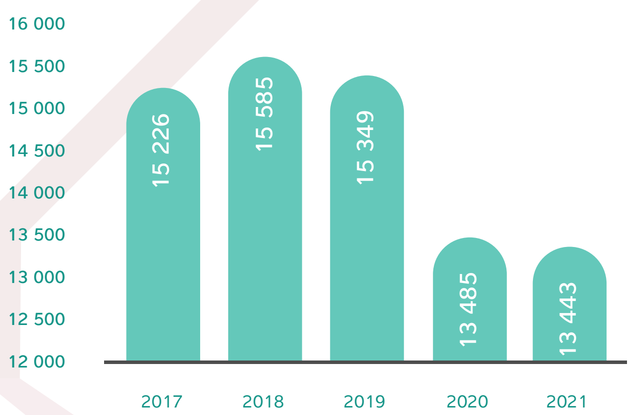
EVOLUTION OF TOTAL EMISSIONS (TONNES OF CO_2)										
	2017	%	2018	%	2019	%	2020	%	2021	%
Scope 1 - Direct emissions	5 329	35%	5 455	35%	5 372	35%	4 046	30%	4 167	31%
Scope 2 - Indirect emissions	9 897	65%	10 130	65%	9 977	65%	9 440	70%	9 276	69%
Total	15 226	100%	15 585	100%	15 349	100%	13 485	100%	13 443	100%

Direct emissions (Scope 1) recorded comprise the GHG emissions generated by the burning of fossil fuels from the IP Group's vehicle fleet and also gas consumption. Indirect emissions (Scope 2) were determined taking into account the electricity consumed in buildings, facilities and by equipment.

The amount of total emissions in 2021 was 13,444 tonCO_2eq, similar to the previous year, although with a residual increase. Figures for 2020 and 2021 are very similar, since the electrical consumption of these 2 years is also similar, and it is this category that contributes to a greater amount of greenhouse gas emissions at IP.

Based on the 2021 emissions, carbon intensity was 47 kgCO_2/GJ.

GREENHOUSE GAS EMISSIONS AT IP, SA



6.5.7. Effluents and Waste

In 2021 the production of waste resulting from the operation of IP's facilities and infrastructure was as follows:

EFFLUENTS AND WASTE	2017	2018	2019	2020	2021
"Total waste produced"	6 070	6 096	16 036	12 588	5 704
"Total waste for recovery"	6 047	6 042	16 034	12 578	5 351
"Total waste for disposal"	23	54	2 580	11	353
"Total hazardous waste"	6	45	80	107	140
"Total non hazardous waste"	6 064	6 052	15 957	12 482	5 564

Unit: tons

In 2021, there was a continued decrease in the global production of waste, as the waste liabilities existing in certain IP facilities have gradually been subject to collection, management, and treatment by waste operators.

The waste was largely recovered.

There were no records of spills of hazardous waste in 2021. With regard to water, as the water consumed at IP is essentially from the public network, no significant impacts were recorded. The discharge of urban wastewater from IP's facilities is mainly carried out using municipal networks, although coexisting with connections to septic tanks in some cases.

6.5.8. Environmentally related capital expenditure

Environment-related investment covers numerous aspects, although the largest slice goes to current maintenance of infrastructures, where expenditure totalled nearly € 2,856 million.

	2017	2018	2019	2020	2021
Environmental activities in current road conservation, landscape integration, environmental management and cultural heritage, acoustic barriers	7,4	16.6	17,04	13,50	10,60

unit: € million

6.5.9 Compliance

IP ´s activity is subject to various different legal requirements and environmental rules, which must be taken into account carefully. In 2021, no environmental infraction proceedings were brought against IP.

6.5.10 Awareness raising

In 2021, the following awareness-raising actions on environmental matters stand out:

- Awareness-raising actions and workshops aimed at new IP employees within the scope of Sustainability and Environmental Management at IP;
- 6 training sessions on "Monitoring the Mortality of Fauna on the Roads", divided into two modules, the first on the objectives and added value of the Monitoring Programme implemented at IP, addressing good practices and procedures for data collection and species identification, and the second on the Editing of Fauna Mortality Records in the GIS;
- Workshop "Solutions for Minimizing the Impacts of Roads on Fauna" (Projeto LIFE LINES) in April 2021, directed to IP employees but also to the public from the concessionaires, municipalities, IMT, APA, ICNF and researchers;
- Participation in the 2nd National Week on Invasive Species (2nd SNEI) and 1st Iberian Week on Invasive Species (1st SIEI), with the aim of raising awareness to biological invasions in a concerted action on invasive alien species.

Internationally, the following presentations at seminars and conferences stand out::

- Virtual LIFE Platform meeting – **"Lessons from LIFE on ecological connectivity towards a coherent, functional and resilient network of protected areas"**, March 2021. IP presented "LIFE LINES - Linear Infrastructure Networks with Ecological Solutions - Reducing Fauna Roadkills and Improving Connectivity"
- IENE 2020 International Conference |Final Seminar of the LIFE LINES project | January 2021. IP presented **"IP's participation in LIFE LINES: Reducing Fauna Roadkills and Defragmenting Habitats"**
- IENE 2020 International Conference, January 2021, where IP presented **"A National Programme to Monitor Fauna Roadkills in Portugal"**.

7. GOVERNANCE MODEL AND ORGANISATIONAL STRUCTURE

7.1 Governance Model

IP is a state-owned enterprise set up as a public limited company; it was incorporated and is governed by the following: Decree-Law 91/2015 of 29 May; its by-laws approved in annex to said law; the legal regime 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 optimisation.

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

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 2021 the share capital totalled € 9,870,180,000, fully subscribed and paid up by the State. The number of shares issued totalled 1,974,036, at a nominal value of € 5,000 each.

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 the shareholders. The Board of the General Meeting consists of the Chairman, Vice-Chairman and Secretary.

GENERAL MEETING

CHAIRMAN	VICE-CHAIRMAN	SECRETARY
NOT APPOINTED (*)	PAULO MIGUEL GARCÊS VENTURA	MARIA ISABEL LOURO CARIA ALCOBIA

(*) 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:

EXECUTIVE BOARD OF DIRECTORS

CHAIRMAN	VICE-CHAIRMAN	VICE-CHAIRMAN	MEMDER	MEMDER	MEMDER
ANTÓNIO CARLOS LARANJO DA SILVA	JOSÉ SATURNINO SUL SERRANO GORDO	CARLOS ALBERTO JOÃO FERNANDES	ALBERTO MANUEL DE AMLEIDA DIOGO	VANDA CRISTINA LOUREIRO SOARES NOGUEIRA	ALEXANDRE SOFIA VIEIRA NOGUEIRA BARBOSA

(*) The Chairman of the Executive Board of Directors, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

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.

The General and Supervisory Board is currently made up of two members, who are also members of the Financial Matters Committee:

GENERAL AND SUPERVISORY BOARD

FINANTIAL MATTERS COMMITTEE

CHAIRMAN	MEMBER
JOSÉ CASTEL-BRANCO	DUARTE PITTA FERRAZ

STATUTORY AUDITOR

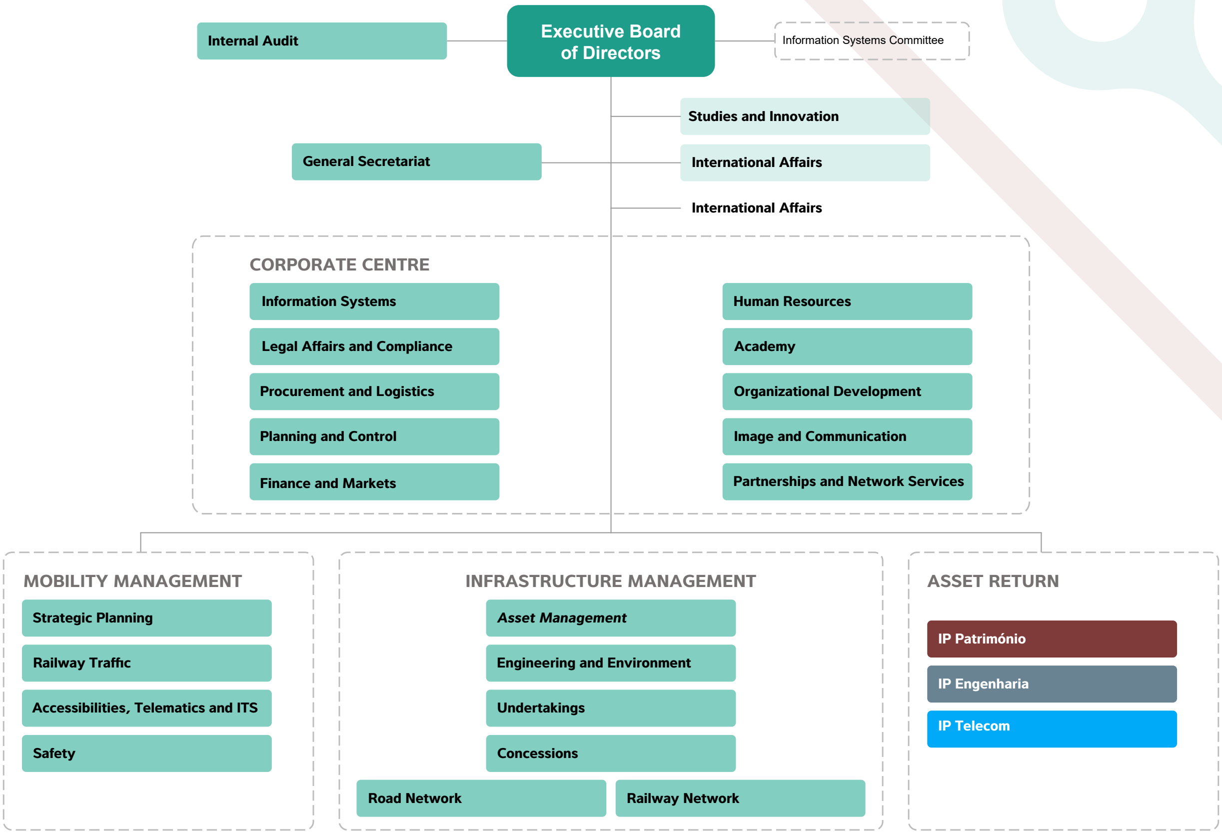
At the General Meeting of 19 March 2019 the Shareholder appointed firm Vitor Almeida e Associados, SROC, Lda (SROC no. 191, registered with the CMVM under no. 20161491), represented by partner Vitor Manuel Batista de Almeida (ROC no. 691, registered with the CMVM under no. 20160331) as Statutory Auditor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

7.2 Organisational Structure

To comply with its mission, vision and values, and four years following the merger of the companies, the adjustments introduced in 2018 to IP Group's organisational structure were consolidated in 2020. These adjustments viewed to enhance the generation/creation of value in line with the needs and expectations of the stakeholders, promoting greater efficiency among the various areas and companies of IP Group.

Thus, the macro structure of IP Group is made up of:

- Divisions and Offices to directly assist the Executive Board of Directors (EBD);
- Information Systems Committee (ISC): connecting and interface management instrument, with representation of the EBD and the Divisions;
- Corporate Centre;
- Business areas: Mobility Management; Infrastructure Management; Asset Management (Subsidiaries).



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 profitability, comprising the subsidiaries, whose activity is developed with the aim of optimising the IP Group's revenues, making the most of the excess capacity of the assets (not used in the main activities), as well as of the non-core assets.

The Boards of Directors of the subsidiaries are are made up with at least one member of the EBD of IP, who presides.

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 the Business Areas, including subsidiaries, which can thus focus on their core activities.

8. COMPLIANCE WITH LEGAL GUIDELINES

The following chapter, which deals with compliance with legal guidelines, views to meet the directives issued by DGTF concerning the preparation of reporting documents for 2021.

Figures in this chapter refer to the Separate Financial Statements of IP.

8.1 Management Objectives/Business Plan and Budget

MANAGEMENT GOALS

IP Group's management objectives comprise a set of corporate indicators that together encompass the Group's entire activity and permit to control, within the scope of the Management Control System, the company's performance over the year.

Six of these indicators are called "Shareholder Indicators" and are the highest-level indicators; they are fundamental to measure the achievement of the company's financial and operational objectives, also corresponding to the goals that the company is committed to achieving before the Shareholder.

Accordingly, shareholder indicators for 2021 and justification of any deviation are as follows:

INDICATOR	UNIT	2021 GOAL	2021 RESULTS	DEVIATION (%)
Core revenues (cash)	(€M)	1 304	1 115	-14%
Total Cash Flow	(€M)	-1 703	-1 062	38%
Aggregate indicator FERROVIA 2020/PETI3+	%	85%	67%	-18%
Aggregate indicator PIR (except FERROVIA 2020/PETI3+)	%	85%	70%	-15%
Level of compliance with road service levels	%	100%	105%	5%
Rate of compliance with railway service levels	%	100%	92%	-8%
Non-Core Revenue	(€M)	56	46	18%

A. CORE REVENUES - CASH (€M)

In 2021, IP received the overall amount of € 1,115.3 million in core revenues, i.e. € 189.0 million less (-15%) compared to the amount foreseen in the budget. The decrease in projected RSC. Tolls and Rail Services included in the Network Directory contributed to this deviation.

Road revenues were impacted in the 1st half of 2021, and especially in the 1st quarter, by the occurrence of the 3rd wave of COVID-19, with the introduction of successive National Emergency States, which restricted the movement of people and goods, with a direct impact on revenue from RSC and tolls.

In relation to tolls, in the 2nd half of 2021, although traffic on the toll network recovered to 2019's levels, revenue decreased significantly due to the entry into force of the new reduction regime provided for in articles 425 and 426 of the State Budget Law of 2021 (LOE 2021) as defined by RCM No. 80/2021, of 28 June, and regulated by Ordinance No. 138-D/2021 of 30 June. The impact of the new regime for former SCUT motorways, resulted in a 50% reduction in toll tariffs, totalled around € 37 million 2021.

Notwithstanding this significant impact on road revenue, the component of core revenue that justifies the highest part of the deviation recorded in 2021 is Compensatory Allowances. In fact, Compensatory Allowances were received in the amount provided for in the Amendments to the 2016/2020 Framework Contract, specifically € 67.7 million (VAT included), which represents € 74.4 million less than the amount foreseen in the budget, in line with what IP had proposed under the new 2021/2025 Framework Contract.

B. TOTAL CASH FLOW (€M)

IP's Total Cash Flow reached a cumulative figure of -€ 1,062.1 million, which corresponds to a deviation of € 640.9 million from the budget forecast (-€ 1,703.1 million).

This result, which corresponds to a lower financial deficit than expected, is explained as follows:

- Deviation in Operating Cash Flow of € 111 million resulting from € 196 million less in operational receipts than expected and € 307 million less in operational payments than expected;
- Deviation in Investment Cash Flow of € 532 million, of which -€ 444 million in terms of Ferrovia 2020/PETI3+/PP;7 expenditure payments;
- Financial Cash Flow with a deviation of (-) € 2 million resulting from a volume of financial payments slightly higher than expected.

C. FERROVIA 2020/PETI3+ AGGREGATE INDICATOR (%)

The indicator for the implementation of the 2020 Railway Investment Programme, Road PETI3+, which also includes the Mondego Mobility System, reached an overall result of 67%, i.e. 18 p.p. below the established target.

The negative deviation from the established target is fundamentally due to the number of works launched and the respective value, which were significantly below expectations (parameters A and B), whose degree of implementation was, respectively, 39% and 45%.

Although the degree of budget implementation (parameter D) was only 66%, there was a 34% increase in activity compared to the same period in 2020.

The results for each of the five parameters of this indicator are presented below.

Parameter A (10% Weight):

- No. of works launched (announcement of tender launched) (and foreseen in the Plan)/No. of works planned to be launched (in the Plan): result of 39%;

Parameter B (20% Weight):

- Overall planned term of works developed and provided for in the Plan/Total actual period of works developed and provided for in the Plan: result of 74%;

Parameter C (20% Weight):

- Overall planned term of works developed and provided for in the Plan/Total actual period of works developed and provided for in the Plan: result of 74%;

Parameter D (40% Weight):

- Degree of implementation (economic perspective; adjusted version Mar-21): result of 66%;

Parameter E (10% Weight):

- Implementation growth factor compared to the same period last year: result of 134%.

D. AGGREGATE INDICATOR NIP FERROVIA 2020/ PETI3+) (%)

At the end of 2020 this indicator, which monitors the implementation of the Network Intervention

Plan (except for Ferrovia 2020, PETI3+ and SMM), stood at 70%, which is 15 p.p. below the target established for the year.

The negative deviation from the established target is fundamentally due to the number of works launched and the respective value, which were below expectations (parameters A and B), whose degree of implementation was, respectively, 57% and 53%.

The degree of budget implementation (parameter D) was 69%, The amount implemented stood in line with 2020 (parameter E).

The results for each of the five parameters of this indicator are presented below.

Parameter A (10% Weight):

- No. of works launched (announcement of tender launched) (and foreseen in the Plan)/No. of works planned to be launched (in the Plan): result of 57%;

Parameter B (20% Weight):

- Total no. of works launched (announcement of tender launched) (and foreseen in the Plan): result of 53%;

Parameter C (20% Weight):

- Overall planned term of works developed and provided for in the Plan/Total actual period of works developed and provided for in the Plan: result of 83%;

Parameter D (40% Weight):

- Degree of implementation (economic perspective; adjusted version Mar-21): result of 69%:

Parameter E (10% Weight):

- Implementation growth factor compared to the same period last year: result of 100%.

E. LEVEL OF COMPLIANCE WITH ROAD SERVICE LEVELS (%)

The level of compliance with road service levels is determined against the established targets for the "Road Safety Index" (RSI) and "Management of Road Assets" (MRA). In 2021, the result of this indicator was 105%, that is, 5 p.p. higher than expected.

ROAD SAFETY INDEX

The value of the road safety index (RSI) is determined on the basis of weighted results of the following indices (basis 100 - as from the benchmark year): number of blackspots (BS). Severity Index in built-up areas (SI.BA), and number of fatal victims (FV), based on ANSR data.

- RSI = BS x 0.2 + SI.BA x 0.4 + FV x 0.4
- Target: BS (2020) = 29; SI.BA = 16,830; FV = 163

The data presented are those available, in January 2022, in the ANSR database of accidents with victims between January 2021 and December 2021.

In 2021, the road safety index was 137, above the target of 124, as a result of the following partial results:

- Result: BS (2020) = 15; SI.BA = 15,417; FV = 142

ROAD INFRASTRUCTURE PERFORMANCE

The indicator on the Performance of the Road Network is based on two (weighted) components:

- State and condition of surfaces: all sections of the NRN under IP jurisdiction;
- State and condition of engineering structures: all bridges, viaducts, and tunnels on the NRN, in operation.

The final figure of this indicator was 4.86 (scale of 0 to 8), which is in line with the target, meaning that the objective was achieved.

F. LEVEL OF COMPLIANCE WITH RAILWAY OF SERVICE LEVELS (%)

The indicator of the degree of compliance with the rail service is determined based on the achievement of the goals established for the following indicators, which are also part of the Rail Framework Contract:

- Railway Safety Index (RSI);
- Quality of the Railway Infrastructure;
- Reliability of the Railway Infrastructure;
- Additional margins;
- Network Availability;
- Customer satisfaction;

- Environment protection;
- Business volumes.

The overall result for the period under review was 92%, i.e., 8 p.p. below target. It should be noted that, according to the provisions of the Amendments to the Framework Contract, which were in force until the end of 2021, the targets defined for 2020 were maintained, as well as the initial formulas for calculating the indicators.

RAILWAY SAFETY INDEX (SA/mtk)

In 2021 this index stood at 0.939 SA/MCK-, in line with the target established in the Framework Contract (0.942 SA/MCK).

QUALITY OF THE RAILWAY INFRASTRUCTURE (%)

This indicator views to assess the conservation status of the railway infrastructure. Its initial scope was widened to include, in addition to the status of the Railway Track and Engineering Structures, the assessment of remaining assets, namely: protection structures and stabilisation of platform; points and crossings; signalling failures, ATP system, catenary and traction sub-stations.

The Railway Infrastructure Performance indicator (scale from 0 to 8) presents a result of 5.02 favourably above the defined target.

RELIABILITY (PUNCTUALITY) OF THE RAILWAY INFRASTRUCTURE (%)

The 2021 level of compliance was 92%, which is 2 p.p. above the target.

Urban traffic maintained consolidated regularity throughout the year, unlike long-distance traffic. With the exception of January, October and November, freight trains have reached values above 80%.

ADDITIONAL MARGINS (MINUTES)

Additional Margins correspond to the travel times added to planned timetables to reflect speed limitations imposed on the infrastructure by scheduled works; Additional margins are fixed annually in the Network Directory, according to planned interventions. Only the level of additional margins effectively considered in the timetable in force is considered to determine this indicator.

The value of the indicator in 2021 amounts to 137 minutes, significantly above the target of 32 minutes.

NETWORK AVAILABILITY (%)

The Network Availability Indicator reflects the percentage of time the infrastructure was available for operation. Its calculation results from the difference between the theoretical overall availability and the availability not granted (closure of the operation for reasons of Modernisation or Conservation of the Infrastructure).

The Network Availability value in 2021 was 85.7%, i.e. lower by 2.7 p.p. to the target established under the Framework Contract (88.4%), which is due to the high number of modernisation interventions underway in the NRN.

RAILWAY CUSTOMER SATISFACTION (%)

The railway customer satisfaction indicator is determined based on the arithmetical average of results from 2 annual surveys. In 2021 this indicator stood at 65% corresponding to the average of the following results:

- Railway Operators Satisfaction Survey: survey not carried out in 2021, hence the result of the last survey carried out in 2020 was considered, which was 55%;
- End-Customer Satisfaction Survey: 75%.

ENVIRONMENTAL PROTECTION (%)

The Environmental Protection Indicator measures the IP's performance in its effort to reduce exposure to noise. The number of people exposed to high nose levels decreases when the interventions provided in the NIP focus directly on the improvement or modernisation of the railway track, in the relevant components.

In 2021, the number of people exposed to levels of environment noise above the limits provided for in the legislation fell by 1,376, as a result of mitigation measures included in the following works: 1) North Line - ESPINHO-GAIA - RIV; 2) North Line – Improvement of superstructure and track infrastructure between km 2,040 and 3,900; and 3) Minho Line - Renovation of the track superstructure at pk 7+750 to 5+050 VA.

BUSINESS VOLUME (TK)

Until December, railway operators carried out an accumulated total of 34,985,647 train kilometres (TK), in line with the target for the period (35.0 MTK).

G. NON-CORE REVENUES (€m)

IP Group's non-core revenue reached, in 2021, the overall amount of € 45.8 million, € 9.9 million less compared to the amount estimated in the budget of € 55.7 million.

2021's results, specifically with regard to IP Património´s revenue, was again significantly impacted by the pandemic context.

IMPLEMENTATION OF THE 2021 BUSINESS AND BUDGET PLAN

OPERATING INCOME

Operating income in 2021 totalled € 1,227.0 million, standing € 165.8 million (12%) below the budget.

OPERATING INCOME	2021			
	EFFECTIVE	BUDGET	BUDGET DEVIATION	%
Sales and services	**1 072 672**	**1 181 782**	**-109 111**	**-9%**
Road Service Contribution (RSC)	636 392	684 955	-48 563	-7%
Tolls	264 225	310 503	-46 277	-15%
Railway Services	78 234	78 651	-416	-1%
State Grantor - Revenue LDI	32 106	29 414	2 692	9%
Construction contracts	39 417	71 946	-32 529	-45%
Other rendered services	22 297	6 313	15 983	253%
Operating subsidies	**55 055**	**115 556**	**-60 501**	**-52%**
Other Income and gains	**99 269**	**95 445**	**3 824**	**4%**
Total Operating Income	**1 226 996**	**1 392 783**	**-165 787**	**-12%**

unit: € thousand

The most significant variations were those relating to the Road Service Contribution (RSC). Tolls and Operating Subsidies, which together account for € 155.3 million of the deviation recorded, as shown below.

RSC's income totalled € 636.4 million, € 48.6 million below the budget forecast (-7.1%). The main justification for this negative change was the 3rd wave of COVID-19 at the beginning of 2021 and the strong restrictions measures adopted, resulting in sharp decrease in road traffic and fuel consumption.

Toll income in 2021 amounted to € 264.2 million, registering a negative deviation of 15% (-€ 46.3 million) compared to the budget forecast. Up to the 1st half of 2021 toll revenue was strongly impacted by the occurrence of the 3rd wave of COVID-19. In the 2nd half of the year, despite the recovery of traffic to levels recorded in 2019, revenue was significantly increased by the entry into force from 01/07/2021 of the new discount regime, provided for in articles 425 and 426, of the SB, as defined by RCM no. 80/2021, of 28 June, and regulated by Ordinance no. 138-D/2021 of 30 June. The effect of this new regime, to be applied to ex-SCUT motorways (which account for 60% of IP revenue), results in a 50% reduction in toll tariffs, with a potential loss of revenue of € 37 million.

The income corresponding to compensatory allowances, in 2021, was € 55.1 million, € 60.5 million lower than the amount foreseen in the budget, which was determined based on the proposal made by IP for the year 2021 within the scope of the negotiation of the new contract, to be concluded for the period 2021/2025.

The amount of Compensatory Allowances granted by the Portuguese State in 2021 of € 55.1 million, was fixed through two Addenda to the Framework Contract for the management of railway infrastructure, determined by the following Council of Ministers Resolutions: Resolution 117/220 of 12/30/2020, relating to the 1st half of 2021; and Resolution 104/2021 of 08/06/2021, relating to the 2nd half of 2021.

OPERATING EXPENSES

Operating expenses reached € 982.7 million in 2021, corresponding to a decrease of € 142.9 million (-13%) compared to the budget.

OPERATING EXPENSES	2021			
	EFFECTIVE	BUDGET	BUDGET DEVIATION	%
Cost of goods sold	259 142	319 461	-60 319	-19%
Maintenance, Repair and Safety of the Road Network	120 338	131 539	-11 201	-9%
Maintenance, Repair and Safety of the Railway Network	75 680	86 893	-11 214	-13%
Other ESS	117 763	129 508	-11 745	-9%
Personnel expenses	131 114	134 852	-3 738	-3%
Impairments (losses/reversals)	1 166	0	1 166	0%
Expenses/reversals of depreciation and amortisation	250 784	281 819	-31 036	-11%
Provisions (Increase/Decrease)	15 606	34 459	-18 852	-55%
Other expenses and losses	11 103	7 083	4 019	57%
Total Operating Expenses	**982 695**	**1 125 614**	**-142 919**	**-13%**

unit: € thousand

The following items stand out in this decrease in expenses compared to forecasts.

- Costs of Goods Sold stood € 60.3 million below the budget forecast due to the lower implementation of road construction works under the direct management of IP, compared to the forecast, but also due to the decrease in toll revenues from State concessions (net of collection expenses). It is important to mention that the amounts received by IP relating to tolls in State concessions (net of collection costs) are deducted from IP's investment in the acquisition of rights over this same Concessioned network. This deduction is offset in this item.
- Overall expenses with Road Maintenance and Railway Conservation explain the € 22.4 million deviation from the budget, which was due to a lower implementation of interventions in the network, due to delays in the contracting processes (in some cases due to situations of pre-contractual litigation), but also due to the lack of authorisations for multiannual expenditure.
- Finally, the heading "Depreciation and amortisation expenses" explain the € 31.0 million deviation, resulting mainly from an update of the multi-annual financial projections (Business Plan), namely with regard to road revenue (RSC and tolls), depending on the evolution of the pandemic context in 2021.

CAPITAL EXPENDITURE

The amount of road and rail investment made in 2021 was € 277.8 million, which corresponds to 47% of the amount foreseen in the budget. This implementation represents an increase of 36% compared to the implementation recorded in the same period of 2020, which was € 204.8 million.

INVESTMENTS	2021		
	EFFECTIVE	BUDGET	IMPLEMENTATION %
Railway Investment	195.8	415.1	47%
NIP2030 - Railway	1.7	3.0	59%
Road investment PETI3+	8.9	16.6	53%
NIP2030 - Roads	0.1	1.2	7%
PVAE investment	19.7	33.8	58%
Investment programme	**226.2**	**469.7**	**48%**
Other railway investments	43.4	96.0	45%
Other road investments (*)	1.7	10.6	17%
Other Investments	**45.2**	**106.6**	**42%**
Management related investment	**6.4**	**20.7**	**31%**
Total	**277.8**	**597.0**	**47%**

unit: € million
Some road investment actions 2020 were reclassified among the investment programs: PETI 3+, PVAE and other
(*) The amount of Other Road Investments does not include Provisions for Expropriation Legal Proceedings (€M 5) and reversal of Provisions for Legal Proceedings relating to Contract Works (-€M6.9)

The low implementation of expenditure in 2021 was mainly due to the under--implementation of ongoing works contracts, in particular within the scope of the Ferrovia 2020 Investment Programme, motivated, to a large extent, by the non--compliance by the contractors of the contracted work plans.

Other relevant factors, albeit on a smaller scale, were some delays in the contracting processes and the lack of timely authorisation for the launching of some contracts with multi-annual expenses.

ROAD PARTNERSHIPS

Payments made in 2021 related to Road Partnerships amounted to € 1 251.7 million (VAT excluded), € 69.9 million less than estimated in the budget, resulting in an implementation rate of 95% against the amount foreseen in budget.

CONCESSIONS AND SUB-CONCESSIONS	REAL 2020	2021		
		EFFECTIVE	BUDGET	IMPLEMENTATION %
Concessions - Availability Infrastructure+ Availability + B	**610.5**	**626.7**	**630.4**	**99%**
Algarve	42.7	42.7	43.7	98%
Beira Interior	46.0	49.8	49.9	100%
Beira Litoral and Beira Alta	111.9	113.1	114.4	99%
Costa de Prata	48.4	48.6	49.3	99%
Grande Lisboa	26.7	26.3	26.5	99%
Greater Porto Region	70.5	74.5	75.6	99%
Interior Norte	69.9	68.9	67.8	102%
North	141.8	149.8	149.4	100%
Norte Litoral	52.6	53.0	54.0	98%
Sub-concessions - Availability+Service	**496.6**	**598.7**	**510.9**	**117%**
AE Transmontana	52.7	50.4	51.6	98%
Baixo Alentejo	42.7	35.3	39.2	90%
Baixo Tejo	73.5	151.5	95.5	159%
Douro Interior	81.8	81.4	82.2	99%
Litoral Oeste	126.6	121.4	122.3	99%
Pinhal Interior	119.3	119.0	120.1	99%
Algarve Litoral	0.0	39.7		
Contributions and Rebalances	**29.3**	**8.2**	**79.6**	**10%**
Major Repairs	**3.0**	**18.1**	**100.7**	**18%**
Total	**1 139.4**	**1 251.7**	**1 321.6**	**95%**

unit: € million (without VAT)

Payments for Availability, Tax Neutrality and Availability A and B of Road Concessions totalled, in 2021, € 626.7 million, which showing an implementation of 99% of the amount foreseen in the budget for the period.

In Sub-concessions, total payments in 2021 amounted to € 598.7 million, representing an implementation rate of 117%. The deviation of +€ 87.9 million is mainly explained by the following:

- Payment of € 39.7 million to the Algarve Litoral Sub-concession, arising from the arbitration decision of 3/9/2021, case no. 8/2020/AHC/ASB;
- Payment of settlement made to the Baixo Tejo Sub-concession, calculated by the Negotiation Committee, resulting from the agreement obtained with the Sub-concessionaire regarding the exclusion of ER 377 from the sub-concession object; this payment was included in the budget under the heading of Contributions and Rebalancing;
- On the other hand, there is a deviation of -€ 11.3 million in payments for the Service, which is justified by the evolution of demand (real traffic below the estimated), which reflects the effect of the pandemic.

Regarding the Contributions and Rebalancing heading, there is a deviation of -€ 71.4 million, which is explained by the fact that the settlement payment made to the Baixo Tejo Sub-concession, referred to above, was recorded under the Infrastructure Availability heading, whereas in the budget it was foreseen under heading Contributions and Rebalancing.

Payments relating to Major Repairs totalled € 18.1 million, accounting for 18% of the amount foreseen in the budget.

In this respect, we highlight that the responsibility for following up/monitoring and inspecting the fulfilment of the Concession Contracts, including the carrying out of Major Repairs, is entrusted to the IMT, and IP is responsible, within the scope of the Road Concession Contract, to make the payments that are incumbent on the State.

Level of Budget Implementation downloaded in SIGO/SOE

The overall balance for 2021 shows a deterioration of € 71.05 million over the same period of 2020 and translates an implementation rate of 104% in relation to the 2021SB.

	EFFECTIVE 2019	EFFECTIVE 2020	2021			2021 BUDGET % IMPLEMENTATION	DEVIATION DECEMBER 2021/2020	DEVIATION DECEMBER 2021/OE2021 (ABS AND %)	
			APPROVED BUDGET	CORRECTED BUDGET	EFFECTIVE DECEMBER				
Effective Revenue	1 328.43	1 222.90	1 719.56	1 721.56	1 262.22	73%	39.33	-457.34	-27%
Effective Expense	2 213.82	2 211.79	2 741.66	2 805.92	2 322.16	85%	110.38	-419.50	-15%
IP Deficit	-885.39	-988.89	-1 022.10	-1 084.36	-1 059.94	104%	-71.05	-37.84	4%

unit: € million

REVENUE

FF	REVENUE	EFFECTIVE 2019	EFFECTIVE 2020	2021			2021 BUDGET % IMPLEMENTATION	DEVIATION DECEMBER 2021/2020	DEVIATION DECEMBER 2021/OE2021 (ABS AND %)	
				APPROVED BUDGET	CORRECTED BUDGET	EFFECTIVE DECEMBER				
Own Revenue	04. Tolls and other fees	422.59	341.89	468.32	497.39	340.06	73%	-1.84	-128.27	-27%
	05. Interest and Dividends	6.05	6.06	3.70	3.70	2.97	80%	-3.09	-0.73	-20%
	07. Sales and services	115.34	129.05	127.19	127.19	98.80	78%	-30.25	-28.39	-22%
	08. Other current Revenues	3.38	8.47	30.50	30.50	32.02	105%	23.55	1.52	5%
	09. Sale of fixed assets	2.28	3.22	1.65	1.65	3.99	242%	0.77	2.34	142%
	11. Financial assets	49.72	0.00	0.00	0.00	0.00	-	0.00	0.00	-
	13. Other capital revenues	2.48	13.99	0.00	2.00	16.44	-	2.45	16.44	-
Tax revenue	06. RSC	649.34	609.93	725.04	725.04	619.79	85%	9.85	-105.25	-15%
	06. Current transfers	69.43	67.72	114.81	85.74	67.72	**59%**	**0.00**	**-47.09**	**-41%**
FC	06. Current transfers	0.44	2.69	2.29	2.29	0.41	**18%**	**-2.28**	**-1.88**	**-82%**
	10. PIDDAC and FC inflows	57.10	39.86	246.06	246.06	80.02	**33%**	**40.16**	**-166.04**	**-67%**
Capital injections	12. Loans and share capital increases	1 391.87	1 054.15	1 651.39	1 651.39	1 612.65	**98%**	**558.50**	**-38.74**	**-2%**
	TOTAL	**2 770.02**	**2 277.05**	**3 370.95**	**3 372.95**	**2 874.87**	**85%**	**597.83**	**-496.08**	**-15%**

unit: € million

Against the budget, IP reached 85% of expected revenue, mainly due to:

- Receipt of 73% of the funds relating to Tolls, due to the lower use of the road network and the entry into force of reductions as of 1 July provided for in the SB and not provided for in IP annual budget;
- Receipt of 78% of funds related to sales and services rendered, motivated by the non-receipt of part of the usage fee by the main operator.

Receipt of 105% of the amounts related to other current income, due to the reimbursement of corporate income tax RC 2020 in the amount of € 26 million:

- Receipt of 85% of the funds related to the RSC, an amount below the forecast for the stipulated period, due to the reduction of the amounts charged by the TA;
- Receipt of 59% of the Compensatory Allowances, an amount below that provided for in the SB, since the new Framework Contract has not yet been signed, and the previous one has been extended;
- Receipt of 33% of sums relating to community funds;
- Receipt of 98% of capital injections foreseen, in the amount of € 1,612.65 million, which allowed to face the debt service and expenses with PPP.

EXPENSES

TYPE OF EXPENSE	EXPENSES	EFFECTIVE 2019	EFFECTIVE 2020	2021				% 2021 DECEMBER IMPLEMENTATION	DEVIATION DECEMBER 2021/2020	DEVIATION DECEMBER 2021/ OE2021 (ABS AND %)	
				APPROVED BUDGET	CORRECTED BUDGET	COMMITMENTS	EFFECTIVE 2021				
DNC	01. Staff	126.47	126.35	134.89	137.11	136.52	129.60	96%	3.26	-5.29	-4%
	02. Operation	251.82	291.92	322.54	325.46	310.68	259.28	80%	-32.64	-63.25	-20%
DCC	02. Railway maintenance	33.44	83.16	100.00	93.88	88.97	73.42	73%	-9.74	-26.58	-27%
DCC	02. Road maintenance	93.87	124.21	113.00	127.50	121.79	95.96	85%	-28.24	-17.04	-15%
DCC	02. Operation - materials	5.69	7.48	16.78	8.54	8.50	8.22	49%	0.74	-8.56	-51%
	02. Operation - revenue	46.39	38.76	35.93	46.80	46.20	42.48	118%	3.72	6.55	18%
DCC	02. Collection costs revenue	26.54	22.07	26.15	26.15	25.61	22.73	87%	0.65	-3.42	-13%
DCC	02. Expenses with facilities	19.85	16.28	9.79	20.65	20.59	19.75	202%	3.48	9.97	102%
DNC	02. General Operation	72.42	38.31	56.82	48.75	45.21	39.20	69%	0.89	-17.62	-31%
DNC	03. Interest	127.24	95.94	96.93	96.55	96.13	96.10	99%	0.16	-0.83	-1%
DNC	04. Current transfers	2.72	2.15	5.73	5.22	3.34	3.24	57%	1.10	-2.48	-43%
DNC	05. Subsidies	0.01	0.01	0.01	0.01	0.01	0.01	100%	0.00	0.00	0%
DNC	06. Other current expenses	83.54	51.98	114.83	66.56	26.35	26.26	23%	-25.71	-88.57	-77%
	07. Investments	1 622.03	1 642.70	2 065.94	2 174.21	1 898.93	1 807.66	87%	164.96	-258.28	-13%
DC	07.01. IEAG's investments	3.14	4.53	6.03	16.57	12.01	6.39	106%	1.85	0.35	6%
DNC	07.01. Road Concessions	1 402.44	1 409.62	1 519.95	1 704.74	1 562.63	1 544.15	102%	134.52	24.20	2%
DC	07.01. Road Investment	21.99	33.71	66.89	52.39	35.69	30.04	45%	-3.67	-36.85	-55%
DC	07.03. Railway Investment	194.47	194.83	473.07	400.52	288.59	227.09	48%	32.26	245.98	-52%
DNC	08. Capital transfer	0.00	0.75	0.79	0.79	0.00	0.00	-	-0.75	-0.79	-100%
DNC	09. Financial assets	0.00	0.00	0.00	2.00	2.00	2.00	-	2.00	2.00	-
DNC	10. Financial liabilities	581.06	89.71	629.29	629.29	629.29	629.29	100%	539.58	0.00	0%
	TOTAL	**2 788.36**	**2 303.82**	**3 370.95**	**3 437.21**	**3 103.24**	**2 953.45**	**88%**	**649.62**	**-417.50**	**-12%**

unit: € million/€M

In relation to the budget, commitments were made in the amount of € 3,103.24 million (90% of the budget corrected after blocked sums), with IP implementing 88% of the planned expenditure.

Activity budget:

- The items with the highest implementation rates are Personnel (96%). Revenue collection (87%) and Subsidies (100%);
- Items "Expenses with Facilities and IEAG's", having undergone significant adjustments within the scope of the approved budget, reached an implementation rate of 202% and 106% respectively.

Project budget:

- Items with the highest implementation rates compared to the approved budget are the railway and road maintenance items, with 73% and 91%, respectively;
- Road (45%) and rail (47%) investments have low implementation rate. These levels of implementation are the result of situations already identified, namely the non-compliance by the contractors with the contracted work plans, but also due to some delays in the contracting processes and the lack of authorisation, in good time, for the launching of some contracts with multiannual expense.

Road Concessions

- Item Road Concessions accounts for 52% of overall expenses and reached an implementation rate 102%.

8.2 Management of financial risk

With a view to a stricter financial control of the public corporate sector, and to establish governance requirements and strengthening the power and duties of the Shareholder, the Government issued Decree Law 133/2013, of 3 October, Article 29(1) provides that non financial state companies that were or are integrated in the public administration sector, under the terms of the European System of National and Regional Accounts, cannot apply for funding with credit institutions, unless these are multilateral financial institutions, IP does not apply to new funding since 2009.

The following table shows the evolution of the annual average interest rate for the 2017-2021 period:

	2021	2020	2019	2018	2017
Financial Expenses	91.7	97.8	108.7	142.7	157.5
Average financing rate	1.9%	1.9%	2.0%	1.8%	1.9%

unit: €M

The average financing interest rate for 2021 stood at 1.9%. This rate was possible thanks to the debt service moratorium on State loans (road component).

8.3 Limits to indebtedness growth

In 2021, the State Budget Law, through article 65, established that the global growth in the indebtedness of public companies cannot exceed 2%, considering interest-bearing loans adjusted to the paid-up share capital and excluding investments.

Article 159(4) of 2019 Budget Implementation Decree Law provides the formula to determine overall growth of indebtedness of the corporate public sector:

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

Where:
FR – Remunerated Funding
Capital – Share capital or Statutory Capital Paid up
New investment – new relevant investment

CHANGE IN INDEBTEDNESS (IMPLEMENTATION)	2021	2020	CHANGE 21/20	
			AMOUNT €M	%
Interest bearing loans (current and non current) *	4 144.9	4 784.8	(640.0)	-13%
• of which granted by DGTF	2 215.6	2 226.2	(10.7)	0%
Share Capital	9 870.2	8 257.5	1 612.7	20%
New expenditure for the year (relevant)	-	-		
Change in indebtedness	7.5%			

unit: € million
*At nominal value

According to the Investment Plan, IP did not consider the existence of "new investment" to determine this indicator, since:

- Investments are considered from a point of view of investment project
- IP's materially relevant investments, namely undertakings comprised in the Ferrovia 2020 Investment Plan, were already provided for, and identified in previous Investment Plans

The growth rate determined for 2021 considered the share of capital allocated to finance the payments of road Concessions and Sub-concessions, so if we exclude the value of the capital increase allocated to cover these payments, the ratio is fixed at 0.8%:

CHANGE IN INDEBTEDNESS (IMPLEMENTATION)	2021	2020	CHANGE 21/20	
			AMOUNT €M	%
Interest bearing loans (current and non current) *	4 144.9	4 784.8	(640.0)	-13%
• of which granted by DGTF	2 215.6	2 226.2	(10.7)	0%
Share Capital	8 999.2	8 257.5	741.7	9%
New expenditure for the year (relevant) **	-	-		
Change in indebtedness	0.8%			

unit: € million
*At nominal value
** excluding amount allocated to PPPs

The following table shows the evolution of indebtedness since 2019:

	2021	2020	2019
Indebtedness growth rate	7.5%	6.7%	5.8%
Indebtedness growth rate(%) (*)	0.8%	-0.4%	-0.2%

(*) excluding amount allocated to PPPs

8.4 Evolution of Average Payment Period to Suppliers

Council of Ministers Resolution ("RCM") 34/2008 of 22 February provided the "Timely Payment Programme" aimed to significantly reduce payment periods to public companies' suppliers of goods and services. This Resolution established objectives for average payment periods (APP) to suppliers, and the monitoring and disclosure of the evolution of average payment periods. This indicator outperforms whenever APP is less than 20 days.

Ministerial Order 9870/2009, of 13 April, revised the determination of the APP ratio, and considers the average of amounts payable to suppliers at the end of each quarter.

IP discloses its APP in its Annual Report and Accounts.

The evolution of the Average Payment Period in 2021 as compared to 2020 was as follows:

PMP	2021	2020	Change 21/20	
			Amount	%
Period (days)	5	5	0	0%

Decree-Law 65-A/2011 provides that "Delay in payment - means the non-payment of any invoice for the supply of goods and services (...) within 90 days or more from the payment date specified in respective invoice, if any, or of the invoice".

Payment periods are contractually agreed by IP and its suppliers. Where invoices are correct and comply with the legal and tax requirements they are paid up until due date (or approximate date). As result, IP does not have overdue payments.

8.5 Shareholder Recommendations

In General Meeting 5/2020 the Shareholder recommended IP to:

"• Strengthen the internal control system associated to the car fleet, comprising vehicle location monitoring system, optimisation and monitoring of services, energy efficiency control and costs, to allow for:

(i) effective cost reduction;

(ii) route optimisation;

(iii) increase in productivity;

(iv) fuel supply control;

(v) assistance, possibly including implementation of a car-sharing system, where viable.

• In 2021, IP should report on a quarterly basis, the work developed, and efficiency gains achieved."

In compliance with the aforementioned, in 2021, within the scope of the budget implementation report, IP reported the work carried out and the efficiency gains achieved.

The report for December 2021 is presented below, with the identification of the set of measures already implemented by IP, which meet the recommendations of the State Shareholder.

Internal control system relating to the Car Fleet

IP has a vehicle location system since 2015 and fleet management software, to monitor and control the fleet.

The fleet management system issues reports, and sends non-intrusive alerts, allowing to monitor the type of use of vehicles. It is possible to instantaneously know the location of cars and verify speeds; among other aspects, this control is important to improve energy efficiency and contribute to safer driving.

To fight against fraud in fuel supply, the system allows crossing information, namely the use of fuel filling cards with presence of car at that fuel station, thus preventing abusive use of cards. Moreover, cards have daily and monthly spending ceilings, in accordance with the specific activity of each vehicle.

A new fleet management application software is under development, to improve the control and management of the car fleet. It will consist of three modules: pool management (already operating); inventory (under development); and cost (still to be developed).

This new application will enable IP to adopt the best practices relating to car fleet management, collecting, and crossing data from different sources, such as the monitoring system (odometer information), data from the fossil fuel or power suppliers (including internal filling/charging stations), and the Company's ERP.

This will pave the way to higher efficiency gains, as well as to improving the fleet's efficiency and reduce accidents.

Cost reduction

IP (and former companies) have made continuous efforts over the past few years to improve the efficiency of the car fleet from an operating perspective, whether by reducing the number of vehicles or adopting good practices, including monitoring and control practices.

In this light, it is worth noting that the car fleet in 2010 (of former REFER and Estradas de Portugal) was made up of 888 vehicles; this number fell to 743 in the past few years, and down to 724 in 2021.

In addition to a reduction in the number of vehicles, the renewal of the fleet in 2020 allowed to replace 96 vehicles in advanced state of deterioration by leased cars, leading to significant reductions in maintenances costs; leased vehicles are much more efficient from an energy and maintenance point of view.

Moreover, a total of 71 electric, plug-in and hybrid cars were added to the fleet, including 39 100% electric vehicles, contributing to an increasingly sustainable fleet, via significant decrease in GHG emissions. It is estimated that the annual fossil fuel consumption generated by this renewal/replacement will drop by approximately 110,000 litres/year, corresponding a reduction of approximately 210 tons of CO_2/year.

In line with this environmental commitment, IP installed 38 charging stations for 65 cars, in 18 different locations across the country.

Summing up, the new car fleet should lead to a reduction in costs, which has already started to be felt in 2021, with an overall reduction of € 410 thousand (-7%).

Notwithstanding these gains already seen in 2021, it should be noted that a relevant share of the reduction, in comparative terms with the previous contract, will only occur in 2024, at the end of the new contracts, as reconditioning costs ceased to exist.

Car-sharing

Car-sharing is another measure which IP is implementing since 2015, to obtain efficiency gains. The model was revised and strengthened in 2020.

Following the renewal of the fleet in 2020, the number of cars shared was increased, in both relative and absolute terms, as shown in the following table:

IP Car fleet	Former fleet	Current fleet
Total vehicles	743	727
No. of shared cars	90	128
Relative weight of shared cars	12%	18%

This management model provides operational mobility to all IP employees all over the country, with cars parked in 21 different locations/facilities of IP.

Car-sharing is possible thanks to an app through which employees can make their reservation; the fleet management team then manages the requests according to availability.

IP's current car fleet renewed in 2020 provides a much higher operational rate than the previous fleet, since a significant part of former cars were constantly undergoing repairs, as they were old and used out.

On the other hand, the choice of the 21 locations where cars to be shared are parked took into consideration, among other aspects, the optimisation of routes.

In this respect, we point out the activity developed by the 43 inspection and support mobile units (ISMU). Routes were defined based on two objectives: ensure patrolling of the network on a regular pre-defined basis, according to type of road; and reduce the number of km travelled, optimising established routes.

Summing up, we believe to have shown how IP implemented, as recommended by its Shareholder, a broad set of measures to ensure a more efficient and cost-efficient fleet, from an operational point of view; this is particularly relevant since the Company is active in 18 districts of the country, patrolling 14,000 km of roads and 2,500 km of railway.

Having presented the measures already implemented or that are in progress, we show below some indicators for monitoring the fleet, through which we intend to demonstrate the efficiency gains that are estimated to be achieved.

However, it is important to mention first that it was our option to compare the values of 2021 with the values of 2019, since 2020 was the year the fleet renewal was completed, with extraordinary costs, namely in terms of the reconditioning of the vehicles delivered to the rental companies

The results for 2021 compared to the results for 2019 are shown below:

Car fleet	Effective 2019	Effective 2021
Car renting expenses	2 709	158
Fuel	1 943	1 652
Tolls	307	381
Maintenance	559	340
Insurance	329	539
Car tax	18	15
Leasing interest		319
Other	168	170
Sub-total	6 031	3 573
Reconditioning		
Total Operating Expenses	6 031	3 573
Repayments		2 048
Total Fleet	6 031	5 621
Litres consumed	1 474 498.24	1 281 798.31
km travelled	19 999 946.00	19 894 288.23
Average price per litre (€)	1.32 €	1.29 €
Average cost per km (€)	0.30 €	0.28 €

unit: € thousand

Overall Fleet Cost and Fleet Cost per km

With reference to the year 2019, all indicators evolved favourably. The overall cost of IP car fleet, at the end of 2021, was € 5,621 thousand, that is, 7% below the annual value of the reference year (2019). IP thus implemented the shareholder's recommendation for an effective cost reduction.

The indicator for the cost of the fleet per kilometre travelled in 2021 is lower than in 2019, that is, €0.28/km, compared to €0.30/km.

Efficiency of the fleet

We use two complementary indicators to determine the efficiency of the IP fleet:

Acceptance Rate of Requests for the Use of Vehicles in Shared Regime

This indicator measures the number of requests for the use of vehicles accepted in relation to the total number of requests received by the fleet management, at national level.

The result determined in the year 2021 was 97.7%, which compares with 96.8% recorded in 2019.

Rate of Use of Vehicles in Shared Regime

This indicator measures the number of working days that, on average, each of the vehicles on a shared basis was used.

The result for 2021 was 94.66% for the central (and larger) pool, located at IP's headquarters in Almada. It should also be noted that this is indicator was only recently introduced, so we do not have results calculated for 2019.

In view of the above, from an integrated point of view, the results of these two indicators are positive. The company is able to almost fully satisfy the operational needs of its teams, and the level of daily use of the vehicles is also very high.

8.6 Remuneration

IP. S.A.

In the period from 1 January to 31 December 2021

CORPORATE BODIES

EXECUTIVE BOARD OF DIRECTORS

Chairman:

Mr. António Carlos Laranjo da Silva

Vice-Chairman:

Mr. José Saturnino Sul Serrano Gordo
Mr. Carlos Alberto João Fernandes

Members:

Mr. Alberto Manuel de Almeida Diogo

Mrs. Vanda Cristina Loureiro Soares Nogueira

Mrs. 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.

The 5% reduction provided for in article 12 of Law 12-A/2010 of 30 June was applied to the calculated gross amounts.

IP did not pay any variable performance bonus to its managers.

Mr. António Carlos Laranjo da Silva resigned as Chairman of the Executive Board of Directors with effect from 31 December 2021.

SUPERVISORY BOARD AND OFFICIAL AUDITOR

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.

Members of the General and Supervisory Board identified below perform their duties in this Board without receiving any remuneration (at their specific request):

- 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.

In accordance with article 391 (4) of the Companies Code, approved by Decree Law 262/86, of 2 September, by reference to article 435 (2) of the same Code, the members of the General and Supervisory Board will remain in office until such time as they are replaced. Since no new members were elected when members of remaining corporate bodies were elected, the members of the General and Supervisory Board did not change.

The remuneration of the Statutory Auditor was fixed at the General Meeting of 19 March 2019 (Minutes 03/2019 of the General Meeting), as maximum amount for this office an amount equivalent to 35% of the overall remuneration of the Chairman of the Executive Board of Directors, added of VAT at the legal rate in force.

Board of the General Meeting (2018-2020)

Chairman: [a)]

[a)] The Chairman of the Board of the General Meeting resigned from office on 24 January 2020.

Vice-Chairman:
Paulo Miguel Garcês Ventura

Secretary:
Maria Isabel Louro Caria Alcobia

ANNEX 1

Board of the General Meeting

TERM OF OFFICE (BEGINNING/END)	POSITION	NAME	FIXED ATTENDANCE FEE (€)	2021 ANNUAL REMUNERATION (€) GROSS
2018-2020	Chairman	Not Appointed (*)	650.00	0.00
2018-2020	Vice-Chairman	Paulo Miguel Garcês Ventura	525.00	0.00
2018-2020	Secretary	Maria Isabel Louro Caria Alcobia	400.00	0.00
				- €

* Former Chairman resigned on 24 January 2020.

Executive Board of Directors

TERM OF OFFICE (BEGINNING/ END)	POSITION	NAME	NAME		OPRLO OR OPTION FOR AVERAGE OF LAST 3 YEARS (2)				IDENTIFICATION OF THE TOTAL NUMBER OF MANDATES
			FORM (1)	DATE	YES/ NO	ENTITY OF ORI-GIN	PAYING COMPANY (O/D)	IDENTIFICATION OF AUTHORI-SATION AND FORM	
2018-2020	Chairman	António Carlos Laranjo da Silva *	GM	2018-03-29	No	n.a.	n.a.	n.a.	2
2018-2020	Vice-Chairman	José Saturnino Sul Serrano Gordo	GM	2018-03-29	No	n.a.	n.a.	n.a.	2
2018-2020	Vice-Chairman	Carlos Alberto João Fernandes	GM	2018-03-29	No	n.a.	n.a.	n.a.	2
2018-2020	Member	Alberto Manuel de Almeida Diogo	GM	2018-03-29	No	n.a.	n.a.	n.a.	3
2018-2020	Member	Vanda Cristina Loureiro Soares Nogueira	GM	2018-03-29	No	n.a.	n.a.	n.a.	2
2018-2020	Member	Alexandra Sofia Vieira Nogueira Barbosa	GM	2018-03-29	No	n.a.	n.a.	n.a.	1

(1) Specify Resolution (R)/AG/DUE/Despacho (D)
(2) Opted for remuneration of place of origin - as provided in article 28(8) of EGP; refer paying entity (O-Origin/D-Destination)
* The Chairman of IP, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

MEMBERS OF THE BOARD OF DIRECTORS	ACCUMULATION OF FUNCTIONS			
	COMPANY	FUNCTION	REGIME	IDENTIFICATION OF AU-THORISATION AND FORM
[NAME]	[SPECIFY]	[SPECIFY]	[PUBLIC/ PRIVATE]	[AG/DUE/D]
António Carlos Laranjo da Silva	IP Engenharia	Chairman of the Board of Directors	Public	
	AEIE-CFM4	Chairman of the General Meeting of AEIE - Corredor Ferroviário de Mercadorias nº 04 (CFM4) and Atlantic Corridor	Public	
	AEIE-AVEP	Chairman of Alta Velocidade Espanha-Portugal (AEIE-AVEP)	Public	
José Saturnino Sul Serrano Gordo	UTAP	Chairman of the negotiation committee, viewing the renegotiation of the Reformed Sub-concession contract of Baixo Tejo (Order 7169/2019)	Public	
Carlos Alberto João Fernandes	IP Património	Chairman of the Board of Directors	Public	
	IP Telecom	Member of the Board of Directors	Public	
Alberto Manuel de Almeida Diogo	IP Telecom	Member of the Board of Directors	Public	
	FMNF	Chairman of the Board of Directors of Fundação Museu Nacional Ferroviário Armando Ginestal Machado (since 31 October to 2012);	Public	
Vanda Cristina Loureiro Soares Nogueira	IP Telecom	Chairman of the Board of Directors	Public	
Alexandra Sofia Vieira Nogueira Barbosa	IP Engenharia	Member of the Board of Directors	Public	
	IP Património	Member of the Board of Directors	Public	

Note: Mr. Antonio Carlos Laranjo da Silva resigned from the positions of Chairman of the Executive Board of Directors of IP and of Chairman of the Board of Directors of IPE in December 31, 2021.

MEMBER OF THE BOARD OF DIRECTORS [NAME]	ESTATUTO DO GESTOR PÚBLICO			
	FIXED [Y/N]	GRADE [A/B/C]	GROSS MONTHLY REMUNERATION (€)	
			WAGE	REPRESENTATION FEES
António Carlos Laranjo da Silva	Yes	A	5 722.75	2 289.10
José Saturnino Sul Serrano Gordo	Yes	A	5 150.48	2 060.19
Carlos Alberto João Fernandes	Yes	A	5 150.48	2 060.19
Alberto Manuel de Almeida Diogo	Yes	A	4 578.20	1 831.28
Vanda Cristina Loureiro Soares Nogueira	Yes	A	4 578.20	1 831.28
Alexandra Sofia Vieira Nogueira Barbosa	Yes	A	4 578.20	1 831.28

Note: The Chairman of IP, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

MEMBER OF THE BOARD OF DIRECTORS [NAME]	2021 ANNUAL REMUNERATION (€)		
	FIXED	VARIABLE	GROSS
António Carlos Laranjo da Silva	102 208.22		102 208.22
José Saturnino Sul Serrano Gordo	91 987.60		91 987.60
Carlos Alberto João Fernandes	91 987.60		91 987.60
Alberto Manuel de Almeida Diogo	81 766.70		81 766.70
Vanda Cristina Loureiro Soares Nogueira	81 766.70		81 766.70
Alexandra Sofia Vieira Nogueira Barbosa	81 766.70		81 766.70
			531 483.52 €

(*) The effect of the Remuneration Reduction provided for in article 12 of Law No. 12-A/2010 of 30 June was taken into account.
Note: The Chairman of IP, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

MEMBER OF THE BOARD OF DIRECTORS	SOCIAL BENEFITS (€)										
	LUNCHEON ALLOWANCE		SOCIAL SECURITY REGIME		PERSONAL INJURY INSURANCE	HEALTHCARE INSURANCE	OTHER			
NAME	DAILY	ENTITY'S ANNUAL EXPENSE	IDENTIFY	ENTITY'S ANNUAL EXPENSE	ENTITY'S ANNUAL EXPENSE	ENTITY'S ANNUAL EXPENSE	IDENTIFY	ENTITY'S ANNUAL EXPENSE	IDENTIFY	ENTITY'S ANNUAL EXPENSE
António Carlos Laranjo da Silva	7.50	1 680.00	Caixa Geral de Aposentações	24 274.42	7.63		Occupational accidents insurance	900.61		
José Saturnino Sul Serrano Gordo	7.50	1 672.50	Social security	21 847.08	7.63	383.16	Occupational accidents insurance	811.94		
Carlos Alberto João Fernandes	7.50	1 736.25	Social security	21 847.08	7.63	383.16	Occupational accidents insurance	812.49	Merit scholarships	400.00
Alberto Manuel de Almeida Diogo	7.50	1 725.00	Social security	19 419.60	7.63	383.16	Occupational accidents insurance	723.79	Merit scholarships	1 500.00
Vanda Cristina Loureiro Soares Nogueira	7.50	1 680.00	Social security	19 419.60	7.63	383.16	Occupational accidents insurance	723.40		
Alexandra Sofia Vieira Nogueira Barbosa	7.50	1 725.00	Social security	19 419.60	7.63	383.16	Occupational accidents insurance	723.79	Merit scholarships	400.00
		10 218.75		**126 227.38**	**45.78**	**1 915.80**		**4 696.02**		**2 300.00**

Note: The Chairman of IP, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

MEMBER OF THE BD (NAME)	VEHICLE EXPENSES								
	ASSIGNED VEHICLE	DATE OF CONTRACT	VEHICLE REFERENCE VALUE	FORM (1)	YEAR OF BEGINNING	YEAR OF TERMINATION	MONTHLY INSTALMENT	ANNUAL EXPENSES WITH INSTALMENTS	REMAINING INSTALMENTS
	(Y/N)	(Y/N)	[€]	[SPECIFY]			[€]	[€]	(NO.)
António Carlos Laranjo da Silva	S	S	45 589.74	AOV	2020	2024	564.39	6772.68	30
José Saturnino Sul Serrano Gordo	S	S	27 986.87	AOV	2020	2024	303.82	3 645.84	30
Carlos Alberto João Fernandes	S	S	27 986.87	AOV	2020	2024	303.82	3645.84	30
Alberto Manuel de Almeida Diogo	S	S	27 986.87	AOV	2020	2024	303.82	3645.84	30
Vanda Cristina Loureiro Soares Nogueira	S	S	27 986.87	AOV	2020	2024	303.82	3 645.84	30
Alexandra Sofia Vieira Nogueira Barbosa	S	S	27 986.87	AOV	2020	2024	303.82	3 645.84	30

(1) (1) acquisition; ALD; Leasing or other
Note: The Chairman of IP, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

MEMBER OF THE BD (NAME)	ANNUAL TRAVEL EXPENSES WITHIN THE COUNTRY (€)					
	TRAVELS	ACCOMMO-DATION	SUBSISTENCE ALLOWANCES	OTHER		TOTAL TRAVEL EXPENSES (∑)
				IDENTIFY	AMOUNT	
António Carlos Laranjo da Silva	2	95.00				95.00
José Saturnino Sul Serrano Gordo	0	0.00				0.00
Carlos Alberto João Fernandes	2	95.00				95.00
Alberto Manuel de Almeida Diogo	0	0.00				0.00
Vanda Cristina Loureiro Soares Nogueira	0	0.00				0.00
Alexandra Sofia Vieira Nogueira Barbosa	1	45.00				45.00
						235.00 €

Note: The Chairman of IP, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

General Supervisory Board of IP (*)

TERM OF OFFICE (BEGINNING/ END)	POSITION	NAME	NAME	
			FORM (1)	DATE
2015	Presidente	José Emílio Coutinho Garrido Castel-Branco	GM	28/08/2015
2015	Vogal	Duarte Manuel Ivens Pitta Ferraz	GM	28/08/2015

(1) Resolution (R); General Meeting (GM); Unanimous Resolution in Writing (DUE); Order (D)

(*) In accordance with article 391(4) of the Companies Code, approved by Decree Law 262/86, of 2 September, by reference to article 435(2) of the same Code, the members of the General and Supervisory Board will remain in office until such time as they are replaced. Since no new members were elected when members of remaining corporate bodies were elected, the members of the General and Supervisory Board did not change.

MEMBER OF THE GENERAL AND SUPERVISORY BOARD	2021 ANNUAL REMUNERATION (€)
	GROSS
José Emílio Coutinho Garrido Castel-Branco	0.00
Duarte Manuel Ivens Pita Ferraz	0.00
	- €

Statutory Auditor

According to the statutory framework established for IP, the responsibility for the company's audit falls to an official auditor or firm of official auditors appointed by the holder of the shareholder function, upon the proposal of the General and Supervisory Board, in line with the powers and duties provided by law and these by-laws.

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.

TERM OF OFFICE	POSITION	NAME OF STATUTORY AUDIT FIRM (SROC/ROC)			NAME			NO. OF YEARS AS STATUTORY AUDITOR IN THE GROUP	NO. OF YEARS AS STATUTORY AUDITOR IN THE COMPANY
(BEGINNING/ END)		NAME	STATUTORY AUDIT FIRM REGISTRATION NUMBER	CMVM REGISTRATION NUMBER	"FORM (1)"	DATE	DATE OF CONTRACT		
2018-2021	Effective ROC	VITOR ALMEIDA & ASSOCIADOS. SROC. LDA.	191	20161491	AG	19/03/2019	03/09/2019	5	5
2018-2021	Effective ROC	Vitor Manuel Batista de Almeida	691	20160331	AG	19/03/2019	03/09/2019	5	5
2018-2021	Alternate SROC	Not appointed							
2018-2021	Alternate ROC	Not appointed							

The Statutory Auditor´s fees relating to the audit of the accounts were as follows:

NAME OF STATUTORY AUDITOR	ANNUAL VALUE OF SERVICE CONTRACT 2021			ANNUAL VALUE OF ADDITIONAL SERVICES 2021			
	AMOUNT (1)	REDUCTIONS (2)	FINAL AMOUNT (3) = (1)-(2)	SERVICE ID	AMOUNT (1)	REDUCTIONS (2)	FINAL AMOUNT (3) = (1)-(2)
Vitor Manuel Batista de Almeida	37 655.62	1 882.78	35 772.84	n.a.	n.a.	n.a.	n.a.

Amount in €

NAME	2021 ANNUAL REMUNERATION
Vitor Almeida & Associados, SROC. LDA.	35 772.84

Amount in €
Amounts do not include VAT

External Auditor

The Statutes of IP, Article 21(q) provides that the General and Supervisory Board must select and replace the external auditor of IP, instructing the Executive Board of Directors thereon.

Following Restricted Tender launched by IP at national level, on 24 June 2020, the Company hired BDO & Associados, Sociedade de Revisores Oficiais de Contas, Lda to provide external audit services in 2020, 2021 and 2022.

The firm is registered with the Official Auditors Association under number 29 and with the Securities Commission (CMVM) under number 20161384.

IDENTIFICATION OF AUDITOR			CONTRACT DATE	DURATION OF CONTRACT	NO. OF YEARS AS EXTERNAL AUDITOR IN THE GROUP	NO. OF YEARS AS EXTERNAL AUDITOR IN IN THE COM-PANY
NAME OF EXTERNAL AUDITOR	OROC NO.	CMVM NO.				
BDO & Associados, Sociedade de Revisores Oficiais de Contas, Lda.	29	20161384	24/06/2020	2020-2022	2	2

NAME OF EXTERNAL AUDITOR	ANNUAL VALUE OF SERVICE CONTRACT 2021 (€)			ANNUAL VALUE OF ADDITIONAL SERVICES 2021 (€)			
	AMOUNT (1)	REDUCTIONS (2)	FINAL AMOUNT (3) = (1)-(2)	SERVICE ID	AMOUNT (1)	REDUCTIONS (2)	FINAL AMOUNT (3) = (1)-(2)
BDO & Associados, Sociedade de Revisores Oficiais de Contas, Lda.	38 996.10		38 996.10	n.a.	n.a.	n.a.	n.a.

8.7 Application of provisions in articles 32 and 33 of the Statute of Public Management Bodies (EGP)

The Public Manager Statute approved by Decree-Law no. 71/2007 of 27 March, as amended by Law no 64 -A/2008 of 31 December, re-enacted by Decree-Law no. 8/2016 of 28 January, and Decree Law 39/2016 of 28 July, provides as follows (article 32):

1. Public managers cannot use credit cards and other payment instruments to pay for expenses made on the company's behalf.
2. The refund of representation fees to public managers is not permitted.
3. The ceiling for communication expenses, including mobile and fixed telephone and internet is fixed by resolution of the general meeting, in the case of public limited companies, or by order of the relevant government member responsible for finance, in the case of public corporations, as published in the Official Gazette.
4. The sum in the previous paragraph is fixed according to the guidelines established for the purpose by shareholders or by Government decree, published in the Official Gazette, issued by the Government member responsible for the finance area, taking into account the ceiling set forth for the use of fixed and mobile telephones by key function holders (above 1st degree)."

Members of the Executive Board of Directors of IP do not use any credit cards or other payment cards to pay for any expenses made on the company's behalf.

IP does not refund any representation fees to members of the Executive Board of Directors.

As regards communication related expenses, in 2021 they were as follows:

MEMBER OF THE BD (NAME)	EXPENSES WITH MOBILE COMMUNICATIONS (€)		
	MONTHLY CEILING	ANNUAL AMOUNT	NOTES
António Laranjo	80.00 €	60.70 €	
José Saturnino Sul Serrano Gordo	80.00 €	83.33 €	
Carlos Alberto João Fernandes	80.00 €	59.57 €	
Alberto Manuel de Almeida Diogo	80.00 €	114.66 €	
Vanda Critina Loureiro Soares Nogueira	80.00 €	74.17 €	
Alexandra Sofia Vieira Nogueira Barbosa	80.00 €	32.35 €	
		424.78 €	

Note: The Chairman of IP, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

Article 33 further provides that:

1. The ceiling for car related expenses of public managers is fixed by resolution of the general meeting, in the case of public limited companies, or by order of the relevant government member responsible for finance, in the case of public corporations, as published in the Official Gazette.
2. The sum mentioned in the previous paragraph is established in accordance with the guidelines issued by the Shareholder, or decreed by the relevant ministerial authority, and published in the Official Gazette.
3. The ceiling for fuel and toll expenses of allocated cars is fixed at one quarter of respective monthly representation allowances.
4. Managers cannot opt for the purchase of the vehicle allocated to their use.

MEMBER OF THE BD (NAME)	MONTHLY CEILING FOR FUEL AND TOLLS*	ANNUAL VEHICLE RELATED EXPENSES (€)			
		FUEL****	TOLLS	TOTAL***	NOTES**
António Laranjo	572.28	2 492.14	0.00	2 492.14	6 867.30
José Saturnino Sul Serrano Gordo	515.05	3 183.03	0.00	3 183.03	6 180.57
Carlos Alberto João Fernandes	515.05	473.26	0.00	473.26	6 180.57
Alberto Manuel de Almeida Diogo	457.82	3 101.97	0.00	3 101.97	5 493.84
Vanda Cristina Loureiro Soares Nogueira	457.82	3 909.95	0.00	3 909.95	5 493.84
Alexandra Sofia Vieira Nogueira Barbosa	457.82	1 976.57	4.77	1 981.34	5 493.84
				15 141.69 €	

* 25% of Representation fees
** Annual ceiling
*** Total for 2 cars used in 2020
**** Including electric power
Note: The Chairman of IP, Mr. António Carlos Laranjo da Silva, resigned on 31 December 2021.

8.8 Undocumented Expenses

According to provisions in Article 16(2) of Decree Law 133/2013, of 3 October, in line with the principle of financial transparency, public companies cannot have undocumented expenses.

Accordingly, IP did not record any undocumented expenses in 2021.

8.9 Report on Remuneration paid to Women and Men

In 2021, IP maintained its policy of respect for good practices in the field of equal treatment, mutual respect and repudiation of any discriminatory behaviour based on any type of differentiated characteristics of its workers, including gender.

In December 2021 IP Group had 3,667 employees, 887 of whom were women (24% of the total).

The imbalance between the representation of men and women in the IP Group reflects the asymmetry that characterizes the professional groups dedicated to the core activities of railway traffic management and infrastructure maintenance, operational activities with greater physical demands and geographical dispersion, traditionally more "male dominated".

Thus, there is a predominance of men in the professional groups "Operational and Auxiliary Personnel" and "Intermediate Technician, Specialist" compared to women.

In the case of women, there is a greater concentration in the "Administrative" and "Superior Technicians" groups, particularly in the corporate and less operational areas.

IP 's active underwriting gender equality principles is particularly shown in the activities and responsibilities assumed with CITE (Commission for Equality in Labour and Employment (CITE) and IGEN (Gender Equality Organisations Forum).

The Equality Action Plan, which is part of the IP Group's Equality Plan for 2022 (published on 15 September 2021), is based on the analysis of opportunities for improvement in specific areas, focusing on the following dimensions:

- Strategy, Values, and Mission
- Initial and Continuous Training
- Reconciliation between Professional, Family and Personal Life
- Protection to Parenthood

In this respect, we highlight IP Group's NP 4552:2016 certification on 2 December 2021, following the invitation of the Secretary of State for Citizenship and Equality addressed to IP in August 2018. The Reconciliation Management System viewing to reconciliate professional, family, and personal life is, thus, formally implemented and made available to all the Group's employees.

Additionally, following Council of Ministers Resolution 18/2014 (of 7 March), providing the adoption of measures viewing promoting equal pay of men and women, IP Group issues, on a regular basis, its report on the remuneration of its workforce, viewing to identify and mitigate situations of wage inequality associated with gender. These reports are published on the Company's website:

www.infraestruturasdeportugal.pt/sites/default/files/inline-files/Relatorio_Igualdade_2021.pdf

8.10 Annual Report on the Prevention of Corruption

IP Group's Annual Report on the Implementation of the Risk Management Plan for Corruption and Related Offences (available for consultation on the website of Infraestruturas de Portugal, S.A.).

This reflects a pro-active, integrated, and structured management approach of corporate risks, contributing moreover to a better understanding or business and supporting processes, and to the mitigation and prevention of fraud related phenomena.

Additionally, in February 2016 IP Group approved its Irregularities Disclosure Policy[15] - based on the best practices recommended by the Portuguese Companies Code concerning Corporate Governance; in line with this policy, the Group has a direct, independent, and confidential channel to communicate any situation detected or substantiated suspicion violating or jeopardizing:

(i) Legal, regulatory, ethic principles, as well as internal rules and guidelines;

(ii) the integrity of financial information and accounting practices;

(iii) The property of IP Group Companies;

(iv) The image of IP Group companies or good management practices, including areas such as conflicts of interest, mismanagement of funds, bad management, and abuse of power.

15 - https://www.infraestruturasdeportugal.pt/pt-pt/sobre-nos/governo-da-sociedade/outras-divulgacoes

Any irregularity detected must be reported in writing to the following addresses:

comunicacao.irregularidades@infraestruturasdeportugal.pt

or by post to:

INFRAESTRUTURAS DE PORTUGAL, S.A.
APARTADO 000533
EC PRAGAL – ALMADA
2801-602 ALMADA

8.11 Public procurement

Infraestruturas de Portugal is covered by the Public Procurement Code (PPC) approved by Decree Law 18/2008, of 29 January as amended by Decree Law 111-B/2017, of 31 August (as amended). In accordance with the PCC, the company adopted pre-procurement procedures, namely public tender, public tender with previous qualification, direct settlement (Criteria: Amount and Material) and Simplified Direct Settlement.

The company's procurement policy is based on the promotion of competition to ensure the best market conditions; accordingly, (national and international) public tenders are the preferred procurement method; direct settlements are restricted to specific cases, according to the subject of the contract and its framework.

IP uses the electronic platform Anogov in its procurement procedures, ensuring strictness and transparency in contract procedures.

IP has a Contracting Manual, which governs the entire contracting activity of the company and its subsidiaries (adjusted to the traditional sector and the special sector), which has been revised and updated following the publication of Law No. 30/2021, starting to include the special procedures provided in the special public procurement measures, with a limited term, in terms of projects financed or co-financed by European funds, information and knowledge technologies, implementation of the Economic and Social Stabilisation Programme and the Recovery and Resilience Plan, fuel management within the scope of the Integrated Management System for Rural Fires (SGIFR), as well as procedural changes, such as the necessary verification of compliance with the provisions of paragraph 6 of article 113 of the CCP for procedures under the simplified regime, by direct agreement or prior consultation. The revised document, which governs internal procedures relating to contract works, acquisition or lease of moveable assets and services, including a set of standard forms relating to documentation required in award processes, was approved in 16 September 2021.

As in previous years, in the 4th quarter of 2021, the Contracting Plan for the year 2022 was prepared, updated according to needs, allowing for the improvement of the planning and development of future contracting processes.

During 2021, improvements were implemented in the contracting application, applicable to the entire Infraestruturas de Portugal Group, based on the company's activity, the changes to the Public Contracting Code and the Contracting Manual. The amendments to the aforementioned application included the control of the rules defined by paragraph 6 of art. 113 of the CCP (the rules identified by paragraph 2 of article 113 of the CCP were already implemented in the application) allowing for a more efficient control of the processes. New types of contractual procedures were also created in the application, with the necessary controls, defined by Law No. 30/2021. This application further includes a tool for the assessment of suppliers and to identify those suppliers that better contribute to the company's efficient development. During 2021, several support sheets were published for this application, as well as best practice sheets related to it.

The Technical Instruction (GR.IT.018) related to the necessary information to be included in the Contract Requests for Multi-annual Commitments was also updated. Infraestruturas de Portugal is subject to budget management mechanisms, among which those provided in Law 8/2012 – Law on Commitments and Arrears (as amended), which governs multi annual commitments.

The revision of the Technical Instruction (GR.PR.014) related to contracts subject to inspection by the Court of Auditors was also prepared - treatment of addenda, which contributes to clarifying the scope of application of the Court of Auditors' rules and to Compliance in the fulfilment of the obligations to which the company is subject.

The following table shows contracts worth more than **€ 5 million**.

OBJECT	SUPPLIER	TAX NUMBER	DATE OF CONTRACT	DATE OF CONTRACT	CONTRACT PRICE (€)
Évora/EN/Leste. CC Track and Catenary	Mota-Engil Railway Engineering, SA	514950994	18/02/2021	26/04/2021	86 989 264.00 €
EN14 - Maia (Via Diagonal)/Trofa	M. Couto Alves, SA	504213709	29/07/2021	18/11/2021	31 970 000.00 €
Signalling & ETCS	Thales Portugal, SA	507775597	28/01/2021	13/05/2021	25 659 996.00 €
	SISINT - Supervisão, Conservação,	506596966	28/01/2021	13/05/2021	19 621 816.00 €
Electrification Faro-VRSAntónio	Sacyr Somague, SA	503156000	15/06/2021	27/07/2021	20 452 244.00 €
Modernisation of Sines Sul Connection	Sacyr Neopul, SA	501378375	03/03/2021	26/08/2021	19 969 962.79 €
	Sacyr Somague, SA	503156000	18/02/2021	26/08/2021	8 558 555.48 €
SMM _ PORTAGEM - ALTO S. JOÃO, BOA VISTA SUPPLY AND RAIN DRAINAGE OF VALE DA ARREGAÇA	Domingos da Silva Teixeira SA	501489126	29/03/2021	04/08/2021	18 351 971.34 €
EN109, km 118+108, PTE EC TIRANTES	Mota - Engil, Engenhar e Construção	500197814	26/11/2021	14/02/2022	16 750 000.00 €
L. OESTE - MELEÇAS-CALDAS (TORRES-CALDAS) - MODERNISATION - CONSTRUCTION	CONTRATAS Y VENTAS, S.A.U.	A33014218	16/09/2021	26/11/2021	15 355 335.20 €
	Ramalho Rosa Cobetar Sociedade de Construções, SA	500226504	16/09/2021	26/11/2021	15 355 335.20 €
	FCC CONSTRUCCIÓN, SA	A28854727	16/09/2021	26/11/2021	7 677 667.60 €
O&M RAP Norte-A4,T. Marão,A24,A35	INTEVIAL Gestão Integral Rodoviária SA	503970352	26/08/2021	09/11/2021	15 126 554.00 €
Assistência Técnica para as Tecnologias ESTW e PIPC	Thales Portugal, SA	507775597	16/12/2021	05/01/2022	14 325 187.02 €
L. ALGARVE - TUNES-LAGOS - ELECTRIFICATION - CONSTRUCTION	COMSA, SA	A08031098	16/12/2021	-	12 362 743.47 €
	Fergrupo - Construções e Técnicas Ferroviárias, SA	502156392	16/12/2021	-	7 975 656.50 €
	Comsa Industriales, SA	A64381072	16/12/2021	-	5 084 600.00 €
Rail acquisition 60E1 - LBA	Arcelor Mittal España, SA	A81046856	04/02/2021	26/05/2021	10 316 460.00 €
IC2/EN1, BENEF. ASSEICEIRA/ FREIRES	Construções J.J.R. & Filhos, SA	502197714	09/04/2021	03/05/2021	8 465 962.00 €
Acquisition of multipurpose sleepers for the Beira Alta line	Satepor - Indústria de Travessas	506528286	28/01/2021	03/05/2021	7 431 967.78 €
LBA-MANGUALDE-GUARDA-SUPERVISION	AFAPLAN Plan. Gestão Projectos,SA	503231100	21/04/2021	24/06/2021	6 901 750.00 €
Lote A S&T - Signaling Works on Various Sections of the National Railway Network	Siemens Mobility, Unipessoal Lda	514750901	02/06/2021	09/07/2021	6 564 055.87 €

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OBJECT	SUPPLIER	TAX NUMBER	DATE OF CONTRACT	DATE OF CONTRACT	CONTRACT PRICE (€)
Acquisition of multipurpose monoblock concrete sleepers	Satepor-Indústria de Travessas	506528286	15/04/2021	25/06/2021	6 250 000.00 €
Acquisition of track devices for the Beira Alta Line - Subsection - S.ta Comba Dão/Mangualde works	Futrifer-Indústrias Ferroviárias SA	503038113	18/03/2021	24/05/2021	6 101 948.50 €
EN248 - EXTERNAL BYPASS TO ARRUDA DOS VINHOS	LENA ENGENHARIA E CONSTRUÇÕES, SA	500073880	23/09/2021	26/10/2021	5 819 000.00 €
CURRENT MAINTENANCE UNDER 2021-2024 - LOTE 2 CONTRACT	INTEVIAL Gestão Integral Rodoviária SA	503970352	09/12/2021	23/12/2021	5 814 135.94 €
CURRENT MAINTENANCE UNDER 2021-2024 - LOTE 1 CONTRACT	INTEVIAL Gestão Integral Rodoviária SA	503970352	02/12/2021	23/12/2021	5 765 170.47 €
IC35 PENAFIEL (EN15)/RANS JUNCTION	RESTRADAS - REINFORCEMENT OF	503451541	14/09/2021	29/10/2021	5 478 421.00 €
CURRENT MAINTENANCE UNDER 2021-2024 - LOTE 10 CONTRACT	Construções J.J.R. & Filhos, SA	502197714	09/12/2021	23/12/2021	5 270 971.45 €
Cleaning services for IP Group facilities - Lote 1	Iberlim - Soc. Tec de Limpezas SA	502117281	07/09/2021	13/09/2021	5 174 281.20 €
Cleaning services for IP Group facilities - Lote 4	Iberlim - Soc. Tec de Limpezas SA	502117281	07/09/2021	13/09/2021	5 174 281.20 €
Cleaning services for IP Group facilities - Lote 7	Iberlim - Soc. Tec de Limpezas SA	502117281	07/09/2021	13/09/2021	5 174 281.20 €

Law 27– A/2020 was enacted on 24 July 2020, amending Law 2/2020, of 31 March (2020 State Budget), and additional laws. Article 7 of the said Law exempts from prior supervision contracts below € 750,000.

On January 5, 2021, Resolution No. 4/2020 — 1st Section was published, approving the instructions that establish the discipline applicable to the submission to the Court of Auditors, by electronic means, of the contracts referred to in no. 2 of article 17 of Law no. 30/2021, of 21 May, which approves, among other provisions, special public procurement measures.

All contracts entered by Infraestruturas de Portugal in 2021 comply with the Organisational and Procedure Law of the Court of Auditors; accordingly, all contracts priced over the amount provided in article 48 of the said law were subject to the Court of Auditor's approval.

8.12 IP's Adhesion to the Public Procurement System

Following the guidelines of the Executive Board of Directors, the Company promotes, whenever it is economically more advantageous, the contracting procedures, using ESPAP, under the Framework Agreements within the scope of the National Public Procurement System.

8.13 Measures to reduce operating expenses

The Activities and Budget Plan 2021/2023 (ABP 21/23) was approved by Unanimous Deliberation in Writing, of November 29, 2021, authorising the following:

i) Increase in personnel costs up to the overall ceiling of € 134.9 millions, corresponding to the amount foreseen in the 2021 SB;

ii) Increase in expenses related to outsourced studies, opinions, projects, and consultancy by € 8 thousand, in line with the evolution of the CPI, without prejudice to the need for the company to maintain the overall expenditure on Supplies and Services within the limit set out in the approved budget

In addition to the aforementioned, it should be noted that the increase in the number of IP workforce was authorized by the Joint Order of their Excellencies the Secretary of State for the Treasury and the Secretary of State for Infrastructure, dated July 28, 2020, in the following terms:

i) Replacement of employees who terminated or will terminate their employment in 2020 on grounds not attributable to the employer;

ii) Hiring in 2020 of 100 additional employees to ensure the compliance with commitments relating to the planned investment in infrastructures and the follow-up of respective projects and viewing to meet the requirements arising from the works to be developed in the railway and road networks, as provided in national investment plans;

Before presenting the results of the set of indicators that allow measuring the evolution of the reduction of operating expenses, it is important to first provide the background of the impact of COVID-19 on IP's results.

COVID -19 IMPACT IN 2021

Although the impact in operational terms is small or nil, there is a strong economic and financial impact, mainly motivated by the significant reduction in the use of the network (mainly the road network), due to traffic limitations occurred in the 1st quarter of 2021 , with a gradual recovery throughout the year.

Likewise, the real estate and commercial areas business under the management of IP Património continued to be seriously affected by the 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, as subsequently amended, in addition to the moratorium on payment associated with issued invoicing, payment exemption measures and other cuts were put in place and kept until August 2021.

Comparing 2021 with 2019, revenues fell by € 71.7 million with a direct impact on results, as shown in the following table:

REVENUES (ECONOMIC STANDPOINT)	ANO 2019	ANO 2021	CHANGE	%
Tolls (Own Network + Sub-concessions)	58 294	55 792	-2 502	-4%
RSC	701 539	636 392	-65 146	-9%
Railway Services	81 158	78 234	-2 924	-4%
Concession rent IPP	5 947	4 865	-1 082	-18%
Sub-total	**846 938**	**775 284**	**-71 654**	**-8%**

Amounts in € thousand

This assessment is conservative as it disregards the growth trend recorded in the years prior to the pandemic, and which was not considered in the calculation.

With regard to operating expenses for the prevention and organisation of work in the context of a pandemic, a total of € 868 thousand was recorded in 2021, mainly relating to expenses with Cleaning and Hygienisation of Facilities (Supplies and Services) and expenses related to Disinfections, PPE's and Tests (expenses with staff).

Against this background, the set if indicators identified by DGTF to assess the evolution of operational efficiency are show below.

OPERATIONAL EFFICIENCY	2021 IMPLEMENTED	2021 BUDGET	2020 IMPLEMENTED	2019 IMPLEMENTED	2021/2020		2021/2019	
					ABS. CH.	CH. %	ABS. CH.	CH. %
(0) EBITDA	496 773 447	549 209 075	444 689 052	589 689 083	52 084 396	12%	-92 915 636	-16%
(1) COGS	259 141 547	319 940 042	274 091 034	429 896 687	-14 949 487	-5%	-170 755 140	-40%
(2) Supplies and services	313 781 318	347 940 042	300 907 152	304 085 896	12 874 166	4%	9 695 422	3%
(3) Personnel expenses	131 114 042	134 851 754	127 218 388	127 320 165	3 895 653	3%	3 793 877	3%
(i) Severance payments		0	-49 290	1 428 012	49 290	-100%	-1 428 012	-100%
(II) Wage rises								
(iii) Impact of application of CBA	14 385 054	14 164 565	12 844 604	11 547 310	1 540 450	12%	2 837 744	25%
(4) personnel expenses without the impacts i, ii) e iii	116 728 988	120 687 189	114 423 074	114 344 843	2 305 913	2%	2 384 145	2%
(5) Impacts of the Covid 19 pandemic on Operating Expenses a)	868 235	1 807 952	1 231 441	0	-363 206	-29%	868 235	
(6) Operating expenses for the purposes of determining operational efficiency = (1)+(2)+(3)-(5)	703 168 671	800 923 886	700 985 133	861 302 748	2 183 538	0%	-158 134 077	-18%
(7) Turnover (T)	1 072 671 546	1 181 782 058	1 021 798 369	1 319 954 921	50 873 177	5%	-247 283 375	-19%
Operating subsidies			0	0				
Compensatory Allowances	55 055 058	115 556 109	55 055 058	59 747 982	0	0%	-4 692 924	-8%
(8) Loss of revenue due to COVID-19 pandemic a)	71 653 970	45 988 835	136 288 902	0	-64 634 932	-47%	71 653 970	
(9) Turnover for the purposes of determining operational efficiency (7 +8)	1 144 325 516	1 227 770 893	1 158 087 271	1 319 954 921	-13 761 755	-1%	-175 629 405	-13%
(10) Weight of Expenses/T (6)/(9)	61,4%	65,2%	60,5%	65,3%	1%	2%	-4%	-6%
(i) Travel and Accommodation Expenses (SS)	273 717	319 990	179 047	316 192	94 669	53%	-42 475	-13%
(iii) Travel allowances (expenses with staff)	494 106	656 495	521 589	684 430	-27 484	-5%	-190 324	-28%
(iii) Car fleet related expenses (b)	5 621 012	5 524 066	6 889 752	6 031 453	-1 268 740	-18%	-410 441	-7%
(11) Total = (i) + (ii) + (iii)	6 388 835	6 500 551	7 590 389	7 032 075	-1 201 555	-16%	-643 240	-9%
(12) Expenses with consultancy, studies and projects	1 577 466	2 284 005	1 230 479	1 470 248	346 988	28%	107 219	7%
Total number of HR (CBS+MB+Employees)-Average workforce	3439	3 526	3 359	3 369	80	2%	70	2%
Number of corporate bodies (CB)	8	9	9	9	-1	-11%	-1	-11%
Number of Management Jobs(MB)	194	192	192	193	2	1%	1	1%
Number of employees (excluding CB and MB)	3 237	3 325	3 158	3 167	79	3%	70	2%
Number of employees/Number of MB	16,7	17,3	16,4	16,4	0,2	1%	0,3	2%
Number of cars	724	727	727	743	-3	0%	-19	-3%

(Figures: €)
a) The impacts of the measures taken to deal with the COVID-19 pandemic must be duly justified and detailed (if applicable), as well as the COVID-19 impacts on the sales and services provided (if applicable).
b) Expenses with vehicles include rents/payments, inspections, insurance, maintenance, repair, tires, taxes and duties.

EBITDA

O EBITDA em 2021, não obstante a manutenção Despite the maintenance of the pandemic context, in 2021 EBITDA remained largely positive, reaching € 496.8 million, which corresponds to an improvement of € 52.1 million compared to 2020.

In comparative terms with 2019 EBITDA fell by € 92.9 million, which is mainly explained by the loss of revenue motivated by the pandemic; The impact on the Financial Statement was determined at € 77.8 million.

The following items also contribute significantly to the decrease in EBITDA in 2021 compared to 2019:

(i) Increase in personnel costs by € 3.8 million, due to the remuneration increases foreseen in the IRCT in force in the company, but also the increase in the workforce, authorised by the Joint Order of the Secretary of State for the Treasury and the Secretary of State for Infrastructures;

(ii) Increase of € 11.4 million in road maintenance costs, in line with the needs identified in the network and in compliance with the approved Activity Plan.

WEIGHT OF OPERATING EXPENSES ON TURNOVER

The weight of operating expenses in turnover, adjusted according to the impact of COVID-19, under the terms determined by the DGTF, was 61.4% in 2021, 3.8 p.p. lower than foreseen in the approved Activity Plan and in 2019 (reference year). In both cases, the operational efficiency indicator evolved favourably.

Comparing 2021 with 2020, there is a slight increase (+0.9 p.p.), which is also justified by the increase in personnel costs and the increase in spending on the maintenance of the road-rail network.

Travel and subsistence allowances and expenses, and fleet expenses

Overall expenses with Travel and Accommodation, plus Daily Allowances, and the Car Fleet, amounted to € 6.4 million in 2021, that is, lower than the same periods of 2019 and 2020, but also lower than the budget forecast.

Expenses with Consultancy Studies, Opinions and Projects

Expenditure with Studies, Opinions and Consulting Projects totalled € 1.58 million in 2021, lower than the estimated value for 2020 in 21/23ABP (€ 2.28 million), which served as a reference for IPs proposed increase by € 8 thousand in 2021, in this type of expenditure.

It is also worth mentioning the fact that, despite the increase of this type of expenditure in 2021 compared to the same periods of 2020 and 2019 (€ 347 thousand and € 147 thousand, respectively), overall expenses with Supplies and Services in 2021 were significantly below (-€ 34.2 million) the amount foreseen in the Activities and Budget Plan (ABP) and in the budget.

Personnel Expenses

Personnel expenses in 2021 totalled € 131.1 million, i.e. € 3.9 million more than in 2020 and € 3.8 million more than in 2019. As already mentioned, this increase in personnel costs is explained by the wage increases foreseen in the IRCT in force in the company, but also the increase in the workforce, authorised by the Joint Order of the Secretary of State for the Treasury and the Secretary of State for Infrastructures;

It is also important to mention that the amount of personnel expenses in 2021 was below the ceiling of € 134.9 million determined when the 21/23ABP was approved.

8.14 Hiring of studies, opinions, projects and consultancy - Indication of the way in which the provisions of paragraph 3 of Article 69 of the DLEO 2021 were complied with

With a view to comply with article 49(7) of DLEO 2019, IP consulted Parpública about 20 procedures in 2021, namely:

NUMBER	NAME
10005477	Preparation of the Execution Project for "Replacement and Stabilisation of the Road Platform on the EN116 – between kilometres 17+015 and 17+140
10005393	Reinforcement or Replacement of Hydraulic Crossings on EN234 - km 10+343 and 13+820
10004457	IP3 – Souselas Junction (IC3)/Viseu Junction (A25). Duplication/Renovation
10005051	ER255, km 031+004, PONTE DO MINHOTO - STA. CLARA. RENOVATION AND/OR REINFORCEMENT OF ENGINEE-RING STRUCTURE
10005907	IP3. Levelling of Ribeira da Selga and Protection of Pillar P3 Viaduct of the Penacova Junction Execution Project
10005111	A1, km 302+500, Ponte da Arrábidaover River Douro. Renovation of the Bottom Face of the Deck and Pillars
10006105	EN14, km 001+636, PSP. EN15, km 021+416, PSP. Renovation and Reinforcement/Replacement
10005915	EN112 - km 15+530 LD – Replacement of Embankment Support Wall and HC
10005915	EN112 - km 15+530 LD – Replacement of Embankment Support Wall and HC
10005698	Slope stabilisation – EN17 –Landfill km 9+080 LD and km17+000 LD; Excavation km 13+200 LE, 18+060 LE and 41+800 LE; Protection of Margin of Rio Ceira km 13+000 LD
10005962	Preparation of implementation project "IP4, km 0+467, A28, km 004+200, EN104, km 23+250. Pedestrian crossings
10007015	EX-1P4, km 63+670 to 77+630. Renovation and Replacement of Hydraulic Crossings
10007541	Preparation of the Cumulative Documentation Assessment Report (RADA) and Archive Custody
10006744	ER207, km 028+230, S. Miguel bridge over Ribeira de Barrosas. Renovation and Widening of Engineering Structure
10007236	Reinforcement or Replacement of Hydraulic Crossings on EN234 - km 013+555 - and EN2 - km 368+540
10007857	EN14, km 001+636, PSP. EN15, km 021+416, PSP. Renovation and Reinforcement/Replacement
10006870	EN230 – km 146+200 a 161+960 – Stabilisation of Excavation Slopes and Replacement of HC
10008600	EN363(D) - Bridge over Rio Torto (km 000+139) – Renovation
10008418	IC2, km 007+010, Hydraulic Crossing (Entrance). IC2, km 007+010, Hydraulic Crossing (Exit). IC2, km 035+670, Hydraulic Crossing IC17, km 013+730, Hydraulic Crossing EN9, km 038+220, Hydraulic Crossing – Reinforcement or Replacement of Engineering Structure
10008696	ER206 - Torre de Dona Chama (km 187+730) and Penhas Juntas (km 205+850) – Renovation

8.15 State's Treasury Unit principle

The State Budget Law for 2021, in article 172, kept the obligation of public corporate companies to comply with the State's Treasury Unit principle. Accordingly, IP must keep its cash flows and financial applications in accounts with IGCP, whatever their origin or nature, and move any funds using the bank services made available by this entity.

The Company has been using all banking resources and functionalities made available by the IGCP, namely home banking services to pay the State and suppliers, employees and other entities or perform other banking operations.

Notwithstanding, the Company still has to use certain commercial banking services, where IGCP does not provide them. Every quarter IP communicates the corresponding quarterly balances, using the online services of Directorate-General of the Treasury and Finance (DGTF) and the Directorate-General for the Budget (DGO).

In exceptional cases, as provided in article 115(5) of Decree Law 84 of 28 June 2019, the IGPC may waive compliance with the State's Treasury Unit principles for no more than two years, upon communication to DGO and DGTF.

Notice 1881/2020 of 31 December issued by IGPC authorised the waiving of compliance with the TUP din 2020 and 2021, in relation to the following banking services:

a) Bank guarantees that cannot be replaced by security deposits;

b) Loan repayments on respective due dates;

c) Paying agent service;

d) Custody of securities that are not public debt.

As of 31 December 2021 the company held € 166.9 million with IGPC.

IGCP(*)	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Demand deposits	226 325.07	239 477.47	188 281.65	9 676.65
Financial applications	0.00	0.00	0.00	157 261.84
Total	**226 325.07**	**239 477.47**	**188 281.65**	**166 938.49**

unit: Euro thousand

Liquid assets with commercial banks are distributed as follows:

RETAIL BANKING (*)	1ST QUARTER	2ND QUARTER	3RD QUARTER	4TH QUARTER
Novo Banco	11.1	11.0	11.0	0.5
BBPI	188.7	112.1	124.6	97.4
Santander	18.9	43.5	52.8	60.8
BBVA	33.8	33.4	33.0	63.7
CBI	0.3	0.3	0.3	0.2
BCP	10.2	23.9	23.9	2.9
CGD	39.2	21.7	21.7	-4 821.1
Total	**302.2**	**283.1**	**267.3**	**-4 595.7**

Interest earned (**)
unit: Euro thousand

8.16 Recommendations deriving from audits carried out by the Audit Court

In respect of recommendations issued by the AC in reports of the last three years, we point out the following:

COMPLIANCE WITH LEGAL GUIDELINES - 2021	FULFILMENT			QUANTIFICATION/ IDENTIFICATION	JUSTIFICATION/REPORT SECTION
	Y	N	NA		
2019					
Audit to the development of contract works "Current maintenance under 2013/2016 Contract – Santarém District" – Additional Contracts - Audit Court Report 4/2017					
Recommendation 1 Strictness in the preparation and control of public works projects, as provided in Article 43(1) of the Code of Public Contracts, as amended in Annex III to Decree Law 111-B/2017, of 31.08 August.	Y			**Measures adopted** The implementation of these recommendations was subject to the measures adopted in 2018, following the directives of the Audit Court in its report no. 2/2018.	
Recommendation 2 Awarding of additional works, namely as regards the legal assumptions and limits provided in article 370 to 378 of the CPC.	Y				
Recommendation 3 In respect of awarding procedures of public contract works (article 19 and following of CPC).	Y				
Recommendation 4 Powers relating to the authorisation of expenses for additional works and/or works to correct errors or omissions, taking into account the rules governing IP, SA and powers of respective corporate bodies.	Y				
2020					
Audit "Opinion on CGE - Operability of Infrastructures and Transports" - Report 1/2020 – 2nd Section					
Recommendations To the Government, through officials responsible for the areas of finance and infrastructures				Measures adopted	
Recommendation 1 Promote the conditions necessary to carry out the investment provided in PETI3+ 2014/2020, revised in NIP2030 released on 12/01/2019 (without financing deficit).	Y			**Measures adopted - Recommendations 1, 3 and 4** The following measures are being implemented: 1. Authorisation to Strengthen IP workforce; 2. Orders on the delegation of powers to IP' s EBD - Commitment of Expenditure	
Recommendation 3 Urgently obtain the funding necessary to at least, change the status of the assessed infrastructures from "non satisfactory" to "satisfactory".	Y				
Recommendation 4 Obtain, in the short-term, the funding necessary to at least, change the status of the assessed infrastructures from "requiring attention" to "satisfactory".	Y				
Recommendation 2 Ensure that the information on the implementation of PETI3+ is reliable and complete.	Y			**Measures adopted - Recommendation 2** Viewing to comply with control procedures currently in force at IP, the following measures are being implemented: 1. Half-year report on the Financial Development of PETI3+ for the AC 2. Completion of the Integrated Global Planning	

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<table>
<tr><th rowspan="2">COMPLIANCE WITH LEGAL GUIDELINES - 2021</th><th colspan="3">FULFILMENT</th><th rowspan="2">QUANTIFICATION/ IDENTIFICATION</th><th rowspan="2">JUSTIFICATION/REPORT SECTION</th></tr>
<tr><th>Y</th><th>N</th><th>NA</th></tr>
<tr><td>Recommendation 5
Promote the improvement of the risk management relating to the operability of transport infrastructure, in order to strengthen user confidence.</td><td colspan="3">Y</td><td colspan="2" rowspan="3">Measures adopted - Recommendations 5, 6 and 7

As regards the assets under IP' s direct management, IP has implemented to dedicated management systems, supported by 3 applications. The EWMS (Engineering Works Management System), covering the railway and road networks, which is supported by GOA application as concerns roads, and GOA Web, as regards the railway, and SGPav (Road Surface Management System), for the road network. As regards the assets under sub-concession, respective sub-concessionaires, as responsible for their management, also have management systems implemented; IP has access to such information, which allows it to monitor quality, on a regular basis, checking the fulfilment of standards, as provided in the Quality Control Plans (QCP) established in each Sub-concession Contract.
IP processes are audited and certified by an external entity according to ISO 9001:2015 and ISO55001:2014, thus fulfilling international good practices relating to Quality Management and Asset Management, respectively. These processes ensure the availability of infrastructures in adequate operating conditions.</td></tr>
<tr><td>Recommendation 6
Implement a management system for the universe of transport infrastructures (whether under state company management or subject to concession) providing regular information on their status (conservation and condition) and inspection (major, routine and underwater, if applicable), to ensure a timely assessment and efficiently prevent non operability.</td><td colspan="3">Y</td></tr>
<tr><td>Recommendation 7
Create and disclose on a regular basis, risk matrices by segment, of transport infrastructures by risk group, according to the probability and risk of their non operability, as well as the measures taken and to be taken to mitigate such risk, if material.</td><td colspan="3">Y</td></tr>
<tr><th colspan="6">2021</th></tr>
<tr><td colspan="6">Audit "Opinion on CGE - Operability of Infrastructures and Transports" - Report 1/2020 – 2nd Section</td></tr>
<tr><td colspan="4">Recommendations
To the Government, through officials responsible for the areas of finance and infrastructures</td><td colspan="2">Measures adopted</td></tr>
<tr><td>Recommendation 1
Promote the conditions necessary to carry out the investment provided in PETI3+ 2014/2020, revised in NIP2030 released on 12/01/2019 (without financing deficit).</td><td colspan="3"></td><td colspan="2" rowspan="3">Measures adopted - Recommendations 1, 3 and 4

The following measures were implemented:
1. Authorisation to Strengthen IP workforce;
2. Orders on the delegation of powers to IP' s EBD - Approval of Expenditure</td></tr>
<tr><td>Recommendation 3
Urgently obtain the funding necessary to at least, change the status of the assessed infrastructures from "non satisfactory" to "satisfactory".</td><td colspan="3"></td></tr>
<tr><td>Recommendation 4
Obtain, in the short-term, the funding necessary to at least, change the status of the assessed infrastructures from "requiring attention" to "satisfactory".</td><td colspan="3"></td></tr>
<tr><td>Recommendation 2
Ensure that the information on the implementation of PETI3+ is reliable and complete.</td><td colspan="3"></td><td colspan="2">Measures adopted - Recommendation 2

Viewing to comply with control procedures currently in force at IP, the following measures were implemented:
1. Half-year report on the Financial Development of PETI3+ for the Court of Auditors;
2. Completion of the Integrated Global Planning – in progress.</td></tr>
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COMPLIANCE WITH LEGAL GUIDELINES - 2021	FULFILMENT			QUANTIFICATION/ IDENTIFICATION	JUSTIFICATION/REPORT SECTION
	Y	N	NA		
Recommendation 5 Promote the improvement of the risk management relating to the operability of transport infrastructure, in order to strengthen user confidence.				**Measures adopted - Recommendations 5, 6 and 7** **Recommendations Implemented** As regards the assets under IP´ s direct management, IP has implemented to dedicated management systems, supported by 3 applications. The EWMS (Engineering Works Management System), covering the railway and road networks, which is supported by GOA application as concerns roads, and GOA Web, as regards the railway, and SGPav (Pavement Management System), for the road network. As regards the assets under sub-concession, respective sub-concessionaires, as responsible for their management, also have management systems implemented; IP has access to such information, which allows it to monitor quality, on a regular basis, checking the fulfilment of standards, as provided in the Quality Control Plans (QCP) established in each Sub-concession Contract. IP processes are audited and certified by an external entity according to ISO 9001:2015 and ISO55001:2014, thus fulfilling international good practices relating to Quality Management and Asset Management, respectively. These processes ensure the availability of infrastructures in adequate operating conditions.	
Recommendation 6 Implement a management system for the universe of transport infrastructures (whether under state company management or subject to concession) providing regular information on their status (conservation and condition) and inspection (major, routine and underwater, if applicable), to ensure a timely assessment and efficiently prevent non operability.					
Recommendation 7 Create and disclose on a regular basis, risk matrices by segment, of transport infrastructures by risk group, according to the probability and risk of their non operability, as well as the measures taken and to be taken to mitigate such risk, if relevant.					

8.17 Preparation and Disclosure of the Equality Plan

The Group´s Equality Plan Report for 2021 is available on IP website:

www.infraestruturasdeportugal.pt/pt-pt/sobre-nos/compromissos/responsabilidade-social

8.18 Non-Financial Statement

This Management Report included in Annual Report and Accounts for 2021 includes the non-financial statement, in accordance with article 66B(1)(2) and article 508G of the Companies Code, following the guiding principles of the Global Reporting Initiative (GRI).

The report makes explicit reference to the disclosure of non-financial information, specifically in chapter 1, where the integrated reporting model adopted by IP is explained, and where non-financial information is subject to a new approach.

The information is duly described in GRI table (Part V of the report, by reference to the different subjects provided in article 66B and article 508G of the Companies Code and respective disclosure in the integrated report.

8.19 Information available on the State-owned company sector (SEE) website

INFORMATION TO BE PROVIDED ON THE SEE WEBSITE	DISCLOSURE Y/N/NA	NOTES
Articles of Association	Y	on SEE website
Company characteristics	Y	www.infraestruturasdeportugal.pt/
Supervising and shareholder function	Y	on SEE website
Governance model/Members of governing bodies		
- Identification of Governing Bodies	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
- Fixed remuneration regime	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
- Disclosure of remuneration of Corporate Bodies	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
- Identification of functions and duties of members of the Board of Directors	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
Resumés of the members of governing bodies	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
Public financial effort	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
Summary	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
Historic and current financial information	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
Good governance principles		
- internal and external regulations which the Company must comply with	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
- Relevant transactions with related entities	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
- Other transactions	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
Analysis of the Company´s sustainability in the following areas		
Business	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website

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INFORMATION TO BE PROVIDED ON THE SEE WEBSITE	DISCLOSURE Y/N/NA	NOTES
Social	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
Environmental	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
- Assessment of compliance with the principles of good corporate governance	Y	SIRIEF Report and Accounts published on IP website Corporate Governance Report published on IP website
- Code of Ethics	Y	www.infraestruturasdeportugal.pt/pt-pt/etica

8.20 Summary Table of Compliance with Legal Guidelines

COMPLIANCE WITH LEGAL GUIDELINES 2021	FULFILMENT			QUANTIF./IDENTIF.	JUSTIFICATION/REPORT SECTION
	Y	N	NA		
Management Goals					
Core Revenues - Cash (€M)		x		€M 1,115	Point 8.1 of the Management Report.
Total Cash Flow (€M)	x			€M -1,062	Point 8.1 of the Management Report.
FERROVIA 2020/PETI3+ Aggregate indicator (%)		x		67 %	Point 8.1 of the Management Report.
Aggregate indicator (except FERROVIA 2020 / PETI3+) (%)		x		70 %	Point 8.1 of the Management Report.
Road Service Levels (%)	x			105 %	Point 8.1 of the Management Report.
Railway Service Levels (%)		x		92 %	Point 8.1 of the Management Report.
Non-Core Revenue		x		€M 46	Point 8.1 of the Management Report
Goals to achieve as provided in BBP 2021					
Operating Income		x		€M 1,227	Point 8.1 of the Management Report.
Operating expenses	x			€M 983	Point 8.1 of the Management Report.
Investment (excluding PPP's)		x		€M 278	Point 8.1 of the Management Report.
Road Partnerships	x			€M 1,252	Point 8.1 of the Management Report.
Level of Implementation of the Budget downloaded in SIGO/SOE					
Level of Implementation of the Budget downloaded in SGIO/SOE	x			104 %	Point 8.1 of the Management Report; Complies with corrected budget
Management of financial risk					
Management of financial risk	x			1.9 %	Point 8.2 of the Management Report.
Limits to indebtedness growth					
Limits to indebtedness growth	x			0.8 %	Point 8.3 of the Management Report.

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COMPLIANCE WITH LEGAL GUIDELINES 2021	FULFILMENT			QUANTIF./IDENTIF.	JUSTIFICATION/REPORT SECTION
	Y	N	NA		
Evolution of the APP to suppliers					
Evolution of the APP to suppliers	x			5	Point 8.4 of the Management Report.
Disclosure of payment arrears					
Disclosure of payment arrears	x				Point 8.4 of the Management Report. Payment periods are contractually agreed by IP and its suppliers. Where invoices are correct and comply with the legal and tax requirements they are paid up to due date (or approximate date). As result, IP does not have overdue payments.
Shareholder recommendations in the latest approval of accounts					
Shareholder recommendations in the latest approval of accounts	x				Point 8.5 of the Management Report.
Non-payment of management bonuses			x		Point 8.6 of the Management Report.
Remuneration					
BD - reduction in remuneration in force in 2020 (if applicable)	x				Point 8.6 of the Management Report.
Supervision (AB/OA/FU) - reduction in remuneration in force in 2020 (if applicable)	x				Point 8.6 of the Management Report.
External Auditor - reduction in remuneration in force in 2020 (if applicable)	x				Point 8.6 of the Management Report.
EGP - article 32 and 33					
Non-use of credit cards	x				Point 8.7 of the Management Report.
Non-reimbursement of personal expenses	x				Point 8.7 of the Management Report.
Ceiling on communication expenses	x				Point 8.7 of the Management Report.
Maximum monthly fuel and other vehicles expenses	x				Point 8.7 of the Management Report.
Non documented or confidential expenses - Art. 16(2) of RJSPE and art. 11 of EGP					
Non documented or confidential expenses not permitted	x				See point 8.8 of the Management Report - According to provisions in article 16(2) of Decree-law 133/2013 of 3 October, in 2021 IP had no non documented expenses.
Promotion of equal opportunities for women and men - no. 2 of CMR 18/2014					
Preparation and disclosure of report on remuneration paid to women and men	x				See point 8.9 of the Management Report - According to Council of Ministers Resolution 18/2014, of 7 March, State corporate companies must prepare and disclose every 3 years their report on the remuneration paid to women and men. The report relating to 2021 is published on the website of Infraestruturas de Portugal. www.infraestruturasdeportugal.pt/sites/default/files/inline-files/Relatorio_Igualdade_2021.pdf
Prevention of Corruption					
Preparation and disclosure of annual report	x				see point 8.10 The report is available for consultation at the website of Infraestruturas de Portugal: www.infraestruturasdeportugal.pt/pt-pt/sobre-nos/governo-da-sociedade/outras-divulgacoes

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COMPLIANCE WITH LEGAL GUIDELINES 2021	FULFILMENT			QUANTIF./IDENTIF.	JUSTIFICATION/REPORT SECTION
	Y	N	NA		
Public procurement					
Application of public procurement rules by the company	x				See point 8.11 of the Management Report.
Application of public procurement rules by subsidiaries	x				See point 8.11 of the Management Report.
Contracts submitted to the prior approval of the CA	x				see point 8.11 Management Report All contracts entered into by IP in 2021 comply with the Organisational and Procedure Law of the Court of Auditors, which provides that contracts with a value greater than € 750,000 must be approved by the Audit Court.
Adhesion to the National Public Procurement System					
Company´s adhesion	x				See point 8.12 of the Management Report.
Operating expenses of State-owned companies					
Weight of operating expenses/turnover	x			61.4 %	Point 8.13 of the Management Report.
Overall travel and accommodation expenses allowances, and car fleet expenses	x			€M 6.3	Point 8.13 of the Management Report.
Consultancy Studies, Opinions and Projects	x			€M 1.6	Point 8.13 of the Management Report.
Personnel Expenses	x			€M 131.1	Point 8.13 of the Management Report.
Hiring of consultancy studies and projects (article 49 of DLEO 2019)					
Hiring of consultancy studies and projects (article 49 of DLEO 2019)	x				See point 8.14 of the Management Report.
State's Treasury Unit Principle (article 28 of DL 133/2013)					
Cash and liquid assets deposited with IGCP	x			€M 166.9	See point 8.15 of the Management Report.
Cash and deposits in banks	x			€M -4.6	See point 8.15 of the Management Report.
Interest earned following UTE non-compliance handed over to the State	x				See point 8.15 of the Management Report. No interest were earned on non-Treasury applications
Audit Court Audits					
Recommendation following Audit by Audit Court	x				See point 8.16 of the Management Report.
Preparation of the Equality Plan					
Preparation and Disclosure of the Equality Plan	x				See point 8.17 of the Management Report. www.infraestruturasdeportugal.pt/pt-pt/sobre-nos/compromissos/responsabilidade-social
Presentation of Non-Financial Statement					
Preparation and Disclosure of Non-Financial Statement	x				See point 8.18 of the Management Report.

9. EFFECTS AND IMPACT OF THE COVID-19 PANDEMIC

In 2021, particularly in the 1st quarter, the pandemic caused by COVID-19 continued to have a significant impact at national level and also, inevitably, on IP.

During 2021, the company maintained the global contingency plan implemented in 2020, which is broken down into various sectoral contingency plans, covering the business and corporate areas, which take into account specificity and risk associated with the activity developed.

IP was thus able to continue ensuring the regular operation of the road and railway infrastructures and developing its investment plan, in line with respective programmes. This reality can be seen in the evolution of investment (own network) and conservation activities vis-à-vis the same period of the previous years.

The protection of employees was ensured, in line with the directives of the National Health Authority (DGS).

While the impact in operational terms is small or nil, a strong economic and financial impact continued to be felt in 2021, albeit lower than in 2020, mainly motivated by the significant reduction in the use of the road and rail network, mainly due to traffic restrictions in the 1st quarter of 2021, due to the occurrence of the 3rd wave of COVID-19.

As in 2020, in 2021 IP maintained a close relationship with the State shareholder with a view to implementing the most appropriate solutions to cover any additional financing needs, thus maintaining the company's financial sustainability.

Likewise, in 2021 the real estate and commercial areas business under the management of IP Património continued 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. Thus, based on article 11 of Law 4-C/2020, of 6 April, as subsequently amended, in addition to the moratorium granted on invoice-linked payments, payment exemption measures and other cuts were put in place and kept until August 2021 (in the last four months of the year they were no longer applied as the economy recovered).

The set of 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 of the activity of IP Group in terms of loss of revenues, increase in costs, and the actions developed to protect public health and the health of employees is described hereinbelow.

9.1 Impact on results

Comparing 2021 with 2019, revenues fell by € 71.7 million with a direct impact on results, as shown in the following table:

REVENUES (ECONOMIC STANDPOINT)	2019	2021	CHANGE	%
Tolls (Own Network + Sub-concessions)	58 294	55 792	-2 502	-4%
RSC	701 539	636 392	-65 146	-9%
Railway Services	81 158	78 234	-2 924	-4%
Management of Property and Commercial Areas	16 958	12 857	-4 101	-24%
TOTAL	857 949	783 275	-74 673	-9%

Amounts in € thousand

This assessment is conservative as it disregards the growth trend that had taken place in the years prior to the pandemic, and which was not considered in the calculation.

It is also worth noting that in calculating the loss of income, the loss of revenue from tolls from State Concessions is not being considered, since they do not have an impact on results as they are offset by items Cost of Goods Sold and Consumed Materials and External Supplies and Services – toll collection expenses.

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.

This reduction in the use of the road network is shown in the following figures:

i) Reduction in 2021, compared to 2019, in diesel consumption by 8.1% and gasoline consumption by 11.1%;

ii) Decrease in toll transactions of 61 million (-10%) over 2019.

9.2 Spending on Actions to Combat the Pandemic

With regard to operating expenses for the prevention and organisation of work in the context of a pandemic, a total of € 868 thousand was recorded in 2021, mainly relating to expenses with Cleaning and Hygienisation of Facilities, (recorded as Supplies and Services) and expenses related to Disinfections, PPE's and Tests, (recorded as personnel expenses).

9.3 Operating Activities

IP´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:

- Maintenance of high levels of implementation of maintenance and conservation activities, reflected in the increase in financial implementation by € 8.4 million (+5%);
- Increase in the financial implementation of investment activities by 75% over 2019;

- The road and railway networks remained completely available always.

9.4 Mitigation Measures and Work Organisation Model

Since March 2020, the country and the world have been faced with the need to fight the Covid-19 pandemic.

The Company, in a responsible and unequivocal manner, has adopted the necessary measures to mitigate and combat Covid-19, in line with the guidelines of the General Directorate of Health, measures that contributed to the effective protection and safeguarding of its employees and were recognized as such by them (according to the 2021 questionnaire on Occupational Safety and Health); this is particularly relevant in a company that provides essential public service and, as such, has to maintain a very significant number of its employees at their workstations.

Employee Protection Measures

- Relevant information is provided continuously via intranet to all employees of IP Group;
- PPE and other equipment and material for personal protection are provided, focused employees working in critical areas.
- Installation of temperature measuring equipment in critical facilities and facilities with a higher concentration of employees. 15 facilities with + over 50 employees.
- Cleaning and disinfection of facilities reinforced daily in work areas: over 950 places cleaned and disinfected on a daily basis. By way of example, we point out the management of the company's canteen space, with cleaning ensured at each change of person during mealtimes (organised in shifts).
- Nebulization of workstations where there is continuous flow of people, or which are continuously occupied (shift work); 330 programmed operations and 104 urgent operations.
- Use of equipment that emits UV-C radiation in the disinfection of the company's Kindergarten and installation of air purifiers by UV-C radiation in critical locations with no natural ventilation (including the cafeteria at the headquarters);
- Implementation of a testing plan for workers with critical functions of command and control of railway circulation and others who are on a face-to-face basis and show symptoms compatible with COVID-19 or who have had contact with positive cases;
- Expansion of the testing plan with the objective of screening for possible cases, carried out in several work centres, by random sampling of workers.

The total number of antigen tests performed in 2021 was 7,337;

- Medical examination carried out by the Occupational Medicine services after a period of absence due to COVID-19 infection, in order to assess the clinical situation of the employee (optional measure implemented for workers who expressed an interest in doing it) ;
- Occasional medical examination carried out by the Occupational Medicine services of workers who are covered by the exceptional regime for the protection of immunosuppressed and chronically ill patients under the terms of article 25-A of Decree-Law no. A/2020, from 13-3;
- Widening of the Worker Follow-up Programme, consisting of monitoring by outsourced specialised technicians, with the aim of providing a guided, structured, and consolidated response to psychological and emotional issues for workers who had difficulties in dealing the context of the pandemic situation;
- Preparation and dissemination of the Guide of Good Practices in the context of COVID-19 for the workers of the Company's Kindergarten.

Awareness-raising actions

Availability, to IP Group workers, of webinars taking into account the provision of remote work in a pandemic context:

- Pandemic – Lock-down - mental health workshop;
- Management of Personal and Professional Life in Remote Working;
- Management of Remote Working Teams.

Work organisation measures adopted

- Temporary decentralisation of workers at the Railway Operation Control Centres, viewing to reduce the concentration of workers at the same workstation and thus reducing the risk of contagion;

- Mixed telework/face-to-face regime for all workers with functions that can be performed remotely;
- Continuous monitoring and follow-up of the health status of workers with suspected or positive diagnosis of COVID-19;
- Mobilization of computer and telecommunication equipment deemed necessary to support workers with functions that can be performed remotely.

Organisational measures of physical spaces

- Distancing between workstations, call for social distancing, priority given to digital platforms for meetings, preference for open spaces, rules for the use of lifts (max. 1 or 2 people);
- Increase in cleaning/disinfection, namely in areas of shared use (copying machines, coffee machines, etc.);
- Organisation of the canteen in order to ensure the necessary social distancing during meals; time scheduling, reserved places, continuous cleaning). Organisation of additional meal areas, to prevent concentration of people;
- Availability of means to clean/disinfect cars and vehicles, where necessary;
- Flexibility of working hours, to avoid concentration of people;
- Implementation of specific measures, taking into account the easing of the restrictions imposed until September, regarding the occupation of workplaces, taking into account the size of the teams and the physical spaces where they work.

CONTACT WITH THE PUBLIC

RAILWAY STATIONS

- Installation of alcohol-based sanitizer in stations and display of audio and image messages;
- Awareness actions by security guards at the service of the railway network, with the aim of promoting social safety distance between people;
- Reinforcement of daily cleaning and disinfection in most busy stations;
- Implementation of disinfection system addressed to emergency teams, to promptly respond to suspect cases.

FACE-TO-FACE SERVICE TO THE PUBLIC AT IP REGIONAL OFFICES

- Face-to-face service subject to prior appointment;
- Use of Personal Protective Equipment (PPE) by workers and availability of disinfectant gel for customers;
- Installation of acrylic protections;
- Increased cleaning of common areas.

9.5 Public-private Partnerships

In what concerns the road Public-Private Partnerships, following the declaration of the state of emergency, several sub-concessionaires and toll collection service providers notified IP 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 as qualifying as and leading to a financial disequilibrium of the sub-concession, they are required to communicate such situation to IP.

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.

10. SUBSEQUENT EVENTS

Share capital increase

Pursuant to unanimous written corporate resolutions dated 31 January 2022, 18 February 2022 and 10 March 2022, the share capital of IP was increased by € 40,000 thousand and € 349,470 thousand and € 96,450 thousand, through the issue of respectively, 8,000, 69,894 and 19,290 shares with the nominal value of € 5,000 per share, subscribed and paid up by the Portuguese State, as shareholder.

Extension of the Framework Contract

Pursuant to communication from the Council of Ministers, dated January 20, 2022, the validity of the Framework Contract for the rail sector was extended for another six months, until June 30, 2022, providing for the relevant compensation payable to IP by the Portuguese State, ensuring the continuity of the service.

War in Ukraine

On February 24, 2022, the invasion of Ukraine by Russia began, and continues to this date. The impact of this new geopolitical scenario is already visible in Portugal, with direct repercussions on the price of commodities, in particular of oil, gas, and food products, among others. Chapter 11 – Outlook presents the possible framework, in the face of the huge uncertainty deriving from this situation, as well as the risks and potential impacts on IP's activity.

11. OUTLOOK

A strong increase in investment activity is expected for 2022 and following years, thus maintaining the annual growth trend that has been observed consecutively since 2016.

This increase in investment activity is mainly based on the Ferrovia 2020 Programme, which is in full development, with modernisation works underway on almost the entire length of the Beira Alta Line (the exception is the section between Guarda and Cerdeira , already completed in 2020), on the North Line, on the West Line and on the Algarve Line, in addition to the construction of the new railway section between Évora and Elvas. The financial implementation planned for 2022 under the Ferrovia 2020 Programme is currently of approximately € 380 million.

In addition to the Ferrovia 2020 Programme, the start of the implementation on the ground, of the investment provided for in the Recovery and Resilience Plan (RRP) as well as the in National Infrastructure Plan 2030 (NIP2030) is expected for 2022.

Within the framework of the RRP, the construction of the 2nd phase of the bypass on the EN14 between Maia and Trofa worth € 32 million started on 31 March 2022. Regarding NIP2030, one of the renovation works of the Vouga Line is already underway.

In addition to the start of works provided in the RRP and NIP2030, in 2022 the studies and projects necessary for the implementation of the investments foreseen in both plans will continue to be developed.

Following the significant rise seen in recent years in maintenance and conservation activity on the road-rail network following several years of low implementation, the volume of activity should stabilise in the period 2022-2024

Regarding the impact of the COVID-19 pandemic, no major constraints on operational activity are expected, given the evolution of the pandemic and related measures adopted since 2020, which will continue for as long as necessary.

The evolution of the war in Europe, following Russia´s invasion of Ukraine, and specifically its impact on the national economy is a relevant aspect to consider in our outlook. As is well known, this conflict has already led to a strong increase in oil, gas, and food products, among others. In the construction sector, this new geopolitical scenario is bound to have consequences in terms of the supply of materials, and their respective cost. We will continue to follow this worrying situation, given the high level of investment which IP has planned for the period 2022-2024.

Another potential impact of the price increase, namely with regard to road fuels (diesel and gasoline), is the decrease in the use of the National Road Network, with impact on associated revenues (RSC and Tolls) which represented, in 2021, around 82% of the IP Group's turnover.

As mentioned, this is a potential impact - its occurrence is not certain, especially since a set of mitigating measures are being implemented by the Portuguese Government, namely a relief in the tax burden on oil products, but traffic is recovering after one and a half years affected by pandemic restrictions. On the other hand, there is also uncertainty as to whether the current high price of fuel for road use will continue in the coming months; It is also important to mention that, to date, IP does not have consolidated information on road traffic to confirm or quantify the potential reduction in revenue due to a decline in road traffic.

Bearing this in mind, and also considering the way in which IP, in close coordination with the State Shareholder, overcame the pandemic context that strongly marked the years 2020 and 2021, the continuity of operations is not at stake.

Still from a financial point of view, notwithstanding the projected rebound in traffic levels on the Road Network to levels close to 2019, that is, to levels close to those verified before the pandemic, fur-

ther reduction in toll revenues is expected, due to the impact of the reduction regime for the ex-SCUT motorways (50% on user fees) introduced in the 2021 State Budget Law, applied to the whole year.

Meanwhile, the new Framework Contract for the management of the National Railway Network (RFN) is expected to be signed in 2022 (it was supposed to have happened in 2021); the Contract will define and govern the terms and conditions of IP´s public service obligations regarding the management on the NRN infrastructure, as well as the respective compensation payable by the State.

12. PROPOSAL FOR APPROPRIATION OF RESULTS

As provided in IP Statutes, the Executive Board of Directors submits to the General Meeting the Annual Report and Accounts for 2021, and proposes the approval of the appropriation of net results for the year in the negative amount of **€ 13,532,696.33** (thirteen million, five-hundred and thirty-two thousand six hundred ninety-six Euro and thirty-three cents) as follows:

Cumulative results: € 13,532,696.33

This proposal views to partially cover the losses recorded last year as a result of the COVID-19 pandemic.

Almada, 21 April 2022

The Executive Board of Directors

Vice-Chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed document

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

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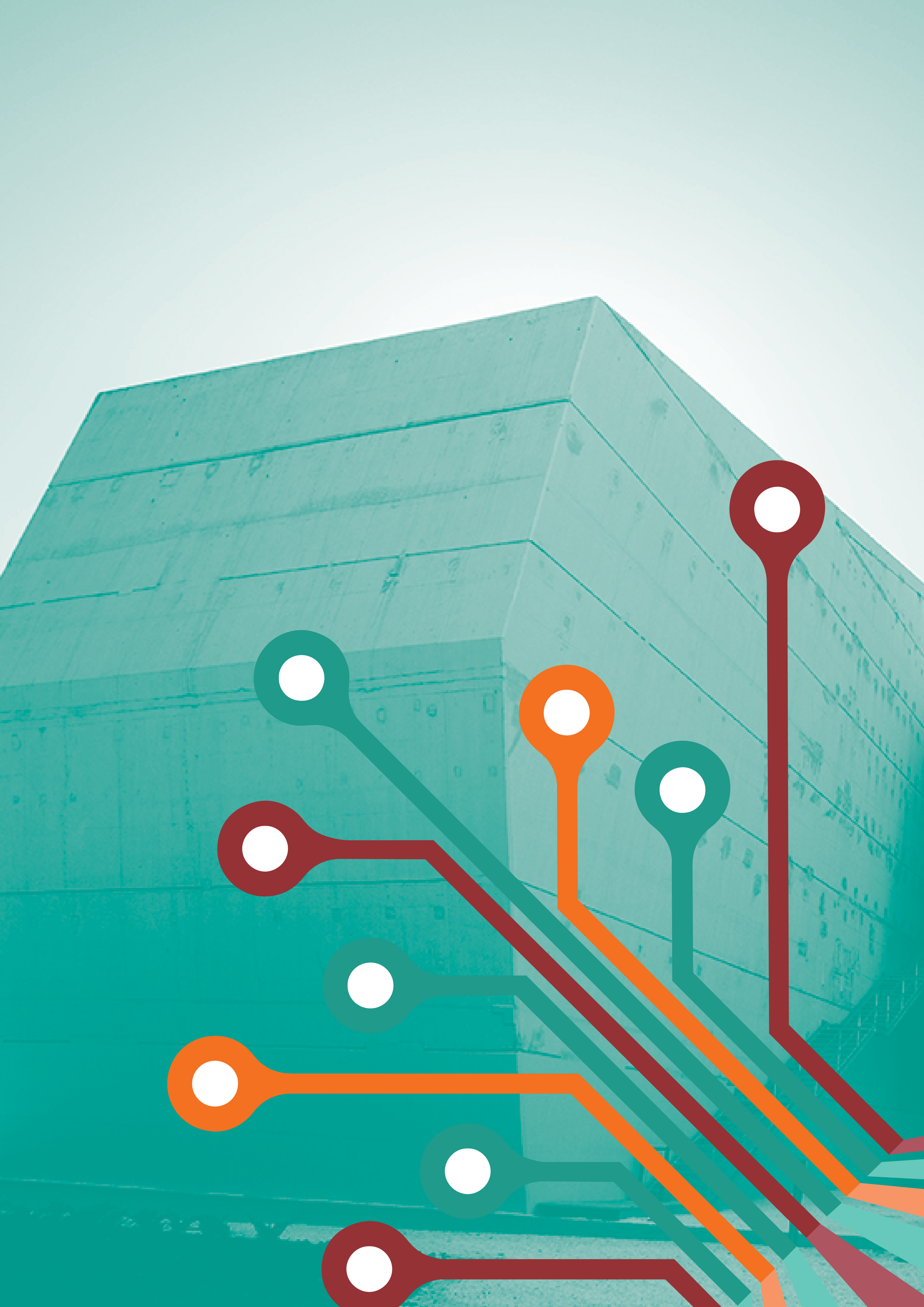

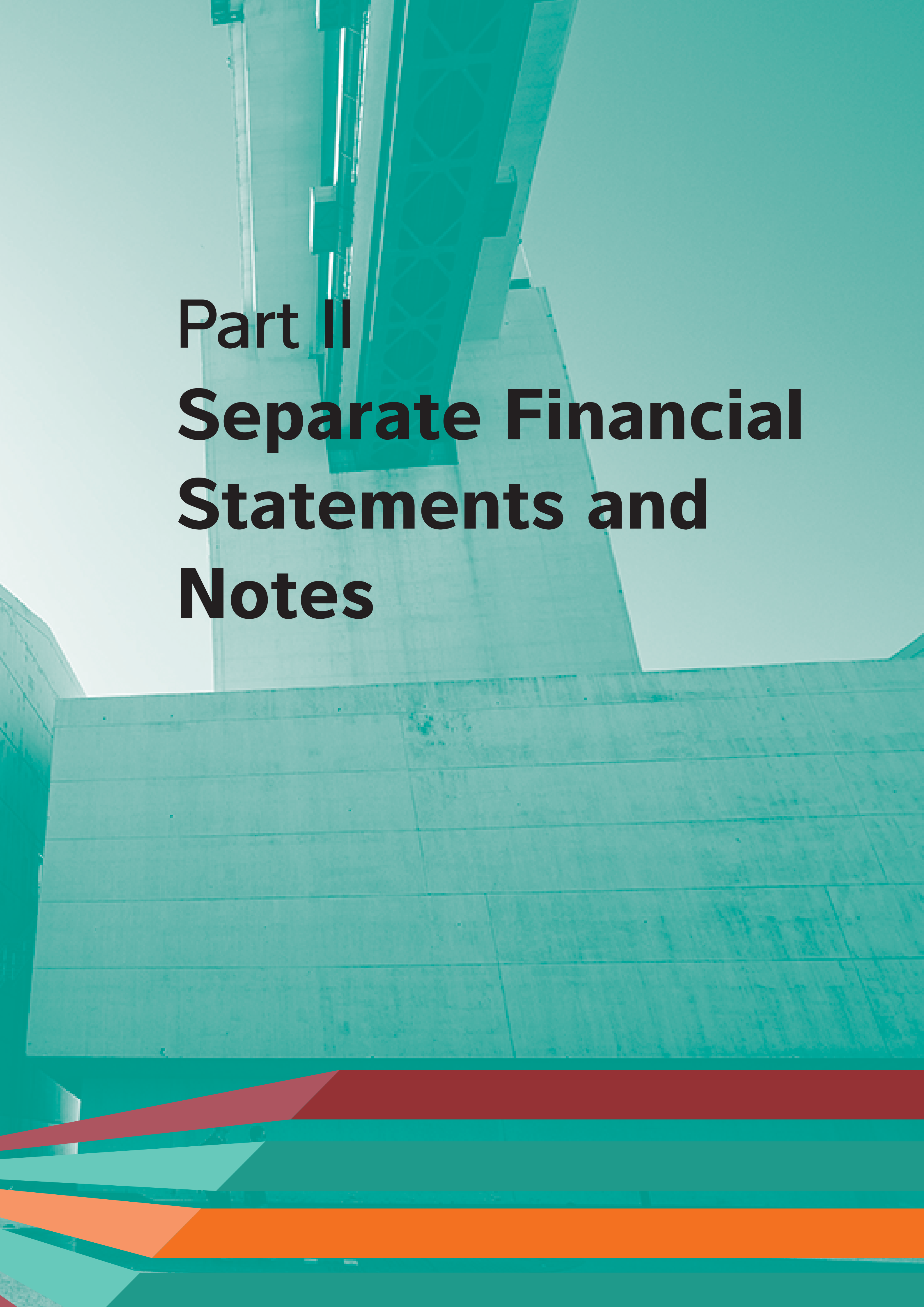

Part II
Separate Financial Statements and Notes

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PART II – SEPARATE FINANCIAL STATEMENTS AND NOTES

II SEPARATE FINANCIAL STATEMENTS AND NOTES

(Amounts in € thousand - €th)

STATEMENT OF COMPLIANCE

Pursuant to and for the purposes of provisions in Article 245 (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 Separate Financial Statements 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 that the management report for 2021 faithfully details the important events that occurred in that period and the impact on respective separate financial statements, and also describes the main risks and uncertainties for the forthcoming financial year."

The Executive Board of Directors

Vice-Chairman, JOSÉ SATURNINO SUL SERRANO GORDO

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Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

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Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

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SEPARATE FINANCIAL STATEMENTS

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2020

ASSETS	NOTES	2021-12-31	2020-12-31
Non-current			
Investments in subsidiaries	4	15 503	14 195
Investment in associates	5	0	-
Financial investments		96	39
Intangible assets	6	21 077 970	20 833 626
Tangible fixed assets	7	55 404	55 603
Investment properties		82	87
Loans granted	12.2.2	0	0
Trade receivables	12.2.3	5 258	9 214
Deferred tax assets	8	304 565	278 382
		21 458 878	**21 191 147**
Current			
Inventories	9	78 156	70 046
Grantor .- State - Account Receivable	12.2.1	4 136 729	3 914 002
Trade receivables	12.2.3	58 199	47 787
Current tax assets	10	-	26 041
Government and other public bodies	10	1 844 569	1 621 341
Other accounts receivable	12.2.4	145 350	142 771
Deferrals	11.1	3 852	1 560
Cash and cash equivalents	12.2.5	167 923	247 202
Non-current assets held for sale		3	3
		6 434 782	**6 070 753**
Total assets		**27 893 660**	**27 261 900**

To be read jointly with the Notes to the Separate Financial Statements

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND 31 DECEMBER 2020 (CONT.'D)

EQUITY AND LIABILITIES	NOTES	2021-12-31	2020-12-31
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Issued capital	14	9 870 180	8 257 530
Reserves		278 985	278 985
Retained earnings	14	- 44 290	11 909
		10 104 874	**8 548 424**
Net profit or loss for the period		13 533	- 56 199
Total equity		**10 118 407**	**8 492 224**
LIABILITIES			
Non-current			
Provisions	13	956 571	939 406
Loans	12.3.1	1 795 355	1 924 303
Other accounts payable	12.3.4	1 231 400	1 630 851
Deferrals	11.2	10 174 763	10 245 069
Deferred tax liabilities	8	-	27
		14 158 088	**14 739 657**
Current			
Trade payables (Suppliers)	12.3.3	40 275	9 917
Cash advances of trade receivables		547	547
Government and other public bodies	10	7 319	7 330
Current tax liabilities	10	13 832	-
Loans	12.3.1	151 668	653 291
Shareholder funding / Shareholder loans	12.3.2	2 332 667	2 343 354
Other accounts payable	12.3.4	1 061 582	1 006 159
Deferrals	11.2	9 274	9 421
		3 617 165	**4 030 019**
Total Liabilities		**17 775 253**	**18 769 675**
Total equity and liabilities		**27 893 660**	**27 261 900**

To be read jointly with the Notes to the Separate Financial Statements

SEPARATE COMPREHENSIVE INCOME STATEMENT FROM 1 JANUARY 2021 TO 31 DECEMBER 2021 AND FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

	NOTES	2021	2020
Sales and services	15	1 072 672	1 021 798
Compensatory Allowances	16	55 055	55 055
Cost of goods sold and materials consumed	17	- 259 142	- 274 091
External supplies and services	18	- 313 781	- 300 907
Maintenance, Repair and Safety of the Road Network		- 120 338	- 113 712
Maintenance, Repair and Safety of the Railway Network		- 75 680	- 72 866
Other ESS		- 117 763	- 114 329
Personnel expenses	19	- 131 114	- 127 218
Impairments (losses) / reversals	20	- 1 166	- 3 472
Provisions (Increase) / Decrease	13	- 15 606	- 22 327
Other Income and gains	21	99 269	104 400
Other expenses and losses	22	- 11 103	- 9 728
Gains/(losses) on subsidiaries and associates	23	1 689	1 179
Earnings before depreciation, financial expenses and taxes		**496 773**	**444 689**
Depreciation and amortisation (expenses) / reversals		- 250 784	- 235 348
Operating profit (before financing and tax expenses)		**245 990**	**209 341**
Interest and similar income	24	59 679	60 573
Interest and similar costs	24	- 280 254	- 305 382
Profit before tax		**25 414**	**- 35 468**
Income tax for the period	25	- 11 881	- 20 731
Net profit for the year		**13 533**	**- 56 199**
Comprehensive income for the year		**13 533**	**- 56 199**

To be read jointly with the Notes to the Separate Financial Statements

SEPARATE STATEMENT OF CHANGES TO SHAREHOLDERS EQUITY FROM 1 JANUARY 2021 TO 31 DECEMBER 2021 AND FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

	NOTES	SHARE CAPITAL	RESERVES	CUMULATIVE RESULTS	PROFIT FOR THE YEAR	TOTAL
31 December 2019		**7 203 380**	**155 334**	**115 732**	**19 828**	**7 494 274**
Appropriation of net profit for 2018 (financial statements approved in March 2020)		-	103 823	- 103 823	-	0
Appropriation of 2019 results (financial statements approved in October 2020)		-	19 828	-	- 19 828	0
Share capital increases		1 054 150	-	-	-	1 054 150
Comprehensive income for the year		-	-	-	- 56 199	- 56 199
31 December 2020		**8 257 530**	**278 985**	**11 909**	**- 56 199**	**8 492 224**
Appropriation of net profit 2020		-	-	- 56 199	56 199	0
Share capital increases	14	1 612 650	-	-	-	1 612 650
Comprehensive income for the year		-	-	-	13 533	13 533
31 December 2021	**14**	**9 870 180**	**278 985**	**- 44 290**	**13 533**	**10 118 407**

To be read jointly with the Notes to the Separate Financial Statements

SEPARATE CASH FLOW STATEMENT FROM 1 JANUARY 2021 TO 31 DECEMBER 2021 AND FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

	NOTES	2021	2020
Operating Activities			
Cash receipts from clients		1 034 895	1 055 703
Cash paid to suppliers		- 1 059 815	- 942 942
Cash paid to personnel		- 129 602	- 126 347
Flows generated by operations		**- 154 522**	**- 13 586**
Income tax (paid)/received		- 2 583	- 50 152
Other receipts / (payments) relating to operating activities		106 390	88 350
Net cash from operating activities (1)		**- 50 715**	**24 612**
Investing activities			
Cash receipts relating to:			
Investment subsidies		82 433	42 548
Tangible fixed assets		3 992	3 224
Financial investments		381	2 631
Interest and similar income		2	2
		86 807	**48 405**
Cash payments relating to:			
Investment subsidies		- 32	- 690
Financial investments		- 2 000	0
Tangible fixed assets		- 214 921	- 175 941
Intangible assets		- 782 615	- 787 007
		- 999 568	**- 963 638**
Net cash from investing activities (2)		**- 912 761**	**- 915 233**
Financing activities			
Cash receipts relating to:			
Capital contribution	14	1 612 650	1 054 150
		1 612 650	**1 054 150**
Cash payments relating to:			
Borrowings		- 629 288	- 89 711
Finance leases		- 2 042	- 1 242
Interest and similar costs		- 96 424	- 94 699
		- 727 753	- 185 651
Net cash from financing activities (3)		**884 897**	**868 499**
Variation in cash and cash equivalents (4) = (1) + (2) + (3)		**- 78 579**	**- 22 123**
Cash and cash equivalents at the end of the period	12.2.5	162 444	241 023
Cash and cash equivalents at the beginning of the year	12.2.5	241 023	263 145
Variation in cash and cash equivalents		**- 78 579**	**- 22 123**

To be read jointly with the Notes to the Separate Financial Statements

Almada, 21 de abril de 2022

The Executive Board of Directors

Vice-Chairman, JOSÉ SATURNINO SUL SERRANO GORDO

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Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

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Member, ALBERTO MANUEL DE ALMEIDA DIOGO

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Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

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Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

Certified Accountant

DIOGO MENDONÇA LOPES MONTEIRO

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NOTES TO THE SEPARATE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Infraestruturas de Portugal, S.A., with head-office at Praça da Portagem 2809-013 Almada, 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 or the "Company"). 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.

1.1. Company's 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.

2. MAIN ACCOUNTING POLICIES

2.1. Bases of presentation

The Financial Statements presented herein reflect the financial position, the results of the operations and the cash flows of IP for the periods ending on 31 December of 2021 and 2020, forming the separate financial statements of the Company.

These Financial Statements were approved by the Executive Board of Directors, at a meeting held on April 21, 2022. It is the opinion of the Executive Board of Directors that these provide a true and fair view of IP's operations, as well as its financial position, results, and cash flows.

IP's Financial Statements were prepared on the basis of ongoing operations, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), issued and in force on 31 December 2021.

IFRS include accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and respective bodies that preceded them.

The financial statements were prepared using mainly the historical cost measurement.

All figures are expressed in thousands of Euro (€ thousand/€th), without any rounding up or down, unless otherwise stated. Sub-totals and totals in tables presented in these 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 millions of Euro, where necessary.

The preparation of Financial Statements under IFRS requires the use of certain critical accounting estimates, assumptions, and judgements in the process of defining the accounting policies to be adopted by the company, with a significant impact on the carrying amounts of assets and liabilities, as well as of the expenses and revenues of the reporting period. Estimates and related assumptions are based on historic experience and on other factors deemed applicable and form the basis for the judgements on the values of the assets and liabilities, the valuation of which would not be possible to obtain from other sources. Issues requiring a higher degree of judgement or complexity, or for which the assumptions and estimates are considered significant, are presented in Note 2.3.

2.2. Summary of main accounting policies

2.2.1. Segments

A business segment is a component of an entity that conducts a business activity:

i) from which it can obtain revenue and incur expenses;

ii) the operating results of which are regularly reviewed by the chief operational decision-maker of the entity; and

iii) for which financial information is available.

IP identified the Executive Board of Directors as the body responsible for operational decision-making and as the body which revises the internal information prepared in order to assess the Company's performance and resource allocation. The determination of the operational segments was carried out based on information that is analysed by the Executive Board of Directors.

An entity must separately report the information on each identified segment, resulting from the aggregation of two or more segments with similar economic characteristics, or exceeding the quantitative levels set out in IFRS 8 – Business Segments.

2.2.2. Current/Non-Current Classification

IP classifies assets and liabilities as current and non-current, separately, in order of liquidity in the Statement of Financial Position, in accordance with provisions in IFRS.

An asset is classified as current when:

- The Company expects to realise the asset, or intends to sell or consume it, during in its normal operating cycle (which includes situations where assets do not show any defined maturity).

- The asset is held primarily for the purpose of being traded;
- The asset is expected to be realised within twelve months after the balance sheet date; or
- The asset is cash or a cash equivalent asset unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

Remaining assets are classified as non-current.

An asset is classified by the Company as current when:

- it expects to settle the liability in its normal operating cycle;
- The liability is held primarily for the purpose of being traded;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All remaining liabilities are classified as non-current.

2.2.3. Fair value

IP does not present assets or liabilities valued at fair value, which is used merely for the purposes of disclosure of fixed rate loans (note 12.3.2).

Fair value concerns the price to be received from the sale of an asset or payable for the transfer of liability in an orderly transaction between market participants on the measurement date.

Measurement/use of fair value is based on the presumption that the sale transaction of the asset or transfer of the liability occurs:

a) on the main market of such asset or liability; or

b) where there is no main market, on the most advantageous market for such asset or liability.

Measurement at fair value of a non financial asset takes into consideration the capacity of a new market participant to generate economic benefits, using the asset as best as possible or selling it to another market participant, which shall use it the best as possible.

IP uses valuation techniques appropriate to the circumstances and for which there are enough input to measure their fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured or disclosed at fair value are classified into one of the following categories:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity has access at measurement date;
- Level 2- includes distinct input from quoted prices included in Level 1, for which all significant inputs are observable, directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data.

2.2.4. Equity holdings in subsidiaries

According to IAS27 – Separate Financial Statements, when an entity presents separate financial statements, investments in subsidiaries, joint ventures and associated companies must be recorded at cost, at fair value or using the equity method.

IP records these investments at cost, deducted of any impairment losses.

Dividends from these entities are recognised under "Income/(expenses) in subsidiaries" when the right to them is established.

According to IFRS 10 – Consolidated Financial Statements, a subsidiary is an entity controlled by another entity.

An investing company controls an entity where it is exposed or holds rights relating to variable results via its relationship with such entity, and it has the power to affect such results through the control it has over the invested company.

2.2.5. Equity holdings in associates

An associate is an entity over which the Group has significant influence.

Significant influence is the power to participate in an entity's financial and operating policy decisions, without, however, exercising joint control or control over those policies.

The considerations made in determining the possible existence of significant influence are disclosed in note 2.3.

Investments in associates are accounted for using the equity method.

In accordance with the equity method, the investment in an associate is recognised at cost upon its initial recognition, with the carrying amount being increased or decreased in order to recognise the evolution of the Company's share in the associated entity's profit or loss under the heading of income/(expenses) in subsidiaries and associates, after the acquisition date.

Dividends received from an associate reduce the carrying amount of the investment. The carrying amount may also need to be adjusted to reflect the evolution of the Company's interest in the associate following changes in the associate's other comprehensive income. Such changes include those resulting from the revaluation of tangible fixed assets and foreign currency translation differences. The Company's share in these changes is recognised in the Company's other comprehensive income.

The financial statements of associated entities are prepared for the same reporting period as the Company. When necessary, adjustments are made to align accounting policies with those of the Company.

After applying the equity method, the Company determines whether there are any indications of the possible existence of impairment losses on investments in associates; if they exist, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its book value, and then recognises the loss in the income statement under the heading of income/(expenses) in subsidiaries and associates.

The registration of the investment using the equity method is discontinued as soon as the Company ceases to have significant influence over the investment, and it starts to be valued at fair value from that moment onwards.

2.2.6. Joint operations

A joint arrangement is, according to IFRS 11 – Joint Arrangements, an arrangement whereby two or more parties have joint control.

The joint arrangements have the following characteristics:

- The parties are bound by a contractual arrangement; and
- The contractual arrangement gives two or more of those parties joint control of the arrangement.

According to that standard, a joint arrangement is a joint operation or joint venture.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights over the assets and obligations and over the liabilities related to that arrangement. These parties are designated as joint operators.

A joint venture is a joint arrangement whereby the parties holding joint control of the arrangement have rights over the net assets of the arrangement. These parties are designated as joint venturers.

Holdings in AVEP – Alta Velocidade Espanha e Portugal A.E.I.E e A.E.I.E. Corredor Atlântico are considered as joint arrangements.

A joint operator recognises, in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output of the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

2.2.7. Intangible assets

Intangible assets are recognised and measured according to the transactions that gave rise to them. Intangible assets comprise the road concession right and other intangibles.

ROAD CONCESSION RIGHT

Through the application of IFRIC 12, the asset resulting from the Road Concession Right which has been assigned by the Road Concession Contract with the State is considered to be an intangible asset.

The Road Concession Right was recognised by virtue of a business combination at the time the merging company's corporate object was changed (EP).

The Road Concession Right is increased by the management of the national road network infrastructure, which includes, namely, the construction, financing and operation of the National Road Network (including the Concessioned Network) and the Future National Road Network, namely as a result of:

(i) Provision of construction services

It is increased on completion of each significant component of the Future National Road Network, according to its implementation value. Construction may be done directly by the Company or through sub-concession.

Until the completion of each component, the proportion of the amount of the expected implemented work is recognised as an intangible asset in progress, using the completed percentage method calculated based on the actual physical evolution of each works.

Expenses incurred by the Company in connection to the launching of sub-concession tenders are recognised as intangible assets until they are billed to the sub-concessionaire.

(ii) Acquisition of future rights on the Concessioned Network

It is increased by cumulative payments relating to the Concessions, net of receipts, made up until the initial term of each concession, after which the Company is entitled to the underlying economic benefits of the corresponding section.

Until the initial term, they are recorded in intangible assets in progress when spending occurs.

The Concession Contract presents the following definitions for the three key components of the Concession Undertaking:

"Concessioned Network — corresponds to the roads/motorways that integrate the National Road Network and which are, on the date of signing the concession contract, subject to a state concession contract or those that the State included in a public call for tenders still pending on the same date, with a view to the respective concessioning;"

"National Road Network — corresponds to the "Itinerários Principais" (trunk roads), "Itinerários Complementares" (secondary roads), National Roads and Regional Roads included in the NRP 2000 (National Road Plan) in operation or with construction started on the date of signing the Concession Contract. "The construction of the Trunk Roads, Secondary Roads, National Roads and Regional Roads as set out in the PRN 2000, is deemed to have started upon award by the State, or by EP — Estradas de Portugal, S. A., of the contract for their construction;"

"Future National Road Network — designates the Trunk Roads, Secondary Roads, National Roads and Regional Roads foreseen in the NRP 2000 or any subsequent legislation and that come into force up to 5 (five) years prior to the term of the Concession Contract, that are not built on the date of signing the Concession Contract. The Trunk Roads, Secondary Roads, National Roads and Regional Roads envisaged in the PRN 2000 are considered as not having been built if on the date of signing the Concession Contract their construction was not yet awarded by the State or EP — Estradas de Portugal, S. A."

IP amortises the Concession Right based on its best estimate of the consumption pattern of the economic benefits associated to the asset, i.e., in accordance with the units of production method as defined in IFRIC 12.

The production unit corresponds to the best estimate of the infrastructure use measured by revenue inherent to credits directly associated with the rights already acquired by the Company, which excludes income from the toll collection activity before the initial term of the underlying concessions.

Any changes in estimates are corrected prospectively, impacting on the value of amortisation of future periods.

The depreciation value of the Concession Right, which is revised on an annual basis according to the Company's best estimates, corresponds to the total overall amount of the costs incurred and responsibilities assumed within the scope of the general concession of the national road infrastructure.

The Company capitalises the borrowing costs associated to the acquisition, construction, or production of qualifying assets.

IP considers as qualifying assets those which take a period of more than 12 months to be concluded for their intended use; its most significant qualifying asset is the Concession Right to the road infrastructure network. Any component of the National Road Network or the Future National Road Network is considered a component of that same qualifying asset, provided that the estimated duration of its construction is greater than twelve months.

The components of the Concession Right qualifying for capitalisation of loan expenses are essentially the result of:

(i) Provision of construction services

The provision of construction services usually lasts more than 1 year, so the costs associated with funding obtained for the implementation are considered eligible, irrespective of whether the services are directly provided by IP or by sub--concession.

(ii) Acquisition of future rights on the Concessioned Network

Payments made on account of the acquisition of future rights on the Concessioned Network up to the initial end of each section of the current Concessioned Network.

Direct financial charges are considered as a cost of the component specifically financed. Whenever there is no funding directly attributable to each component of the current network, a weighted average rate of funding is used during the period, which is applied to the expenditure incurred in the development of the aforementioned network.

Components that were built with recourse to subsidies or which are in a position to become operational, regardless of the completion of the contract they belong to, are not considered for the purpose of calculating the basis for the capitalisation of funding costs obtained.

OTHER INTANGIBLE ASSETS

Remaining intangible assets concern, mostly, contractual rights on computer software and result from separate acquisition transactions.

Intangible assets result from separate acquisition transactions, and their cost reflects:

- The purchase price, including costs of intellectual rights and taxes on non-refundable purchases, after deduction of trade discounts and write-offs;
- any cost directly attributable to the preparation of the asset for its intended use.

IP values its intangible assets, after initial recognition, by the Cost Model, as defined in IAS 38 - Intangible Assets, and amortises them on a systematic basis as from the date they become available for use, during their estimated useful life, corresponding to a period of 3 years.

There are no intangible assets with indefinite useful lives.

IP assesses for impairment whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, any impairment being recognised in the income statement.

2.2.8. Tangible fixed assets

Tangible fixed assets of IP are recorded at acquisition cost minus any accumulated depreciation and any impairment losses.

The acquisition cost includes the acquisition cost of the asset, expenses directly attributable to its acquisition and any cost directly attributable to the preparation of the asset for its intended use.

Interest on loans directly attributable to the acquisition or construction of assets are capitalised as part of the cost of these assets. An asset eligible for capitalisation is an asset that requires a substantial period of time before it is available for use or for sale.

Costs are recognised as tangible assets only if any future economic benefits are expected and those benefits as well as the cost of the asset can be reliably measured.

IP assesses for impairment whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, any impairment being recognised in the income statement.

The recoverable amount is determined as the higher of the fair value of the assets minus the estimated costs of sale and the value in use determined by the expected present value of future cash flows expected to be derived from the continued use of the asset and its disposal at the end of its useful life.

Current repair and maintenance expenses are recorded in the income statement.

Cost of operations that can extend the useful expected life of an asset, or from which are expected higher and significant future benefits, are capitalized.

Land is not depreciated. Depreciation is calculated using the straight-line method, so that the value of the asset is depreciated until the end of its estimated useful life, according to the following rates:

	AVERAGE %
Buildings and other constructions	2
Basic equipment	12,5-20
Transport equipment	25
Administrative equipment	13
Right of use	25
Other fixed assets	13

Depreciation starts as from the moment the asset is ready for its intended use. The useful lives of assets are reviewed at the end of each financial year if expectations as to the expected economic benefits and the planned technical use of the assets differ from previous estimates. Changes occurring in the depreciation charge of the year are accounted for prospectively.

Gains and losses arising from the disposal of tangible fixed assets are determined as the difference between the assets´ sales value and net book value, and are recognised in the statement of comprehensive income.

Leases

IP assesses the existence of a potential right of use at the beginning of any contract, that is, if the contract conveys the right to control the use of an identified asset for a certain period against a consideration.

The right of use is initially measured at cost, comprising the initial amount of the lease liability adjusted of any lease payments made on or prior to commencement date, plus any initial direct costs occurred, minus any incentive granted.

Right-of-use assets are subsequently evaluated at cost minus depreciation and any impairment losses.

The depreciation of right-of-use assets is determined using the straight-line methods, during the period of the lease.

The liability for the lease is initially recognised by the present value of rents not yet paid at the date of the lease, minus any interest at the interest rate implicit in the lease.

Leases of IP concern vehicle lease contracts.

IP does not recognise as right of use or lease responsibility leases with a duration of less than 12 months, opting, pursuant to IFRS 16, to recognise as lease expense on a straight-line basis as rents under the external supplies and services heading until the end of the leases.

IP opted to present in the Statement of Financial Position the right of use duly segregated in caption Tangible Fixed Assets (Note 7) and liabilities for leases in Other Accounts Payable (note 11.3.4).

2.2.9. Investment property

IP distinguishes property held to earn rentals or for capital appreciation, which generate cash flows independent from other assets of the Company (investment properties dealt with in accordance with IAS 40 – Investment Properties) from those whose generated cash flows are associated with production or their use for administrative purposes whose generated cash flows are not independent from other assets (dealt with in accordance with IAS 16 – Tangible fixed assets).

Investment properties are initially recorded at cost, comprising their purchase price and any directly attributable expenditure.

Following initial recognition, they are measured at cost minus any cumulative depreciation (see Tangible assets, intangible assets and investment properties - Useful Lives – note 2.3) and any cumulative impairment losses, in accordance with the cost model.

Depreciation is made in accordance with the straight-line method, by twelfths, whereas investment properties of IP are being depreciated over 50 years.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- Commencement of development with a view to sale, in case of transfer or ownership of investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories (only when, there is a change in use).
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

Investment properties are derecognized when disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal, and any gain or loss will be recognised in the income statement as other income and gains or other expenses and losses.

Rents received for the lease of investment property are recognised in the income statement as other income.

2.2.10. Income tax

Income tax for the period includes current and deferred tax. Income tax is recorded in the Separate Income Statement, unless these are related to items that are recognised directly in equity. The amount of current tax payable is determined based on pre-tax profit, adjusted in accordance with tax rules.

Deferred taxes are recognised when there are differences between the book value of assets and liabilities at a certain time and their value for tax purposes using the expected tax rates in effect on the date of reversal of temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences, except for:

i. When they result from the initial recognition of an asset not stemming from a business combination, where accounting and tax profit of an entity are not affected; or
ii. In what concerns tax differences associated with investments in subsidiaries, associates, interests in joint ventures or joint undertakings, where the parent company, the investor, the venturer or joint operator is able to control the timing of the reversal of the temporary difference.

In relation to deferred tax assets, they are only recognised in relation to:

i. the deductible temporary differences which are expected to be reversible in the future, or
ii. when deferred tax liabilities exist, the reversal of which is estimated to occur at the same time as deferred tax assets.

The temporary differences underlying the assets and liabilities are reviewed periodically in order to recognise or adjust them according to their expectation of future recovery, in line with the current tax law, taking into account any uncertainties in tax treatment, as provided in IFRIC 23.

Potential tax benefits arising from business combinations which fail to meet the initial recognition criteria may come to be recognised as follows:

i. when they result from new information about facts and circumstances that existed at the acquisition date, they must be recognised against goodwill, except if goodwill does not exist, in which case it will be recognised in the Separate Profit and Loss Statement; and

ii. when they result from subsequent events, stemming from other facts, they will be recognised in the Separate Profit and Loss Statement.

Deferred tax assets and liabilities will only be offset against one another if:

i. There is an enforceable right to set off deferred tax assets with deferred tax liabilities; and

ii. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either, or it likely that the assets and liabilities originating the temporary differences will be realised on a net basis.

In March 2014, the IP Group adopted the special tax system for groups of companies (RETGS).

This tax group includes all companies resident in Portugal that are 75% or more owned by IP (parent company of IP Group), and which meet the conditions of article 69 and subsequent of the Corporate Income Tax Code. These are presented below:

- Infraestruturas de Portugal, S.A.

- IP Património – Administração e Gestão Imobiliária, S.A.

- IP Telecom – Serviços de Telecomunicações, S.A.

- IP Engenharia, S.A.

The companies included in IP tax group determine and record their income tax as if they were taxed on an individual basis. However, the liabilities calculated are recognised as due to IP, which will be responsible for the overall calculation and settlement of the tax.

Any benefit arising from the application of the RETGS is received by IP and reduced to the future tax that the subsidiary companies will incur.

2.2.11. Financial assets and liabilities

Financial assets and liabilities are recognised in the Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument.

Therefore, pursuant to IFRS 9, financial assets are initially recognised in one of the following categories:

i. Amortised cost - If the financial asset is held within the scope of a business model whose purpose is to hold the financial asset in order to collect contractual cash flows that are established in capital repayments and interest on outstanding capital.

ii. Fair value through other comprehensive income - If the financial asset is held within the scope of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, where the contractual terms of the financial asset give rise, on defined dates, to cash flows that are only repayments of principal and payment of interest on principal outstanding.

iii. Fair value through profit or loss - Except if measured at amortised cost or at fair value through other comprehensive income. However, there is the irrevocable option of initial recognition of certain investments in equity instruments that are considered at fair value through profit and loss.

The following are the IP's financial assets:

FINANCIAL INVESTMENTS

These concern holdings in Workers Compensation Funds and holdings in other entities, where there is no control, estimated at fair value through profit or loss and at fair value through other comprehensive income, respectively.

LOANS GRANTED

They concern accessory capital provided to Group entities.

GRANTOR - STATE - ACCOUNTS RECEIVABLE

Following the spin-off of the railway activity in Portugal in 1997, IP (formerly REFER) was assigned the responsibility of building and renovating long-duration railway infrastructures. This activity is carried out according to the Government directives; its financing is guaranteed through the share capital, by State and European grants and loans. The majority of the loans are secured by the State, and IP plays the role of "agent".

Applying this understanding, the effects of this activity are recognised and measured in accordance with IFRIC 12 - Concession Arrangements.

Therefore, for the purposes of IFRIC 12, the Investment Activity in Long-Duration Infrastructure (LDI) is considered to represent concession granted by the State (Public Entity) to IP (equivalent to Private Entity even though the State is the only shareholder), with IP taking the role of "concessionaire" in this activity.

IFRIC 12 applies to public service concession contracts in which the grantor (State) controls (regulates):

- The services to be provided by the concession holder (through the use of infrastructure), to whom and at what price; and
- Any residual interests over the infrastructure at the end of the contract.

IFRIC 12 applies to infrastructures:

- built or acquired by the operator from third parties; and
- that already exist and to which the operator is given access.

In this way, and given the above described, it is IP's understanding that the existing railway concession is included within the scope of this IFRIC for the following reasons:

- IP is a for-profit entity subject to the application of the Commercial Companies Code; although its shareholder is the State, it is constituted by the regime provided for in the legislation applicable to the public business sector (Decree-Law 133/2013 of 3 of October) having equity and financial independence from its shareholder, thus waiving the exclusion of application of IFRIC 12 in accordance with its §4;
- The decree-law which created IP may, in substance, be considered as concession agreement, since the State as Grantor, controls and governs the public services provided by IP, as concessionaire of the infrastructures belonging to public railway domain or which may come to be included in the public railway domain in the future, and defines to whom the services are to be provided and at what price; and
- The State, through ownership, controls the infrastructure, as it belongs to the State's public domain, leasing to IP the right to access the same in order to provide the public service, by charging a fee to passenger and freight transport operators.

This interpretation establishes the generic principles for the recognition and measurement of rights and obligations under the concession contracts with the above-mentioned characteristics.

Taking into account the types of existing models, the model which best translates IP's railway activity is the Financial Asset model, since according to the law in force, the State (public entity) will fully bear the costs of the investments in national railway infrastructures, whereas IP has an unconditional right to receive funds from the State for its investments in LDI. This right is granted either by article 11 of the General Land Transportation Law for rail transport (IARC), by Decree-Law 141/2008 of 22 July, or by the 2011-2015 Strategic Transport Plan (PET) and finally, in 2014, by the Strategic Plan for Transport and Infrastructures (2014-2020) (PETI3+).

As regards the Financial Asset, resulting from the application of this standard, it was framed in accordance with the provisions of IAS 32, IFRS 7 and IFRS 9.

CLIENTS AND OTHER ACCOUNTS RECEIVABLE

Includes current accounts with several entities, which are initially recorded at fair value and subsequently measured at amortised cost, less impairment losses. When impairments occur, they have a direct impact on results.

CASH AND CASH EQUIVALENTS

The amounts included in the heading of cash and cash equivalents correspond to the amounts in cash, bank deposits and other treasury applications, which include cash at the Treasury and Public Debt Agency – IGCP, E.P.E. (IGCP), maturing in less than 3 months, and which can be immediately mobilized with risk of insignificant change in value.

Accounting overdrafts are presented in the Statement of Financial Position, under current liabilities, under the heading "Loans " and included in the balance of the Cash Flow Statement.

Regarding financial liabilities, the existing categories are:

i. Amortised cost

ii. Fair value through profit or loss.

In the Company's case, all its financial liabilities (bank and shareholder financing, suppliers and others) are considered in the "Amortised Cost" category.

LOANS

The Company recognises non-current loans obtained as a financial liability in accordance with IFRS 9. These financial liabilities are recorded as follows:

(i) initially at fair value less transaction costs incurred, and

(ii)subsequently at amortised cost, based on the effective interest rate method.

IP has loans in the form of bilateral loans and bond loans to fund the construction of long-duration railway infrastructure (LDI), the railway infrastructure management activity and the road network management activity.

TRADE PAYABLES (SUPPLIERS) AND OTHER ACCOUNTS PAYABLE

The balances of suppliers and other accounts payable are measured initially at fair value and subsequently recorded at amortised cost, using the effective rate method. Usually, the amortised cost of these liabilities does not differ from their nominal value.

2.2.12. Inventories

Inventories are recorded at cost of acquisition/production or net realisable value, whichever is lower, except for materials held to use in Long Duration Infrastructure, which are recorded at cost, this amount being debited to the grantor.

The acquisition or production cost includes all purchase costs, conversion costs and other costs incurred to place the inventories in their location and in a condition for use or sale. The net realisable value is the estimated selling price in the normal course of business minus the respective selling costs, as provided for in IAS 2 - Inventories.

The quantities existing at the end of the period are determined from the accounting records, and confirmed by physical inventory taking. The outflows from warehouses (consumption) are measured at the weighted average cost, in accordance with IAS 2 - Inventories.

Whenever the net realisable value is lower than acquisition cost, such difference is recognised as impairment losses in the Separate Profit and Loss statement, which will be reduced or eliminated when the reasons that originate them will cease to exist.

At its warehouses IP has materials purchased for the sole specific purpose of its Long Duration Infrastructure Investment Activity.

2.2.13. Grants/Subsidies

Grants/subsidies received from the Portuguese State and the European Union or equivalent bodies are recognised at fair value when there is reasonable certainty that the conditions for receiving the grant will be met, except those relating to the LDI that are recognised only in the event of actual receipt.

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

Grants/subsidies obtained for financing assets acquired/built into long-duration infrastructure are recognised in the Statement of Financial Position under the "Grantor-State-Account receivable" item since, as they are allocated within the scope of the concessioned railway activity, they represent a repayment of part of the expenses incurred and are deducted from the amount receivable from the Grantor.

The subsidies obtained to finance the investment in associates are being deducted from the investment itself, as IP was directly mandated by a Resolution of the Council of Ministers to apply the subsidy received in the acquisition of the investment concerned.

Non-reimbursable operating subsidies are recognized in the separate income statement under "Other income and gains" on a systematic basis and in the same period in which the associated costs are incurred.

2.2.14. Provisions and contingent liabilities

Provisions are recognised by IP when there is a current obligation arising from past events and it is probable that an expenditure of future domestic resources will be required to settle that obligation and the amount of that obligation can reasonably be estimated. When any of the foregoing conditions is not met, the Company discloses these contingent liabilities.

Contingent liabilities are not recognised in the Financial Statements but are disclosed in the notes to the Financial Statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

Provisions are reviewed at the date of each reporting period and adjusted in accordance with the best estimate on that date.

Provisions are measured at the present value of the estimated expenditures to settle the obligation using a pre-tax discount rate that reflects the market assessment for the discount period and the risk of the liability in question.

2.2.15. Revenue

Revenue corresponds to the fair value of the consideration received or receivable from transactions with clients during the ordinary course of business of IP. Revenue is recognised net of taxes, discounts and other costs incurred to realise them, at the fair value of the amount received or receivable.

In accordance with IFRS 15, revenue was recognised at the date of transfer of control to the client, the value of the transaction being allocated to the diverse performance obligations assumed to the client, and adjusted in its measurement whenever the consideration is variable or subject to a significant financial effect according to the 5-step methodology, which comprises:

1) Identifying contract with client;
2) Identifying separate performance obligations to be fulfilled in the contract;
3) Determining transaction price;
4) Allocating a price to the transaction; and
5) Recognising revenue.

IP's revenue comprises:

In the context of railway infrastructure management, tariffs for the use of infrastructure, traction energy, manoeuvres, unused requested capacity, and other services established in the Network Directory available on the IP website, in compliance with the provisions of the Decree- Law No. 217/2015 and Decree-Law No. 270/2003, republished by Decree-Law No. 151/2014 (in the part maintained in force by Decree-Law No. 217/2015), in particular with the provisions of Article 27 and Annex IV of Decree-Law No. 217/2015.

The Directory aims to provide to applicants, authorities, and any interested party the general terms and conditions to acquire capacity and on the services provided by the national railway network.

In addition to describing the characteristics of the network, the Network Directory states the conditions for access, describes the services provided by IP and discloses charging principles and tariffs, including the methodology, rules and scales used to apply them.

Road revenue is derived from the road concession contract (hereinafter "Contract") which the State entered into with the former EP on 23 November 2007. The bases were approved in an 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.

The object of this Contract, which ends at midnight on 31 December 2082, is Concession by the Portuguese State to the former EP of the following:

- Design, construction, financing, maintenance, operation, repair and widening of the routes that integrate the National Road Network;
- Design, construction, financing, maintenance, operation, repair and widening of the routes that integrate the Future National Road Network;
- Financing, operation, maintenance, repair and widening of the roads of the national road network or future national Road Network, , but also integrating the concessioned network, though these liabilities are subject to the initial term of the concession agreements currently in force between the State and third parties. The initial term also marks the end of the assumption by the Company of all payments to be made by the State and the receipts to be collected by it, under the aforementioned contracts.

Under the concession contract, which was entered into for a period of 75 years starting in 2008, the following, among others, are IP own revenues:

i. Road Service Contribution (RSC)

The RSC created by Law 55/2007 of 31 August, represents the consideration paid by users for the use of the national road network. It is levied on gasoline and diesel, according to ISP (tax on oil and energy products). In 2014, the RSC was extended to LPG for vehicles that were exempted.

The cash inflow is made with a mismatch relative to the collection date, through which the revenue is recognised on an accrual basis.

ii. Other Revenue from the Concession Contract

In order to pursue its corporate object, the Company must provide construction services in connection to the development of the national road infrastructure network.

The result of the construction of each new component of the national road infrastructure network is registered in accordance with the completion percentage method.

The amount of revenue to be recognised results from the product between the percentage of completion and total value of the works. The total value of the works is the amount agreed with the grantor (the State), or, when an amount has not been agreed, the sum of the expenditure components specifically concerning the works in question, both internal and external.

The amount receivable from the provision of construction services under the concession is replaced by the Concession Right.

In the case where the total value of the work is agreed with the grantor, whenever the sum of the specific costs incurred and to be incurred exceeds the agreed revenue, the estimated loss is immediately recognised in profit or loss.

iii. The value of toll fees - Roads under the IP management or sub-concessioned

Toll collection on roads included in the network managed by the company or the sub-concessioned network is recognised in the year's profit or loss according to the real tolls in the period, in far as these tolls are charged in roads over which the IP already has full rights to operate the Concession.

iv. The value of toll fees - Roads under sub-concessioned management

Toll collection on roads included in the Concessioned Network is recognised according to the real tolls in the period, with the resulting amount being deducted to IP's investment in the acquisition of rights over said Concessioned Network, as stipulated in the Concession Contract entered with the Portuguese State.

IP recognises revenue relating to the rendering of services in accordance with IFRS 15, taking into account that the client simultaneously receives and uses the benefits generated by IP.

2.2.16.Employment benefits

Personnel expenses are recognized when the service is provided by employees, regardless of their payment date.

The former EP granted temporary early retirement pensions and supplements to retirement pensions and survivors´ benefits to a restricted and closed group of employees.

These post-employment supplements are paid by Caixa Geral de Aposentações to employees, which then charges them to IP, until those employees are in a position to retire according to General Law.

The liabilities related to the payment of these benefits are reviewed on an annual basis. The present value of the obligation is determined using the immediate lifetime rent method, by deducting future payments of the benefits that are perfectly identifiable, using the interest rate of high-rated bonds in the same currency in which the benefits will be paid and with a maturity close to the liability taken on.

Liabilities recognised in the Separate Statement of Financial Position correspond to the present value of the benefit obligation determined on the date of the Statement of Financial Position.

2.2.17.Impairment

The assets of IP are assessed for impairment purposes when an event or change in circumstances suggest that the carrying amount may not be recoverable.

The recoverable amount of an asset corresponds to the higher of the asset's fair value less costs to sell and its value in use.

The asset's value is the present value of the future cash flows expected to be derived from the continued use of the asset and its disposal at the end of its useful life. For the determination of future cash flows, the assets are allocated to the lowest level for which there are separate identifiable cash flows (cash-generating units), when such assessment is not possible for each asset on an individual basis.

The Company recognises impairment losses in results for the year whenever the book value of an asset exceeds its recoverable amount, unless the loss off sets a revaluation surplus recognised in equity.

Non-financial assets for which impairment losses have been recognised are assessed on each reporting date for the possible reversal of impairment losses. The reversal of impairment losses is recognised in the Separate Profit and Loss Statement, except for the assets which were revalued, in which case the reversal will correspond to an increase in revaluation. The reversal of impairment losses is recognised up to the limit of the amount (net of amortisation or depreciation) that would have been recognised if no impairment loss had been recognised in previous years.

2.2.18.Related parties

The revision of IAS 24 – Disclosures of related parties, established the obligation to disclose existing transactions with the State and with entities that are considered to be related, because they are also owned by the State.

After internal review the Executive Board of Directors, considering its activity as a whole, did not deem relevant the disclosure of balances and transactions with other entities, except those indicated below.

Related parties are entities over which IP controls (subsidiary companies) or is controlled (Portuguese State), which exerts significant influence (associated companies) or in which it exercises joint control (joint operations) and other entities (Operators Railways owned by the Portuguese State).

IP discloses balances and transactions with related entities in Note 26.

2.2.19. Subsequent events

Events occurred after the date of the Separate Statement of Financial Position and the date when the Financial Statements were approved by the Executive Board of Directors, which provide additional information on conditions that existed at the date of the Statement of Financial Position are reflected in the IP's Financial Statements.

Events occurring between the date of the Statement of Financial Position and the date of approval by the Executive Board of Directors of the Financial Statements are indicative of conditions that arose after the date of the Statement of Financial Position, if material, are disclosed in note 33.

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

In preparing the Separate Financial Statements in accordance with IFRS, the Executive Board of Directors 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 assessed continuously and are based on past events and other factors, including expectations for future events likely to be probable given the circumstances on which the estimates are based.

The estimates were determined based on the best information available at the date of preparation of the consolidated financial statements. However situations may occur in subsequent periods that are not foreseeable at the time and were not considered in these estimates, and may result in relevant changes in the future financial position, performance and cash flows of the Company, which will be considered prospectively in the profit or loss for the year.

Additionally, note 12.4 discloses a set of risks to which the Company is exposed.

The most significant accounting estimates reflected in the financial statements are:

INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are recorded at cost taking into account their strategic nature within the scope of the organisation of the Group's rail and road activities.

INTANGIBLE ASSETS - CONCESSION RIGHT

IP amortises its Road Concession Right by the equivalent production units method. This amortisation is based on: i) the estimate of total income generated by the concession until its end and on ii) the recovery of total investments to be made by the Group.

These two parameters are defined in accordance with the best judgement of the Executive Board of Directors for the assets and businesses in question, also considering practices adopted by companies of the sector at international level.

GRANTOR - STATE - ACCOUNT RECEIVABLE

As there is no defined maturity, as a result of the absence of a formalised concession contract, the amounts receivable are assumed to become due on the debit date. As a result, it is assumed that the amounts receivable are due on the moment of the debit. Consequently, from that date, the interest on the outstanding amount is deemed to be payable to the concessionaire (IP). The method of calculating this interest is based on the same conditions as the financing obtained to directly finance this activity. Interest and other financial expenses incurred with borrowings for financing the concession are therefore debited.

GRANTS/SUBSIDIES

Rail and road activities have been financed by means of investment grants.

The railway assets under concession are shown in the Financial Statements net of the respective subsidies, as it is the model that best represents the way in which it is expected to be reimbursed for these investments made.

On the other hand, grants associated with the road concession right are shown in the Financial Statements as deferred income, under deferred liabilities.

TANGIBLE, INTANGIBLE ASSETS AND INVESTMENT PROPERTIES - USEFUL LIVES

The determination of useful lives of the assets as well as the depreciation/amortisation method to be applied is essential to determine the amount of depreciation/amortisation to be recognised in the Separate Profit and Loss Statement for each year.

These two parameters are defined in accordance with the best estimate of the Executive Board of Directors for the assets and businesses in question, while also considering the practices adopted by the companies of the sector.

EQUITY HOLDINGS IN ASSOCIATES

Financial investments in associated companies are included in the Financial Statements using the equity method, from the date on which the Company acquires significant influence until the moment it ends.

The existence of significant influence on the part of the Company is normally demonstrated in one or more of the following ways:

- Representation on the Executive Board of Directors or equivalent management body;
- Equity holding of 20% to 50%;
- Material transactions between the Company and the associated entity;
- Participation in policy definition processes;
- Exchange of management cadres; and
- Provision of essential technical information.

JOINT OPERATIONS

The two European Groupings of Economic Interest of which IP is member are considered joint arrangements as provided in IFRS 11.

The determination of the typology of agreement is based on the judgement made by the entities involved, taking into account the rights and obligations arising from the agreements, taking into account:

- Structure and legal form of the agreement – Both agreements concerned are structured under separate vehicles. In these circumstances, according to the applicable standard (IFRS 11), a joint arrangement is where the legal form of the said instrument does not allow separation between the parties and the separated vehicle, which is the case here, since the by-laws of both Groupings mention the existence of unlimited and joint liability of the partners in the agreement, which makes them responsible for credits claimed by third parties, as well as the fact that, in the event of losses, the general meeting has the right to ask the parties to contribute proportionately, i.e. pro rata to their respective share of the Grouping´s debt settlement, which seems to confer to the parties obligations for the liabilities originated by the agreement.
- The terms agreed by the parties - both agreements provide that the projects will be deemed as undivided assets of members.

ESTIMATED REVENUE PATTERN

The amount and timing of future earnings are essential to determine the equivalent units 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 on and on IP's Executive Board do 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.

The company also made a sensitivity analysis of the evolution of revenues over the Contract's life and their impact on the 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, according to the Activities Plan and Budget for 2021-2023 and after 2023 it would be 0%, with growth remaining in line with the CPI (Base Scenario).
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.
d) It was considered that the 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. It was also considered that the new reduction regime introduced by articles 425 and 426 of the 2021 State Budget Law will remain in force until the end of the Concession Contract.

In the first three scenarios, the universal reduction in force since July 2021 in Ex-Scut motorways was considered, without any compensatory measure until 2024.

The result of these different scenarios for 2021 is shown in the table below:

SENSITIVITY ANALYSIS OF GROWTH OF RSC AND ROLL REVENUE	SCENARIO A)	SCENARIO B)	SCENARIO C)	SCENARIO D)
Amortisation for the year	245	219	175	274
Amortisation of grants	-61	-56	-48	-66
	184	**163**	**128**	**208**
Difference		**-21**	**-56**	**25**

DEPRECIATION VALUE OF CONCESSION RIGHT

The value taken as the depreciation value of the Concession Right must take into account the value of works and maintenance scheduled up to the term of the concession.

Changes in planned, contracted and executed values may vary due to factors outside the Company's control, impacting the depreciation value to be recorded in the future.

REGULAR MAINTENANCE OF ROADS AND ENGINEERING STRUCTURES

Based on technical surveys of repair needs and the control of the average quality index of the roads and engineering structures, an annualized cost necessary for the scheduled maintenance to be carried out is calculated that allows, in accordance with the stipulated in the IP Concession Contract, maintenance of the network's average quality index at the values at which it was received.

RAILWAY CONCESSION

As there is no formal concession agreement for the Investment Activity in Long-Duration Infrastructures, IP makes the following assumptions to determine the value of the concession, based on the principle of substance over form and the existing legislation, namely:

- The General Land Transportation Law Infrastructure Maintenance and Supervision Law 10/90 - which establishes in number 3 of article 11 the compensation payable by the State for shouldering in full the infrastructure construction, maintenance and supervision costs, in accordance with rules to be approved by the Government.
- In the Strategic Transport Plan (RCM 45/2011):

The investment necessary for the construction of transport infrastructure, as goods and assets in the public domain, is the responsibility of the State as set out in the General Land Transportation Law. Nevertheless, over the past decades, state-owned enterprises operating in the land transport and railway sectors have carried the burden of having to register in their Financial Statements - via the issuing of debt - the costs of this investment made on behalf of the State"; and

"The historic debt of state-owned enterprises operating in the public railway transport and infrastructures sector, results in part from the development of investment projects which are the State's responsibility, (...)".

- PETI3+ - Strategic Plan for Transports and Infrastructures (2014-2020).

PETI3+ "...is a revision of PET 2011-2015, including a second phase of structural reforms to be made in this sector, as well as a set of investments in transport to be carried out until the end of this decade. It is estimated that 61% of priority railway projects can be financed through community funds and 39% through public funds. "Where any assets are withdrawn from the public railway domain, the profit or loss will be allocated to this activity, as established in each withdrawal order.

Therefore, the costs borne with LDIs assume the form of "accounts receivable" (financial assets) charged to the "State grantor", being initially recognised at fair value.

Financial assets correspond to the investment in the assets under concession, which include public railway domain property, to which IP only has access to provide "Infrastructure Management" services, less the return on assets and any grants received plus the interest of loans contracted, debited to the concession and not settled by the Grantor. As there is no defined maturity, as a result of the absence of a formalised concession contract, the amounts receivable are assumed to become due on the debit date. Consequently, from that date, the interest on the outstanding amount is deemed to be payable to the concessionaire (IP). The method of calculating this interest is based on the same conditions as the financing obtained to directly finance this activity. Interest and other financial expenses incurred with borrowings for financing the concession are therefore debited.

LONG DURATION INFRASTRUCTURES (LDI)

Tangible fixed assets classified as long duration infrastructures belong to the public railway domain, and IP only has access to them so as to provide the services associated with the Railway Infrastructure Management. Accordingly, they are recorded under the "Statement of Financial Position - Grantor - State - Account receivable" item, as they constitute an unconditional right to receive money from the State for the investments made. These assets, in addition to acquisitions and buildings after the spin-off of the CP assets, include the assets of the former divisions, freight terminals and property transferred from that company, which have the nature of "public domain goods".

CONSTRUCTION BY MEANS OF SUB-CONCESSIONS

Construction through Sub-Concessions is recognised to reflect the effective evolution of the works, based on percentage of completion data obtained from the sub-concessionaires and validated by IP.

PROVISIONS

IP regularly analyses any obligations arising from past events and which must be recognised or disclosed.

The subjectivity associated with determining the likelihood and amount of future internal resources required for the payment of the obligations may lead to significant adjustments, either due to changes in the assumptions used or the future recognition of provisions previously disclosed as contingent liabilities.

Provisions resulting from lawsuits in progress are periodically assessed by IP's internal and external lawyers in charge of those proceedings.

As regards the provision for disqualified roads, IP makes a comprehensive survey of the disqualified roads still under its responsibility and checks, on the basis of technical analyses of the cost of preparing them for hand over to the municipalities, if the recorded value of this provision is appropriate.

As a result of the developments in the VAT process described in Note 10, a provision in the amount corresponding to the estimated impact of an unfavourable decision to former EP (the entire VAT deducted by EP in activities financed by the RSC) has been set up.

IMPAIRMENT OF NON MONETARY ASSETS

Tangible and intangible assets with defined useful life – any indication of impairment losses is verified, namely through the discontinuing/destruction of assets.

Inventories held to be used in production – they will not be reduced below cost as since they are integrated in the infrastructure, they will be debited to the Grantor at acquisition price. The only exception to this concerns materials that are obsolete or technically depreciated and which cannot be used for the activity, which will notwithstanding be adjusted taking into account their recoverable value from their sale as waste.

Investments in and subsidiaries associates – the existence of possible restrictions on the recovery of the investment is verified, and it is the Company's policy, with regard to financial holdings, to recognise impairment whenever the value of the investment exceeds the net assets of the investees from a standpoint of liquidation of the latter. This is deemed to be the more adequate model for these entities, which exist from a standpoint of segmentation of service rendering activities of the Group.

IMPAIRMENT OF FINANCIAL ASSETS

Loans granted – any need to recognise impairment is verified taking into consideration the subsidiaries´ capacity to generate future cash flows, by analysing their budget projects as well as their business plans.

Sundry debtors – based on the evaluation by the Executive Board of Directors of the probability of recovering such receivables, the seniority of the balances, cancellation of debts and other factors. Other circumstances and facts are also considered that may alter estimated impairment losses of receivables in the face of considered assumptions, including changes in the economic climate and sector trends, the creditor position of main clients and significant defaults.

This evaluation process is subject to various estimates and judgements. Changes in these estimates may imply different levels of impairment; consequently, they may have different impacts on income.

Trade receivable from clients of the Infrastructure Management and High Performance segments – in general, they have not been subject to impairment given the specific characteristics of the clients (railway operators partly held by the State and toll clients).

INCOME TAX

Deferred tax assets are recognised only when there is strong certainty that there will be profit and future taxable income available for the use of temporary differences, or when there are deferred tax liabilities, the reversal of which is expected in the same period in which deferred tax assets are reversed. The assessment of deferred tax assets is made by the Executive Board of Directors at the end of each reporting period, taking into account the expected future performance of IP. Deferred taxes are determined based on current tax legislation or legislation published for future application. Changes in tax legislation can influence the value of deferred taxes and these are analysed carefully by management.

3. SEGMENT REPORTING

See accounting policy 2.2.1.

IP has the following business segments:

- High Performance;
- Road Infrastructure Management Activity;
- Railway Infrastructure Investment Activity;
- Railway Infrastructure Management Activity;

The ´High Performance´ segment corresponds to the entire activity related to Road High Performance and includes all currently managed Public-Private Partnerships (PPP), including concessions of the State and sub-concessions, and the other high-performance roads currently directly managed by IP.

The ´Road Infrastructure Management Activity´ segment includes management of the whole National Road Network not included in the previous segment. It comprises both the activities of building and upgrading the roads and engineering structures and the activities of management, maintenance and improvement of network safety.

The ´Railway Infrastructure Investment Activity´ segment includes the set of investments associated with new infrastructure and/or expansion of the network; modernisation and rehabilitation, with the introduction of new technologies in the mode of operation; and infrastructure replacement, which comprises interventions that introduce improvements of a lasting nature or which can increase the value and/or useful life of the asset without changing operating conditions;

As described hereinabove, the financing required for the investments made is obtained by IP and may be in the form of loans with financial institutions and the financial market, suppliers, capital contributions and subsidies.

The ´Railway Infrastructure Management Activity´ segment corresponds to the provision of a public service, including functions such as maintenance and repair of infrastructures, capacity management, management of regulatory and safety control, command and control of traffic, and including other activities supplementary to the infrastructure management.

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

2021	RAIL INV. RAILWAY INFRAST.	MANAGEMENT ACT. RAILWAY INFRAST.	HIGH PERFORMANCE	MANAGEMENT ACT. ROAD INFRAST.	TOTAL
Sales and services	32 106	81 181	292 357	667 027	1 072 672
Impairment	-	- 1 166	-	-	- 1 166
Provisions	-	3 214	-	- 18 820	- 15 606
Other income	-	78 079	9 646	68 289	156 013
Other expenses	- 31 158	- 206 944	- 289 874	- 187 164	- 715 140
EBITDA	**949**	**- 45 636**	**12 129**	**529 331**	**496 773**
Amortisation and depreciation	- 949	- 3 200	- 246 635		- 250 784
EBIT	**0**	**- 48 836**	**294 826**		**245 989**
Financial expenses	- 59 676	- 21 559	- 199 019		- 280 254
Financial income	59 676	-	3		59 679
EBT	**0**	**- 70 395**	**95 810**		**25 414**
Income tax for the period	-	- 11 881			- 11 881
Net Income	**0**	**13 533**			**13 533**

2020	RAIL INV. RAILWAY INFRAST.	MANAGEMENT ACT. RAILWAY INFRAST.	HIGH PERFORMANCE	MANAGEMENT ACT. ROAD INFRAST.	TOTAL
Sales and services	28 118	77 264	292 035	624 381	1 021 798
Impairment	-	- 3 472	-	-	- 3 472
Provisions	-	3 606	-	- 25 933	- 22 327
Other income	-	80 894	8 926	70 814	160 634
Other expenses	- 27 198	- 204 073	- 289 023	- 191 651	- 711 944
EBITDA	**921**	**- 45 780**	**11 938**	**477 611**	**444 689**
Amortisation and depreciation	- 921	- 3 017	- 231 410		- 235 348
EBIT	**0**	**- 48 797**	**258 138**		**209 341**
Financial expenses	- 60 571	- 24 577	- 220 235		- 305 382
Financial income	60 571	-	2		60 573
EBT	**0**	**- 73 374**	**37 906**		**- 35 468**
Income tax for the period	-	- 20 731			- 20 731
Net Income	**0**	**- 56 199**			**- 56 199**

2021-12-31	RAIL INV. RAILWAY IN-FRAST.	MANAGEMENT ACT. RAILWAY INFRAST.	HIGH PERFORMANCE	MANAGEMENT ACT. ROAD INFRAST.	TOTAL
Assets					
Concession right	-	-	21 073 314		21 073 314
Grantor	4 136 729	-	-	-	4 136 729
Other assets	46 820	166 017	30 530	2 440 250	2 683 617
Total assets	**4 183 548**	**166 017**	**23 544 095**		**27 893 660**
Liabilities					
Borrowings	1 702 598	13 004	2 564 088	-	4 279 690
Grants/Subsidies	-	-	9 913 880		9 913 880
Other liabilities	2 568	95 041	2 139 143	1 344 930	3 581 682
Total Liabilities	**1 705 166**	**108 045**	**15 962 041**		**17 775 253**

31-12-2020	RAIL INV. RAILWAY INFRAST.	MANAGEMENT ACT. RAILWAY INFRAST.	HIGH PERFORMANCE	MANAGEMENT ACT. ROAD INFRAST.	TOTAL
Assets					
Concession right	-	-	20 829 528		20 829 528
Grantor	3 914 002	-	-	-	3 914 002
Other assets	36 869	142 615	31 745	2 307 141	2 518 370
Total assets	**3 950 870**	**142 615**	**23 168 414**		**27 261 900**
Liabilities					
Borrowings	1 818 379	524 658	2 577 911	-	4 920 948
Grants/Subsidies	-	-	9 975 333		9 975 333
Other liabilities	1 570	75 131	2 522 520	1 274 175	3 873 395
Total Liabilities	**1 819 949**	**599 789**	**16 349 938**		**18 769 675**

4. INVESTMENTS IN SUBSIDIARIES

See accounting policy 2.2.4.

At 31 December 2021 and 2020 changes in this caption were as follows:

	2021-12-31	2020-12-31
Opening balance		
Acquisition cost	44 952	44 952
Cumulative impairment	- 30 757	- 29 304
Net value	**14 195**	**15 647**
Change for the year		
Impairment	1 308	- 1 452
Total	**1 308**	**- 1 452**
Closing Balance		
Acquisition cost	44 952	44 952
Cumulative impairment	- 29 449	- 30 757
Net value	**15 503**	**14 195**

The change recorded in item Impairment Losses is justified by the reversal of the adjustment of the holding in IP Património, in the amount of € 1,308 thousand (2020: reinforcement of impairment of € 1,452 thousand), as a consequence of the positive result recorded in 2021 (note 23).

Investments in subsidiaries are as follows:

	2021-12-31		2020-12-31	
	% HOLDING	VALUE OF EQUITY HOLDING	% HOLDING	VALUE OF EQUITY HOLDING
IP Engenharia, S.A. Rua José da Costa Pedreira nº11 - Lisboa	98,43	2 589	98,43	2 589
IP Património - Administração e Gestão Imobiliária, S.A. Av. de Ceuta - Estação de Alcântara Terra - Lisboa	99,9968	11 914	99,9968	10 606
IP Telecom - Serviços e Telecomunicações, S.A. Rua José da Costa Pedreira nº11 - Lisboa	100,00	1 000	100,00	1 000
		15 503		**14 195**

5. INVESTMENT IN ASSOCIATES

See accounting policy 2.2.5.

The changes that occurred in investments in associates in the years ended December 31, 2021 and December 31, 2020 are presented below.

	2021-12-31	2020-12-31
Opening balance	-	-
Acquisition cost	2 000	-
Closing Balance	**2 000**	**0**
Grants/Subsidies	**- 2 000**	**-**
	- 2 000	**0**
	0	**0**

On September 23, 2021, a non-profit association was created under private law, called "Associação Centro de Competências Ferroviário" (hereinafter CCF), with headquarters at Parque Oficinal de Guifões, Rua do Ferroviário, Gatões, 4460-020 Guifões.

The corporate object of this company is the promotion and development of technical training, research, development and innovation (R&D) initiatives and activities in technology, particularly in the area of railways and railway equipment, promoting and encouraging specialised training, cooperation and technology transfer between companies , universities, organisations and other public and private entities.

In 2021 IP subscribed to a 31.6% stake in the Railway Competence Centre (CCF).

At the date of rendering of the accounts, CCF did not yet have an accountant, and for this reason financial statements were not made available to us. Thus, the value recorded in the financial holding relates exclusively to the subscription of IP's financial holding in the CCF.

Additionally, it should be noted that IP, was mandated, by means of the Resolution of the Council of Ministers n. 99/2021 to carry out the expense necessary for the financial holding, for which it received a subsidy in the amount of the amount to be subscribed.

6. INTANGIBLE ASSETS

See accounting policy 2.2.7.

In the years ended 31 December 2021 and 31 December 2020, the movement in the value of intangible assets, as well as in accumulated amortisation, was as follows:

	CONCESSION RIGHT	OTHER	TOTAL
Gross assets			
2019-12-31	**23 447 931**	**31 141**	**23 479 072**
Acquisitions	477 320	462	477 782
2020-12-31	**23 925 251**	**31 603**	**23 956 854**
Acquisitions	488 780	606	489 387
2021-12-31	**24 414 032**	**32 209**	**24 446 241**
Amortization and Impairment			
2019-12-31	**- 2 865 757**	**- 27 478**	**- 2 893 235**
Amortisation for the year	- 229 967	- 27	- 229 993
2020-12-31	**- 3 095 723**	**- 27 505**	**- 3 123 228**
Amortisation for the year	- 244 994	- 49	- 245 043
2021-12-31	**- 3 340 717**	**- 27 554**	**- 3 368 271**
Net value			
2020-12-31	**20 829 528**	**4 098**	**20 833 626**
2021-12-31	**21 073 314**	**4 655**	**21 077 970**

The value of intangible assets refers essentially to the right resulting from the Road Concession Contract.

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

Of the € 489 million of investments in 2021, approx. € 471million correspond to net payments of receipts from State concessions, and € 28 million to IP's own work (note 17).

These figures include capitalised financial expenses in the amount of € 11 million in 2021 (note 15).

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 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 main assumptions:

- The Road Service Contribution (RSC) until 2023 is the best management estimate for those years. From 2024 onwards, the RSC will evolve based on the assumption that the annual consumption of gasoline and 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 former SCUT motorways and 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 to IP, the growth rate is considered in line with the CPI, based on the latest year of these studies and baseline cases;
- However, the effect of the reduction of toll fees in various concessions designated ex-SCUT, and discounts on other motorways belonging to the Entity's own network, determined by articles 425 and 426 of Law No. 75-B/ 2020, regulated by Ordinance No. 138-D/2021, and which came into force at the beginning of the second half of 2021, considered as assumption until the end of 2024, i.e. the planning horizon of the 2022-2024 ABP, and as it is understood that, in view of the provisions of subparagraph c) of Clause 87.1. of the Concession Agreement entered into between the Grantor and IP on 23 November 2007, until the end of 2024, IP and the Grantor will consider a mechanism capable of ensuring compensation for the loss of revenue associated with the aforementioned toll reductions;
- 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 IP;

  In the State Concessions of tolled motorways, after they revert to the State, the growth rate considered is that of the CPI, based on the last year of the respective base cases or in the more recent traffic surveys prepared by IP specialised consultants;

  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 amounted to € 245 million. As mentioned in the sensitivity analysis presented in point 2.3., in a pessimistic scenario in which a mechanism capable of ensuring compensation for the loss of revenue associated with toll reductions was not ensured, the value of the annual amortisation recorded would be increased by approximately € 25 million, a situation that would be repeated throughout the Concession.

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

7. TANGIBLE FIXED ASSETS

See accounting policy 2.2.8.

In the years ended 31 December 2021 and 31 December 2020, the movement in gross assets, as well as in accumulated depreciation and impairment losses was as follows:

	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTION	BASIC EQUIPMENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	WORK IN PROGRESS	RIGHT OF USE	TOTAL
Gross assets									
2019-12-31	**5 940**	**74 042**	**38 711**	**12 037**	**18 960**	**6 180**	**2 443**	**-**	**158 313**
Acquisitions	-	-	1 276	-	611	6	1 587	8 121	11 602
2020-12-31	**5 940**	**74 042**	**39 988**	**12 037**	**19 572**	**6 186**	**4 030**	**8 121**	**169 915**
Acquisitions	- 5	-	1 076	91	435	58	3 817	65	5 537
Disposals / Corrections	**-**	**-**	**-**	**-**	**- 238**	**-**	**-**	**-**	**- 238**
2021-12-31	**5 935**	**74 042**	**41 063**	**12 127**	**19 769**	**6 244**	**7 846**	**8 187**	**175 214**
Depreciation and Impairment									
2019-12-31	**0**	**- 40 970**	**- 32 896**	**- 11 317**	**-17745**	**- 6 035**	**0**	**0**	**- 108 962**
Depreciation of the year	-	- 1 532	- 1 407	- 157	- 763	- 44	-	- 1 447	- 5 349
2020-12-31	**0**	**- 42 501**	**- 34 303**	**- 11 474**	**- 18 508**	**- 6 079**	**0**	**- 1 447**	**- 114 312**
Depreciation of the year	**-**	**- 1 489**	**- 1 436**	**- 152**	**- 594**	**- 16**	**-**	**- 2 048**	**- 5 736**
Depreciation - Write-downs/ Corrections	-	-	-	-	238	-	-	-	238
2021-12-31	**0**	**- 43 990**	**- 35 739**	**- 11 626**	**- 18 865**	**- 6 095**	**0**	**-3.495**	**- 119 809**
Net value									
2020-12-31	**5 940**	**31 540**	**5 685**	**563**	**1 063**	**107**	**4 030**	**6 675**	**55 603**
2021-12-31	**5 935**	**30 051**	**5 325**	**501**	**905**	**149**	**7 846**	**4 692**	**55 404**

IP owns several plots of lands resulting from land expropriations in connection to the construction of the National Road Network (NRN). Since the possibility of using or marketing these plots of land is dependent on several legal and/or commercial contingencies, the company considers that they represent contingent assets and does not register or disclose them until it is probable that they will generate an inflow of economic benefits for the company, at which time they are recognised as Assets held for sale or Investment properties, according to the use they are given.

8. DEFERRED TAX ASSETS AND LIABILITIES

See accounting policy 2.2.10.

The balances recognised on deferred taxes are presented in the Statement of Financial Position at their gross value, at 31 December 2021 and 31 December 2020.

The Executive Board of Directors is convinced that the tax results generated in the future will enable the reversal of all deferred tax assets recorded.

The impact on the profit/loss of movements in deferred tax items in the financial years was as follows:

	NOTES	2021	2020
Impact on the comprehensive income statement			
Deferred tax assets		26 183	7 281
Deferred tax liabilities		27	- 27
	25	**26 210**	**7 254**

Changes occurred in deferred tax assets and liabilities during the years are as follows:

DEFERRED TAX ASSETS

	FINANCING EXPENSES	VAT PROVISION	REGULAR MAINTENANCE	AMORTISATION OF CONCESSION RIGHT	OTHER ADJUSTMENTS	TOTAL
2019-12-31	**0**	**77 463**	**99 724**	**90 822**	**3 092**	**271 101**
Set-up / ((Reversal))	-	7 772	1 440	- 1 930	- 1	7 281
2020-12-31	**0**	**85 235**	**101 164**	**88 892**	**3 091**	**278 382**
Set-up / ((Reversal))	13 482	6 448	6 678	- 374	- 51	26 183
2021-12-31	**13 482**	**91 683**	**107 842**	**88 518**	**3 040**	**304 565**

DEFERRED TAX LIABILITIES

	TAX LOSSES	TOTAL
2019-12-31	**0**	**0**
Set-up / ((Reversal))	27	27
2020-12-31	**27**	**27**
Set-up / ((Reversal))	- 27	- 27
2021-12-31	**0**	**0**

OTHER DIFFERENCES NOT GIVING RISE TO DEFERRED TAXES

At 31 December 2021 there are other temporary differences for which reversals are not expected in future years and which therefore do not result in deferred tax assets. Note should be made of existing impairments on subsidiaries. loans and other account receivable and inventories.

The reconciliation of the income tax rate is shown on note 25.

9. INVENTORIES

See accounting policy 2.2.12.

At 31 December 2021 and 2020 this caption is detailed as follows:

	2021-12-31	2020-12-31
Raw materials and consumables	78 830	71 441
	78 830	**71 441**
Cumulative impairment	- 673	- 1 395
	78 156	**70 046**

The raw materials and consumables item refers to the various types of materials that are incorporated into the maintenance and construction of railway infrastructure.

On the date of reporting of accounts, a physical inventory was taken with the aim of quantifying the adjustment of inventory losses. Therefore, impairment concerns materials that are obsolete and technically depreciated and cannot be used for IP's activities, and which might be sold should an interested buyer emerge;

Expenses with railway material totalled € 20,992 thousand (2020: € 23,796 thousand), (note 17).

During the 2021 financial year, following the effective registration of the settlement of a set of virtual deposits, the reversal of the impairment set up in 2020 (approx. € 720 thousand) was carried out. This reversal must be verified together with the entries made under item losses and gains in inventories (notes 21 and 22).

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

At 31 December 2021 and 31 December 2020 this item is detailed as follows:

	2021-12-31	2020-12-31
DEBIT BALANCES		
CIT	-	26 041
Current tax assets	**0**	**26 041**
VAT	1 844 222	1 621 085
Other taxes and levies	347	256
Government and other public bodies	**1 844 569**	**1 621 341**
CREDIT BALANCE		
CIT	13 832	-
Current tax liabilities	**13 832**	**0**
Contributions to SS, CGA and ADSE health systems	5 686	5 733
Personal Income Tax – Withholdings	1 618	1 585
Other taxes and levies	16	13
Government and other public bodies	**7 319**	**7 330**

The payable/receivable balance of corporate income tax is made up as follows:

	2021-12-31	2020-12-31
CIT		
Withholdings	-33	-36
Advance tax payment	-22 948	-52 313
Tax estimate	37 210	26 351
RETGS Benefit	-397	-43
Current tax assets	**0**	**-26 041**
Current tax liabilities	**13 832**	**0**

The balance of Personal Income - Withholdings correspond to December 2021 wages processed in the year but settled in January 2022.

Payments to SS, CGA and ADSE (social security systems), include liabilities with holiday pay and holiday bonuses to be settled in 2022 relating to Social Security, as well as the amounts processed in December 2021 and settled in 2022, relating to Social Security, Caixa Geral de Aposentações and ADSE.

The balance of VAT receivable comprises the amount of € 1,844.222 thousand to be received by IP, where an amount of € 227,562 thousand was 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 a revenue of IP - the Road Service Contribution -, which in accordance with the legally established mechanisms for its settlement and collection, was paid to the company 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.

Not agreeing with those settlements as it considered them undue, on November 30, 2010, former-EP filed with the Administrative and Tax Court of Almada, a judicial challenge against the rejection of the Hierarchical Appeal, and the request of former-EP was considered unfounded in the first instance already 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 deduction 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 thousand 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 is a review appeal, of an exceptional nature, which provides that the decision handed down by Tribunal Central Administrativo do Sul (TCAS) may be reviewed whenever the assessment of an issue that, due to its legal or social relevance, is considered of fundamental importance or when admission is necessary for a better application of the law. 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 (SAC). On December 9, 2021, as there were no new closing arguments after the hearing of witnesses in the court of appeal, the SAC decided on the annulment of the decision and the lowering of the case to the Administrative and Fiscal Court of Almada to address this nullity. IP presented new allegations on February 25, 2022, and the case is awaiting a decision.

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	ADDITIONAL TAX SETTLEMENTS	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]	Judicial challenge of the rejection of the hierarchical appeal	27-12-2021	139 415	9 484
2016	Hierarchical Appeal	26-07-2021	286 873	10 349
2017	Hierarchical Appeal	18-01-2022	287 993	32 495
2018	Tax Inspection Report	07-03-2022	283 926	18 733

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

As a result of the described evolution of the VAT case, IP increased the provision in 2021 by € 26,874 thousand, taking its cumulative value at 31 December 2021 to € 449,251 thousand, which corresponds to the VAT which IP estimates that it would no longer receive from the AT if it were considered that the CSR is not a revenue subject to VAT (note 13).

In addition, it should be noted that the amounts corrected by the TA and not provisioned for by IP concern mainly deducted VAT relating to the State Concession Network, therefore, if the TA thesis should be accepted in Court, the additional consideration payable by IP will always be an increase in its Intangible Assets, with no direct impact on the results for the year, and impact only in the results of future years, via an increase in the depreciation and amortisation of such assets.

11. DEFERRALS

11.1. Deferred assets

At 31 December 2021 and 2020 this caption is detailed as follows:

	2021-12-31	2020-12-31
CURRENT EXPENSES TO RECOGNISE		
Other services	3 852	1 560
	3 852	**1 560**

The change recorded is justified for civil liability insurance, the deferred amount of which amounts to €2,622 thousand.

11.2. Deferred liabilities

At 31 December 2021 and 31 December 2020 the Group has registered the following balances under deferrals:

	NOTES	2021-12-31	2020-12-31
NON-CURRENT INCOME TO RECOGNISE			
Investment Subsidies - Road Concession Right	11.2.1	9 913 880	9 975 333
Term Sale - Brisa Concession		152 300	152 300
Douro Litoral Concession Fee		92 249	99 937
Greater Lisbon Concession Fee		16 333	17 500
		10 174 763	**10 245 069**
CURRENT INCOME TO RECOGNISE			
Douro Litoral Concession Fee		7 687	7 687
Greater Lisbon Concession Fee		1 167	1 167
Other income		420	567
		9 274	**9 421**

11.2.1.Investment grants - Road Concession Right

See accounting policy 2.2.13.

This caption includes investment subsidies received by IP to finance the intangible asset relating to the Road Concession Right and not yet recognised via results. Changes occurred during the periods ending on 31 December 2021 and 31 December 2020 are as follows:

	NOTES	INVESTMENT GRANTS
2019-12-31		**10 031 880**
Increases		2 000
Imputation to income	21	- 58 548
2020-12-31		**9 975 333**
Imputation to income	21	- 61 452
2021-12-31		**9 913 880**

12. FINANCIAL ASSETS AND LIABILITIES

See accounting policy 2.2.11.

12.1. Categories according to IFRS 9

The breakdown of financial assets and liabilities by category according to IFRS 9 for the years ended at 31 December 2021 and 31 December 2020 is as follows:

2021-12-31	NOTES	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS						
Financial investments		-	64	32	-	96
Grantor .- State - Account Receivable	12.2.1	4 136 729	-	-	-	4 136 729
Trade receivables	12.2.3	63 457	-	-	-	63 457
Other accounts receivable	12.2.4	106 882	-	-	38 468	145 350
Cash and cash equivalents	12.2.5	167 923	-	-	-	167 923
		4 474 991	**64**	**32**	**38 468**	**4 513 555**
LIABILITIES						
Suppliers	12.3.3	40 275	-	-	-	40 275
Loans	12.3.1	1 941 544	-	-	5 479	1 947 023
Shareholder funding/loans	12.3.2	2 332 667	-	-	-	2 332 667
Other accounts payable	12.3.4	2 238 895	-	-	54 086	2 292 982
		6 553 382	**0**	**0**	**59 566**	**6 612 947**

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		-	7	32	-	39
Grantor .- State - Account Receivable	12.2.1	3 914 002	-	-	-	3 914 002
Trade receivables	12.2.3	57 002	-	-	-	57 002
Other accounts receivable	12.2.4	104 273	-	-	38 497	142 771
Cash and cash equivalents	12.2.5	247 202	-	-	-	247 202
		4 322 479	**7**	**32**	**38 497**	**4 361 016**
LIABILITIES						
Suppliers	12.3.3	9 917	-	-	-	9 917
Loans	12.3.1	2 571 414	-	-	6 179	2 577 593
Shareholder funding/loans	12.3.2	2 343 354	-	-	-	2 343 354
Other accounts payable	12.3.4	2 589 883	-	-	47 127	2 637 010
		7 514 568	**0**	**0**	**53 306**	**7 567 874**

Non financial assets mainly concern Surety Bonds, amounting to nearly € 31 million (2020: € 31 million), trade receivables in the amount of € 5 million (2020: € 6 million) – note 12.2.4.

Regarding non-financial liabilities, it is worth mentioning the accounting overdrafts of approx. € 6 million (2020: approx. €6 million), debts with employment benefits of approx. € 13 million (2020: € 14 million), advances to be forwarded to sales of approx. € 22 million (2020: € 22 million) and collateral from suppliers of € 9 million (2020: € 3 million).

12.2. Financial assets

12.2.1. Grantor - State - Account Receivable

The breakdown of the financial asset underlying the rail concession at 31 December 2021 and 31 December 2020 is as follows:

	2021-12-31	2020-12-31
Concessioned assets (LDI)	9 965 616	9 708 013
Interest charged	1 822 204	1 762 528
Grants/Subsidies	- 4 709 657	- 4 629 637
Receipts	- 2 623 854	- 2 613 005
Impairment	- 305 200	- 305 200
Return on assets	- 12 380	- 8 696
	4 136 729	**3 914 002**

Assets under concession, known as Long-Duration Infrastructure (LDI) form part of the Public Railway Domain, with IP having access to that infrastructure to provide the public service of Infrastructure Management. Accordingly, they are recorded under the "Statement of Financial Position - Grantor - State - Account receivable" item, as they constitute an unconditional right to receive money from the State for the investments made.

In addition to the acquisitions and construction made subsequent to the merger of CP – Comboios de Portugal, E.P.E., as provided for in Decree-Law 104/97, of 29 April, these assets include the property belonging to extinct entities (Gabinete do Nó Ferroviário de Lisboa, Gabinete do Nó Ferroviário do Porto and Gabinete de Gestão das Obras de Instalação do Caminho-de-Ferro na Ponte sobre o Tejo) and property transferred from the said company, deemed as assets of the public railway domain.

In respect of the increase resulting from grants directly attributed to IP for the development of railway infrastructure, it is worth noting the net increase of € 80,020 thousand from European Structural and Investment Funds (€ 3,261 thousand from the ERDF, €44,951 thousand from the Cohesion Fund, € 29,653 thousand from CEF-GERAL and € 2,099 thousand from CEF--Cohesion and € 56 thousand from Cohesion Fund II) which corresponds to reinforcements of advances and reimbursements of applications approved in the 2014-2020 programming period (COMPETE 2020, POSEUR and CEF Programmes) and final balance payments for the 2000-2006 programming period.

The Return on assets item is the result of the obligation, expressed in the joint Orders of the Ministries of Finance and Economy, to authorise the public railway domain separation and results of the sales to be deducted from the amounts receivable from the grantor).

In the current year, the amount of interest charged to the grantor totalled € 59,676 thousand (2020: € 60,571 thousand) and the respective financial consideration is offset under the Financial Gains – interest earned – Grantor – State item (note 24).

When REFER was set up, the paid-in capital was carried out in kind with the delivery of the railway infrastructure then valued at € 62,350 thousand. From 1998 to 2001, the Portuguese State increased the statutory capital of REFER in the total of € 242,850 thousand. These increases were intended, as set out in each joint approval package, to finance investments in long-duration infrastructure forming the public railway domain.

On the date of incorporation, the public domain assets were registered as fixed assets (tangible fixed assets in the then accounting standards – POC) of REFER, and so the consideration for the capital injection was the recognition of those same assets. With the adoption of IFRIC 12, these figures take the form of repayment in due time for investments in the long-duration infrastructure by the concessionaire, totalling € 305,200 thousand (initial contribution in kind, plus the capital increases that occurred between 1998 and 2001).

Consequently, this value will no longer be reimbursed by the State/Grantor, and the amount of € 305,200 thousand is impaired.

Note moreover the inflow of € 11 million (2020: € 147 million) resulting from the of offsetting the amount receivable by 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 135 of State Budget Law 2021, as described in note 12.4.4.

12.2.2. Loans granted

The breakdown of loans granted to subsidiaries for the periods ended 31 December 2021 and 31 December 2020 is as follows:

	2021-12-31	2020-12-31
Loans granted		
Opening balance	10 805	10 805
Closing Balance	**10 805**	**10 805**
Cumulative impairment		
Opening balance	**- 10 805**	**- 10 805**
Closing Balance	**- 10 805**	**- 10 805**
Opening book value	**0**	**0**
Closing book value	**0**	**0**

All loans granted were granted to IP Património.

Non-current loans reflect supplementary capital contributions provided following the merger of former Gare Intermodal de Lisboa, S.A. (GIL) into IP Património, which viewed to ensure the neutrality of the equity of IP Património following the incorporation of GIL's assets and liabilities into this company.

The set up of the said accessory contributions was carried out against the conversion of accessory capital recorded as impairment.

12.2.3. Trade receivables

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

	NOTES	2021-12-31	2020-12-31
Non-current			
Sundry		5 258	9 214
		5 258	**9 214**
Current			
Other related parties	26.4	31 032	10 529
Sundry		18 223	15 204
Tolls		8 329	20 882
Subsidiaries	26.3	2 158	2 515
		59 741	**49 131**
Cumulative impairment		- 1 542	- 1 343
		58 199	**47 787**
		63 457	**57 002**

The debits charged to other related parties and Sundry – (railway operators), mainly include the tariff for the use of the infrastructure charged to operators and also the debits paid to operators for other services rendered related to the rail operations: manoeuvres, capacity demanded and not used, parking of rolling stock and other services.

Exposure of these balances to credit risk is shown in note 12.4.1.

12.2.4. Other accounts receivable

At 31 December 2021 and 31 December 2020 this item is broken down as follows:

	NOTES	2021-12-31	2020-12-31
Accounts receivable for accrued income			
Road Service Contribution	26.2	78 690	74 733
Other related entities	26.4	822	2 895
Subsidiaries	26.3	765	516
Other		5 579	4 420
		85 856	**82 565**
Surety deposits		**30 909**	**30 893**
Other accounts receivable			
Sundry		38 548	38 270
RETGS – Subsidiaries	26.3	917	268
		39 465	**38 539**
Cumulative impairment		**- 10 880**	**- 9 226**
		145 350	**142 771**

Item Accounts receivable for accrued income comprises the recognition of revenue collected by the TA and not yet provided to IP related to the Road Service Contribution.

Item Deposits of surety bond concerns mainly the provision of guarantee in the amount of € 28 million relating to VAT proceedings.

Other accounts receivable - miscellaneous, net of impairment, comprise, amongst other, protocols with several municipalities regarding the construction and redevelopment of various infrastructure, of which we highlight, the municipalities of Fundão, Cascais, Lisbon, Águeda and Espinho in the amount of € 10 million (2020: € 10 million), trade receivables in the amount of € 5 million (2020: € 6 million) and VAT to recover deriving from credit notes and reverse charge in the amount of € 2 million (2020: € 1 million).

Exposure of these balances to credit risk is shown in note 12.4.1.

12.2.5. Cash and cash equivalents

The cash and cash equivalents shown in the Cash Flow statement for the financial years ending on 31 December 2021 and 31 December 2020 are reconciled with the amounts shown in the Statement of Financial Position, as follows:

DESCRIPTION	NOTES	2021-12-31	2020-12-31
Other investments		157 262	243 250
Bank deposits		10 560	3 903
Cash		101	48
Cash and cash equivalent in the Statement of Financial Position		**167 923**	**247 202**
Accounting overdrafts	12.3.1	- 5 479	- 6 179
Cash and cash equivalent in the Cash Flow Statement		**162 444**	**241 023**

Accounting overdrafts in the Statement of Financial Position, are recorded under in liabilities, under caption "Loans".

According to information from the DGO of 20 December 2021, the funds received under the RRP and not used (€ 835 thousand) were converted into extra-budgetary operations, therefore, as of 31 December 2021, these amounts are not available to be moved.

Exposure of these balances to credit risk is shown in note 12.4.1.

12.3. Financial liabilities

12.3.1. Loans

The breakdown of current and non-current borrowings as of 31 December 2021 and 31 December 2020 is as follows:

	2021-12-31	2020-12-31
Non-current loans		
Loans	1 795 355	1 924 303
Current loans		
Loans	151 668	653 291
	1 947 023	**2 577 593**

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	15/06/2008	15/06/2022	Annual	EIB variable, cannot exceed Euribor 3M+0,15%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	CPIII/2 L. Norte-A	02/10/2002	100 000	55 000	15/03/2013	15/03/2022	Annual	EIB variable, cannot exceed Euribor 3M+0,12%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	CPIII/2 L. Norte-B	02/06/2004	200 000	120 000	15/12/2014	15/12/2023	Annual	EIB variable, cannot exceed Euribor 3M+0,15%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	Suburban	28/10/2004	100 000	38 095	15/06/2009	15/06/2024	Annual	EIB variable, cannot exceed Euribor 3M+0,15%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	Suburban B	14/12/2005	100 000	42 857	15/09/2010	15/09/2025	Annual	Revisable rate	3,615%	15/set
Railway	Suburban C	12/10/2006	55 000	26 190	15/03/2011	15/03/2026	Annual	Revisable rate	4,247%	15/mar
Railway	Connection to Algarve-B	02/10/2002	30 000	12 000	15/03/2013	15/03/2022	Annua	EIB variable, cannot exceed Euribor 3M+0,12%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	CP III 2 Linha do Norte-C	11/12/2006	100 000	75 000	15/06/2017	15/06/2026	Annual	Revisable rate	1,887%	15/jun
Railway	CP III 2 Linha do Norte-D	12/07/2007	100 000	75 000	15/12/2017	15/12/2026	Annual	Euribor 3M+0,108%	0,000%	15/mar 15/jun 15/set 15/dez
Road	BEI- Estradas 2009-2019	17/12/2009	200 659	100 330	15/06/2014	15/06/2029	Half-year	Fixed	2,189%	15/jun 15/dez
Railway	Refer V	04/08/2008	160 000	96 000	15/03/2014	15/03/2033	Annual	Revisable rate	2,653%	15/mar
Railway	Refer VI	10/09/2009	110 000	60 500	15/09/2013	15/09/2032	Annual	Revisable rate	2,271%	15/set
Railway	Eurobond 06/26	10/11/2006	600 000	599 471	16/11/2026		Bullet	Fixed	4,047%	16/nov
Railway	Eurobond 09/24	16/10/2009	500 000	499 160	16/10/2024		Bullet	Fixed	4,675%	16/out
Road	Eurobond 10/30	09/07/2010	125 000	121 773	13/07/2030		Bullet	Fixed	6,450%	13/jul
	External Loans	**TOTAL**	**2 530 539**	**1 924 701**						
	Accrued interest			**16 844**						
	Accounting overdrafts			**5 479**						
	TOTAL			**1 947 023**						

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

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

At 31 December 2021 loans secured by State guarantee totalled € 1,804 million (2020: € 1,934 million).

Exposure of these balances to Liquidity risk is shown in note 12.4.2.

12.3.2. Shareholder funding/Shareholder loans

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

	2021-12-31	2020-12-31
Current loans		
State Loan	2 332 667	2 343 354
	2 332 667	2 343 354

The purpose of these shareholder loans is to meet the companies´ borrowing requirements (REFER and EP) since 2011.

In 2021 the shareholder did not grant new loans to IP, having provided for its requirements through capital increases (Note 14).

The reduction in the amount of State loans/Shareholder loans was due to the repayment of State loans , allocated to the railway activity in the amount of € 10.7 million following the offsetting transaction concluded with the Portuguese State (Note 12.2.1).

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			
Road	State Loan	30/12/2011	1 705 000	852 500	31/05/2013	30/11/2016	Half-year	Fixed	2,770%	31/mai 30/nov
Road	State Loan	27/01/2012	204 000	153 000	31/05/2014	30/11/2017	Half-year	Fixed	3,690%	31/mai 30/nov
Road	State Loan	27/01/2012	230 000	172 500	31/05/2014	30/11/2017	Half-year	Fixed	3,440%	31/mai 30/nov
Road	State Loan	27/01/2012	75 000	56 250	31/05/2014	30/11/2017	Half-year	Fixed	2,930%	31/mai 30/nov
Road	State Loan	27/01/2012	28 000	21 000	31/05/2014	30/11/2017	Half-year	Fixed	2,690%	31/mai 30/nov
Road	State Loan	30/05/2012	44 000	33 000	31/05/2014	30/11/2017	Half-year	Fixed	2,690%	31/mai 30/nov
Road	State Loan	30/05/2012	80 000	60 000	31/05/2014	30/11/2017	Half-year	Fixed	2,700%	31/mai 30/nov
Road	State Loan	30/05/2012	33 500	25 125	31/05/2014	30/11/2017	Half-year	Fixed	1,980%	31/mai 30/nov
Road	State Loan	26/09/2012	156 800	117 600	31/05/2014	30/11/2017	Half-year	Fixed	1,810%	31/mai 30/nov
Road	State Loan	29/10/2012	16 000	12 000	31/05/2014	30/11/2017	Half-year	Fixed	1,710%	31/mai 30/nov
Road	State Loan	29/10/2012	13 300	9 975	31/05/2014	30/11/2017	Half-year	Fixed	1,590%	31/mai 30/nov
Road	State Loan	29/01/2013	85 000	85 000	31/05/2015	30/11/2020	Half-year	Fixed	2,750%	31/mai 30/nov
Road	State Loan	29/01/2013	135 600	135 600	31/05/2015	30/11/2020	Half-year	Fixed	2,420%	31/mai 30/nov
	To be forwarded		**2 806 200**	**1 733 550**						
	transportation		**2 806 200**	**1 733 550**						

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTEREST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
Road	State Loan	29/01/2013	17 400	17 400	31/05/2015	30/11/2020	Half-year	Fixed	2,150%	31/mai 30/nov
Road	State Loan	08/03/2013	25 654	25 654	31/05/2015	30/11/2020	Half-year	Fixed	2,150%	31/mai 30/nov
Road	State Loan	08/03/2013	266 405	266 405	31/05/2015	30/11/2020	Half-year	Fixed	2,180%	31/mai 30/nov
Road	State Loan	08/03/2013	28 042	28 042	31/05/2015	30/11/2020	Half-year	Fixed	2,610%	31/mai 30/nov
Road	State Loan	04/09/2013	26 202	26 202	31/05/2015	30/11/2020	Half-year	Fixed	2,190%	31/mai 30/nov
Road	State Loan	04/09/2013	25 000	25 000	31/05/2015	30/11/2020	Half-year	Fixed	2,180%	31/mai 30/nov
Road	State Loan	04/09/2013	17 943	17 943	31/05/2015	30/11/2020	Half-year	Fixed	2,070%	31/mai 30/nov
Road	State Loan	09/10/2013	3 688	3 688	31/05/2015	30/11/2020	Half-year	Fixed	2,100%	31/mai 30/nov
Road	State Loan	09/10/2013	21 805	21 805	31/05/2015	30/11/2020	Half-year	Fixed	1,870%	31/mai 30/nov
Road	State Loan	09/10/2013	49 891	49 891	31/05/2015	30/11/2020	Half-year	Fixed	1,970%	31/mai 30/nov
	Total shareholder financing		**3 288 228**	**2 215 578**						
	Accrued interest			**117 089**						
		TOTAL		**2 332 667**						

FLAT-RATE FINANCING

As of 31 December 2021 the fair value of the fixed rate debt was as follows:

NAME	CONTRACTED AMOUNT	PRINCIPAL DUE (NOMINAL VALUE)	FAIR VALUE	INTEREST RATE
EIB - Suburbans B	100 000	42 857	46 639	3,615%
EIB - Suburbans C	55 000	26 190	28 852	4,247%
EIB - REFER V	160 000	96 000	104 791	2,653%
EIB - REFER VI	110 000	60 500	64 765	2,271%
EIB - CPIII2 Northern Line C	100 000	75 000	78 521	1,887%
EIB- Estradas 2009-2019	200 659	100 330	105 066	2,189%
Eurobond 06/26	600 000	600 000	686 737	4,047%
Eurobond 09/24	500 000	500 000	552 260	4,675%
Eurobond 10/30	125 000	125 000	136 335	6,450%
State Loan	1 705 000	852 500	880 954	2,770%
State Loan	204 000	153 000	162 748	3,690%
State Loan	230 000	172 500	182 726	3,440%
State Loan	75 000	56 250	59 076	2,930%
State Loan	28 000	21 000	21 966	2,690%
State Loan	44 000	33 000	34 518	2,690%
State Loan	80 000	60 000	62 770	2,700%
State Loan	33 500	25 125	25 964	1,980%
State Loan	156 800	117 600	121 174	1,810%
State Loan	16 000	12 000	12 343	1,710%
State Loan	13 300	9 975	10 239	1,590%
State Loan	85 000	85 000	92 551	2,750%
State Loan	135 600	135 600	146 173	2,420%
State Loan	17 400	17 400	18 602	2,150%
State Loan	25 654	25 654	27 426	2,150%
State Loan	266 405	266 405	285 071	2,180%
State Loan	28 042	28 042	30 404	2,610%
State Loan	26 202	26 202	28 046	2,190%
State Loan	25 000	25 000	26 752	2,180%
State Loan	17 943	17 943	19 135	2,070%
State Loan	3 688	3 688	3 937	2,100%
State Loan	21 805	21 805	23 110	1,870%
State Loan	49 891	49 891	53 042	1,970%
TOTAL	5 238 887	3 841 455	4 132 694	

Exposure of these balances to Liquidity risk is shown in note 12.4.2.

12.3.3. Suppliers

At 31 December 2021 and 31 December 2020 this caption was made up as follows:

	NOTES	2021-12-31	2020-12-31
General suppliers		38 825	9 627
Subsidiaries	26.3	1 437	139
Other related entities	26.4	13	151
		40 275	**9 917**

The change in this item is fundamentally the result of the budget maximization effort at the end of 2020, achieved through payments before the due date, an effort that was not possible to carry out this year.

Exposure of these balances to Liquidity risk is shown in note 12.4.2.

12.3.4. Other accounts payable

At 31 December 2021 and 2020, details of this item are as follows:

	NOTES	2021-12-31	2020-12-31
Non-current			
Accounts payable for accrued expenses			
Sub-concessions		1 228 480	1 625 915
		1 228 480	**1 625 915**
Leases		2 920	4 936
		1 231 400	**1 630 851**
Current			
Accounts payable for accrued expenses			
Sub-concessions		596 551	585 308
Regular road maintenance		345 095	323 725
Other Accounts payable for accrued expenses		29 119	33 325
Subsidiaries	26.3	109	81
Other related entities	26.4	829	2 935
		971 702	945 373
Investment Suppliers		31 232	9 908
Advances to be forwarded to Sales		21 623	21 601
Remuneration payable		12 952	13 595
Surety bonds		12 270	5 869
Other creditors		8 209	6 244
Leases		2 080	1 943
RETGS - Subsidiaries	26.3	1 513	1 625
		1 061 582	1 006 159
		2 292 982	2 637 010

Accounts payable for accrued expenses include the following:

- The amount of IP's liabilities to the sub-concessionaires for the construction, operation and maintenance services already carried out by them and pending invoicing, remunerated at rates between 5% and 11% (note 24).

  This liability is assessed annually and represents the best estimate of the Executive Board of Directors of the valuation of the services already rendered by sub-concessionaires determined based on the estimate of future financial flows from these contracts, regardless of their nature, including those resulting from contingencies and legal proceedings;
- The periodic maintenance of roads resulting from IP's responsibility to maintain or restore the road infrastructure to certain levels of service, which is established over the period that elapses until the scheduled date of execution of the works;

  The change in the heading of Periodic Maintenance of Roads results from the increase in the theoretical annual cost for the scheduled maintenance to be carried out in the amount of approximately € 56 million (note 13) deducted from the execution of Conservation, of the year, of approximately € 34 million, and;
- Other creditors for accruals comprise the amounts payable by IP referring to its Concession Agreement with the State, in the amount of € 24 million (2020: € 24 million).

Item Suppliers of investment refers mainly to the amounts billed for the performance of own works.

Exposure of these balances to Liquidity risk is shown in note 12.4.2.

12.4. Financial risk management policies

IP's activity is exposed to financial risk factors such as currency risk, credit risk, liquidity risk, interest rate risk associated with cash flows arising from borrowings and capital risk.

Decree-law no. 133/2013 of 3 October introduced changes to the autonomy of reclassified public companies (EPR) in what concerns access to funding with the financial system, and the use of derivative financial instruments for risk management purposes.

Article 29 of the said DL provides that EPRs´ access to commercial banking funding is prohibited, except for banks having a multilateral nature (e.g. European Investment Bank); article 72 provides the transfer of these companies´ derivatives portfolios to the Public Debt and Treasury Management Agency (Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, EPE) (IGCP).

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

12.4.1. Credit risk

Credit risk is associated with the risk of another party failing to comply with its contractual obligations resulting in a financial loss for IP.

Credit risk is mainly associated with the likelihood of recovering trade receivables from clients, as well as other accounts receivable, and deposits and applications with financial institutions and the IGCP.

In order to minimize exposure to this risk, the Company obtains credit guarantees from clients in the form of surety bonds or bank guarantees. Note 12.1 details the maximum exposure of the company to credit risk.

Table below provides a brief characterisation of accounts receivable (clients), according to invoicing

2021-12-31	[> 1000 TH]	[999 TH < 10 TH]	[10TH>0]	TOTAL
Number of clients	**7**	**27**	**268**	**302**
Railway	6	1	20	27
Non tolled roads	1	26	248	275
Tolls	-	-	Vários	-
Debt	**54 295**	**2 082**	**8 622**	**64 999**
Railway	49 673	15	14	49 701
Non tolled roads	4 622	2 067	280	6 969
Tolls	-	-	8 329	8 329

2020-12-31	[> 1000 TH]	[1,000 TH <10 TH]	[10TH<0]	TOTAL
Number of clients	**6**	**33**	**317**	**356**
Railway	5	8	22	35
Non tolled roads	1	25	295	321
Tolls	-	-	Vários	-
Debt	**34 805**	**2 300**	**21 240**	**58 345**
Railway	30 182	545	18	30 746
Non tolled roads	4 622	1 755	340	6 717
Tolls	-	-	20 882	20 882

At 31 December 2021 IP had a portfolio of 302 clients (2020: 356 clients), of which 7 (2020: 6) have balances above € 1000 thousand accounting for approximately 84% (2020: 60%) of amounts due.

Additionally, the weight of debts from tolls as against the total balance of clients is 13% (2020: 35%).

The increase in debt is mainly due to the increase in the debt of railway operators (+€ 20 million) net of the decrease in tolls (-€ 13 million).

The seniority of balances of trade receivables is shown in table below:

2021-12-31	[0-30]	[30-60]	[60-90]	[90-360]	[360]	TOTAL
Tolls	8 329	-	-	-	-	8 329
Intra group entities	1 055	1 059	-	-	43	2 158
Railway Operators	17 843	7 714	7 198	109	14 666	47 530
Public entities	-	-	-	-	25	25
Other debtors	8	9	2	7	6 933	6 958
	27 234	**8 782**	**7 200**	**115**	**21 668**	**64 999**
Impairment	- 323	-	-	-	- 1 219	- 1 542
	26 911	**8 782**	**7 200**	**115**	**20 449**	**63 457**
	1,19%	0,00%	0,00%	0,00%	5,63%	2,37%

2020-12-31	[0-30]	[30-60]	[60-90]	[90-360]	[360]	TOTAL
Tolls	20 882	-	-	-	-	20 882
Intra group entities	984	303	212	751	265	2 515
Railway Operators	9 951	605	172	1 483	15 472	27 682
Public entities	-	-	-	-	25	25
Other debtors	51	1	3	3	7 183	7 241
	31 867	**908**	**387**	**2 237**	**22 945**	**58 345**
Impairment	-	-	-	-	- 1 343	- 1 343
	31 867	**908**	**387**	**2 237**	**21 602**	**57 002**
	0,00%	0,00%	0,00%	0,00%	5,85%	2,30%

The credit risk associated with debts of IP clients has the following characteristics:

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 - The credit risk arising from the railway activity is essentially related to the non--compliance by railway operators with their responsibilities. CP – Comboios de Portugal, EPE is the main counterparty as the exclusive passenger operator across the entire network, with the exception of the crossing of the 25 de Abril bridge, which is operated by Fertagus. Thus, despite the credit risk being heavily concentrated on CP, it is mitigated by the legal nature of that entity, since it is 100% owned by the Portuguese State and, as of 2015, by the fact it is an EPR).

In relation to intra group entities and public entities there is no relevant credit risk in sight.

As regards remaining clients - "other trade receivables, it includes an amount receivable from a former State concessionaire, in the amount of € 4.6 million and several other balances of reduced amounts (2021: 299 clients and 2020: 317 clients), with insignificant weight on the client portfolio, which have been subject to impairment on a case by case basis, following a risk assessment made, however, the Executive Board of Directors believes that the impairment considered is adequate.

In what concerns credit risk associated to other accounts receivable, it is worth mentioning the weight of the Road Service Contribution (RSC), which is collected and given to IP by the Tax Authority (TA) and the debts of Municipalities, which are not considered to have credit risk given their public nature, since it is considered that notwithstanding any delays the probability of recovering them is of 100%. In remaining cases, impairments are recognised when the balances are due for more than 720 days.

As for credit risk associated with financial activity, IP is exposed to the national banking sector on account of its demand deposits balances and to the international banking sector with which it has contracted derivative financial instruments. 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% of its cash assets with IGCP.

To date, IP did not incur into any impairment resulting from non-compliance of contractual obligations by banks.

The following table shows a summary of the credit rating of IP's deposits, by entity, as attributed by Standard and Poor´s at the reporting dates:

	2021-12-31		2020-12-31	
	RATING	BALANCES	RATING	BALANCES
BANCO BPI	BBB	97	BBB	109
BANCO SANTANDER	A+	61	A	2
BBVA	A	64	A-	33
CGD	(-)	36	(-)	16
IGCP (*)	BBB	167 560	BBB	246 979
BCP	BB	3	BB	13
Novo Banco	(-)	-	(-)	1
		167 822		**247 153**

(*) In 2021 it comprised € 157,262 thousand (2020: € 243,250 thousand) of CEDIC applications.

12.4.2. Liquidity risk

This type of risk is measured by the ability to raise financial resources to meet the liabilities with the different economic agents that interact with the Company, such as suppliers, banks, the capital market, etc. This risk is measured by the liquidity available to the company to meet the assumed liabilities as well as the capacity to generate cash flow in the course of its business.

IP seeks to minimise the likelihood of non-compliance with its commitments through rigorous and planned management of its business. Prudent management of liquidity risk requires the maintenance of an appropriate level of cash and cash equivalents to meet the liabilities assumed. Liquidity risk is considerably low as IP is financed directly by the Portuguese State.

Table below shows the liabilities of IP by intervals of contracted maturity. The amounts presented represent non discounted future cash flows as of 31 December 2021 and 31 December 2020.

2021-12-31	LESS THAN 1 YEAR	1 TO 5 YEARS	+ THAN 5 YEARS
Borrowings			
- Repayment of loans	129 345	1 579 386	220 566
- interest on loans	65 840	216 631	30 957
- Repayment of shareholder funding / Shareholder's loans	2 215 578	-	-
- interest on shareholder funding / Shareholder's loans	117 089	-	-
- Surety	3 502	10 216	542
Trade payable and other accounts payable	1 048 064	1 231 447	-
Total	**3 579 419**	**3 037 680**	**252 065**

2020-12-31	LESS THAN 1 YEAR	1 TO 5 YEARS	+ THAN 5 YEARS
Borrowings			
- Repayment of loans obtained	629 288	1 681 855	247 443
- interest on loans obtained	88 098	271 515	41 914
- Repayment of shareholder funding / Shareholder's loans	2 226 245	-	-
- interest on shareholder funding / Shareholder's loans	117 271	-	-
- Surety	3 825	13 479	781
Trade payable and other accounts payable	969 263	1 631 163	-
Total	**4 033 990**	**3 598 012**	**290 138**

12.4.3. Interest rate risk

IP 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.

The main objective of interest rate risk management is to provide protection against interest rate rises, insofar as the companies´ revenues are immune to this variable and, thereby, make a natural hedge infeasible.

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 uses sensitivity analysis on a regular basis to measure the extent to which results would be influenced by the impact of interest rate variations on the fair value of its loans. These analyses have helped decision-making in interest rate risk management. The sensitivity test is based on the following assumptions:

i. As of 31 December 2021 IP had not recognised any loan obtained at 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, at 31 December 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%**
	44 334	-36 991
Net effect on results		
	-0,50%	**0,50%**
	-44 334	36 991

12.4.4. Capital risk

IP's goal in terms of capital risk management, which is a broader concept than the capital shown on the Statement of Financial Position, is to safeguard the ongoing business operation.

The key instrument to manage this risk is the funding plan (or financial plan) of IP; the plan identifies and monitors funding sources; we point out the strengthening of the capital structure promoted by the shareholder through capital increases in cash.

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. At 31 December 2021, the share capital amounted to € 9,870,180 thousand represented by 1,974,036 shares, with a nominal value of € 5000 each.

In 2021 capital increases amounting to € 1,612,650 thousand (note 14) were made, all as cash, as set out in the table below:

	2021-12-31	2020-12-31
Share capital increases	**1 612 650**	**1 054 150**
Investment	891 129	870 069
Debt Service	721 521	183 181

The financial operation of converting into capital the debt service of State loans allocated to the road segment planned for November in the Budget and Business Plan for 2021-2023 revised in August, amounted to € 2,332.7 million (amortisation of € 2,215.6 million and interest in the amount of € 117.1 million). However, the DGTF approved an additional moratorium, extending due date to 31 May 2022. Deferrals granted in this context are not subject to the payment of interest.

In 2021 IP agreed with the State to settle the debt service on State loans associated with the rail component against expenditure in LDI made on behalf of the Grantor in an equivalent amount. These agreements totalled € 10.9 million (principal: € 10.7 million, and interest: € 0.2 million).

12.5. Changes in liabilities deriving from financing activity

The reconciliation of liabilities whose flows affect financing activities is as follows:

	LOANS	SHAREHOLDER'S LOANS	LEASES
31 December 2020 (1)	**2 577 593**	**2 343 354**	**6 879**
Cash			
Interest	- 88 098	-	- 319
Amortisation (2)	- 629 288	-	- 2 042
Other financial expenses	- 4 101	-	-
Non Cash			
Effective Rate (3)	806	-	-
Specialised interest (4)	- 1 350	- 21	-
Other financial expenses (5)	- 37	-	-
Other changes (6)	- 700	-	162
Amortisation (7)	-	- 10 667	-
31 December 2021 (1) + (2) + (3) + (4) + (5) + (6) +(7)	**1 947 023**	**2 332 667**	**5 000**

	LOANS	SHAREHOLDER'S LOANS	LEASES
31 December 2019 (1)	**2 660 786**	**2 486 561**	**0**
Cash			
Interest	- 87 581	-	- 283
Amortisation (2)	- 89 711	-	- 1 242
Other financial expenses	- 6 835	-	-
Non Cash			
Effective Rate (3)	793	-	-
Specialised interest (4)	- 406	1 550	-
Other financial expenses (5)	- 34	-	-
Other changes (6)	6 166	-	8 121
Amortisation (7)	-	- 144 757	-
31 December 2020 (1) + (2) + (3) + (4) + (5) + (6) +(7)	**2 577 593**	**2 343 354**	**6 879**

13. PROVISIONS

See accounting policy 2.2.14.

The evolution of provisions for other risks and charges as of 31 December 2021 and 31 December 2020 was as follows:

	GENERAL RISKS	LAND EXPROPRIATIONS	CONTRACT WORKS	EMPLOYEE BENEFITS	DISQUALIFIED ROADS	VAT PROCEEDINGS	TOTAL
2019-12-31	**41 431**	**18 075**	**42 383**	**1 024**	**408 402**	**391 695**	**903 010**
Increase/Reinforcement	2 410	1 141	12 025	286	-	30 682	46 544
Reduction/Use	- 5 239	- 4 096	- 625	- 188	-	-	- 10 147
2020-12-31	**38 602**	**15 121**	**53 783**	**1 121**	**408 402**	**422 377**	**939 406**
Increase/Reinforcement	3 780	4 988	2 016	-	-	26 874	37 659
Reduction/Use	- 8 809	- 994	- 7 914	- 164	- 2 613	-	- 20 495
2021-12-31	**33 573**	**19 115**	**47 885**	**957**	**405 789**	**449 251**	**956 571**

PROVISIONS FOR ONGOING LEGAL PROCEEDINGS

GENERAL RISKS:

Following analysis made by the Legal Affairs Department, this provision concerns potential liabilities with litigations unrelated to work contracts.

LAND EXPROPRIATIONS:

This provision was set up to deal with the risk of IP having to make additional payments in connection to land expropriation proceedings in litigation. The provision was set up following consultations with external and internal lawyers of the cases conducted by the Legal Department.

It should be noted that, by its nature, the total increases and reductions of this provision are offset by intangible assets.

CONTRACTS:

Provision set up relating to general litigation proceedings arising from road contract works.

The increase/decrease in this provision is made against intangible assets given the nature of the proceedings.

VAT PROCEEDINGS:

For conservative reasons, and in light of the developments in the VAT proceedings described in Note 10, it was decided to set up a provision for the estimated impact of an unfavourable decision concerning these proceedings.

Since the issue giving rise to the dispute between Former-EP and the Tax Authority was the acceptance or not of the RSC as income liable for VAT, a provision was set up which is equivalent to the amount of VAT deducted by Former-EP and by IP in activities financed by the RSC. It should also be noted that the consideration of this provision was based on the accounting classification of the expense that gave rise to the deductible VAT, i.e. VAT deducted from expenses the year was provisioned against expenses (€ 20,635 thousand) and VAT deducted from the acquisition or construction of assets was provisioned against intangible assets (€ 6,239 thousand).

PROVISIONS FOR OTHER NON LITIGATION SITUATIONS

EMPLOYEE BENEFITS:

IP grants temporary early retirement benefits and retirement and survival pension benefits to its employees.

The complementary retirement and survival pension benefits attributed to the employees constitute a defined benefit plan under which IP pays early retirement pensions to a closed group of employees covered by the plan until such time as they retire under the Caixa Geral de Aposentações system.

This provision refers to liabilities for benefits attributed to an already reduced group of beneficiaries (28) for a limited period of time. It was therefore the Executive Board of Directors' opinion that it was not necessary to have the annual liabilities assessed by a specialised firm, as this could be done internally.

The change that occurred in the year corresponded to the use of a provision in line with pension payments made in the year.

PROVISION FOR DISQUALIFIED ROADS:

IP is required to transfer disqualified roads within the National Road Plan to the responsibility of municipalities, having set up a provision which reflects the best estimate to fulfil the obligations of renovating disqualified roads still under the company's responsibility. The entering of the transfer protocols with the Municipalities led to the utilisation of this provision in the amount of € 2,613 thousand in 2021.

14. 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.

At 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 2021 the share capital was increased as follows:

MONTHS	(NO. OF SHARES)	AMOUNT
February 2021	78 721	393 605
April 2021	35 123	175 615
June 2021	30 412	152 060
September 2021	29 443	147 215
November 2021	39 951	199 755
December 2021	108 880	544 400
	322 530	**1 612 650**

totalling € 9,870,180 thousand corresponding to 1,974,036 fully subscribed and paid up shares.

The basic/diluted earnings per share are as follows:

	2021-12-31	2020-12-31
Profit allocated to shareholders (in Euro)	13 532 696	- 56 199 362
Average number of shares in the period	1 781 274	1 518 830
Average number of diluted shares in the period	1 781 274	1 518 830
Basic earnings per share (in Euro)	7,60	-37,00
Diluted earnings per share (in Euro)	7,60	-37,00

The basic and diluted earnings per share is € 7.60 as there are no dilution factors.

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

	(NO. OF SHARES)
February 2021	1 730 227
April 2021	1 765 350
June 2021	1 795 762
September 2021	1 825 205
November 2021	1 865 156
December 2021	1 974 036
Average number of outstanding shares	**1 781 274**

ii) RESERVES

Reserves are made up as follows:

	2021-12-31	2020-12-31
Legal reserve	278 981	278 981
Merger reserves	4	4
	278 985	**278 985**

Commercial legislation establishes that at least 5% of the annual net profit is allocated to increase the legal reserve until it represents at least 20% of the share capital. This reserve is not available for distribution, except upon liquidation of the Company, but can be used to absorb losses once the other reserves have been exhausted, or to increase capital.

15. SALES AND SERVICES

See accounting policy 2.2.15.

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, sales and services are detailed as follows:

	NOTES	2021	2020
Road Service Contribution	26.2	636 392	584 089
Tolls		264 225	278 835
Use of slots (fees)		66 377	61 991
Construction contracts		56 370	49 585
Construction of new infrastructures	6, 17	28 457	36 513
Subconcessionned network - construction (revision of estimates)	17	16 953	-
Capitalized financial expenses	6	10 959	13 071
Other		17 201	19 180
State Grantor - Revenue LDI	26.2	32 106	28 118
		1 072 672	**1 021 798**

The unit values of the Road Service Contribution (fee paid by users for use of the road network) for 2020 remained in line with those established for the 2019 financial year, at € 87/1,000 litres for petrol, €111/1,000 litres for road diesel and €63/1,000 litres for LPG vehicles.

Despite the clear recovery compared to 2020 (+9%), the amount of RSC still suffered some impact from the 3rd wave of COVID-19 at the beginning of 2021, which led to the adoption of strong containment measures with a significant impact on road traffic and consequently lower fuel consumption.

Regarding tolls, the decrease compared to the same period last year (-€ 14.million) was mainly due to the impact of COVID-19 (occurrence of new vacancies with the introduction of successive states of national emergency, with relevant impacts on the movement of people and goods during the first semester) and from 1 July 2021, notwithstanding the recovery of traffic volume to 2019 levels, it is worth noting the entry into force of the new reduction regime in ex-SCUT Concessions, which prevented revenue from following the volume trend.

The largest slice of income from tolls results of the use of the network of State Concessions, where IP is holder of the revenues from toll collection fees, reaching € 208 million.

The use of slots (fees) item refers mainly to income from the Infrastructure User Fees (UF). The most important are: in terms of volume of Passengers (€ 58.7 million) and Freight (€ 7.3 million), which recorded an increase respectively, 7.4% and 6.1% respectively.

Construction contracts reflect IP's income from its NRN construction activity, as established in the Concession Contract. This includes all IP's construction activities, whether carried out directly or sub-concessioned.

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.

The construction of the Sub-Concessioned Network is determined based on the construction values contracted for each sub-concession and the percentage of completion reported to IP by each sub-concessionaire. It therefore reflects the physical evolution of the works and is independent from the turnover flow. This year, taking into account the new contract signed with the Baixo Tejo sub-concessionaire, on July 29, 2021, which reflects the non-construction of some sections provided for in the initial contract, it became necessary to review the value of the construction estimate of this sub-concession - this amount is shown under heading sub-concessioned Network - Construction (Revision of estimates).

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.

The heading State Grantor – LDI Revenue, corresponds to the repayment of expenses incurred with Long-Term Infrastructure to the Grantor, namely, materials and labour for Investment and the respective structural expenses, under the terms of IFRIC12.

This year in review has already seen a recovery from the impacts of the pandemic, including:

Increase in Rendered Services, with a direct impact on results, of approx. +€ 63 million compared to December 2020, relating to RSC (+€ 52 million), IP Road Tolls (+€ 6 million), Railway Tariff (+€ 4 million) and grantor LDI-Railway revenue (+€ 4 million), offset by a decrease by € 3 million in miscellaneous items.

Additionally, there was also a reduction in revenue from tolls from State Concessions (-€ 21 million - see note 17), as well as a revenue from road construction contracts (+€ 8 million), but whose effects are offset by the caption cost of goods sold and materials consumed and toll charges in external supplies and services.

16. COMPENSATORY ALLOWANCES

See accounting policy 2.2.13.

In compliance with Decree-Law 217/2015 of 7 October, which transposed into Portuguese law Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012 and through Council of Ministers Resolution 10-A/2016 of 11 March, on 11 March 2016 (with retroactive effect to 1 January 2016), IP and the Portuguese State entered into a Framework Contract, which establishes the terms and conditions of the fulfilment by IP of its public service obligations concerning the management of the National Railway Network Infrastructure, including the compensatory allowances payable by the State during the 2016-2020 period.

The granting of financial compensation by the State is sustained by IP's activity of provision of services in the public interest, which, by nature, is different from business activities which the Company would develop if it took into consideration its business interests, and which is aimed to ensure the coverage of specific costs resulting from its obligations of public service.

As it was not possible to complete the negotiations of the new Framework Contract, the ongoing contract was extended to 2021 through 2 amendments, specifically Council of Ministers Resolution 117/2020 relating to the 1st semester and Council of Ministers Resolution no. 104/2021 relating to the 2nd semester, on a twelfths basis in relation to what the 2016-2020 Framework Contract had set for 2020.

In view of the above, the amount allocated in 2021, within the scope of the amendments to the Program Contract, was € 55,055 thousand.

At 31 December 2021, the payment of € 719 thousand relating to 2017 and € 3,302 thousand relating to 2019 (plus VAT) is outstanding.

17. COST OF GOODS SOLD AND MATERIALS CONSUMED

See accounting policy 2.2.12.

From 1 January 2021 to 31 December 2021 and in the same period of 2020, the detail of this item is as follows:

	NOTES	2021	2020
Capitalization Concession Tolls		192 739	213 782
Construction of new infrastructures	6, 15	28 457	36 513
Railway equipment	9	20 992	23 796
Subconcessioned network – Revision of estimate	15	16 953	-
		259 142	**274 091**

As mentioned in note 2.2.14 (revenue) the amounts received from tolls on government concessions (net of collection costs) are deducted from IP's investment in the acquisition of rights over that same concessioned network. This deduction is offset in this item. The change in this item results from the drop in toll revenues from State concessions (€ 21 million - note 15) net of toll collection costs.

The amounts corresponding to the construction of New Road Infrastructures concern construction activities under the direct management of IP and are calculated based on monthly monitoring reports stating the state of progress of the works (Note 6).

The change seen in the current year is essentially explained by the construction, in 2020, of the IP5 section that connects Vilar Formoso to the Spanish border (€ 8,360 thousand)

Expenses with railway materials concern mainly various types of materials included in the maintenance of railway infrastructures.

The new contract signed with the Baixo Tejo sub-concessionaire, on July 29, 2021, which reflects the non-construction of some sections provided for in the initial contract, justified the need to review the value of the construction estimate of this sub-concession - this amount is shown under heading Sub-concessioned Network– Revision of estimates.

18. EXTERNAL SUPPLIES AND SERVICES

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, external supplies and services are detailed as follows:

	2021	2020
Railway maintenance	75 680	72 866
Current Maintenance and Road Safety	63 788	57 298
Regular road maintenance	55 665	55 665
Operation and Maintenance Sub-concessions	42 360	40 846
Toll collection costs	18 904	19 036
Electricity	14 430	14 872
Collection costs RSC	12 728	11 682
Surveillance and Safety	6 733	6 667
Cleaning, Hygiene and comfort	6 012	4 546
Specialised works	3 927	3 087
Software licences	3 351	2 747
Maintenance and repair	2 629	3 203
Fuel	1 923	1 563
Insurance	1 614	836
Other	4 039	5 993
	313 781	**300 907**

The costs of railway maintenance relate essentially to the outsourcing of maintenance services:

- track - the amount of € 32,760 thousand (€ 32,646 thousand in 2020),
- signalling - the amount of € 11,409 thousand (€ 11,430 thousand in 2020),
- Railway telematics amounting to € ,10,428 thousand (€ 7,800 thousand in 2020),
- Deforestation - the amount of € 5,519 thousand (€ 7,407 thousand in 2020),
- catenary totalling € 5,342 thousand (€ 5,407 thousand in 2020).

Regular Road Maintenance corresponds to the recognition of the increase in the responsibility of the IP Group with the costs needed to maintain the service level of the routes and road engineering structures which is imposed on it by the Concession Contract. This value does not correspond to a need for investment in conservation in the period but rather the average annual investment needed to maintain the service level of the network.

The Regular Maintenance and Road Safety item contains the year's expenditure on current maintenance of roads and engineering structures and road safety.

Operating costs and maintenance of sub-concessions result from the accounting recognition of the operation and maintenance carried out by sub--concessionaires under the sub-concession contracts in force.

The expenses for collecting the RSC correspond to 2% of the RSC withheld by the Tax Authority for provision of the service of calculation and collection of the RSC (note 26.2).

19. PERSONNEL EXPENSES

See accounting policy 2.2.16.

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, personnel expenses are detailed as follows:

	2021	2020
Wages	102 347	98 592
Wage expenses	23 157	22 311
Other Personnel Expenses	3 534	3 905
Occupational accidents insurance	988	1 259
Social security expenses	547	612
Remuneration of members of governing bodies	542	539
	131 114	**127 218**

In 2021, IP personnel costs (€ 131.1 million) increased by approx. € 3.9 million compared to 2021 (+3.1%), when such costs stood at € 127.2 million.

The Company's average workforce in 2020 was made up of 3,431 workers, as against 3,350 in 2020.

Wages and staff related expenses increased € 4.6 million (+3.8%), of which € 1.5 million stem from the application of the Collective Bargaining Agreement, translating in wage rises as provided in the Career System and cash payments associated with the different work formats.

20. IMPAIRMENT (LOSSES)/REVERSALS

See accounting policy 2.2.17.

The evolution of impairment for the years ended at 31 December 2021 and 31 December 2020 is as follows:

	INVENTORIES	TRADE RECEIVABLES	OTHER ACCOUNTS RECEIVABLE	GRANTOR	TOTAL
	(NOTE 9)	(NOTE 12.2.3)	(NOTE 12.2.4)	(NOTE 12.2.1)	
Balance as at 31 December 2019	**675**	**1 627**	**6 620**	**305 200**	**314 123**
Increase / (Reversal)	720	- 5	2 757	-	3 472
Used	**-**	**- 279**	**- 152**	**-**	**- 431**
Balance as at 31 December 2020	1 395	1 343	9 226	305 200	317 164
Increase / (Reversal)	- 721	199	1 688	-	1 166
Used	-	-	- 34	-	- 34
Balance as at 31 December 2021	**673**	**1 542**	**10 880**	**305 200**	**318 295**

21. OTHER INCOME AND GAINS

Other income and gains from 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020 are broken down as follows:

	NOTES	2021	2020
Allocation of investment grants	12.2.1	61 452	58 548
Income from concession fees	11.2	8 854	8 854
Concessions for use and licences		7 575	7 850
Telecommunications		4 865	5 082
Gains on inventories		4 496	296
Gains on the sale of waste/used materials		1 563	3 168
Supplementary income		1 528	1 318
Accidents		1 479	2 403
Other		**7 457**	**16 881**
		99 269	**104 400**

Income is recorded in Allocation of Grants to non refundable investments according to the period of the Road Concession.

The item Concession Signature Fees refers to the amount recognised in 2021 of the Fee assigned when signing the Grande Lisboa and Douro Litoral Concessions.

With regard to item Concessions of use and licences, we highlight the rent associated to the Concession Agreement for the Operation of Assets on the Railway Public Domain and Management of Assets of the Private Domain of IP concluded with IP Património amounting to € 4,328 thousand (2020: € 3,906 thousand).

The Telecommunications item includes the value of the Sub-concession Contract for the Operation of the Telecommunications Infrastructure integrated in the Public Road and Railway Domain, entered into with IP Telecom, which includes the current sub-concession for the operation of the telecommunications infrastructure as well as the exploitation of the Road Technical Channel built or to be built under the administration and management of IP.

The most relevant amount comprised in Gains on the sale of waste/used materials relates to the sale of ferrous waste in the amount € 1,365 thousand (2020: € 3,096 thousand).

Item gains on inventories must be verified together with item for losses in the amount of € 5,486 thousand and with the reversal of the impairment of inventories (€720 thousand) [notes 9 and 22] resulting from an internal audit process, which aimed to settle a set of virtual deposits that mediated the period of attribution of materials to the works and their application.

The supplementary income item essentially records the amounts relating to the shared services protocol signed with subsidiary companies, whose purpose is the provision of services in the financial, legal, human resources and logistics areas.

The Accidents item corresponds to the revenue resulting from the reimbursement of damages caused on the National Road Network.

The change recorded in Item "Others" concerns mainly the settlement in 2020 of accrued expenses relating to the Railway Infrastructure Regulatory Rate (TRIF) from 2013 to 2018 in the amount of € 9,523 thousand.

22. OTHER EXPENSES AND LOSSES

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, other expenses and losses are detailed as follows:

	2021	2020
Losses on inventories	5 486	287
Other indemnities	2 023	850
Road and Rail Activity Regulatory Fees	1 441	4 336
Indirect and other taxes	811	583
Donations and contributions	595	634
Compensation for material damages	401	379
Compensatory interest	109	379
Irrecoverable debt	77	825
Other	159	1 455
Other expenses and losses	**11 103**	**9 728**

Losses on inventories result from what is explained in notes 9, 20 and 21.

Other indemnities result from court proceedings whose outcome proved to be unfavourable to the Company.

The amount recorded under the Road Activity Regulation Fees relates to the Road Infrastructure Regulation Fee, which is due to the AMT – Autoridade da Mobilidade e dos Transportes, I.P (note 26.2).

23. GAINS/(LOSSES) ON SUBSIDIARIES AND ASSOCIATES

See accounting policy 2.2.4.

The breakdown of income and expenses with subsidiaries for the periods ended 31 December 2021 and 31 December 2020 is as follows:

	NOTES	2021	2020
(Increase) / Reversal of impairment	4	1 308	- 1 452
Dividends		381	2 631
		1 689	**1 179**

24. FINANCIAL LOSSES AND GAINS

See accounting policy 2.2.11.

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, financial losses and gains are detailed as follows:

	NOTES	2021	2020
Financial losses		**280 254**	**305 382**
Interest paid:			
Loans		86 909	92 784
Sub-concessions		184 399	205 139
Leases		319	283
Other interest paid		20	2
Other financial losses		8 607	7 174
Financial gains		**59 679**	**60 573**
Other interest earned		3	2
Interest earned - State Grantor	12.2.1	59 676	60 571
Financial results		**- 220 576**	**- 244 809**

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.

Expenses with the financial revision of debts to sub-concessionaires for the works/services provided are recorded in the interest paid by Sub--concessions, which will be billed in the future, in accordance with the terms stipulated in the respective Sub-concession contracts. This amount is the result of IP's liability to the sub-concessionaires for the road construction and operation and maintenance services already provided but not yet paid, in the amount of € 1,826 million (Note 12.3.4, indirect management debt), which bears interest in accounts at rates between 5% and 11%.

The improvement compared to 2020 is essentially due to the decrease in financial charges allocated to the High-Performance segment through the reduction of debt to Sub-concessionaires, decrease in interest allocated to road loans and the net effect between the interest paid and those attributed to the railway grantor.

The maintenance of the debt stock refinancing policy through capital increase operations has repercussions on the interest obtained from the State grantor, which registers a decrease.

The increase in other financial losses is due to the increase in expenses with bank guarantees provided within the scope of the VAT proceedings with the TA (note 10).

Interest charged to the Grantor (Note 12.2.1 is calculated based on the same financing terms as investing in long-duration infrastructure.

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.

25. INCOME TAX

See accounting policy 2.2.9.

The breakdown of the tax amount for the year recognised in the Separate Comprehensive Income Statement at 31 December 2021 and 2020 is as follows:

	NOTES	2021-12-31	2020-12-31
Current income tax		- 38 092	- 27 985
Deferred income tax	8	26 210	7 254
		- 11 881	**- 20 731**

The tax rate used to determine the amount of tax for the year in the 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%
Income tax	**31,25%**	**31,25%**
Taxable temporary differences	31,25%	31,25%
Deductible temporary differences	31,25%	31,25%
Tax losses	21,00%	21,00%

(1) 3% on taxable income between € 1.5 million and € 7.5 million / 5% son taxable income between € 7,5 million and € 35 million / 9% when taxable income exceeds € 35 million.

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

	%	2021	%	2020
Profit before tax		**25 414**		**- 35 468**
CIR nominal rate + Municipal state surcharge+State surcharge	31,25	7 942	31,25	- 11 084
State surcharge - Amount to be deducted / added	-6,28	- 1 595	4,50	- 1 595
Tax losses and RETGS benefits	-1,56	- 397	0,05	- 16
Corrections of previous years estimates	2,58	655	-0,90	320
Deductible permanent differences	-3,45	- 877	2,63	- 932
Permanent taxable differences	20,53	5 218	-94,49	33 515
Autonomous taxation	2,26	575	-1,48	524
CIT – Effective Rate	**46,75**	**11 881**	**-58,45**	**20 731**

In both years, the change between the effective rate and the nominal rate is mainly explained by the impact of the non-acceptance of net financing expenses at tax level, which in 2021 amounted to €3,951 thousand against € 30,520 thousand in 2020.

In 2020, considering the figures from the Activity Plan and Budget for 2021-2023, it was unlikely that the Group could recover from a tax point of view, the accrued amounts with borrowing costs. In 2021, in view of the Activities and Budget Plan foreseen for the period 2022-2024, the recovery of part of these expenses became foreseeable, mainly due to the expected positive evolution of the financial results in view of the decreasing level of future financial expenses associated with the sub-concessions.

The amounts of net financing costs accrued in previous periods, respective expiry periods and expected recovery amounts are presented below.

ACCRUED YEAR	LAST YEAR OF DEDUCTION	ACCRUED AMOUNTS	AMOUNTS TO DEDUCT
2017	2022	28 316	-
2018	2023	23 245	-
2019	2024	40 985	4 013
2020	2025	97 664	13 909
2021	2026	55 785	25 220
		190 210	**43 142**

26. RELATED ENTITIES

See accounting policy 2.2.18.

26.1. Summary of related parties

Entities identified as related parties of IP at 31 December 2021 and 2020, under the provisions of IAS 24 – Related parties, are as follows:

	RELATIONSHIP	% HOLDING (2021)	% HOLDING (2020)
Subsidiaries			
IP Engenharia	Field	98,4300%	98,4300%
IP Património	Field	99,9968%	99,9968%
IP Telecom	Field	100,0000%	100,0000%
Associate companies			
CCF (Centro de Competências Ferroviário)	Significant influence	31,6000%	-
Joint operations			
AVEP	-	50,0000%	50,0000%
AEIE CFM4	-	25,0000%	25,0000%
Other related entities			
AMT	Regulatory entity	-	-
Portuguese State	Shareholder / Grantor	-	-
CP	Control relationship - State (Railway operator)	-	-
Members of governing bodies			

26.2. Significant balances and transactions with public entities

IP 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 and transactions between IP and the State and the public bodies in the financial years ending on 31 December 2021 and 31 December 2020:

2021-12-31		NOTE	ASSETS		LIABILITIES		INVESTMENT	INCOME	EXPENSES
NATURE	BOOK ITEM		CURRENT	NON CURRENT	CURRENT	NON CURRENT			
Rail transport fee	Clients/Suppliers						321	59 933	3 474
Rail operator fee	Other accounts receivable / payable	12.2.4/12.3.4	822	-	945	-	-	-	-
Compensatory Allowances	Compensatory Allowances	16	-	-	-	-	-	55 055	-
Grantor .- State - Account Receivable	Grantor - State - Account Receivable	12.2.1	4 136 729	-	-	-	-	-	-
State Grantor - Revenue LDI	Rendered services	15	-	-	-	-	-	32 106	-
Grantor	Interest earned - State Grantor	24	-	-	-	-	-	59 676	-
TRIR/F	Other income and gains / Other expenses and losses	21/22	-	-	-	-	-	2 941	1 441
RSC	Rendered services	15	-	-	-	-	-	636 392	-
RSC	Other accounts receivable - accruals	12.2.4	78 690	-	-	-	-	-	-
RSC - collection costs	External supplies and services	18	-	-	-	-	-	-	12 728
RSC	Other accounts payable - Accruals	12.3.4	-	-	1 574	-	-	-	-
Shareholder's loans	Shareholder funding/ loans	12.3.2	-	-	2 332 667	-	-	-	-
Shareholder's loans - Interest	Interest paid - loans	24	-	-	-	-	-	-	162
			4 247 273	**0**	**2 335 199**	**0**	**321**	**846 103**	**17 805**

2020-12-31		NOTE	ASSETS		LIABILITIES		INVEST-MENT	INCOME	EXPENSES
NATURE	BOOK ITEM		CURRENT	NON CURRENT	CURRENT	NON CURRENT			
Rail transport fee	Clients/Suppliers	12.2.3/12.3.3	10 529	-	151	-	456	58 028	5 075
Rail operator fee	Other accounts receivable / payable	12.2.4/12.3.4	2 895	-	2 935	-	-	-	-
Compensatory Allowances	Compensatory Allowances	16	-	-	-	-	-	55 055	-
Grantor .- State - Account Receivable	Grantor .- State - Account Receivable	12.2.1	3 914 002	-	-	-	-	-	-
State Grantor - Revenue LDI	Rendered services	15	-	-	-	-	-	28 118	-
Grantor	Interest earned - State Grantor	24	-	-	-	-	-	60 571	-
TRIR/F	Other income and gains / Other expenses and losses	21/22	-	-	-	-	-	9 523	4 336
RSC	Rendered services	15	-	-	-	-	-	584 089	-
RSC	Other accounts receivable - accruals	12.2.4	74 733	-	-	-	-	-	-
RSC - collection costs	External supplies and services	18	-	-	-	-	-	-	11 682
RSC	Other accounts payable - Accruals	12.3.4	-	-	1 495	-	-	-	-
Shareholder's loans	Shareholder funding/ loans	12.3.2	-	-	2 343 354	-	-	-	-
Shareholder's loans - Interest	Interest paid - loans	24	-	-	-	-	-	-	4 084
			4 002 160	**0**	**2 347 934**	**0**	**456**	**795 384**	**25 177**

26.3. Balances and transactions with subsidiaries

At 31 December 2021 and 31 December 2020, balances with subsidiaries were made up as follows:

	NOTES	2021-12-31	2020-12-31
BALANCES RECEIVABLE			
Non-current			
Loans granted	**12.2.2**	**10 805**	**10 805**
IP Património		10 805	10 805
Current			
Trade receivables	**12.2.3**	**2 158**	**2 515**
IP Património		2 143	2 500
IP Telecom		15	15
Other accounts receivable	**12.2.4**	**6 240**	**5 332**
Shareholders		**917**	**268**
IP Engenharia		106	112
IP Telecom		811	156
Accounts receivable for accrued income	**12.2.4**	**765**	**516**
IP Património		757	485
IP Telecom		8	31
Other debtors		**4 558**	**4 548**
IP Património		4 558	4 548
		19 202	**18 652**

	NOTES	2021-12-31	2020-12-31
BALANCES PAYABLE			
Current			
Suppliers	**12.3.3**	**1 447**	**139**
IP Engenharia		191	-
IP Património		-	43
IP Telecom		1 256	96
Other accounts payable		**3 033**	**2 141**
Suppliers of investment		**1 139**	**333**
IP Engenharia		1 139	333
Shareholders		**1 513**	**1 625**
IP Património		1 513	1 625
Creditors for accruals		**381**	**183**
IP Engenharia		109	34
IP Património		-	31
IP Telecom		272	118
Other accounts payable		**168**	**-**
IP Telecom		168	-
		4 480	**2 280**

Transactions carried out with subsidiaries from 1 January 2021 to 31 December 2021 and 1 January 2020 to 31 December 2020 were as follows:

	NOTES	2021	2020
Investments		**4 153**	**5 203**
IP Engenharia		4 153	5 075
IP Património		-	1
IP Telecom		-	127
Rendered services		**63**	**155**
IP Engenharia		-	-
IP Património		63	76
IP Telecom		-	79
Other income		**11 183**	**11 329**
IP Engenharia		220	500
IP Património		5 251	4 978
IP Telecom		5 712	5 851
Dividends received	**23**	**380**	**2 631**
IP Engenharia		380	472
IP Património		-	1 000
IP Telecom		-	1 159
External supplies and services		**8 347**	**5 465**
IP Engenharia		183	179
IP Património		885	661
IP Telecom		7 279	4 625
Other expenses		**78**	**-**
IP Engenharia		76	-
IP Telecom		2	-

Significant transactions occurred intra group concern mainly the following services rendered / received:

Investments / IP Engenharia - Development of studies and projects, management, coordination and supervision and consultancy services.

Other income / IP Património - concession contract between IP and IP Património, whereby IP Património is entrusted the responsibility to manage and exploit the assets on the railway public domain not allocated to the railway operation and assets of the Private Domain.

Other income/IP Telecom – Protocol of shared services and concession contract in force.

Supplies and services/IP Telecom - maintenance services, within the framework of the sub-concession, for the maintenance and availability of communication services and use of the optical fibre on public railway and road domain.

26.4. Balances and transactions with railway operators

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

	NOTES	2021-12-31	2020-12-31
BALANCES RECEIVABLE			
Current			
Trade receivables	12.2.3	31 032	10 529
Other accounts receivable	12.2.4	822	2 895
Accounts receivable for accrued income		822	2 895
		31 854	**13 424**
BALANCES PAYABLE			
Current			
Suppliers	12.3.3	13	151
Other accounts payable	12.3.4	945	2 935
Creditors for accruals		829	2 935
		958	**3 085**

Transactions with railway operators in the periods from 1 January 2021 to 31 December 2021 and 1 January 2020 to 31 December 2020 are as follows:

	2021	2020
Investment	321	456
	321	**456**
Rendered services	59 932	58 011
Other income	1	18
	59 933	**58 028**
Supplies and services	2 488	1 900
Personnel expenses	849	1 048
Other expenses	137	371
	3 474	**3 318**

Significant transactions with railway operators concern mainly the following services rendered / received:

Investments essentially concern temporary suspensions of rail traffic as part of the Valadares-Gaia Superstructure Renovation projects to the CP/IP Agreement for the Caíde-Marco de Canaveses section of the Douro line as well as for RIV-Pampilhosa-Mortágua section;

Services concern the use of railway infrastructure, the sub-concession of space (rooms), data transmission of the national network, cloud solution services and fixed and mobile communications;

Supplies and services include the supply of electricity and the provision of services related to the Socorro Train under the CP/IP Protocol;

The amount shown in personnel expenses relates to the transport concessions invoiced pursuant to the "Use of CP transport by former REFER workers and beneficiaries" agreement;

Caption other income mainly refers to the re-invoicing of utilities in concessioned areas.

26.5. Joint operations

The following are the impacts of jointly controlled ventures on IP's Financial Statements at 31 December 2021 and 31 December 2020:

	2021-12-31	2020-12-31
Assets	952	1 024
Liabilities	83	165
	2021	**2020**
Rendered services	127	480
Profit/(Loss) for the period/year	10	235

26.6. Remuneration of corporate officers

BOARD OF THE GENERAL MEETING

Chairman: (*)

Vice-Chairman: PAULO MIGUEL GARCÊS VENTURA

Secretary: MARIA ISABEL LOURO CARLA ALCOBIA

(*) The former Chairman of the Board of the General Meeting resigned on 24 January 2020 and was not yet replaced.

The members of the Board of the General Meeting were elected for the three-year period 2018-2020 and hold their respective positions without remuneration.

EXECUTIVE BOARD OF DIRECTORS

Chairman: ANTÓNIO CARLOS LARANJO DA SILVA

Vice-Chairman: JOSÉ SATURNINO SUL SERRANO GORDO E CARLOS ALBERTO JOÃO FERNANDES

Members: ALBERTO MANUEL DE ALMEIDA DIOGO, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA E

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.

The 5% reduction provided for in article 12 of Law 12-A/2010 of 30 June was applied to the calculated gross amounts.

IP did not pay any variable performance bonus to its managers.

António Carlos Laranjo da Silva resigned as Chairman of the Executive Board of Directors with effect from 31 December 2021.

The annual remuneration of the members is as follows:

	2021		2020	
	REMUNERATION	EMPLOYER´S WELFARE CONTRIBUTIONS	REMUNERATION	EMPLOYER´S WELFARE CONTRIBUTIONS
António Carlos Laranjo da Silva	103 888	24 274	103 990	24 274
Carlos Alberto João Fernandes	93 724	21 847	93 672	21 847
José Saturnino Sul Serrano Gordo	93 660	21 847	93 702	21 847
Alberto Manuel de Almeida Diogo	83 492	19 420	83 516	19 420
Vanda Cristina Loureiro Soares Nogueira	83 447	19 420	83 449	19 420
Alexandra Sofia Vieira Nogueira Barbosa	83 492	19 420	83 422	19 420
	541 702	**126 227**	**541 752**	**126 227**

Figures in Euro.

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.

Members of the General and Supervisory Board identified below perform their duties in this Board without receiving any remuneration (at their specific request):

- 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, following retirement, since July 2017.

In accordance with article 391 (4) of the Companies Code, approved by Decree Law 262/86, of 2 September, by reference to article 435 (2) of the same Code, the members of the General and Supervisory Board will remain in office until such time as they are replaced. Since no new members were elected when members of remaining corporate bodies were elected, the members of the General and Supervisory Board did not change.

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.

	2021	2020
Vítor Almeida & Associados, SROC, Lda.	35 773	35 773

(Figures in Euro)

27. 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 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 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 this change.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE AS OF OR FOLLOWING 01 JANUARY 2022

IFRS 17: Insurance Contracts (Commission Regulation 2021/2036 of 19 November 2021)

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.

The amendments are effective from 1 January 2023.

No materially relevant impacts are expected to arise from this standard.

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 property, plant and equipment amounts received from the sale of 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 this revision.

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 materially relevant impacts are expected to arise from this revision.

Amendments to IAS 1 and to IAS 8 (Commission Regulation 2022/357 of 02 March 2022)

The changes to IAS 1 require entities to disclose their material accounting policy information instead of its significant accounting policies.

The changes to IAS 8 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 to financial years from beginning on or after 1 January 2023. Early adoption is permitted.

No materially relevant impacts are expected to arise from this revision.

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 11sep14)

This amendment clarifies the accounting treatment for transactions when a parent company loses control in a subsidiary by selling all or part of its interest in that subsidiary to an associate or joint venture accounted for using 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 materially relevant impacts are expected to arise from this change.

IFRS 14: Regulatory Deferral Accounts (issued by IASB on 30Jan14)

This standard allows first-time adopters of IFRS to continue to recognise regulatory assets and liabilities in accordance with the policy followed under the previous regulation. However, to allow comparability with entities that already adopt IFRS and do not recognise regulatory assets/liabilities, these amounts must be disclosed in the Financial Statements separately Applicable to financial years from 1 January 2016; the European Commission decided not to start the endorsement process of this transitory standard and wait for IASB to issue the final standard.

No materially relevant impacts are expected to arise from this standard.

Amendments to IAS 1 – Presentation of Financial Statements (issued by IASB on 23Jan20 and revised in 15July20)

These amendments to IAS 1 – Presentation of Financial Statements clarify the requirements for classifying liabilities as current or non-current. These amendments, in nature, are intended to be only a reduction in scope, clarifying the requirements of IAS 1, and not a modification of 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 our future analysis.

Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction (issued by IASB on 07 May 2021)

IAS 12 grants an exemption to entities from recognising deferred taxes when they result from the initial recognition of assets and liabilities. However, there was some uncertainty as to whether that exemption would apply to transactions such as lease contracts and decommissioning obligations where entities recognise both an asset and a liability simultaneously. This amendment clarifies that the exemption from initial recognition does not apply to those transactions that result in equal amounts of taxable and deductible differences that result from initial recognition and, therefore, entities must recognise the deferred tax associated with 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 our future analysis.

Amendments to IFRS 17: Initial application of IFRS 17 and IFRS 9 – Comparative information (issued by the IASB on December 9, 2021)

IFRS 17 and IFRS 9 have different transition requirements. For some insurers, these differences may cause accounting mismatches between financial assets and liabilities of insurance contracts in the comparative information that is presented in their financial statements when IFRS 9 and IFRS 17 are applied for the first time. This amendment, through the introduction of an option for the presentation of comparative information about financial assets, helps insurers to avoid these temporary accounting mismatches and, thus, increase the usefulness of comparative information for investors. Applicable to annual annual reporting periods beginning on or after 1 January 2023, subject to the endorsement by the European Union.

No impacts are expected to arise from this change.

28. GUARANTEES AND SURETIES

The liabilities for bank guarantees contracted on 31 December 2021 totalled € 982 million (2020: € 638.5 million), as follows:

- Guarantees in the amount of € 977 million (2020: € 633.4 million) provided in favour of the Tax Authority arising from the VAT procedure (note 10);
- Guarantees in the amount of € 5 million (2020: € 5.1 million) provided to courts as part of litigation proceedings.

29. CONTINGENCIES

See accounting policy 2.2.14.

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, based on information from its tax advisers, believes that any tax contingencies will not have a material impact on the Financial Statements as of 31 December 2021, taking into account the provisions set up and existing expectations as of this date, including the judicial claim relating to the VAT dispute.

PENDING LAWSUITS

As at 31 December 2021, the pending lawsuits relating to railway expropriations totalled € 19,849 thousand (2020: € 12,996 thousand). This amount is not reflected in Statement of Financial Position. In these cases, but only when figures are established by the court, 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.

The Company has pending lawsuits relating to railway accidents occurred on the railway infrastructures under management and for damages caused to third-party property. These lawsuits are covered by IP's activity insurance.

GRANTS

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.

30. COMMITMENTS

IP's commitments are primarily the responsibility of its obligation to meet the commitments made in the Road Sub-concession Contracts and the substitution of the State in its payments and receipts of the concessioned road network.

IP'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 revenues in accordance with the Concession Contract) at constant prices and including VAT (these figures were sent to the Directorate-General for the Treasury and Finance and were used as a basis for the corresponding table in the Report on the State Budget for 2021) are summarised in the table below:

EXPENSES OF CONCESSIONS AND SUB-CONCESSIONS (€M)	2022	2023	2024	2025	2026	2027	2028	2029	2030
Gross expenses	1 452	1 296	1 203	1 084	954	857	774	684	566
Revenues	- 376	- 374	- 410	- 685	- 559	- 570	- 570	- 576	- 434
Net expenses	**1 076**	**922**	**793**	**399**	**395**	**286**	**204**	**107**	**132**

EXPENSES OF CONCESSIONS AND SUB-CONCESSIONS (€M)	2031	2032	2033	2034	2035	2036	2037	2038	2039
Gross expenses	503	353	280	269	215	146	124	143	32
Revenues	- 324	- 261	- 228	- 231	- 236	- 184	- 155	- 166	- 23
Net expenses	**179**	**92**	**53**	**38**	**- 20**	**- 38**	**- 31**	**- 24**	**9**

EXPENSES OF CONCESSIONS AND SUB-CONCESSIONS (€M)	2040	2041	2042
Gross expenses	10	-	-
Revenues	- 8	-	-
Net expenses	**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.".

31. INFORMATION REQUIRED BY LAW

a) Under article 21(1) of Decree-Law 411/91 of 17 October, the Company confirms that it does not have any Social Security payments in arrears. or overdue debts to the Tax Administration.

b) Impact of IP's activity on the National Accounts and Public Accounts (Basis 12, number 3, paragraph c) of Decree-Law no. 110/2009 of 18 May).

i. National accounts:

After consulting with the National Statistics Institute ("INE"), it is considered that all IP's accounting items have a direct impact on the national accounts. All flows between IP and units outside the General Government perimeter shall have a direct impact on general government aggregates (deficit and/or debt), such impact and the magnitude thereof depending on the operations in question. By way of example, when IP earns interest from financial applications outside the public administration perimeter, it contributes positively to the balance of public administrations. When IP pays for services provided by entities outside the public administration perimeter, it is increasing public expenditure, and consequently the deficit; if IP borrows 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

IP is included in the Reclassified Public Entities on an equal standing with the Autonomous Services and Funds, thus becoming integrated in the State Budget universe.

c) Adoption of NCP 26

With regard to the presentation of Budget Statements in accordance with NCP26, the technical conditions for their preparation by IP have not yet been met, so, as provided for in point 7 of Resolution No. 2/2021 of the Court of Auditors, this Court granted IP exemption from the presentation of these budget statements.

d) 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):

FORWARD-LOOKING INFORMATION

Table 1 provides provisional information on IP's future financial flows as at 31 December 2021, taking into account the commitments already assumed by the company. Note that compliance with the PRN 2000 requires making investments during the period of EP's Concession Contract, the financial inflows and outflows of which are not taken into account in the following table. The figures already include the estimate of the impacts of the ongoing renegotiation of the Sub-concession contracts. Annual net income, annual borrowing needs, dividends payable and income tax (IRC) were all forecast).

FORWARD-LOOKING INFORMATION							
Figures at current prices. €th	**2022**	**2023**	**2024**	**2025**		**2035**	
Net Income	63 489	95 451	105 975	94 206	...	538 747	...
Annual borrowing requirements	1 429 474	1 392 433	968 595	1 008 337	...	-	...
Dividends payable [a]	-	-	-	-	...	-	...
Corporate Income tax [b]	(37 045)	(47 980)	(52 157)	(47 766)	...	(221 754)	...
Financial flows with the State [c]	637 328	669 479	674 630	689 195	...	500 189	...

FORWARD-LOOKING INFORMATION									
Figures at current prices. €th	**2045**		**2055**		**2065**		**2075**		**2082**
Net Income	1 721 443	...	2 437 750	...	3 426 850	...	4 688 841	...	5 770 740
Annual borrowing requirements	-	...	-	...	-	...	-	...	-
Dividends payable [a]	1 659 870	...	2 351 752	...	3 316 879	...	4 549 049	...	5 604 604
Corporate Income tax [b]	(678 264)	...	(956 604)	...	(1 336 213)	...	(1 815 578)	...	(2 228 233)
Financial flows with the State [c]	(1 458 088)	...	(2 235 585)	...	(3 345 391)	...	(4 770 547)	...	(6 001 740)

[a] For these activities only, and since the equity restriction exercise was not carried out, it is assumed that the cash flow available following repayment of debt may be distributed as dividends, though not for a higher amount than the year's net income.
[b] For these activities only and from a cash flow standpoint.
[c] From IP's standpoint. Includes outflows: CIT, Concession Rent and Dividends; and inflows ISP (oil tax) reduction (through creation of the RSC), from a cash flow standpoint.

FORWARD-LOOKING INFORMATION							
Figures at current prices. €th	**2022**	**2023**	**2024**	**2025**	**...**	**2035**	**...**
Net Income	61 324	90 389	98 387	85 745	...	402 269	...
Annual borrowing requirements	1 380 734	1 318 585	899 240	917 781	...	-	...
Dividends payable [a]	-	-	-	-	...	-	...
Corporate Income tax [b]	(35 782)	(45 435)	(48 422)	(43 477)	...	(165 578)	...
Financial flows with the State [c]	615 598	633 973	626 324	627 300	...	373 479	...

FORWARD-LOOKING INFORMATION									
Figures at current prices. €th	**2045**	**...**	**2055**	**...**	**2065**	**...**	**2075**	**...**	**2082**
Net Income	1 054 442	...	1 224 947	...	1 412 608	...	1 585 587	...	1 698 850
Annual borrowing requirements	-	...	-	...	-	...	-	...	-
Dividends payable [a]	1 016 726	...	1 181 734	...	1 367 276	...	1 538 315	...	1 649 941
Corporate Income tax [b]	(415 459)	...	(480 685)	...	(550 810)	...	(613 959)	...	(655 970)
Financial flows with the State [c]	(893 128)	...	(1 123 361)	...	(1 379 029)	...	(1 613 217)	...	(1 766 854)

[a] For these activities only, and since the equity restriction exercise was not carried out, it is assumed that the cash flow available following repayment of debt may be distributed as dividends, though not for a higher amount than the year's net income.
[b] For these activities only and from a cash flow standpoint.
[c] From IP's standpoint. Includes outflows: CIT, Concession Rent and Dividends; and inflows ISP (oil tax) reduction (through creation of the RSC), from a cash flow standpoint.

32. 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, before any specific request for a reinstatement of financial balance (RFB) is made, IP's counterparty must issue a so-called 'reservation of rights', i.e., it must inform IP that it considers that a given fact is eligible for RFB purposes. 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 31 December 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.
Auto-Estrada Transmontana (AEXXI)	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	IP did not pay the remuneration due, whose deadline was August 31; On the 7th and 10th of September the situation was fully settled.
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 Alentejo	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	IP did not pay the remuneration due, whose deadline was August 31; On the 7th and 10th of September the situation was fully settled.
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).
Litoral Oeste (AELO)	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	IP did not pay the remuneration due, whose deadline was August 31; On the 7th and 10th of September the situation was fully settled.
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)
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 BALANCE IN STATE CONCESSIONS"

In respect of State concessions that are negotiated by the State with the Concessionaires, IP is not a party in the contracts, it is only aware of these situations through the representative of the State, the IMT As part of its Concession Contract with the State, the IP Group may possibly be called upon to pay the reinstatement of financial balance if the Grantor so decides.

In 2021 the IP Group recorded expenses of € 7.9 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 € 8.45 million, pursuant to decision of the Arbitration Court dated 7 February 2017.

ii. Compensation to concessionaire BRISAL- Auto-estradas do Litoral, in the amount of € 7.1 million, pursuant to decision of the Arbitration Court dated 15 April 2015.

iii. Implementation of Financial Rebalancing Agreement with Lusoponte, resulting in a balance of € 8.04 million in favour of IP.

COVID-19 IMPACT

Although the impact in operational terms is small or nil, there is a strong economic and financial impact, mainly motivated by the significant reduction in the use of the network (mainly the road network), due to traffic limitations occurred in the 1st quarter of 2021 , with a gradual recovery throughout the year.

Likewise, the real estate and commercial areas business under the management of IP Património continued to be seriously affected by the 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, as subsequently amended, in addition to the moratorium on payment associated with issued invoicing, payment exemption measures and other cuts were put in place and kept until August 2021.

Comparing 2021 with 2019, there is a drop of approx. € 75 million in revenues with a direct impact on results, namely: RSC (€ 65 million), IP road tolls (€ 3 million), Railway fees (€ 3 million) and Concession Rent to IPP (€ 1 million)

This assessment is conservative as it disregards the growth trend recorded in the years prior to the pandemic, and which was not considered in the calculation.

With regard to operating expenses for the prevention and organisation of work in the context of a pandemic, a total of € 868 thousand was recorded in 2021, mainly relating to expenses with Cleaning and Hygienisation of Facilities (Supplies and Services) and expenses related to Disinfections, PPE's and Tests (expenses with staff).

IP'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:

- Maintenance of high levels of implementation of maintenance and conservation activities, reflected in the increase in financial implementation by € 8.4 million (+5%);
- Increase in the financial implementation of investment activities by 75% over 2019;
- The road and railway networks remained completely available always.

APPROVAL OF IP'S ACCOUNTS RELATING TO 2020

As of the date of these accounts, the separate and consolidated financial statements and the report of the Executive Board of Directors for IP's 2020 financial year are yet to be approved by the shareholder.

33. SUBSEQUENT EVENTS

See accounting policy 2.2.18.

i) Share capital increase

Pursuant to unanimous written corporate resolutions dated 31 January 2021 the General and 18 February 2022, the share capital of IP was increased by € 40,000 thousand, € 349,470 thousand, and € 96,450 thousand, through the issue of respectively, 8,000 shares, 69,894 and 19,290 shares with the nominal value of € 5,000 per share, subscribed and paid up by the Portuguese State, as shareholder.

ii) Extension of the Framework Contract

Pursuant to communication from the Council of Ministers, dated January 20, 2022, the validity of the Framework Contract for the rail sector was extended for another six months, until June 30, 2022, with the corresponding expense with the compensatory compensation paid to IP by the Portuguese State, thus ensuring the continuity of the service until the new contract is formalised;

iii) War in Ukraine

On February 24, 2022, the invasion of Ukraine by Russia began, and continues to this date. The impact of this new geopolitical scenario is already visible in Portugal, with direct repercussions on the price of commodities, in particular of oil, gas, and food products, among others.

In the construction sector, this new scenario is bound to have consequences in terms of the supply of materials, and their respective cost. This is an aspect that IP views with great concern, due to the high level of investment planned for the period 2022-2024.

Another potential impact of the price increase, namely with regard to road fuels (diesel and gasoline), is the decrease in the use of the National Road Network, with impact on associated revenues (RSC and Tolls).

As mentioned, this is a potential impact - its occurrence is not certain, especially since a set of mitigating measures are being implemented by the Portuguese Government, namely a relief in the tax burden on oil products, but traffic is recovering after one and a half years affected by pandemic restrictions.

On the other hand, there is also uncertainty as to whether the current high price of fuel for road use will continue in the coming months. It should also be noted that, to date, IP does not have consolidated information on road traffic to confirm or quantify this potential reduction in revenue due to a drop in road traffic.

Bearing this in mind and also considering the way in which IP, in close coordination with the Shareholder, overcame the pandemic context that strongly marked the years 2020 and 2021, the continuity of operations is not at stake.

Almada, 21 de abril de 2022

The Executive Board of Directors

Vice-Chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed document

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

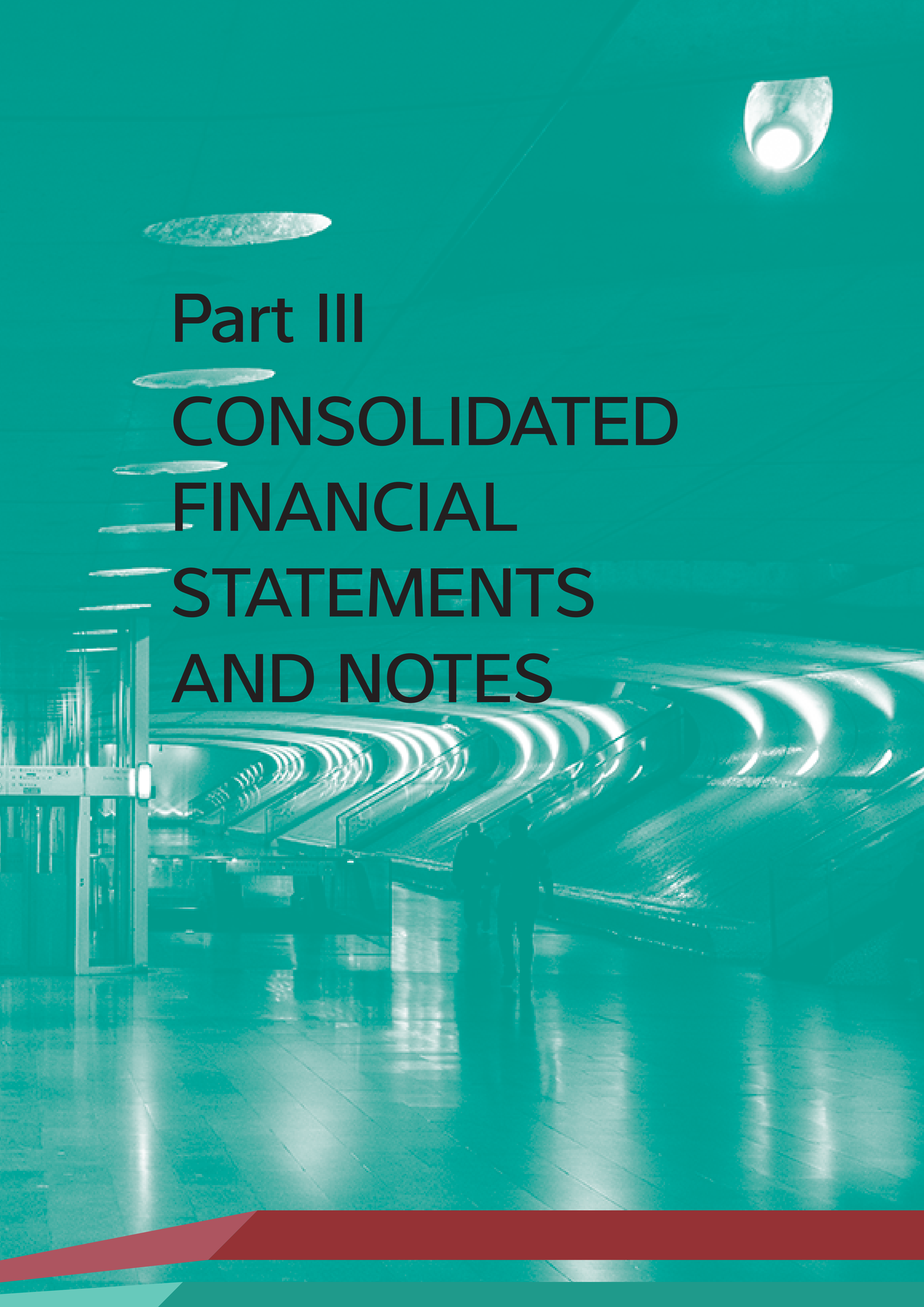
Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

Certified Accountant

DIOGO MENDONÇA LOPES MONTEIRO

Digitally signed document



Part III

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

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PART III – CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(Amounts in € thousand - €th)

STATEMENT OF COMPLIANCE

Pursuant to and for the purposes of provisions in Article 245 (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:

"Pursuant to and for the purposes of provisions in Article 245 (1) (c) of the Portuguese Securities Code, I hereby declare 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 Consolidated Financial Statements 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 IP Group and that the management report for 2021 faithfully details the important events that occurred during the said period and the impact on respective Consolidated Financial Statements, and describes the main risks and uncertainties for the forthcoming financial year."

The Executive Board of Directors

Vice-Chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed document

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND 2020

	NOTES	2021-12-31	2020-12-31
ASSETS			
Non-current			
Goodwill	5	21 687	21 687
Investment in Associates	6	-	-
Financial investments		97	40
Intangible assets	7	21 078 325	20 834 030
Tangible fixed assets	8	68 380	67 468
Investment properties	9	3 165	3 139
Trade receivables	14.2.2	5 258	9 214
Deferrals	13.1	397	545
Deferred tax assets	10	305 429	279 468
		21 482 737	**21 215 591**
Current			
Inventories	11	83 055	74 382
Grantor - State - Account Receivable	14.2.1	4 136 506	3 914 516
Trade receivables	14.2.2	64 130	52 211
Current tax assets	12	-	26 041
Government and other public bodies	12	1 844 947	1 622 049
Other accounts receivable	14.2.3	145 020	142 342
Deferrals	13.1	4 509	2 053
Cash and cash equivalents	14.2.4	177 785	256 497
Non-current assets held for sale		3	3
		6 455 956	**6 090 093**
Total assets		**27 938 693**	**27 305 685**

To be read jointly with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021 AND 2018 (CONT'D)

	NOTES	2021-12-31	2020-12-31
EQUITY			
Capital and reserves attributable to equity holders			
Issued Capital	16	9 870 180	8 257 530
Reserves	16	279 618	279 618
Retained earnings		- 8 780	48 413
		10 141 018	**8 585 561**
Net profit or loss for the period		15 892	- 57 193
Total equity		**10 156 910**	**8 528 368**
Liabilities			
Non-current			
Provisions	15	957 310	940 105
Loans	14.3.1	1 795 355	1 924 303
Other accounts payable	14.3.4	1 231 475	1 630 911
Deferrals	13.2	10 175 498	10 245 610
Deferred tax liabilities	10	22	8
		14 159 661	**14 740 937**
Current			
Trade payables (Suppliers)	14.3.3	40 556	11 188
Cash advances of trade receivables		547	547
Government and other public bodies	12	9 062	8 098
Current tax liabilities	12	13 832	-
Loans	14.3.1	152 537	653 291
Shareholder funding/Shareholder loans	14.3.2	2 332 667	2 343 354
Other accounts payable	14.3.4	1 062 444	1 009 612
Deferrals	13.2	10 477	10 289
		3 622 122	**4 036 380**
Total Liabilities		**17 781 783**	**18 777 317**
Total equity and liabilities		**27 938 693**	**27 305 685**

To be read jointly with the Notes to the Consolidated Financial Statements.

COMPREHENSIVE INCOME STATEMENT FROM 1 JANUARY 2021 TO 31 DECEMBER 2021 AND FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

	NOTES	2021	2020
Sales and services	17	1 101 825	1 051 442
Compensatory Allowances	18	55 055	55 055
Cost of goods sold and materials consumed	19	- 259 301	- 274 374
Variation in production inventories	11.2	- 127	- 15
External supplies and services	20	- 315 899	- 305 850
Maintenance, Repair and Safety of the Road Network		- 120 384	- 114 389
Maintenance, Repair and Safety of the Railway Network		- 71 152	- 70 872
Other ESS		- 124 362	- 120 589
Personnel expenses	21	- 141 156	- 137 620
Impairments (losses) / reversals	22	- 440	- 4 272
Provisions (Increase / Decrease)	15	- 15 647	- 22 513
Other Income and gains	23	89 739	94 519
Other expenses and losses	24	- 11 482	- 10 205
Earnings before depreciation, financial expenses and taxes		**502 567**	**446 167**
Depreciation and amortisation expenses / reversals		- 252 942	- 237 628
Operating profit (before financing and tax expenses)		**249 624**	**208 538**
Interest and similar income	25	59 679	60 573
Interest and similar costs	25	- 280 268	- 305 409
Profit before tax		**29 035**	**- 36 297**
Income tax for the period	26	- 13 143	- 20 896
Consolidated net profit for the year		**15 892**	**- 57 193**
Consolidated Comprehensive Result for the year		**15 892**	**-57 193**

To be read jointly with the Notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES TO SHAREHOLDERS EQUITY FROM 1 JANUARY 2021 TO 31 DECEMBER 2021 AND FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

	NOTES	SHARE CAPITAL	RESERVES	CUMULATIVE RESULTS	PROFIT FOR THE YEAR	TOTAL
31 December 2019		**7 203 380**	**155 967**	**153 599**	**18 465**	**7 531 411**
Appropriation of net profit for 2018 (financial statements approved in 2020)		-	109 616	-109 616	-	0
Appropriation of net profit for 2019 (financial statements approved in 2020)		-	14 034	4 431	-18 465	0
Share capital increases		1 054 150	-	-	-	1 054 150
Comprehensive income for the year		-	-	-	-57 193	-57 193
31 December 2020		**8 257 530**	**279 618**	**48 413**	**-57 193**	**8 528 368**
Appropriation of net profit 2020		-	-	-57 193	57 193	0
Share capital increases	16	1 612 650	-	-	-	1 612 650
Comprehensive income for the year		-	-	-	15 892	15 892
31 December 2021		**9 870 180**	**279 618**	**-8 780**	**15 892**	**10 156 910**

To be read jointly with the Notes to the Consolidated Financial Statements.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY 2021 TO 31 DECEMBER 2021 AND FROM 1 JANUARY 2020 TO 31 DECEMBER 2020

	NOTES	2021	2020
Operating Activities		1 064 045	1 085 688
Cash paid to suppliers		- 1 064 617	- 957 637
Cash paid to personnel		- 139 482	- 136 680
Flows generated by operations		**- 140 053**	**- 8 629**
Income tax (paid)/received		3 771	- 49 029
Other receipts / (payments) relating to operating activities		90 065	67 419
Net cash from operating activities (1)		- 46 217	9 761
Investing activities			
Cash receipts relating to:			
Investment subsidies		82 433	42 548
Tangible fixed assets		3 992	3 224
Interest and similar income		2	2
		86 426	**45 774**
Cash payments relating to:			
Investment subsidies		- 32	- 690
Financial investments	6	- 2 000	-
Tangible fixed assets		- 218 970	- 172 753
Intangible assets		- 782 615	- 787 007
		- 1 003 616	**- 960 450**
Net cash from investing activities (2)		**- 917 190**	**- 914 676**
Financing activities			
Cash receipts relating to:			
Capital contribution	16	1 612 650	1 054 150
		1 612 650	**1 054 150**
Cash payments relating to:			
Borrowings		- 629 288	- 89 711
Finance leases		- 2 398	- 1 562
Interest and similar costs		- 96 438	- 94 724
		- 728 124	**- 185 996**
Net cash from financing activities (3)		**884 526**	**868 154**
Change in cash and cash equivalents (4) = (1) + (2) + (3)		- 78 881	- 36 761
Cash and cash equivalents at the end of the period	14.2.4	**171 438**	**250 318**
Cash and cash equivalents at the beginning of the year	14.2.4	**250 318**	**287 079**
Variation in cash and cash equivalents		- 78 881	- 36 761

To be read jointly with the Notes to the Consolidated Financial Statements.

Almada, 21 de abril de 2022

The Executive Board of Directors

Vice-Chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed document

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

Certified Accountant

DIOGO MENDONÇA LOPES MONTEIRO

Digitally signed document

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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, IP Group holds stakes in two joint undertakings, AVEP – Alta Velocidade de Espanha e Portugal A.E.I.E., (AVEP) 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 Corredor Atlântico, in partnership with ADIF - Administrador de Infraestruturas Ferroviárias, SNCF – Réseau (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.

Additionally, since 2021 the Group holds a 31.6% stake in the Railway Competence Centre, in partnership with other companies in the transport sector and Universities; the main purpose of this centre is the promotion and development of technical training, research, development and innovation (R&DI) initiatives and activities, particularly in technology, in the field of railways and railway equipment, promoting and encouraging specialised training, cooperation and transfer of technology between companies, universities, organisations and other public and private entities.

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

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 activity of IP Telecom is to 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 road technical channel, for the business market and public entities.

The current "Sub-Concession Contract for the Operation of the Telecommunications and Information Technology of Infrastructuras de Portugal, S.A." maintains the current sub-concession for the operation of the telecommunications infrastructure, having revised its terms, whilst the roads' technical channel already built or to be built is operated under sub-concession, 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.

The operation of the telecommunications infrastructure, pursuant to the "Contract for the Operation of the Telecommunications Infrastructure", entered on February 28, 2001, and subject to addenda and amendments was revised on 29 February 2016.

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 encompass 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

A IP Engenharia presta serviços de engenharia de 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. ATLÂNTICO CORRIDOR

In November 2013 the infrastructure managers of Portugal (REFER), Spain (ADIF) and France (Réseau Ferré de France – RFF, currently SNCF Réseau) set up A.E.I.E Atlantic Corridor, with the purpose of developing an internal rail market through dedicated corridors for freight transport in particular.

The Atlantic A.E.I.E 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 - Manheim crossing the borders at Vilar Formoso/Fuentes de Oñoro, Elvas/Badajoz and Irún/Hendaya and Forbach/ Saarbrucken.

On 1 January 2016, with the extension of the rail freight corridor to Mannheim, crossing the France/ Germany border at Forbach/Saarbrucken, Germany joined Portugal, Spain and France as a partner of AEIE – 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 consistency and coordination of the technical studies carried out for each of the corridors.
- Based on 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 so entrusted 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.

1.3.3. RAILWAY COMPETENCE CENTRE (RCC)

The Railway Competence Centre promotes technical training initiatives and activities, research, development and innovation in technology, particularly in the area of railways and railway equipment, encouraging specialised training, cooperation and technology transfer between companies, universities, organisations and other public and private entities, with a view to increasing R&D capacity and the consequent increase in qualified employment, improving competitiveness and increasing turnover and exports of the entities involved.

2. MAIN ACCOUNTING POLICIES

2.1. Bases of presentation

The financial statements presented herein reflect the financial position, the results of the operations and the cash flows of IP Group for the periods ending on 31 December of 2021 and 2020, forming the consolidated financial statements of IP Group.

Decree-law 158/2009, in paragraph 1 of article 4, introduced in 2010 the requirement to prepare consolidated accounts in accordance with international accounting standards for companies holding securities listed on a regulated market. Paragraph 1 of article 6 extends the consolidation obligation applies to any parent company subject to Portuguese law. IP was thus required to prepare consolidated accounts since the 2010 financial year.

These consolidated financial statements were approved by the Executive Board of Directors at a meeting held on April 21, 2022, to be submitted to the shareholder's approval. It is the opinion of the Executive Board of Directors that these provide a true and fair view of IP Group operations, as well as its consolidated financial position, results, and cash flows.

The Financial Statements of IP Group were prepared on the basis of ongoing operations, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), issued and in force on 31 December 2021.

IFRS include accounting standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and respective bodies that preceded them.

The financial statements were prepared using mainly the historical cost measurement.

All figures are expressed in thousands of Euro (€ thousand/€th), without any rounding up or down, unless otherwise stated. Sub-totals and totals in tables presented in these 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 millions of Euro, where necessary.

The preparation of Financial Statements in accordance with IFRS requires the Group to exercise judgements, estimates and assumptions that affect the application of accounting policies and the amounts of income, expenses, assets, and liabilities. The estimates and associated assumptions are based on historical experience and other factors deemed applicable and they form the basis for the judgements about the values of assets and liabilities that could not possibly be valued from other sources. Issues requiring a higher degree of judgement or complexity, or for which the assumptions and estimates are considered significant, are presented in Note 2.4.

2.2. Consolidation basis

As Demonstrações Financeiras Consolidadas do The Consolidated Financial Statements of IP Group as of 31 December 2021 and 2020 include 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.

For controlling purposes it is considered that IP controls a subsidiary if and only if it cumulatively holds:

- control over the subsidiary;
- exposure or rights to variable results via its relationship with the subsidiary; and
- the capacity to use its control over the subsidiary to affect the value of the results for investors.

IP holds 100% of the share capital of its subsidiaries (hence there are "non controlling interests" in the Group) and does not have any agreement with any external company whereby it waives its rights. Consequently, no further considerations about the effectiveness of the Group's control over its subsidiaries are necessary.

Consolidation of a subsidiary starts from the moment the control is obtained by the parent and ends when such control ceases.

Accordingly, accounting policies of the various entities comprised in the consolidation perimeter are standardised; assets, liabilities, equity holdings, revenues, expenses, and cash flow statements of the parent company are combined with equivalent components of its subsidiaries.

Additionally, the carrying amounts of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated, according to IFRS 3 - Business Combinations, as explained in note 2.3.1.

Intragroup balances and transactions are eliminated in full. Profits and Losses resulting from intragroup transactions that are recognised in assets (such as inventories and fixed assets) are eliminated in full. The reconciliation of transactions may give rise to temporary differences, which are dealt with in accordance with to IAS 12 - Income tax (Note 2.3.10).

A parent can lose control of a subsidiary for several reasons, with or without a change in absolute or relative ownership levels, or as a result of a contractual agreement.

In such situations, IP derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost and recognises:

i. the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; and

ii. if the transaction that resulted in the loss of control involves a distribution of shares of the subsidiary to owners in their capacity as owners, that distribution, and any investment retained in the former subsidiary at its fair value at the date when control is lost;

iii. reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRS, the amounts recognised as other comprehensive income.

Financial investments in joint arrangements

A joint arrangement is, according to IFRS 11 – Joint Arrangements, an arrangement whereby two or more parties have joint control.

The joint arrangements have the following characteristics:

- The parties are bound by a contractual agreement; and
- The contractual agreement confers on two or more parties joint control of the arrangement.

According to that standard, a joint arrangement is a joint operation or joint venture.

A joint operation is a joint arrangement whereby the parties holding joint control of the arrangement have rights to the assets and obligations on the liabilities related to that arrangement. These parties are designated as joint operators.

A joint operator recognises, in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its income from the sale of its share of the output of the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

A joint venture is a joint arrangement whereby the parties holding joint control of the arrangement have rights over the net assets of the arrangement. These parties are designated as joint venturers.

2.3. Summary of main accounting policies

2.3.1. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the purchase method of accounting, whereby the identifiable assets acquired, or liabilities assumed are recognised at their fair value at the acquisition date.

For each business combination, the acquirer shall measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

At the acquisition date, the acquirer shall classify or designate the identifiable assets acquired and liabilities assumed as necessary to apply other IFRSs subsequently.

The price of the acquisition excludes the administrative costs associated with the acquisition, which are recognised in the consolidated income statement as other expenses and losses and includes any asset or liability resulting from a contingent consideration arrangement at fair value.

Changes in the fair value of contingent consideration following acquisition date may result from additional information obtained after that date about facts and circumstances that existed at the acquisition date, which are considered adjustments at initial measurement recorded against goodwill. However, changes resulting from events after the acquisition date are not measurement period adjustments, are recognised at fair value with impact on equity or the profit and loss for the period from a contingent consideration arrangement at fair value whether the concern contingent considerations initially recorded in equity or in any other caption, respectively.

Any excess between the consideration transferred and the identifiable net assets at the date of acquisition must be recorded in a separate caption in the Consolidated Statement of Financial Position under goodwill, except if they concern increase in equity holdings where control already existed, in which case any resulting difference will be recognised in other comprehensive income.

Goodwill is subject to annual impairment tests, or whenever there are indications that it is subject to impairment.

Any impairment loss relating to the goodwill is deducted to goodwill and recognised in the Consolidated Profit and Loss Statement under impairment and cannot reverted later in any situation.

Occasionally, a "bargain purchase" may occur, i.e a business combination in which the amount of the identifiable net assets exceeds the amount of the consideration transferred, in which case before recognising any income, the operation must be reassessed to assess the correction of the amounts involved relating to:

- the identifiable assets acquired, and liabilities assumed;
- the non-controlling interest in the acquiree, if any;
- for a business combination achieved in stages, the acquirer's previously held equity interest in the acquiree; and
- the consideration transferred.

The recognition of a business combination is a process involving a set of operations with some complexity, since it implies, among other obligations, assigning fair values to identifiable assets and assumed liabilities, the identification of contingent liabilities and contingent remunerations, through the analysis of underlying agreements, and the full recognition of the operation does not always coincide with the Group's reporting obligations. Hence, the Group sometimes recognises these operations using the best information available at the time.

The values determined provisionally will be adjusted when the fair values of assets, liabilities and contingent liabilities are determined, over a maximum period of twelve months after the acquisition date. Goodwill or any other recognised gain shall be adjusted from the date of acquisition by an amount equal to the adjustment at fair value on the date of acquisition of the identifiable assets, liabilities and contingent liabilities to be recognised or adjusted and the comparative information presented for periods prior to completion of the initial accounting for the combination This includes any depreciation, amortisation or other effect of profit or loss recognised as a result of completing the initial accounting.

When a controlled company, a joint venture or associated company is sold, the corresponding goodwill is included in the calculation of the capital gain or loss.

2.3.2. SEGMENTS

A business segment is a component of an entity that conducts a business activity:

i) from which it can obtain revenue and incur expenses;

ii) the operating results of which are regularly reviewed by the chief operational decision-maker of the entity; and

iii) for which financial information is available.

The IP Group identified the Executive Board of Directors as the body responsible for operational decision-making and as the body which revises the internal information prepared in order to assess the Group's performance and resource allocation. The determination of the operational segments was carried out based on information that is analysed by the Executive Board of Directors.

An entity must separately report the information on each identified segment, resulting from the aggregation of two or more segments with similar economic characteristics, or exceeding the quantitative levels set out in IFRS 8 – Business Segments.

2.3.3. CURRENT / NON-CURRENT CLASSIFICATION

The IP Group classifies assets and liabilities as current and non-current, separately, in order of liquidity in the Consolidated Statement of Financial Position, in accordance with provisions in IFRS.

An asset is classified as current when:

- The Group expects to realise the asset, or intends to sell or use it, during in its normal operating cycle (which includes situations where assets do not show any defined maturity).
- The asset is held primarily for the purpose of being traded;
- The asset is expected to be realised within twelve months after the balance sheet date; or
- The asset is cash or a cash equivalent asset unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.

Remaining assets are classified as non-current.

An asset is classified by the Group as current when:

- it expects to settle the liability in its normal operating cycle;
- The liability is held primarily for the purpose of being traded;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All remaining liabilities are classified as non-current.

2.3.4. FOREIGN CURRENCY TRANSACTIONS

The Financial Statements of the Group were prepared in Euro, which is also the functional currency of the Group, as provided in note 2.1.

Foreign currency transactions are converted to the functional currency at initial recognition, using the relevant exchange rates at transaction date. Exchange gains and losses resulting from differences between relevant exchange rates at the dates of the transactions and those in force on collection and payment dates or the date of the Consolidated Statement of Financial Positions, with regard to monetary assets and liabilities, are recognised as income or expenses in the Consolidated Profit and Loss Statement.

2.3.5. FAIR VALUE

The IP Group does not present assets or liabilities valued at fair value; however, fair value is used in the following circumstances:

- Investment properties for the purposes of disclosure, where variables associated to their determination may be verified in notes 2.3.9 and 9;
- Inventories, when calculating the net realisable value of inventories relating to the real estate segment of the Group, where variables associated to their determination may be verified in notes 2.3.12 e 11; and
- Financing loans at fixed rate only for disclosure purposes in note 14.3.2.

Fair value concerns the price to be received from the sale of an asset or payable for the transfer of liability in an orderly transaction between market participants on the measurement date.

Measurement / use of fair value is based on the presumption that the sale transaction of the asset or transfer of the liability occurs:

a) on the main market of such asset or liability; or

b) where there is no main market, on the most advantageous market for such asset or liability.

Measurement at fair value of a non financial asset takes into consideration the capacity of a new market participant to generate economic benefits, using the asset as best as possible or selling it to another market participant, which shall use it the best as possible.

The Group uses valuation techniques appropriate to the circumstances and for which there are enough input to measure their fair value, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured or disclosed at fair value are classified into one of the following categories:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities to which the entity has access at measurement date;
- Level 2- includes distinct input from quoted prices included in Level 1, for which all significant inputs are observable, directly or indirectly.
- Level 3 - inputs for the asset or liability that are not based on observable market data.

2.3.6. EQUITY HOLDINGS IN ASSOCIATES

An associate is an entity over which the Group has significant influence.

Significant influence is the power to participate in an entity's financial and operating policy decisions, without, however, exercising joint control or control over those policies.

The considerations made in determining the possible existence of significant influence are disclosed in note 2.4..

Investments in associates are accounted for using the equity method.

In accordance with the equity method, the investment in an associate is recognised at cost upon its initial recognition, with the carrying amount being increased or decreased in order to recognise the evolution of the Group's share in the associated entity's profit or loss under the heading of income / (expenses) in subsidiaries and associates, after the acquisition date.

Dividends received from an associate reduce the carrying amount of the investment. The carrying amount may also need to be adjusted to reflect the evolution of the Group's interest in the associate following changes in the associate's other comprehensive income. Such changes include those resulting from the revaluation of tangible fixed assets and foreign currency translation differences. The Group's share of these changes is recognised in the Group's other comprehensive income.

The financial statements of associated entities are prepared for the same reporting period as the Group. When necessary, adjustments are made to align accounting policies with those of the Company.

After applying the equity method, the Group determines whether there are any indications of the possible existence of impairment losses on investments in associates; if they exist, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its book value, and then recognises the loss in the income statement under the heading of income/(expenses) in subsidiaries and associates.

The registration of the investment using the equity method is discontinued as soon as the Group ceases to have significant influence over the investment, and it starts to be valued at fair value from that moment onwards.

2.3.7. INTANGIBLE ASSETS

Intangible assets are recognised and measured according to the transactions that gave rise to them. Intangible assets in IP Group comprise the road concession right and other intangible.

ROAD CONCESSION RIGHT

Through the application of IFRIC 12, it is considered that the asset resulting from the Road Concession Right, which was assigned by the Road Concession Agreement with the State, is classified as an intangible asset.

The Road Concession Right was recognised by virtue of a business combination at the time the merging company's corporate object was changed (EP).

The Road Concession Right is increased by the management of the national road network infrastructure, which includes, namely, the construction, financing, and operation of the National Road Network (including the Concessioned Network) and the Future National Road Network, namely as a result of:

(i) Provision of construction services

It is increased on completion of each significant component of the Future National Road Network, according to its implementation value. Construction can occur through direct construction of the company or sub-concession.

Until the completion of each component, the proportion of the amount of the expected implemented work is recognised as an intangible asset in progress, using the completed percentage method calculated based on the actual physical evolution of each works.

Expenditure incurred with the launching of sub-concession calls for tenders is recognised as intangible assets until the nature of the expenditure made is billed to the sub-concessionaire.

(ii) Acquisition of future rights on the Concessioned Network

It is increased by payments relative to the Concessions, accumulated up to the initial term of each concession, after which the company is entitled to the underlying economic benefits of the corresponding section.

Until the initial term, they are recorded in intangible assets in progress when spending occurs.

The Concession Contract presents the following definitions for the three key components of the Concession Undertaking:

"Concessioned Network — corresponds to the roads/motorways that integrate the National Road Network and which are, on the date of signing the concession contract, subject to a state concession contract or those that the State included in a public call for tenders still pending on the same date, with a view to the respective concessioning;"

"National Road Network — corresponds to the "Itinerários Principais" (trunk roads), "Itinerários Complementares" (secondary roads), National Roads and Regional Roads included in the NRP 2000 (National Road Plan) in operation or with construction started on the date of signing the Concession Contract. "The construction of the Trunk Roads, Secondary Roads, National Roads and Regional Roads as set out in the PRN 2000, is deemed to have started upon award by the State, or by EP — Estradas de Portugal, S. A., of the contract for their construction;"

"Future National Road Network — designates the Trunk Roads, Secondary Roads, National Roads and Regional Roads foreseen in the NRP 2000 or any subsequent legislation and that come into force up to 5 (five) years prior to the term of the Concession Contract, that are not built on the date of signing the Concession Contract. The Trunk Roads, Secondary Roads, National Roads and Regional Roads envisaged in the PRN 2000 are considered as not having been built if on the date of signing the Concession Contract their construction was not yet awarded by the State or EP — Estradas de Portugal, S. A."

The IP Group amortises the Concession Right based on its best estimate of the consumption pattern of the economic benefits associated to the asset, i.e., in accordance with the production unit method as defined by IFRIC 12.

The production unit corresponds to the best estimate of the infrastructure use measured by revenue inherent to credits directly associated with the rights already acquired by the Group, which excludes income from the toll collection activity before the initial term of the underlying concessions.

Any changes in estimates are corrected prospectively, impacting on the value of amortisation of future periods.

The depreciation value of the Road Concession Right, revised annually in accordance with the best expectations of the company, corresponds to the overall total amount of costs incurred and responsibilities incurred in the general concession for national road infrastructure.

The Group capitalises the financial charges associated with the acquisition, construction, or production of qualifying assets.

The IP Group considers as qualifying assets all those which take a period of more than 12 months to be completed for their intended use. The most significant qualifying asset in the road infrastructure network is the Concession Right. Any component of the National Road Network or the Future National Road Network is considered a component of that same qualifying asset, provided that the estimated duration of its construction is greater than twelve months.

The components of the Concession Right qualifying for capitalisation of loan expenses are essentially the result of:

(i) Provision of construction services

The provision of construction services usually lasts more than 1 year, so the costs associated with funding obtained for the implementation are considered eligible, irrespective of whether the services are directly provided by IP Group or by sub-concession.

(Ii) Acquisition of future rights on the Concessioned Network

Payments made on account of the acquisition of future rights on the Concessioned Network up to the initial end of each section of the current Concessioned Network.

Direct financial charges are considered as a cost of the component specifically financed. Whenever there is no funding directly attributable to each component of the current network, a weighted average rate of funding is used during the period, which is applied to the expenditure incurred in the development of the aforementioned network.

Components that were built with recourse to subsidies or which are in a position to become operational, regardless of the completion of the contract they belong to, are not considered for the purpose of calculating the basis for the capitalisation of funding costs obtained.

OTHER INTANGIBLE ASSETS

Remaining intangible assets concern, mostly, contractual rights on computer software and result from separate acquisition transactions.

Intangible assets result from separate acquisition transactions, and their cost reflects:

- The purchase price, including costs of intellectual rights and taxes on non-refundable purchases, after deduction of trade discounts and write-offs;

- any cost directly attributable to the preparation of the asset for its intended use.

The company values its intangible assets, after initial recognition based on the Cost Model, as defined in IAS 38 - Intangible Assets, and amortises them on a systematic basis as from the date they become available for use, during their estimated useful life, corresponding to a period of 3 years.

The Group does not hold intangible assets with indefinite useful life.

The IP Group assesses for impairment whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, any impairment being recognised in the income statement.

2.3.8. TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at acquisition cost minus any accumulated depreciation and any impairment losses.

The acquisition cost includes the acquisition cost of the asset, expenses directly attributable to its acquisition and any cost directly attributable to the preparation of the asset for its intended use.

Interest on loans directly attributable to the acquisition or construction of assets are capitalised as part of the cost of these assets. An asset eligible for capitalisation is an asset that requires a substantial period of time before it is available for use or for sale.

Costs are recognised as tangible assets only if any future economic benefits are expected and those benefits as well as the cost of the asset can be reliably measured.

The IP Group carries out impairment tests whenever events or circumstances indicate that the book value of the asset exceeds its recoverable amount, any impairment being recognised in the income statement.

The recoverable amount is determined as the higher of the fair value of the assets minus the estimated costs of sale and the value in use determined by the expected present value of future cash flows expected to be derived from the continued use of the asset and its disposal at the end of its useful life.

Current repair and maintenance expenses are recorded in the income statement.

Cost of operations that can extend the useful expected life of an asset, or from which are expected higher and significant future benefits, are capitalized.

Land is not depreciated. Depreciation is calculated using the straight-line method, so that the value of the asset is depreciated until the end of its estimated useful life, according to the following rates:

	AVERAGE %
Buildings and other constructions	2-10
Basic equipment	
...Optical fibre	5
DWDM / SDH transmission equipment	12,5
Data network equipment	12,5
SHDSL equipment	12,5
Other equipment	10-100
Tools and utensils	10
Transport equipment	25
Administrative equipment	10-100
Right of use	25
Other fixed assets	12,5-25

Depreciation starts as from the moment the asset is ready for its intended use. The useful lives of assets are reviewed at the end of each financial year if expectations as to the expected economic benefits and the planned technical use of the assets differ from previous estimates. Changes occurring in the depreciation charge of the year are accounted for prospectively.

Gains and losses arising from the disposal of tangible fixed assets are determined as the difference between the assets´ sales value and net book value and are recognised in the statement of comprehensive income.

Leases

The Group assesses the existence of a potential right of use at the beginning of any contract, i.e, if the contract conveys the right to control the use of an identified asset for a certain period against a consideration.

The right of use is initially measured at cost, comprising the initial amount of the lease liability adjusted of any lease payments made on , or prior to commencement , date, plus any initial direct costs incurred, minus any incentive granted.

Right-of-use assets are subsequently evaluated at cost minus depreciation and any impairment losses.

The depreciation of right-of-use assets is determined using the straight-line methods, during the period of the lease.

The liability for the lease is initially recognised by the present value of rents not yet paid at the date of the lease, minus any interest at the interest rate implicit in the lease.

IP Group leases refer to vehicle rental contracts and miscellaneous equipment.

The Group does not recognise as right of use or lease responsibility leases with a duration of less than 12 months, opting, pursuant to IFRS 16, to recognise as lease expense on a straight line basis as rents under the external supplies and services heading (note 20) until the end of the leases.

The Group opted to present in the Consolidated Statement of Financial Position the right of use duly segregated in caption Tangible Fixed Assets (Note 8) and liabilities for leases in Other Accounts Payable (note 14.3.4).

2.3.9. INVESTMENT PROPERTIES

The Group distinguishes property held to earn rentals or for capital appreciation, which generate cash flows independent from other assets of the Group (investment properties dealt with in accordance with IAS 40 – Investment Properties) from those whose generated cash flows are associated with production or their use for administrative purposes whose generated cash flows are not independent from other assets (dealt with in accordance with IAS 16 – Tangible fixed assets).

Investment properties are initially recorded at cost, comprising their purchase price and any directly attributable expenditure.

Following initial recognition, they are measured at cost minus any cumulative depreciation (see Tangible assets, intangible assets and investment properties - Useful Lives – note 2.4) and any cumulative impairment losses (see impairment of non monetary assets - note 2.3.17), in accordance with the cost model.

Depreciation is made in accordance with the straight--line method, by twelfths, whereas investment properties of IP Group are being depreciated over 50 years.

Transfers to, or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

- Commencement of development with a view to sale, in case of transfer or ownership of investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories (only when, there is a change in use).
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

Investment properties are derecognized when disposed of or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal, and any gain or loss will be recognised in the income statement as other income and gains or other expenses and losses.

Rents received for the lease of investment property are recognised in the income statement as other income.

Costs incurred with investment property, namely management and maintenance costs, insurance and property tax (IMI) are recognised in the comprehensive income statement for the year they concern. Improvements that are estimated to generate additional economic benefits are capitalised under the caption Investment properties.

2.3.10. INCOME TAX

Income tax for the period includes current and deferred tax. Income tax is recorded in the Consolidated Income Statement, unless these are related to items that are recognised directly in equity. The amount of current tax payable is determined based on pre-tax profit, adjusted in accordance with tax rules.

Deferred taxes are recognised when there are differences between the book value of assets and liabilities at a certain time and their value for tax purposes using the expected tax rates in effect on the date of reversal of temporary differences.

Deferred tax liabilities are recognised for all taxable temporary differences, except for:

i. When they result from the initial recognition of an asset not stemming from a business combination, where accounting and tax profit of an entity are not affected; or

ii. In what concerns tax differences associated with investments in subsidiaries, associates, interests in joint ventures or joint undertakings, where the parent company, the investor, the venturer, or joint operator is able to control the timing of the reversal of the temporary difference.

In relation to deferred tax assets, they are only recognised in relation to:

i. the deductible temporary differences which are expected to be reversible in the future, or

ii. when deferred tax liabilities exist, the reversal of which is estimated to occur at the same time as deferred tax assets.

The temporary differences underlying the assets and liabilities are reviewed periodically in order to recognise or adjust them according to their expectation of future recovery, in line with the current tax law, taking into account any uncertainties in tax treatment, as provided in IFRIC 23.

Potential tax benefits arising from business combinations which fail to meet the initial recognition criteria may come to be recognised as follows:

i. when they result from new information about facts and circumstances that existed at acquisition date, they must be recognised against goodwill, except if goodwill does not exist, in which case it will be recognised in the separate profit and loss statement; and

ii. when they result from subsequent events, stemming from other facts, they will be recognised in the Consolidated Profit and Loss statement.

Deferred tax assets and liabilities will only be offset against one another if:

i. There is an enforceable right to set off deferred tax assets with deferred tax liabilities; and

ii. the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either, or it likely that the assets and liabilities originating the temporary differences will be realised on a net basis.

In March 2014, IP Group adopted the special tax system for groups of companies (RETGS).

This tax group includes all companies resident in Portugal that are 75% or more owned by IP (parent company of IP Group), and which meet the conditions of article 69 and subsequent of the Corporate Income Tax Code. These are presented below:

- Infraestruturas de Portugal, S.A.
- IP Património – Administração e Gestão Imobiliária, S.A.
- IP Telecom – Serviços de Telecomunicações, S.A.
- IP Engenharia, S.A.

2.3.11. FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Therefore, pursuant to IFRS 9, financial assets are initially recognised in one of the following categories:

i. Amortised cost - If the financial asset is held within the scope of a business model whose purpose is to hold the financial asset in order to collect contractual cash flows that are established in capital repayments and interest on outstanding capital.

ii. Fair value through other comprehensive income - If the financial asset is held within the scope of a business model whose objective is achieved through the collection of contractual cash flows and the sale of financial assets, where the contractual terms of the financial asset give rise , on defined dates, to cash flows that are only repayments of principal and payment of interest on principal outstanding.

iii. Fair value through profit or loss - Except if measured at amortised cost or at fair value through other comprehensive income. However, there is the irrevocable option of initial recognition of certain investments in equity instruments that are considered at fair value through profit and loss.

The following are the Group's financial assets:

Financial investments

These concern holdings in Workers Compensation Funds and holdings in other entities, where there is no control, estimated at fair value through profit or loss and at fair value through other comprehensive income, respectively.

Grantor - State - Accounts Receivable

Following the spin-off of the railway activity in Portugal in 1997, IP (formerly REFER) was assigned the responsibility of building and renovating long-duration railway infrastructures. This activity is carried out according to the Government directives; its financing is guaranteed through the share capital, by State and European grants and loans. The majority of the loans are secured by the State, and IP plays the role of "agent".

Applying this understanding, the effects of this activity are recognised and measured in accordance with IFRIC 12 - Concession Arrangements.

Therefore, for the purposes of IFRIC 12, the Investment Activity in Long-Duration Infrastructure (LDI) is considered to constitute the existence of a concession by the State (Public Entity) to IP (equivalent to Private Entity despite the only shareholder being the State), with IP taking the role of "concessionaire" in this activity.

IFRIC 12 applies to public service concession contracts in which the grantor (State) controls (regulates):

- The services to be provided by the concession holder (through the use of infrastructure), to whom and at what price; and
- Any residual interests over the infrastructure at the end of the contract.

IFRIC 12 applies to infrastructures:

- built or acquired by the operator from third parties; and
- that already exist and to which the operator is given access.

In the light of the above, therefore, it is the understanding of IP Group that the existing railway concession is included within the scope of this IFRIC for the following reasons:

- IP is a for-profit entity subject to the application of the Commercial Companies Code; although its shareholder is the State, it is constituted by the regime provided for in the legislation applicable to the public business sector (Decree-Law 133/2013 of 3 of October) having equity and financial independence from its shareholder, thus waiving the exclusion of application of IFRIC 12 in accordance with its §4;
- The decree-law which created IP may, in substance, be considered as concession agreement, since the State as Grantor, controls and governs the public services provided by IP, as concessionaire of the infrastructures belonging to public railway domain or which may come to be included in the public railway domain in the future, and defines to whom the services are to be provided and at what price; and

- The State, through ownership, controls the infrastructure, as it belongs to the State's public domain, leasing to IP the right to access the same in order to provide the public service, by charging a fee to passenger and freight transport operators.

This interpretation establishes the generic principles for the recognition and measurement of rights and obligations under the concession contracts with the above-mentioned characteristics.

Taking into account the types of existing models, the model which best translates IP's railway activity is the Financial Asset model, since according to the law in force, the State (public entity) will fully bear the costs of the investments in national railway infrastructures, whereas IP has an unconditional right to receive funds from the State for its investments in LDI. This right is granted either by article 11 of the General Land Transportation Law for rail transport (IARC), by Decree-Law 141/2008 of 22 July, or by the 2011-2015 Strategic Transport Plan (PET) and finally, in 2014, by the Strategic Plan for Transport and Infrastructures (2014-2020) (PETI3+).

As regards the Financial Asset, resulting from the application of this standard, it was framed in accordance with the provisions of IAS 32, IFRS 7 and IFRS 9.

Trade receivables

Includes current accounts with several entities, which are initially recorded at fair value and subsequently measured at amortised cost, less impairment losses. When impairments occur, they have a direct impact on results.

Impairment losses carried stem from the use of the expected loss model.

Other trade receivables further include outstanding balances for accrued income, relating to services rendered but not yet invoiced.

Cash and cash equivalents

For the purposes of the Consolidated Cash Flow Statement, cash and cash equivalents cover the amounts recorded in the Consolidated Statement of Financial Position, including the cash and cash equivalents in other credit institutions and in the Treasury and Public Debt Management Agency – IGCP, E.P.E. (IGCP).

Cash and cash equivalents include cash, bank deposits and short-term, high liquidity deposits with original maturity of up to 3 months.

Accounting overdrafts are presented in the Consolidated Statement of Financial Position, current liabilities, under "Loans".

Regarding financial liabilities, the existing categories are:

i. Amortised cost

ii. Fair value through profit or loss.

In the case of the IP Group, all of its financial liabilities (bank financing, bond and shareholder loans, suppliers and other accounts payable) are considered in the "Amortised cost" category.

Borrowings

The IP Group recognises non-current loans as a financial liability in accordance with IFRS 9. These financial liabilities are recorded as follows:

(i) initially at fair value less transaction costs incurred, and

(ii) subsequently at amortised cost, based on the effective interest rate method.

The Group has loans in the form of bilateral loans and bond loans to fund the construction of long-duration railway infrastructure (LDI), the railway infrastructure management activity and the road network management activity.

Trade Payables (Suppliers) and other accounts payable

The balances of suppliers and other accounts payable are measured initially at fair value and subsequently recorded at amortised cost, using the effective rate method. Usually, the amortised cost of these liabilities does not differ from their nominal value.

2.3.12. INVENTORIES

Inventories are recorded at cost of acquisition/production or net realisable value, whichever is lower, except for materials held to use in Long Duration Infrastructure, which are recorded at cost, this amount being debited to the grantor.

The acquisition or production cost includes all purchase costs, conversion costs and other costs incurred to place the inventories in their location and in a condition for use or sale. The net realisable value is the estimated selling price in the normal course of business minus the respective selling costs, as provided for in IAS 2 - Inventories.

The quantities existing at the end of the period are determined from the accounting records and confirmed by physical inventory taking. The outflows from warehouses (consumption) are measured at the weighted average cost, in accordance with IAS 2 - Inventories.

Whenever the net realisable value is lower than acquisition cost, such difference is recognised as impairment losses in the consolidated profit and loss statement, which will be reduced or eliminated when the reasons that originate them will cease to exist.

The IP Group has materials in its warehouses purchased for the specific and unique purpose of using them in the long-duration infrastructures.

Products and work in progress correspond to production costs incurred with the construction and promotion of real estate projects and include the cost of acquiring land, raw materials, capitalised financial expenses and charges for subcontracts and labour.

2.3.13. GRANTS/SUBSIDIES

Grants/subsidies received from the Portuguese State and the European Union or equivalent bodies are recognised at fair value when there is reasonable certainty that the conditions for receiving the grant will be met, except those relating to the LDI that are recognised only in the event of actual receipt.

Non-refundable grants/subsidies obtained for investment in tangible and intangible fixed assets are recognised as deferred income.

These subsidies are subsequently credited to the Statement of comprehensive income, under "Other income and gains", pro-rata to the depreciation/amortisation of the subsidized assets.

Grants/subsidies obtained for financing assets acquired/built into long-duration infrastructure are recognised in the Statement of Financial Position under the "Grantor– State– Account receivable" item since, as they are allocated within the scope of the concessioned railway activity, they represent a repayment of part of the expenses incurred and are deducted from the amount receivable from the Grantor.

The subsidies obtained to finance the investment in associates are being deducted from the investment itself, as IP was directly mandated by a Resolution of the Council of Ministers to apply the subsidy received in the acquisition of the investment concerned.

Non-refundable operating grants are recognised in the Consolidated Profit and Loss Statement, under "Other Income and Gains" systematically, in the same period in which the associated expenses are incurred.

2.3.14. PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognised by the IP Group when there is a current obligation arising from past events and it is probable that an expenditure of future domestic resources will be required to settle that obligation and the amount of that obligation can reasonably be estimated. When any of the foregoing conditions is not met, the Group discloses these contingent liabilities.

Contingent liabilities are not recognised in the Consolidated Financial Statements but are disclosed in the notes to the Consolidated Financial Statements, unless the possibility of an outflow of funds affecting future economic benefits is remote, in which case they are not subject to disclosure.

Provisions are reviewed at the date of each reporting period and adjusted in accordance with the best estimate on that date.

Provisions are measured at the present value of the estimated expenditures to settle the obligation using a pre-tax discount rate that reflects the market assessment for the discount period and the risk of the liability in question.

2.3.15. REVENUE

Revenue corresponds to the fair value of the consideration received or receivable from transactions with clients during the ordinary course of business. Revenue is recognised net of taxes, discounts and other costs incurred to realise them, at the fair value of the amount received or receivable.

In accordance with IFRS 15, revenue was recognised at the date of transfer of control to the client, the value of the transaction being allocated to the diverse performance obligations assumed to the client, and adjusted in its measurement whenever the consideration is variable or subject to a significant financial effect according to the 5-step methodology, which comprises:

1) Identifying contract with client;

2) Identifying separate performance obligations to be fulfilled in the contract;

3) Determining transaction price;

4) Allocating a price to the transaction; and

5) Recognising revenue.

The IP Group's revenue comprises:

Railway infrastructure management: tariffs for infrastructure use, power supply, manoeuvres, capacity claimed not used, and other services according to the network directory available on IP Group's site, in compliance with the provisions of Decree-Law 217/2015 and Decree-Law 270/2003, as amended by Decree-Law 151/2014, (in part kept in force under Decree-Law 217/2015), in particular provisions in article 27 and annex IV of Decree-Law 217/2015.

The Directory aims to provide to applicants, authorities, and any interested party the general terms and conditions to acquire capacity and on the services provided by the national railway network.

In addition to describing the characteristics of the network, the Network Directory states the conditions for access, describes the services provided by IP Group and discloses charging principles and tariffs, including the methodology, rules and scales used to apply them.

Road revenue is derived from the road concession contract (hereinafter "Contract") which the State entered into with the former EP on 23 November 2007. The bases were approved in an 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.

Regarding the Road Concession Contract, which ends at midnight on 31 December 2082, the purpose of the Concession by the Portuguese State to the extinguished EP is the following:

- Design, construction, financing, maintenance, operation, repair and widening of the routes that integrate the National Road Network;
- Design, construction, financing, maintenance, operation, repair and widening of the routes that integrate the Future National Road Network;
- Financing, operation, maintenance, repair and widening of the roads of the national road network or future national Road Network, but also integrating the concessioned network, though these liabilities are subject to the initial term of the concession agreements currently in force between the State and third parties. The initial term also marks the end of the assumption by IP Group of all payments to be made by the State and the receipts to be collected by it, under the aforementioned contracts.

The IP Group's own revenues, among others, resulting from the 75-year concession agreement, which has been in force since 2008, are:

i. Road Service Contribution (RSC)

The RSC created by Law 55/2007 of 31 August, represents the consideration paid by users for the use of the national road network. It is levied on gasoline and diesel, according to ISP (tax on oil and energy products). In 2014, the RSC was extended to LPG for vehicles that were exempted.

The cash inflow is made with a mismatch relative to the collection date, through which the revenue is recognised on an accrual basis.

ii. Other Revenue from the Concession Contract

The company has to provide construction services for the development of the national road infrastructure network, in pursuit of its business purpose.

The result of the construction of each new component of the national road infrastructure network is registered in accordance with the completion percentage method.

The amount of revenue to be recognised results from the product between the percentage of completion and total value of the works. The total value of the work is the amount agreed with the grantor (State) or, if not agreed, it is the result of the sum of the specific expenses components of the works, both internal and external.

The amount receivable from the provision of construction services under the concession is replaced by the Concession Right.

In the case where the total value of the work is agreed with the grantor, whenever the sum of the specific costs incurred and to be incurred exceeds the agreed revenue, the estimated loss is immediately recognised in profit or loss.

iii. The value of toll fees - Roads under the IP management or sub-concessioned

Toll collection on roads included in the network managed by the company or the sub-concessioned network is recognised in the year's profit or loss according to the real tolls in the period, in far as these tolls are charged in roads over which the Group already has full rights to operate the Concession.

iv. The value of toll fees - Roads under sub--concessioned management

Toll collection on roads included in the Concessioned Network is recognised according to the real tolls in the period, with the resulting amount being deducted from the Group's investment in the acquisition of rights over said Concessioned Network, as stipulated in the Concession Contract signed with the Portuguese State.

- revenue from the telecommunications business comprises rental of optical fibre and data networks services;

As regards the transport engineering segment, revenue comprises consultancy services and studies.

In the real estate management segment, revenue concerns consideration paid for the use of commercial and services spaces, sales of apartments and commercial spaces and the provision of asset valuation services, technical assistance, and other related services;

In the sale of apartments and commercial spaces, revenue is recognised on the date of the deed or when the risks and benefits have been transferred to the buyer (taking "possession" of the asset).

The IP Group recognises revenue relating to the rendering of services in accordance with IFRS 15, taking into account that the client simultaneously receives and uses the benefits generated by the Group.

2.3.16. EMPLOYMENT BENEFITS

Personnel expenses are recognized when the service is provided by employees, regardless of their payment date.

The former EP granted temporary early retirement pensions and supplements to retirement pensions and survivors´ benefits to a restricted and closed group of employees.

These post-employment supplements are paid by Caixa Geral de Aposentações to employees, which then charges them to IP Group, until those employees are in a position to retire according to General Law.

The liabilities related to the payment of these benefits are reviewed on an annual basis. The present value of the obligation is determined using the immediate lifetime rent method, by deducting future payments of the benefits that are perfectly identifiable, using the interest rate of high-rated bonds in the same currency in which the benefits will be paid and with a maturity close to the liability taken on.

Liabilities recognised in the Consolidated Statement of Financial Position correspond to the present value of the benefit obligation determined on the date of the Consolidated Statement of Financial Position.

2.3.17. IMPAIRMENTS

The assets of the IP Group are assessed for impairment purposes when an event or change in circumstances suggest that the carrying amount may not be recoverable.

The recoverable amount of an asset corresponds to the higher of the asset's fair value less costs to sell and its value in use.

The asset's value is the present value of the future cash flows expected to be derived from the continued use of the asset and its disposal at the end of its useful life. For the determination of future cash flows, the assets are allocated to the lowest level for which there are separate identifiable cash flows (cash-generating units), when such assessment is not possible for each asset on an individual basis.

The Group recognises impairment losses in results for the year whenever the book value of an asset exceeds its recoverable amount, unless the loss off sets a revaluation surplus recognised in equity.

Non-financial assets for which impairment losses have been recognised are assessed on each reporting date for the possible reversal of impairment losses. The reversal of impairment losses is recognised in the Consolidated Profit and Loss Statement, except for the assets which were revalued, in which case the reversal will correspond to an increase in revaluation. The reversal of impairment losses is recognised up to the limit of the amount (net of amortisation or depreciation) that would have been recognised if no impairment loss had been recognised in previous years.

2.3.18. RELATED PARTIES

The revision of IAS 24 – Disclosures of related parties, established the obligation to disclose existing transactions with the State and with entities that are considered to be related, because they are also owned by the State.

After internal review the Executive Board of Directors, considering its activity as a whole, did not deem relevant the disclosure of balances and transactions with other entities, except those indicated below.

Related parties are entities over which the IP Group is controlled (Portuguese State) or in which it exercises joint control (joint operations) or significant influence (associated companies), as well as other entities (Railway Operators owned by the Portuguese State).

The IP Group announces the balances and transactions with related entities in note 27.

2.3.19. SUBSEQUENT EVENTS

Events occurred after the date of the Consolidated Statement of Financial Position and the date when the Consolidated Financial Statements were approved by the Executive Board of Directors, which provide additional information on conditions that existed at the date of the Consolidated Statement of Financial Position are reflected in the Group's Consolidated Financial Statements.

Events occurring between the date of the Consolidated Statement of Financial Position and the date of approval by the Executive Board of Directors of the Consolidated Financial Statements are indicative of conditions that arose after the date of the Consolidated Statement of Financial Position, if material, are disclosed in note 34.

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

In preparing the Consolidated Financial Statements of IP Group in accordance with IFRS, the Executive Board of Directors of IP is required to 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 assessed continuously and are based on past events and other factors, including expectations for future events likely to be probable given the circumstances on which the estimates are based.

The estimates were determined based on the best information available at the date of preparation of the consolidated financial statements. However situations may occur in subsequent periods that are not foreseeable at the time and were not considered in these estimates and may result in relevant changes in the future financial position, performance, and cash flows of the Group, which will be considered prospectively in the profit or loss for the year.

Additionally, note 14.4 discloses a set of risks to which the Group is exposed.

The most significant accounting estimates reflected in the financial statements are:

Investment property

The IP Group opted to recognise investment properties using the cost method, notwithstanding disclosing their fair value.

Intangible assets - Concession right

The IP Group amortises its Road Concession Right by the equivalent production unit method. This amortisation is based on: i) the estimate of total income generated by the concession until its end and on ii) the recovery of total investments to be made by the Group.

These two parameters are defined in accordance with the best judgement of the Executive Board of Directors for the assets and businesses in question, also considering practices adopted by companies of the sector at international level.

Grantor .- State - Account Receivable

As there is no defined maturity, as a result of the absence of a formalised concession contract, the amounts receivable are assumed to become due on the debit date. As a result, it is assumed that the amounts receivable are due on the moment of the debit. Consequently, from that date, the interest on the outstanding amount is deemed to be payable to the concessionaire (IP). The method of calculating this interest is based on the same conditions as the financing obtained to directly finance this activity. Interest and other financial expenses incurred with borrowings for financing the concession are therefore debited.

Grants/Subsidies

Rail and road activities have been financed by means of investment grants.

The railway assets under concession are shown in the Consolidated Financial Statements net of the respective subsidies, as it is the model that best represents the way in which it is expected to be reimbursed for these investments made.

On the other hand, grants associated with the road concession right are shown in the Consolidated Financial Statements as deferred income, under deferred liabilities.

Tangible, intangible assets and investment properties - Useful lives

The determination of useful lives of the assets as well as the depreciation/amortisation method to be applied is essential to determine the amount of depreciation/amortisation to be recognised in the Consolidated Profit and Loss Statement for each year.

These two parameters are defined in accordance with the best estimate of the Executive Board of Directors for the assets and businesses in question, while also considering the practices adopted by the companies of the sector.

Investment properties - determination of fair value

Investment properties are subject to external evaluations made by qualified evaluators for the purposes of this report. Such evaluation is only made in case of evidence justifying it (see in this chapter - impairment of non monetary assets/investment properties), according to the income method, where the potential unit rent is estimated based on local market rental values. Rents practised are assumed as perpetual, and the determination of the yield is based on the characteristics of the buildings concerned, with the risk level associated to the real estate market.

Equity holdings in associates

The existence of significant influence on the part of the Group is normally demonstrated in one or more of the following ways:

- Representation on the Executive Board of Directors or equivalent management body;
- Financial participation greater than 20%;
- Material transactions between the Company and the associated entity;
- Participation in policy definition processes;
- Exchange of management cadres; and
- Provision of essential technical information.

Joint operations

The two European Economic Interest Groupings in which the IP Group participates constitute joint operations in accordance with IFRS 11.

The determination of the typology of agreement is based on the judgement made by the entities involved, taking into account the rights and obligations arising from the agreements, taking into account:

- Structure and legal form of the agreement – Both agreements concerned are structured under separate vehicles. In these circumstances, according to the applicable standard (IFRS 11), a joint arrangement is where the legal form of the said instrument does not allow separation between the parties and the separated vehicle, which is the case here, since the by-laws of both Groupings mention the existence of unlimited and joint liability of the partners in the agreement, which makes them responsible for credits claimed by third parties, as well as the fact that, in the event of losses, the general meeting has the right to ask the parties to contribute proportionately, i.e. pro rata to their respective share of the Grouping's debt settlement, which seems to confer to the parties obligations for the liabilities originated by the agreement.
- The terms agreed by the parties - both agreements provide that the projects will be deemed as undivided assets of members.

Estimated Revenue Pattern

The amount and timing of future earnings are essential to determine the equivalent units 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, according to the Activities Plan and Budget for 2021-2023 and after 2023 it would be 0%, with growth remaining in line with the CPI (Base Scenario).

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.

d) It was considered that the 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. It was also considered that the new reduction regime introduced by articles 425 and 426 of the 2021 State Budget Law will remain in force until the end of the Concession Contract.

In the first three scenarios, the universal reduction in force since July 2021 in Ex-Scut motorways was considered, without any compensatory measure until 2024.

The result of these different scenarios for 2021 is shown in the table below:

SENSITIVITY ANALYSIS OF GROWTH OF RSC AND ROLL REVENUE	SCENARIO A)	SCENARIO B)	SCENARIO C)	SCENARIO D)
Amortisation for the year	245	219	175	274
Amortisation of grants	-61	-56	-48	-66
	184	**163**	**128**	**208**
Difference		**-21**	**-56**	**25**

Depreciation value of Concession Right

The value taken as the depreciation value of the Concession Right must take into account the value of works and maintenance scheduled up to the term of the concession.

Changes in planned, contracted and executed amounts may vary due to factors outside the company's control with an impact on the depreciation value recorded in the future.

Regular maintenance of roads and engineering structures

The annualised cost of scheduled works required to maintain the network's average quality index at the same level as when the network was received (a stipulation of IP's Concession Contract) is calculated based on technical assessments of repair needs and an index of the average quality of road and engineering structures.

Railway concession

As there is no formal concession agreement for the Investment Activity in Long-Duration Infrastructures, IP Group makes the following assumptions to determine the value of the concession, based on the principle of substance over form and the existing

legislation, namely:

- The General Land Transportation Law Infrastructure Maintenance and Supervision Law 10/90 - which establishes in number 3 of article 11 the compensation payable by the State for shouldering in full the infrastructure construction, maintenance and supervision costs, in accordance with rules to be approved by the Government.
- In the The Strategic Transport Plan (RCM 45/2011):

The investment necessary for the construction of transport infrastructure, as goods and assets in the public domain, is the responsibility of the State as set out in the General Land Transportation Law. Nevertheless, over the past decades, state-owned enterprises operating in the land transport and railway sectors have carried the burden of having to register in their financial statements - via the issuing of debt - the costs of this investment made on behalf of the State," and

"The historic debt of state-owned enterprises operating in the public railway transport and infrastructures sector, results in part from the development of investment projects which are the State's responsibility, (…)"..

- PETI3+ - Strategic Plan for Transports and Infrastructures (2014-2020).

PETI3+ "…is a revision of PET 2011-2015, including a second phase of structural reforms to be made in this sector, as well as a set of investments in transport to be carried out until the end of this decade. It is estimated that 61% of priority railway projects can be financed through community funds and 39% through public funds. "Where any assets are withdrawn from the public railway domain, the profit or loss will be allocated to this activity, as established in each withdrawal order.

Therefore, the costs borne with LDIs assume the form of "accounts receivable" (financial assets) charged to the "State grantor", being initially recognised at fair value.

Financial assets correspond to the investment in the assets under concession, which include public railway domain property, to which IP only has access to provide "Infrastructure Management" services, less the return on assets and any grants received plus the interest of loans contracted, debited to the concession and not settled by the Grantor. As there is no defined maturity, as a result of the absence of a formalised concession contract, the amounts receivable are assumed to become due on the debit date. Consequently, from that date, the interest on the outstanding amount is deemed to be payable to the concessionaire (IP). The method of calculating this interest is based on the same conditions as the financing obtained to directly finance this activity. Interest and other financial expenses incurred with borrowings for financing the concession are therefore debited.

Long Duration Infrastructures (LDI)

Tangible fixed assets classified as long-duration infrastructures belong to the public railway domain, and IP only has access to them so as to provide the services associated with the Railway Infrastructure Management Accordingly, they are recorded under the statement of contingent financial position Grantor - State - Account receivable item, as they constitute an unconditional right to receive money from the State for the investments made. These assets, in addition to acquisitions and buildings after the spin-off of the CP assets, include the assets of the former divisions, freight terminals and property transferred from that company, which have the nature of "public domain goods".

Construction by means of Sub-Concessions

Construction through Sub-Concessions is recognised to reflect the effective evolution of the works, based on the percentage of completion data obtained from the sub-concessionaires and validated by IP Group.

Provisions

The IP Group regularly analyses any obligations arising from past events and which must be recognised or disclosed.

The subjectivity associated with determining the likelihood and amount of future internal resources required for the payment of the obligations may lead to significant adjustments, either due to changes in the assumptions used or the future recognition of provisions previously disclosed as contingent liabilities.

Provisions resulting from ongoing legal proceedings are periodically assessed by the internal and external lawyers of IP Group responsible for the cases in question.

As regards the provision for disqualified roads, IP Group makes a comprehensive survey of the disqualified roads still under its responsibility and checks, on the basis of technical analyses of the cost of preparing them for hand over to the municipalities, if the recorded value of this provision is appropriate.

As a result of the evolution of the VAT proceeding described in note 12, a provision was set up for the VAT proceeding, which is estimated to be the impact of a potential negative decision against the former EP, which corresponds to the total VAT deducted by IP Group in activities financed by the RSC (Note 17).

Impairment of non monetary assets

Goodwill - the recoverable amounts from the cash-generating units to which goodwill is allocated are determined internally based on the calculation of values in use, using the discounted cash flows methodology. The cash flows used in the calculation stem from the company's budget for a period of 3 years with an additional project of two further years, excluding any effect of future restructuring which were not approved by the Executive Board of Directors. The said cash flows are discounted using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset concerned, using weighted average cost of capital (WACC). Note 5 shows the main variables associated with this theme as well as respective sensitivity analyses.

Tangible and intangible assets with defined useful life - any indication of impairment losses is verified, namely through the discontinuing/destruction of assets.

Investment properties - at the end of each financial year, the Executive Board of Directors assesses any existence of indications entailing changes in the value of investment properties by analysing internal and external data, including the following:

- Sales earnings of the year and respective margins;
- Relationship between the type of units sold, compared to those in portfolio;
- Specific characteristics of the units under evaluation;
- Promissory purchase and sale contracts for the following year;
- Rents existing in the market in the lease zones;
- Purchase and sale contracts undergoing negotiation.

If further evaluations are necessary, they will be carried out by qualified external evaluators.

Inventories of the 'Railway Infrastructure Investment Activity' segment - they will not be reduced below cost as since they are integrated in the infrastructure, they will be debited to the Grantor at acquisition price. The only exception to this concerns materials that are obsolete or technically depreciated and which cannot be used for the activity, which will notwithstanding be adjusted taking into account their recoverable value from their sale as waste.

Inventories held to be used in production - they will not be reduced below cost as since they are integrated in the infrastructure, they will be debited to the Grantor at acquisition price. The only exception to this concerns materials that are obsolete or technically depreciated and which cannot be used for the activity, which will notwithstanding be adjusted taking into account their recoverable value from their sale as waste.

Inventories of the real estate management segment - these are annually subject to impairment test. Evaluations are undertaken internally by independent evaluators, in accordance with the income method, which is to plan the future cash flows associated with the various projects and discount them at a rate that reflects their risk. In the future cash flow projection, future returns are estimated using the market-based comparative method, which consists of determining the current value of the properties compared with similar ones, of which their price on the real estate market and their relevant characteristics are known. Expenses are projected in accordance with the constructive reality of the real estate properties and the area concerned. As regards the discounted cash flow discount rate, it is the result of the use of a risk-free return rate, based on government bonds with a maturity similar to the time horizon of projects, associated with a risk premium.

Investments in associates - the existence of possible restrictions on the recovery of the investment is verified, and it is the Group's policy, with regard to financial holdings, to recognise impairment whenever the value of the investment exceeds the net assets of the investees from a standpoint of liquidation of the latter. It is understood that this is the most suitable model for these entities.

Impairment of financial assets

Sundry debtors - based on the evaluation by the Executive Board of Directors of the probability of recovering such receivables, the seniority of the balances, cancellation of debts and other factors. Other circumstances and facts are also considered that may alter estimated impairment losses of receivables in the face of considered assumptions, including changes in the economic climate and sector trends, the creditor position of main clients and significant defaults.

This evaluation process is subject to various estimates and judgements. Changes in these estimates may imply different levels of impairment; consequently, they may have different impacts on income.

Trade receivable from clients of the Infrastructure Management and High-Performance segments - in general, they have not been subject to impairment given the specific characteristics of the clients (railway operators partly held by the State and toll operators).

Trade receivable from clients of the real estate sector - a historic matrix of irrecoverable debt is used to determine expected losses for the whole life cycle of the claims, based on the following criteria:

- Historic of losses over the last three years
- Trade receivables above 1 year are fully adjusted;
- Trade payables are deducted of:
  - Debts in favour of clients;
  - Surety bonds
  - Debts of public entities;
  - Debts of clients with payment plans, where the financing component of the operation is assessed.

Trade receivable (clients) (remaining business segments - recognised based on the counterparty credit risk profile, its financial situation and historic seniority of the balances.

Income tax

Deferred tax assets are recognised only when there is strong certainty that there will be profit and future taxable income available for the use of temporary differences, or when there are deferred tax liabilities, the reversal of which is expected in the same period in which deferred tax assets are reversed. The assessment of deferred tax assets is made by the Executive Board of Directors at the end of each reporting period, taking into account the expected future performance of IP Group. Deferred taxes are determined based on current tax legislation or legislation published for future application. Changes in tax legislation can influence the value of deferred taxes and these are analysed carefully by management.

3. GROUP

The companies included in the consolidation, their head offices, main activity, and the proportion of capital held in them at 31 December 2021 and 31 December 2020 are as follows:

COMPANY	REGISTERED OFFICE	PERCENTAGE OF CAPITAL HELD		MAIN ACTIVITY
		2021-12-31	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.
ASSOCIATE COMPANIES				
CCF (Centro de Competências Ferroviário) (c)	Guifões	31.60 %	-	Promotion and development of technical training, research, development, and innovation (R&D) initiatives and activities in technology, particularly in the area of railways and railway equipment, promoting and encouraging specialised training, cooperation and technology transfer between companies , universities, organisations and other public and private entities.
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.
AEIE - CMF4 (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 Onõro, Elvas/Badajoz, Irun/Hendaye and Fornack/Saarbrucken.

a) Entity jointly controlled by IP and ADIF, in the form of European Economic Interest Grouping (E.E.I.G.).
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.
c) Entity held jointly with CP, E. P. E., and IAPMEI - Agência para a Competitividade e Inovação, I. P.

4. SEGMENT REPORTING

See accounting policy 2.3.2.

O Grupo IP apresenta os seguintes segmentos de negócio:

- 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 ´High Performance´ segment corresponds to the entire activity related to Road High Performance and includes all currently managed Public--Private Partnerships (PPP), including concessions of the State and sub-concessions, and the other high-performance routes currently directly managed by the Group.

The ´Road Infrastructure Management Activity´ segment includes management of the whole National Road Network not included in the previous segment. It comprises both the activities of building and upgrading the roads and engineering structures and the activities of management, maintenance and improvement of network safety.

The ´Railway Infrastructure Investment Activity´ segment includes the set of investments associated with new infrastructure and/or expansion of the network; modernisation and rehabilitation, with the introduction of new technologies in the mode of operation; and infrastructure replacement, which comprises interventions that introduce improvements of a lasting nature or which can increase the value and/or useful life of the asset without changing operating conditions;

The contracting of the funding needed for the investments described above is made by the Group and is in the form of credit from financial and capital market institutions, shareholder loans and obtaining grants.

The ´Railway Infrastructure Management Activity´ segment corresponds to the provision of a public service, including functions such as maintenance and repair of infrastructures, capacity management, management of regulatory and safety control, command and control of traffic, and including other activities supplementary to the infrastructure management.

The 'Telecommunications' segment refers to the provision of Information Systems and Technologies and Communications services.

The ´Commercial Real Estate Management´ segment covers the management and operation of its own and others´ property and real estate developments, acquisition, expropriation, registry office updating and sale of real estate or the establishment of rights on these assets.

The ´Engineering and Transport Services´ segment includes the provision of transport engineering services in road and/or rail multidisciplinary projects and the respective mobility solutions both nationally and internationally.

The revenues and expenses of the Telecommunications, Real estate management, and Engineering and transport services segments were calculated from the perspective of generating revenue from the Group´s excess capacity, arising from the mandatory public service of management of the integrated infrastructure of the national rail network (provided for in the Programme Contract signed with the Portuguese State) and the national road network that promotes efficiency in the Group.

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

2021	TELECOMMUNICATIONS	MANAGEMENT OF PROPERTY AND COMMERCIAL AREAS	ENGINEERING AND TRANSPORT SERVICES	INV. ACTIVITY RAILWAY INFRASTRUCTURE	MANAGEM. ACTIVITY RAILWAY INFRASTRUCTURE	HIGH PERFORMANCE	MANAGEMENT ACT. ROAD INFRASTRUCTURE	TOTAL
Sales and services	Total	13 028	83	36 036	81 039	292 357	667 027	1 101 825
Impairment	- 126	851	0	-	- 1 166	-	-	- 440
Provisions	3	100	- 144	-	3 214	-	- 18 820	- 15 647
Other income	2	1 569	-	-	65 289	9 646	68 289	144 794
Other expenses	- 5 971	- 6 420	- 94	- 35 087	- 203 355	- 289 874	- 187 164	- 727 965
EBITDA	**6 163**	**9 128**	**- 155**	**949**	**- 54 979**	**12 129**	**529 331**	**502 566**
Amortisation and depreciation	- 1 186	- 92	-	- 949	- 4 081	- 246 635		- 252 943
EBIT	**4 977**	**9 036**	**- 155**	**0**	**- 59 060**	**294 826**		**249 624**
Financial expenses	- 5	- 7	-	- 59 676	- 21 562	- 199 019		- 280 268
Financial income	-	0	-	59 676	-	3		59 679
EBT	**4 973**	**9 030**	**- 155**	**0**	**- 80 622**	**95 809**		**29 035**
Income tax for the period	**- 13 143**							**- 13 143**
Net Income	**15 892**							**15 892**

2020	TELECOMMUNICATIONS	MANAGEMENT OF PROPERTY AND COMMERCIAL AREAS	ENGINEERING AND TRANSPORT SERVICES	INV. ACTIVITY RAILWAY INFRASTRUCTURE	MANAGEM. ACTIVITY RAILWAY INFRASTRUCTURE	HIGH PERFORMANCE	MANAGEMENT ACT. ROAD INFRASTRUCTURE	TOTAL
Sales and services	12 007	12 007	77	33 708	77 226	292 035	624 381	1 051 442
Impairment	- 429	- 279	- 92	-	- 3 472	-	-	- 4 272
Provisions	40	- 131	- 95	-	3 606	-	- 25 933	- 22 513
Other income	17	1 235	-	-	68 583	8 926	70 814	149 574
Other expenses	- 6 442	- 6 596	- 66	- 32 787	- 201 500	- 289 023	- 191 651	- 728 064
EBITDA	**5 193**	**6 237**	**- 175**	**921**	**- 55 557**	**11 938**	**477 611**	**446 167**
Amortisation and depreciation	- 1 364	- 101	-	- 921	- 3 832	- 231 410		- 237 628
EBIT	**3 829**	**6 136**	**- 175**	**0**	**- 59 389**	**258 138**		**208 538**
Financial expenses	- 9	- 8	-	- 60 571	- 24 586	- 220 235		- 305 409
Financial income	-	-	-	60 571	-	2		60 573
EBT	**3 820**	**6 127**	**- 175**	**0**	**- 83 974**	**37 906**		**- 36 297**
Income tax for the period	- 20 896							- 20 896
Net Income	**- 57 193**							**- 57 193**

2021-12-31	TELECOMMUNICATIONS	ENGINEERING AND TRANSPORT SERVICES	INV. ACTIVITY	MANAGEM. ACTIVITY	HIGH PERFORMANCE	MANAGEMENT ACT.	ENGINEERING AND TRANSPORT SERVICES	TOTAL
Assets								
Concession right	-	-	-	-	-	21 073 315		21 073 315
Grantor	-	-	-	4 136 506	-	-	-	4 136 506
Other assets	13 966	22 447	6 172	46 820	168 688	30 530	2 440 250	2 728 872
Total assets	**13 966**	**22 447**	**6 172**	**4 183 326**	**168 688**	**23 544 095**		**27 938 693**
Liabilities								
Borrowings	-	-	-	1 702 598	13 873	2 564 088	-	4 280 559
Grants/Subsidies	-	-	-	-	-	**9 913 880**		**9 913 880**
Other liabilities	3 866	4 572	1 686	2 568	90 579	2 139 143	1 344 930	3 587 343
Total Liabilities	**3 866**	**4 572**	**1 686**	**1 705 166**	**104 452**	**15 962 041**		**17 781 783**

2020-12-31	TELECOMMUNICA-TIONS	ENGINEERING AND TRANSPORT SERVICES	INV. ACTIVITY	MANAGEM. ACTIVITY	HIGH PERFORMANCE	MANAGEMENT ACT.	ENGINEERING AND TRANSPORT SERVICES	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**		**27 305 685**
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**

OPERATIONS WITH SEGMENTS (CONCILIATION)	2021-12-31	2020-12-31
Reportable segments revenue	1 109 519	1 056 568
Internal revenue	- 7 764	- 4 929
Other Adjustments	70	- 197
Consolidated revenue	**1 101 825**	**1 051 442**
Aggregate results	17 559	- 55 942
Internal expenses / Income	- 387	- 2 638
Other Adjustments	- 1 281	1 387
Consolidated Results	**15 892**	**- 57 193**
Segment assets	27 945 707	27 308 590
Internal balances	- 24 021	- 21 872
Other Adjustments	17 007	18 967
Consolidated Assets	**27 938 693**	**27 305 685**
Segment liabilities	**17 794 978**	**18 787 683**
Internal balances	- 13 216	- 11 067
Other Adjustments	21	700
Consolidated liabilities	**17 781 783**	**18 777 317**

5. GOODWILL

See accounting policy 2.3.1.

The goodwill is the result of the acquisition of the remaining capital of GIL in 2014, when the Group gained control of the said entity. The evolution is as follows:

	GOODWILL
2019-12-31	**21 687**
Increases	-
Impairment	-
2020-12-31	**21 687**
Increases	-
Impairment	-
2021-12-31	**21 687**

Goodwill is subject to impairment test at the end of each year.

Estimates used to measure recoverable amounts of cash-generating unit containing goodwill

Cash-generating unit

It is the business of operating the commercial spaces of Gare Intermodal de Lisboa which is integrated into the reportable segment "Real Estate and Commercial Real Estate Management". The recoverable amount for this cash-generating unit was calculated based on its value-in-use, taking into account the provisions of IAS 36.

The following are the main assumptions considered relevant by the Executive Board of Directors to determine the value-in-use:

	2021-12-31	2020-12-31
Cash flow estimate		
Number of periods with projected cash flows (years)	5	5
EBIT gross margin	64,00%	37,00%
Recoverable amount of the Cash-generating unit (€M)	66 793	27.984
WACC	**3,35%**	**3,12%**
Unlevered Beta	0,75	0,68
Risk free interest rate	0,49%	0,06%
ROE	6,12%	6,85%
Average cost of capital	5,08%	4,69%
Average cost of debt	2,10%	1,90%

- Projected EBIT - The EBIT for the first three periods of the projection derives from the forecasts of expenses and income for this cash-generating unit foreseen in the budget for the period 2022-2024, the remaining two periods considered, correspond to the average of the budgeted figures with the effective amount for this year, corrected for the historical percentage of deviations between actual and projected EBIT (when actual EBIT is lower than projected EBIT), with actual EBIT having been lower than projected to date by around 4% (2020:9 %).

  Additionally, we highlight the increase in the projected EBIT margin, which essentially stems from the Group's expectation of a recovery of the figures of this business unit to pre-pandemic values, fundamentally motivated by the increase in demand for spaces to pre-pandemic levels.

- Discount rate - the discount rate used reflects the current market assessments of the market risks specific to the cash-generating unit, taking into account the time value of money and the risks specific to the underlying assets.

  The discount rate presented in accordance with WACC rate reflects the calculation of the average cost of capital for an average cost of debt of 50% net of its fiscal effect. The tax rate for the period was considered to be 22.5%.

  In relation to the average cost of capital, it reflects the use of a risk free interest rate added of a risk premium translated in the return on equity desired by the shareholder, corrected of the risk specific to the business by integrating the specific beta of the cash-generating unit publicly available.

  As for the average cost of debt, since the business segment associated has no debt, a risk-free rate is assumed (10-year treasury bond rate) added of a risk component associated with any new debt being obtained.

On the basis of previous assumptions, no impairment on goodwill was deemed to exist.

As regards the model's sensitivity analysis, it is also verified that with the data contained in the model, goodwill would be impaired if the model's WACC rate was higher than the current one by more than 5.67% (2020: 8.12%).

6. INVESTMENT IN ASSOCIATES

See accounting policy 2.3.6.

The changes that occurred in investments in associates in the years ended December 31, 2021 and December 31, 2020 are presented below.

	2021-12-31	2020-12-31
Opening balance	-	-
Acquisition cost	2 000	-
Closing Balance	**2 000**	**0**
Grants/Subsidies	**- 2 000**	-
	- 2 000	**0**
	0	**0**

On September 23, 2021, a non-profit association was created under private law, called "Associação Centro de Competências Ferroviário, (CCF)", with headquarters at Parque Oficinal de Guifões, Rua do Ferroviário, Gatões, 4460-020 Guifões.

The corporate object of this company is the promotion and development of technical training, research, development, and innovation (R&D) initiatives and activities in technology, particularly in the area of railways and railway equipment, promoting and encouraging specialised training, cooperation and technology transfer between companies , universities, organisations and other public and private entities.

The Group, through IP, subscribed to a 31.6% stake in CCF this year.

At the date of rendering of the accounts, CCF did not yet have an accountant, and for this reason financial statements were not made available to us. Thus, the value recorded in the financial holding relates exclusively to the subscription of IP's financial holding in the CCF.

Additionally, it should be noted that the Group, through IP, was mandated, by means of the Resolution of the Council of Ministers n. 99/2021 to carry out the expense necessary for the financial holding, for which it received a subsidy in the amount of the amount to be subscribed.

7. INTANGIBLE ASSETS

See accounting policy 2.3.7.

In the years ended 31 December 2021 and 31 December 2020, the movement in the value of intangible assets, as well as in accumulated amortisation, was as follows:

CONSOLIDATED	CONCESSION RIGHT	OTHER	TOTAL
Gross assets			
2019-12-31	**23 447 931**	**33 509**	**23 481 440**
Acquisitions	477 320	631	477 951
2020-12-31	**23 925 251**	**34 140**	**23 959 391**
Acquisitions	**488 780**	**772**	**489 552**
Transfers	-	6	6
2021-12-31	**24 414 032**	**34 917**	**24 448 949**
Amortization and Impairment			
2019-12-31	**- 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	- 244 994	- 269	- 245 263
2021-12-31	**- 3 340 717**	**- 29 907**	**- 3 370 625**
Net value			
2020-12-31	**20 829 528**	**4 502**	**20 834 030**
2021-12-31	**21 073 314**	**5 010**	**21 078 325**

The value of intangible assets refers essentially to the right resulting from the Road Concession Contract.

Assets 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 € 489 million of investments in 2021, around € 471million correspond to net payments of receipts from State concessions, around € 28 million to IP's own work (note 19).

These figures include capitalised financial expenses in the amount of € 11 million in 2021 (note 17).

The amortisations for the year are calculated under IFRIC 12 according to the equivalent unit method, on the value of total investment already made or to be made in the future within the scope of the Concession between Group IP and the State, based on the estimated economic and financial flows during the period of the Concession. 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 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 by 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 main assumptions:

- The Road Service Contribution (RSC) until 2023 is the best management estimate for those years. From 2024 onwards, the RSC will evolve based on the assumption that the annual consumption of gasoline and 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 former SCUT motorways and 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;
- However, the effect of the reduction of toll fees in various concessions designated ex-SCUT, and on other motorways belonging to the Entity's own network, determined by articles 425 and 426 of Law No. 75-B/ 2020, regulated by Ordinance No. 138-D/2021, and which came into force at the beginning of the second half of 2021, considered as assumption until the end of 2024, i.e. the planning horizon of the 2022-2024 ABP, and as it is understood that, in view of the provisions of subparagraph c) of Clause 87.1. of the Concession Agreement entered into between the Grantor and IP on 23 November 2007, until the end of 2024, IP and the Grantor will consider a mechanism capable of ensuring compensation for the loss of revenue associated with the aforementioned toll reductions;
- 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 IP;

In the State Concessions of tolled motorways, after they revert to the State, the growth rate considered is that of the CPI, based on the last year of the respective base cases or in the more recent traffic surveys prepared by IP specialised consultants;

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 amounted to € 245 million. As mentioned in the sensitivity analysis presented in point 2.4., in a pessimistic scenario in which a mechanism capable of ensuring compensation for the loss of revenue associated with toll reductions was not ensured, the value of the annual amortisation recorded would be increased by approximately € 25 million, a situation that would be repeated throughout the Concession.

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

8. TANGIBLE FIXED ASSETS

See accounting policy 2.3.8.

In the years ended 31 December 2021 and 31 December 2020, the movement in gross assets, as well as in accumulated depreciation and impairment losses was as follows:

	LAND AND NATURAL RESOURCES	BUILDINGS AND OTHER CONSTRUCTION	BASIC EQUIP-MENT	TRANSPORT EQUIPMENT	ADMINISTRATIVE EQUIPMENT	RIGHT OF USE	OTHER TANGIBLE FIXED ASSETS	WORK IN PROGRESS	TOTAL
Gross assets									
2019-12-31	**7042**	**82 425**	**64 738**	**12 099**	**22 700**	**773**	**7 691**	**3 208**	**200 675**
Acquisitions	**-**	**-**	**2 721**	**-**	**613**	**8 224**	**6**	**3 199**	**14 764**
Transfers	**-**	**-**	**1 048**	**-**	**-**	**-**	**-**	**- 1 048**	**0**
2020-12-31	**7042**	**82 425**	**68 507**	**12 099**	**23 313**	**8997**	**7 697**	**5 359**	**215 439**
Acquisitions	- 5	-	1 569	91	452	286	58	5 963	8 414
Transfers	-	-	1 410	-	-	-	-	- 1 416	- 6
Disposals /Corrections	**-**	**-**		**-**	**- 315**	**195**	**-**	**-**	**- 120**
2021-12-31	**7037**	**82 425**	**71 486**	**12 190**	**23 449**	**9 478**	**7 755**	**9 906**	**223 727**
Depreciation and Impairment									
2019-12-31	**0**	**- 46 757**	**- 53 517**	**- 11 369**	**- 21 451**	**- 303**	**- 7 349**	**0**	**- 140 746**
Depreciation of the year	-	- 1 624	- 2 776	- 160	- 778	- 1 770	- 118	-	- 7 226
2020-12-31	**0**	**- 48 381**	**- 56 294**	**- 11 529**	**- 22 229**	**-2 073**	**- 7 466**	**0**	**- 147 971**
Depreciation of the year	-	- 1 581	- 2 911	- 155	- 601	- 2 399	- 50	-	- 7 697
Depreciation - Write--downs/Corrections	-	-	-	-	315	5	-	-	321
2021-12-31	**0**	**- 49 962**	**- 59 204**	**- 11 683**	**- 22 515**	**-4.467**	**- 7 516**	**0**	**- 155 348**
Net value									
2020-12-31	**7 042**	**34 044**	**12 213**	**571**	**1 084**	**6 924**	**230**	**5 359**	**67 468**
2021-12-31	**7 037**	**32 463**	**12 282**	**507**	**934**	**5 012**	**239**	**9 906**	**68 380**

The IP Group holds a number of surplus land resulting from land expropriation required for the construction of the National Road Network (NRN). Since the possibility of using or selling them depends on several legal and/or commercial contingencies, the Group considers these surplus assets to represent contingent assets and they are not recorded or disclosed until they are likely to generate an inflow of economic benefits to the company, at which time they are recorded as Assets Held for Sale or Investment Properties, depending on their assigned intended use.

9. INVESTMENT PROPERTY

See accounting policy 2.3.9.

The movements in investment properties are as follows for the periods ending on 31 December 2021 and 31 December 2020:

	2021-12-31	2020-12-31
Acquisition cost		
1 January	**5 474**	**5 474**
Disposals	- 32	-
31 December	**5 442**	**5 474**
Amortization and Impairment		
1 January	**- 2 335**	**- 2 275**
Depreciation of the year	- 59	- 60
Disposals	117	-
31 December	**- 2 277**	**- 2 335**
Net value		
1 January	**3 139**	**3 199**
31 December	**3 165**	**3 139**

Investment properties consist of:

a) 14 units held for lease in Sines, of which 10 have effective lease agreements (2020: 18 units / 10 with effective lease agreement);
b) 3 units in Viana do Castelo (2020: 3 units); and
c) 3 units in Alfragide (2020: 3 units).

During the 2021 financial year, 4 units, located in Sines, were transferred to inventories, justified by the fact that the typology of the properties in question is not compatible with the lease figure.

As at 31 December 2021, the Executive Board of Directors requested the preparation of an assessment by an external entity, as provided for in IAS 36, in accordance with what has already been explained in note 2.4 regarding impairment of non-monetary assets.

Therefore, the fair value of the investment properties located in Sines amounts to € 2,028 thousand, and of the 3 properties located in Viana do Castelo, to € 1,406. thousand as at 31 December 2021, as assessed by an external entity certified and internally corroborated by the Administration.

The following table presents a summary of the valuation technique used, as well as the identification of non-observable variables for assets, as well as the inter-relationships between these variables and the changes in fair value:

LOCATION	ASSESSMENT TECHNIQUES	NON OBSERVABLE DATA	INTER-RELATION BETWEEN THE SAID VARIABLES AND FAIR VALUE
Sines	These investment properties were valued in accordance with the discounted cash-flow method, which consists of projecting the contractual income until the end of the lease, less non-recoverable costs, updated at a rate appropriate to the characteristics of the property and the level of investment risk, given the general conditions of the real estate market at the date of the valuation. At the end of the contract, the exit value is determined as the ratio between the net potential yield and the discount rate. The determination of yield takes into account the intrinsic characteristics of the property, the level of risk of the real estate investment, in the market concerned and the duration of the existing lease contracts. A marketing period of 1 year was considered for the vacant commercial units (Sines) and 2 years (Viana do Castelo).	Rents /m2 [€3- €8.25] Yield [5% - 7.00%]	- Space occupancy rate, the higher the rate is, the higher the fair value and vice versa - Variations in the rental market price, increases in value imply increases in fair value and vice versa; - Risk premium associated with Yield, the higher it is, the lower the fair value and vice versa
Viana do Castelo		Rents /m2 [€8.25] Yield [7.00%]	

The calculations relating to fair value are classified within Level 3 of the fair value hierarchy.

The application of the previous criteria implied a reversal of impairment in the amount of €117 thousand (note 22).

Note that investment properties held by not subject to any restriction concerning their transfer, and there is no contractual obligation of the Company to build, develop or repair and maintain the said property.

Rents received from investment properties are recognised as other income and amounted to € 134,000 (2020: € 134 thousand).

10. DEFERRED TAX ASSETS AND LIABILITIES

See accounting policy 2.3.10.

The amounts of deferred tax assets and liabilities recognised in the Consolidated Financial Position as at 31 December 2021 and 2020 are stated by their gross value.

The Executive Board of Directors is convinced that the tax results generated in the future will enable the reversal of all deferred tax assets recorded.

The impact on the profit/loss of movements in deferred tax items in the financial years was as follows:

	NOTES	2021	2020
Impact on income statement			
Deferred tax assets		- 25 919	- 7 466
Deferred tax liabilities	**26**	**- 27**	**- 29**
		- 25 946	**- 7 496**

Changes occurred in deferred tax assets and liabilities during the years are as follows:

DEFERRED TAX ASSETS	FINANCING EXPENSES	VAT PROVISION	REGULAR MAINTENANCE	AMORTISATION OF CONCESSION RIGHT	OTHER ADJUSTMENTS	TOTAL
Balance as at 31/12/2019	**0**	**77 463**	**99 724**	**90 822**	**4 035**	**272 044**
Set-up / (Reversal)	-	7 772	1 440	- 1 930	142	7 282
Balance as at 31/12/2020	**0**	**85 235**	**101 164**	**88 892**	**4 177**	**279 468**
Set-up / (Reversal)	**13 482**	**6 448**	**6 678**	**- 374**	**- 274**	**25 961**
Balance as at 31/12/2021	**13 482**	**91 683**	**107 842**	**88 518**	**3 903**	**305 429**

DEFERRED TAX LIABILITIES	OTHER	LEASES	TOTAL
Balance as at 31 December 2019	**22**	**57**	**79**
Set-up / (Reversal)	- 15	- 57	- 71
Balance as at 31 December 2020	**8**	**- 0**	**8**
Set-up / (Reversal)	15	-	15
Balance as at 31 December 2021	**22**	**- 0**	**22**

At 31 December 2021 there are other temporary differences for which reversals are not expected in future years and which therefore do not result in deferred tax assets. We highlight existing impairments in other accounts receivable and inventories.

The reconciliation of the income tax rate is shown on note 26.

11. INVENTORIES

See accounting policy 2.3.12.

At 31 December 2021 and 31 December 2020 the Group has registered the following balances under deferrals:

	NOTES	2021-12-31	2020-12-31
Raw materials and consumables	11.1	78 830	71 441
Finished products (properties)	11.2	6 719	7 122
Other material	11.3	275	269
		85 824	**78 832**
Impairment losses:	22	- 2 769	- 4 449
		83 055	**74 382**

11.1. Raw materials and consumables

The raw materials and consumables item refers to the various types of materials that are incorporated into the maintenance and construction of railway infrastructure.

On the date of reporting of accounts, a physical inventory was taken with the aim of quantifying the adjustment of inventory losses. Therefore, impairment concerns materials that are obsolete and technically depreciated and cannot be used for Group IP's activities, and which might be sold should an interested buyer emerge;

Expenses with railway material totalled € 20,992 thousand (2020: € 23,796 thousand), (note19).

During the 2021 financial year, following the effective registration of the settlement of a set of virtual deposits, the reversal of the impairment set up in 2020 of around € 720 thousand was carried out (note 22). This reversal must be verified together with the entries made under item losses and gains on inventories (notes 23 and 24).

11.2. Finished products

The finished product item refers to land and the units for housing and trade in Sines

In the current year, 2 units in Sines were sold, for the amount of € 171 thousand; their acquisition cost net of impairments amounted to € 127.3 thousand.

The properties concerned were subject to an impairment test in accordance with what has already been explained in note 2.4. impairment of non-monetary assets / Inventories of the railway infrastructure management investment activity segment.

The summary of the variables considered previously is shown below:

	2021-12-31	2020-12-31
Discount rate (annual)	11%	11%
Cash flow margin - [Cash Flow / (Future income)]	24%	23%

There was an increase in impairments of € 650 thousand.

The impact on impairment is mainly due to the fact that the revision of the income and expenses associated with the projects was estimated in relation to the same period last year, resulting in an increase in projected income exceeding the rise in projected expenses, +4%-13%, respectively, which justified a slight increase in the margin associated thereto, as can be seen above.

If the discount rate were to change 1% in this context, there would be a variation in the value of the properties opposite to the change in the rate, by € 728 thousand and -€ 794 thousand.

11.3. Other material

The so called "other materials" are intended for the use/integration deriving from the rendering of telecommunications services.

These materials are subject to impairment when deemed obsolete. No change occurred in other materials during the year under review.

Expenses with the use of telecommunications materials amounted to € 160 thousand (2020: € 283 thousand), (note 19).

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

At 31 December 2021 and 31 December 2020 this item is detailed as follows:

	2021-12-31	2020-12-31
DEBIT BALANCES		
CIT	-	**26 041**
Current tax assets	**0**	**26 041**
VAT	1 844 600	1 621 794
Other taxes and levies	347	256
Government and other public bodies	**1 844 947**	**1 622 049**
CREDIT BALANCE		
CIT	**13 832**	-
Current tax liabilities	**13 832**	**0**
Contributions to SS, CGA and ADSE health systems	6 132	6 184
Personal Income Tax – Withholdings	1 756	1 726
VAT	1 158	175
Other taxes and levies	16	13
Government and other public bodies	**9 062**	**8 098**

The payable/receivable balance of corporate income tax is made up as follows:

	2021-12-31	2020-12-31
CIT		
Withholdings	33	36
Advance tax payment	22 948	52 313
Tax estimate	- 37 210	- 26 351
RETGS Benefit	397	43
Current tax assets	**0**	**26 041**
Current tax liabilities	**- 13 832**	**0**

The balance of Personal Income - Withholdings correspond to December 2021 wages processed in the year but settled in January 2022.

Payments to SS, CGA and ADSE (social security systems), include liabilities with holiday pay and holiday bonuses to be settled in 2022 relating to Social Security, as well as the amounts processed in December 2021 and settled in 2022, relating to Social Security, Caixa Geral de Aposentações and ADSE.

The balance of VAT receivable comprises the amount of € 1,844,222 thousand to be received by IP, where an amount of € 227,562 was 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 a revenue of IP - the Road Service Contribution -, which in accordance with the legally established mechanisms for its settlement and collection, was paid to the company 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 Almada 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 deduction 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:

- Several nullities were alleged by the Public Treasury, considered in their entirety as unfounded on January 26, 2018.

- The Tax Authority on 1 March 2018 filed an appeal with the Supreme Administrative Court, which was accepted for consideration purposes. This is a review appeal, of an exceptional nature, which provides that the decision handed down by the Tribunal Central Administrativo do Sul (TCAS) can be reviewed whenever the assessment of an issue is at stake that, due to its legal or social relevance, is of fundamental importance or when admission is necessary for a better application of the law. 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 (SAC). On December 9, 2021, as there were no new closing arguments after the hearing of witnesses in the court of appeal, the SAC decided on the annulment of the decision and the lowering of the case to the Administrative and Fiscal Court of Almada to address this nullity. IP presented new allegations on February 25, 2022, and the case is awaiting a decision.

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	ADDITIONAL TAX SETTLEMENTS	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)	Judicial challenge of the rejection of the hierarchical appeal	27-12-2021	139 415	9 484
2016	Hierarchical Appeal	26-07-2021	286 873	10 349
2017	Hierarchical Appeal	18-01-2022	287 993	32 495
2018	Tax Inspection Report	07-03-2022	283 926	18 733

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

As a result of the described evolution of the VAT case, the IP Group increased the provision in 2021 by € 20,635 thousand, taking its cumulative value at 31 December 2021 to € 449,251 thousand, which corresponds to the VAT that the IP Group estimates that it would no longer receive from the TA if it were considered that the RSC is not a revenue subject to VAT (note 15).

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.

13. DEFERRALS

13.1. Deferred assets

At 31 December 2021 and 31 December 2020 the Group has registered the following balances under deferrals:

	2021-12-31	2020-12-31
NON-CURRENT EXPENSES TO RECOGNISE		
Other services	397	545
	397	**545**
CURRENT EXPENSES TO RECOGNISE		
Other services	4 509	2 053
	4 509	**2 053**

Expenses to be recognised essentially refer to the invoicing of services contracted and not yet provided; the change recorded concerns the civil liability insurance, the deferred amount of which amounts to € 2,622 thousand.

13.2. Deferred liabilities

At 31 December 2021 and 31 December 2020 the Group has registered the following balances under deferrals:

	NOTES	2021-12-31	2020-12-31
NON-CURRENT INCOME TO RECOGNISE			
Investment Subsidies - Road Concession Right	13.2.1	9 913 880	9 975 333
Term Sale - Brisa Concession		152 300	152 300
Douro Litoral Concession Fee		92 249	99 937
Greater Lisbon Concession Fee		16 333	17 500
Optical Fibre contracts		735	541
		10 175 498	**10 245 610**
CURRENT INCOME TO RECOGNISE			
Douro Litoral Concession Fee	23	7 687	7 687
Greater Lisbon Concession Fee	23	1 167	1 167
Optical Fibre contracts		853	759
Other income		604	510
Technical road channel		165	166
		10 477	**10 289**

13.2.1. Investment grants – Road Concession Right

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. Changes occurred during the period ending on 31 December 2021 and 31 December 2020 are as follows:

	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	- 61 452
2021-12-31	**9 913 880**

14. FINANCIAL ASSETS AND LIABILITIES

See accounting policy 2.3.11.

14.1. Categories according to IFRS 9

The breakdown of financial assets and liabilities by category according to IFRS 9 for the years ended at 31 December 2021 and 31 December 2020 is as follows:

2021-12-31	NOTES	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
ASSETS						
Financial investments		-	65	32	-	97
Grantor .- State - Account Receivable	14.2.1	4 136 506	-	-	-	4 136 506
Trade receivables	14.2.2	69 388	-	-	-	69 388
Other accounts receivable	14.2.3	103 473	-	-	41 547	145 020
Cash and cash equivalents	14.2.4	177 785	-	-	-	177 785
		4 487 152	**65**	**32**	**41 547**	**4 528 796**
LIABILITIES						
Suppliers	14.3.3	40 556	-	-	-	40 556
Loans	14.3.1	1 941 544	-	-	6 348	1 947 892
Shareholder funding/loans	14.3.2	2 332 667	-	-	-	2 332 667
Other accounts payable	14.3.4	2 238 501	-	-	55 417	2 293 919
		6 512 713	**0**	**0**	**61 765**	**6 574 478**

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	14.2.1	3 914 516	-	-	-	3 914 516
Trade receivables	14.2.2	61 425	-	-	-	61 425
Other accounts receivable	14.2.3	100 604	-	-	41 738	142 342
Cash and cash equivalents	14.2.4	256 497	-	-	-	256 497
		4 333 042	**8**	**32**	**41 738**	**4 374 819**
LIABILITIES						
Suppliers	14.3.3	11 188	-	-	-	11 188
Loans	14.3.1	2 571 414	-	-	6 179	2 577 593
Shareholder funding/loans	14.3.4	2 343 354	-	-	-	2 343 354
Other accounts payable	14.3.4	2 591 712	-	-	48 812	2 640 524
		7 517 669	**0**	**0**	**54 991**	**7 572 659**

Non-financial assets basically refer to collaterals of around 31 € million (2020: approx. € 31 million), balances owed by suppliers of approx.€ 5 million (2020: approx.€ 7 million) and the current deposit of the Tax and Customs Authority (TA) referring to the dispute with this entity, within the scope of tax inspection related to 2006 VAT of approx.€ 3 million (2020: approx.€ 3 million) – note 14.2.3.

Regarding non-financial liabilities, the accounting overdrafts stand out, approx. € 6 million (2020: € 6 million), debts with employment benefits of approx. € 14 million (2020: approx. € 15 million), advances on account of sales of approx. € 22 million (2020: approx. € 22 million) and deposits received in the amount of € 14 million (2020: approx. € 7 million).

14.2. Financial assets

14.2.1. Grantor - State - Account Receivable

The breakdown of the financial asset underlying the rail concession at 31 December 2021 and 31 December 2020 is as follows:

	2021-12-31	2020-12-31
Concessioned assets (LDI)	9 965 393	9 708 527
Interest charged	1 822 204	1 762 528
Grants/Subsidies	- 4 709 657	- 4 629 637
Receipts	- 2 623 854	- 2 613 005
Impairment	- 305 200	- 305 200
Return on assets	- 12 380	- 8 696
	4 136 506	**3 914 516**

Assets under concession, known as Long-Duration Infrastructure (LDI) form part of the Public Railway Domain, with IP having access to that infrastructure to provide the public service of Infrastructure Management. Accordingly, they are recorded under the statement of contingent financial position Grantor - State - Account Receivable item, as they constitute an unconditional right to receive money from the State for the investments made.

In addition to the acquisitions and construction made subsequent to the merger of CP – Comboios de Portugal, E.P.E., as provided for in Decree-Law 104/97, of 29 April, these assets include the property belonging to extinct entities (Gabinete do Nó Ferroviário de Lisboa, Gabinete do Nó Ferroviário do Porto and Gabinete de Gestão das Obras de Instalação do Caminho-de-Ferro na Ponte sobre o Tejo) and property transferred from the said company, deemed as assets of the public railway domain.

In respect of the increase resulting from grants directly attributed to IP for the development of railway infrastructure, it is worth noting the net increase of € 80,020 thousand from European Structural and Investment Funds (€ 3,261 thousand from the ERDF, €44,951 thousand from the Cohesion Fund, € 29,653 thousand from CEF-GERAL and € 2,099 thousand from CEF-Cohesion and € 56 thousand from Cohesion Fund II) which corresponds to reinforcements of advances and reimbursements of applications approved in the 2014-2020 programming period (COMPETE 2020, POSEUR and CEF Programmes) and final balance payments for the 2000-2006 programming period.

The Return on assets item is the result of the obligation, expressed in the joint Orders of the Ministries of Finance and Economy, to authorise the public railway domain separation and results of the sales to be deducted from the amounts receivable from the grantor.

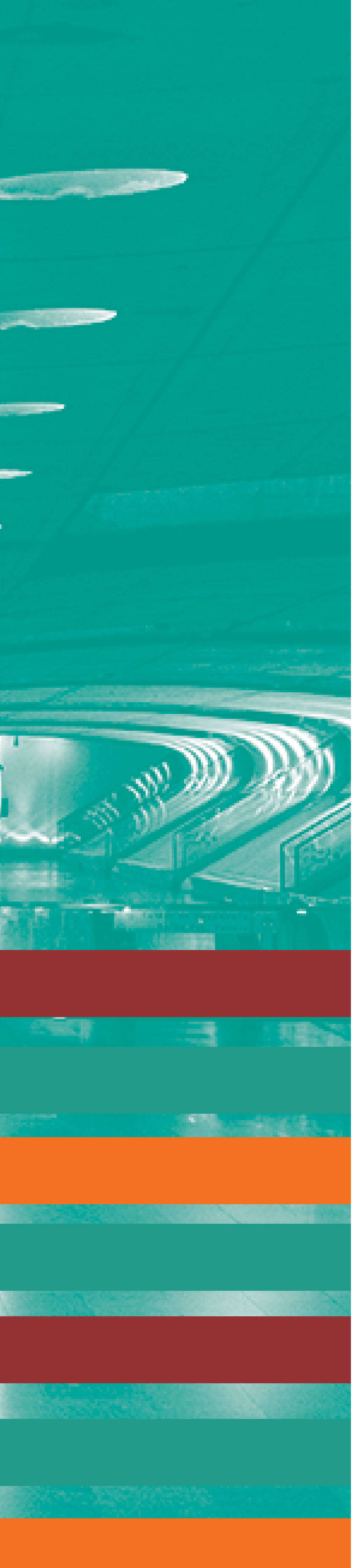
In the current year, the amount of interest charged to the grantor totalled € 59,676 thousand (2020: € 60,571 thousand) and the respective financial consideration is offset under the Financial Gains – interest earned – Grantor – State item (note 25).

When REFER was set up, the paid-in capital was carried out in kind with the delivery of the railway infrastructure then valued at € 62,350 thousand. From 1998 to 2001, the Portuguese State increased the statutory capital of REFER in the total of € 242,850 thousand. These increases were intended, as set out in each joint approval package, to finance investments in long-duration infrastructure forming the public railway domain.

On the date of incorporation, the public domain assets were registered as fixed assets (tangible fixed assets in the then accounting standards – POC) of REFER, and so the consideration for the capital injection was the recognition of those same assets. With the adoption of IFRIC 12, these figures take the form of repayment in due time for investments in the long-duration infrastructure by the concessionaire, totalling € 305,200 thousand (initial contribution in kind, plus the capital increases that occurred between 1998 and 2001).

Consequently, this value will no longer be reimbursed by the State/Grantor, and the amount of € 305,200 thousand is impaired.

Note moreover the inflow of € 11 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 135 of State Budget Law for 2021, as described in note 11.4.4.



14.2.2. Clientes

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

	NOTES	2021-12-31	2020-12-31
Non-current			
Sundry		5 258	9 214
		5 258	**9 214**
Current			
Other related parties	27.3	31 153	10 668
Sundry		27 887	23 749
Tolls		8 329	20 882
		67 369	**55 299**
Cumulative impairment		- 3 239	- 3 088
		64 130	**52 211**
		69 388	**61 425**

The debits charged to other related parties (CP) and Sundry – (railway operators), mainly include the tariff for the use of the infrastructure charged to operators and also the debits paid to operators for other services rendered related to the rail operations: manoeuvres, capacity demanded and not used, parking of rolling stock and other services.
Exposure of these balances to credit risk is shown in note 14.4.1.

14.2.3. Other accounts receivable

At 31 December 2021 and 31 December 2020 this item is broken down as follows:

	NOTES	2021-12-31	2020-12-31
Accounts receivable for accrued income		86 675	83 141
Road Service Contribution	27.2	78 690	74 733
Other		6 523	5 217
Other related entities	27.3	1 462	3 191
Surety deposits	14.1	31 309	31 289
Other accounts receivable		37 916	37 137
Sundry		37 916	37 137
Cumulative impairment		- 10 880	- 9 226
		145 020	**142 342**

Item Accounts receivable for accrued income comprises the recognition of revenue collected by the TA and not yet provided to IP related to the Road Service Contribution.

Item Deposits of surety bond concerns mainly the provision of guarantee in the amount of € 28 million relating to VAT proceedings..

Other accounts receivable - miscellaneous, net of impairment, comprise, amongst other, protocols with several municipalities regarding the construction and redevelopment of various infrastructure, of which we highlight, the municipalities of Fundão, Cascais, Lisbon, Águeda and Espinho in the amount of € 10 million (2020: € 10 million), balances due from suppliers, in the amount of approx. € 5 million (2020: approx. € 7 million), approx. € 3 million (2020: approx.€ 3 million) related to a current deposit with the Tax and Customs Authority (AT) regarding the dispute with this entity, within the scope of the tax inspection relating to VAT in 2006; (the IP Group is convinced that the regulations in force were adequately complied with at the time of the transactions concerned, and a legal proceeding was initiated in September 2014; at the date of approval of the 2020 accounts, the final result on this lawsuit was still pending), and VAT to be recovered arising from credit notes and inversion of the taxable person in the amount of approximately € 2 million (2020: approximately € 1 million)

Exposure of these balances to credit risk is shown in note 14.4.1.

14.2.4. Cash and cash equivalents

The cash and cash equivalents shown in the Consolidated Cash Flow Statement for the financial years ending on 31 December 2021 and 31 December 2020 are reconciled with the amounts shown in the Consolidated Statement of Financial Position, as follows:

	NOTES	2021-12-31	2020-12-31
Other investments		164 407	249 760
Bank deposits		13 264	6 679
Cash		115	58
Cash and cash equivalent in the Consolidated Statement of Financial Position		**177 785**	**256 497**
Accounting overdrafts	14.3.1	- 6 348	- 6 179
Cash and cash equivalent in the Consolidated Cash Flow Statement		**171 438**	**250 318**

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

According to information from the DGO of 20 December 2021, the funds received under the RRP and not used (€ 835 thousand) were converted into extra-budgetary operations, therefore, as of 31 December 2021, these amounts are not available to be moved.

Exposure of these balances to credit risk is shown in note 14.4.1.

14.3. Financial liabilities

14.3.1. Loans

The breakdown of current and non-current borrowings as of 31 December 2021 and 31 December 2020 is as follows:

	2021-12-31	2020-12-31
Non-current loans		
Loans	1 795 355	1 924 303
Current loans		
Loans	152 537	653 291
	1 947 892	**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	15/06/2008	15/06/2022	Annual	EIB variable, cannot exceed Euribor 3M+0,15%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	CPIII/2 L. Norte-A	02/10/2002	100 000	55 000	15/03/2013	15/03/2022	Annual	vEIB variable, cannot exceed Euribor 3M+0,12%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	CPIII/2 L. Norte-B	02/06/2004	200 000	120 000	15/12/2014	15/12/2023	Annual	EIB variable, cannot exceed Euribor 3M+0,15%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	Suburban	28/10/2004	100 000	38 095	15/06/2009	15/06/2024	Annual	EIB variable, cannot exceed Euribor 3M+0,15%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	Suburban B	14/12/2005	100 000	42 857	15/09/2010	15/09/2025	Annual	Revisable rate	3,615%	15/set
	To be forwarded		**699 736**	**259 278**						

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTEREST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
	transportation		**699 736**	**259 278**						
Railway					15/03/2011	15/03/2026	Annual	Revisable rate	4,247%	15/mar
Railway	Connection to Algarve-B	02/10/2002	30 000	12 000	15/03/2013	15/03/2022	Annua	EIB variable, cannot ex-ceed Euribor 3M+0,12%	0,000%	15/mar 15/jun 15/set 15/dez
Railway	CP III 2 Linha do Norte-C	11/12/2006	100 000	75 000	15/06/2017	15/06/2026	Annual	Revisable rate	1,887%	15/jun
Railway	CP III 2 Linha do Norte-D	12/07/2007	100 000	75 000	15/12/2017	15/12/2026	Annual	Euribor 3M+0,108%	0,000%	15/mar 15/jun 15/set 15/dez
Road	BEI- Estradas 2009-2019	17/12/2009	200 659	100 330	15/06/2014	15/06/2029	Half-year	Fixed	2,189%	15/jun 15/dez
Railway	Refer V	04/08/2008	160 000	96 000	15/03/2014	15/03/2033	Annual	Revisable rate	2,653%	15/mar
Railway	Refer VI	10/09/2009	110 000	60 500	15/09/2013	15/09/2032	Annual	Revisable rate	2,271%	15/set
Railway	Eurobond 06/26	10/11/2006	600 000	599 471	16/11/2026		Bullet	Fixed	4,047%	16/nov
Railway	Eurobond 09/24	16/10/2009	500 000	499 160	16/10/2024		Bullet	Fixed	4,675%	16/out
Road	Eurobond 10/30	09/07/2010	125 000	121 773	13/07/2030		Bullet	Fixed	6,450%	13/jul
	External Loans	**TOTAL**	**2 530 539**	**1 924 701**						
	Accrued interest			**16 844**						
	Accounting overdrafts			**5 479**						
	TOTAL			**1 947 023**						

Interest associated with these loans is paid in arrears, on a quarterly, half-yearly or annual basis.

For loans contracted with the EIB, the capital is repaid periodically after the grace period. The remaining loans (Eurobonds) will be fully repaid at maturity (bullet).

At 31 December 2021 loans secured by State guarantee totalled € 1,804 million (2020: € 1,934 million).

Exposure of these balances to Liquidity risk is shown in note 14.4.2.

14.3.2. Shareholder funding / Shareholder loans

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

	2021-12-31	2020-12-31
Current loans		
State Loan	2 332 667	2 343 354
	2 332 667	**2 343 354**

The purpose of these shareholder loans is to meet the companies´ borrowing requirements (REFER and EP) since 2011.

In 2021 the shareholder did not grant new loans to IP, having provided for its requirements through capital increases (Note 16).

The reduction in the amount of State loans/Shareholder loans was due to the repayment of State loans allocated to the railway activity in the amount of € 10.7 million following the offsetting transaction concluded with the Portuguese State (Note 14.2.1).

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			
Road	State Loan	30/12/2011	1 705 000	852 500	31/05/2013	30/11/2016	Half-year	Fixed	2,770%	31/mai 30/nov
Road	State Loan	27/01/2012	204 000	153 000	31/05/2014	30/11/2017	Half-year	Fixed	3,690%	31/mai 30/nov
Road	State Loan	27/01/2012	230 000	172 500	31/05/2014	30/11/2017	Half-year	Fixed	3,440%	31/mai 30/nov
Road	State Loan	27/01/2012	75 000	56 250	31/05/2014	30/11/2017	Half-year	Fixed	2,930%	31/mai 30/nov
Road	State Loan	27/01/2012	28 000	21 000	31/05/2014	30/11/2017	Half-year	Fixed	2,690%	31/mai 30/nov
Road	State Loan	30/05/2012	44 000	33 000	31/05/2014	30/11/2017	Half-year	Fixed	2,690%	31/mai 30/nov
Road	State Loan	30/05/2012	80 000	60 000	31/05/2014	30/11/2017	Half-year	Fixed	2,700%	31/mai 30/nov
Road	State Loan	30/05/2012	33 500	25 125	31/05/2014	30/11/2017	Half-year	Fixed	1,980%	31/mai 30/nov
Road	State Loan	26/09/2012	156 800	117 600	31/05/2014	30/11/2017	Half-year	Fixed	1,810%	31/mai 30/nov
Road	State Loan	29/10/2012	16 000	12 000	31/05/2014	30/11/2017	Half-year	Fixed	1,710%	31/mai 30/nov
Road	State Loan	29/10/2012	13 300	9 975	31/05/2014	30/11/2017	Half-year	Fixed	1,590%	31/mai 30/nov
Road	State Loan	29/01/2013	85 000	85 000	31/05/2015	30/11/2020	Half-year	Fixed	2,750%	31/mai 30/nov
Road	State Loan	29/01/2013	135 600	135 600	31/05/2015	30/11/2020	Half-year	Fixed	2,420%	31/mai 30/nov
Road	State Loan	29/01/2013	17 400	17 400	31/05/2015	30/11/2020	Half-year	Fixed	2,150%	31/mai 30/nov
Road	State Loan	08/03/2013	25 654	25 654	31/05/2015	30/11/2020	Half-year	Fixed	2,150%	31/mai 30/nov
	To be forwarded		**2 849 254**	**1 776 604**						

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTEREST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
	transportation		**2 849 254**	**1 776 604**						
Road	State Loan	08/03/2013	266 405	266 405	31/05/2015	30/11/2020	Half-year	Fixed	2,180%	31/mai 30/nov
Road	State Loan	08/03/2013	28 042	28 042	31/05/2015	30/11/2020	Half-year	Fixed	2,610%	31/mai 30/nov
Road	State Loan	04/09/2013	26 202	26 202	31/05/2015	30/11/2020	Half-year	Fixed	2,190%	31/mai 30/nov
Road	State Loan	04/09/2013	25 000	25 000	31/05/2015	30/11/2020	Half-year	Fixed	2,180%	31/mai 30/nov
Road	State Loan	04/09/2013	17 943	17 943	31/05/2015	30/11/2020	Half-year	Fixed	2,070%	31/mai 30/nov
Road	State Loan	09/10/2013	3 688	3 688	31/05/2015	30/11/2020	Half-year	Fixed	2,100%	31/mai 30/nov
Road	State Loan	09/10/2013	21 805	21 805	31/05/2015	30/11/2020	Half-year	Fixed	1,870%	31/mai 30/nov
Road	State Loan	09/10/2013	49 891	49 891	31/05/2015	30/11/2020	Half-year	Fixed	1,970%	31/mai 30/nov
	Total shareholder financing		**3 288 228**	**2 215 578**						
	Accrued interest			**117 089**						
		TOTAL		**2 332 667**						

FLAT-RATE FINANCING

As of 31 December 2021 the fair value of the fixed rate debt was as follows:

NAME	CONTRACTED AMOUNT	PRINCIPAL DUE		INTEREST RATE
		NOMINAL VALUE	FAIR VALUE	
EIB - Suburbans B	100 000	42 857	46 639	3,615%
EIB - Suburbans C	55 000	26 190	28 852	4,247%
EIB - REFER V	160 000	96 000	104 791	2,653%
EIB - REFER VI	110 000	60 500	64 765	2,271%
EIB - CPIII2 Northern Line C	100 000	75 000	78 521	1,887%
EIB- Estradas 2009-2019	200 659	100 330	105 066	2,189%
Eurobond 06/26	600 000	600 000	686 737	4,047%
Eurobond 09/24	500 000	500 000	552 260	4,675%
Eurobond 10/30	125 000	125 000	136 335	6,450%
State Loan	1 705 000	852 500	880 954	2,770%
State Loan	204 000	153 000	162 748	3,690%
To be forwarded	**3 859 659**	**2 631 377**	**2 847 668**	

NAME	CONTRACTED AMOUNT	PRINCIPAL DUE		INTEREST RATE
		NOMINAL VALUE	FAIR VALUE	
transportation	**3 859 659**	**2 631 377**	**2 847 668**	
State Loan	230 000	172 500	182 726	3,440%
State Loan	75 000	56 250	59 076	2,930%
State Loan	28 000	21 000	21 966	2,690%
State Loan	44 000	33 000	34 518	2,690%
State Loan	80 000	60 000	62 770	2,700%
State Loan	33 500	25 125	25 964	1,980%
State Loan	156 800	117 600	121 174	1,810%
State Loan	16 000	12 000	12 343	1,710%
State Loan	13 300	9 975	10 239	1,590%
State Loan	85 000	85 000	92 551	2,750%
State Loan	135 600	135 600	146 173	2,420%
State Loan	17 400	17 400	18 602	2,150%
State Loan	25 654	25 654	27 426	2,150%
State Loan	266 405	266 405	285 071	2,180%
State Loan	28 042	28 042	30 404	2,610%
State Loan	26 202	26 202	28 046	2,190%
State Loan	25 000	25 000	26 752	2,180%
State Loan	17 943	17 943	19 135	2,070%
State Loan	3 688	3 688	3 937	2,100%
State Loan	21 805	21 805	23 110	1,870%
State Loan	49 891	49 891	53 042	1,970%
TOTAL	**5 238 887**	**3 841 455**	**4 132 694**	

Exposure of these balances to Liquidity risk is shown in note 14.4.2.

14.3.3. Suppliers

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

	NOTES	2021-12-31	2020-12-31
General suppliers		40 540	11 030
Other related entities	27.3	16	158
		40 556	**11 188**

The change in this item is fundamentally the result of the budget maximization effort at the end of 2020, achieved through payments before the due date, an effort that was not possible to carry out this year.

Exposure of these balances to Liquidity risk is shown in note 14.4.2.

14.3.4. Other accounts payable

At 31 December 2021 and 2020, details of this item are as follows:

	2021-12-31	2020-12-31
Non-current		
Accounts payable for accrued expenses		
Sub-concessions	1 228 480	1 625 915
	1 228 480	**1 625 915**
Leases	2 995	4 997
	1 231 475	**1 630 911**
Current		
Accounts payable for accrued expenses		
Sub-concessions	596 551	585 308
Regular road maintenance	345 095	323 725
Other	29 383	33 613
Other related entities	834	2 940
	971 862	**945 586**
Investment Suppliers	30 193	11 107
Advances to be forwarded to Sales	21 623	21 601
Remuneration payable	13 893	14 560
Surety bonds	13 774	7 396
Leases	2 327	2 146
Other creditors	8 771	7 216
	1 062 444	**1 009 612**
	2 293 919	**2 640 524**

Accounts payable for accrued expenses include the following:

- The amount of IP's liabilities to the sub-concessionaires for the construction, operation and maintenance services already carried out by them and pending invoicing, remunerated at rates between 5% and 11% (note 25).

  This liability is assessed annually and represents the best estimate of the Executive Board of Directors of the valuation of the services already rendered by sub-concessionaires determined based on the estimate of future financial flows from these contracts, regardless of their nature, including those resulting from contingencies and legal proceedings;

- The periodic maintenance of roads resulting from the Group's responsibility to maintain or restore the road infrastructure to certain levels of service, which is established over the period that elapses until the scheduled date of execution of the works;

  The change in the heading of Periodic Maintenance of Roads results from the increase in the theoretical annual cost for the scheduled maintenance to be carried out in the amount of approximately € 56 million (note 15) deducted from the execution of Conservation, of the year, of approximately € 34 million, and;

- Other creditors for accruals comprise the amounts payable by IP referring to its Concession Agreement with the State, in the amount of € 24 million (2020: € 24 million).

Item Suppliers of investment refers mainly to the amounts billed for the performance of own works.

Item Remuneration payable basically includes the estimates of vacations and vacation allowances for the year, to be paid in 2022.

Amounts comprised in item Leases concern car and equipment leases of IP Group.

Exposure of these balances to Liquidity risk is shown in note 14.4.2.

14.4. Financial risk management policies

The Group's financial assets concern mainly accounts receivable for multiple reasons, namely the balances receivable from the railway concession and several clients of the Group, and several deposit accounts with banks and the IGPC. The Group has other investments, though quite residual, in equity instruments and does not hold any derivative financial instruments.

The Group´s financial liabilities include mainly: loans obtained with the financial system (bank loans and capital market operations), shareholder loans, accounts payable to suppliers and other entities, their main goal being to finance the Group´s operations.

With regard to loans with the financial system, Decree-Law 133/2013 of 3 October changed the autonomy of reclassified public entities (EPR) with regard to access to finance from the financial system and risk management through derivative financial instruments.

Article 29 of the said DL provides that EPRs´ access to commercial banking funding is prohibited, except for banks having a multilateral nature (e.g. European Investment Bank); article 72 provides the transfer of these companies´ derivatives portfolios to the Public Debt and Treasury Management Agency (Agência de Gestão da Tesouraria e da Dívida Pública – IGCP, EPE) (IGCP).

Stemming from 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.

14.4.1. Credit risk

Credit risk is associated with the risk of another party failing to comply with its contractual obligations resulting in a financial loss for Group companies.

The Group is exposed to this risk in both its operating activities (through the credit granted in the form of accounts receivable) and its financing activities, through deposits and financial applications with financial institutions and IGPC.

The credit risk associated with the Group's operating activities is managed on a separate basis according to the specific characteristics of each business segment and specific clients.

In order to minimize exposure to this risk, the Group obtains credit guarantees from clients in the form of surety bonds or bank guarantees. Note 14.1 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:

2021-12-31	TOLLS	[> € 1,000 TH[	[€1,000 TH < € 10 TH[	[€ 10TH>0]	TOTAL
Number of clients	**-**	**6**	**117**	**929**	**1 052**
Railway	-	4	0	20	24
Road	Várias	1	26	248	275
Real estate management	-	1	50	513	564
Engineering	-	-	3	-	3
Telecommunications	-	-	38	148	186
Debt		**54 212**	**8 736**	**9 678**	**72 627**
Railway	-	47 530	-	12	47 542
Non tolled roads	-	4 622	2 067	280	6 969
Tolls	-	-	-	8 329	8 329
Real estate management	-	2 060	2 568	800	5 428
Engineering	-	-	565	-	565
Telecommunications	-	-	3 537	258	3 794

2020-12-31	TOLLS	[> € 1 000 TH[	[€1,000 TH < € 10 TH[	[€ 10TH>0]	TOTAL
Number of clients	**-**	**6**	**119**	**1 022**	**1 147**
Railway	-	4	7	22	33
Road	Várias	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

At 31 December 2021 IP Group had a portfolio of 1,052 (2020: 1,147 clients), of which 6 (2020: 6) have balances above € 1000 thousand accounting for approximately 75% (2020: 53%) of amounts due.

Additionally, the weight of debts from tolls as against the total balance of clients is 11% (2020: 32%)

With regard to tables above, notwithstanding the general increases in debt recorded in all business segments, as a result of the start of a resumption of activities in the face of the previous pandemic context, it is worth noting the increase in debt related to rail operators (+€ 19 million€), net of the decrease in tolls (-€ 13 million).

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

2021-12-31	]0-30[	[30-60[	[60-90[	[90-360[	[360[	TOTAL
Tolls	8 329	-	-	-	-	8 329
Railway Operators	17 965	7 725	7 217	158	14 681	47 746
Public entities	162	3	-	78	2 195	2 439
Other debtors	2 118	759	155	828	9 491	13 353
Clients with payment plans	27	-	18	19	29	94
Surety bonds provided by clients	-	-	-	-	-	667
	28 601	**8 488**	**7 390**	**1 083**	**26 397**	**72 627**
Impairment	- 470	- 2	- 2	- 138	- 2 626	- 3 239
	28 131	**8 486**	**7 389**	**945**	**23 770**	**69 388**
Average rate	1,64%	0,02%	0,02%	12,78%	9,95%	4,46%

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 credit risk associated with debts of Group clients has the following characteristics:

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 - The credit risk arising from the railway activity is essentially related to the non-compliance by railway operators with their responsibilities. CP – Comboios de Portugal, EPE is the main counterparty as the exclusive passenger operator across the entire network, with the exception of the crossing of the 25 de Abril bridge, which is operated by Fertagus. Thus, despite the credit risk being heavily concentrated on CP, it is mitigated by the legal nature of that entity, since it is 100% owned by the Portuguese State and, as of 2015, by the fact it is an EPR, thus included in the State's fiscal consolidation perimeter.

Commercial Real Estate Management Activity – This is the most relevant segment for this type of risk, being associated with the possibility of non compliance with payment obligations of concessionaires relating to leases and sub concessions of commercial areas belonging to IP Group.

In order to mitigate this risk, the Group follows the following policies, among others:

- provision by clients of credit guarantees, in the form of surety bonds or bank guarantees;
- negotiation of payment plans with debtors showing problems to meet payment deadlines;
- possibility given to this segment clients to pay invoices by ATM (using a reference number provided for the purpose), this procedure having had considerable success; and,
- use of direct debit systems since 2019, thus ensuring the payment of invoices on respective due dates, thus improving the efficacy of the collection system;

Notwithstanding the above, there was an increase in this segment's debt compared to 2020, which is related to the resumption of activity levels as the pandemic wanes off. In this regard, it should be mentioned that the measures to mitigate the impacts of the COVID-19 pandemic carried out in previous years, namely the attribution of billing-related exemptions/reductions ended in September 2021; in the last quarter activity levels have already approached pre-pandemic levels.

Telecommunications Activity – Credit risk in this segment is considered low, as the Group's client portfolio has remained stable over the years. Moreover, the provision of credit guarantees in the form of surety bonds or bank guarantees is current practice.

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

However, the increase in third-party debt compared to 2020 is related to a greater weight of the international business.

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). This balance includes a sum receivable from a former State concessionaire, in the amount of € 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 to other accounts receivable, it is worth mentioning the weight of the Road Service Contribution (RSC), which is collected and given to IP by the Tax Authority (TA) and the debts of Municipalities, which are not considered to have credit risk given their public nature, since it is considered that notwithstanding any delays the probability of recovering them is of 100%.

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 99.8% 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 provides a summary of the credit quality of IP Group's deposits at 31 December 2021 and 31 December 2020:

	2021-12-31		2020-12-31	
	RATING	BALANCES	*RATING*	BALANCES
IGCP(*)	BBB	177.383	BBB	256 180
BANCO BPI	BBB	100	BBB	130
BANCO SANTANDER	A+	61	A	2
BBVA	A	64	A-	33
CGD	(-)	36	(-)	16
BCP	BB	26	BB	69
Novo Banco	(-)	2	(-)	9
		177.671		**256 439**

Note: The ratings used are those awarded by Standard and Poor's.
(*) includes € 164,407 thousand (2020: € 249,760 thousand) of CEDIC applications.

14.4.2. Liquidity risk

This type of risk is measured by the ability to raise financial resources to meet the liabilities with the different economic agents that interact with IP Group, such as suppliers, banks, the capital market, etc. This risk is measured by the liquidity available to the Group to meet the assumed liabilities as well as the capacity to generate cash flow in the course of its business.

IP Group seeks to minimise the likelihood of non-compliance with its commitments through rigorous and planned management of its business. Prudent management of liquidity risk requires the maintenance of an appropriate level of cash and cash equivalents to meet the liabilities assumed. Liquidity risk is considerably low as IP is financed directly by the Portuguese State.

Table below shows the liabilities of IP Group by intervals of contracted maturity. The amounts presented represent non discounted future cash flows as of 31 December 2021 and 31 December 2020.

2021-12-31	LESS THAN 1 YEAR	1 TO 5 YEARS	+ THAN 5 YEARS
Borrowings			
- Repayment of loans	129 345	1 579 386	220 566
- interest on loans	65 840	216 631	30 957
- Repayment of shareholder funding/Shareholder's loans	2 215 578	-	-
- interest on shareholder funding/Shareholder's loans	117 089	-	-
- Surety	3 502	10 216	542
Trade payable and other accounts payable	**1 007 409**	**1 231 484**	**-**
Total	**3 538 763**	**3 037 717**	**252 065**

2020-12-31	LESS THAN 1 YEAR	1 TO 5 YEARS	+ THAN 5 YEARS
Borrowings			
- Repayment of loans	629 288	1 681 855	247 443
- interest on loans	88 098	271 515	41 914
- Repayment of shareholder funding / Shareholder's loans	**2 226 245**	**-**	**-**
- interest on shareholder funding / Shareholder's loans	117 271	-	-
- Surety	3 825	13 479	781
Trade payable and other accounts payable	**972 159**	**1 631 326**	**78**
Total	**4 036 885**	**3 598 175**	**290 216**

14.4.3. 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 to finance its activity.

The main objective of interest rate risk management is to provide protection against interest rate rises, insofar as the companies´ revenues are immune to this variable and, thereby, make a natural hedge infeasible.

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 31 December 2021 the IP Group had not recognised any loan obtained at 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, at 31 December 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	44 334	-36 991
Net effect on results		
	-0,50%	**0,50%**
EUR	-44 334	36 991

14.4.4. Capital risk

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

The key instrument to manage this risk is the funding plan (or financial plan) of the companies; the plan identifies and monitors funding sources; we point out the strengthening of the capital structure promoted by the shareholder through capital increases in cash.

IP was set up with a share capital of € 2,555,835,000 represented by 511,167 shares, with a nominal value of € 5,000 each. As of 31 December 2021, the share capital amounted to € 9,870,180 thousand represented by 1,974,036 shares, with a nominal value of € 5000 each.

In 2021 capital increases amounting to € 1,612,650 thousand (note 16) were made, all as cash, as set out in the table below:

	2021-12-31	2020-12-31
Share capital increases	**1.612.650**	**1.054.150**
Investment	891.129	870.969
Debt Service	721.521	183.181

The financial operation of converting into capital the debt service of State loans allocated to the road segment planned for November in the Budget and Business Plan for 2021-2023 revised in August, amounted to € 2,332.7 million (amortisation of € 2,215.6 million and interest in the amount of € 117.1 million). However, the DGTF approved an additional moratorium, extending due date to 31 May 2022. Deferrals granted in this context are not subject to the payment of interest.

In 2021 IP agreed with the State to settle the debt service on State loans associated with the rail component against expenditure in LDI made on behalf of the Grantor in an equivalent amount. These agreements totalled € 10.9 million (principal: € 10.7 million, and interest: € 0.2 million).

14.5. Changes in liabilities deriving from financing activity

The reconciliation of liabilities whose flows affect financing activities is as follows:

	LOANS	SHAREHOLDER'S LOANS	LEASES
31 December 2020 (1)	**2 577 593**	**2 343 354**	**7 148**
Cash			
Interest	- 88 098	-	- 333
Amortisation (2)	- 629 288	-	- 2 398
Other financial expenses	- 4 101	-	-
Non Cash			
Effective Rate (3)	806	-	-
Specialised interest (4)	- 1 350	- 21	-
Other financial expenses (5)	- 37	-	-
Other changes (6)	- 700	-	572
Amortisation (7)	-	- 10 667	-
31 December 2021 (1) + (2) + (3) + (4) + (5) + (6) +(7)	**1 947 023**	**2 332 667**	**5 322**

	LOANS	SHAREHOLDER'S LOANS	LEASES
31 December 2020 (1)	**2 660 786**	**2 486 561**	**485**
Cash			
Interest	- 87 581	-	- 308
Amortisation (2)	- 89 711	-	- 1 562
Other financial expenses	- 6 835	-	-
Non Cash			
Effective Rate (3)	793	-	-
Specialised interest (4)	- 406	1 550	-
Other financial expenses (5)	- 34	-	-
Other changes (6)	6 166	-	8 224
Amortisation (7)		- 144 757	
31 December 2020 (1) + (2) + (3) + (4) + (5) + (6) + (7)	**2 577 593**	**2 343 354**	**7 148**

15. PROVISIONS

See accounting policy 2.3.14.

The evolution of provisions for other risks and charges as of 31 December 2021 and 31 December 2020 was 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	3 941	4 988	2 016	-	-	26 874	37 820
Reduction/Use	**- 8 929**	**- 994**	**- 7 914**	**- 164**	**- 2 613**	**-**	**- 20 615**
2021-12-31	**34 313**	**19 115**	**47 885**	**957**	**405 789**	**449 251**	**957 310**

PROVISIONS FOR ONGOING LEGAL PROCEEDINGS

GENERAL RISKS:

The provision for general risks stems from the analysis of the Legal Affairs Department and includes:

- Potential liabilities for general litigation proceedings without connection to contracts worth € 33,607 thousand (2020: € 38,620 thousand);
- Lawsuits brought against the Group by the workers of several security companies who had their posts closed due to COVID-19, in the amount of € 29 thousand (2020: € 129 thousand), and;
- A set of lawsuits by workers against the Group, dating back to 2015, resulting from the restructuring that took place in the Group, in the amount of € 677 thousand (2020: € 552 thousand).

LAND EXPROPRIATIONS:

This provision was set up to face potential payments deriving from land expropriation processes currently in litigation. The provision was set up following consultations with external and internal lawyers of the cases conducted by the Legal Department.

It should be noted that, by its nature, the total increases and reductions of this provision are offset by intangible assets.

CONTRACTS:

Provision set up relating to general litigation proceedings arising from road contract works.

It should be noted that, given their nature, the increase and decrease of this provision is recorded against intangible assets.

VAT PROCEEDINGS:

For conservative reasons, and in light of the developments in the VAT proceedings described in Note 12, it was decided in 2010 to set up a provision for the estimated impact of an unfavourable decision to IP Group.

Since the issue giving rise to the dispute between Former-EP and the Tax Authority was the acceptance or not of the RSC as income liable for

VAT, a provision was set up which is equivalent to the amount of VAT deducted by Former-EP and by IP in activities financed by the RSC. It should also be noted that the consideration of this provision was based on the accounting classification of the expense that gave rise to the deductible VAT, i.e. VAT deducted from expenses the year was provisioned against expenses (€ 20,635 thousand) and VAT deducted from the acquisition or construction of assets was provisioned against intangible assets (€ 6,239 thousand).

PROVISIONS FOR OTHER NON LITIGATION SITUATIONS

EMPLOYEE BENEFITS:

The IP Group grants temporary early retirement benefits and retirement and survival pension benefits to its employees.

The complementary retirement and survival pension benefits attributed to the employees constitute a defined benefit plan under which IP pays early retirement pensions to a closed group of employees covered by the plan until such time as they retire under the Caixa Geral de Aposentações system.

This provision refers to liabilities for benefits attributed to an already reduced group of beneficiaries (28) for a limited period of time. It was therefore the Executive Board of Directors' opinion that it was not necessary to have the annual liabilities assessed by a specialised firm, as this could be done internally.

PROVISION FOR DISQUALIFIED ROADS:

Group IP is required to hand over disqualified roads under the National Road Plan to respective municipalities, having set up a provision which reflects the best estimate to fulfil the obligations of renovating disqualified roads still under the company's responsibility. The entering of the transfer protocols with the Municipalities led to the utilisation of this provision in the amount of € 2,613 thousand in 2021.

16. 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.

At 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 2021 the share capital was increased as follows:

MONTHS	(NO. OF SHARES)	AMOUNT
February 2021	78 721	393 605
April 2021	35 123	175 615
June 2021	30 412	152 060
September 2021	29 443	147 215
November 2021	39 951	199 755
December 2021	108 880	544 400
	322 530	**1 612 650**

Totalling € 9,870,180 thousand corresponding to 1,974,036 fully subscribed and paid up shares.

The basic/diluted earnings per share are as follows:

	2021-12-31	2020-12-31
Profit allocated to shareholders (in Euro)	15 891 729	- 57 193 267
Average number of shares in the period	1 781 274	1 518 830
Average number of diluted shares in the period	1 781 274	1 518 830
Basic earnings per share (in Euro)	8,92	-37,66
Diluted earnings per share (in Euro)	8,92	-37,66

The basic and diluted earnings per share is € 8.92 as there are no dilution factors.

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

	(NO. OF SHARES)
February 2021	1 730 227
April 2021	1 765 350
June 2021	1 795 762
September 2021	1 825 205
November 2021	1 865 156
December 2021	1 974 036
Average number of outstanding shares	**1 781 274**

ii) RESERVES

Reserves are made up as follows:

	2021-12-31	2020-12-31
Legal reserve	279 709	279 709
Other changes	- 95	- 95
Donations	4	4
	279 618	**279 618**

Commercial legislation establishes that at least 5% of the annual net profit is allocated to increase the legal reserve until it represents at least 20% of the share capital. This reserve is not distributed unless the Group is liquidated, but it can be used to absorb losses after the other reserves are exhausted, or incorporated into capital.

17. SALES AND SERVICES

See accounting policy 2.3.15.

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, sales and services are detailed as follows:

	NOTES	2021	2020
Road Service Contribution	27.2	636 392	584 089
Tolls		264 225	278 835
Use of slots (fees)		66 377	61 991
Construction contracts		56 370	49 585
Construction of new infrastructures	7,19	28 457	36 513
Capitalized financial expenses	19	10 959	13 071
Subconcessionned network - construction (reviion of estimates)	7	16 953	-
Other		42 424	43 234
State Grantor - Revenue LDI	27.2	36 036	33 708
		1 101 825	**1 051 442**

The unit values of the Road Service Contribution (fee paid by users for use of the road network) for 2021 remained in line with those established for the 2020 financial year, at € 87/1,000 litres for petrol, €111/1,000 litres for road diesel and €63/1,000 litres for LPG vehicles.

Despite the clear recovery compared to 2020 (+9%), the amount of RSC still suffered some impact from the 3rd wave of COVID-19 at the beginning of 2021, which led to the adoption of strong containment measures with a significant impact on road traffic and consequently lower fuel consumption.

Regarding tolls, the decrease compared to the same period last year (-€ 14.million) was mainly due to the impact of COVID-19 (occurrence of new vacancies with the introduction of successive states of national emergency, with relevant impacts on the movement of people and goods during the first semester) and from 1 July 2021, notwithstanding the recovery of traffic volume to 2019 levels, it is worth noting the entry into force of the new reduction regime in ex-SCUT Concessions, which prevented revenue from following the volume trend.

The largest slice of income from tolls derives from the use of the State Concessions network, where the Group holds the revenue from toll collection fees, reaching € 208 million.

The use of slots (fees) item refers mainly to income from the Infrastructure User Fees (UF). The most important are: in terms of volume of Passengers (€ 58.7 million) and Freight (€ 7.3 million), which recorded an increase respectively, 7.4% and 6.1% respectively.

Construction contracts reflect the Group's income from its NRN construction activity as established in the Concession Contract. This includes all the IP Group's construction activities by direct contracting or sub-concession.

The values corresponding to the construction of New Infrastructures are the direct management of the Group and are calculated on the basis of the monitoring process for the monthly works and reflecting the physical evolution of the works in progress, plus costs directly attributable to the preparation of the asset for its intended use.

The construction of the Sub-Concessioned Network is determined based on the construction values contracted for each sub-concession and the percentage of completion reported to IP by each sub-concessionaire. It reflects, therefore, the physical evolution of the works and is independent from the billing flow. This year, taking into account the new contract signed with the Baixo Tejo sub-concessionaire, on July 29, 2021, which reflects the non-construction of some sections provided for in the initial contract, it became necessary to review the value of the construction estimate of this sub-concession - this amount is shown under heading Sub-concessioned Network - Construction (Revision of estimates).

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

Caption "Others" comprises revenue in the amount of € 25.4 million (2020: € 24.1 million) relating to segments: Telecommunications; Management of property and commercial areas; and, Engineering and Transport Services, as described in Note 4.

The heading State Grantor – LDI Revenue, corresponds to the repayment of expenses incurred with Long-Term Infrastructure to the Grantor, namely, materials and labour for Investment and the respective structural expenses, under the terms of IFRIC12.

This year in review has already seen a recovery from the impacts of the pandemic, including:

Increase in Rendered Services, with a direct impact on results, of approx. +€ 65 million compared to December 2020, relating to RSC (+€ 52 million), IP Road Tolls (+€ 6 million), Railway Tariff (+€ 4 million) and grantor LDI-Railway revenue (+€ 2 million), and € 1 million in miscellaneous items.

Additionally, there was also a reduction in revenue from tolls from State Concessions (-€ 21 million - see note 19), as well as an increase in revenue from road construction contracts (+€ 8 million), but whose effects are offset against the cost of goods sold and materials consumed and toll charges in external supplies and services.

18. COMPENSATORY ALLOWANCES

See accounting policy 2.3.13.

In compliance with Decree-Law 217/2015 of 7 October, which transposed into Portuguese law Directive 2012/34/EU of the European Parliament and of the Council of 21 November 2012 and through Council of Ministers Resolution 10-A/2016 of 11 March, on 11 March 2016 (with retroactive effect to 1 January 2016), IP and the Portuguese State entered into a Framework Contract, which establishes the terms and conditions of the fulfilment by IP of its public service obligations concerning the management of the National Railway Network Infrastructure, including the compensatory allowances payable by the State during the 2016-2020 period.

The granting of financial compensation by the State is sustained by IP's activity of provision of services in the public interest, which, by nature, is different from business activities which the Company would develop if it took into consideration its business interests, and which is aimed to ensure the coverage of specific costs resulting from its obligations of public service.

As it was not possible to complete the negotiations of the new Framework Contract, the ongoing contract was extended to 2021 through 2 amendments, specifically Council of Ministers Resolution 117/2020 relating to the 1st semester and Council of Ministers Resolution no. 104/2021 relating to the 2nd semester, on a twelfths basis in relation to what the 2016-2020 Framework Contract had set for 2020.

In view of the above, the value allocated in 2021, within the scope of the amendments to the Program Contract, was € 55,055 thousand (note 27.2).

At 31 December 2021, the payment of € 719 thousand relating to 2017 and € 3,302 thousand relating to 2019 (plus VAT) is outstanding.

19. COST OF GOODS SOLD AND MATERIALS CONSUMED

See accounting policy 2.3.12.

From 1 January 2021 to 31 December 2021 and in the same period of 2020, the detail of this item is as follows:

	NOTES	2021	2020
Capitalization Concession Tolls		192 739	213 782
Construction of new infrastructures	7, 17	28 457	36 513
Railway equipment	11.1	20 992	23 796
Subconcessioned network – Revision of estimate	17	16 953	-
Telecommunications material	11.3	160	283
		259 301	**274 374**

As mentioned in note 2.3.15 (revenue) the amounts received by IP Group from tolls on government concessions (net of collection costs) are deducted from the investment of the IP Group in the acquisition of rights over that same concessioned network. This deduction is offset in this item. The change in this item results from the drop in toll revenues from State concessions (€ 21 million - note 17) net of toll collection costs.

The amounts corresponding to the construction of New Road Infrastructures concern construction activities under the direct management of the IP Group and are calculated based on monthly monitoring reports stating the state of progress of the works (Note 7).

The change seen in the current year is essentially explained by the construction, in 2020, of the IP5 section that connects Vilar Formoso to the Spanish border(€ 8,360 thousand)

Expenses with railway materials concern mainly various types of materials included in the maintenance of railway infrastructures.

The new contract signed with the Baixo Tejo sub-concessionaire, on July 29, 2021, which reflects the non-construction of some sections provided for in the initial contract, justified the need to review the value of the construction estimate of this sub-concession - this amount is shown under heading Sub-concessioned Network– Revision of of estimates..

Telecommunications material are intended for use deriving from the rendering of telecommunications services.

20. EXTERNAL SUPPLIES AND SERVICES

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, external supplies and services are detailed as follows:

	2021	2020
Railway maintenance	71 152	70 872
Current Maintenance and Road Safety	63 834	57 975
Regular road maintenance	55 665	55 665
Operation and Maintenance Sub-concessions	42 360	40 846
Toll collection costs	18 904	19 036
Electricity	14 893	15 389
Collection costs RSC	12 728	11 682
Surveillance and Safety	7 598	7 487
Cleaning, Hygiene and comfort	6 422	4 941
Specialised works	4 441	3 966
Maintenance and repair	4 219	4 307
Software licences	3 829	3 021
Fuel	2 107	1 715
Insurance	1 765	966
Water consumption	1 003	925
Other	4 977	7 059
	315 899	**305 850**

The costs of railway maintenance relate essentially to the outsourcing of maintenance services:

i) track - € 32,760 thousand (€ 32,641 thousand in 2020),

ii) signalling - € 11,409 thousand (€ 14,430 thousand in 2020),

Iii) Railway telematics - € 4,313 thousand (€ 4,128 thousand in 2020),

ii) Deforestation - the amount of € 5,519 thousand (€ 7,407 thousand in 2020),

v) catenary totalling € 5,342 thousand (€ 5,407 thousand in 2020).

The Regular Maintenance and Road Safety item contains the year´s expenditure on current maintenance of roads and engineering structures and road safety.

Regular Road Maintenance corresponds to the recognition of the increase in the responsibility of IP Group with the costs needed to maintain the service level of the routes and road engineering structures which is imposed on it by the Concession Contract. This figure does not correspond to a need for investment in conservation in the period but rather the estimated average annual expenses needed to maintain the service level of the network.

Operating costs and maintenance of sub-concessions result from the accounting recognition of the operation and maintenance carried out by sub-concessionaires under the sub-concession contracts in force.

The expenses for collecting the RSC correspond to 2% of the RSC withheld by the Tax Authority for provision of the service of calculation and collection of the RSC (note 27.2).

21. PERSONNEL EXPENSES

See accounting policy 2.3.16.

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, personnel expenses are detailed as follows:

	2021	2020
Wages	110 275	106 764
Wage expenses	24 959	24 173
Other Personnel Expenses	3 641	4 036
Occupational accidents insurance	1 029	1 344
Social security expenses	571	628
Remuneration of members of governing bodies	681	676
	141 156	**137 620**

In 2021, IP personnel costs (€ 141.2 million) increased by approx. € 3.5 million compared to 2021 (+2.6%), when such costs stood at € 137.6 million.

The Group's average workforce in 2021 increased to 3,656 workers (2020: 3,582).

Wages and staff related expenses increased € 4.3 million (+2.7%), following the application of the Collective Bargaining Agreement, translating in wage rises as provided in the Career System and cash payments associated with the different work formats.

22. IMPAIRMENTS (LOSSES)/REVERSALS

See accounting policy 2.3.17.

The evolution of impairment for the years ended at 31 December 2021 and 31 December 2020 is as follows:

	INVESTMENT PROPERTY	INVENTORIES	GRANTOR	TRADE RECEIVABLES	OTHER ACCOUNTS RECEIVABLE	TOTAL
NOTES	9	11	12.2.1	14.2.2	14.2.3	
Balance as at 31 December 2019	**1 475**	**3 728**	**305 200**	**2 925**	**6 620**	**319 948**
Increase/(Reversal)	-	721	-	793	2 757	4 272
Used	-	-	-	- 630	- 152	- 782
Balance as at 31 December 2020	**1 475**	**4 449**	**305 200**	**3 088**	**9 226**	**323 438**
Increase/(Reversal)	- 117	- 1 372	-	240	1 689	440
Transfers of PI's	-	9	-	-	-	9
Used	**-**	**- 317**	**-**	**- 90**	**- 34**	**- 441**
Balance as at 31 December 2021	**1 358**	**2 769**	**305 200**	**3 239**	**10 880**	**323 446**

Reversal in inventories during the year resulted mainly from:

- Settlement of virtual deposits related to raw, subsidiary and consumable materials (note 11.1) in the amount of approximately € 720 thousand (materials allocated to the railway segment), and;
- Evaluation of land and dwellings intended for housing and commerce in Sines, in the amount of approximately € 650 thousand (note 11.2), allocated to the Commercial Spaces Management segment.

23. OTHER INCOME AND GAINS

Other income and gains from 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020 are broken down as follows:

	NOTES	2021	2020
Allocation of investment grants	13.2.1	61 452	58 548
Income from concession fees	13.2	8 854	8 854
Gains on inventories		4 496	296
Concessions for use and licences		3 381	4 078
Gains on the sale of waste/used materials		1 564	3 168
Accidents		1 479	2 391
Other		8 513	17 184
		89 739	**94 519**

Income is recorded in Allocation of Grants to non refundable investments according to the period of the Road Concession.

The item Concession Signature Fees refers to the amount recognised in 2021 of the Fee assigned when signing the Grande Lisboa and Douro Litoral Concessions.

Item gains on inventories must be verified together with item for losses in the amount of € 5,486 thousand and with the reversal of the impairment of inventories (€720 thousand) [notes 11.1, 22 and 24] resulting from an internal audit process, which aimed to settle a set of virtual deposits that mediated the period of attribution of materials to the works and their application.

The Concessions and Licences item comprises € 1,269 thousand (2020: € 1,894 thousand) relating to the concession of plots of land at the Bobadela terminal, € 420 thousand (2020: € 407 thousand), relating to the transfer of the use of the Colina complex to Fertagus, € 398 thousand (2020: € 386 thousand), relating to the use of of land and buildings, and € 134 thousand (2020: € 134 thousand) relating to Investment Properties (Note 9).

The most relevant amount comprised in Gains on the sale of waste/used materials relates to the sale of ferrous waste in the amount € 1,365 thousand (2020: € 3,096 thousand).

The Accidents item corresponds to the revenue resulting from the reimbursement of damages caused on the National Road Network.

The change recorded in Item "Others" concerns mainly the settlement in 2020 of accrued expenses relating to the Railway Infrastructure Regulatory Rate (TRIF) from 2013 to 2018 in the amount of € 9,523 thousand.

24. OTHER EXPENSES AND LOSSES

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, other expenses and losses are detailed as follows:

	2021	2020
Losses on inventories	5 486	287
Other indemnities	2 023	851
Road and Rail Activity Regulatory Fees	1 441	4 336
Indirect and other taxes	984	740
Donations and contributions	649	761
Compensation for material damages	401	379
Other	389	2 472
Compensatory interest	**109**	**379**
Other expenses and losses	**11 482**	**10 205**

Other indemnities result from court proceedings whose outcome proved to be unfavourable to the Group

The amount recorded under the Road Activity Regulation Fees relates to the Road Infrastructure Regulation Fee, which is due to the AMT – Autoridade da Mobilidade e dos Transportes, I.P (note 27.2).

The change in this item is explained by the discontinuity of registration of the regulation fee for the railway related activity.

25. FINANCIAL LOSSES AND GAINS

See accounting policy 2.3.10.

From 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020, financial losses and gains are detailed as follows:

	NOTES	2021	2020
Financial losses		**280 268**	**305 409**
Interest paid:			
Loans		86 909	92 784
Sub-concessions		184 399	205 139
Leases		332	311
Other interest paid		20	2
Other financial losses		8 607	7 173
Financial gains		**59 679**	**60 573**
Interest earned			
Other interest earned		3	2
Interest earned - State Grantor	14.2.1	59 676	60 571
Financial results		**- 220 589**	**- 244 835**

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.

Expenses with the financial revision of debts to sub-concessionaires for the works/services provided are recorded in the interest paid by Sub-concessions, which will be billed in the future, in accordance with the terms stipulated in the respective Sub-concession contracts. This amount is the result of the Group's liability to the sub-concessionaires for the road construction and operation and maintenance services already provided but not yet paid, in the amount of € 1,826 million (Note 14.3.4, indirect management debt), which bears interest in accounts at rates between 5% and 11%.

The improvement compared to 2020 is essentially due to the decrease in financial charges allocated to the High-Performance segment through the reduction of debt to Sub-concessionaires, decrease in interest allocated to road loans and the net effect between the interest paid and those attributed to the railway grantor.

The maintenance of the debt stock refinancing policy through capital increase operations has repercussions on the interest obtained from the State grantor, which registers a decrease.

The increase in other financial losses is due to the increase in expenses with bank guarantees provided within the scope of the VAT proceedings with the TA (note 12).

Interest charged to the Grantor (Note 14.2.1 is calculated based on the same financing terms as investing in long-duration infrastructure.

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.

26. INCOME TAX

See accounting policy 2.3.10.

The breakdown of the tax amount for the year recognised in the Consolidated Comprehensive Income Statement at 31 December 2021 and 2020 is as follows:

Current income tax		- 39 089	- 28 392
Deferred income tax	10	25 946	7 496
		- 13 143	**- 20 896**

The tax rate adopted in determining the tax amount for the year in the 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%
Income tax	**31,25%**	**31,25%**
Taxable temporary differences (2)	22,58%	25,58%
Deductible temporary differences (2)	31,22%	31,21%

(1) 3% on taxable income between € 1.5 million and € 7.5 million / 5% son 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		29 035		- 36 297
Corporate Income Tax - Group's average rate	31,25	9 073	31,25	- 11 343
State surcharge - Amount to be deducted / added	-6,83	- 1 983	4,50	- 1 632
Tax losses and RETGS benefits	-1,27	- 368	0,00	-
Corrections of previous years estimates	1,89	550	-0,94	342
Deductible permanent differences	-1,65	- 480	0,34	- 125
Permanent taxable differences	19,67	5 710	-91,26	33 126
Temporary differences - Other	-	-	0,16	- 57
Autonomous taxation	2,21	641	-1,61	586
Effective Corporate Income Tax - See consolidated comprehensive income statement	**45,27**	**13 143**	**-57,57**	**20 896**

In both years, the change between the effective rate and the nominal rate is mainly explained by the impact of the non-acceptance of net financing expenses at tax level, which in 2021 amounted to €3,951 thousand against € 30,520 thousand in 2020.

In 2020, considering the figures from the Activity Plan and Budget for 2021-2023, it was unlikely that the Group could recover from a tax point of view, the accrued amounts with borrowing costs. In 2021, in view of the Activities and Budget Plan foreseen for the period 2022-2024, the recovery of part of these expenses became foreseeable, mainly due to the expected positive evolution of the financial results in view of the decreasing level of future financial expenses associated with the sub-concessions.

The amounts of net financing costs accrued in previous periods, respective expiry periods and expected recovery amounts are presented below.

ACCRUED YEAR	LAST YEAR OF DEDUCTION	ACCRUED AMOUNTS	AMOUNTS TO DEDUCT
2017	2022	28 316	-
2018	2023	23 245	-
2019	2024	40 985	4 013
2020	2025	97 664	13 909
2021	2026	55 785	25 220
		190 210	**43 142**

27. RELATED ENTITIES

See accounting policy 2.3.18.

27.1. Summary of related parties

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

	RELATIONSHIP	% HOLDING (2021)	% HOLDING (2020)
Associate companies			
CCF (Centro de Competências Ferroviário)	Significant influence	31,6000%	-
Joint operations			
AVEP	-	50,0000%	50,0000%
AEIE, CFM4	-	25,0000%	25,0000%
Other related entities			
AMT	Regulatory entity	-	-
Portuguese State	Shareholder / Grantor	-	-
CP	Control relationship - State (Railway operator)	-	-
Members of governing bodies			

27.2. Significant balances and transactions with public entities

IP 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 and transactions between IP Group and the State and the public bodies in the financial years ending on 31 December 2021 and 31 December 2020:

2021-12-31		NOTE	ASSETS		LIABILITIES		INVESTMENT	INCOME	EXPENSES
NATURE	BOOK ITEM		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT			
Rail operator fee	Clients/Suppliers						321	61 339	3 500
Rail operator fee	Other accounts receivable / payable	14.2.3	1 462	-	851	-	-	-	-
Compensatory Allowances	Compensatory Allowances	18	-	-	-	-	-	55 055	-
Grantor - State - Account Receivable	Grantor - State - Account Receivable	14.2.1	4 136 506	-	-	-	-	-	-
State Grantor - Revenue LDI	Rendered services	17	-	-	-	-	-	36 036	-
Grantor	Interest earned - State Grantor	25	-	-	-	-	-	59 676	-
TRIR/F	Other income and gains / Other expenses and losses	24	-	-	-	-	-	-	1 441
RSC	Rendered services	17	-	-	-	-	-	636 392	-
RSC	Other accounts receivable - accruals	14.2.3	78 690	-	-	-	-	-	-
RSC - collection costs	External supplies and services	20	-	-	-	-	-	-	12 728
RSC	Other accounts payable - accruals		-	-	1 574	-	-	-	-
Shareholder's loans	Shareholder funding / loans	14.3.2	-	-	2 332 667	-	-	-	-
Shareholder's loans - Interest	Interest paid - loans		-	-	-	-	-	-	162
			4 247 812	**0**	**2 335 108**	**0**	**321**	**848 498**	**17 830**

2020-12-31		NOTE	ASSETS		LIABILITIES		INVESTMENT	INCOME	EXPENSES
NATURE	BOOK ITEM		CURRENT	NON-CURRENT	CURRENT	NON-CURRENT			
Rail operator fee	Clients/Suppliers	14.2.2/14.3.3	10 668	-	158	-	456	59 702	5.110
Rail operator fee	Other accounts receivable / payable	14.2.3/14.3.4	3 191	-	2 940	-	-	-	-
Compensatory Allowances	Compensatory Allowances	18	-	-		-	-	55 055	-
Grantor .- State - Account Receiva-ble	Grantor - State - Account Receivable	14.2.1	3 914 516	-	-	-	-	-	-
State Grantor - Revenue LDI	Rendered services	17	-	-	-	-	-	33 708	-
Grantor	Interest earned - State Grantor	25	-	-	-	-	-	60 571	-
TRIR/F	Other income and gains / Other expenses and losses	23/24	-	-	-	-	-	9 523	4 336
RSC	Rendered services	17	-	-	-	-	-	584 089	-
RSC	Other accounts receivable - accruals	14.2.3	74 733	-	-	-	-	-	-
RSC - collection costs	External supplies and services	20	-	-	-	-	-	-	11 682
RSC	Other accounts payable - accruals		-	-	1 495	-	-	-	-
Shareholder's loans	Shareholder funding / loans	14.3.2	-	-	2 343 354	-	-	-	-
Shareholder's loans - Interest	Interest paid - loans		-	-	-	-	-	-	4 084
			4 003 107	**0**	**2 347 949**	**0**	**456**	**802 648**	**25 211**

27.3. Balances and transactions with other related entities

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

	NOTES	2021-12-31	2020-12-31
BALANCES RECEIVABLE			
Current			
Trade receivables	14.2.2	31 153	10 668
Other accounts receivable	14.2.3	1 462	3 191
Accounts receivable for accrued income		1 462	3 191
		32 616	**13 859**
BALANCES PAYABLE			
Current			
Suppliers	14.3.3	16	158
Other accounts payable	14.3.4	851	2 940
Creditors for accruals		851	2 940
		867	**3 098**

Transactions with railway operators in the periods from 1 January 2021 to 31 December 2021 and 1 January 2020 to 31 December 2020 are as follows:

	2021	2020
Investment	321	456
	321	**456**
Rendered services	60 995	59 279
Other income	344	422
	61 339	**59 702**
Supplies and services	2 514	3 691
Personnel expenses	849	1 048
Other expenses	137	371
	3 500	**5 110**

Investments essentially concern temporary suspensions of rail traffic as part of the Valadares-Gaia Superstructure Renovation projects to the CP/IP Agreement for the Caíde-Marco de Canaveses section of the Douro line as well as for RIV-Pampilhosa-Mortágua section;

Services concern the use of railway infrastructure, the sub-concession of space (rooms), data transmission of the national network, cloud solution services and fixed and mobile communications;

Supplies and services include the supply of electricity and the provision of services related to the Socorro Train under the CP/IP Protocol;

The amount shown in personnel expenses relates to the transport concessions invoiced pursuant to the "Use of CP transport by former REFER workers and beneficiaries" agreement;

Caption other income mainly refers to the re-invoicing of utilities in concessioned areas

27.4. Joint operations

The following are the impacts of jointly controlled ventures on IP Group's Financial Statements at 31 December 2021 and 31 December 2020:

	31-12-2021	31-12-2020
Assets	952	1 024
Liabilities	83	165
	2021	2020
Rendered services	127	480
Profit/(Loss) for the period/year	10	268

27.5. Balances and transactions with Associate Companies

In the current year, the equity holding in CFF, in the amount of € 2 million was recorded (note 6).

27.6. Remuneration of corporate officers

BOARD OF THE GENERAL MEETING

Chairman: (*)

Vice-Chairman: PAULO MIGUEL GARCÊS VENTURA

Secretary: MARIA ISABEL LOURO CARLA ALCOBIA

(*) The former Chairman of the Board of the General Meeting resigned on 24 January 2020, and was not yet replaced.

The members of the Board of the General Meeting were elected for the three-year period 2018-2020 and hold their respective positions without remuneration.

EXECUTIVE BOARD OF DIRECTORS

Chairman: ANTÓNIO CARLOS LARANJO DA SILVA

Vice-Chairman: JOSÉ SATURNINO SUL SERRANO GORDO E CARLOS ALBERTO JOÃO FERNANDES

Members: ALBERTO MANUEL DE ALMEIDA DIOGO, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA E 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.

The 5% reduction provided for in article 12 of Law 12-A/2010 of 30 June was applied to the calculated gross amounts.

IP did not pay any variable performance bonus to its managers.

António Carlos Laranjo da Silva resigned as Chairman of the Executive Board of Directors with effect from 31 December 2021.

The annual remuneration of the members is as follows:

	2021		2020	
	REMUNERATION	EMPLOYER´S WELFARE CONTRIBUTIONS	REMUNERATION	EMPLOYER´S WELFARE CONTRIBUTIONS
António Carlos Laranjo da Silva	103 888	24 274	103 990	24 274
Carlos Alberto João Fernandes	93 724	21 847	93 672	21 847
José Saturnino Sul Serrano Gordo	93 660	21 847	93 702	21 847
Alberto Manuel de Almeida Diogo	83 492	19 420	83 516	19 420
Vanda Cristina Loureiro Soares Nogueira	83 447	19 420	83 449	19 420
Alexandra Sofia Vieira Nogueira Barbosa	83 492	19 420	83 422	19 420
	541 702	**126 227**	**541 752**	**126 227**

Figures in Euro.

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.

Members of the General and Supervisory Board identified below perform their duties in this Board without receiving any remuneration (at their specific request):

- 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, following retirement, since July 2017.

In accordance with article 391 (4) of the Companies Code, approved by Decree Law 262/86, of 2 September, by reference to article 435 (2) of the same Code, the members of the General and Supervisory Board will remain in office until such time as they are replaced. Since no new members were elected when members of remaining corporate bodies were elected, the members of the General and Supervisory Board did not change.

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.

	2021	2020
Vítor Almeida & Associados, SROC, Lda.	35 773	35 773

28. 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 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 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 this change.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE AS OF OR FOLLOWING 01 JANUARY 2022

IFRS 17: Insurance Contracts (Commission Regulation 2021/2036 of 19 November 2021)

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.

The amendments are effective from 1 January 2023.

No materially relevant impacts are expected to arise from this standard.

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 property, plant and equipment amounts received from the sale of 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 this revision.

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 materially relevant impacts are expected to arise from this revision.

Amendments to IAS 1 and to IAS 8 (Commission Regulation 2022/357 of 02 March 2022)

The changes to IAS 1 require entities to disclose their material accounting policy information instead of its significant accounting policies.

The changes to IAS 8 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 to financial years from beginning on or after 1 January 2023. Early adoption is permitted.

No materially relevant impacts are expected to arise from this revision.

(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 11sep14)

This amendment clarifies the accounting treatment for transactions when a parent company loses control in a subsidiary by selling all or part of its interest in that subsidiary to an associate or joint venture accounted for using 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 materially relevant impacts are expected to arise from this change.

IFRS 14: Regulatory Deferral Accounts (issued by IASB on 30Jan14)

This standard allows first-time adopters of IFRS to continue to recognise regulatory assets and liabilities in accordance with the policy followed under the previous regulation. However, to allow comparability with entities that already adopt IFRS and do not recognise regulatory assets/liabilities, these amounts must be disclosed in the Financial Statements separately Applicable to financial years from 1 January 2016; the European Commission decided not to start the endorsement process of this transitory standard and wait for IASB to issue the final standard.

No materially relevant impacts are expected to arise from this standard.

Amendments to IAS 1 – Presentation of Financial Statements (issued by IASB on 23Jan20 and revised in 15July20)

These amendments to IAS 1 – Presentation of Financial Statements clarify the requirements for classifying liabilities as current or non-current. These amendments, in nature, are intended to be only a reduction in scope, clarifying the requirements of IAS 1, and not a modification of 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 our future analysis.

Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a single transaction (issued by IASB on 07 May 2021)

IAS 12 grants an exemption to entities from recognising deferred taxes when they result from the initial recognition of assets and liabilities. However, there was some uncertainty as to whether that exemption would apply to transactions such as lease contracts and decommissioning obligations where entities recognise both an asset and a liability simultaneously. This amendment clarifies that the exemption from initial recognition does not apply to those transactions that result in equal amounts of taxable and deductible differences that result from initial recognition and, therefore, entities must recognise the deferred tax associated with 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 our future analysis.

Amendments to IFRS 17: Initial application of IFRS 17 and IFRS 9 - Comparative information (issued by the IASB on December 9, 2021)

IFRS 17 and IFRS 9 have different transition requirements. For some insurers, these differences may cause accounting mismatches between financial assets and liabilities of insurance contracts in the comparative information that is presented in their financial statements when IFRS 9 and IFRS 17 are applied for the first time. This amendment, through the introduction of an option for the presentation of comparative information about financial assets, helps insurers to avoid these temporary accounting mismatches and, thus, increase the usefulness of comparative information for investors. Applicable to annual annual reporting periods beginning on or after 1 January 2023, subject to the endorsement by the European Union.

No impacts are expected to arise from this change.

29. GUARANTEES AND SURETIES

The liabilities for bank guarantees as of 31 December 2021 totalled € 982.5 million (2020: € 639 million), as follows:

- Guarantees in the amount of € 977 million (2020: € 633.4 million) provided in favour of the Tax Authority arising from the VAT procedure (note 12);
- Guarantees in the amount of € 5.5 million (2020: € 5.6 million) provided to courts as part of litigation proceedings.

30. CONTINGENCIES

See accounting policy 2.3.14.

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, based on the information of its tax consultants, considers that any tax contingencies should not have a significant effect on the Consolidated Financial Statements at 31 December 2021, taking into account the provisions set up and expectations that existed on that date, including the situation of the legal appeals relating to the Vat proceedings described in Note 12 and paragraph below.

VAT PROCEEDINGS

As of the date of its financial statements IP Group discloses the following VAT proceedings:

- The final decision was issued by the Tax Authority relative to the VAT correction of 2006, involving the amount of € 2,816 thousand in accordance with note 14.2.3. It was partially accepted by the Tax Authority, though IP Património appealed against the decision, based on a tax expert opinion. 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 14.2.3), plus any interest on late payment and compensatory interest, must be recognised as an 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 at 31 December 2021, the pending lawsuits relating to railway expropriations totalled € 19,849 thousand (2020: € 12,996 thousand). This amount is not reflected in the Consolidated Statement of Financial Position. In these cases, but only when figures are established by the court, 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.

GRANTS

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.

31. COMMITMENTS

The IP Group´s commitments are primarily the responsibility of its obligation to meet the commitments made in the Road Sub-concession Contracts and the substitution of the State in its payments and receipts of 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	2030
Gross expenses	1 452	1 296	1 203	1 084	954	857	774	684	566
Revenues	- 376	- 374	- 410	- 685	- 559	- 570	- 570	- 576	- 434
Net expenses	**1 076**	**922**	**793**	**399**	**395**	**286**	**204**	**107**	**132**

CONCESSIONS AND SUB-CONCESSIONS EXPENSES (€M)	2031	2032	2033	2034	2035	2036	2037	2038	2039
Gross expenses	503	353	280	269	215	146	124	143	32
Revenues	- 324	- 261	- 228	- 231	- 236	- 184	- 155	- 166	- 23
Net expenses	**179**	**92**	**53**	**38**	**- 20**	**- 38**	**- 31**	**- 24**	**9**

CONCESSIONS AND SUB-CONCESSIONS EXPENSES (€M)	2040	2041	2042
Gross expenses	10	-	-
Revenues	- 8	-	-
Net expenses	**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".

32. 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:

Following consultation with the National Statistical Institute (INE), it is considered that all IP Group accounting items (parent company of the IP Group) have a direct impact on the national accounts All flows between IP and units outside the General Government perimeter shall have a direct impact on general government aggregates (deficit and/or debt), such impact and the magnitude thereof depending on the operations in question. By way of example, when IP earns interest from financial applications outside the public administration perimeter, it contributes positively to the balance of public administrations. When IP pays for services provided by entities outside the public administration perimeter, it is increasing public expenditure, and consequently the deficit; if IP borrows 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. iPublic accounts:

Financial reporting on a public accounts basis uses the so-called cash basis where financial flows - payments and receipts - are registered

IP is included in the Reclassified Public Entities on an equal standing with the Autonomous Services and Funds, thus becoming integrated in the State Budget universe.

c) Adoption of NCP 26

With regard to the presentation of Budget Statements in accordance with NCP26, the technical conditions for their preparation by IP have not yet been met, so, as provided for in point 7 of Resolution No. 2/2021 of the Court of Auditors, this Court exempted IP from the presenting these budget statements.

d) 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).

FORWARD-LOOKING INFORMATION

Table I refers to Forward-Looking Information derived from the financial flows to IP Group as at 31 December 2021 taking into consideration the commitments already made by the Group Note that compliance with the PRN 2000 requires making investments during the period of IP Group's Road Concession Contract, the financial inflows and outflows of which are not taken into account in the following table. The figures already include the estimate of the impacts of the ongoing renegotiation of the Sub-concession contracts. Annual net income, annual borrowing needs, dividends payable and income tax (IRC) were all forecast).

FORWARD-LOOKING INFOR-MATION								
Figures at current prices €th	**2022**	**2023**	**2024**	**2025**		**2035**	**...**	**2045**
Net Income	63 489	95 451	105 975	94 206	...	538 747	...	1 721 443
Annual borrowing requirements	1 429 474	1 392 433	968 595	1 008 337	...	--	...	--
Dividends payable [(a)]	--	--	--	--	...	--	...	1 659 870
Corporate Income tax (IRC) [(b)]	(37 045)	(47 980)	(52 157)	(47 766)	...	(221 754)	...	(678 264)
Financial flows with the State [(c)]	637 328	669 479	674 630	689 195	...	500 189	...	(1 458 088)

FORWARD-LOOKING INFOR-MATION							
Figures at current prices €th	**2055**		**2065**		**2075**		**2082**
Net Income	2 437 750	...	3 426 850	...	4 688 841	...	5 770 740
Annual borrowing requirements	--	...	--	...	--	...	--
Dividends payable [(a)]	2 351 752	...	3 316 879	...	4 549 049	...	5 604 604
Corporate Income tax (IRC) [(b)]	(956 604)	...	(1 336 213)	...	(1 815 578)	...	(2 228 233)
Financial flows with the State [(c)]	(2 235 585)	...	(3 345 391)	...	(4 770 547)	...	(6 001 740)

[(a)] For these activities only, and since the equity restriction exercise was not carried out, it is assumed that the cash flow available following repayment of debt may be distributed as dividends, though not for a higher amount than the year's net income.
[(b)] For these activities only and from a cash flow standpoint
[(c)] From IP's standpoint. Includes outflows: CIT, Concession Rent and Dividends; and inflows ISP (oil tax) reduction (through creation of the RSC), from a cash flow standpoint

FORWARD-LOOKING INFORMATION							
Figures at current prices. €th	**2022**	**2023**	**2024**	**2025**	**...**	**2035**	**...**
Net Income	61 324	90 389	98 387	85 745	...	402 269	...
Annual borrowing requirements	1 380 734	1 318 585	899 240	917 781	...	-	...
Dividends payable [(a)]	-	-	-	-	...	-	...
Corporate Income tax [(b)]	(35 782)	(45 435)	(48 422)	(43 477)	...	(165 578)	...
Financial flows with the State [(c)]	615 598	633 973	626 324	627 300	...	373 479	...

FORWARD-LOOKING INFORMATION									
Figures at current prices. €th	**2045**	**...**	**2055**	**...**	**2065**	**...**	**2075**	**...**	**2082**
Net Income	1 054 442	...	1 224 947	...	1 412 608	...	1 585 587	...	1 698 850
Annual borrowing requirements	-	...	-	...	-	...	-	...	-
Dividends payable [(a)]	1 016 726	...	1 181 734	...	1 367 276	...	1 538 315	...	1 649 941
Corporate Income tax [(b)]	(415 459)	...	(480 685)	...	(550 810)	...	(613 959)	...	(655 970)
Financial flows with the State [(c)]	(893 128)	...	(1 123 361)	...	(1 379 029)	...	(1 613 217)	...	(1 766 854)

[(a)] For these activities only, and since the equity restriction exercise was not carried out, it is assumed that the cash flow available following repayment of debt may be distributed as dividends, though not for a higher amount than the year's net income.
[(b)] For these activities only and from a cash flow standpoint.
[(c)] From IP's standpoint. Includes outflows: CIT, Concession Rent and Dividends; and inflows ISP (oil tax) reduction (through creation of the RSC), from a cash flow standpoint.

33. OTHER RELEVANT FACTS

COMPENSATIONS, RESERVATION OF RIGHTS, REQUESTS FOR REINSTATEMENT OF FINANCIAL BALANCE (RFB) AND CHALLENGING OF FINES IN THE SUB-CONCESSIONS AND SERVICE PROVISION 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:

SUB-CONCESSION	TYPE OF REQUEST MADE	FACT GENERATING REQUEST	STOCK OF THE SITUATION
Auto-Estrada Trans-montana (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.
Auto-Estrada Trans-montana (AEXXI)	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	IP did not pay the remuneration due, whose deadline was August 31; On the 7th and 10th of September the situation was fully settled.
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 Alentejo	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	IP did not pay the remuneration due, whose deadline was August 31; On the 7th and 10th of September the situation was fully settled.
Litoral Oeste (AELO)	Reinstatement of financial equilibrium (based on unilate-ral change in Reformed SCC)	IC9-Alburitel/Carregueiros e IC9 - Carreguei-ros/Tomar stretches; repair of pathologies in slopes transferred to AELO	Unilateral change in Reformed SCC, IP decision There is consensus be-tween IP/AELO about the REF and amount required; IP triggered procee-dings provided in DL 111/2012, of 23 May, letter SET dated 24.10.2019; pending Government decision (regarding the setting up of negotiation committee).
Litoral Oeste (AELO)	Interest on late payment of remuneration	Interest on arrears due to late payment of remuneration	IP did not pay the remuneration due, whose deadline was August 31; On the 7th and 10th of September the situation was fully settled.
Pinhal Interior (As-cendi 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 rescis-sion of the reformed Sub-Concession Contract	Injunction within the scope of proceedings for the rescission of the reformed Sub-Conces-sion 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 appro-ved or rejected on a case-by-case basis.

"COMPENSATIONS, RESERVE OF RIGHTS AND REQUESTS FOR THE REINSTATEMENT OF THE FINANCIAL BALANCE IN STATE CONCESSIONS"

In respect of State concessions that are negotiated by the State with the Concessionaires, IP is not a party in the contracts, it is only aware of these situations through the representative of the State, the IMT As part of its Concession Contract with the State, the IP Group may possibly be called upon to pay the reinstatement of financial balance if the Grantor so decides.

In 2021 the IP Group recorded expenses of € 7.9 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 € 8.45 million, pursuant to decision of the Arbitration Court dated 7 February 2017.

ii. Compensation to concessionaire BRISAL- Auto-estradas do Litoral, in the amount of € 7.1 million, pursuant to decision of the Arbitration Court dated 15 April 2015.

iii. Implementation of Financial Rebalancing Agreement with Lusoponte, resulting in a balance of € 8.04 million in favour of IP.

COVID-19 IMPACT

Although the impact in operational terms is small or nil, there is a strong economic and financial impact, mainly motivated by the significant reduction in the use of the network (mainly the road network), due to traffic restrictions occurred in the 1st quarter of 2021, with a gradual recovery throughout the year.

Likewise, the real estate and commercial areas business comprised in the Real Estate Management segment was 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 sub-concessionaires. As a result, in accordance with article 11 of Law 4-C/2020, of 6 April, as subsequently amended, in addition to the moratorium on payment associated with issued invoicing, payment exemption measures and other cuts were put in place and kept until August 2021.

Comparing 2021 with 2019, there is a drop of approx. € 75 million in revenues with a direct impact on results, namely: RSC (€ 65 million), IP road tolls (€ 3 million), Railway fees (€ 3 million) and Management of real estate property (€ 4 million).

This assessment is conservative as it disregards the growth trend recorded in the years prior to the pandemic, and which was not considered in the calculation.

With regard to operating expenses for the prevention and organisation of work in the context of a pandemic, a total of € 868 thousand recorded in 2021, mainly relating to expenses with Cleaning and Hygienisation of Facilities (Supplies and Services) and expenses related to Disinfections, PPE's and Tests (expenses with staff).

The IP 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:

- Maintenance of high levels of implementation of maintenance and conservation activities, reflected in the increase in financial implementation by € 8.4 million (+5%);
- Increase in the financial implementation of investment activities by 75% over 2019;
- The road and railway networks remained fully available at all times.

APPROVAL OF FORMER REFER ACCOUNTS RELATING TO 2020

As of the date of these accounts, the separate and consolidated financial statements and the report of the Executive Board of Directors for IP's 2020 financial year are yet to be approved by the shareholder.

34. SUBSEQUENT EVENTS

See accounting policy 2.3.19.

i) Share capital increase

Pursuant to unanimous written corporate resolutions dated 31 January 2022, 18 February 2022 and 14 March 2022, the share capital of IP was increased by € 40,000 thousand, € 349,470 thousand, and € 96,450 thousand, through the issue of respectively, 8,000, 69,894 and 19,290 shares with the nominal value of € 5,000 per share, subscribed and paid up by the Portuguese State, as shareholder.

ii) Extension of the Framework Contract

Pursuant to communication from the Council of Ministers, dated January 20, 2022, the validity of the Framework Contract for the rail sector was extended for another six months, until June 30, 2022, with the corresponding expense with the compensatory compensation paid to IP by the Portuguese State, thus ensuring the continuity of the service until the new contract is formalised.

iii) War in Ukraine

On February 24, 2022, the invasion of Ukraine by Russia began, and continues to this date. The impact of this new geopolitical scenario is already visible in Portugal, with direct repercussions on the price of commodities, in particular of oil, gas, and food products, among others.

In the construction sector, this new scenario is bound to have consequences in terms of the supply of materials, and their respective cost. This is an aspect that the IP Group views with great concern, due to the high level of investment planned for the period 2022-2024.

Another potential impact of the price increase, namely with regard to road fuels (diesel and gasoline), is the decrease in the use of the National Road Network, with impact on associated revenues (RSC and Tolls).

As mentioned, this is a potential impact - its occurrence is not certain, especially since a set of mitigating measures are being implemented by the Portuguese Government, namely a relief in the tax burden on oil products, but traffic is recovering after one and a half years affected by pandemic restrictions.

On the other hand, there is also uncertainty as to whether the current high price of fuel for road use will continue in the coming months. It should also be noted that, to date, the IP Group does not have consolidated information on road traffic to confirm or quantify this potential reduction in revenue due to a drop in road traffic.

Bearing this in mind, and also considering the way in which the IP Group, in close coordination with the Shareholder, overcame the pandemic context that strongly marked the years 2020 and 2021, the continuity of operations is not at stake.

Almada, 21 de abril de 2022

The Executive Board of Directors

Vice-Chairman, JOSÉ SATURNINO SUL SERRANO GORDO

Digitally signed document

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Member, ALBERTO MANUEL DE ALMEIDA DIOGO

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

Certified Accountant

DIOGO MENDONÇA LOPES MONTEIRO

Digitally signed document

Part IV
Legal Certification of Accounts 2021

OPINION OF THE GENERAL AND SUPERVISORY BOARD

2021 Annual Report and Accounts

1. In compliance with the legal and statutory provisions applicable to Infraestruturas de Portugal, S.A, (IP), we herewith present our opinion on the Annual Report and Accounts for 2021, which includes the Management Report for 2021, the separate and consolidated financial statements and attached notes, the Corporate Governance Report for 2021 as well as the Standard GRI Table 2021 and corresponding audit reports and legal certifications of accounts all relating to the year ended at 31 December 2021, and the Proposal for the Distribution of Profit.

2. In the course of the financial year we monitored the Company's business activity, as and when deemed necessary. We verified the timeliness and adequacy of the accounting records and supporting documentation, as well as the effectiveness of the internal control system, insofar as it is relevant to IP's activity, the presentation of separate and consolidated financial statements, the corporate governance, the risk management, compliance, contracts, logistics system and the internal audit system. We also ensured that the law and the Company's bylaws were duly complied with.

3. Within the scope of the above, we report the following:

    - The EBD prepared the quarterly budget implementation reports (4th quarter of 2020 and 1st, 2nd and 3rd quarters of 2021, as well as in 2022 the 4th quarter of 2021), under the terms provided for in paragraph 1(f) of article 13 of IP Statutes and paragraph (i) of paragraph 1 of article 44 of the RJSPE; the General and Supervisory Board (CGS) issued the corresponding reports.

- In 2021 the State Budget Law established that the overall growth of the indebtedness of public undertakings to be limited to 2%, considering the interest-bearing funding adjusted to the paid-up share capital. Accordingly, if the capital increase is cleansed of the amounts allocated to covering the payments of State Concessions, the ratio stands at 0.8%.
- As for the principle of the State Treasury Unit, as of 31 December, IP held € 166.9 million of its financial resources with the Treasury and Public Debt Management Agency (IGPC). Any remaining amount was deposited with the national financial system under the authorisation granted by the IGCP, through information no. 188/2020 of 30 December, which waived compliance with the UTE for some banking services in 2020 and 2021.

4. We have examined the adequacy of the understanding of the financial situation of IP, its results, comprehensive income, changes in equity and cash flows on a separate and consolidated basis as expressed in respective financial statements and corresponding attached Notes, complemented with the Legal Certifications of Accounts issued by ”Vítor Almeida & Associados, SROC, Lda", and by the External Audit Reports issued by BDO & Associados, Sociedade de Revisores Oficiais de Contas, Lda., under the terms provided in Article 245 (1)(b) of the Securities Code.
5. IP's Net Profit in 2021 is of €13.5 million, having improved by € 69.7 million over the previous year. The Executive Board of Directors proposes that the aforementioned result for the year 2021 of € 13,532,696.33 (thirteen million, five hundred and thirty-two thousand, six hundred and ninety-six Euro and thirty-three cents) be fully forwarded to Retained Earnings.
6. The consolidated financial information for year year ended at 31 December 2021 comprises the Consolidated Statement of Financial Position at 31 December 2021, (Total Assets of€

27,938.7 million and Total Equity of € 10,156.9), the Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flow for the year ended at that date, and corresponding Notes to the consolidated financial statements. This information was complemented with the Legal Certification of Accounts and the Audit Report issued by "Vitor Almeida & Associados, SROC, Lda." and BDO & Associados, Sociedade de Revisores Oficiais de Contas, Lda., respectively, which include a report on the audit of the consolidated financial statements.

The consolidated net income of IP in 2019 totalled € 15.9 million, corresponding to an improvement of € 73.1 million over the previous year.

7. The GSB and its members individually declare that, to the best of their knowledge, the financial information analysed, including in particular the separate and consolidated accounts, were prepared in accordance with the relevant accounting standards and provide a true and adequate view of the assets, liabilities and equity and cash flows, as well as the financial statements and results of the issuer, which the GSB deems to be adequately included in the Annual Report and Accounts, namely the information on the evolution of the business, the performance and position of IP, containing information regarding major risks and uncertainties.

8. The GSB has followed the work developed by the Official Auditor Vítor Almeida & Associados, SROC, Lda." and External Auditor, BDO & Associados, Sociedade de Revisores Oficiais de Contas, Lda., and assessed the Legal Certifications of the Accounts and Audit Reports on the Separate and Consolidated Financial Information and Emphases expressed in the said Certifications and Reports, which were duly considered in the work developed and to form their opinion.

9. We express our agreement with the legal certifications of the accounts and the Audit Reports on the Separate and Consolidated Financial Information, which were issued without

reservations though with emphasis and mention of the Key Audit Matters, with which the GSB agrees, underlining moreover the importance of the contents of the Annual Report of the General and Supervisory Board for 2021 dated 26 April 2022, which must be read in conjunction and as complement with this Opinion.

10. The effects and impacts at economic and financial level of the Covid 19 pandemic should also be considered, as far as IP's results are concerned, essentially, due to the significant reduction in the use of the road and rail networks, following the various circulation restrictions imposed during the year of 2021. The Company continues to develop its business and operations under the current circumstances.

11. The GSB underlines the importance of the State Shareholder's support for the Continuity of IP's Operations, namely in the face of the following situations:

    a) The effects and impacts at economic and financial level of the Covid 19 pandemic, as far as IP's results are concerned, essentially, due to the significant reduction in the use of the road and rail networks, following the various circulation restrictions imposed during the year of 2021.

    b) Materially relevant impact for the sustainability of IP's Business Model, resulting from the introduction of a new toll reduction regime and taking into account that the corresponding compensations, provided for in the 2021 State Budget Law, have not yet been defined (Articles 425 and 426).

    c) The invasion of Ukraine by Russia and the evolution of this war will have a strong impact on the national economy. The price of oil, gas, and other by-products, but also of food products has already increased sharply. A significant impact is also expected in the supply of construction materials, both in terms of availability and cost, considering the volume of investment that IP is carrying out and plans to carry out in the coming years. .

12. Based on the work developed and taking into account what is reported in the previous paragraphs, the General and Supervisory Board provides a favourable opinion on the Annual Report and Accounts of IP for the year ended at 31 December 2021 presented by the Executive Board of Directors.

13. After considering the 2021 Corporate Governance Report presented by the EBD in Part IV of the 2021 Annual Report, the GSB confirms that this document contains the required, current and complete information on all matters provided for in chapter II of the RJSPE and that IP followed the instructions sent by DGTF - General Directorate of the Treasury and Finance, through Official Letter SAI_DGTF/2022/359, of January 20, 2022, for the preparation of the aforementioned report. Likewise, the GBS attests that the said Report includes the elements provided in Article 245-A of the Securities Code, in the part applicable to IP as issuer exclusively held by the State.

14. The financial statements of Infraestruturas de Portugal, S.A. for the year ended 31 December 2021 must comply with the applicable requirements established in Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation); the Management Body is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation (Single European Electronic Format).

    In the opinion of the GSB, the financial statements included in the annual report are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

15. Accordingly, it is our opinion, taking into account the information received from the Executive Board of Directors and other bodies and departments of IP, the opinions and emphases in the Key Audit Matters expressed in the legal certifications of accounts, and the audit reports on the separate and consolidated financial information, as well as the impact of the event mentioned in Paragraph 10, that the General Meeting of IP approve:

a. The 2021 Annual Report, which includes the Management Report, the separate and Consolidated Financial Statements and attached Notes and the Corporate Governance Report for 2021 (Part IV of the Annual Report and Accounts);

b. The Proposal for the Distribution of Profit presented by the EBD to forward total net results for 2021 to Retained Earmings.

Pursuant to article 376 (1)(c) of the Companies Code, the General Meeting is also responsible for the general appraisal of the management and supervision of the Company.

Pragal, 26 April 2022

The General and Supervisory Board

José Emílio Castel-Branco

Duarte Ivens Pitta Ferraz

LEGAL CERTIFICATION OF THE ACCOUNTS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the accompanying financial statements of **INFRAESTRUTURAS DE PORTUGAL,** S.A. (the Company), which comprise the Statement of Financial Position at 31 December 2021 (showing a total of € 27,893,660 thousand and total equity of € 10,118,407 thousand, including net profit of € 13,533 thousand), and the income statement by nature, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of **Infraestruturas de Portugal,** S.A., at 31 December 2021 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

BASES OF THE OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASES

1. As reported in Section 5.6.1. of the Management Report, the Audit Court through Ruling 13/2019, confirmed its refusal to grant approval to the Algarve Litoral Amended Sub-concession Contract agreed with the Sub-concessionaire following a renegotiation process. The Company appealed against such ruling to the Constitutional Court.

In 2020 following refusal of the appeal, IP appealed to the plenary, but was again turned down by Decision 58/2021, of 22 January. As all appeal procedures against the Court of Auditors' decision were exhausted, the Entity understands that the previous Reformed Sub-concession Contract, dated May 28, 2010, is in force, according to which payments would only be due to the Sub-concessionaire when the construction of the initial object was completed, which did not happen, nor is it expected to happen.

The Sub-concessionaire, disagreeing with this understanding, requested that the termination of the sub-concession contract be declared, due to the impossibility of its execution, which was not accepted by the Entity and led to the triggering of an arbitration proceedings against the Entity, which is still ongoing. In the same proceedings, an injunction application was filed by the Sub-concessionaire, whose decision, of March 9, 2021, sentenced the Entity to pay € 30,007,923, plus a minimum monthly amount until the final decision is rendered, of € 1,162,806 , which was increased to € 1,262,806, after the resumption, by the Sub-concessionaire, of the operation and maintenance works of all sections included in the Reformed Sub-concession Agreement, which happened on July 18, 2021. The amounts concerned are being paid by the Entity. It should be noted, however, that these are payments on account of investments already made by the Sub-concessionaire and that, as such, are already recognized in the Entity's assets, as well as the respective liability, in liabilities.

The main action, aiming at the rescission of the reformed contract, as well as another action with a claim for compensation, brought by the financing entities, are still in progress, as mentioned in point 32 of the Notes to the Financial Statements, so any possible impact resulting from of its outcome is not yet known.

2. As disclosed in point 10 of the Notes to the Financial Statements, the heading State and Other Public Entities, placed in current assets, in the amount of € 1,844,569 thousand, includes € 1,844,222 thousand relating to VAT - Value Added Tax to be recovered, of which the reimbursement of € 227,562 thousand has already been requested, relating to the year 2008 and the first ten months of 2009.

Inspections carried out by the Tax Authorities gave rise to the issuing of several additional tax settlements relating to VAT, totalling € € 2,264,671 thousand. Additionally, the amount of € 145,739 thousand relating to interest determined as of the date of respective additional tax settlements adds to the aforementioned sum.

All these additional tax settlements are being legally challenged, which is why they were not recognised in the accounts. These additional assessments result from the Tax Authority assuming that, conversely to what is endorsed by the Entity, the Road Service Contribution is not an income subject to VAT, therefore not conferring the right to deduct the VAT incurred with the activities financed by this income.

As disclosed in the same point 10, the Entity was notified, on 17 October 2017, of the Decision revoking the decision appealed against in relation to one of the legal proceedings (tax of € 64,506 thousand) considering the judicial challenge carried out as fully valid, and annulling the additional assessments issued by the Tax Authority, which appealed to the Supreme Administrative Court, which, on December 9, 2021, decided to annul this Decision and to lower the case files to the Administrative and Tax Court of Almada, in order to address various nullities that were invoked by the Tax Authority, with the practice of omitted acts. On February 25, 2022 the Entity presented new allegations pending the respective decision.

Adopting a prudential standpoint, and as disclosed in Note 13 to the Financial Statements, the Entity includes in Non-Current Liabilities, under the Provisions heading, the amount of € 449,251 thousand relating to VAT deducted over the years, associated with activities financed by the Contribution of the Road Service, not including the effect of the interest that may be determined, if the final decision is unfavourable to the Entity.

It should be noted, however, that if the understanding adopted by the Tax Authority prevails in the final instance, the impact resulting from a possible non-recovery of the VAT deducted over the years would result in its recognition as a component of the acquisition cost of the Intangible Assets, not generating immediate consequences in terms of income for the period in which such decision would become known, as it would only give rise to a reclassification of accounts, on the assets side. However, impacts would occur, on a diluted basis, over the remaining period of the concession, through the increase in the amortization of the aforementioned Intangible Assets to be recognized in each of the remaining years of the road network concession, until 2082.

3. As mentioned in point 12.3.2. of the Notes to the Financial Statements, the State, as a shareholder, granted financing to the Entity, the amount of which, as at 31 December 2021, amounted to € 2,332,667 thousand, including € 117,089 thousand of accrued interest, recorded in current liabilities.
Of this sum, the amount of € 2,215,578 thousand relating to principal already surpassed the initially established reimbursement date.

However, this situation does not prevent the Entity from complying with its contractual obligations, since the State granted a moratorium on these loans, and decided not to charge interest as from the initial repayment date, but also because the asset caption includes a sum receivable from the State in the net amount of € 4,136,729 thousand, recorded in current assets as mentioned in Note 12.2.1. to the Financial Statements, relating to investments made by the Entity on behalf of the State, in Long Duration Infrastructures (LDI), deducted of grants, received amounts and other recognised impairment.

4. As mentioned, specifically, in notes 2.2.7., 2.3. and 6. of the Notes to the Financial Statements, the Entity amortizes its road concession right, which amounts € 21,073,314 thousand recognised in Intangible Assets, using the equivalent production units method, this amortisation being based on: i) estimation of the total income to be generated by the concession until its term and ii) valuation of the totality of the investments to be made by IP. However, and as explained in point 6 of the Notes to the financial statements, the effect of the 50% reduction in toll fees in several concessions formerly designated SCUT, and discounts, although less expressive, in other motorways of the Entity's own network, as provided by articles 425 and 426 of Law no. 75-B/2020, regulated by Ordinance no. 138-D/2021 which entered into force at the beginning of the second half of 2021, were considered as an assumption until the end of 2024, coinciding with the planned horizon of the 2022-2024 ABP – Activities and Budget Plan..

   This assumption led to the expected evolution of net toll revenues in 2025 to register very significant increases, which, naturally, is reflected systematically throughout the entire period of the Entity's Concession. If this increase in toll revenues, the implementation of which involves a political decision, will not occur, or, on the other hand, the financial rebalancing provided for in the Concession Agreement is not considered, as referred to in the following paragraph, which corresponds to the pessimistic scenario contained in the sensitivity analysis referred to in point 2.3. of the Notes to the financial statements (estimated pattern of income within the scope of the calculation of the equivalent units method), this will imply the recalculation of the annual amortisation rate of the Intangible Assets, which will result in an annual increase of this expense of approximately € 25 million, considering its application already in the 2021 financial year and annually, in a systematic way, until the end of the concession.
   However, it is important to bear in mind that, in relation to the legal provisions that established the discount on toll fees, they are likely to fall within the provisions of subparagraph c) of Clause 87.1. of the Concession Agreement signed between the Grantor and the Entity on November 23, 2007, which provides that "specific legislative changes that have a direct impact on revenues or costs relating to activities included in the Concession" are likely to grant the Concessionaire the right to restore the financial balance of the Concession.. Therefore, as mentioned in point 6 of the Notes to the financial statements, it may be that, in the future, some mechanism is envisaged, that is capable of ensuring compensation for the loss of revenue associated with the aforementioned discounts on tolls, which would make it possible to neutralize the aforementioned increase in depreciation.

5. As disclosed in note 33 of the Notes to the Financial Statements, as of this date it is not possible to foresee what will be the impacts brought by the current conflict in Europe and the consequent economic sanctions on the national and global economy, and consequently on the Entity, although some effects are already known, namely in terms of the evolution of the costs of energy, fuel and other relevant goods and services, as well as some raw

materials; therefore, it is not possible to reliably estimate the impact that these situations will have on the future development of the Entity's activity and, consequently, on the evolution of its economic and financial situation, although the Board of Directors understands that the continuity of the Entity is not at stake.

6. As mentioned in Note 32 of the Notes to the financial statements, to date, the Entity's 2020 accounts have not been approved, although the Board of Directors is convinced that they will be approved in the exact terms in which they were submitted, admitting and that the absence of deliberation on this matter is mainly associated with the lack of political opportunity resulting from the recent electoral cycle that has taken place.

Our opinion did not change in relation to these matters.

SIGNIFICANT AUDIT FINDINGS

The significant audit findings are those which, in our professional judgement, had larger importance in the audit we performed. These matters were considered in the context of the audit of the financial statements as a whole, and when forming our opinion, we do not issue a separate opinion on these matters.

Description of the more significant risks of material misstatement identified	Summary of the answer provided to the more significant risks of material misstatement identified
Recognition of the Intangible Asset - Road Concession Right As mentioned in the Notes to the Financial Statements, specifically in Notes 2.2.7., 2.3. and 6., the Entity entered a concession contract with the State (sole shareholder), allowing the recognition of the Road Concession Right until the end of 2082. In accordance with the said Contract, the Entity recognises this concession right as an intangible asset, in accordance with provisions in IFRIC12, which is increased by the investment already made and the estimated expenditure to be made in the National Road Network and the Network under Concession, corresponding therefore to the overall amount of the costs incurred and liabilities assumed within the scope of the general concession for the national road network. The concession right implies the obligation of maintaining the average quality level of the road network, considering estimated annual expenses of € 55.7 million, and a cumulative	In order to mitigate the risks of material misstatement in the Intangible Asset - Concession Right, the adjusted audit methodology developed is based on the understanding of the controls and procedures implemented and maintained by the Entity. Additionally, a set of relevant audit procedures was developed, including the following: ▪ Analysis of the information supporting accounting operations, validation of underlying assumptions and replication of the calculations of increases and decreases in gross assets and respective depreciation; ▪ Analysis of the Entity's business model supporting the measurement of the intangible asset and the recognition of its depreciation, with particular attention to the

Description of the more significant risks of material misstatement identified	Summary of the answer provided to the more significant risks of material misstatement identified
amount of € 345,725 thousand, determined based on internal estimates which take into consideration the type of network and specific intervention strategies. The depreciation of intangible assets is based on the production unit method, where production unit is deemed to be the best estimate of the revenues directly associated with the rights already acquired by the Entity. Given the significant level of judgements and estimates implicit in the considerably large period of the road concession, which are based on macro economic and management assumptions, as well as future expenditure policies, and since future events often do no occur as expected, due to external factors, namely as regards the evolution of macro economic variables, political orientations or social and economic changes, with significant impact on its economic and financial performance, which is particularly relevant since these Assets account for 75.5% of Total Assets, this set of matters is considered as a relevant audit finding.	coherence and consistency of the underlying assumptions and respective evolution as compared to the previous year; ▪ Request for additional sensitivity analyses, considering less favourable assumptions and assessment of the respective impact on the calculation of the annual amortisation amount of the Intangible Assets; ▪ Assessment of the impact resulting from the legislative measures that were taken, in relation to toll fees, on the performance of the Entity's Business Plan and within the framework of the Concession Contract; ▪ Analysis of contracts and respective relevant annexes, including the validation of their consistency and compliance with values recognised for accounting purposes; ▪ Documentary check, on a sampling basis, of the amount of investment in the year, and the capitalisation of financial expenses with construction; ▪ Validation of the external confirmation of Concessionaire and Sub-concessionaires, including respective balances and review of the reconciliation made.
Recognition of the Financial Asset - Account receivable - State Grantor (Railway) As mentioned in Notes 2.2.11., 2.3, and 12.2.1 to the Financial Statements, the Entity is responsible for the construction and renewal of long duration railway infrastructures, according to Government Directives, with funding provided through capital, subsidies and loans most of which guaranteed by the State, which acts as agent with regard to this activity. Based on this understanding, the effects relating to this activity are recognised and measured in accordance with IFRIC 12,	In order to mitigate the risks of material misstatement with regard to Financial Assets - Account receivable - State Grantor (Railway), we developed the following audit procedures: ▪ Analysis of the supporting information to accounting operations associated with the assumption of this responsibility by the Entity, validation of underlying

Description of the more significant risks of material misstatement identified	Summary of the answer provided to the more significant risks of material misstatement identified
considering that investment activity in long duration infrastructures (LDIs) implies the existence of a concession with the State, in the form of "accounts receivable" (financial asset) charged to the "State Grantor", and initially recognised at fair value. The financial asset, which amounted to € 4,136,729 thousand, in net terms, at the end of 2021, reflects the net value receivable from the State, generated by the expenses borne with the investment made in the railway infrastructure, added of the interest on loans which are considered as charged to the concession, and deducted of the sale value of these assets, where applicable, and the subsidies received, relating to such assets. Considering that the financial asset results from the direct allocation of expenses associated with the investment in the National Railway Network, including financial expenses, made unilaterally by the Entity, the associated risk derives from the allocation of such amounts to the State Grantor, and respective recognition by the latter, thereby being considered a relevant audit matter.	assumptions and replication of the calculations of increases and decreases in the financial asset; ▪ Analysis of the contracts and validation of their consistency and compliance with calculations and assumptions; ▪ Documentary check, on a sampling basis, of the amount of investment made in LDI in the year; ▪ Documentary check and analysis of the funding considered as allocated to funding of LDI, and allocation of respective financial expenses; ▪ Confirmation of approval of the separate and consolidated financial statements for previous years, with the exception of the 2020 accounts, as referred to in paragraph 6 of the Emphasis section, by the State shareholder, which also assumes the role of grantor of the infrastructure railway, assuming that, by systematically approving these financial statements, it is, implicitly, recognising the value of the costs incurred with the investment in LDI that has not yet been reimbursed to the Entity by the State.
Recognition of income associated with relevant activities developed by the Entity As mentioned in the Notes to the Financial Statements, specifically in Notes 2.2.15. 3, and 15, revenue recognised in 2021 associated with the road sector comprises the amount of € 959,384 thousand, stemming mainly from the Road Service Contribution (66%) and toll revenues (27%); it should be said, however, that this toll revenue amount is partly recognised as expenses and, consequently, deducted to the cost of Intangible Asset - Concession Right, which will occur until the end of the initial period of each of the concessions granted to private partners integrating the Entity's global concession	In order to mitigate the risks of material misstatement in the recognition of income from the relevant activities developed by the Entity, the audit methodology developed is based on the understanding of the controls and procedures implemented and maintained by the Entity and in the development of a set of relevant audit procedures, which include the following: ▪ External confirmation of the revenue charged concerning the Road Sector Contribution, by verifying the transfers occurred and replication of the calculations. Additionally, we replicated the global calculation relating to the determination of this nature of revenue recognised in the period, based on the information available on the website

Description of the more significant risks of material misstatement identified	Summary of the answer provided to the more significant risks of material misstatement identified
Note the revenue recognised in 2021 in the amount of € 113,287 thousand stemming mainly from the management of the railway infrastructure, added of the compensatory allowance granted in the year, in the amount of € 55,055 thousand. Taking into account the impact of revenue in the Statement of Comprehensive Income and the specificity of not all revenues being recognised as revenue, namely revenues stemming from the concessioned network, this issue is considered to be a relevant audit matter.	of the Tax Authority, relating to the volume of fuel recorded as consumed, according to type of product, in order to determine the Road Service Contribution, for which we requested and were given all necessary clarifications; ▪ In what concerns the revenue from tolls, we obtained the confirmations with the sub-concessionaires, to confirm the amounts recognised during the year and, where necessary, we analysed the information reported by the said entities to the Entity; ▪ In what concerns the revenue associated with the construction services of road infrastructures, its validation was carried out by analysing the costs incurred and the external confirmations obtained; ▪ With regard to the revenue relating to the management of the railway Infrastructure, documentary checks were carried out on a sample basis, of the amount recognised and their accordance with the accounting records.

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BODY FOR THE FINANCIAL STATEMENTS

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union;
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity’s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes their public disclosure;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, making the verifications provided in paragraphs 4 and 5 of article 451 of the Companies Code relating to Corporate Governance, and verifying that the non financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ON THE MANAGEMENT REPORT

Pursuant to article 451 (3) (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements. Note that the Entity opted to present a single management report, covering both the individual and consolidated accounts, as permitted under the terms of article 508C(6) of the Companies Code. As provided in article 451(7) of the Companies Code, this opinion does not apply to the non financial statement included in the management report.

ON THE CORPORATE GOVERNANCE REPORT

In compliance with article 451 (4) of the Commercial Companies Code, it is our opinion that the Corporate Governance Report includes the elements legally required under the terms of article 245-A of the Securities Code (in force on December 31, 2021 and corresponding to the current article 29H of the same Code), and we did not detect any material misstatement in the information provided therein, complying with the provisions of subparagraphs c), d), f) , h), i) and m) (current subparagraph 1) of the said article.

ON THE NON FINANCIAL INFORMATION STATEMENT

In compliance with article 451(6) of the Companies Code, we inform that the Entity included in its management report the non financial statement, as provided in article 66B of the said Code.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

The financial statements of Infraestruturas de Portugal, S.A. for the year ended 31 December 2021 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

The management body is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements included in the annual report are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures took into account the Technical Application Guide on ESEF reporting issued by OROC and included, among other things, gaining an understanding of the financial reporting process, including submitting the annual report in valid XHTML format;

In our opinion, the financial statements included in the annual report are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

ON ADDITIONAL ELEMENTS PROVIDED IN ARTICLE 10 OF (EU) REGULATION NO. 537/2014

Pursuant to article 10 of the European Parliament and of the Council no. 537/2014 of 16 April 2014, in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as Statutory Auditor of the Entity for the first time on 13 April 2017, according to Corporate Written Resolution, for the the 2016-2017 term of office. We were appointed at the general shareholders' meeting held on March 19, 2019 for a second term, between 2018 and 2020; no subsequent deliberation in this scope has occurred.

- The management body has confirmed to us that it is not aware of any fraud or suspected fraud with a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement on the financial statements due to fraud.

- We confirm that the audit opinion issued herein is consistent with the additional report which we prepared and submitted to the Supervisory Board on this same date.

- We declare that we have not provided any prohibited services as described in article 77 (8) of the Ordem dos Revisores Oficiais de Contas statutes, and we have remained independent of the Entity in conducting the audit.

- We further inform that, in addition to the audit, we did not provide to the Entity any other services permitted by the law and regulations in force.

Lisbon, 26 April 2022

VITOR ALMEIDA & ASSOCIADOS, SROC, LDA.
Represented by:

Vitor Manuel Batista de Almeida
(Registered with the OROC under number 691 and with CMVM under number 20160331)

LEGAL CERTIFICATION OF THE ACCOUNTS

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the accompanying consolidated financial statements of **Infraestruturas de Portugal,** S.A. (the Group), which comprise the Consolidated Statement of Financial Position as at 31 December 2021 (showing a total of € 27,938,693 thousand and total shareholder's equity of € 10,156,910 thousand, including net profit of € 15,892 thousand), and the consolidated income statement by nature, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the financial position of **Infraestruturas de Portugal, S.A.**, at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

BASES OF THE OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section below. We are independent of the entities which compose the Group in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASES

1. As reported in Section 5.6.1. of the Management Report, the Audit Court through Ruling 13/2019, confirmed its refusal to grant approval to the Algarve Litoral Amended Sub-concession Contract agreed with the Sub-concessionaire following a renegotiation process. The Group's parent-company appealed against such ruling to the Constitutional Court.

In 2020 following refusal of the appeal, the Group's parent-company appealed to the plenary, but was again turned down by Decision 58/2021, of 22 January. As all appeal procedures against the Court of Auditors' decision were exhausted, the Group's parent-Entity understands that the previous Reformed Sub-concession Contract, dated May 28, 2010, is in force, according to which payments would only be due to the Sub-concessionaire when the construction of the initial object was completed, which did not happen, nor is it expected to happen.

The Sub-concessionaire, disagreeing with this understanding, requested that the termination of the sub-concession contract be declared, due to the impossibility of its execution, which was not accepted by the Group's parent-Entity and led to the triggering of an arbitration proceedings against the Group's parent-Entity, which is still ongoing. In the same proceedings, an injunction application was filed by the Sub-concessionaire, whose decision, of March 9, 2021, sentenced the Entity to pay € 30,007,923, plus a minimum monthly amount until the final decision is rendered, of € 1,162,806 , which was increased to € 1,262,806, after the resumption, by the Sub-concessionaire, of the operation and maintenance works of all sections included in the Reformed Sub-concession Agreement, which happened on July 18, 2021. The amounts concerned are being paid by the Group's parent entity. It should be noted, however, that these are payments on account of investments already made by the Sub-concessionaire and that, as such, are already recognized in assets, as well as the respective liability, in liabilities.

The main action, aiming at the rescission of the reformed contract, as well as another action with a claim for compensation, brought by the financing entities, are still in progress, as mentioned in point 33 of the Notes to the Consolidated Financial Statements, so any possible impact resulting from of its outcome is not yet known.

2. As disclosed in point 12 of the Notes to the Consolidated Financial Statements, the heading State and Other Public Entities, placed in current assets, in the amount of € 1,844,947 thousand, includes € 1,844,222 thousand relating to VAT - Value Added Tax to be recovered, of which the reimbursement of € 227,562 thousand has already been requested, relating to the year 2008 and the first ten months of 2009.

Inspections carried out by the Tax Authorities gave rise to the issuing of several additional tax settlements relating to VAT, totalling € € 2,264,671 thousand. Additionally, the amount of € 145,739 thousand relating to interest determined as of the date of respective additional tax settlements adds to the aforementioned sum.

All these additional tax settlements are being legally challenged, which is why they were not recognised in the accounts. These additional settlements result from the Tax Authority assuming, conversely to what is the Executive Board of Directors' understanding, that the Road Sector Contribution is not a revenue subject to VAT, therefore not being eligible for the deduction of the VAT on activities financed by this revenue.

As disclosed in the same point 12, the Group's parent-Entity was notified, on 17 October 2017, of the Decision revoking the decision appealed against in relation to one of the legal proceedings (tax of € 64,506 thousand) considering the judicial challenge carried out as fully valid, and annulling the additional assessments issued by the Tax Authority, which appealed to the Supreme Administrative Court, which, on December 9, 2021, decided to annul this Decision and to lower the case files to the Administrative and Tax Court of Almada, in order to address various nullities that were invoked by the Tax Authority, with the practice of omitted acts. On February 25, 2022 the Group's parent-Entity presented new allegations pending the respective decision.

Adopting a prudential standpoint, and as disclosed in Note 15 to the Consolidated Financial Statements, the Group's parent-Entity includes in Non-Current Liabilities, under the Provisions heading, the amount of € 449,251 thousand relating to VAT deducted over the years, associated with activities financed by the Contribution of the Road Service, not including the effect of the interest that may be determined, if the final decision is unfavourable to the Group's parent-Entity.

It should be noted, however, that if the understanding adopted by the Tax Authority prevails in the final instance, the impact resulting from a possible non-recovery of the VAT deducted over the years would result in its recognition as a component of the acquisition cost of the Intangible Assets, not generating immediate consequences in terms of income for the period in which such decision would become known, as it would only give rise to a reclassification of accounts, on the assets side. However, impacts would occur, on a diluted basis, over the remaining period of the concession, through the increase in the amortization of the aforementioned Intangible Assets to be recognized in each of the remaining years of the road network concession, until 2082.

3. As mentioned in Notes 14.3.2. to the Consolidated Financial Statements, the State, as shareholder, provided funding to the Group's parent-Entity, amounting as of 31 December 2021 to € 2,332,667 thousand, including € 117,089 thousand of accrued interest, recorded in current liabilities.

Of this sum, the amount of € 2,215,578 thousand relating to principal already surpassed the initially established reimbursement date.

However, this situation does not prevent the Group's parent-company from complying with its contractual obligations, since the State granted a moratorium on these loans, and decided not to charge interest as from the initial repayment date, but also because the asset caption includes a sum receivable from the State in the net amount of € 4,137 million, recorded in current assets as mentioned in Note 14.2.1. to the Consolidated Financial Statements, relating to investments made by the Group on behalf of the State, in Long Duration Infrastructures (LDI), deducted of grants, received amounts and other recognised impairment.

4. As mentioned, specifically, in notes 2.3.7., 2.4. and 7. of the Notes to the Consolidated Financial Statements , the Group's parent-Entity amortizes its road concession right, which amounts € 21,073,314 thousand recognised in Intangible Assets, using the equivalent production units method, this amortisation being based on: i) estimation of the total income to be generated by the concession until its term and ii) valuation of the totality of the investments to be made by IP. However, and as explained in point 7 of the Notes to the consolidated financial statements, the effect of the 50% reduction in toll fees in several concessions formerly designated SCUT, and discounts, although less expressive, in other motorways of the Entity's own network, as provided by articles 425 and 426 of Law no. 75-B/2020, regulated by Ordinance no. 138-D/2021 which entered into force at the beginning of the second half of 2021, were considered as an assumption until the end of 2024, coinciding with the planned horizon of the 2022-2024 ABP – Activities and Budget Plan..

This assumption led to the expected evolution of net toll revenues in 2025 to register very significant increases, which, naturally, is reflected systematically throughout the entire period of the Group's parent-Entity's Concession. If this increase in toll revenues, the implementation of which involves a political decision, will not occur, or, on the other hand, the financial rebalancing provided for in the Concession Agreement is not considered, as referred to in the following paragraph, which corresponds to the pessimistic scenario contained in the sensitivity analysis referred to in point 2.4. of the Notes to the consolidated financial statements (estimated pattern of income within the scope of the calculation of the equivalent units method), this will imply the recalculation of the annual amortisation rate of the Intangible Assets, which will result in an annual increase of this expense of approximately € 25 million, considering its application already in the 2021 financial year and annually, in a systematic way, until the end of the concession.

However, it is important to bear in mind that, in relation to the legal provisions that established the discount on toll fees, they are likely to fall within the provisions of subparagraph c) of Clause 87.1. of the Concession Agreement signed between the Grantor and the Group's parent -Entity on November 23, 2007, which provides that "specific legislative changes that have a direct impact on revenues or costs relating to activities included in the Concession" are likely to grant the Concessionaire the right to restore the financial balance of the Concession.. Therefore, as mentioned in point 7 of the Notes to the financial statements, it may be that, in the future, some mechanism is envisaged, that is capable of ensuring compensation for the loss of revenue associated with the aforementioned discounts on tolls, which would make it possible to neutralize the aforementioned increase in depreciation.

5. As disclosed in note 34 of the Notes to the Consolidated Financial Statements, as of this date it is not possible to foresee what will be the impacts brought by the current conflict in Europe and the consequent economic sanctions on the national and global economy, and consequently on the Group, although some effects are already known, namely in terms of the evolution of the costs of energy, fuel and other relevant goods and services, as well as some raw materials; therefore, it is not possible to reliably estimate the impact that these situations will have on the future development of the Entity's activity and, consequently, on the evolution of its economic and financial situation, although the Board of Directors understands that the continuity of the Group is not at stake.

6. As mentioned in Note 33 of the Notes to the consolidated financial statements, to date, the Entity's 2020 accounts have not been approved, although the Board of Directors is convinced that they will be approved in the exact terms in which they were submitted, admitting and that the absence of deliberation on this matter is mainly associated with the lack of political opportunity resulting from the recent electoral cycle that has taken place.

Our opinion did not change in relation to these matters.

SIGNIFICANT AUDIT FINDINGS

Significant audit findings are those which, in our professional judgement, had larger importance in the audit of the consolidated financial statements for the current year. These findings were considered in the context of the audit of the consolidated financial statements as a whole; when forming our opinion, we do not issue a separate opinion on these findings.

Description of the more significant risks of material misstatement identified	**Summary of the answer provided to the more significant risks of material misstatement identified**
Recognition of the Intangible Asset - Road Concession Right As mentioned in the Notes to the Consolidated Financial Statements, specifically in notes 2.3.7., 2.4. and 7., the parent company entered a concession contract with the State (sole shareholder), allowing the recognition of the Road Concession Right until the end of 2082. In accordance with the said Contract, the Group recognises this concession right as an intangible asset, in accordance with provisions in IFRIC12, which is increased by the investment already made and the estimated expenditure to be made in the National Road Network and the Network under Concession, corresponding therefore to the overall amount of the costs incurred and liabilities assumed within the scope of the general concession for the national road network.	In order to mitigate the risks of material misstatement in the Intangible Asset - Concession Right, the adjusted audit methodology developed is based on the understanding of the controls and procedures implemented and maintained by the Group. Additionally, a set of relevant audit procedures was developed, including the following: ▪ Analysis of the information supporting accounting operations, validation of underlying assumptions and

Description of the more significant risks of material misstatement identified	Summary of the answer provided to the more significant risks of material misstatement identified
The concession right implies the obligation of maintaining the average quality level of the road network, considering estimated annual expenses of € 55.7 million, and a cumulative amount of € 345,725 thousand, determined based on internal estimates which take into consideration the type of network and specific intervention strategies. The depreciation of intangible assets is based on the production unit method, where production unit is deemed to be the best estimate of the revenues directly associated with the rights already acquired by the Group's parent-Entity. Given the significant level of judgements and estimates implicit in the considerably large period of the road concession, which are based on macro economic and management assumptions, as well as future expenditure policies, and since future events often do no occur as expected, due to external factors, namely as regards the evolution of macro economic variables, political orientations or social and economic changes, with significant impact on its economic and financial performance, which is particularly relevant since these Assets account for 75.4% of Total Assets, this set of subjects is considered as a relevant audit matter.	replication of the calculations of increases and decreases in gross assets and respective depreciation; ▪ Analysis of the Group's parent-Entity's business model supporting the measurement of the intangible asset and the recognition of its depreciation, with particular attention to the coherence and consistency of the underlying assumptions and respective evolution as compared to the previous year; ▪ Request for additional sensitivity analyses, considering less favourable assumptions and assessment of the respective impact on the calculation of the annual amortisation amount of the Intangible Assets; ▪ Assessment of the impact resulting from the legislative measures that were taken, in relation to toll fees, on the performance of the Entity's Business Plan and within the framework of the Concession Contract; ▪ Analysis of contracts and respective relevant annexes, including the validation of their consistency and compliance with values recognised for accounting purposes; ▪ Documentary check, on a sampling basis, of the amount of investment in the year, and the capitalisation of financial expenses with construction; ▪ Validation of the external confirmation of Concessionaire and Sub-concessionaires, including respective balances and review of the reconciliation made.
Recognition of the Financial Asset - Account receivable - State Grantor (Railway) As mentioned in notes 2.3.11., 2.4, and 14.2.1 of the Consolidated Financial Statements, the parent company is responsible for the construction and renewal of long duration railway infrastructures, according to Government Directives,	In order to mitigate the risks of material misstatement with regard to Financial Assets - Account receivable - State Grantor (Railway), we developed the following audit procedures:

Description of the more significant risks of material misstatement identified	Summary of the answer provided to the more significant risks of material misstatement identified
with funding provided through capital, subsidies and loans most of which guaranteed by the State, which acts as agent with regard to this activity. Based on this understanding, the effects relating to this activity are recognised and measured in accordance with IFRIC 12, considering that investment activity in long duration infrastructures (LDIs) implies the existence of a concession with the State, in the form of "accounts receivable" (financial asset) charged to the "State Grantor", and initially recognised at fair value. The financial asset, which amounted to € 4,136,506 thousand, in net terms, at the end of 2021, reflects the net value receivable from the State, generated by the expenses borne with the investment made in the railway infrastructure, added of the interest on loans which are considered as charged to the concession, and deducted of the sale value of these assets, where applicable, and the subsidies received, relating to such assets. Considering that the financial asset results from the direct allocation of expenses associated with the investment in the National Railway Network, including financial expenses, made unilaterally by the Group, the associated risk derives from the allocation of such amounts to the State Grantor, and respective recognition by the latter, thereby being considered a relevant audit matter.	▪ Analysis of the supporting information to accounting operations associated with the assumption of this responsibility by the Group, validation of underlying assumptions and replication of the calculations of increases and decreases in the financial asset; ▪ Analysis of the contracts and validation of their consistency and compliance with calculations and assumptions; ▪ Documentary check, on a sampling basis, of the amount of investment made in LDI in the year; ▪ Documentary check and analysis of the funding considered as allocated to funding of LDI, and allocation of respective financial expenses; ▪ Confirmation of approval of the separate and consolidated financial statements for previous years, with the exception of the 2020 accounts, as referred to in paragraph 6 of the Emphasis section, by the State shareholder, which also assumes the role of grantor of the infrastructure railway, assuming that, by systematically approving these financial statements, it is, implicitly, recognising the value of the costs incurred with the investment in LDI that has not yet been reimbursed to the Entity by the State.
Recognition of income associated with relevant activities developed by the Group As mentioned in the Notes to the Consolidated Financial Statements, specifically in Notes 2.3.15. 4, and 17, revenue recognised in 2021 associated with the road sector comprises the amount of € 959,384thousand, stemming mainly from the Road Service Contribution (66%) and toll revenues (28%); it should be said, however, that this toll revenue amount is partly	In order to mitigate the risks of material misstatement in the recognition of income from the relevant activities developed by the Group's parent-Entity, the audit methodology developed is based on the understanding of the controls and procedures implemented and maintained by the Group and in

Description of the more significant risks of material misstatement identified	Summary of the answer provided to the more significant risks of material misstatement identified
recognised as expenses and, consequently, deducted to the cost of Intangible Asset - Concession Right, which will occur until the end of the initial period of each of the concessions granted to private partners integrating the Group's parent-Entity's global concession. Note the revenue recognised in 2021 in the amount of € 142,441 thousand stemming mainly from the management of the railway infrastructure, added of the compensatory allowance granted in the year, in the amount of € 55,055 thousand. Taking into account the impact of revenue in the Consolidated Statement of Comprehensive Income and the specificity of not all revenues being recognised as revenue, namely revenues stemming from the concessioned network, this issue is considered to be a relevant audit matter.	the development of a set of relevant audit procedures, which include the following: ▪ External confirmation of the revenue charged concerning the Road Sector Contribution, by verifying the transfers occurred and replication of the calculations. Additionally, we replicated the global calculation relating to the determination of this nature of revenue recognised in the period, based on the information available on the website of the Tax Authority, relating to the volume of fuel recorded as consumed, according to type of product, in order to determine the Road Service Contribution, for which we requested and were given all necessary clarifications; ▪ In what concerns the revenue from tolls, we obtained the confirmations with the sub-concessionaires, to confirm the amounts recognised during the year and, where necessary, we analysed the information reported by the said entities to the Group; ▪ In what concerns the revenue associated with the construction services of road infrastructures, its validation was carried out by analysing the costs incurred and the external confirmations obtained; ▪ With regard to the revenue relating to the management of the railway Infrastructure, documentary checks were carried out on a sample basis, of the amount recognised and their accordance with the accounting records.
Recognition of Goodwill As disclosed in point 2.3.1 and 5 of the Notes to the Consolidated Financial Statements, caption Goodwill recorded in the balance sheet in the amount of € 21,687 thousand corresponds to the acquisition in 2014 of the remaining capital of GIL - Gare Intermodal de Lisboa, S.A., considered as a cash-generating unit according to IAS 36,	In order to mitigate the risks of material misstatement with regard to the recognition of Goodwill, we developed the following audit procedures: ▪ Confirmation of the acquisition value of the investment and respective goodwill determined at the date of acquisition;

Description of the more significant risks of material misstatement identified	Summary of the answer provided to the more significant risks of material misstatement identified
where its recoverable value is recognised based on its value in use. Annually, impairment tests are carried out according to the assumptions provided in point 5 of the Notes to Consolidated Financial Statements. Taking into account the considerable number of estimates and judgements associated with the determination of the recoverable value of goodwill, it is considered a relevant audit matter.	▪ Validation of the underlying assumptions to the determination of goodwill; ▪ Analysis of projected cash flows and other assumptions used in the calculation of the amount recoverable of this cash-generating unit; ▪ checking of the impairment tests made to the value of Goodwill; ▪ Analysis of other information supporting the accounting operations associated with this recognition and revision of the calculations made and conclusions obtained.

RESPONSIBILITIES OF THE MANAGEMENT BODY AND THE SUPERVISORY BODY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Group's consolidated financial position, financial performance and consolidated cash flows in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union;
- The preparation of the consolidated management report, including the corporate governance report and the non financial statement, in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group's financial reporting process.

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty guidance, supervision and performance of the Group's audit and we are ultimately responsible for our audit opinion;

- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes their public disclosure;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, making the verifications provided in paragraphs 4 and 5 of article 451 of the Companies Code relating to Corporate Governance, and verifying that the consolidated non financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

ON THE MANAGEMENT REPORT

Pursuant to article 451 (3) (e) of the Portuguese Companies' Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements. Note that the Entity opted to present a single management report, covering both the individual and consolidated accounts, as permitted under the terms of article 508C(6) of the Companies Code. As provided in article 451(7) of the Companies Code, this opinion does not apply to the non financial statement included in the management report.

ON THE CORPORATE GOVERNANCE REPORT

In compliance with article 451 (4) of the Commercial Companies Code, it is our opinion that the Corporate Governance Report includes the elements legally required under the terms of article 245-A of the Securities Code (in force on December 31, 2021 and corresponding to the current article 29H of the same Code), and we did not detect any material misstatement in the information provided therein, complying with the provisions of subparagraphs c), d), f) , h), i) and m) (current subparagraph 1) of the said article.

ON THE CONSOLIDATED NON FINANCIAL STATEMENT

In compliance with article 451(6) of the Companies Code, we inform that the Group included in its sole management report the consolidated non financial statement, as provided in article 508G of the said Code.

EUROPEAN SINGLE ELECTRONIC FORMAT (ESEF)

The consolidated financial statements of Infraestruturas de Portugal, S.A. for the year ended 31 December 2021 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

The management body is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements included in the annual report are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures took into account the Technical Application Guide on ESEF reporting issued by OROC and included, among other things,

– gaining an understanding of the financial reporting process, including submitting the annual report in valid XHTML format;

– the identification and assessment of the risks of material misstatement associated with the marking of information in the consolidated financial statements in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the Group to mark the information.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

ON ADDITIONAL ELEMENTS PROVIDED IN ARTICLE 10 OF (EU) REGULATION NO. 537/2014

Pursuant to article 10 of the European Parliament and of the Council no. 537/2014 of 16 April 2014, in addition to the key audit matters mentioned above, we also report the following:

- We were appointed as Statutory Auditor of the Group's parent company for the first time on 13 April 2017, according to Corporate Written Resolution, for the the 2016-2017 term of office. We were appointed at the general shareholders' meeting held on March 19, 2019 for a second term, between 2018 and 2020; no subsequent deliberation in this scope has occurred.

- The management body has confirmed to us that it is not aware of any fraud or suspected fraud with a material effect on the consolidated financial statements. In planning and executing our audit in accordance with ISAs we maintained professional skepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement on the financial statements due to fraud.

- We confirm that the audit opinion issued herein is consistent with the additional report which we prepared and submitted to the Supervisory Board of the Group's parent-Entity on this same date.

- We warrant that we did not provide any services forbidden under the terms of article 77(8) of the Statutes of the Association of Statutory Auditors and that we maintained our independence in relation to the Group throughout our audit.

- We further inform that, in addition to the audit, we did not provide to the Group any other services permitted by the law and regulations in force.

Lisbon, 26 April 2022

VITOR ALMEIDA & ASSOCIADOS, SROC, LDA.
Represented by:

Vitor Manuel Batista de Almeida
(Registered with the OROC under number 691 and with CMVM under number 20160331)

AUDITOR'S REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Infraestruturas de Portugal, SA (hereafter IP or the Company), which comprise the statement of financial position at 31 December 2021 (showing a total of 27,893,660 thousand euro and a total equity of 10,118,407 thousand euro, including net profit of 13,533 thousand euro), the income statement by nature, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the financial position of Infraestruturas de Portugal, SA, as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section below. We are independent of the Entity in accordance with the law and we have fulfilled other ethical requirements in accordance with the Ordem dos Revisores Oficiais de Contas code of ethics.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis

1. As disclosed in paragraph 5.6.1 of the Management Report and in note 32 to the financial statements, the Court of Auditors confirmed through judgement decision nº13/2019 of 31 May and following appeal filed by IP against judgement decision no. 29/2018, its refusal to grant approval to the Amended Sub-concession Agreement of Algarve Litoral, agreed with the Sub-concessionaire following a renegotiation process. IP appealed to the Constitutional Court against this decision, but the appeal was refused in September 2020; IP subsequently appealed

to the Plenary of the Constitutional Court, which issued its final and definitive decision, through judgement decision 58/2021, of 22 January against the appeal. On 17 July 2019, under the terms of the applicable 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 tribunal was officially set up in 2020; the proceedings are still ongoing. Additionally, the financing entities filed a compensation lawsuit, as disclosed in said note 32, 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 Memorandums 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 4 June 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 10 to the financial statements, current assets recorded under the heading State and other public entities correspond almost entirely to the VAT determined by former EP - Estradas de Portugal, SA and by IP since the merger with REFER, totalling 1,844,222 thousand euro. Due to the framework given by the Tax Authority to the activity carried out by IP, especially the Road Service Contribution (RSC), additional VAT corrections have been made, amounting up to the years that were subject to inspection to 2,264,671 thousand euro, added of interest totalling 145,739 thousand euro as of this date; 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, 2016 and 2017), and inspection report (2018). As disclosed in Note 10, IP was notified in October 2017 of the Decision overturning the decision appealed against in relation to one of the legal proceedings (tax of 64,506 thousand euro), which considered the challenge totally justifiable and cancelled the additional tax settlements issued by the Tax Authority which has appealed against this decision to the Administrative Supreme Court. As disclosed in note 13, IP is setting specific provisions corresponding to the overall VAT amount deducted from activities financed by the RSC, which totalled 449,251 thousand euro at 31 December 2021. It should be noted that any risk associated with VAT not considered in the provisions will have accounting impact on the cost of the concession right of the national road network.

3. As disclosed in Note 12.3.2 to the financial statements, significant part of IP's funding requirements is provided by the Shareholder State; as of 31 December 2021, total funding/shareholder loans amounted to 2,332,667 thousand euro, including 2,215,578 thousand euro in loans for the road segment that have already reached maturity, but were granted a moratorium with suspended interest. As disclosed in note 12.2.1, current assets include 4,136,729 thousand euro of investments in long duration railway infrastructures made by IP on behalf of the State.

4. As mentioned in notes 2.2.7., 2.3. and 6. of the Notes to the Financial Statements, IP amortizes its road concession right using the equivalent production units method, being the amortization based on: i) estimation of the total income to be generated by the concession until its term and ii) valuation of the totality of the investments to be made by IP. As disclosed

in note 6 of the Notes to the financial statements, the effect of the 50% reduction in toll fees in several concessions formerly designated SCUT, and discounts, although less expressive, in other motorways of the Entity's own network, as provided by articles 425 and 426 of Law no. 75-B/2020, regulated by Ordinance no. 138-D/2021 which entered into force at July 1, 2021, were considered as an assumption until the end of 2024, as foreseen in the Activities and Budget Plan for 2022-2024. On the other hand, the projection for the evolution of net toll revenues considers significant increases as from 2025, which will be reflected throughout the period of the Concession. If this increase in toll revenues, which realization involves a political decision, fails to occur as projected, or otherwise, the financial rebalancing provided for in the Concession Agreement is not considered, on the basis of the pessimistic scenario contained in the sensitivity analysis referred to in point 2.3. of the Notes to the financial statements, this will imply the recalculation of the annual amortization rate of the Intangible Assets, which will result in an annual increase of this expense of approximately 25 millions euro starting already in 2021 until the end of the concession. We point out that the Concession Agreement entered into with the State Grantor on 23 November 2007 provides that “any legal changes of specific nature having a direct impact on the revenues or expenses relating to the activities included in the Concession” are likely to grant to the Concessionaire the right to the financial rebalancing of the Concession. As mentioned in note 6 of the Notes to the financial statements, it is possible that some mechanism is envisaged by the Grantor and IP that is capable of ensuring compensation for the loss of revenue associated with the aforementioned discounts on tolls, which would make it possible to neutralize the aforementioned increase of the amortization.

5. The Management Report and note 33 of the Notes to the Financial Statements disclose the current conflict in Ukraine and respective consequences on the world and domestic economies, consequently on IP’s activity. Although it is not possible to predict all the possible effects resulting from the said conflict, the increases in the prices of energy, fuel, other goods and services and raw materials that could affect the activity are already clear. The Management is monitoring the evolution of this situation, namely the mitigating measures implemented by the Portuguese Government. Despite the uncertainties related to this conflict, the Management considers that the continuity of IP's operations is not in question.

6. As disclosed in note 32 to the Notes to the Financial Statements, the annual report and accounts for 2020 are still pending of approval by the shareholder State. It is the conviction of the Executive Board of Directors that they will be approved in the exact terms in which they were submitted.

Our opinion did not change in relation to these matters.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements for the current year. These matters were considered in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not issue a separate opinion on these matters.

<table>
<tr><th>Key audit matters</th><th>Summary of the audit response</th></tr>
<tr><td colspan="2">1. Intangible Asset - Road Concession Right</td></tr>
<tr><td>As disclosed in Notes 2.2.7, 2.3 and 6 to the Financial Statements, the Road Concession Right provided under the Road Concession Contract entered with the State, which is recognised as intangible assets, under the terms of IFRIC 12 - Service Concession Agreements, representing 75.5% of the IP's assets, is recognised under the cost method, added annually of the construction services carried out either directly of via the sub-concessions, including financial expenses, and payments for availability and services, net of toll receivables relating to the network under concession.

The concession right is amortized using the unit of production method as provided in IFRIC 12. This amortisation is based on the estimated total income to be generated by the Concession up to its term and the valuation of all the investments to be made by IP over the concession period. Annual amortization is determined by applying the rate resulting of the proportion of eligible income for the period, vis-à-vis total eligible income projected for the concession period, and total costs relating to such right. The same criterion is used to recognise investment subsidies in results.

Projected income and costs supporting the amortization for the period are based on assumptions and estimates involving significant level of judgement and economic and financial projections, which are revised annually by the Management, taking into account the impacts of Covid-19 on estimated incomes.

The concession right involves the obligation of maintaining the average quality index of the road network; as a result, an estimate for periodic maintenance expenses is recorded annually, having amounted to 55,665 thousand euro in 2021; being the total amount recorded as of 31 December 2021 was 345,095 thousand euro. Internal estimates take into account the profile of the network and specific strategies relating to periodic maintenance works, and reflect the</td><td>The audit response involved the implementation of the following procedures:

i) Analysis of the method adopted by IP to measure the intangible asset and record respective amortization, checking the coherence and consistence of the assumptions, and evolution in relation to the previous year;

ii) Analysis of the controls and audit tests performed on a sample basis to increases and decreases in the concession right, and analysis of the concession and sub-concession contracts, including among other things, analysis of availability payments and service to validate annual remuneration recognised for accounting purposes, construction costs, interest, financial rebalance and toll revenues;

iii) Verification of the calculation of the amortization expense deriving from the concession right;

iv) Analysis of the impact of the legislative measures that were taken, in relation to toll fees, on the Entity's Business Plan and within the framework of the Concession Contract;

v) External confirmation of balances and other information with Concessionaires and Sub-concessionaires and analysis of reconciliations;

vi) Analysis of periodic maintenance costs for the year and use of respective accrued expense for works performed in the year;

vii) Confirmation by the Management Body that the assumptions and estimates used were based on the best information available and studies made at the date of the financial report;

vii) Analysis of the impacts of the Covid-19 pandemic;

ix) Verification that the financial statements' disclosures are in accordance with the relevant accounting standards.</td></tr>
</table>

results of a study revised in 2021, concerning the implementation of the business plan. Given the amounts involved and the level of judgements and assumptions required to determine the amortization rate of intangible assets, such as the overall amount of expenditure and income expected until the end of the concession, and given that future events may not occur in the manner expected, namely due to factors beyond the control of IP, such as the evolution of macro-economic variables, political decisions and social and economic changes, the financial and economic performance of the Concession may be significantly affected if the assumptions considered change, this matter is considered a relevant audit matter.	

<table>
<tr><th>Key audit matters</th><th>Summary of the audit response</th></tr>
<tr><td colspan="2">2. Long duration railway infrastructures: Grantor- State - Account Receivable</td></tr>
<tr><td>As disclosed in notes 2.2.11., 2.3, and 12.2.1 of the Notes to the Financial Statements, IP is responsible for the construction and renovation of long duration railway infrastructures, in line with the Shareholder directives, financed by capital, subsidies and loans most of which guaranteed by the State, whereas IP acts as “agent” of this activity.

Railway infrastructures belong to the Public Railway Domain, to which IP has access to provide the public infrastructure management service. Assets are recorded in the Statement of Financial Position under caption Grantor - State - Accounts Receivable, as they represent an unconditional right to receive money from the State for the expenditure carried out; as a result, this activity is considered as service concession agreements according to IFRS 12, using the financial asset model.

As of 31 December 2021 financial assets amount to 4,136,729 thousand euro, corresponding mainly to the value of the assets under concession at the date of the merger, added of the value of assets acquired or built subsequently, and interest charged to the Grantor - State, deducted of the subsidies received and compensation made with shareholder loans for 2018 a 2021. These receivables have no defined maturity, and are therefore considered due on debit date, and they are recorded under current assets.

The risk of material distortion associated with this matter concerns the charging of the costs incurred with the railway infrastructures, including financing expenses.</td><td>The audit response involved the implementation of the following procedures:

i) Confirmation of the approval of the financial statements relating to previous years by the Shareholder State and Grantor of the railway infrastructures;

ii) Assessment of the controls made and audit tests performed on a sample basis, to the acquisition of goods and services recorded in the period as receivables from the Grantor, and verification of the criteria used to charge financing expenses to long duration railway infrastructures;

iii) Confirmation by the Management of the adequacy of the assumptions associated with the debit of expenses to the Grantor - State;

iv) Analysis of possible impacts of the Covid-19 pandemic;

v) Verification that the financial statements’ disclosures are in accordance with the relevant accounting standards.</td></tr>
</table>

Key audit matters	Summary of the audit response
3. Recognition of revenue of sales and rendered services	
IP's revenue results mainly from the road activity arising from the road concession contract entered by the State and former EP, on 23 November 2007, and the management of the railway infrastructure as provided in contract entered with the State on 11 March 2016. As disclosed in notes 2.2.15 and 15 of the Notes to the Financial Statements, revenue from sales and services amount to 1,072,672thousand euro, being the more significant values related to: proceeds from the Road Service Contribution (RSC) in the amount of 636,392 thousand euro: road toll revenues totalling 264,225 thousand euro; Income from Railway User Fees totalling 66,377 thousand euro; construction contracts for new road infrastructures and capitalised financial expenses in the amount of € 56 370 thousand euro; and investment in long duration infrastructures charged to the Grantor - State, totalling 32,106 thousand euro. In view of the relevant revenue in the Statement of Comprehensive Income and the fact the amounts received relating to State concession tolls (net of collection expenses) are deducted to IP's investment in the acquisition of rights on the same concession network, as this deduction is recorded against the Cost of goods sold and materials consumed (Note 17) and the impact of the Covid-19 pandemic on road revenues, this matter is considered as key audit matter.	The audit response involved the implementation of the following procedures: i) Analysis of the main components of the estimated revenue in IP Activity Plan and Budget for 2021 and recorded income; ii) Verification of the transfers of funds by the Directorate-General for the Budget relating to RSC, analysis and checking of the revenue recognised in the period vis-à-vis the information available on the Tax Authority website, and external confirmation of the revenue charged relating to RSC; iii) In respect of toll revenue, audit procedures comprised analysis of the controls followed by IP to ensure the comprehensive recognition of the revenue, the performance of audit tests on a sample basis, and external confirmations of balances with sub-concessionaires and analysis of balance reconciliations. iv) As regards the revenue of construction services for road infrastructures and investment in long duration railway infrastructures charged to the Grantor - State, the costs incurred were tested on a sample basis, and external confirmations of the balances were carried out; v) Verification on a sample basis of the revenue amount associated to the management of the railway Infrastructure and other sales and services, including external confirmations of main clients; vi) Analysis of the impacts of the Covid-19 pandemic;

Responsibilities of management and the supervisory body for the financial statements

Management is responsible for:

- the preparation of financial statements that give a true and fair view of the Entity's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union;
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Entity's ability to continue as a going concern, and disclosing, as applicable, the matters that may cast significant doubt about the Entity's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the matters communicated with those charged with governance, including the supervisory body, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes their public disclosure;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the management report is consistent with the financial statements, and the verifications provided in paragraphs 4 and 5 of article 451 of the Companies Code relating to Corporate Governance, as well as the verification that the non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451.°, n.° 3, sub-paragraph e) of the Portuguese Companies' Code, which corresponds to a single report as permitted in paragraph 6 of article 508°-C of the Companies Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited financial statements and, having regard to our knowledge and assessment over the Entity, we have not identified any material misstatements. As provided in article 451°, nr 7 of the Companies Code, this opinion does not apply to the non-financial statement included in the management report.

On the Corporate Governance Report

In compliance with article 451°, nr 4, of the Commercial Companies Code, it is our opinion that the corporate governance report includes the elements legally required under the terms of article 245-A of the Securities Code (in force on December 31, 2021 and corresponding to the current article 29º H of the same Code), and we did not detect any material misstatement in the information provided therein, complying with the provisions of subparagraphs c), d), f) , h), i) and m) (current subparagraph l) of the said article.

On the statement of non-financial information

In compliance with article 451°, nr 6, of the Companies Code, we inform that the Company included in its management report the non-financial statement, as provided in article 66° B of the said Code.

European Single Electronic Format (ESEF)

The financial statements of Infraestruturas de Portugal, SA for the year ended 31 December 2021 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

The management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the financial statements included in the annual report are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures took into account the Technical Application Guide on ESEF reporting issued by OROC and included gaining an understanding of the financial reporting process, including submitting the annual report in valid XHTML format.

In our opinion, the financial statements included in the annual report are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) nº 537/2014

Pursuant to article 10 of the Regulation (EU) nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, in addition to the significant audit findings mentioned above, we also report the following:

- We were appointed as auditors of the Entity for the first time on 8 February 2016 for the year 2015, and on 24 June 2020 for the financial years of 2020, 2021 and 2022.
- The management has confirmed to us that it is not aware of any fraud or suspected fraud with a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement on the financial statements due to fraud.
- We confirm that our audit opinion is consistent with the additional report that we prepared and delivered to the supervisory board of IP on this same date.
- We declare that we have not provided any prohibited services as described in article 77.º, number 8, of the Ordem dos Revisores Oficiais de Contas statutes, and we have remained independent of the Company in conducting the audit.
- We further inform that in addition to the audit, and following a tender procedure, we performed a limited audit of the consolidated half-year financial statements and an audit to the prospective separate financial statements of IP.

Lisbon, 26 April 2022

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António José Carvalho Barros
(ROC no. 966, registered with CMVM under no. 20160583)
On behalf of BDO & Associados, SROC, Lda.

AUDITOR'S REPORT

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the accompanying consolidated financial statements of Infraestruturas de Portugal, S.A. (IP or Group), which comprise the consolidated statement of financial Position/the balance sheet at 31 December 2021 (showing a total of 27,938,693 thousand euro and a total equity of 10,156,910 thousand euro, including net profit of 15,892 thousand euro), the consolidated income statement by nature, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of the financial position of Infraestruturas de Portugal, S.A., as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and further technical and ethical standards and guidelines as issued by Ordem dos Revisores Oficiais de Contas (the Portuguese Institute of Statutory Auditors). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section below. We are independent from the entities which compose the Group under the terms of the law, and we comply with relevant ethical requirements under the terms of the Code of Ethics of the Certified Auditors Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis

1. As disclosed in paragraph 5.6.1 of the Management Report and in note 33 of the Notes to the Consolidated Financial Statements, the Court of Auditors confirmed through judgement decision nº13/2019 of 31 May and following appeal filed by Group against judgement decision no. 29/2018, its refusal to grant approval to the Amended Sub-concession Agreement of Algarve Litoral, agreed with the Sub-concessionaire following a renegotiation process. IP appealed to

the Constitutional Court against this decision, but the appeal was refused in September 2020; IP subsequently appealed to the Plenary of the Constitutional Court, which issued its final and definitive decision, through judgement decision (58/2021, of 22 January) against the appeal. On 17 July 2019, under the terms of the applicable 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 tribunal was officially set up in 2020; the proceedings are still ongoing. Additionally, the financing entities filed a compensation lawsuit, as disclosed in said note 33, 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 Memorandums 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 4 June 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 12 of the Notes to the Consolidated Financial Statements, current assets recorded under the heading State and other public entities correspond almost entirely to the VAT determined by former EP - Estradas de Portugal, S.A. and by IP since the merger with REFER, totalling 1,844,222 thousand euro. Due to the framework given by the Tax Authority to the activity carried out by IP, especially in the Road Service Contribution (RSC), additional VAT corrections have been made, amounting up to the years that were subject to inspection to 2,264,671 thousand euro, added of interest totalling 145,739 thousand euro as of this date; 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, 2015 and 2017), and inspection report (2018). As disclosed in note 12, IP was notified in October 2017 of the Decision overturning the decision appealed against in relation to one of the legal proceedings (tax of 64,506 thousand euro), which considered the challenge totally justifiable and cancelled the additional tax settlements issued by the Tax Authority which has appealed against this decision to the Administrative Supreme Court. As disclosed in note 15, IP is setting specific provisions corresponding to the overall VAT amount deducted from activities financed by the RSC, which totalled 449,251 thousand euro at 31 December 2021. It should be noted that any risk associated with VAT not considered in the provisions will have accounting impact on the cost of the concession right of the national road network.

3. As disclosed in note 14.3.2 of the Notes to the Consolidated Financial Statements, significant part of the Group's funding requirements is provided by the Shareholder State; as of 31 December 2021, total funding/shareholder loans including loans amounted to 2,332,667 thousand euro, including 2,215,578 thousand euro in loans for the road segment that have already reached maturity, but were granted a moratorium with suspended interest. As disclosed in note 14.2.1, current assets include 4,136,506 thousand euro of investments in long duration railway infrastructures made by the Group on behalf of the State.

4. As mentioned in notes 2.3.7., 2.4. and 7. of the Notes to the Consolidated Financial Statements, IP amortizes its road concession right using the equivalent production units

method, being the amortization based on: i) estimation of the total income to be generated by the concession until its term and ii) valuation of the totality of the investments to be made by IP. As disclosed in note 7 of the Notes to the Consolidated Financial Statements, the effect of the 50% reduction in toll fees in several concessions formerly designated SCUT, and discounts, although less expressive, in other motorways of the Company´s own network, as provided by articles 425 and 426 of Law no. 75-B/2020, regulated by Ordinance no. 138-D/2021 which entered into force at July 1, 2021, were considered as an assumption until the end of 2024, as foreseen in the Activities and Budget Plan for 2022-2024. On the other hand, the projection for the evolution of net toll revenues considers significant increases as from 2025, which will be reflected throughout the period of the Concession. If this increase in toll revenues, which realization involves a political decision, fails to occur as projected, or otherwise, the financial rebalancing provided for in the Concession Agreement is not considered, on the basis of the pessimistic scenario contained in the sensitivity analysis referred to in note 2.4. of the Notes to the financial statements, this will imply the recalculation of the annual amortization rate of the Intangible Assets, which will result in an annual increase of this expense of approximately 25 million euro starting already in 2021 until the end of the concession. We point out that the Concession Agreement entered into with the State Grantor on 23 November 2007 provides that "any legal changes of specific nature having a direct impact on the revenues or expenses relating to the activities included in the Concession" are likely to grant to the Concessionaire the right to the financial rebalancing of the Concession. As mentioned in note 7 of the Notes to the Consolidated Financial Statements, it is possible that some mechanism is envisaged by the Grantor and IP that is capable of ensuring compensation for the loss of revenue associated with the aforementioned discounts on tolls, which would make it possible to neutralize the aforementioned increase of the amortization.

5. The Management Report and note 34 of the Notes to the Consolidated Financial Statements disclose the current conflict in Ukraine and respective consequences on the world and domestic economies, consequently on the Group´s activity. Although it is not possible to predict all the possible effects resulting from the said conflict, the increases in the prices of energy, fuel, other goods and services and raw materials that could affect the activity of the Group are already clear. The Management is monitoring the evolution of this situation, namely the effect of the mitigating measures implemented by the Portuguese Government. Despite the uncertainties related to this conflict, the Management considers that the continuity of the IP Group's operations is not in question.

6. As disclosed in note 33 to the Notes to the consolidated financial statements, the annual report and accounts for 2020 are still pending of approval by the shareholder State. It is the conviction of the Executive Board of Directors that they will be approved in the exact terms in which they were submitted.

Our opinion did not change in relation to these matters.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current year. These findings were considered in the context of the audit of the consolidated financial statements as a whole, and forming our opinion thereon, and we do not issue a separate opinion on these findings.

<table>
<tr><th>Key audit matters</th><th>Summary of the audit response</th></tr>
<tr><td colspan="2">1. Intangible Asset - Road Concession Right</td></tr>
<tr><td>As disclosed in notes 2.3.7, 2.4 and 7 to the Consolidated Financial Statements, the Road Concession Right provided under the Road Concession Contract entered with the State, which is recognised as intangible assets, under the terms of IFRIC 12 - Service Concession Agreements, and which representing 75.5% of the Group assets, is recognised under the cost method, added annually of the construction services carried out either directly of via the sub-concessions, including financial expenses, and payments for availability and services, net of toll receivables relating to the network under concession.

The concession right is amortised using the unit of production method as provided in IFRIC 12. This amortisation is based on the estimated total income to be generated by the Concession up to its term and the valuation of all the investments to be made by Group over the concession period. Annual amortisation is determined by applying the rate resulting of the proportion of eligible income for the period, vis-à-vis total eligible income projected for the concession period, and total costs relating to such right. The same criterion is used to recognise investment subsidies in results.

Projected income and costs supporting the amortisation for the period are based on assumptions and estimates involving significant level of judgement and economic and financial projections, which are revised annually by the Management, taking into account the impacts of Covid-19 on estimated incomes.

The concession right involves the obligation of maintaining the average quality index of the road network; as a result, an estimate for periodic maintenance expenses is recorded annually, having amounted to 55,665 thousand euro in 2021; being the total amount recorded as of 31 December 2021 was 345,095 thousand euro. Internal estimates take into account the profile of the network and specific strategies relating to periodic maintenance works, and reflect the</td><td>The audit response involved the implementation of the following procedures:

i) Analysis of the method adopted by the Group to measure the intangible asset and record respective amortization, checking the coherence and consistence of the assumptions, and evolution in relation to the previous year;

ii) Assessment of the controls and audit tests performed on a sample basis to increases and decreases in the concession right, and analysis of the concession and sub-concession contracts, including among other things, analysis of availability payments and service to validate annual remuneration recognised for accounting purposes, construction costs, interest, financial rebalance and toll revenues;

iii) Verification of the calculation of the amortization expense deriving from the concession right;

iv) Analysis of the impact of the legislative measures that were taken, in relation to toll fees, on the Company´s Business Plan and within the framework of the Concession Contract;

v) External confirmation of balances and other information with Concessionaires and Sub-concessionaires and analysis of reconciliations;

vi) Analysis of periodic maintenance costs for the year and use of respective accrued expense for works performed in the year;

vii) Confirmation by the Management Body that the assumptions and estimates used were based on the best information available and studies made at the date of the financial report;

vii) Analysis of the impacts of the Covid-19 pandemic;

ix) Verification that the financial statements' disclosures are in accordance with the relevant accounting standards.</td></tr>
</table>

results of a study revised in 2021, concerning the implementation of the business plan. Given the amounts involved and the high level of judgements and assumptions required to determine the amortization rate of intangible assets, such as the overall amount of expenditure and income expected until the end of the concession, and given that future events may not occur in the manner expected, namely due to factors beyond the control of the Group, such as the evolution of macro economic variables, political decisions and social and economic changes, the financial and economic performance of the Concession may be significantly affected if the assumptions considered change, this matter is considered a significant audit finding.	

Key audit matters	Summary of the audit response
2. Long duration railway infrastructures: Grantor- State - Account Receivable	
As disclosed in notes 2.3.11., 2.4, and 14.2.1 of the Notes to the Consolidated Financial Statements, the Parent Company is responsible for the construction and renovation of long duration railway infrastructures, in line with the Shareholder directives, financed by capital, subsidies and loans most of which guaranteed by the State, whereas the Parent Company acts as "agent" of this activity. Railway infrastructures belong to the Public Railway Domain, to which the parent company has access to provide the public infrastructure management service. Assets are recorded in the Consolidated Statement of Financial Position under caption Grantor - State - Accounts Receivable, as they represent an unconditional right to receive moneys from the State for the expenditure carried out; as a result, this activity is considered as service concession agreements according to IFRS 12, using the financial asset model. As at 31 December 2021, the consolidated financial asset amounts to 4,136,506 thousand euro and basically corresponds to the value of the concession assets existing on the date of the merger, plus the value of assets acquired or built later and the financing interest attributed to the State – Grantor, deducted from the amount of subsidies received and compensation made with overdue shareholder's loans approved and implemented between 2018 and 2021. These receivables have no defined maturity, and are therefore considered due on debit date, and they are recorded under current assets. The risk of material distortion associated with this matter concerns the charging of the costs incurred with the railway infrastructures, including financing expenses.	The audit response involved the implementation of the following procedures: i) Confirmation of the approval of the consolidated financial statements relating to previous years by the Shareholder State and Grantor of the railway infrastructures; ii) Analysis of the controls made and audit tests performed on a sample basis, to the acquisition of goods and services recorded in the period as receivables from the Grantor, and verification of the criteria used to charge financing expenses to long duration railway infrastructures; iii) Confirmation by the Management of the adequacy of the assumptions associated with the debit of expenses to the Grantor - State; iv) Analysis of possible impacts of the Covid-19 pandemic; v) Verification that the financial statements' disclosures are in accordance with the relevant accounting standards.

Key audit matters	Summary of the audit response
3. Recognition of revenue of sales and rendered services	
The Group's revenue results mainly from the road activity arising from the road concession contract entered by the State and former EP, on 23 November 2007, and the management of the railway infrastructure as provided in contract entered with the State on 11 March 2016. As disclosed in notes 2.3.15 and 17 of the Notes to the Consolidated Financial Statements, revenue from sales and services amount to 1,101,825 thousand euro, being the more significant values related to: proceeds from the Road Service Contribution (RSC) in the amount of 636,392 thousand euro: road toll revenues totalling 264,225 thousand euro; Income from Railway User Fees totalling 66,377 thousand euro; construction contracts for new road infrastructures and capitalised financial expenses in the amount of 56,370 thousand euro; and investment in long duration infrastructures charged to the Grantor – State, totalling 36,036 thousand euro. In view of the relevant revenue in the Statement of Comprehensive Income and the fact the amounts received relating to State concession tolls (net of collection expenses) are deducted to the Group's investment in the acquisition of rights on the same concession network, as this deduction is recorded against the Cost of goods sold and materials consumed (note 19) and the impact of the Covid-19 pandemic on road revenues, this matter is considered as key audit matter.	The audit response involved the implementation of the following procedures: i) Analysis of the main components of the estimated revenue in IP Activity Plan and Budget for 2021 and recorded income; ii) Verification of the transfers of funds by the Directorate-General for the Budget relating to RSC, analysis and checking of the revenue recognised in the period vis-à-vis the information available on the Tax Authority website, and external confirmation of the revenue charged relating to RSC; iii) In respect of toll revenue, audit procedures comprised analysis of the controls followed by the Group to ensure the comprehensive recognition of the revenue, the performance of audit tests on a sample basis, and external confirmations of balances with sub-concessionaires and analysis of balance reconciliations. iv) As regards the revenue of construction services for road infrastructures and investment in long duration railway infrastructures charged to the Grantor – State, the costs incurred were tested on a sample basis, and external confirmations of the balances were carried out; v) Verification on a sample basis of the revenue amount associated to the management of the railway Infrastructure and other sales and services, including external confirmations of main balances; vi) Analysis of the impacts of the Covid-19 pandemic;

Key audit matters	Summary of the audit response
4. Measurement of Goodwill	
Goodwill amounting to 21,687 thousand euro recorded in the consolidated statement of financial position derived from the acquisition in 2014, of the remaining share capital of GIL-Gare Intermodal de Lisboa, SA, integrated in 2018 into IP Património, as disclosed in notes 2.3.1 and 5 of the Notes to the Consolidated Financial Statements. Goodwill related to the commercial areas' cash-generating unit, and was subject to impairment test in accordance with assumptions described in note 5 of the Notes to the Consolidated Financial Statements. The recoverable amount for this cash-generating unit was determined based on its value-in-use, in accordance with provisions of IAS 36. The risk of material distortion is associated with the estimates considered, including the impact of Covid-19, to determine the respective recoverable amount, calculated based on its value-in-use.	The audit response involved the implementation of the following procedures: i) Confirmation of the acquisition value of the investment and respective goodwill determined at the date of acquisition; ii) Analysis of projected cash flows and other assumptions used in the calculation of the amount recoverable of this cash-generating unit and conclusions of the impairment test; iii) Analysis of the impacts of the Covid-19 pandemic; iv) Verification that the financial statements' disclosures are in accordance with the relevant accounting standards.

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

Management is responsible for:

- the preparation of consolidated financial statements that give a true and fair view of the Group´s financial position, financial performance and cash flows in accordance with the International Financial Reporting Standards (IFRS), as adopted in the European Union;
- the preparation of the management report in accordance with applicable laws and regulations;
- designing and maintaining an appropriate internal control system to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- the adoption of accounting policies and principles appropriate in the circumstances; and
- assessing the Group's ability to continue as a going concern, and disclosing, as applicable, the findings that may cast significant doubt about the Group's ability to continue as a going concern.

The supervisory body is responsible for overseeing the Group´s financial reporting process.

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

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

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group´s internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group´s to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient and adequate audit evidence relating to the financial information of the entities or activities within the Group in order to express an opinion on the consolidated financial statements. We are responsible for the guidance, supervision and performance of the Group's audit and we are ultimately responsible for our audit opinion;
- communicate with those charged with governance, including the supervisory body, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;
- determine, from the findings communicated with those charged with governance, including the supervisory body, those findings that were of most significance in the audit of the financial statements of the current period and are therefore the key audit findings. We describe these matters in our auditor's report unless law or regulation precludes their public disclosure;
- provide the supervisory body with a statement that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibility also includes the verification that the information contained in the consolidated management report is consistent with the consolidated financial statements, and the verifications provided in paragraphs 4 and 5 of article 451 of the Companies Code relating to Corporate Governance, as well as the verification that the consolidated non-financial statement was presented.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

On the management report

Pursuant to article 451.º, n.º 3, (sub-paragraph e) of the Portuguese Companies' Code, which corresponds to a single report as permitted in paragraph 6 of article 508º-C of the Companies Code, it is our opinion that the management report was prepared in accordance with the applicable legal and regulatory requirements and the information contained therein is consistent with the audited consolidated financial statements and, having regard to our knowledge and assessment over the Group, we have not identified any material misstatements. As provided in article 451º, nr 7 of the Companies Code, this opinion does not apply to the consolidated non-financial statement included in the management report.

On the Corporate Governance Report

In compliance with article 451º, nr4 of the Commercial Companies Code, it is our opinion that the corporate governance report includes the elements legally required under the terms of article 245-A of the Securities Code (in force on December 31, 2021 and corresponding to the current article 29H of the same Code), and we did not detect any material misstatement in the information provided therein, complying with the provisions of subparagraphs c), d), f) , h), i) and m) (current subparagraph l of the said article.

On the consolidated statement of non-financial information

In compliance with article 451º, nr 6, of the Companies Code, we inform that the Group included in its management report the consolidated non-financial statement, as provided in article 508G of the said Code.

European Single Electronic Format (ESEF)

The consolidated financial statements of Infraestruturas de Portugal, S.A. for the year ended 31 December 2021 must comply with the applicable requirements set out in the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF Regulation).

The management is responsible for preparing and disclosing the annual report in accordance with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements included in the annual report are presented in accordance with the requirements set out in the ESEF Regulation.

Our procedures took into account the OROC Technical Application Guide on ESEF reporting and included, among others:

- gaining an understanding of the financial reporting process, including submitting the annual report in valid XHTML format; and

- the identification and assessment of the risks of material misstatement associated with the marking of information in the financial statements in XBRL format using iXBRL technology. This assessment was based on an understanding of the process implemented by the Company to mark the information.

In our opinion, the consolidated financial statements included in the annual report are presented, in all material respects, in accordance with the requirements established in the ESEF Regulation.

On the additional matters provided in article 10 of the Regulation (EU) nº 537/2014

Pursuant to article 10 of the Regulation (EU) nº 537/2014 of the European Parliament and of the Council, of 16 April 2014, in addition to the significant audit findings mentioned above, we also report the following:

- We were appointed as auditors of the Company for the first time on 8 February 2016 for the year 2015, and on 24 June 2020 for the financial years of 2020, 2021 and 2022.
- The management has confirmed to us that it is not aware of any fraud or suspected fraud with a material effect on the financial statements. In planning and executing our audit in accordance with ISAs we maintained professional scepticism, and we designed audit procedures to respond to the possibility of material misstatement in the financial statements due to fraud. As a result of our work we have not identified any material misstatement on the financial statements due to fraud.
- \- We confirm that our audit opinion is consistent with the additional report that we prepared and delivered to the supervisory board on this same date.
- \- We declare that we have not provided any prohibited services as described in article 77.º, number 8, of the Ordem dos Revisores Oficiais de Contas statutes, and we have remained independent of the Group`s in conducting the audit.
- \- We further inform that in addition to the audit, and following a tender procedure, we performed a limited audit of the consolidated half-year financial statements and an audit to the prospective separate financial statements of the Parent Company.

Lisbon, 26 April 2022

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António José Carvalho Barros
(ROC no. 966, registered with CMVM under no. 20160583)
On behalf of BDO & Associados, SROC, Lda.

Infraestruturas de Portugal

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