



**CONSOLIDATED
REPORT
AND ACCOUNTS**
FIRST-HALF 2022

TABLE OF CONTENTS

PART I – CONSOLIDATED REPORT - FIRST-HALF 2022

1. EXECUTIVE SUMMARY	8
2. WHO WE ARE	10
2.1 IP GROUP	12
2.2 MISSION, VISION AND VALUES	13
2.3 GOVERNANCE MODEL	14
2.4 IP GROUP STRUCTURE: ORGANISATIONAL MODEL	16
2.5 OUR NETWORKS	18
3. PERFORMANCE IN THE 1ST HALF OF 2022	22
3.1 KEY INDICATORS	22
3.2 HIGHLIGHTS OF THE PERIOD	28
4. MAIN AREAS OF ACTIVITY	35
4.1 NETWORK MAINTENANCE	35
4.2 INVESTMENT IN THE ROAD AND RAILWAY INFRASTRUCTURE	46
4.3 USE OF THE ROAD AND RAIL NETWORK	58
4.4 PUBLIC-PRIVATE PARTNERSHIPS	62
4.5 TELECOMMUNICATIONS AND BUSINESS CLOUD	67
4.6 ENGINEERING SERVICES	67
4.7 MANAGEMENT OF REAL ESTATE PROPERTY AND COMMERCIAL AREAS	68
5. ECONOMIC AND FINANCIAL PERFORMANCE	70
5.1 OPERATING INCOME	71
5.2 OPERATING EXPENSES	79
5.3 EQUITY STRUCTURE	88
6. FINANCIAL MANAGEMENT AND DEBT	90
6.1 FINANCIAL MANAGEMENT	90
6.2 SHARE CAPITAL INCREASES	92
6.3 FINANCIAL DEBT STRUCTURE	92
6.4 ANALYSIS OF FINANCIAL RESULTS	93
7. IMPACT OF COVID-19 AND THE INTERNATIONAL GEOPOLITICAL SITUATION	96
8. SUBSEQUENT EVENTS	97

PART II – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES - FIRST-HALF 2022

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES	102
STATEMENT OF COMPLIANCE	103
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	104
1. CORPORATE INFORMATION	111

1.1. IP ACTIVITY	112
1.2. ACTIVITY OF IP GROUP COMPANIES	112
1.2.1. TELECOMMUNICATIONS OPERATIONS ACTIVITY	112
1.2.2. INTEGRATED MANAGEMENT AND IMPROVEMENT OF THE GROUP'S AND PUBLIC RAILWAY PROPERTY (COMMERCIAL SPACES)	112
1.2.3. PROVISION OF ENGINEERING AND TRANSPORT SERVICES	112
1.3. OTHER EQUITY HOLDINGS	113
1.3.1. HIGH-SPEED SPAIN - PORTUGAL LINK - AVEP	113
1.3.2. ATLÂNTICO CORRIDOR	113
1.3.3. RAILWAY COMPETENCE CENTRE (RCC)	113
2. MAIN ACCOUNTING POLICIES	114
2.1. BASES OF PRESENTATION	114
2.2. CONSOLIDATION BASIS	114
2.3. ACCOUNTING POLICIES	114
2.4. MAIN JUDGEMENTS AND ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS	114
3. GROUP	116
4. SEGMENT REPORTING	117
5. INTANGIBLE ASSETS	120
6. GOVERNMENT AND OTHER PUBLIC BODIES (ASSETS AND LIABILITIES)	122
7. DEFERRALS	124
7.1. DEFERRED ASSETS	124
7.2. DEFERRED LIABILITIES	124
7.2.1. INVESTMENT GRANTS - ROAD CONCESSION RIGHT	125
8. FINANCIAL ASSETS AND LIABILITIES	126
8.1. CATEGORIES ACCORDING TO IFRS 9	126
8.2. FINANCIAL ASSETS	127
8.2.1. GRANTOR .- STATE - ACCOUNT RECEIVABLE	127
8.2.2. TRADE RECEIVABLES (CLIENTS)	128
8.2.3. OTHER ACCOUNTS RECEIVABLE	128
8.2.4. CASH AND CASH EQUIVALENTS	129

8.3. FINANCIAL LIABILITIES	130
8.3.1. LOANS	130
8.3.2. SHAREHOLDER FUNDING / SHAREHOLDER LOANS	132
8.3.3. SUPPLIERS	136
8.3.4. OTHER ACCOUNTS PAYABLE	136
8.4. FINANCIAL RISK MANAGEMENT POLICIES	137
8.4.1. CREDIT RISK	137
8.4.2. LIQUIDITY RISK	140
8.4.3. INTEREST RATE RISK	141
8.4.4. CAPITAL RISK	141
8.5. CHANGES IN LIABILITIES DERIVING FROM FINANCING ACTIVITY	142
9. PROVISIONS	144
10. SHARE CAPITAL AND RESERVES	145
10.1. SOCIAL CAPITAL	145
10.2. RESERVES	145
11. SALES AND SERVICES	146
12. COST OF GOODS SOLD AND MATERIALS CONSUMED	148
13. EXTERNAL SUPPLIES AND SERVICES	149
14. OTHER INCOME AND GAINS	150
15. FINANCIAL LOSSES AND GAINS	150
16. INCOME TAX	151
17. RELATED ENTITIES	153
17.1. SUMMARY OF RELATED PARTIES	153
17.2. SIGNIFICANT BALANCES AND TRANSACTIONS WITH PUBLIC ENTITIES	154
17.3. BALANCES AND TRANSACTIONS WITH RAILWAY OPERATORS	156
17.4. JOINT OPERATIONS	157
17.5. REMUNERATION OF CORPORATE OFFICERS	157
18. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS	159
19. GUARANTEES AND SURETIES	162
20. CONTINGENCIES	163
21. COMMITMENTS	164
22. INFORMATION REQUIRED BY LAW	165
23. OTHER RELEVANT FACTS	166
24. SUBSEQUENT EVENTS	168

PART III – REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – FIRST-HALF 2022

Inclusive Language

Throughout the report, gender-specific terms may be used in order to ease the text flow. This is done solely for the purpose of making the text easier to read, and no offense or sexism is intended; we are against all sexist forms of communication.







Part I

Consolidated Report

First-half 2022

1. EXECUTIVE SUMMARY

In the 1st half of 2022 we saw a recovery in economic activity at national level, with a positive impact on the use of the road-rail network and, consequently, on the economic results of the IP Group.

At the end of the 1st half of 2022 the IP Group posted positive Net Results of € 32.4 million, which compares with net losses of € 38.9 million recorded in the same period of 2021, thus corresponding to a recovery of € 71.3 million. Operating Results remained positive at € 119.2 million, increasing by € 40.8 million above the same period of the previous year (€ 78.5 million).

Sales and Services amounted to € 547.9 million, representing an increase of € 68.4 million (+14%) compared to the same period in 2021; this performance was mainly due to an increase in Core Revenues, namely the Road Service Contribution, which grew by € 53.6 million; toll revenues, which grew by € 16.5 million; and, Rail Services revenues, which grew by € 7.3 million.

The amount of Compensatory Allowances in the first half of 2022 totalled € 27.5 million, the same as in the 1st half of 2021. This sum corresponds to what was fixed in Addendum to the Framework Contract for the first half of 2022, as per Council of Ministers Resolution 13/2022 of 20/01/2022. The need to enter into this Addendum stems from the fact that the new Framework Contract has not yet been closed.

Operating Expenses reached € 500.5 million at the end of the 1st half of 2022, i.e. € 25.4 million more than the real value as of June 2021. This increase is mainly due to a € 17.9 million increase in Other Supplies and Services (excluding expenses with the maintenance of the road-rail network), largely motivated by the rise in electricity and traction energy expenses (+€ 12.1 million), Cleaning Services (+€ 1.1 million) and collection of the RSC (+€ 1.1 million).

Staff expenses totalled € 69.4 million in the first

half of 2022, increasing by € 400 thousand over the same period of 2021. As of 30 June 2022 the IP Group had 3,649 employees, having added 18 employees to its workforce in relation to end 2021 (3,667).

Expenses with the maintenance of the road-rail network in the first half of 2022 totalled € 91.1 million, increasing by 1% over the same period of the previous year.

In the period under review expenditure in the rail and road networks including Management Support Investments (IEAG's) totalled € 168.6 million, which corresponds to an increase of 66% compared to the same period in 2021. It is worth noting the overall implementation of the investment included in the Ferrovia 2020 Program, which amounted to € 132.1 million in the 1st half of 2022, 92% more than in the same period of 2021.

Also within the scope of the Ferrovia 2020 Investment Program, we highlight the two corridors with the highest level of implementation in the 1st half of 2022: the International South Corridor, with an implementation of € 69.2 million; and the International North Corridor, with an implementation of € 30.7 million.

Within the International South Corridor, the railway line between Évora and Elvas is under construction with expenditure totalling € 66.8 million in the 1st half of 2022. Within the International North Corridor, renovation and modernisation works are under way on the Beira Alta Line, with a corresponding expenditure of € 30.6 million in the period.

In terms of road investments, in the 1st half of 2022, the two works included in the Business Areas Enhancement Plan were continued, namely the Connection of the Escariz Business Park to the A32, corresponding to an investment in the period of € 9.0 million, and the connection of the Business Park of Formariz / Paredes de Coura to the A3, corresponding to an investment of € 2.4 million.

Road investment associated with the Recovery and Resilience Plan (PRR) amounted to € 2.9 million in the 1st half of 2022, with emphasis on the assignment of two works in the period: the EN14 Maia (Via Diagonal) / Trofa Road-Railway Interface, with an estimated investment of € 32 million; and the Bypass on the EN248 (Arruda dos Vinhos), with an estimated investment of € 6 million. Within the scope of the PRR it is also worth noting the fulfilment of all contractual targets established for the 1st half of 2022.

Another structural investment under way in the 1st half of 2022 concerns the Mondego Mobility System, which recorded an investment in the period of € 6.5 million.

Payments made until the end of the 2nd quarter of 2022, related to road concessions and sub-concessions, totalled € 692.7 million (VAT excluded), i.e. € 6.0 million less (-1%) compared to the 1st half of 2021.

As of 30 June 2022, Overall Financial Results amounted to -€ 126.6 million, showing an improvement of € 18.3 million compared to the previous year, essentially due to the decrease in interest borne relating to the Railway Infrastructure Management Activity; and the reduction of financial expenses allocated to the High-Performance segment via the reduction of debt to Sub-concessionaires.

At the end of the first half of 2022 Financial Debt in nominal terms, totalled € 4,047.1 million, decreasing by € 97.4 million over 31 December 2021. This reduction was due to the repayments of EIB loans that took place in March and June.

During the 1st half of the year, the company carried out capital increase operations totalling € 742,499,000 to cover the investment and debt service. As of 30 June 2022 share capital totalled € 10,612,670,000.





2. WHO WE ARE

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

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

Road Concession Contract:

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

One of the more major 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 Framework Contract for the National Railway Network, as provided in Decree-Law no. 217/2015, of 7 October.

The Framework Contract is being extended for periods of six months every six months since the 1st semester of 2021, through Addenda determined by Resolutions of the Council of Ministers; its current term date is June 30, 2022 .

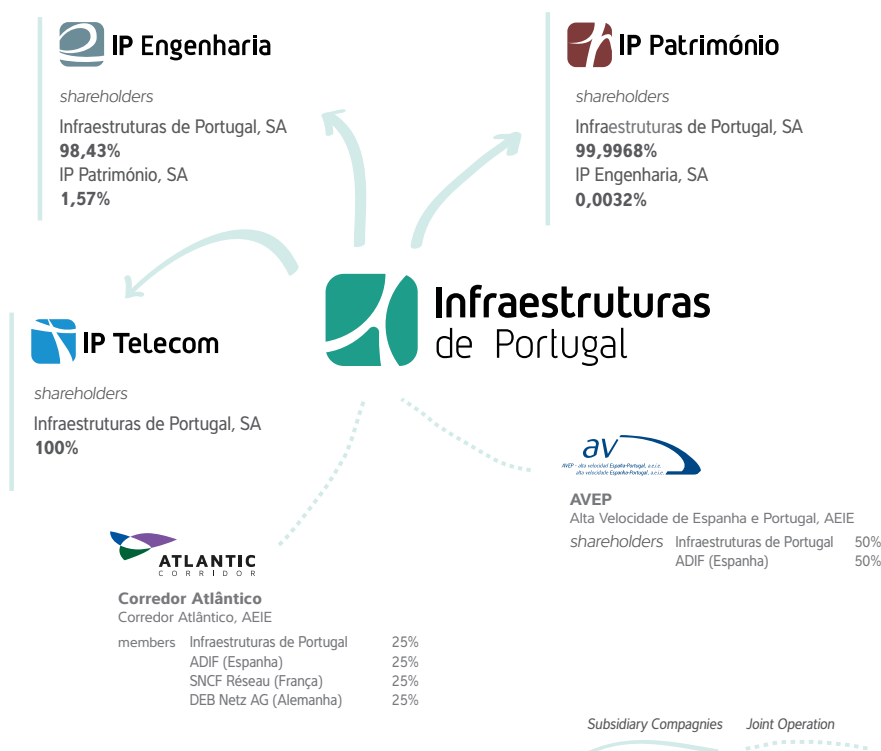
These Addenda stem from the fact that a new Framework Contract with a multi-annual horizon, has not yet been signed; IP expects this to occur at the beginning of the year 2023.

The State's main obligation is to finance the management of the infrastructures, whereas 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 with revenues from fees 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.



2.1 IP GROUP



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

IP currently holds stakes in the share capital of three companies: IP Engenharia, IP Património and IP Telecom. These subsidiaries are profit centres aimed to optimise the non-core revenue of the Group, making the best possible use of existing surplus capacity in assets not used in main activities.

Within the current context of major investment in the railway infrastructure, IP Engenharia is the exception to the above, as its activity is mainly focu-

sed on the achievement of the Ferrovia 2020 Programme.

IP also has a stake in the share capital of Corredor Atlântico and AVEP – Alta Velocidade Espanha-Portugal, AEIE, entities formed with European peer companies whose objective is to promote the competitiveness of rail freight transport.

Shares representing the total capital stock of IP belong to the State and are held by the Directorate-General for the Treasury and Finance. The company's share capital as of 30 June 2022 was **€ 10,612,670,000**.

2.2 MISSION, VISION AND VALUES

MISSION

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

VISION

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

VALUES

ETHICS

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

SAFETY

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

SUSTAINABILITY

Act oriented towards economic, social and environmental sustainability.



DEFINING DESTINATION



VISION



DEFINING HOW
WE GET THERE



VALUES AND MANAGEMENT
COMMITMENT

2.3 GOVERNANCE MODEL

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

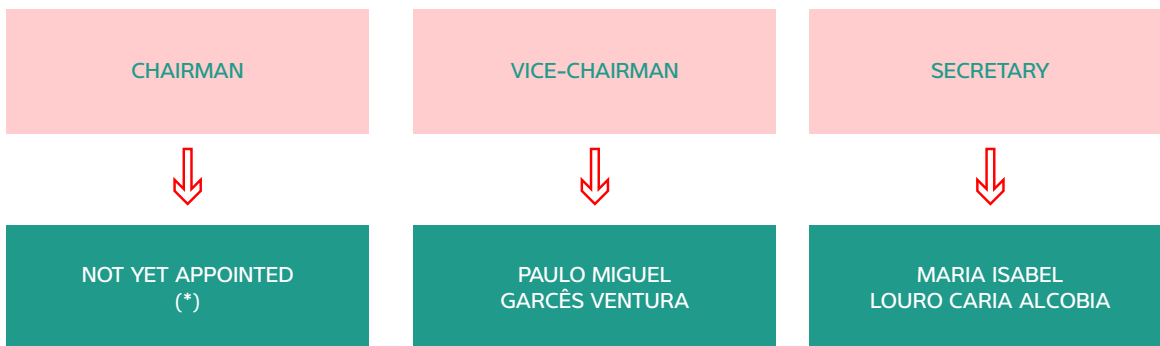
CORPORATE BODIES

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

GENERAL MEETING

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

GENERAL MEETING

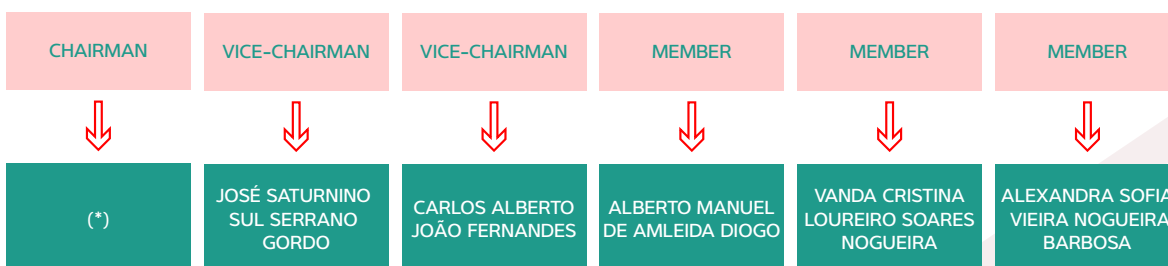


(*) The former Chairman resigned from office on 24 January 2020.

EXECUTIVE BOARD OF DIRECTORS

In the first half of 2022 the Executive Board of Directors was made up of the Chairman, two Vice-Chairmen and three Directors (2018-2020 term of office), as follows:

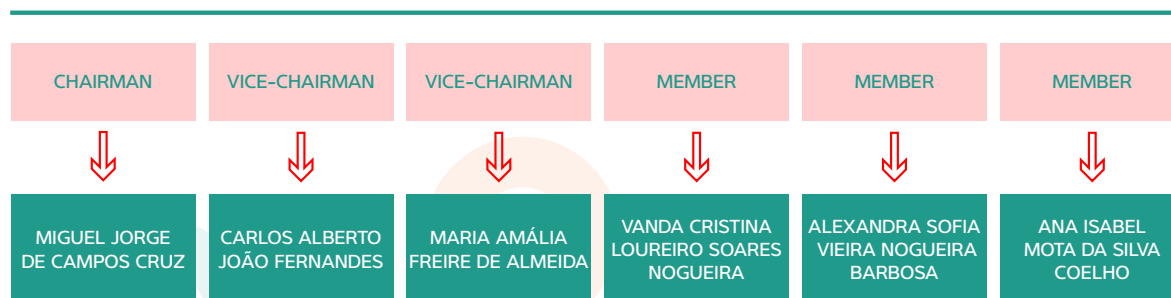
EXECUTIVE BOARD OF DIRECTORS



(*) The former Chairman of the Executive Board Directors resigned on 31 December 2021.

On 26 August 2022 the General Meeting appointed a new Executive Board of Directors for the 2022-2024 term, consisting of the Chairman, two Vice-Chairmen and three Members, as follows:

EXECUTIVE BOARD OF DIRECTORS

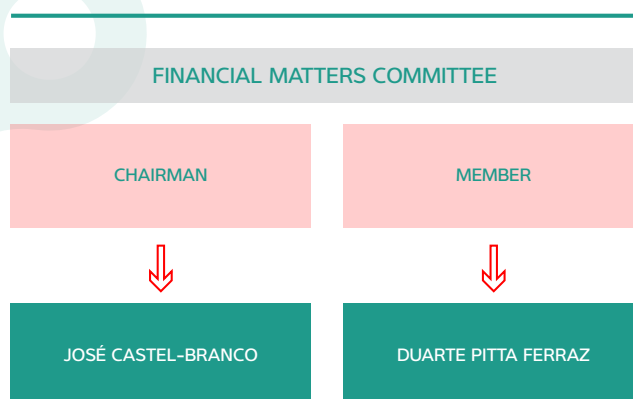


GENERAL AND SUPERVISORY BOARD

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

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

GENERAL AND SUPERVISORY BOARD



STATUTORY AUDITOR

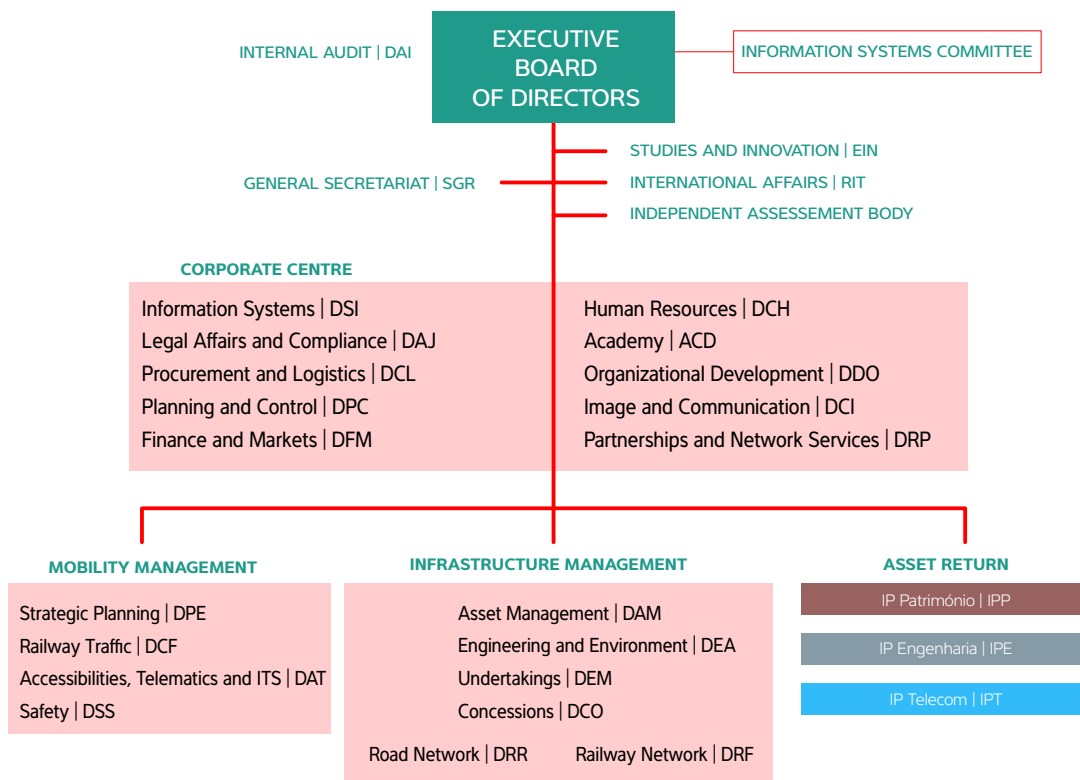
At the General Meeting of 19 March 2019 the Shareholder appointed firm Vitor Almeida e Associados, SROC, Lda (SROC no. 191, registered with the CMVM under no. 20161491), represented by partner Vitor Manuel Batista de Almeida (ROC no. 691, registered with the CMVM under no. 20160331) as Statutory Auditor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

2.4 IP GROUP STRUCTURE: ORGANISATIONAL MODEL

In line with its mission, vision and values, four years following the corporate merger, 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 taking into account the needs and expectations of stakeholders, promoting greater efficiency among the various areas and companies of the 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:

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



2.5 OUR NETWORKS

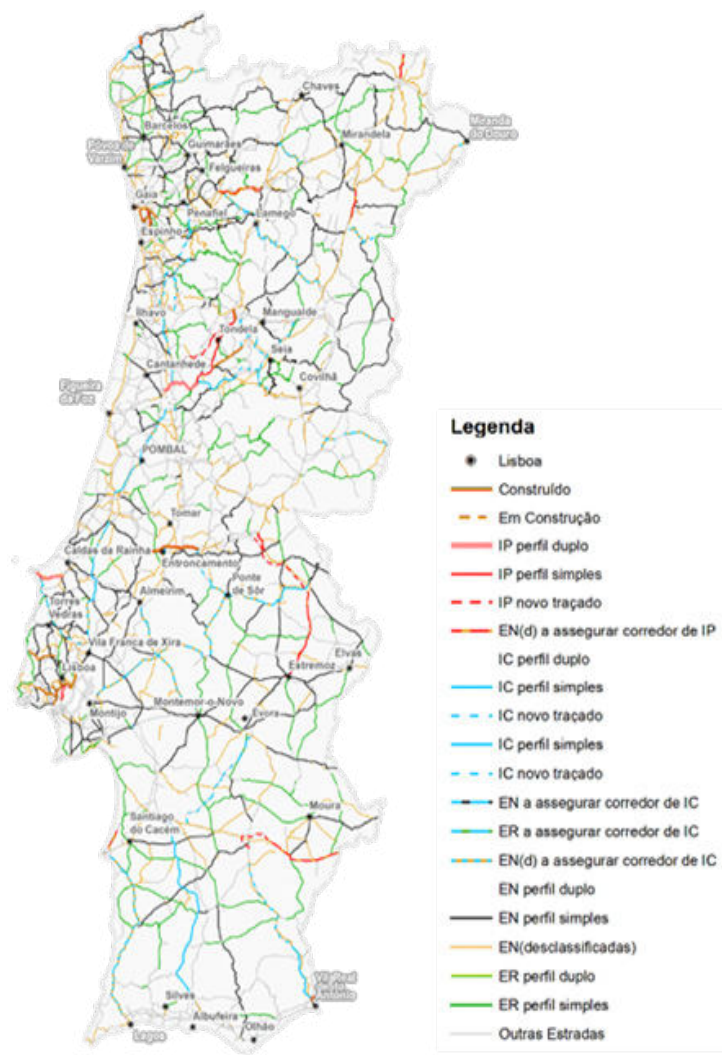
2.5.1 Road Network

The total length of the network operated by IP is currently 14,979 km, of which 13,960 km are directly managed, and 1,019 km are subject to concession.

The 13,960 km network under direct management of IP is distributed as follows:

- IP (Main Roads) = 463 km;
- IC (Complementary Roads) = 1.809 km;
- EN (National Roads) = 4.675 km;
- ER (Regional Roads) = 3.345 km;
- ED (Declassified Roads) = 3.667 km;

The change in length that occurred in the 1st half of 2022 relating to the network under direct management by IP, is due to the change in ownership of sections not classified in the National Road Plan, in a total of around 81 km.



2.5.2 Railway Network

The national railway network lines and branches (whether operating or idle) total 3,622 km in length.

In 2022 no changes have occurred in the length of the National Railway Network (including operational and idle lines), which totals 3,622 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 sum includes the recent electrification of the Minho Line (Nine-Valença section).

The Convel speed control system associated with electrical or electronic signalling systems is deployed 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 2022, with regard to the Railway Business there were 563 operating railway stations, of which 292 were exclusively for passenger service, 12 exclusively for freight service and 245 for combined services.



2.5.3 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 benefits to users and ensure inclusive growth, focused on modal integration, interoperability and coordinated infrastructure development, especially for cross-border sections and at bottlenecks.

The network comprises two levels: the global network to be completed by the end of 2050, and the main network integrated into the Atlantic Corridor,

to be completed by the end of 2030, comprising the strategically most important parts of the global network to achieve the development goals of TEN-T.

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

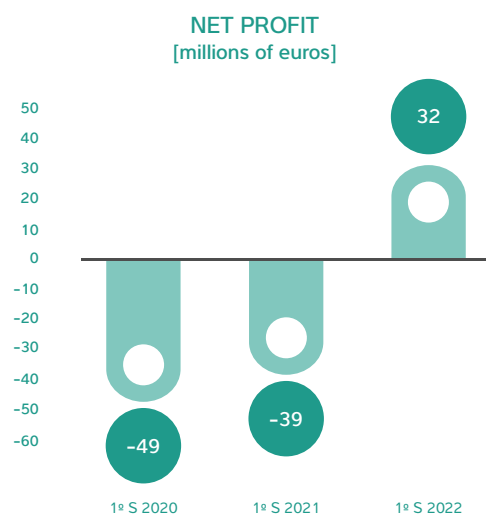
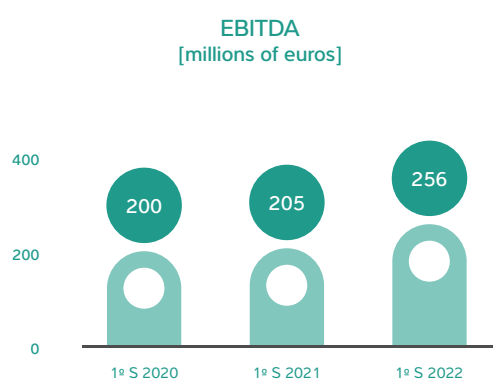
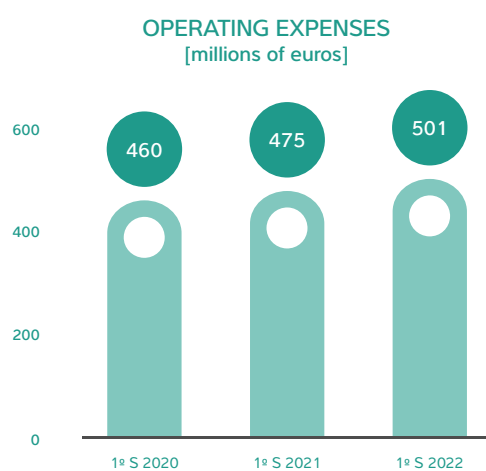
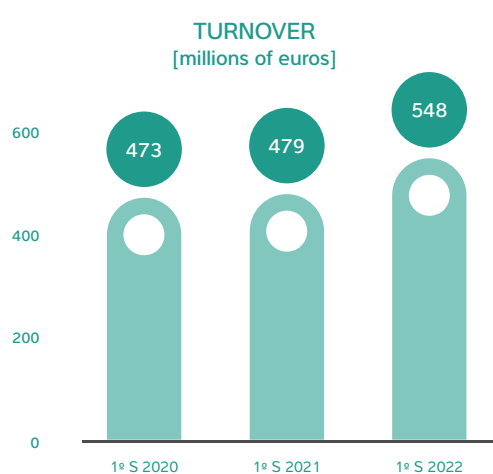




3. PERFORMANCE IN THE 1ST HALF OF 2022

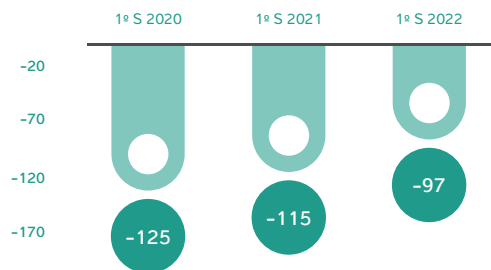
3.1 KEY INDICATORS

3.1.1 Economic and Financial Indicators

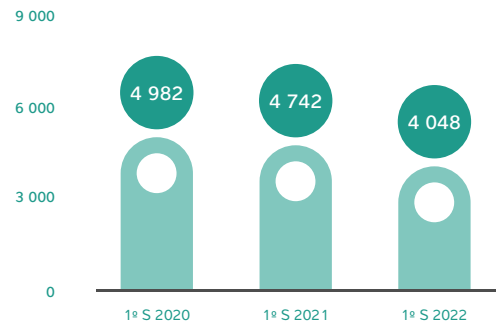




FINANCIAL RESULTS [millions of euros]



DEBT [millions of euros]

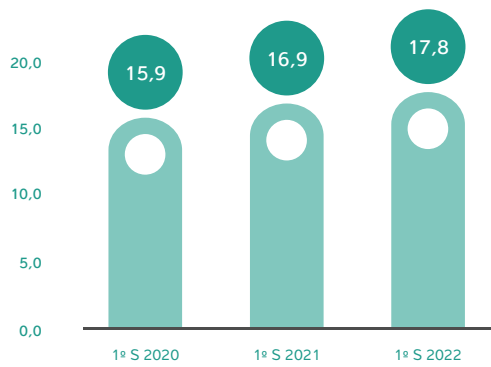




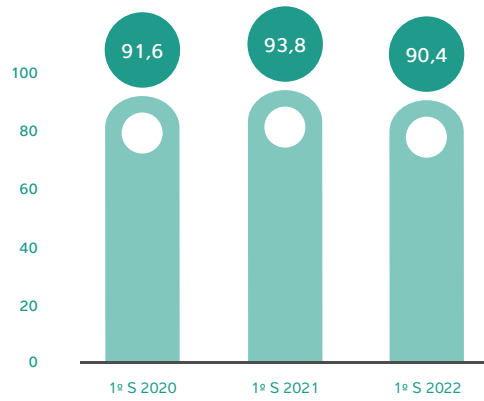
3.1.2 Operating Indicators

RAILWAY

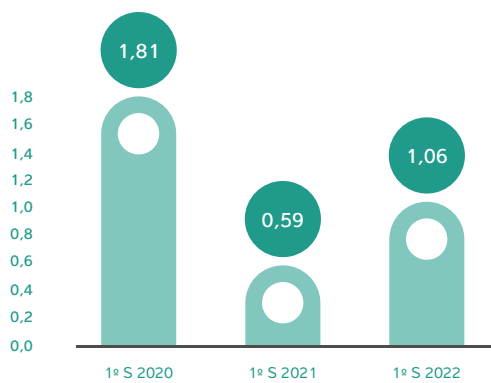
TRAIN.km
[millions]



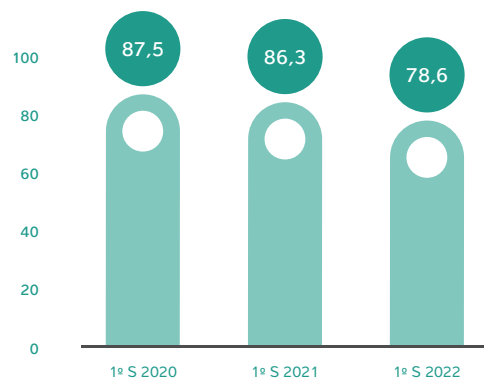
PUNCTUALITY INDEX
[%]



LEVEL OF NETWORK SAFETY
[significant accidents per MTK]

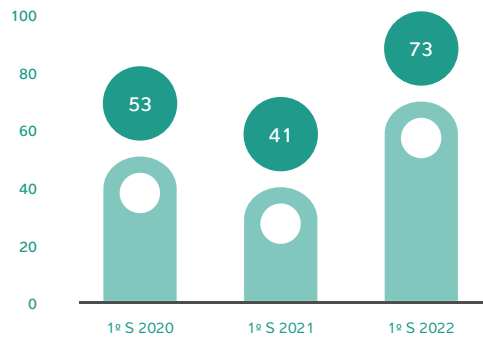


RAILWAY NETWORK AVAILABILITY
[%]

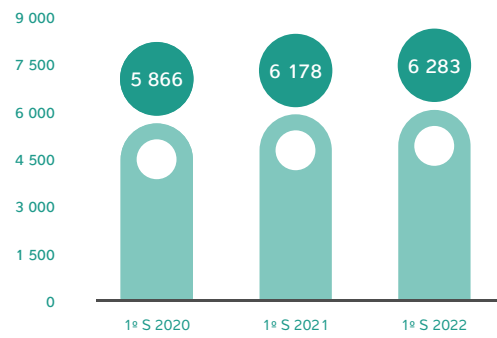


ROAD

FATALITIES (ROAD)
[n.º]



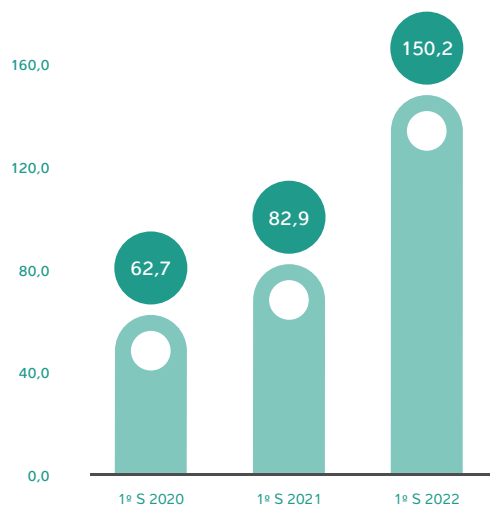
SEVERITY INDICATOR
IN BUILT-UP AREAS
[index]



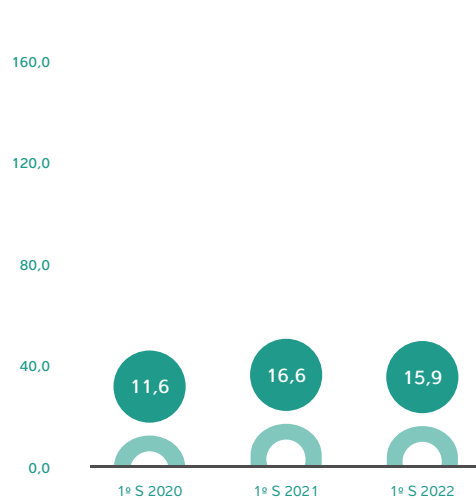


3.1.3 Investment Indicators

RAILWAY INVESTMENT
[millions of euros]



ROAD INVESTMENT
[millions of euros]



3.1.4 Average Employee of the IP Group

IP GROUP AVERAGE WORKFORCE
[n.º]



3.2 HIGHLIGHTS OF THE PERIOD

JANUARY

VOUGA LINE RENOVATION PLAN

A Public Tender was launched for the complete renovation of the section between Oliveira de Azeméis and Sernada do Vouga, an estimated investment of € 4.95 million, to which accrue the costs related to respective materials.

The renovation of the Vouga Line will ensure a strong improvement in the operational, reliability and safety levels of the infrastructure, promoting the use of public rail transport as a safe, comfortable and environmentally sustainable alternative.

RENOVATION OF SECTION OF EN13 AT PÓVOA DE VARZIM

On January 28, the contract "EN13 - Between LC Vila do Conde/Póvoa de Varzim (km 25.335) and LD PRT/BRG (km 36.380) - Renovation" located in the municipality of Póvoa de Varzim, district of Porto, was completed,.

The Project was prepared internally by technicians from IP's Department of Road Studies and Projects, and the contract was awarded for € 2,344,635.42. The intervention aimed to improve the traffic, comfort and safety conditions of the EN13, over 11 km. The EN13 section constitutes a major communication route within the surrounding road network.



FEBRUARY

SANTA APOLÓNIA STATION OPENS ITS DOORS TO A 5-STAR HOTEL

The Editory Riverside Santa Apolónia Hotel opened on February 7; this new five-star hotel in the city of Lisbon invites you to embark on a journey through the history of one of the most iconic buildings of the Portuguese railway: the Santa Apolónia Station.

The project aimed at the renovation of a part of the station building which was vacant and that was not essential for the provision of the rail transport service. The investment was made under a sub-concession agreement signed between IPP and Sonae Capital, for the installation and operation of the hotel unit.

THE RAILWAY - THE ENGINE FOR GREENER AND MORE INNOVATIVE TRANSPORT

This was the central theme of the European railway summit, which took place on 21 February, during the French presidency of the European Union, and on the sidelines of the informal meeting of transport ministers.

The European Railway Pact for a more attractive, sustainable, inclusive and innovative mobility was presented during the event. This pact is signed by the CEOs of the main infrastructure managers – including IP – and rail operators in Europe.



MARCH

RAINHA D. AMÉLIA BRIDGE– REINFORCEMENT OF FOUNDATIONS AND RENOVATION OF PILLARS

On 28 March, the contract for the Reinforcement of Foundations and Renovation of Pillars of the Rainha D. Amélia Bridge" located in the municipalities of Cartaxo and Salvaterra de Magos Monção, district of Santarém, was awarded.

The Project was prepared by company Armando Rito – Engenharia, SA, and the contract was awarded for a period of 270 days and a cost of € 1,729,518.84.

STARTING OF THE 2ND PHASE OF THE WORKS ON THE EN14 BYPASS BETWEEN MAIA AND TROFA

On March 31, the 2nd phase of the contract for the Bypass on the EN14 between Via Diagonal, in Maia, and the Trofa Road-railway Interface, was started.

This contract corresponds to the first work awarded under the Recovery and Resilience Plan (RRP); estimated investment is of around € 32 million.



APRIL



DOURO LINE - COMPLETION OF THE CONTRACT FOR THE RENOVATION OF THE TRACK SUPERSTRUCTURE

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 completed.

The works, with an associated overall investment of € 5.8 million, viewed the renovation of the track infrastructure in the section, as part of the Renovation Plan for the Douro Line that IP is undertaking.

DEPLOYMENT OF ROAD RETENTION SYSTEMS

The awarding of seven sections of the contract for “the Deployment of Road Retention Systems (7 Sections)” was completed; overall investment totals €1,690,150.00, distributed over the road network in the 18 districts of the country.

One of the strategic goals of the Road Safety Plan (PSR) is to intervene in the Area Adjacent to the Carriage Lane (AAFR), namely as concerns Road Retention Systems for vehicles.



MAY

OPERATION AND MAINTENANCE OF THE HIGH-PERFORMANCE NETWORK - 2020/2022

The contract for the "Operation and Maintenance of the North High-Performance Network - 2020/2022", located in the municipalities of Amarante, Vila Real, Santa Comba Dão and Carregal do Sal, in the districts of Porto, Vila Real and Viseu was awarded on May 1.

The Project was prepared internally at IP, and the contract was awarded for € 7,563,277.17.

COMPLETION OF THE RENOVATION OF SECTION OF THE NORTH LINE

The contract for the complete renovation of the track between km 1,100 and 4,090 of the Northern Line, on the Santa Apolónia - Braço de Prata section, in Lisbon, was completed.

The work represented an overall investment of € 4 million and included, among other things, the following works: complete replacement of wooden sleepers with concrete sleepers, replacement of the rail and transformation of short bar into long welded bar, improvement of the drainage system of the entire length of the track, and ballast stripping, re-ballasting and mechanical compression.



JUNE

MODERNISATION OF SECTION BETWEEN TORRES VEDRAS AND CALDAS DA RAINHA

The modernisation contract for the section of the Oeste Line between Torres Vedras and Caldas da Rainha was started on June 28. The contract was signed at Caldas da Rainha Station, during session attended by the Minister for Infrastructures and Housing Pedro Nuno Santos and IP's Vice Chairman Carlos Fernandes. The project is carried out within the scope of the expansion and modernisation programme of the National Railway Network, Ferrovia 2020, representing an investment of € 38.4 million, co-funded with European Union funds under COM-PETE 2020.

NEW BY-PASS AT ARRUDA DOS VINHOS

On the 28th of June, IP awarded the contract for the construction of the Bypass to the EN248 in Arruda dos Vinhos; This investment is provided for within the scope pf the Recovery and Resilience Plan, involving an investment of around € 6 million, and views to improve mobility, strengthen road safety, enhance the quality of life and the environment of the region's population.

The assignment of the work took place at the Municipal Auditorium of the Morgado Cultural Center, in Arruda dos Vinhos, and was attended by the Minister of Infrastructures and Housing, Pedro Nuno Santos, and the then Chairman of the Board of Directors of IP, in office, Jose Serrano Gordo.





4. MAIN AREAS OF ACTIVITY

4.1 NETWORK MAINTENANCE

4.1.1 Railway Network

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

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

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

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

Holding an exclusive and unique know-how, IP maintains inspection and supervision functions in

house, whilst execution activities are generally carried out externally.

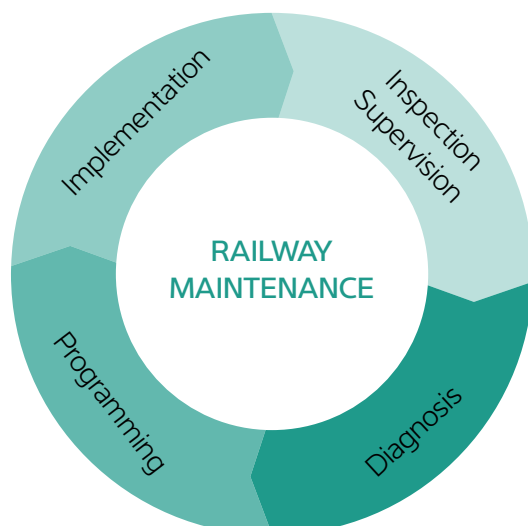
Maintenance and renovation of railway infrastructure are supported by two management tools:

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 the first semester of 2022 the amount associated with this type of works stood at € 33.4 million, in line with the amount spent in the same period of the previous year.



Examples of intervention works carried out as maintenance activity.

REPAIR OF TUNNELS
USING INTERNAL TEAMS



INSPECTION
PERFORMED ON
FOOT





SINTRA LINE – PAÇO DE
ARCOS SST - MPC WORKS



DEFORESTATION AT
SINES



INVESTMENT IN RENOVATION OF LONG DURATION INFRASTRUCTURE (LDI)

In the first semester of 2022 investment in the renovation of Long Duration Infrastructure (LDI) (not comprised in the Ferrovia 2020 and PNI 2020 Investment Programmes) totalled approx. € 15 million, increasing by 7% over the same period of the previous year.

4.1.2 Road Network

NETWORK SUPERVISION

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

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

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

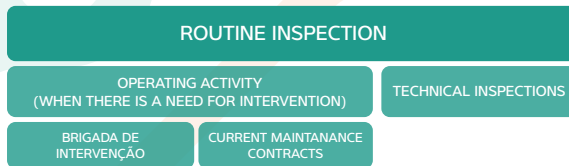
The main function of the Mobile Inspection and Support Units (UMIA) is to systematically and continuously monitor roads, collecting and recording information on deficiencies or occurrences arising from unexpected events that do not result from the normal wear and tear and their components, which require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



CURRENT MAINTENANCE

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

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



Operational activity is based on **current maintenance contracts** entered into at district level, complemented by the **Intervention Brigades (BIs)**.

Current Maintenance Contracts

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

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

During the 1st half of 2022, Current Maintenance Contracts works carried out totalled €10 million.





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. In the first half of 2022 this network was subject to works worth € 5.7 million.

Intervention Brigades

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

Regular Maintenance

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

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

The most relevant regular maintenance works completed in the first half of 2022 are the following:

- EN116, KM 17+015 A 17+140. STABILISATION OF SLOPES AND RESTORATION OF PLATFORM

This contract was completed on 11 February 2022; it consisted of stabilising the slope and the road platform of the EN116 in Loures, in order to ensure safe traffic conditions. The stabilisation slope of the EN116 between km 17+020 and km 17+095 was renovated across a 12.0 m section. The works included the construction of a reinforced concrete wall founded on micropiles placed every 0.50 m along the 12.0 m section. The works were awarded to ANCORPOR – Geotecnia e Fundações, LDA

for the amount of € 749,949.00.

- EN101, KM 1+441, INTERNATIONAL BRIDGE OVER RIO MINHO – STRUCTURAL RENOVATION OF THE PILLARS AND BEAMS

This bridge is located in the Viana do Castelo District, Council of Monção; the renovation works were completed on 21 February 2022. This International Bridge located on the border between Portugal and Spain was built between 1992 and 1994; it is used for both car and pedestrian traffic; management and maintenance and approvals of technical and procedural/legal/legal nature, are



Before



After

obligatorily discussed and decided within a Working Group created for this purpose, composed of representative members of road entities from both countries, specifically IP, S.A and Xunta de Galicia – Axencia Galega de Infraestruturas.

The decision concerning the said contract for the maintenance of the International Bridge over the River Minho between Monção (EN101), and Salvaterra do Minho (PO-510) to Portugal was made by the Portuguese-Spanish Technical Committee for Bridges on October 27, 2010, in Lisbon.

The works aimed to enhance the structure's performance, namely the durability of its pillars and beams, whose concrete core suffered from the action of the surrounding environment (expansion as a result of alkali-aggregate reaction).

The renovation of the engineering structure consisted of interventions in the pillars, transoms and the stirrup beams of the abutments, in order to repair the anomalies detected in these elements, and to control the evolution of the alkali-aggregate reactions detected during inspections.

The works were awarded to RBS S.A. S.A..for the amount of € 369,025.00.



Before



After

- **IPV 2021 PROGRAMME - PREVENTIVE WORKS ON PAVEMENTS**

The IPV 2021 Programme was completed in the 1st half of 2022. The purpose of the programme was to improve road traffic conditions on the national road network, consisting of 6 contract works covering a total length of approximately 40 km, involving a total expenditure of € 5 million.

The IPV 2021 Programme was designed based on a technical evaluation, consisting of smaller preventive interventions carried out at the first signs of degradation, with the aim of improving performance and prolonging the life of the pavement surface, postponing to the medium term the execution more costly Periodic Maintenance works.

The works carried out in the last 3 years with the collaboration of the various departments involved, have complemented the periodic maintenance and current maintenance strategies, thus allowing a more efficient management of the national road network.

ACTIVITY	Contractor	Contract Value
EN 10, KM 48+000 E KM 52+700. IMPROVEMENT 2021 IPV	Construções J.J.R. & Filhos SA;	€ 837 728,73
IC4 (EN 120), KM 69+000 A KM 73+915 E KM 77+365 A KM 80+120. IMPROVEMENT 2021 IPV	Construções J.J.R. & Filhos SA;	€ 925 976,12
END391, KM 31+354 E KM 40+285. IMPROVEMENT 2021 IPV	TECNOVIA-Sociedade de Empreita;	€ 929 841,68
END391, KM 42+000 E KM 50+840. IMPROVEMENT 2021 IPV	Construções J.J.R. & Filhos SA;	€ 927 129,43
END387, KM 10+320 E KM 14+700. IMPROVEMENT 2021 IPV	Construções J.J.R. & Filhos SA;	€ 824 222,49

ROAD SAFETY

The focus of this action plan is Road Safety, consisting of two types of activities:

- One-off interventions, to eliminate blackspots, protect urban crossings and geometric re-designing of junctions.
- Interventions on the network with the purpose of ensuring the renovation of equipment, involving contracts for vertical signalling, road marking, guardrails, traffic lights and public lighting.



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

- EN 221 – TRAFFIC SLOWDOWN MEASURES IN CARVALHAL BETWEEN KM174+030 AND 174+650

This contract was completed on April 22, 2022, in the District of Guarda, Municipalities of Pinhel and Guarda; the works consisted of the deployment of road safety measures to improve visibility and pedestrian circulation conditions, namely a road layout to reduce and discourage high traffic speeds, thus improving accident levels and promoting a more functional and safer environment for users.

This intervention was carried out across an approximate length of about 658m, in the direction of Pinhel-Guarda (North-South), crossing the urban settlement of Carvalhal, and consisted of changing the transversal profile, replacing existing ditches with pedestrian walkways on both sides of the road, including in the existing area of land available on the road platform and the area previously expropriated by IP; it also involved a slight geometric reformulation of the road layout, by ripping

the curve, increasing the radius, which allowed to increase visibility distances and increase safety for both road traffic and pedestrian crossings. The contract was awarded to company António Saraiva & Filhos, Lda., for € 431,653.49.

4.1.3 25 de Abril Bridge

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

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

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



Before



After

Civil Protection Authority (ANPC).

With estimated expenditure of € 12.8 million the contract works for the maintenance of Ponte 25 de Abril are being carried out since 2020 and are expected to end in January 2023. The works comprise repairs on the suspension bridge and on the North Access Viaduct, including strengthening the rigidity of the beam.



4.2 INVESTMENT IN THE ROAD AND RAILWAY INFRASTRUCTURE

The amount spent until the end of the first half of 2022 in the rail and road networks under the direct management of IP, excluding investment in Public-Private Partnerships, totalled € 168.6 million, increasing by 66% in relation to the same period of 2021.

INVESTMENTS	1st Semester		
	Effective 2021	Effective 2022	Δ% 21/22
Railway Investment	68,9	132,1	92%
PNI2030 - Railway		3,2	
Road investment PETI3+	6,2	0,9	-86%
PNI2030 - Roads		0,2	
PVAE investment	9,0	11,6	28%
Road investment (RRP)		2,9	
Investment programme	84,1	150,8	79%
Other railway investments	14,0	15,0	7%
Other road investments	1,4	0,3	-77%
Other Investments	15,4	15,3	-1%
Management related investment	1,7	2,5	45%
Total	101,3	168,6	66%

unit: € million

4.2.1 Investments in the Railway Network

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

FERROVIA 2020

The Railway Investment Plan 2020 includes the modernisation of around 1,200 km of network. The plan provides the construction of the main rail connections to Spain and Europe: Aveiro-Salamanca and Sines / Lisboa - Madrid, renovation of part of the North Line and electrification of over 400 km of existing lines. These investments will include: starting the deployment of the European Railway Traffic Management System (ERTMS/ETCS); extending the length of train crossing to 750m; and preparing the migration to the standard rail gauge. The objective is to improve rail transport efficiency, namely freight transport, in terms of:

- Increasing capacity, of both loads and number of trains;
- Reducing transport costs;
- Decreasing travel time and distances;
- Improving safety and reliability conditions.

In addition to boosting international connections, these investments will promote the connection between the coast and the interior, as well as the connection of the inland areas to the Iberian market.

The overall implementation of the Ferrovia 2020 investments in the 1st half of 2022 amounted to € 132.1 million, which corresponds to an implementation rate of 65% vis-à-vis the budget and an increase of 92% compared to the same period of 2021.

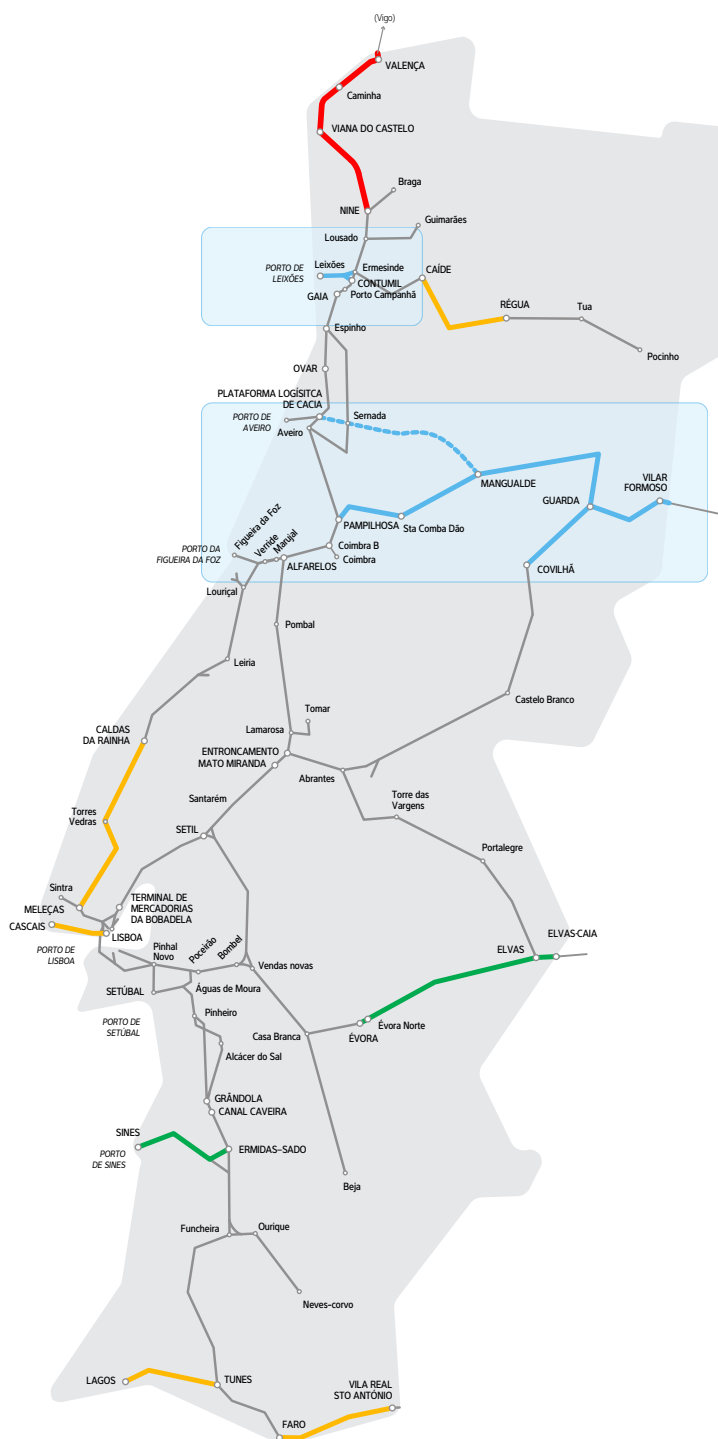
In cumulative terms, since the beginning of this Investment Plan, the financial implementation is approx. € 732 million, with a total investment currently estimated at approx. € 2,250 million.



INTERNATIONAL NORTH CORRIDOR

At the end of the 1st half of 2022 € 30.7 million were implemented, which represents an increase of 177% compared to the same period of the previous year. Expenditure on the Beira Alta Line amounted to € 30.6 million.

Major investments in this line were: the modernisation of the Cerdeira / Vilar Formoso section (€ 6.8 million) and the modernisation of the section between Pampilhosa and Santa Comba Dão + Concordância da Mealhada (€ 9.4 million), which are under way.

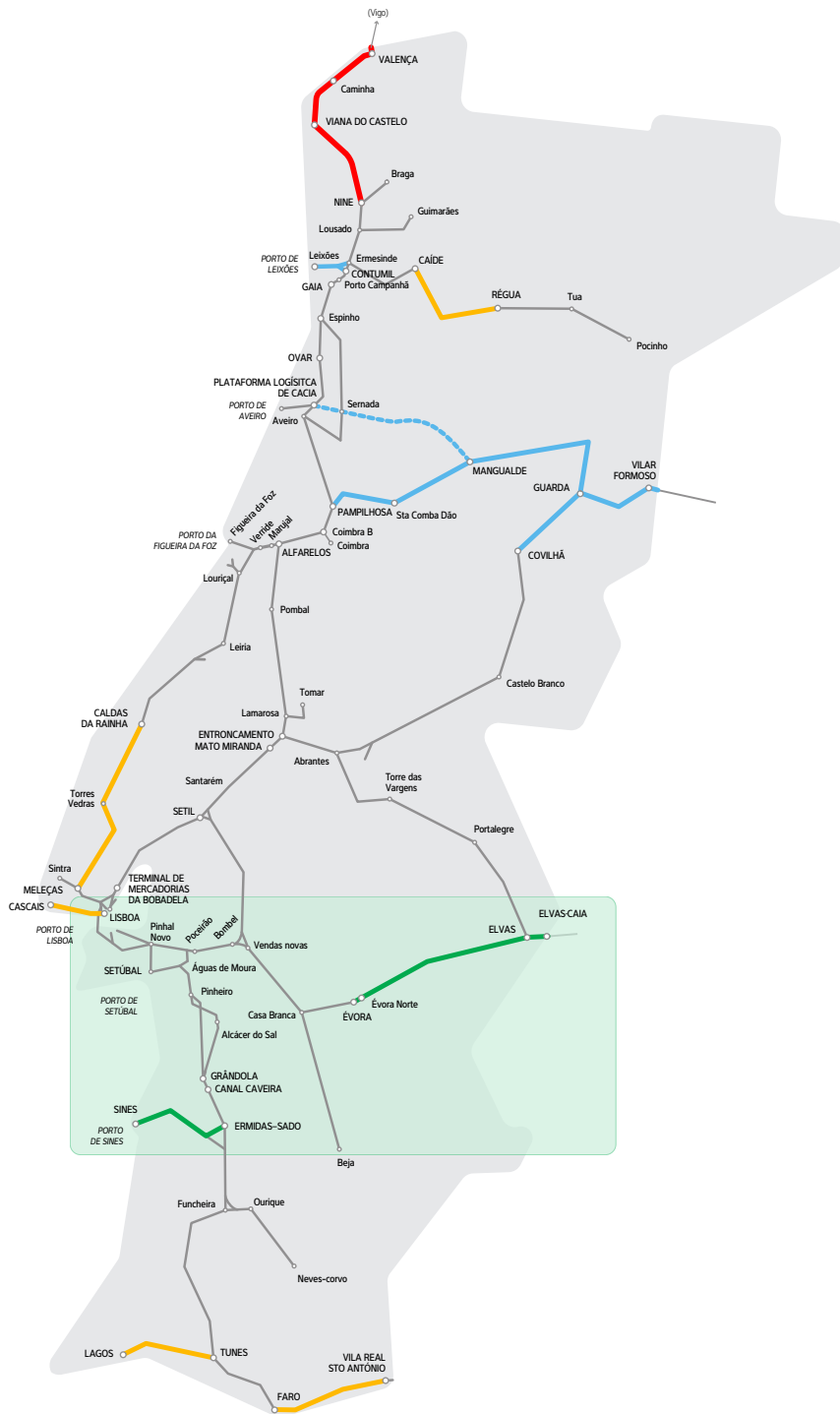




INTERNATIONAL SOUTH CORRIDOR

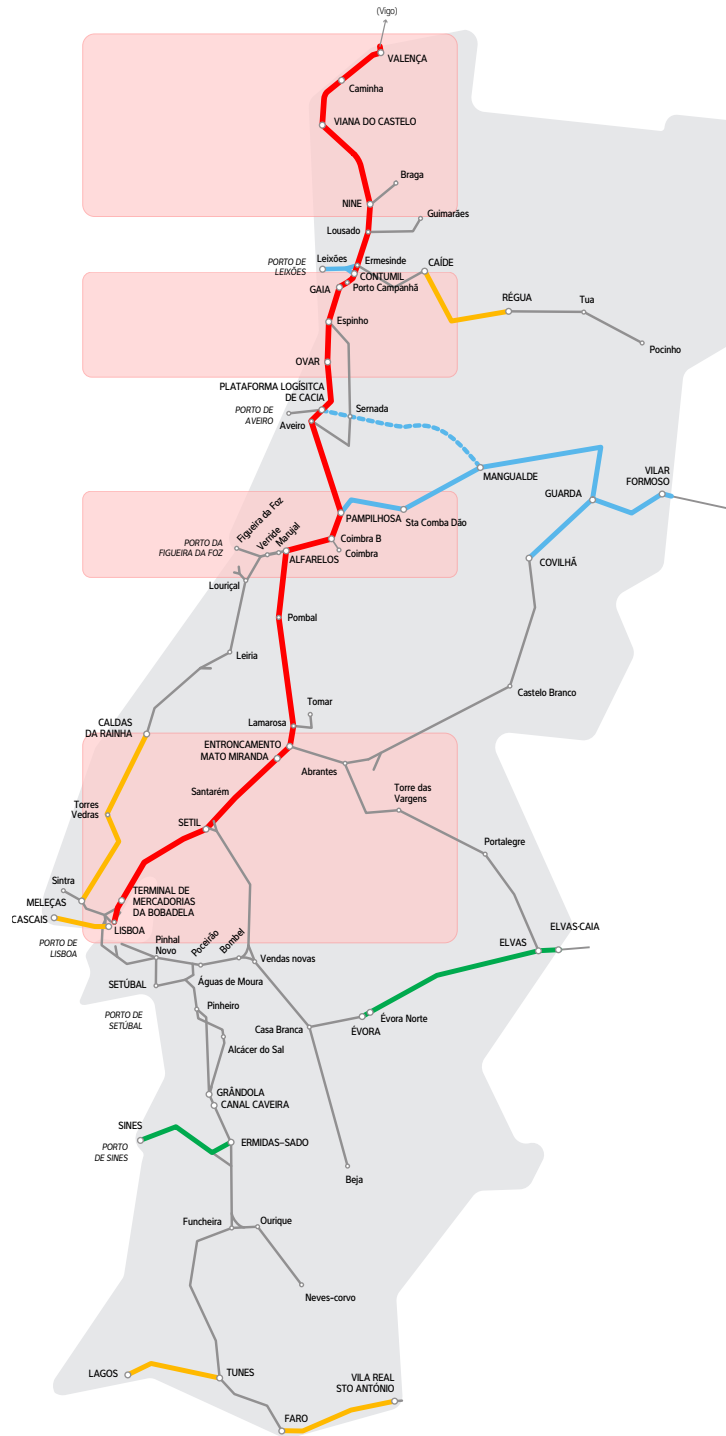
In the International South Corridor, implemented works amounted to € 69.2 million, which represents a growth rate of 94% compared to June 2021 in real terms, and 52% of overall investment made in the period under the Ferrovia 2020 Programme.

We highlight the construction still in progress of the new Line between Évora Norte – Elvas; the amount implemented totalled € 66.8 million, divided as follows: Évora Norte-Freixo Section - € 10.3 million, Freixo Alandroal section - € 15.5 million; Alandroal-Linha do Leste Section € 26.5 million; Évora Norte - Bif Leste Track and Catenary - € 9.2 million.



In the North-South Corridor, the works implemented until the end of the 1st semester totalled € 20.8 million, increasing by 24% in relation to last year's, in effective terms.

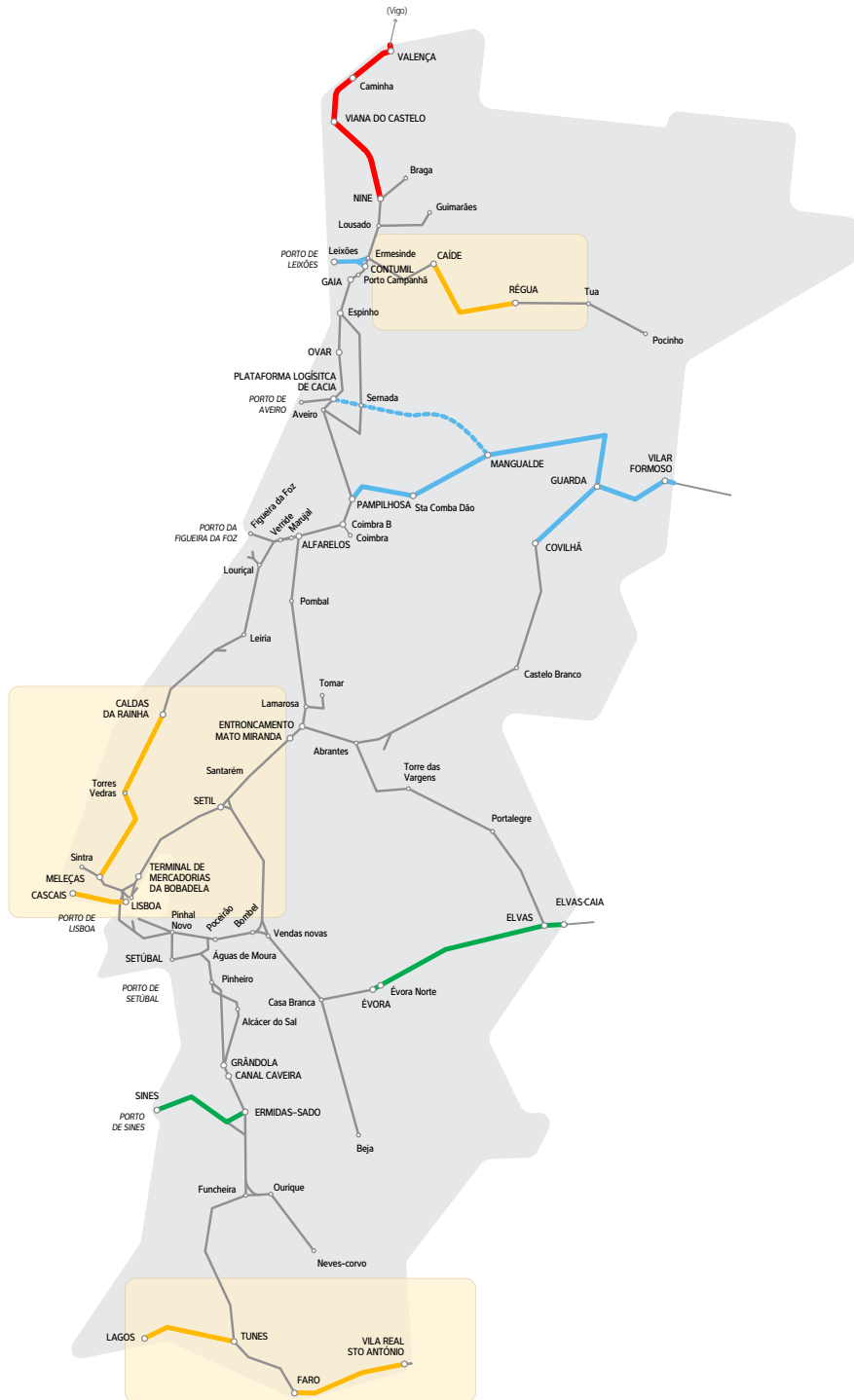
We point out the following contract works: Ovar-Gaia section - implemented works in the amount of € 10.9 million and Santana - Cartaxo - Entroncamento section - works implemented during the semester totalled € 3,9 million.



SECONDARY CORRIDORS

With regard to Secondary Corridors the amount implemented totalled € 10.9 million.

We highlight the following: Modernisation of the Oeste Line - Meleças-Caldas € 4.3 million, Algarve Line - € 1.7 million, and Régua – Pocinho section - € 1.8 million.



OTHER EXPENDITURE

Other investments in the rail infrastructure aim to reinforce safety conditions and improve the reliability and quality of the service provided to the clients. These interventions also aim to improve the integration of the rail infrastructure in the surrounding territory, enhancing the positive externalities and mitigating the negative ones. In the first half of 2022 Other Expenditure totalled € 15 million. This item includes the Mondego Mobility System (POSEUR) project, with an implemented amount of € 6.5 million.

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

Contract for the renovation of hydraulic crossings on the Beira Baixa Line:

Intervention carried out in seven hydraulic crossings with a view to correcting a number of deficiencies which could jeopardise their structural stability. The works carried out made it possible to correct situations of deterioration at masonry level; cracking of gables and vault and in the reinforced concrete; infiltrations and corrosion of reinforcement structure. Investment of € 550 thousand;

PH LBB



Improvement of track superstructure between km 127,059 to 139,500, on the Pinhão - Tua Section of the Douro Line:

The intervention included works to fully replace the wooden sleepers with bi-block concrete sleepers, replace the rail from short bar to long welded bar, which in addition to reducing maintenance costs, allowed to improve safety, quality, reliability and availability levels, and enhance comfort and convenience for passengers.



RIV Pinhão-Tua



Overall investment foreseen for these contract works is € 5.8 million.

Full renovation of track on the Santa Apolónia - Braço de Prata Section:

The intervention involved replacing sleepers and rails; improvement of the drainage system; ballast stripping, re-ballasting and mechanical compression. In addition to improving safety, quality, reliability, availability of infrastructure, and comfort and convenience for passengers, the works allowed for a reduction in noise emission levels on the section, which is part of the urban fabric of the city of Lisbon. Overall investment of € 4 million.



RIV Santa Apolónia – Braço de Prata

Levelling of the water line adjacent to the South Line, between km 282,400 and 286,000:

In addition to the re-profiling and general cleaning of the Vale da Mata stream, the works included the creation of two alternative floodplains, located on the left bank of the stream, next to the South Line, whose primary function is to divert and drain the excess flow circulating in the main bed in extreme situations, avoiding the flooding of the track. Overall investment of € 1.3 million.

4.2.2 Investment in the Road Network

BUSINESS AREAS ENHANCEMENT PROGRAMME (PVAE)

AIP plays a driving role in the economy, providing accessibility to 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;

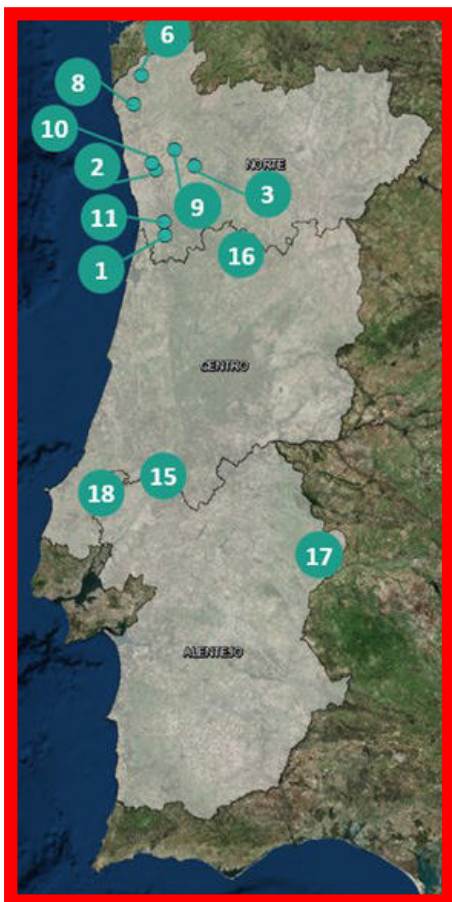
vii. Boosting the business fabric of the municipalities where the Business Areas are located, boosting the country's economy and internationalisation, from a broader perspective;

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

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.

In terms of the implementation carried out until the end of the 1st half of 2022, the total amount of the PVAE implemented was € 11.6 million, with emphasis on the connection of the Escariz - Arouca Business Park to the A32 | St. Maria da Feira, Maria da Feira, PVAE (€ 9 million), and for the connection to the Business Park of Formariz / Paredes de Coura to the A3, (€ 2.4 million).



PETI3+ ROAD

Regarding **PETI3+ Road Investments**, € 905 thousand were implemented, of which € 437 thousand relate to the conclusion of the **IP5 – Vilar Formoso / Fronteira contract**.

Also within the scope of PETI3+ Road Investments, the project for the renovation of the IP3 between Coimbra and Viseu is currently under development, and the work on the section between Penacova and the Bridge over the River Dão has already been completed.



OTHER INVESTMENTS

In what concerns Other Road Investments, implementation in the first half of 2022 totalled € 315 thousand.

EXPENDITURE IN SUPPORTING STRUCTURES

The amount of expenditure in Management Supporting Structures totalled € 2.5 million in the first half of 2022. This expenditure comprises works in buildings (€ 2 million), including the works at Pragal Campus.

4.2.3 New Investment Programmes

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

2030 NATIONAL INVESTMENT PLAN (PNI2030)

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

Transport and Mobility, Environment, Energy and Irrigation.

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

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

National Railway Network

The PNI2030's major focus is the modernisation and development of the National Railway Network. This comprises the creation of the Porto-Lisboa high-speed railway line, involving an estimated expenditure of € 4.5 billion, to connect the country's largest cities in 1 hour and 15 minutes instead of the current 2 hours and 50 minutes.

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

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

In what concerns the implementation recorded until the end of the 1st half of 2022, the total amount implemented was € 3.2 million, including € 1.2 million in studies and € 1.8 million in the contract for the renovation of the track superstructure of the Vouga Line.

National Road Network

Portugal currently has a high-quality road network with excellent territorial coverage. As major invest-

ments in the construction of the National Road Network are already completed, it is now important to strengthen the direct road links to business areas, boosting their export capacity and enhancing the competitiveness of the country's economy.

A large part of the investment will go, therefore, to the creation of cross-border connections and the strengthening of the quality and safety of road accesses to Business Areas, providing direct connections to the high-performance road network

The PNI2030 Plan further includes the completion of IP8 between Sines and Beja, viewing the promotion of territorial cohesion by strengthening mobility and safety conditions on this major road link of the Alentejo region.

The design project for IC8-access to the Camporês Business Park (Ansião) was started in the 3rd quarter of 2021 and finished by the end of the 1st half of 2022, for the amount of € 49 thousand.

RECOVERY AND RESILIENCE PLAN (RRP)


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

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

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

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

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




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 Plan shows positive progress: at the end of the 1st half of 2022 76% of the planned investment concerning the design project was completed; 13% of the planned works are in the contracting phase and 11% of the works are under construction; all the contractual targets for the 1st half of 2022 were met.

In what concerns the implementation recorded until the end of the 1st half of 2022, the total amount implemented was € 2.9 million, mainly in the EN14 – Maia (Via Diagonal) / Trofa development, whose awarding took place in March 2022.

It is also worth mentioning the awarding of the works for the Bypass to the EN248 (Arruda dos Vinhos), in June 2022, with a planned investment of € 6 million.



4.3 USE OF THE ROAD AND RAIL NETWORK

4.3.1 Use of the Railway Network (Train-km)

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

In the 1st half of 2022, a total of 17.8 million Train-Kilometre (tK) were carried out by railway operators, of which 84% and 16% consisted of passenger traffic and freight traffic, respectively.

USE OF NETWORK	IP GROUP		
	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Passenger	13 993	14 961	7%
Goods	2 857	2 811	-2%
TOTAL TKS	16 850	17 771	5%

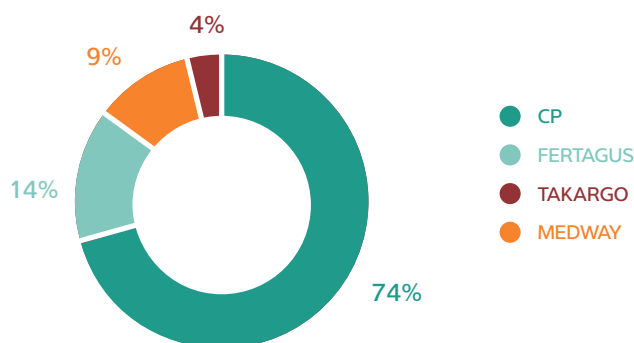
Unit: thousand of tK

Between the same periods of 2021 and 2022 demand increased by 5% (921 thousand train-km). This increase in the use of the railway infrastructure was motivated by an increase in the passenger segment (+7%), while the freight segment decreased by 2%.

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

CP continues to be the operator with the highest impact on IP's turnover, with a market share of nearly 74%.

TKS MARKET SHARES 2022



4.3.2 Railway Infrastructure Management - Framework Contract

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

The Framework Contract is being extended since the first half of 2021, for rolling periods of six months, pursuant to amendments to the initial contract. The 4th and latest amendment extended the Framework Contract until 30 June 2022. IP expects that the new Framework Contract will enter into force at the beginning of 2023.

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

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

1. Additional Margins correspond to the travel times added to planned timetables to reflect the speed limitations imposed during scheduled works;

2. Railway Punctuality reflects the aggregate indicator representative of annual punctuality recorded on the entire railway network in operation, 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. The following results were obtained in first half of 2022:

INDICATOR		ANNUAL GOAL 2022	1ST HALF 2022 RESULTS	DEVIATION 1ST HALF 2022/2022
1	Additional margins	32	137	328.1%
2	Railway punctuality	≥ 90,0%	90,4%	0.4 p.p.
3	Railway customer satisfaction	≥ 56,0%	65,0%	8.9 p.p.
4	Network Availability	≥ 88,4%	78,6%	-9.8 p.p.
5	Management of Railway Assets	≥ 61,3%	62,7%	1.4 p.p.
6	Business volumes	≥ 37,366,349	17.940.016 TK	-3,5%
7	Safety Levels	≤ 0.942	1,064	13,0%
8	Environment protection	3,0%	0,5%	-2.5 p.p.
9	Railway income	100,0%	108,5%	8.5 p.p.
10	Other income	5,6%	-16,2%	-21.8 p.p.
11	Maintenance Expenses	1,0%	8,2%	7.2 p.p.
12	Expenses with other external supplies and services	0,0%	58,0%	58.0 p.p.
13	Personnel Expenses	-3,0%	5,7%	8.7 p.p.

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

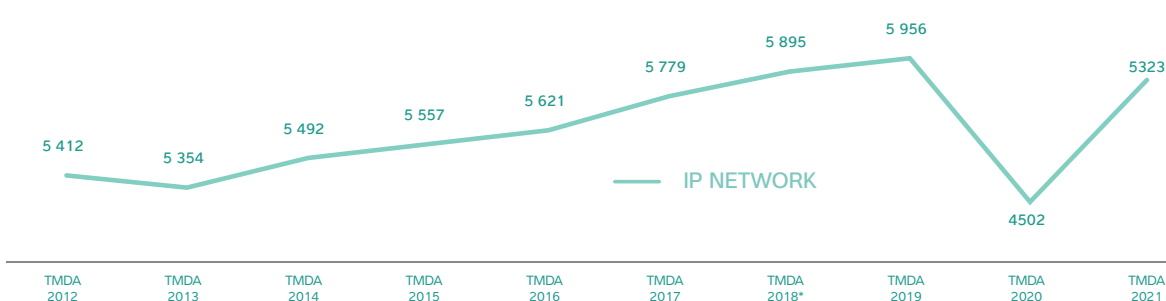
Traffic on IP’s road network in the first half of 2022 evolved positively in relation to 2021, There was a 35.05% decrease in traffic in terms of the overall IP network and a 25.9% traffic growth in the motorway network.

NATIONAL MOTORWAY NETWORK	HALF-YEARLY AVERAGE DAILY TRAFFIC (AADT)		Change 2022/2021
	1ST HALF 2021	1ST HALF 2022	
National Motorway Network - Sub-concessions	8 518	10 426	22,4%
National Motorway Network - IP	35 722	45 442	27,2%
Weighted Total	19 080	24 021	25,9%

IP NETWORK	HALF-YEARLY AVERAGE DAILY TRAFFIC (AADT)		Change 2022/2021
	1ST HALF 2021	1ST HALF 2022	
National Road Network (IP and Sub-concessions)	4 743	5 836	23,0%
National Motorway Network (IP and Sub-concessions)	19 080	24 021	25,9%
Weighted Total	9 188	5 971	-35,0%

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

In what concerns Annual Average Daily Traffic (AADT), available data relate to 2021. In 2021 traffic on the road network under concession to IP recorded an annual growth of 18% the same 2020, which is explained by the trend towards normality observed throughout 2021, following the strong traffic restrictions in 2020 due to the covid19 pandemic.



4.3.4 Service levels on the road network

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

The latest figures available translate the compliance of service levels in 2021, as shown in the following graph:

TYPE	COMPLIANCE				NON COMPLIANCE		LENGTH
	WITHOUT RESTRICTIONS (KM)	WITH RESTRICTIONS (KM)	TOTAL (KM)	%	AMOUNT (KM)	%	
IP	504,1	93,7	597,8	100,0	0	0	597,8
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	7 835,2	425,3	8 260,5	99,4	53,3	0,6	8 313,8
TOTAL	10 609,9	642,5	11 252,5	99,5	53,3	0,5	11 305,7

4.4 PUBLIC-PRIVATE PARTNERSHIPS

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

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

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

4.4.1 Renegotiation of the Concession and Sub-Concession Contracts

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

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 follows.

ALGARVE LITORAL SUB-CONCESSION

The Amended Sub-concession Contract (CSA) of Algarve Litoral, signed on 23 October 2017, was submitted to the prior auditing of the Audit Court, however, following the decision of the Court in December 2017, IP informed the Sub-concessionaire that the contract would once again have to undergo the prior supervision of the Audit Court. After examining the case, the Court refused to grant its approval on 20 June 2018, as provided in 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 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 Audit Court were tried to no avail, IP deems that the final refusal is definitely decided and effective, under the terms of art. 45(4) of the Audit Court Organisation and

Process Law.

As a result, the Reformed Sub-concession Contract entered into 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 the 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 hours 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

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), has 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).

As regards the Litoral Oeste Sub-concession, the Reformed Sub-concession Contract is in force.

BAIXO ALENTEJO, PINHAL INTERIOR AND AUTOESTRADA TRANSMONTANA SUB-CONCESSIONS

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

DOURO INTERIOR SUB-CONCESSION

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

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

The Reformed Sub-concession Contract is thus in force.

4.4.2 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-concessions network, according to sub-concession contracts in force.

SUB-CONCESSION	IN 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

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

4.4.3 2022 Expenses

Payments made during the first half of 2022 relating to road concessions and sub-concessions totalled € 692.7 million (excluding VAT), decreasing by € 6.0 million (-1%) in relation to the same period of 2021.

In the 1st half of 2022 Payments for Availability of Road Concessions totalled € 379.6 million, i.e. € 2.3 million more than in the same period of 2021, corresponding to an increase of 0.6%.

As regards the Sub-concessions, payments for Availability and Service payments totalled € 293.6 million in the first half of 2022, i.e. € 23.8 million less than in the same period of 2021. This change is essentially explained by the reduction in payments by € 25.9 million to the Algarve Litoral SC, following injunction payment made in April 2021, in the amount of € 30 million (Arbitration Decision of 9/3 /2021 - Proc. No. 8/2020/AHC/ASB).

The amount paid relating to Major Repairs totalled € 16.4 million, which is a relevant increase compared to the same period of 2021. This growth is in line with projections based on information provided to IP by the Road Authority (IMT).

CONCESSIONS AND SUB-CONCESSIONS	1HALF 2021	1HALF 2022	Δ% 22/21
Concessions - Availability Infrastructure+ Availability + B	377,3	379,6	1%
Algarve	26,7	28,4	7%
Beira Interior	24,9	25,6	3%
Beira Litoral and Beira Alta	68,3	70,6	3%
Costa de Prata	29,8	28,8	-3%
Greater Lisbon Region	15,9	16,7	5%
Greater Porto Region	44,8	45,9	2%
Interior Norte	42,8	41,5	-3%
North	89,7	92,9	4%
Norte Litoral	34,5	29,2	-15%
Sub-concessions - Availability+Service	317,4	293,6	-8%
AE Transmontana	30,1	31,9	6%
Baixo Alentejo	20,4	23,8	16%
Baixo Tejo	41,0	36,2	-12%
Douro Interior	48,6	50,7	4%
Litoral Oeste	72,8	71,9	-1%
Pinhal Interior	70,9	71,6	1%
Algarve Litoral	33,5	7,6	-77%
Contributions and Rebalances	2,3	3,2	34%
Major Repairs	1,7	16,4	886%
Total	698,7	692,7	-1%
unit: € million (without VAT)			



4.5 TELECOMMUNICATIONS AND BUSINESS CLOUD

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

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

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

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

In the first half of 2022 IP Telecom consolidated its portfolio of products and services with new corporate solutions, particularly in the cyber security field, seeking to deepen the resilience levels required to ensure the security of its clients' information.

The provision of high-quality services is a core aspect of IP Telecom's activity. In the first half of 2022 the company reached availability levels of over 99.975%.

In the first half of 2022 turnover associated to Communication and IT services, excluding intra IP Group flows, totalled € 4.9 million, which is less 18% than in the same period of 2021.



4.6 ENGINEERING SERVICES

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

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

Within the scope of its strategic approach to the international market, from a strictly institutional and proactive standpoint, outside the competitive market, IP Engenharia completed its "Technical Assistance viewing the Improvement of Strategic Planning to the Ministry of Transports and Communications of the Republic of Mozambique" developed jointly with China Tiesiju Civil Engineering for the Ministry of Transport and Communications of Mozambique (MTC), under the Technical Coordination of IPE, and continued to provide "Technical Assistance for the improvement of the internal operation and strategic planning of the Ministry of Industry and Commerce of Mozambique (MIC) - Increasing the Competitiveness of Development Corridors".

In April 2022, IPE started its "Technical Assistance for the Improvement of Planning and Operation of the Agency for the Promotion of Investment and Exports - APIEX".

Additionally, the IP Group is in the process of formalizing the programme of "Technical Assistance for the Promotion of the Concessions Area of the Ministry of Public Works, Housing and Water Resources", in Mozambique

Turnover associated with Engineering and Transports Services in the first half of 2021 totalled € 56 thousand, increasing by € 43 thousand over the same period of 2021, driven by services provided by IP Engenharia to the Government of Mozambique.

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

4.7 MANAGEMENT OF REAL ESTATE PROPERTY AND COMMERCIAL AREAS

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

The trend recorded in the last months of 2021 of an increase in business related to real estate and commercial space management continued to be seen in the first half of 2022, motivated by the gradual resumption of economic activity after the strong impact caused by the COVID-19 pandemic in 2020 and 2021.

This background of recovery contributed to the increase in Operating Income in the 1st half of 2022, with revenue from real estate and commercial space management reaching € 8.1 million, which corresponds to an increase of 58% compared to the same period of 2021.

In addition to this direct impact on results, the market for the renovation of spaces under IPP management remained quite buoyant, translating in a financial investment of around € 5.2 million to be made by the sub-concessionaires during the term of respective contracts.

In this context of economic and financial recovery, in the 1st half of 2022, both in terms of sub-concessions and in terms of property disposals and appreciation, IPP entered into 240 sub-concession contracts, with an annualized value of € 0.45 million, of which 51 are new contracts. Disposals (13 properties) cashed in € 6.31 million in the period under review.

Amongst the leases entered we point out the following:

- Contract for the operation of Advertising Billboards;
- Office leases in the Campanhã development (Manpower and NOS).



5. ECONOMIC AND FINANCIAL PERFORMANCE

In the 1st half of 2022 the country enjoyed a strong economic recovery, which had positive impact on the use of the road-rail network. The economic and financial performance of the IP Group in the 1st half of 2022 shows an improvement in all results, namely:

- Positive net income of € 32.4 million, which represents a recovery of € 71.3 million compared to the net income for the same period in 2021, which was negative by € 38.9 million;
- Positive Operating Results totalling € 119.2 million, i.e. € 40.8 million (52%) more than in the same period of 2021;
- Positive evolution of Financial Results, which improved 15% over the same period of 2021.

The increase in operating income (+€ 66.2 million) contributed to the improvement in net income, including an increase of € 53.6 million in the Road Service Contribution, an increase of € 16.5 million in toll revenues and an increase of € 7.3 million in rail services.

At the same time, operating costs grew by € 25.4 million, essentially due to an increase of € 17.8 million in Other Supplies and Services, largely driven by the rise in electricity and traction power charges (+€12 .1 million), Cleaning Services (+€1.1 million) and Toll Collection (+€ 1.1 million).

RESULTS	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Operating Income	553 580	619 772	12%
Operating expenses	475 116	500 512	5%
Operating profit/(loss)	78 464	119 260	52%
Financial Results	-114 932	-97 141	15%
Pre-tax earnings	-36 468	22 120	39%
Net income	-38 907	32 398	17%
unit: € thousand			

5.1 OPERATING INCOME

Operating Income totalled € 619.8 million, increasing by € 66.2 million (+12%) as compared to the same period of the previous year.

OPERATING INCOME	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Sales and services	479 447	547 895	14%
Road Service Contribution (RSC)	273 193	326 797	20%
Tolls	115 790	132 309	14%
Railway Services	37 203	44 465	20%
State Grantor - Revenue LDI	18 049	11 571	-36%
Construction contracts	22 161	14 926	-33%
Other rendered services	13 050	17 827	37%
Compensatory Allowances	27 528	27 528	0%
Other Income and gains	46 605	44 349	-5%
Total Operating Income	553 580	619 772	12%
unit: € thousand			

5.1.1 Sales and services

Total revenue from Sales and Services amounted to € 547.9 million, i.e. € 68.4 million more than in 2021.

ROAD SERVICE CONTRIBUTION (RSC)

The Road Service Contribution (RSC) created under 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).

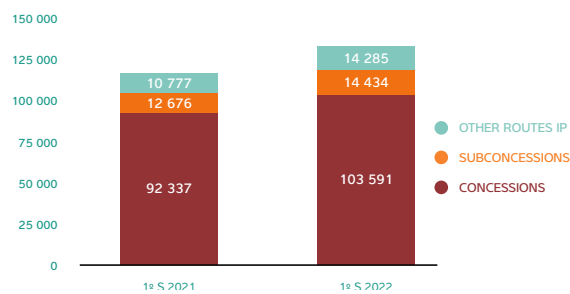
The RSC remains the main source of income of IP, totalling € 326.8 million in the first semester of 2022, increasing by +20% (€ 53.6 million) over the same period of the previous year.

TOLLS

Toll income increased by € 16.5 million (+14%) over the same period of the previous year, totalling € 132.3 million.

TOLLS	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Concessions	92 337	103 591	12%
Sub-concessions	12 676	14 434	14%
Other IP roads	10 644	13 903	31%
Other toll services	134	381	185%
Total	115 790	132 309	14%

unit: € thousand



The largest share of toll income continues to result from the use of the State Concessions network, as IP holds the revenue from the collection of toll fees, which reached € 103.6 million, corresponding to 12% more than in the same period of 2021

In IP sub-concessions toll revenues totalled € 14.4 million, increasing by 14% over the same period of 2021.

Tolls collected in motorways operated directly by IP (A21, A23 and Marão Tunnel) totalled € 14.3 million, i.e. 33% more than in 2021.

The increase recorded in the 1st half of 2022 was due to the significant growth in traffic on the tolled network, with the total number of transactions already higher than in the 1st half of 2019, the last year before the outbreak of the pandemic. In comparative terms, it should be pointed out that the 1st half of 2021, particularly the 1st quarter was still strongly impacted by the 3rd wave of COVID-19, leading to successive States of National Emergency, which restrained the movement of people and

goods.

In the 1st half of 2022 compared to the 1st half of 2021 the only reason why toll revenues growth was not stronger was because of the new regime of discounts provided for in articles 425 and 426 of the LOE (50% on toll tariffs) applicable to ex-SCUT Motorways, on 1 July 2021.

Railway Services

Revenues from 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 additional and auxiliary services, reached a total of € 44.5 million in the 1st half of 2022, 20% more than in 2021.

The volume of traffic in the railway infrastructure increased by 5% in the 1st half of 2022 compared to the same period of 2021, reaching 17.8 million Train-Km. In terms of segments, there was an increase by 6.9% in Train-km (TK) relating to passenger transport and a decrease by 1.6% in TK relating to freight transport.

This increase in the use of the Rail Network in the first half of 2022 was mainly due to two factors:

- Operation, throughout the 1st half of 2022, of the new electrified Covilhã – Guarda section, on the Beira Baixa line, as well as the opening of the new “Concordância das Beiras” (opening to railway traffic on 2 May 2021) and the electrified Viana do Castelo – Valença section, with has electric traction traffic since April 25, 2021;
- Negative impact of the mandatory confinement period between January 15th and April 30th, 2021, mostly in the passenger segment (lower number of circulations);

Conversely, the closure of the Beira Alta Line between Pampilhosa and Guarda, as from 19 April 2022, within the scope of the works in progress for the renovation and modernisation of the Beira Alta Line, resulted in lower activity.

Income from the User Fee (UF) totalled € 33.5 million in the first half of 2022, increasing by 6% over the same period of 2021, as shown in the following table:

USER FEE REVENUES	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Passenger	27 790	30 277	9%
Goods	3 794	3 834	1%
Total Fee for Use of Infrastructure	31 584	34 111	8%
IUF TARIFF / CK	1,87 €	1,92 €	3%
Capacity requested and not used	80	-584	-829%
Total	31 664	33 527	6%

unit: € thousand

Income from Other Railway Services reached € 11.0 million in the period under review, increasing by 98% over 2021.

OTHER RAILWAY SERVICES	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
PS-Emergency services	15	28	91%
Subtotal Emergency services	15	28	91%
IS-Use of Stations	1 294	1 328	3%
IS - Use of energy	204	204	0%
IS-Areas in Stations	116	127	10%
IS - Use of water	31	44	42%
IS - Customer Service	0	0	142%
Subtotal Service facilities	1 646	1 704	4%
Traction Power	2 799	8 197	193%
Parking of Rolling Stock	924	860	-7%
Shunting	86	92	7%
Other services	33	31	-6%
Subtotal Additional Services	3 843	9 181	139%
Supply of water/fuel for Rolling Stock	12	13	9%
Aux. Serv - Other Serv. Telecommunications and Telematics	33	35	4%
Other auxiliary services	5	5	-2%
Subtotal auxiliary services	51	53	5%
Total	5 539	10 966	98%

unit: € thousand

Income from the provision of Additional Services totalled € 9.2 million, increasing by 139% over the same period of 2021. Access to traction electricity which IP provides to railway operators accounts for

the largest slice of Additional Services, amounting to € 8.2 million in the period, driven by the increase in the unit cost of energy as from January 2022 as a result of the international geopolitical situation.

Income from services provided in Service Facilities during the period under review totalled € 1.7 million, increasing by 4% over the same period of 2021. In this context, the use of stations and stops appears as the most relevant service, which includes, namely, the use of areas allocated to waiting rooms and travel information signs, and the storage areas of technical equipment. Their valuation by commercial stop by the passenger train represented an income of € 1.3 million in the first half of 2022, increasing by 3% over the same period of 2021.

Service Facilities comprises the use of stations and stops and the provision of services in areas allocated to passenger service, e.g. travel information and passenger access to platforms and equipment existing in platforms, and other services available (occupied areas and respective water and energy consumption), supply of energy to operators in stations (e.g. automatic ticket vending machines and access gates) and advertising information.

Additional Services comprise telematics, telecommunications, studies, human resources used in the supply of water and fuel to trains, processing of goods and other services; cumulative results generated by these services in the first half of 2022 stood at € 53 thousand.

In the 1st half of 2022, the Debt Payment Agreement entered by one of the railway operators and IP relating to prior years became effective, which slightly influenced the results of the income from the additional service of parking of rolling stock and auxiliary services but had a considerable impact on the penalty for capacity requested and not used (CPNU).

STATE GRANTOR - REVENUE LDI

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

In the first half of 2022 LDI revenue totalled € 11.6 million, falling by 36% over the same period of the previous year.

CONSTRUCTION CONTRACTS

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

CONSTRUCTION CONTRACTS	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Contracts for the Construction of new infrastructures	16 647	9 562	-43%
Capitalisation of Interest Expenses	5 514	5 364	-3%
Total	22 161	14 926	-33%
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 on the state of progress of the works added of the expenses directly charged to preparing the asset for its intended use.

In the first half of 2022 Revenues from Construction Contracts for New Infrastructures decreased by 33% over the same period of the previous year, revealing a lower implementation of construction activities on the road network.

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

OTHER SERVICES RENDERED

Total revenues from these services in the first half of 2022 totalled € 17.8 million, increasing by 37% (€ 4.8 million) over the same period of 2021.

OTHER RENDERED SERVICES	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Management of Property and Commercial Areas	5 092	8 054	58%
Telecommunications and Cloud Solutions	4 132	4 874	18%
Technical road channel	1 827	1 782	-2%
Engineering and transportation services	56	114	104%
Freight Terminals	857	806	-6%
Licensing	307	630	105%
Service Areas Operation Right	-53	670	1372%
Other services	832	895	8%
Total	13 050	17 827	37%
unit: € thousand			

A. Management of Property and Commercial Areas

Income from this area stems from the renting of spaces, sub-concessions, parking, management of undertakings and advertising, totalling € 8.1 million in the first half of 2022, i.e. 58% more than in the same period of the previous year.

This performance reflects the upturn recorded in this area, which was highly affected by the Covid pandemic in 2020 and 2021.

B. Telecommunications

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

In the first half of 2022 income from telecommunications services totalled € 4.9 million, increasing by 18% over the same period of 2021.

C. Technical road channel

Turnover posted by the Technical Road Channel in the first half of 2022 amounted to € 1.8 million, decreasing by 2% over the same period of 2021.

D. Engineering and transport services

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

Turnover in this segment in the first half of the year totalled € 114 thousand, increasing by € 58 thousand over the same period of 2021, driven by services provided by IP Engenharia to the Government of Mozambique.

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

E. Freight Terminals

The operation of the Railway Terminals translated into revenues of € 806 thousand in the first half of 2022, which is 6% less than in the same period of 2021.

In relation to the Bobadela Terminal, the fact that one of the main customers changed the route of one of its vessels that was calling at Sines, resulted in the loss of 59% of the terminal's activity and 21% of its turnover compared to the same period in the previous year, even considering that the Handling prices increased by 6.8% in 2022 as compared to 2021.

In Leixões, the impact of Maersk's decision did not bear the same impact as the terminal's customer structure is larger. However, the year-on-year fluctuation went downwards by 10% with a 3% loss in invoicing, despite the increase in handling prices of 6.3% in 2022 as compared to 2021. The decrease in activity in Leixões is explained by market reasons, but also by the existing IP works along the route to Sines, which has involved the suppression of several trains on weekends.

F. Licensing

Revenue from licensing essentially depends on the collection of annual fees from Fuel Supply Stations (FSS).

Invoicing and licensing revenue inflows are subject to the processing of the collection of annual fees to FSS, which begins with the reporting of the number of petrol litres sold in the previous year by the license holders. Although such reporting should take place until the 15th of February of the following year, there is some time lag between the first and the last reports, thus affecting the subsequent stages of the process, namely the calculation of fees, the sending of payment notices, payment and finally invoicing.

The positive deviation of € 323 thousand against the same period in the previous year is mainly the result of the earlier collection of fees to large oil companies in the 1st half of 2022, which in 2021 was carried out in the 2nd half of the year. Moreover, the rate of fees was revised slightly upwards.

G. Service areas

Revenues from Service Areas are higher than in 2021. The change compared to the previous year is justified by the settlement, in February 2021, of the extraordinary instalment recorded in 2020 in the amount of € 701 thousand, relating to the annual rent of Service Station of Loulé. If this settlement had not taken place there would have been an increase compared to 2021 of 3% (+€ 22 thousand), with income in the period going from -€ 53 thousand to € 648 thousand. This variation is explained by an upward revision of contract prices and in-store sales.

5.1.2 Compensatory Allowances

INCOME	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Compensatory Allowances	27 528	27 528	0%
unit: € thousand			

Income from compensatory allowances in the first half of 2022 totalled € 27.5 million, in line with the same period of the previous year. This sum was fixed in the 4th Addendum to the 2016/2020 Framework Contract, via the Council of Ministers Resolution 13/2020 of 20/01/2022.

5.1.3 Other Income and Gains

The amount posted as Other Income and Gains in the first half of 2022 totalled € 44.3 million, i.e. 5% less than in the same period of the previous year.

OTHER INCOME AND GAINS	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Investment subsidies	30 726	33 174	8%
Disposal of Property	224	-	-100%
Sale of waste	1 193	1 770	48%
Damage to property	858	716	-17%
Other income	13 605	8 690	-36%
Total	46 605	44 349	-5%
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 of investment subsidies recorded in the first half of 2022 totalled € 33.2 million, i.e. 8% more than in the same period of 2021.

B. DISPOSAL OF PROPERTY

No income from the disposal of property was recorded in the first half of 2022.

C. SALE OF WASTE

Income from the sale of waste in the first half of 2022 totalled € 1.8 million, increasing by 48% over the same period of 2021.

D. DAMAGE TO PROPERTY


In the first half of 2022 compensation for damages to road property totalled € 716 thousand, falling by 17% over the same period of 2021.

E. OTHER INCOME

The decrease in Item "Other Income" compared to the same period of 2021, by € 4.9 million (-36%), is mainly due to the recording, in 2021, of € 4.5 million of gains from inventories, resulting from of an internal audit process, which aimed to settle a number of virtual deposits that mediate the period of assignment of materials to works and their effective use.

5.2 OPERATING EXPENSES

In the first half of 2022 operating expenses of the IP Group totalled € 500.1 million, increasing by 5.3% over the same period of the previous year.



OPERATING EXPENSES	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Cost of goods sold and materials consumed	112 337	111 857	0%
External supplies and services	149 351	168 491	13%
Maintenance, Repair and Safety of the Road Network	56 418	57 646	2%
Maintenance, Repair and Safety of the Railway Network	33 380	33 432	0%
Other supplies and services	59 552	77 414	30%
Personnel expenses	68 998	69 398	1%
Impairments (losses/reversals)	-656	-571	13%
Expenses/reversals of depreciation and amortisation	126 487	136 729	8%
Provisions (Increase/Decrease)	11 026	10 548	-4%
Other expenses and losses	7 530	4 060	-46%
Total Operating Expenses	475 116	500 512	5,3%

unit: € thousand

5.2.1 Cost of goods sold

In the period under review overall expenses with the cost of goods sold and materials consumed totalled € 111.9 million, in line with the same period of the previous year (€ 112.3 million).

COST OF GOODS SOLD AND MATERIALS CONSUMED	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
New road infrastructures	16 647	9 562	-43%
Tolls - State Concessions	86 069	96 811	12%
Rail Maintenance Material Consumption	2 969	4 429	49%
Rail Investment Material Consumption	6 582	998	-85%
Other	71	57	-20%
Total	112 337	111 857	-0,4%

unit: € thousand



NEW ROAD INFRASTRUCTURES

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

Implementation in the first half of the year totalled € 9.6 million, decreasing by 43% over the same period of 2021, reflecting a lower implementation of construction activities under the direct management of IP vis-à-vis the previous year.


TOLLS IN STATE CONCESSIONS

Amounts received by IP relating to tolls in State concessions (net of collection costs) are deducted to IP's investment in the acquisition of rights over this concessioned network. This deduction is offset in this item, which increased by 12% over the same period, in line with the change recorded in income from tolls on State Concessions.

MATERIALS FOR MAINTENANCE AND INVESTMENT IN RAILWAY INFRASTRUCTURES

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

In the first half of 2022 as compared to the same period of 2021, consumption of maintenance materials increased by 49% whilst consumption of investment materials decreased by 85%.



5.2.2 Supplies and Services

ROAD MAINTENANCE, REPAIR AND SAFETY

Overall expenses with the maintenance, repair and safety of the road network in the first half of 2022 amounted to € 57.6 million, increasing by € 1.2 million (2.2%) over the same period of 2020.

MAINTENANCE, REPAIR AND SAFETY OF THE ROAD NETWORK	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Regular road maintenance	27 833	27 833	0%
Road safety	4 201	6 261	49%
Current road maintenance	24 002	23 196	-3%
Maintenance of Road Telematics	384	357	-7%
Total	56 418	57 646	2,2%
unit: € thousand			

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

The amount recorded in the first half of 2022 was € 27.8 million, the same as in 2021.

Taking into account the recognised expense of € 27.8 million in the 1st half of 2022, as mentioned, implementation stood at € 19.9 million, which corresponds to an increase of nearly 14% compared to the same period of 2021

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

The financial implementation of road safety interventions increased by 49% over the same period of the previous year

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

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

Implementation in the period under review totalled € 23.2 million, decreasing by € 0.8 million (-3%) over the same period of 2021.

RAILWAY MAINTENANCE, REPAIR AND SAFETY

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

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

Overall expenses with railway maintenance, repair and safety in the first half of 2022 totalled € 33.4 million, increasing by € 52 thousand (+0.2%) over 2021, as shown in the following table broken down by segment.

MAINTENANCE, REPAIR AND SAFETY OF THE RAILWAY NETWORK	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Carriageway	14 969	14 835	-1%
Signalling	5 607	6 043	8%
Telecommunications	1 821	1 855	2%
Overhead line	2 736	2 576	-6%
Low tension	978	966	-1%
Sub-stations	230	375	63%
Civil works	1 516	1 714	13%
Engineering works	209	195	-7%
Level Crossings	367	308	-16%
Recovery of materials	174	108	-38%
Emergency train	499	801	61%
Lifts and escalators	335	381	14%
Railway Services	375	-	-100%
Deforestation	2 925	2 842	-3%
Other	638	433	-32%
Total	33 380	33 432	0,2%
unit: € thousand			

The implementation of segment Track, which is the most relevant from a financial standpoint, totalled € 14.8 million in the 1st half of 2022, in line with the same period of 2021 (-1%).

With regard to segment Signalling, there was an increase of 8% over the same period of 2021, which is explained by the purchase of spare parts in the amount of € 313 thousand.

We highlight below the remaining segments where there were increases in comparative terms and respective explanation:

- **Emergency Train:** increase of € 302 thousand, which is due to the fact that the amount recorded in the first five months of 2021 was subject to a former protocol entered into between REFER and CP, which ended in May 2021. The current figures are based on the new contract with CP, which revised figures upwards (due to greater coverage of service availability and man-hour price). Until May 2021, the monthly amount was € 75 thousand compared to € 127 thousand under the new protocol. Moreover, in 2021 the variable component of the protocol was recorded in December 2021, whereas in 2022 it is being recorded monthly.
- **Civil works:** The increase of approx. € 198 thousand in the 1st half of 2022 is explained as follows:

- o Action: "Douro Line, Beira Alta Line, Oeste and Ramal da Figueira da Foz Line - Demolition": + € 98 thousand;
- o Action: "Beira Baixa and Leste Lines. Demolition of buildings and removal of cement-asbestos covers" : + € 194 thousand in 2022;
- o Invoiced amounts related to the various contracts for "Provision of Civil Construction Maintenance Services - from July to Dec/2021" which, totalling € 170 thousand in 2022, due to infrastructure requirements.
- Substations: deviation by 63% over the same period of the previous year face (+ € 145 thousand).

OTHER SUPPLIES AND SERVICES

Other Supplies and Services totalled € 77.4 million in the first half of 2022, increasing by € 17.9 million (+30%) over the same period of the previous year.

OTHER SUPPLIES AND SERVICES	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
O&M EP Sub-concessions	21 522	22 593	5%
Toll collection costs	7 740	8 671	12%
RSC Collection costs	5 464	6 536	20%
Electric power	4 882	11 498	136%
Traction Power	2 815	8 344	196%
Fees and related expenses Special works	1 412	2 117	50%
Car fleet	2 062	1 811	-12%
Surveillance	3 755	3 716	-1%
IT	2 047	2 305	13%
Cleaning	2 917	4 014	38%
Travelling and accommodation	152	203	34%
Transport of personnel	119	141	19%
Communications	95	87	-8%
Other supplies and services	4 571	5 379	18%
Total	59 552	77 414	30%
unit: € thousand			

The increase recorded in the 1st half of 2022 is mainly related to the rise in electricity costs, including the traction energy of rolling stock supplied to railway operators, which, as a whole, increased by € 12.1 million compared to the 1st semester of 2021.

O&M - SUB-CONCESSIONS

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

In overall terms, expenses with the maintenance of the road network in the first half of 2022 amounted to € 22.6 million, increasing by € 1.1 million over the same period of 2021.

TOLL COLLECTION COSTS

This caption includes the payment of a variable fee and the monthly adjustment of accounts (cost offsetting) of the tolled network. In the first half of 2022 this amount increased by € 0.9 million (+12%) over the same period of 2021.

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

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

This item, in line with the increase in revenue associated with the Road Service Contribution, shows a positive deviation of 20% compared to the 1st half of the previous year in real terms, and accounts for 8% of overall expenses with other Supplies and Services.

Electric power and Traction Power

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

Power consumption in the period under review totalled € 19.8 million, increasing by € 12.1 million (+ 158%) over the same period of the previous year, as a result of the significant rise in market prices.

ELECTRIC POWER AND TRACTION POWER

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

Power consumption in the period under review totalled € 19.8 million, increasing by € 12.1 million (+ 158%) over the same period of the previous year, as a result of the significant rise in market prices.

CAR FLEET

Expenses with the car fleet recorded as Supplies and Services in the first half of 2022 totalled € 1.8 million, falling by € 251 thousand over the same period of the previous year.

Overall expenses with the car fleet, including in addition to Supplies and Services, expenses with lease instalments and interest totalled € 3.1 million, which is 7% less than in the same period of 2021, as shown in the following table:

CAR FLEET	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Car renting expenses	450	8	-98%
Fuel	699	1 245	78%
Tolls	213	216	2%
Maintenance	153	140	-8%
Insurance	548	202	-63%
Car tax	6	6	-2%
Leasing interest	180	124	-31%
	2 248	1 941	-14%
Sub-total	1 138	1 198	5%
Repayments	3 386	3 138	-7%

unit: € thousand

The decrease on less € 248 thousand over the previous year stems mainly from lease instalments. In 2022 this item recorded a slight change as a result of adjustments to former leases.

There is also a significant variation in the insurance item (-€ 346 thousand), which is justified by the existence, in 2022, of an adjustment for the year 2020 in the value of fleet insurance.

On the other hand, fuel costs rose considerably as compared to the previous year (+ € 547 thousand over 2021), as a result of the increase in international market prices. It should be noted that in 2021 the average price per litre stood at € 1,289 whilst in the first half of 2022 the average price was € 1,703/litre .

SURVEILLANCE AND SAFETY

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

Expenses with surveillance and safety in the first half of 2022 totalled € 3.7 million, in line with the same period of 2021 (-1%).

FEES, CONSULTANCY SERVICES AND OTHER SPECIALISED WORKS

The amount recorded in this caption in the first half of the year totalled € 2.1 million, increasing by € 705 thousand (+50%) over the same period of the previous year.

IT

In the first half of 2022 the amount spent on IT services totalled € 2.3 million, increasing by € 258 thousand over the same period of 2021. This change was mainly due to an increase in expenses with software licences and increase in market licence prices.

CLEANING

Expenses with hygiene and cleaning services totalled € 4 million in the first half of 2022, increasing by € 1.1 million over the same period of 2021.

TRAVELLING AND ACCOMMODATION

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

TRAVEL AND SUBSISTENCE ALLOWANCES	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Travelling and accommodation - in Portugal	114	109	-4%
Travelling and accommodation - abroad	37	93	150%
Total	152	203	34%
unit: € thousand			

Travelling and accommodation expenses in the 1st half of 2022 totalled € 203 thousand, increasing by € 51 thousand over the same period of 2021, due to an increase in travels within the country and abroad, following the sharp restrictions imposed during the pandemic.

COMMUNICATIONS

Communication expenses in the first half of 2022 totalled € 87 thousand, falling by € 7 thousand over the same period of the previous year.

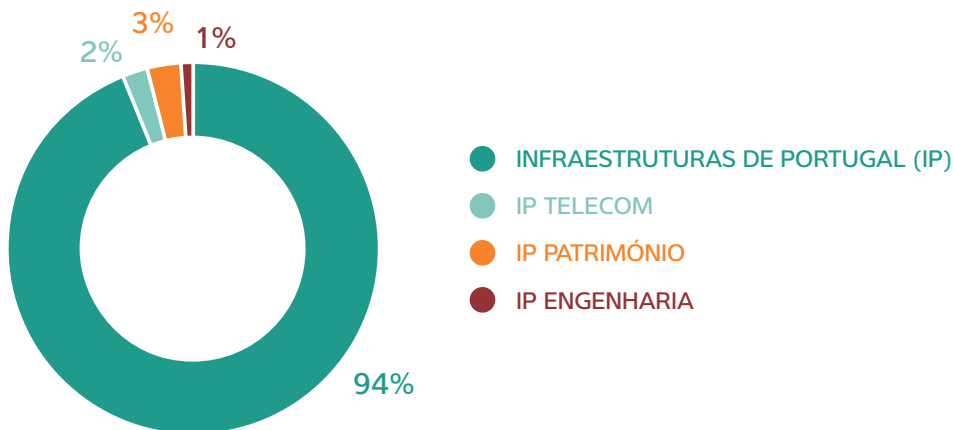
5.2.3 Staff expenses

In the first semester of 2022, staff expenses at Group level totalled € 69.4 million, increasing by € 400 thousand (+1%) over the same period of the previous year.

PERSONNEL EXPENSES	1ST HALF 2021	1ST HALF 2022	Δ% 22/21
Wages	54 390	55 014	1%
Wage expenses	12 142	12 271	1%
Other	2 466	2 113	-14%
Total	68 998	69 398	1%
unit: € thousand			

As of 30 June 2022 the IP Group had 3,649 employees, i.e. 18 employees less than at 31 December 2021. As of 30 June 2022 the average workforce was 3,650 employees.

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



5.2.4 Impairment (losses/reversals)

In the first half of 2022 changes in impairment resulted, in overall terms, from a reversal in impairment by € 571 thousand, as against € 656 thousand in the same period of the previous year (-€ 85 thousand).

5.2.5 Provisions (Increase/Decrease)

In the first half of 2022 the total amount of expenses with provisions amounted to € 10.5 million, decreasing by € 478 thousand (-4%) over the same period of the previous year.

5.2.6 Other expenses and losses

Other expenses and losses in the first half of 2022 totalled € 4.1 million, decreasing by 46% over the same period of 2021.

5.2.7 Expenses / Reversals of Depreciation and Amortization

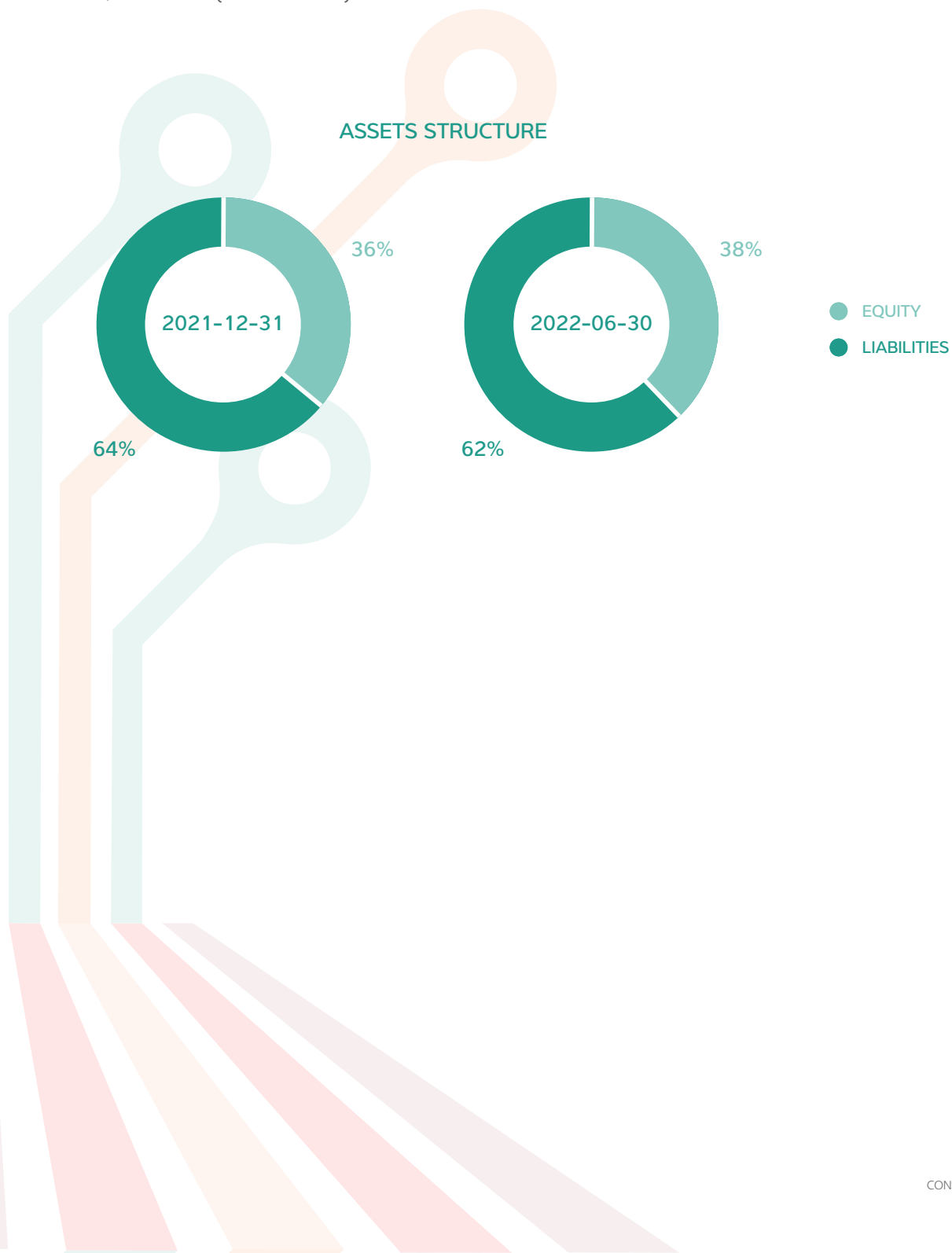
The amount recorded as depreciation and amortisation expenses totalled € 136.7 million in the first half of 2022, increasing by € 10.2 million (+8%) over the same period of the previous year.

This change stems from the revision of the calculation made according to the latest version of the company's Business Plan, which estimates a reduction in profit in 2022, namely a reduction in the RSC.

5.3 EQUITY STRUCTURE

At the end of 2022 overall assets amounted to € 28,555 million, mainly made up of Intangible Assets related to the right resulting from the Road Concession Contract.

At 30 June 2022 Equity totalled € 10,932 million (38% of Assets) and Total Liabilities amounted to € 17,623 million (62% of assets).



Assets increased by € 616 million (2%) over the end of the previous year. In respect of Non-current Assets the increase by € 208 million stems mainly from the rise by € 187 million in intangible assets (essentially the right resulting from the Road Concession Contract).

In Current Assets, the increase vis-à-vis the end of 2021 of € 408 million is mainly reflected in headings Grantor – State – Accounts receivable and State and other public entities.

Under the heading Grantor – State – Accounts Receivable, the increase of € 110 million mainly refers to the debit of interest to the Grantor in the amount of approx. 29 million and the increase resulting from subsidies directly attributed to IP for the development of the railway infrastructure, including a net increase of around € 73 million from the European Structural and Investment Funds (€ 1 million from the ERDF, € 12 million from the Cohesion Fund, € 60 million from the CEF-Cohesion Fund), corresponding to advances and reimbursements of applications approved in the 2014-2020 programming period (COMPETE 2020 and CEF Programmes).

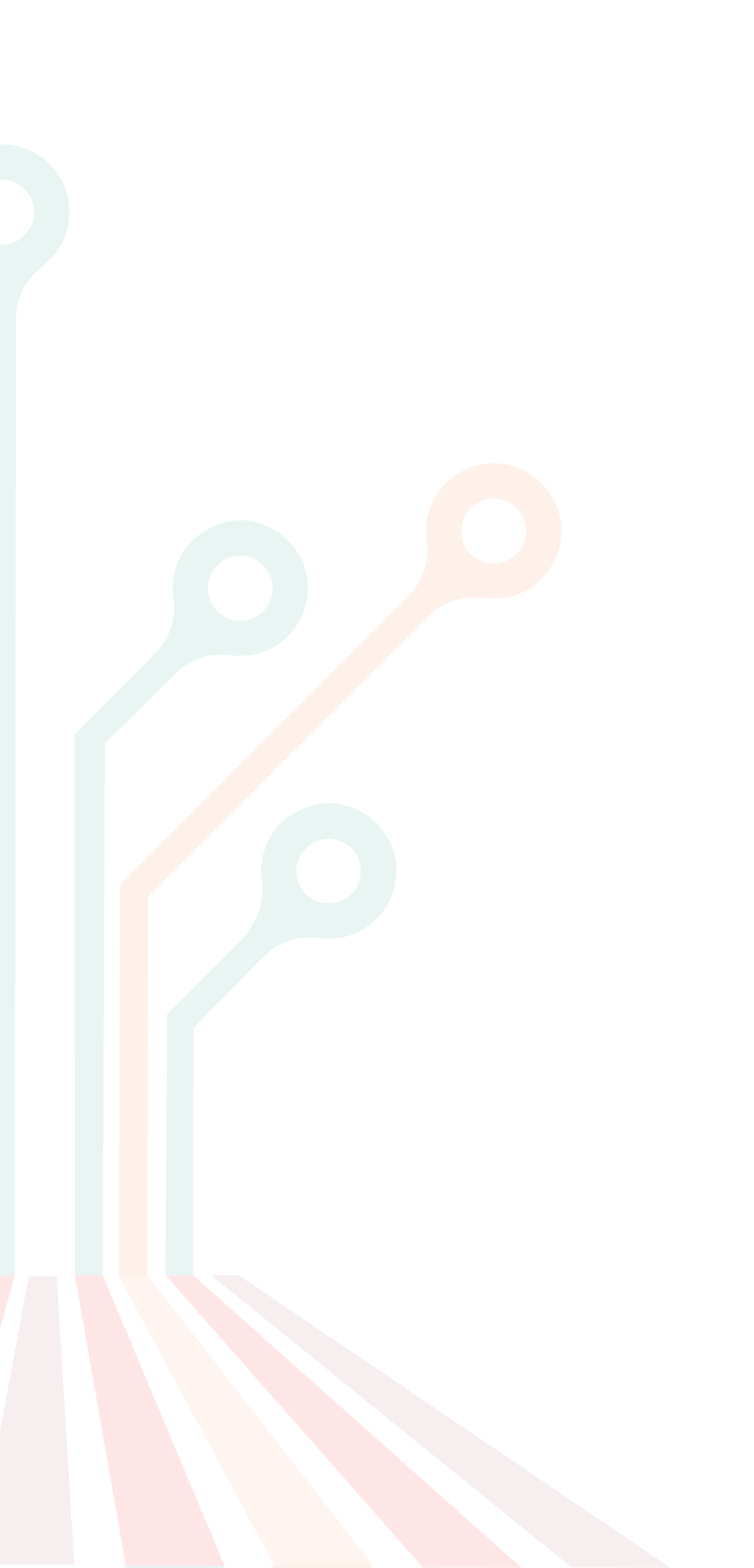
The change in heading State and other Public Entities (+€ 126 million) is essentially justified by the increase in the VAT balance receivable, as explained in detail in Note 6 to the Consolidated Accounts included in part II of this report (Part II Condensed Consolidated Financial Statements and Notes).

With regard to Liabilities, there was a decrease of € 158 million vis-à-vis the end of 2021 million, of which € 139 million correspond to Non-Current Liabilities whereas € 20 million are Current Liabilities.

In Non-Current Liabilities, the item Other Accounts Payable (-€ 80.5 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.

With regard to Current Liabilities, the largest reduction can be seen in item Loans.

In the first half of 2022 the company carried out statutory capital increases by a total amount € 742.5 million. The Company's share capital at the end of the first half of 2022 totalled € 10,613 million.



6. FINANCIAL MANAGEMENT AND DEBT

6.1 FINANCIAL MANAGEMENT

IP GROUP

During 2022 the financial management of subsidiaries remained in the sphere of the Finance and Markets Department of IP.

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

Moreover, the centralisation allows the standardization of practices and procedures related to treasury management and production of management information to support decision-making.

Additionally, the financial management of the IP Group must comply with the legal framework applicable to the corporate state sector (Decree-law 133/2013), namely the obligation to apply the principle of Unity of the State Treasury (article 28) and restrictions in financing operations (article 29).

At the end of the first half of 2022, the IP Group had cash and cash equivalents totalling € 232 million, distributed as follows:

CASH RESOURCES				
COMPANY	2022		2021	
IP	219,6	95%	239,8	96%
IPE	2,6	1%	2,9	1%
IPP	4,5	2%	4,6	2%
IPT	5,2	2%	3,5	1%
Total	232,0	100%	250,8	100%

unit: € million

Table below shows the financial flows of the IP Group during the first half of 2022, where IP bears a relevant weight:

	IP GROUP	WEIGHT IP
Paid	1 326,6	99%
Received	644,7	97%

unit: € million

IP

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 same time, the implementation of a new financing policy was started, led by the shareholder, which, first and until 2014, was implemented through the granting of loans/shareholders' loans and, later and to date, through operations to increase the share capital, reinforcing the company's equity and, therefore, improving its level of solvency and capital adequacy.

The State Budget for 2022 (OE 2022) published through Law no. 12/2022, of 27 June, approved overall financing requirements of € 1,282 million, met by capital allocations in the same amount.

IP implements 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 being made, in accordance with the respective amount allocated in the State Budget for the relevant year under the different budget captions.

In the light of IP's budget proposal for 2022 (submitted to the Budget Directorate), expenses were reduced by € 1,192 million, with significant impact on IP's core business. On the revenue side, this component was overvalued by € 148 million, which translated in an additional and indirect adjust-

ment to the expenditure budget in the same order of magnitude, with an impact on implementation levels. Moreover, IP's business budget was reduced by around € 62 million with the blocking of funds, the use of which is subject to additional procedures that impact the ability to pay expenditure on time.

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

REVENUE	2022/06/30
Road Service Contribution*	263,3
Tolls*	155,0
Network Directory	62,5
Compensatory Allowances	-
EU Funds**	118,9
Dividends	2,9
Other	21,2
Subtotal	623,8
Share capital increase	742,5
TOTAL	1 366,3

unit: € million
 * Deducted of collection costs
 ** Includes advances on the RRP

EXPENSES	2022/06/30
Operating payments	104,7
Personnel	58,7
Tax	14,2
Other Operating payments	2,5
Payment of investment in PPP	848,6
Other Expenditure Payments***	171,2
Financial Expenses	11,6
Loan Repayment	97,4
TOTAL	1 309,1

unit: € million
 *** Includes Ferrovias 2020, SMM, PETI3+ Road, PRR, PVAE

By the end of the first half of 2022, financing requirements amounted to € 742.5 million, split between inflows of € 623.8 million and outflows of € 1,309.1 million.

In terms of revenues, the Road Service Contribution and Tolls stand out, which together account for 67% of the company's total revenues.

During the first half of 2022, IP did not receive the expected Compensatory Payments, as the Court of Auditors' approval for the Extension of the Framework Contract was only granted in August.

Payments for investment in PPP represent more than 65% of the expenditure and, to cover them, the use of a capital increase became inevitable. On the other hand, in order to ensure the commitment towards this expense, it was necessary to ask for authorization for a temporary increase of Available Funds from Committed Tax Revenues (RSC), in the amount of € 421.2 million, which was not obtained until the end of June, forcing the company to temporarily readjust its commitments in order to ensure these payments.

Since IP is subject to the use of the cash balance carried forward from 2021 (€ 162 million) to meet its financing requirements, capital increase operations were authorized for the overall amount of € 742.5 million.

As far as liquidity risk is concerned, the sooner the Finance Ministry will approve the transfer of the amounts allocated to IP under the 2022 State Budget, the lesser the liquidity risk will be. Thus, if we associate this factor with the seasonality and the magnitude of expenditure, the level of adequate liquidity reserve should remain at values close to € 200 million.

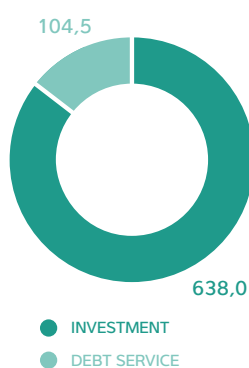
6.2 SHARE CAPITAL INCREASES

During the first half of 2022 share capital increases were carried out in the overall amount of € 742.5 million. As of 30 June 2022 the parent company's share capital amounted to € 10,612.7 million:

	DATE	IP
Share Capital 2021/12/31		9 870 180 000
Increases	January 2022	40 000 000
	February 2022	349 470 000
	March 2022	96 450 000
	May 2022	124 907 367
	June 2022	131 662 633
Share Capital 2022/06/30		10 612 670 000
Unit: €		

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

CAPITAL INJECTIONS [million euro]

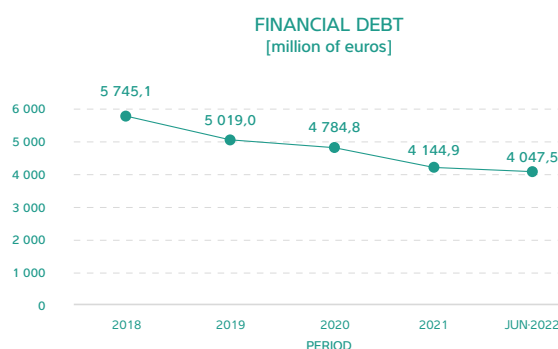


Of the capital allocated to investment, 94% (€ 598 million) was concerned payments of State Concessions and Sub-concessions and the remaining 6% (€ 40 million) were allocated to railway invest-

ments.

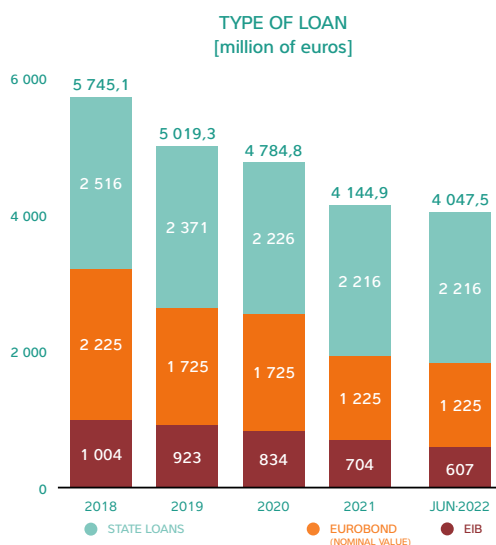
6.3 FINANCIAL DEBT STRUCTURE

At the end the semester, the stock of financial debt of IP stood at € 4,047.5 million, corresponding to a decrease of € 97.4 million as against 31 December 2021 maintaining the downward trend started in 2018, as shown in the following illustrating graph:



The reduction in debt in the first half of 2022 resulted from capital repayments made pursuant to the repayment plans for loans contracted with the EIB.

Table below illustrates the breakdown of overall debt by type of loan:



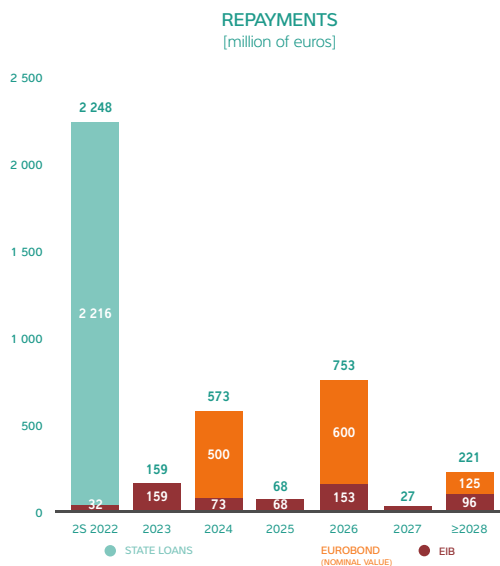
The share of IP's debt guaranteed by the Portuguese State was of 42% of total debt. This universe includes all EIB loans and two bond issues, totalling € 1.1 billion.

Loans granted by the State since 2011, maturing in 2016, 2017 and 2020 and which are still due, have an interest grace period of about 12 months and a repayment plan that varies between 8 and 12 equal and consecutive principal instalments, for which successive moratoriums on the debt service have been granted since 2015. These loans are subject to fixed interest rate.

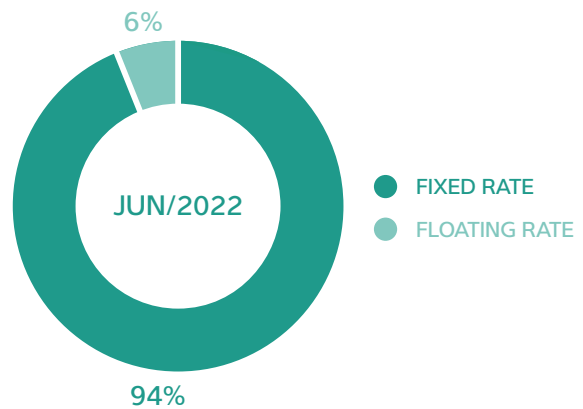
EIB loans benefit from a repayment plan consisting of equal or different but consecutive principal instalments, thus allowing for a flatter debt repayment profile.

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 an increase in overall funding requirements in those years.

As shown in the following graph, the amount of debt projected to be repaid in the second half of 2022 is considerable: € 2,248 million, which comprises the repayment of the State Loans in the amount of € 2,216 million and the repayment of € 32 million relating to EIB loans.



At the end of the first half of 2022, the debt portfolio broken down by type of interest rate was as follows:



At 30 June 2022 Group 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.

Moody's Investors Service has maintained its credit rating of IP at Baa3 with Stable Outlook since September 2021, based on the following factors:

- 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.

6.4 ANALYSIS OF FINANCIAL RESULTS

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

Table below shows the financial performance at 30 June 2022:

FINANCIAL RESULTS	JUNE 2022	JUNE 2021	CHANGE
Financial Results from Investment Activity	-29,4	-30,0	0,5
Financial gains	0,0	0,0	0,0
Financial losses	-29,4	-30,0	0,5
Financial Results from Infrastructure Management Activity	-0,2	-11,2	10,9
Financial gains	0,0	0,0	0,0
Financial losses	-0,2	-11,2	10,9
High Performance Financial Results	-93,2	-102,7	9,5
Financial gains	0,0	0,0	0,0
Financial losses - sub-concessions	-88,0	-97,3	9,4
Financial losses - State concessions	-5,2	-5,4	0,2
Financial results - Management of Road Network	-3,7	-1,0	-2,7
Financial gains	0,0	0,0	0,0
Financial losses	-3,7	-1,0	-2,7
Overall Financial Result	-126,6	-144,9	18,3
Allocated amount - State Grantor	29,4	30,0	-0,5
Financial result (Comprehensive Income Statement)	-97,1	-114,9	17,8
RF Global gestão directa	-38,6	-47,6	9,0
unit: € million			

Overall Financial Results at 30 June 2022 amounted to -€ 126.6, million, improving by € 18.3 million over the previous year, mainly driven by a decrease in interest expense borne by the Railway Management Activity and the decrease in financial expenses relating to the High-Performance segment, as a result of a reduction in debt to Sub-concessionaires.

If we withdraw from the 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 -€ 38.6 million as against -€ 47.6 million as of June 2021, translating an improvement by € 9 million.



7. IMPACT OF COVID-19 AND THE INTERNATIONAL GEOPOLITICAL SITUATION

COVID-19

After two years heavily impacted by the COVID-19 pandemic, the 1st half of 2022 saw a very significant recovery in the use of the road-rail network, back to levels seen in 2019, i.e. the last year before the outbreak of the pandemic.

In fact, the Road Service Contribution reached € 326.8 million in the 1st half of 2022, which compares with € 331.7 million in the 1st half of 2019, i.e. a variation of only 1.5 %.

As for toll revenues, the amount posted in the 1st half of 2022 is lower by about 15% compared to the 1st semester of 2019, which was due, however, to the discount regime introduced in the State Budget Law of 2021, since the number of transactions is already higher in 2022 compared to the same period of 2021.

With regard to rail services, and in particular the User Fee, the figure recorded in the 1st half of 2022 (€ 34.1 million) is similar to the one posted in the 1st semester of 2019.

In what concerns the Management of Property and Commercial Areas - a business developed by IP Património, there was a sharp recovery in the 1st half of 2022, with revenues of € 8.1 million, which compare with the revenues of € 7.9 million in the 1st half of 2019.

Summing up, the results obtained in the 1st half of 2022 show a return to revenue levels of the 1st half of 2019; this also shows that COVID-19 pandemic is no longer affecting the company's economic results, all the more so since expenses with anti-Covid measures did not surpass € 126 thousand.

From an operational point of view, it was business as usual, without any type of operational constraint associated with the pandemic context, although protection measures for employees in force in the years 2020 and 2021 were kept in the period under review.

International Geopolitical Situation

The current international geopolitical situation motivated by Russia's invasion of Ukraine led to an escalation of inflation in the 1st half of 2022, fuelled by rising electricity, oil and gas prices.

Supplies and Services expenses were inevitably affected, especially in what concerns the company's energy costs, including traction energy, a service provided by IP to rail operators.

The international situation also hurt the construction sector, as the cost of materials and labour triggered, affecting both new works and ongoing works, as contractually established priced had to be revised upwards.

The increase in road fuel (diesel and gasoline) prices should also lead to a decrease in the use of the National Road Network, and therefore affect associated revenues (RSC and Tolls). However, available data, as described earlier in this chapter, show that this is not happening; moreover, the average price of gasoline and diesel for road use is currently lower compared to figures seen earlier in the year.

We thus conclude that the largest impact on IP's activity caused by the global geopolitical situation, concerns energy expenses and construction costs, rather than the demand for the road network under the IP's management.

In view of the above and based on the best information available at this time, the evolution of results in the period under review and the articulation continuously kept with the Shareholder, we believe that the going concern principle remains applicable and was thus used in the preparation of the Financial Statements.

8. SUBSEQUENT EVENTS

CAPITAL INCREASES – 26 AUGUST 2022 AND 29 SEPTEMBER 2022

Pursuant to unanimous written corporate resolutions dated 26 August 2022 and 29 September 2022, the share capital of IP was increased by € 124,160 thousand and € 85,000 thousand, through the issue of respectively, 24,832 and 17,000 shares with the nominal value of € 5,000 per share.

APPROVAL OF IP'S ACCOUNTS RELATING TO 2020 AND 2021

On 26 August 2022, the separate and consolidated financial statements of the IP Group and the report of its Executive Board of Directors for 2020 and 2021 were approved by the shareholder.

APPOINTMENT OF THE NEW BOARD OF DIRECTORS

On August 26, 2022, the Executive Board of Directors was elected for the 2022-2024 three-year period. The appointed Executive Board of Directors is made up of a chairman, two vice-chairmen and three members, as follows:

- Chairman – Miguel Jorge de Campos Cruz
- Vice-Chairman – Carlos Alberto João Fernandes
- Vice-Chairman – Maria Amália Freire de Almeida
- Member – Vanda Cristina Loureiro Soares Nogueira
- Member – Alexandra Sofia Vieira Nogueira Barbosa
- Member – Ana Isabel Mota da Silva Coelho.

MORATORIUM

Pursuant to the Orders of the Minister of State and Finance No. 262/2022/MEF of September 29, 2022 and of the Secretary of State for the Treasury No. 304/2022-SET of September 23, 2022, the deferral of the payment of debt service on loans granted by the Directorate-General for the Treasury and Finance (DGTF) to IP, due on 31 May 2022, to 30 November 2022, was authorized at no additional cost.

Almada, 30 september, 2022

The Executive Board of Directors

Chairman, MIGUEL JORGE DE CAMPOS CRUZ

Digitally signed document

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Vice-Chairman, MARIA AMÁLIA FREIRE DE ALMEIDA

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

Member, ANA ISABEL MOTA DA SILVA COELHO

Digitally signed document



Parte II
CONDENSED
CONSOLIDATED
FINANCIAL
STATEMENTS AND
NOTES

First-half 2022

TABLE OF CONTENTS

PART II – CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES – FIRST-HALF 2022

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES	102
STATEMENT OF COMPLIANCE	103
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	104
1. CORPORATE INFORMATION	111
1.1. IP ACTIVITY	112
1.2. ACTIVITY OF IP GROUP COMPANIES	112
1.2.1. TELECOMMUNICATIONS OPERATIONS ACTIVITY	112
1.2.2. INTEGRATED MANAGEMENT AND IMPROVEMENT OF THE GROUP'S AND PUBLIC RAILWAY PROPERTY (COMMERCIAL SPACES)	112
1.2.3. PROVISION OF ENGINEERING AND TRANSPORT SERVICES	112
1.3. OTHER EQUITY HOLDINGS	113
1.3.1. HIGH-SPEED SPAIN - PORTUGAL LINK - AVEP	113
1.3.2. ATLÂNTICO CORRIDOR	113
1.3.3. RAILWAY COMPETENCE CENTRE (RCC)	113
2. MAIN ACCOUNTING POLICIES	114
2.1. BASES OF PRESENTATION	114
2.2. CONSOLIDATION BASIS	114
2.3. ACCOUNTING POLICIES	114
2.4. MAIN JUDGEMENTS AND ESTIMATES AND ASSUMPTIONS USED IN THE PREPARATION OF THE FINANCIAL STATEMENTS	114
3. GROUP	116
4. SEGMENT REPORTING	117
5. INTANGIBLE ASSETS	120
6. GOVERNMENT AND OTHER PUBLIC BODIES (ASSETS AND LIABILITIES)	122
7. DEFERRALS	124
7.1. DEFERRED ASSETS	124
7.2. DEFERRED LIABILITIES	124
7.2.1. INVESTMENT GRANTS - ROAD CONCESSION RIGHT	125
8. FINANCIAL ASSETS AND LIABILITIES	126
8.1. CATEGORIES ACCORDING TO IFRS 9	126
8.2. FINANCIAL ASSETS	127
8.2.1. GRANTOR .- STATE - ACCOUNT RECEIVABLE	127
8.2.2. TRADE RECEIVABLES (CLIENTS)	128
8.2.3. OTHER ACCOUNTS RECEIVABLE	128
8.2.4. CASH AND CASH EQUIVALENTS	129

8.3. FINANCIAL LIABILITIES	130
8.3.1. LOANS	130
8.3.2. SHAREHOLDER FUNDING / SHAREHOLDER LOANS	132
8.3.3. SUPPLIERS	136
8.3.4. OTHER ACCOUNTS PAYABLE	136
8.4. FINANCIAL RISK MANAGEMENT POLICIES	137
8.4.1. CREDIT RISK	137
8.4.2. LIQUIDITY RISK	140
8.4.3. INTEREST RATE RISK	141
8.4.4. CAPITAL RISK	141
8.5. CHANGES IN LIABILITIES DERIVING FROM FINANCING ACTIVITY	142
9. PROVISIONS	144
10. SHARE CAPITAL AND RESERVES	145
10.1. SOCIAL CAPITAL	145
10.2. RESERVES	145
11. SALES AND SERVICES	146
12. COST OF GOODS SOLD AND MATERIALS CONSUMED	148
13. EXTERNAL SUPPLIES AND SERVICES	149
14. OTHER INCOME AND GAINS	150
15. FINANCIAL LOSSES AND GAINS	150
16. INCOME TAX	151
17. RELATED ENTITIES	153
17.1. SUMMARY OF RELATED PARTIES	153
17.2. SIGNIFICANT BALANCES AND TRANSACTIONS WITH PUBLIC ENTITIES	154
17.3. BALANCES AND TRANSACTIONS WITH RAILWAY OPERATORS	156
17.4. JOINT OPERATIONS	157
17.5. REMUNERATION OF CORPORATE OFFICERS	157
18. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS	159
19. GUARANTEES AND SURETIES	162
20. CONTINGENCIES	163
21. COMMITMENTS	164
22. INFORMATION REQUIRED BY LAW	165
23. OTHER RELEVANT FACTS	166
24. SUBSEQUENT EVENTS	168



CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND NOTES

(Amounts in € thousand - €th)



STATEMENT OF COMPLIANCE

Pursuant to and for the purposes of provisions in Article 246 (1) (c) of the Portuguese Securities Code, each member of the Executive Board of Directors of Infraestruturas de Portugal, S.A., identified below, signed the following statement: "I hereby declare, pursuant to and for the purposes of provisions in Article 245 (1) (c) of the Portuguese Securities Code, that to the best of my knowledge, acting in the capacity and scope of the functions assigned to me and on the basis of the information provided through the Executive Board of Directors, the Condensed Consolidated Financial State-

ments for the first semester of 2022 were prepared in accordance with the applicable accounting standards. I further declare that they provide a true and fair view of the assets and liabilities, the cash flows, the financial situation and the profit/loss of Infraestruturas de Portugal, S.A. and the companies included in its consolidation scope, and that the management report for first half of 2022 faithfully details the important events that occurred in that period and the impact on respective Condensed Consolidated Financial Statements, as well as the main risks and uncertainties faced."

The Executive Board of Directors

Chairman, MIGUEL JORGE DE CAMPOS CRUZ

Digitally signed document

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Vice-Chairman, MARIA AMÁLIA FREIRE DE ALMEIDA

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

Member, ANA ISABEL MOTA DA SILVA COELHO

Digitally signed document

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 AND 31 DECEMBER 2021

ASSETS	NOTES	2022-06-30	2021-12-31
Non current			
Goodwill		21 687	21 687
Financial investments		118	97
Intangible assets	5	21 265 474	21 078 325
Tangible fixed assets		67 538	68 380
Investment properties		3 134	3 165
Trade receivables (Clients)	8.2.2	0	5 258
Deferrals	7.1	300	397
Deferred tax assets	-	332 678	305 429
		21 690 929	21 482 737
Current			
Inventories		112 194	83 055
Grantor - State - Account Receivable	8.2.1	4 246 625	4 136 506
Trade receivables (Clients)	8.2.2	55 522	64 130
Government and other public bodies	6	1 970 886	1 844 947
Other accounts receivable	8.2.3	244 394	145 020
Deferrals		2 557	4 509
Cash and cash equivalents	8.2.4	232 074	177 785
Non-current assets held for sale		3	3
		6 864 257	6 455 956
Total assets		28 555 187	27 938 693
To be read jointly with the notes to the Condensed Consolidated Financial Statements			

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 AND 31 DECEMBER 2021 (CONTINUED)

EQUITY AND LIABILITIES	NOTES	2022-06-30	2021-12-31
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS			
Paid-up capital	10	10 612 670	9 870 180
Reserves	10	279 618	279 618
Cumulative results		7 112	- 8 780
		10 899 400	10 141 018
Net profit or loss for the period		32 398	15 892
Total equity		10 931 798	10 156 910
LIABILITIES			
Non current			
Provisions	9	962 413	957 310
Loans	8.3.1	1 768 490	1 795 355
Other accounts payable	8.3.4	1 150 976	1 231 475
Deferrals	7.2	10 139 055	10 175 498
Deferred tax liabilities		1	22
		14 020 936	14 159 661
Current			
Trade payables (Suppliers)	8.3.3	70 875	40 556
Cash advances of trade receivables (clients)		541	547
Government and other public bodies	6	10 184	9 062
Current tax liabilities	6	16 008	13 832
Loans	8.3.1	103 597	152 537
Shareholder funding / Shareholder loans	8.3.2	2 332 667	2 332 667
Other accounts payable	8.3.4	1 055 536	1 062 444
Deferrals	7.2	13 046	10 477
		3 602 453	3 622 122
Total Liabilities		17 623 388	17 781 783
Total equity and liabilities		28 555 187	27 938 693
To be read jointly with the notes to the Condensed Consolidated Financial Statements			

COMPREHENSIVE INCOME STATEMENT FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND FROM
1 JANUARY 2021 TO 30 JUNE 2021

	NOTES	2022	2021
Sales and services	11	547 895	479 447
Compensatory Allowances	8.2.3	27 528	27 528
Cost of goods sold and materials consumed	12	- 111 857	- 112 337
Variation in production inventories		0	- 43
External supplies and services	13	- 168 491	- 149 351
Maintenance, Repair and Safety of the Road Network	13	- 57 646	- 56 418
Maintenance, Repair and Safety of the Railway Network	13	- 33 432	- 33 380
Other ESS	13	- 77 414	- 59 552
Personnel expenses		- 69 398	- 68 998
Impairments (losses) / reversals		571	656
Provisions (Increase / Decrease)	9	- 10 548	- 11 026
Other Income and gains	14	44 349	46 605
Other expenses and losses		- 4 060	- 7 530
Earnings before depreciation, financial expenses and taxes		255 989	204 951
Depreciation and amortisation expenses / reversals		- 136 729	- 126 487
Operating profit (before financing and tax expenses)		119 260	78 464
Interest and similar income	15	29 433	29 967
Interest and similar costs	15	- 126 573	- 144 899
Profit before tax		22 120	- 36 468
Income tax for the period	16	10 279	- 2 439
Consolidated net profit for the year		32 398	- 38 907
To be read jointly with the notes to the Condensed Consolidated Financial Statements			

CONDENSED CONSOLIDATED STATEMENT OF CHANGES TO SHAREHOLDERS EQUITY FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND FROM 1 JANUARY 2021 TO 30 JUNE 2021

	NOTES	SHARE CAPITAL	RESERVES	CUMULATIVE RESULTS	PROFIT FOR THE YEAR	TOTAL
Balance at 31 December 2021		9 870 180	279 618	- 8 780	15 892	10 156 910
Appropriation of results for 2021:		-	-	15 892	- 15 892	0
Share capital increases	10	742 490	-	-	-	742 490
Comprehensive income for the year		-	-	-	32 398	32 398
Balance at 30 June 2022		10 612 670	279 618	7 112	32 398	10 931 798

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

	NOTES	SHARE CAPITAL	RESERVES	CUMULATIVE RESULTS	PROFIT FOR THE YEAR	TOTAL
Balance at 31 December 2020		8 257 530	279 618	48 413	- 57 193	8 528 368
Appropriation of results for 2020:		-	-	- 57 193	57 193	0
Share capital increases	10	721 280	-	-	-	721 280
Comprehensive income for the year		-	-	-	- 38 907	- 38 907
Balance at 30 June 2021		8 978 810	279 618	- 8 780	- 38 907	9 210 741

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

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FROM 1 JANUARY 2022 TO 30 JUNE 2022 AND FROM 1 JANUARY 2021 TO 30 JUNE 2021

	NOTES	2022	2021
Operating Activities			
Cash receipts from clients		510 658	419 104
Cash paid to suppliers		- 522 201	- 538 706
Cash paid to personnel		- 63 193	- 63 427
Flows generated by operations		- 74 737	- 183 029
Income tax (paid)/received		- 13 726	225
Other receipts / (payments) relating to operating activities		53 527	9 609
Net cash from operating activities (1)		- 34 936	- 173 195
Investing activities			
Cash receipts relating to:			
Investment subsidies		74 186	37 034
Tangible fixed assets		6 310	295
Interest and similar income		1	2
		80 497	37 371
Cash payments relating to:			
Investment subsidies		- 1 727	- 32
Tangible fixed assets		- 143 719	- 70 425
Intangible assets		- 471 083	- 467 382
		- 616 529	- 537 840
Net cash from investing activities (2)		- 536 032	- 500 468
Financing activities			
Cash receipts relating to:			
Capital contribution	10	742 490	721 280
		742 490	721 280
Cash payments relating to:			
Borrowings		- 97 395	- 37 395
Finance leases		- 1 138	- 858
Interest and similar costs		- 10 724	- 8 860
		- 110 969	- 47 112
Net cash from financing activities (3)		631 521	674 168
Change in cash and cash equivalents (4) = (1) + (2) + (3)		60 554	504
Cash and cash equivalents at the end of the period	8.2.4	231 991	250 822
Cash and cash equivalents at the beginning of the year	8.2.4	171 438	250 318
Variation in cash and cash equivalents		60 554	504
To be read jointly with the notes to the Condensed Consolidated Financial Statements			

Almada, 30 September 2022

The Executive Board of Directors

Financial Director

MARIA DO CARMO ALMIRO DO VALE DUARTE
FERREIRA

Digitally signed document

Certified Accountant

DIOGO MENDONÇA LOPES MONTEIRO

Digitally signed document

Chairman, MIGUEL JORGE DE CAMPOS CRUZ

Digitally signed document

Vice-chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Vice-chairman, MARIA AMÁLIA FREIRE DE ALMEIDA

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

Member, ANA ISABEL MOTA DA SILVA COELHO

Digitally signed document



NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
1ST HALF OF 2022



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.), which gave rise to the public limited company 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.

The IP Group also holds stakes in two joint operations, AVEP – Alta Velocity of Spain and Portugal A.E.I.E. (AVEP), in joint partnership with ADIF – Administrador de Infraestruturas Ferroviárias (Spanish entity), whose activity concerns the preparation of preliminary studies for Porto-Vigo, Madrid-Lisbon-Porto and Seville-Huelva-Faro-Évora on the A.E.I.E Atlantic Corridor, in partnership with ADIF-Administrador de Infraestruturas Ferroviárias (Spanish entity), SNCF – Réseau (French entity) and DB Netz AG (German entity), whose activity consists of promoting, among its members, measures aimed at improving the competitiveness of rail freight transport on the rail 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 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, and railway and railway equipment related technology, 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, which for the latter comprises the command and control of movements of traffic movements.”

In order to carry out its activity IP holds 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 to private businesses and public entities, 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.

The current "Sub-Concession Contract for the Operation of the Telecommunications and Information Technology of Infraestruturas 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 management 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 ad-

denda 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.

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

1.2.3. Provision of engineering and transport services

IP Engenharia provides transport engineering services to support the activity of IP and develops 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 integrated management and supervision services of undertakings, including in the areas of quality, environment and safety.

1.3. Other Equity Holdings

1.3.1. 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 an 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.
- Provide the follow-up of 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.

1.3.2. Atlantic Corridor

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

Atlantic Corridor then covered the existing and planned railway lines on the routes of Sines/Setúbal/Lisboa/Aveiro/Leixões - Algeciras/Madrid/Bil-

bao - Bordeaux/Paris/Le Havre/Metz/-Strasbourg - Mannheim crossing the borders at Vilar Formoso/Fuentes de Oñoro, Elvas/Badajoz and Irún/Hendaya.

On 1 January 2016, with the extension of the rail freight corridor to Mannheim, crossing the France/Germany border at Forbach/Saarbrücken, Germany joined Portugal, Spain and France as a partner of the 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 of 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.

1.3.3. Railway Competence Centre (RCC)

The RCC was created on 23 September 2021, as a non-profit association, and its founding members are CP - Comboios de Portugal, E.P.E., IP; Metroropolitano de Lisboa, E.P.E., Metro do Porto, S.A., IAPMEI - Agência para a Competitividade e Inovação, I.P., PFP - Associação da Plataforma Ferroviária Portuguesa e Universidade do Porto, Fundação.

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 therefore qualified employment, improving competitiveness and increasing turnover and exports of the entities involved.

2. MAIN ACCOUNTING POLICIES

2.1. Bases of presentation

The Condensed Consolidated Financial Statements were prepared according to IAS 34 - Interim Financial Reporting. (IAS 34) They do not include, therefore, all the information required by IFRS and thus should be read jointly with the consolidated financial statements for the period ended 31 December 2021.

The Condensed Consolidated Financial Statements were approved by the Executive Board of Directors in meeting held on 30 September 2022. The Executive Board of Directors is of the opinion that these financial statements give a true and fair view of Group IP's operations, as well as its condensed consolidated financial position, results and cash flows.

All figures are expressed in thousands of Euro (€ thousand/€th), without any rounding up or down, unless otherwise stated. Sub-totals and totals in tables presented in these Condensed Consolidated Financial Statements may not be equal to the sum of the figures presented, due to rounding up or down. Additionally, initials €M are used for millions of Euro, where necessary.

2.2. Consolidation basis

The Condensed Consolidated Financial Statements of the IP Group comprise the financial statements of IP (parent company of the Group) and its subsidiaries (note 3) as from the moment they fell under the control of IP, with reference to the periods ended at 30 June 2022, 31 December 2021 and 30 June 2021.

2.3. Accounting policies

The accounting policies adopted are consistent with those used in the preparation of the Group's Financial Statements for the year ended at 31 December 2021 and described in respective notes, with no changes recorded in the period in relation to the policies in force at the said date.

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

In preparing the Condensed Consolidated Financial Statements in accordance with IFRS, the Executive Board of Directors of IP is required 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 consistent with those followed in the preparation of the Consolidated Financial Statements for the period ended at 31 December 2021.

The evolution of the estimates and assumptions considered in the first half of 2022 is described hereinbelow:

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 of 0% and real growth of RSC in accordance with the Budget and Business Plan for 2022-2024; and after 2024,

0% with growth remaining in line with the CPI.

- b) Real growth in toll revenues after the initial end of the concession agreements was estimated to be 1% up to 2039 and 0% after 2040 and the real growth of RSC to be in accordance with the Budget and Business Plan for 2022-2024; after 2024 it was estimated to 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 2022-2024 and after 2024 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 2022-2024 and after 2024 it would be 0%, with growth remaining in line with the CPI. Furthermore, it was 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 2025.

The results of these different analyses in the first half of 2022 are shown in the table below:

€M

SENSITIVITY ANALYSIS OF GROWTH OF RSC AND ROLL REVENUE	SCENARIO A)	SCENARIO B)	SCENARIO C)	SCENARIO D)
Amortisation for the year	133	125	116	141
Amortisation of grants	-33	-32	-30	-34
	100	94	86	106
Difference		-6	-14	7

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



3. GROUP

The companies included in the consolidation, their head offices, main activity and the proportion of capital held in them at 30 June 2022 and 31 December 2021 are as follows:

COMPANY	REGISTERED OFFICE	PERCENTAGE OF CAPITAL HELD		MAIN ACTIVITY
		2022-06-30	2021-12-31	
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) a)	Guifões	31.60 %	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. b)	Madrid	50.00 %	50.00 %	Conducting studies required for the Madrid-Lisbon-Porto and Porto-Vigo connections.
AEIE - CMF4 c)	Paris	25.00 %	25.00 %	Promotion of measures aimed at improving the competitiveness of the rail transport of freight in the rail corridor Sines - Lisbon/Leixões Sines- Elvas/Algeciras - Madrid - Medina del Campo - Bilbao - Irun/Bordeaux - Paris-Le Havre- Metz Vilar Formoso/Fuentes Onôro, Elvas/Badajoz, Irun/Hendaye and Fornack/Saarbrücken.
<p>a) Entity held jointly with CP, E. P. E., IAPMEI - Agência para a Competitividade e Inovação, I. P. and Metro do Porto, S.A. b) Entity jointly controlled by IP and ADIF, in the form of European Economic Interest Grouping (E.E.I.G.). c) Entity jointly controlled by IP, ADIF, SNCF - Réseau and DB NETZ (the latter since the 1st of January 2016), in the form of European Economic Interest Grouping (E.E.I.G.), established in 2013, with no share capital.</p>				

4. SEGMENT REPORTING

See accounting policy 2.3.2 of the annual report at 31 December 2021

The Group has the following business segments:

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

The information relating to the results from 1 January 2022 to 30 June 2022 and from 1 January 2021 to 31 December 2021, assets and liabilities for the periods ended 30 June 2022 and 31 December 2021 of the identified segments is as follows:



2022	TELECOMMUNICATI- TIONS	MANAGEMENT OF PROPERTY AND COMMERCIAL AREAS	ENGINEERING AND TRANSPORTATION SERVICES	INV. ACTIV RAILWAY INFRAST.	MANAGEMENT ACTIV. RAILWAY INFRAST.	HIGH PERFORMANCE	MANAGEMENT ACTIV. ROAD INFRAST.	TOTAL
Sales and services	6 644	8 054	114	11 571	45 798	137 912	337 803	547 895
Impairment	-	62	-	-	510	-	-	571
Provisions	3	- 65	- 21	-	- 653	-	- 9 811	- 10 548
Other income	46	934	-	-	29 214	4 746	36 938	71 877
Other expenses	- 3 138	- 3 878	- 99	- 11 125	- 109 663	- 135 492	- 90 412	- 353 807
EBITDA	3 555	5 107	- 6	446	- 34 794	7 166	274 516	255 989
Amortisation and depreciation	- 608	- 44	-	- 446	- 1 873	- 133 758		- 136 729
EBIT	2 947	5 062	- 6	0	- 36 667	147 924		119 260
Financial expenses	- 2	- 2	-	- 29 432	- 175	- 96 963		- 126 573
Financial income	-	-	-	29 432	-	1		29 433
EBT	2 945	5 060	- 6	0	- 36 842	50 962		22 120
Income tax for the period				10 279				10 279
Net Income				32 398				32 398

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

2022-06-30	TELECOMMUNICATI- ONS	MANAGEMENT OF PRO- PERTY AND COMMERCIAL AREAS	ENGINEERING AND TRANSPORTATION SERVICES	INV. ACTIV RAI- LWAY INFRAST.	MANAGEMENT ACTIV. RAILWAY INFRAST.	HIGH PERFOR- MANCE	INV. ACTIV. ROAD INFRAST.	TOTAL
Assets								
Concession right	-	-	-	-	-	21 260 391		21 260 391
Grantor	-	-	-	4 246 625	-	-	-	4 246 625
Other assets	18 088	24 118	6 102	67 022	202 804	44 652	2 685 385	3 048 171
Total assets	18 088	24 118	6 102	4 313 647	202 804	23 990 428		28 555 187
Liabilities								
Borrowings	-	83	-	1 648 586	-	2 556 085	-	4 204 754
Grants/Subsidies	-	-	-	-	-	9 880 706		9 880 706
Other liabilities	6 608	4 720	1 504	3 209	114 794	1 973 045	1 434 050	3 537 928
Total Liabilities	6 608	4 803	1 504	1 651 795	114 794	15 843 886		17 623 388

2021-12-31	TELECOMMUNICATI- ONS	MANAGEMENT OF PRO- PERTY AND COMMERCIAL AREAS	ENGINEERING AND TRANSPORTATION SERVICES	INV. ACTIV RAI- LWAY INFRAST.	MANAGEMENT ACTIV. RAILWAY INFRAST.	HIGH PERFOR- MANCE	INV. ACTIV. ROAD INFRAST.	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

5. INTANGIBLE ASSETS

See accounting policy 2.3.7 of the annual report at 31 December 2021.

At the end of the first semester 2022 and in the year ended at 31 December 2021, the change in the value of intangible assets, as well as in cumulative amortisation, was as follows:

	CONCESSION RIGHT	OTHER	TOTAL
Gross assets			
2020-12-31	23 925 251	34 093	23 959 344
Acquisitions	488 780	816	489 597
Transfers	-	6	6
2021-12-31	24 414 032	34 915	24 448 947
Acquisitions	320 023	146	320 169
2022-06-30	24 734 055	35 061	24 769 116
Amortization and Impairment			
2020-12-31	- 3 095 723	- 29 636	- 3 125 359
Amortisation for the year	- 244 994	- 269	- 245 263
2021-12-31	- 3 340 717	- 29 905	- 3 370 623
Amortisation for the year	- 132 947	- 73	- 133 019
2022-06-30	- 3 473 664	- 29 978	- 3 503 642
Net value			
2021-12-31	21 073 314	5 010	21 078 325
2022-06-30	21 260 390	5 084	21 265 474

The value of intangible assets refers essentially to the right resulting from the Road Concession Contract.

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

In the first half of 2022, investments made in the concession network totalled approx. € 320 million, of which € 307 million correspond to net payments of receipts from State concessions and around € 10 million to IP's own work.

Previous figures include capitalised financial expenses that amounted to approximately € 5 million.

The amortisations for the year are calculated under IFRIC 12 according to the equivalent units 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 reversal of the sub-concessions to IP, growth 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 in line with 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 2022, as part of the revision of the economic and financial model for the concession period

According to these cost assumptions, the amortisation recorded in the semester amounted to € 133 million.

In accordance with the sensitivity analysis (Note 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 amount of the half-year amortisation recorded would be increased by approximately € 7 million, a situation that would be repeated throughout the Concession.

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

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

At 30 June 2022 and 31 December 2021 this item is detailed as follows:

	2022-06-30	2021-12-31
DEBIT BALANCES		
CIT	0	0
Current tax assets	0	0
VAT	1 970 388	1 844 600
Other taxes and levies	499	347
Government and other public bodies	1 970 886	1 844 947
CREDIT BALANCE		
CIT	16 008	13 832
Current tax liabilities	16 008	13 832
Contributions to SS, CGA and ADSE health systems	7 741	6 132
IRS – Withholdings	2 266	1 756
VAT	136	1 158
Other taxes and levies	41	16
Government and other public bodies	10 184	9 062

The balance of VAT receivable comprises the amount of € 1,970,046 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 revenues belonging to IP, specifically the Road Service Contribution, which in accordance with the legal settlement/collection mechanisms established, was paid by fuel retailers.

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

The first case, concerning the requested 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 payment notices, which it deemed 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, concerning 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 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, IP was notified on 17 October 2017 of the Ruling repealing the appealed decision and considering 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 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, 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 with the practice of the omitted act. 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	2020-10-30	248,308	12,475
2015 (January to May) ^{a)}	Judicial challenge of the rejection of the hierarchical appeal	2020-11-11	121,043	4,164
2015 (June to December) ^{b)}	Judicial challenge of the rejection of the hierarchical appeal	2021-12-27	139,415	9,484
2016	Judicial challenge of the rejection of the hierarchical appeal	2022-06-29	286,873	10,349
2017	Hierarchical Appeal	2022-03-25	287,993	32,495
2018	Administrative Complaint ("Reclamação Graciosa")	2022-07-04	283,926	34,756
2019	Beginning of Tax Inspection	2022-04-21	-	-

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

As a result of the evolution of the VAT case as described, in the first half of 2022 IP Group increased respective provisions by € 13,667 thousand; its cumulative value as of 30 June 2022 totals € 462,912 thousand, which corresponds to the VAT which the IP Group estimates it would cease to receive from the Tax Authority if the RSC should be considered as income not liable for VAT (note 9).

Additionally, the figures corrected by the Tax Authority and not provisioned for by the Group mainly result from the value of VAT deducted from the State concession 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 future years via an increase in the amortisation of that asset.

Balances of contributions to SS, CGA and ADSE health systems - Withholdings correspond to the processing of June 2022 wages, settled in July 2022.

7. DEFERRALS

7.1. Deferred assets

At 30 June 2022 and 31 December 2021 the Group has registered the following balances under deferrals:

	2022-06-30	2021-12-31
Non current expenses to recognise		
Other services	300	397
	300	397
Current expenses to recognise		
Other services	2 557	4 509
	2 557	4 509

7.2. Deferred liabilities

At 30 June 2022 and 31 December 2021 the Group has registered the following balances under deferrals:

	NOTES	2022-06-30	2021-12-31
Non current income to recognise			
Investment Subsidies - Road Concession Right	7.2.1	9 881 560	9 913 880
Term Sale - Brisa Concession		152 300	152 300
Douro Litoral Concession Fee	14	88 406	92 249
Greater Lisbon Concession Fee	14	15 750	16 333
Optical Fibre contracts		1 040	735
		10 139 055	10 175 498
Current income to recognise			
Douro Litoral Concession Fee	14	7 687	7 687
Optical Fibre contracts		2 220	853
Greater Lisbon Concession Fee	14	1 167	1 167
Other income		458	604
Technical road channel		1 513	165
		13 046	10 477

Income to be recognized result mainly from investment subsidies in the amount of € 9,882 million (31 December 2021: € 9,914 million), as described in note 7.2.1, and early receipts from concessions in the amount of € 265 million (31 December 2021: € 270 million) to be recorded as results throughout the period of respective concession.

7.2.1. Investment grants - Road Concession Right

Changes occurred during the first half of 2022 and year ended as of 31 December 2021 are as follows:

	INVESTMENT GRANTS
2020-12-31	9 975 333
Increases	-
Imputation to income	- 61 452
2021-12-31	9 913 880
Increases	854
Imputation to income	- 33 174
2022-06-30	9 881 560

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



8. FINANCIAL ASSETS AND LIABILITIES

See accounting policy 2.3.11 of the annual report at 31 December 2021.

8.1. Categories according to IFRS 9

The breakdown of financial assets and liabilities by category according to IFRS 9 at 30 June 2022 and 31 December 2021 is as follows:

2022-06-30	NOTES	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	NON FINANCIAL ASSETS AND LIABILITIES	TOTAL
Assets						
Financial investments		-	86	32	-	118
Grantor - State - Account Receivable	8.2.1	4 246 625	-	-	-	4 246 625
Trade receivables (Clients)	8.2.2	55 522	-	-	-	55 522
Other accounts receivable	8.2.3	195 327	-	-	49 068	244 394
Cash and cash equivalents	8.2.4	232 074	-	-	-	232 074
		4 729 548	86	32	49 068	4 778 734
Liabilities						
Suppliers	8.3.3	70 875	-	-	-	70 875
Loans	8.3.1	1 872 004	-	-	83	1 872 087
Shareholder funding/ loans	8.3.2	2 332 667	-	-	-	2 332 667
Other accounts payable	8.3.4	2 096 882	-	-	109 630	2 206 512
		6 372 428	0	0	109 713	6 482 141

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	8.2.1	4 136 506	-	-	-	4 136 506
Trade receivables (Clients)	8.2.2	69 388	-	-	-	69 388
Other accounts receivable	8.2.3	103 473	-	-	41 547	145 020
Cash and cash equivalents	8.2.4	177 785	-	-	-	177 785
		4 487 152	65	32	41 547	4 528 796
Liabilities						
Suppliers	8.3.3	40 556	-	-	-	40 556
Loans	8.3.1	1 941 544	-	-	6 348	1 947 892
Shareholder funding/ loans	8.3.2	2 332 667	-	-	-	2 332 667
Other accounts payable	8.3.4	2 238 501	-	-	55 417	2 293 919
		6 553 268	0	0	61 765	6 615 034

Non-financial assets mainly relate to surety bonds in the amount of approximately € 32 million (31 December 2021: approx. € 31 million) and advances from suppliers in the amount of € 8 million (31 December 2021: € 5 million) and VAT to be recovered deriving from credit notes and reverse charge in the amount of € 9 million (31 December 2021: € 3 million).

Regarding non-financial liabilities, the advances for subsidies in the amount of approximately € 46 million stand out (31 December 2021: € 0 million), advances on account of sales of approx. € 22 million (31 December 2021: approx. € 22 million); debts for employment benefits of approx. € 17.5 million (31 December 2021: approx. € 14million) and sureties deposits received in the amount of € 19 million (2021: approx. € 14 million).

8.2. Financial assets

8.2.1. Grantor - State - Account Receivable

The breakdown of the financial asset underlying to the railway concession at 30 June 2022 and 31 December 2021 is as follows:

	NOTES	2022-06-30	2021-12-31
Concessioned assets (LDI)		10 124 772	9 965 393
Interest charged		1 851 635	1 822 204
Grants/Subsidies		- 4 782 116	- 4 709 657
Received		- 2 623 854	- 2 623 854
Impairment		- 305 200	- 305 200
Return on assets		- 18 612	- 12 380
	17.2	4 246 625	4 136 506

In the first half of 2022 the amount of interest charged to the Grantor totalled € 29 million (30 June 2021: € 30 million) and the respective financial consideration is offset under the Financial Gains – interest earned – Grantor – State item (note 15).

The increase resulting from grants directly allocated to IP for the development of the railway infrastructure comprises a net increase of € 73 million from European Structural and Investment Funds (€ 1 million from ERDF and € 12 million from the Cohesion Fund, and € 60 million from CEF-Cohesion Fund), which correspond to advances and reimbursements relating to applications approved in the 2014-2020 planning period (COMPETE 2020 and CEF programmes).

8.2.2. Trade receivables (Clients)

The breakdown of this caption at 30 June 2022 and 31 December 2021 is as follows:

	NOTES	2022-06-30	2021-12-31
Non current			
Sundry		-	5 258
		0	5 258
Current			
Sundry		36 005	27 887
Tolls		6 633	8 329
Other related entities	17.3	16 059	31 153
		58 698	67 369
Cumulative impairment			
		- 3 175	- 3 239
		55 522	64 130
		55 522	69 388

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

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

8.2.3. Other accounts receivable

The breakdown of this caption at 30 June 2022 and 31 December 2021 is as follows:

	NOTES	2022-06-30	2021-12-31
Accounts receivable for accrued income		179 404	86 675
Road Service Contribution	17.2	136 853	78 690
Other		34 603	6 523
Other related entities	17.3	7 948	1 462
Surety deposits		31 518	31 309
Other accounts receivable		44 353	37 916
Sundry		44 353	37 916
Cumulative impairment		- 10 880	- 10 880
		244 394	145 020

In respect of accounts receivable for accrued income, we point out the following items where changes were recorded:

- RSC – corresponds to the recognition of revenue relating to revenues charged by the TA but not yet delivered to IP Group relating to the first half of 2022:
- Sundry – this comprises compensatory allowances for 2022, in the amount of € 28 million not yet received, provided in the Framework Contract established between the Portuguese State and IP in 2016, which established and governed the terms and conditions of the obligations relating to the public service of managing the infrastructures forming the National Railway Network (NRN) by IP for the period 2016-2020; this period was extended until 30 June 2022 pursuant to Council of Ministers Resolution 13/2022;
- Other related entities – Accrual of pending invoices relating to traction power.

Other accounts receivable – sundry, affected by cumulative impairment, include, amongst other, protocols with several municipalities regarding the construction and redevelopment of various infrastructure, of which we highlight, Fundão, Cascais, Lisbon, Águeda and Espinho in the amount of approx. € 10 million (31 December 2021: € 10 million), trade receivables in the amount of € 3 million (31 December 2021: € 3 million), VAT to be recovered deriving from credit notes and reverse charge in the amount of € 6 million (31 December 2021: € 2 million) and € 3 million relating to a deposit with the Tax and Customs Authority pursuant to a litigation with this entity, following a tax inspection in 2006 relating to VAT, which IP Group considers to lack grounds as it fully complied with the relevant rules; legal proceedings were initiated in September 2014 concerning this issue, but as of 30 June 2022 the final outcome of this litigation was not yet known.

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

8.2.4. Cash and cash equivalents

The cash and cash equivalents shown in the Condensed Consolidated Cash Flow Statement at 30 June 2022 and 31 December 2021 are reconciled with the amounts shown in the headings of the Condensed Consolidated Statement of Financial Position, as follows:

	2022-06-30	2021-12-31
Bank deposits	232 008	13 264
Cash	66	115
Other investments	-	164 407
Cash and cash equivalent in the Statement of Financial Position	232 074	177 785
Accounting overdrafts	- 83	- 6 348
Cash and cash equivalent in the Cash Flow Statement	231 991	171 438

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

The funds received within the scope of the Recovery and Resilience Plan (PRR) funding amount to € 46,437 million (31 December 2021: € 835 thousand) remain blocked until the expenditure for which it is intended is actually made; therefore, as at 31 June 2022, these amounts were not available to be moved (note 8.3.4.).

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



8.3. Financial liabilities

8.3.1. Loans

The fair value of the fixed rate financial debt at 30 June 2022 and 31 December 2021 is as follows:

	2022-06-30	2021-12-31
Non current loans		
Loans	1 768 490	1 795 355
Current loans		
Loans	103 597	152 537
Total	1 872 087	1 947 892

The terms and timing of repayment are as follows:

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTE-REST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
Railway	CPIII/2 L. Norte-B	02-06-2004	200 000	120 000	2014-12-15	15-12-2023	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.000 %	15/mar 15/Jun 15/Sep 15/Dec
Railway	Suburban	28-10-2004	100 000	33 333	2009-06-15	15-06-2024	Annual	EIB variable, cannot exceed Euribor 3M+0.15%	0.000 %	15/mar 15/Jun 15/Sep 15/Dec
Railway	Suburban B	14-12-2005	100 000	42 857	2010-09-15	15-09-2025	Annual	Revisable rate	3.615 %	15/Sep
Railway	Suburban C	12-10-2006	55 000	23 571	2011-03-15	15-03-2026	Annual	Revisable rate	4.247 %	15-mar
Railway	CP III 2 Linha do Norte-C	11-12-2006	100 000	70 000	2017-06-15	15-06-2026	Annual	Fixed	1.100 %	15/Jun
Railway	CP III Linha do Norte-D	12-07-2007	100 000	75 000	2017-12-15	15-12-2026	Annual	Euribor 3M+0,108%	0.000 %	15/mar 15/Jun 15/Sep 15/Dec
Road	EIB- Estradas 2009-2019	17-12-2009	200 659	93 641	2014-06-15	15-06-2029	Half-year	Fixed	2.189 %	15/Jun 15/Dec
	To be forwarded		855 659	458 402						15/Sep

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTE-REST RATE	PERIO-DICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
	Forwarded:		855 659	458 402						
Railway	Refer V	2008-08-04	160 000	88 000	2014-03-15	2033-03-15	Annual	Revisable rate	2.653 %	15-mar
Railway	Refer VI	2009-09-10	110 000	60 500	2013-09-15	2032-09-15	Annual	Revisable rate	2.271 %	15/Sep
Railway	Eurobond 06/26	2006-11-10	600 000	599 488	2026-11-16		Bullet	Fixed	4.047 %	16/Nov
Railway	Eurobond 09/24	2009-10-16	500 000	499 206	2024-10-16		Bullet	Fixed	4.675 %	16/Oct
Road	Eurobond 10/30	2010-07-09	125 000	121 912	2030-07-13		Bullet	Fixed	6.450 %	13/Jul
	Total shareholder financing			1 827 510						
	Accrued interest			44 494						
	Accounting overdrafts			83						
	TOTAL			1 872 087						

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 30 June 2022 loans secured by State guarantee totalled € 1,707 million (2021: € 1,804 million).

8.3.2. Shareholder funding / Shareholder loans

As at 30 June 2022 and 31 December 2021 the breakdown of Shareholder Loans was as follows:

	NOTE	2022-06-30	2021-12-31
Non current loans			
State Loan		-	-
Current loans			
State Loan	17.2	2 332 667	2 332 667
Total		2 332 667	2 332 667

These shareholder's loans viewed to meet the borrowing requirements of former EP between 2011 and 2013.

The DGTF granted a new moratorium on State loans allocated to the road segment in the amount of € 2,332.7 million (€ 2,215.6 million of principal and € 117.1 million in interest), extending its maturity until November 30, 2022. Deferrals granted in this context are not subject to the payment of interest.

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	2011-12-30	1 705 000	852 500	2013-05-31	2016-11-30	Half-year	Fixed	2.770 %	31/May 30/Nov
Road	State Loan	2012-01-27	204 000	153 000	2014-05-31	2017-11-30	Half-year	Fixed	3.690 %	31/May 30/Nov
Road	State Loan	2012-01-27	230 000	172 500	2014-05-31	2017-11-30	Half-year	Fixed	3.440 %	31/May 30/Nov
Road	State Loan	2012-01-27	75 000	56 250	2014-05-31	2017-11-30	Half-year	Fixed	2.930 %	31/May 30/Nov
Road	State Loan	2012-01-27	28 000	21 000	2014-05-31	2017-11-30	Half-year	Fixed	2.690 %	31/May 30/Nov
Road	State Loan	2012-05-30	44 000	33 000	2014-05-31	2017-11-30	Half-year	Fixed	2.690 %	31/May 30/Nov
Road	State Loan	2012-05-30	80 000	60 000	2014-05-31	2017-11-30	Half-year	Fixed	2.700 %	31/May 30/Nov
Road	State Loan	2012-05-30	33 500	25 125	2014-05-31	2017-11-30	Half-year	Fixed	1.980 %	31/May 30/Nov
Road	State Loan	2012-09-26	156 800	117 600	2014-05-31	2017-11-30	Half-year	Fixed	1.810 %	31/May 30/Nov
Road	State Loan	2012-10-29	16 000	12 000	2014-05-31	2017-11-30	Half-year	Fixed	1.710 %	31/May 30/Nov
Road	State Loan	2012-10-29	13 300	9 975	2014-05-31	2017-11-30	Half-year	Fixed	1.590 %	31/May 30/Nov
Road	State Loan	2013-01-29	85 000	85 000	2015-05-31	2020-11-30	Half-year	Fixed	2.750 %	31-mai 30-nov
	To be forwarded		2 670 600	1 597 950						

ACTIVITY	NAME	DATE OF SIGNATURE	CONTRACTED AMOUNT	PRINCIPAL DUE	REPAYMENT			INTEREST RATE SCHEME	INTEREST RATE	PERIODICITY
					OPENING DATE	CLOSING DATE	PERIODICITY			
	Forwarded:		2 670 600	1 597 950						
Road	State Loan	2013-01-29	135 600	135 600	2015-05-31	10/11/2020	Half-year	Fixed	2.420 %	31/May 30/Nov
Road	State Loan	2013-01-29	17 400	17 400	2015-05-31	10/11/2020	Half-year	Fixed	2.150 %	31/May 30/Nov
Road	State Loan	2013-03-08	25 654	25 654	2015-05-31	10/11/2020	Half-year	Fixed	2.150 %	31/May 30/Nov
Road	State Loan	2013-03-08	266 405	266 405	2015-05-31	10/11/2020	Half-year	Fixed	2.180 %	31/May 30/Nov
Road	State Loan	2013-03-08	28 042	28 042	2015-05-31	10/11/2020	Half-year	Fixed	2.610 %	31/May 30/Nov
Road	State Loan	2013-09-04	26 202	26 202	2015-05-31	10/11/2020	Half-year	Fixed	2.190 %	31/May 30/Nov
Road	State Loan	2013-09-04	25 000	25 000	2015-05-31	10/11/2020	Half-year	Fixed	2.180 %	31/May 30/Nov
Road	State Loan	2013-09-04	17 943	17 943	2015-05-31	10/11/2020	Half-year	Fixed	2.070 %	31/May 30/Nov
Road	State Loan	2013-10-09	3 688	3 688	2015-05-31	10/11/2020	Half-year	Fixed	2.100 %	31/May 30/Nov
Road	State Loan	2013-10-09	21 805	21 805	2015-05-31	10/11/2020	Half-year	Fixed	1.870 %	31/May 30/Nov
Road	State Loan	2013-10-09	49 891	49 891	2015-05-31	10/11/2020	Half-year	Fixed	1.970 %	31/May 30/Nov
	Total shareholder financing			2 215 578						
	Accrued interest			117 089						
	TOTAL			2 332 667						

Flat-rate financing

As of 30 June 2022 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	46 938	3.62 %
EIB - Suburbans C	55 000	23 571	25 909	4.247 %
EIB - REFER V	160 000	88 000	96 813	2.65 %
EIB - REFER VI	110 000	60 500	70 359	2.27 %
EIB - CP112 Northern Line C	100 000	70 000	75 436	1.100 %
EIB- Estradas 2009-2019	200 659	93 641	98 064	2.19 %
Eurobond 06/26	600 000	600 000	684 820	4.05 %
Eurobond 09/24	500 000	500 000	547 762	4.68 %
Eurobond 10/30	125 000	125 000	163 420	6.450 %
State Loan	1 705 000	852 500	879 747	2.770 %
State Loan	204 000	153 000	162 525	3.690 %
State Loan	230 000	172 500	182 476	3.440 %
State Loan	75 000	56 250	58 995	2.930 %
State Loan	28 000	21 000	21 936	2.690 %
State Loan	44 000	33 000	34 470	2.690 %
To be forwarded:	4 236 659	2 891 819	3 149 670	

NAME	CONTRACTED AMOUNT	PRINCIPAL DUE		INTEREST RATE
		NOMINAL VALUE	FAIR VALUE	
Forwarded:	4 236 659	2 891 819	3 149 670	
State Loan	80 000	60 000	62 684	2.700 %
State Loan	33 500	25 125	25 929	1.980 %
State Loan	156 800	117 600	121 008	1.810 %
State Loan	16 000	12 000	12 327	1.710 %
State Loan	13 300	9 975	10 225	1.590 %
State Loan	85 000	85 000	92 424	2.750 %
State Loan	135 600	135 600	145 972	2.420 %
State Loan	17 400	17 400	18 577	2.150 %
State Loan	25 654	25 654	27 388	2.150 %
State Loan	266 405	266 405	284 681	2.180 %
State Loan	28 042	28 042	30 362	2.610 %
State Loan	26 202	26 202	28 008	2.190 %
State Loan	25 000	25 000	26 715	2.180 %
State Loan	17 943	17 943	19 109	2.070 %
State Loan	3 688	3 688	3 931	2.100 %
State Loan	21 805	21 805	23 079	1.870 %
State Loan	49 891	49 891	52 969	1.970 %
TOTAL	5 238 887	3 819 147	4 135 058	

8.3.3. Suppliers

As of 30 June 2022 and 31 December 2021 this caption was made up as follows:

	NOTES	2022-06-30	2021-12-31
General suppliers		70 829	40 540
Railway Operators	17.3	46	16
		70 875	40 556

Exposure of these balances to liquidity risk is shown in note 8.4.2.

8.3.4. Other accounts payable

At 30 June 2022 and 31 December 2021, the details of this item are as follows:

	NOTES	2022-06-30	2021-12-31
Non current			
Accounts payable for accrued expenses			
Sub-concessions		1 149 086	1 228 480
		1 149 086	1 228 480
Leases		1 890	2 995
		1 150 976	1 231 475
Current			
Accounts payable for accrued expenses			
Sub-concessions		490 980	596 551
Regular road maintenance		353 014	345 095
Other		45 957	29 383
Railway Operators	17.3	881	834
		890 832	971 862
Investment Suppliers		51 016	30 193
RRP		46 437	-
Advances to be forwarded to Sales		21 640	21 623
Surety bonds		18 763	13 774
Remuneration payable		17 077	13 893
Other creditors		7 556	8 771
Leases		2 215	2 327
		1 055 536	1 062 444
		2 206 512	2 293 919

Major changes occurred in the semester resulted mainly of the following:

- Decrease in the Sub-concessions item arising from billing and payments in the semester for availability and service (€ 296 million) net of the increase in maintenance operation costs (note 13) and financial expenses (note 15) in the amounts of € 23 million and € 88 million, respectively;
- The change in caption 'Periodic Maintenance' derives from the increase in the theoretical cost of planned maintenance works in the amount of approximately € 28 million (note 13) deducted of the Maintenance implemented in the first half of 2022 in the approximate amount of € 18 million.
- Accrued accounts payable - amounts to be billed for electricity (traction and miscellaneous

uses and roads) in the amount of approximately €16 million (31 December 2021 € 3 million).

The change in Suppliers of Investment concerns mainly the amounts billed for the performance of own works and the amount payable relating to State Concessions and Sub-concessions.

Caption RRO includes the amounts received by the Group within the scope of the Recovery and Resilience Plan (€ 47,291 thousand), net of amounts already implemented (€ 854 thousand).

8.4. Financial risk management policies

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

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

8.4.1. Credit risk

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

Table below provides a brief characterisation of accounts receivable (clients), according invoicing intervals and respective segments for the periods ended at 30 June 2022 and 31 December 2021:

2022-06-30	TOLLS	> 1 000 m€]	[1 000 m€ < 10 m€]	[10m€>0]	TOTAL
Number of clients	-	7	128	866	1 001
Railway	-	4	0	18	22
Road	Various	1	30	242	273
Real estate management	-	1	53	448	502
Engineering	-	0	3	1	4
Telecommunications	-	1	42	157	200
Debt	-	42 129	8 663	7 906	58 698
Railway	-	33 158	-	15	33 172
Non tolled roads	-	4 622	2 122	264	7 009
Tolls	-	-	-	6 633	6 633
Real estate management	-	2 060	2 404	691	5 155
Engineering	-	-	565	-	565
Telecommunications	-	2 289	3 572	302	6 163

2021-12-31	TOLLS	> 1 000 m€[[1 000 m€ < 10 m€[[10m€>0]	TOTAL
Number of clients	-	6	117	929	1 052
Railway	-	4	0	20	24
Road	Various	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

As of 30 June 2022 the IP Group had a portfolio of 1,001 clients (31 December 2021: 1,052 clients), of which 7 (31 December 2021: 7) have balances exceeding € 1 million, accounting for 72% (31 December 2021: 75%) of amounts due. Additionally, the weight of debt from toll clients as against the total balance of clients is 11% (31 December 2021: 11%).

Third-parties gross debt (excluding impairment effects) fell sharply by approximately € 813.9 million in the first half of 2022 (-19% compared to 31 December 2021), particularly in the Railway and Toll Clients segments, where debt fell by € 15.1million and € 2 million, respectively, over 31 December 2021, partly offset by an increase in the Telecommunications Clients segment (+€ 2 million). With regard to the real estate segment, it is worth mentioning that despite the improvement in results recorded by this segment (note 4) and the decrease in the number of customers in the period under analysis (-62), the amounts owed did not suffer significant fluctuations compared to 31 December 2021, due to the constraints caused by the implementation of the Real Estate module in the Group's ERP (SAP), which had an impact on the billing process, which implied an increase in accrued income in the period under analysis.

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

2022-06-30	[0-30]	[30-60]	[60-90]	[90-360]	[360]	TOTAL
Tolls	6 633	-	-	-	-	6 633
Railway Operators	14 216	708	793	7 083	10 455	33 254
Public entities	58	16	145	156	2 191	2 565
Other debtors	1 856	299	963	2 782	9 482	15 382
Clients with payment plans	21	1	-	120	69	211
Surety bonds provided by clients	-	-	-	-	-	652
	22 784	1 023	1 900	10 142	22 196	58 698
Impairment	- 9	- 1	- 9	- 374	- 2 781	- 3 175
	22 775	1 022	1 891	9 768	19 415	55 522
Average rate	0,04%	0,14%	0,49%	3,69%	12,53%	5,41%

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%

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

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

Railway Activity – At the end of the first half of the year, we highlight the amounts received from the main railway operator, with special focus on most senior debt.

Property and Commercial Areas Management Activity - no relevant changes have occurred in view of the risk policy disclosed on December 31, 2021; there was an increase in the activity of this segment to pre-pandemic levels, which did not translate into an increase in these customers' debt, due to some billing constraints that the Group faced as a result of the implementation of a new accounting module allocated to this segment, which led to an increase in income on an accrual basis in the period under analysis.

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. The change in debt occurred vis-à-vis 31 December 2021 is consistent with what has happened in previous years, and stems from the current activity of the segment (optical fibre invoiced in the first months of the year and settled in the second half of the year).

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

With regard to impairments, the criteria for calculating them are consistent with the annual Financial Statements and respective disclosures, and although they declined in the semester under review (€ 3,175 thousand compared to € 3,239 thousand as of 31 December 2021), their weight vis-à-vis the Group's Customer portfolio increased, essentially as a result of the receipt of debt during this semester.

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

As regards credit risk associated with the financial activity, IP is exposed to the national banking sector for the current account balances held with such entities. This exposure is reduced, since according to Treasury

Unit of the State Principle, public companies liquid assets must be held with IGCP, as far as possible. Currently, IP holds 99.7% 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 30 June 2022 and 31 December 2021:

	2022-06-30		2021-12-31	
	RATING	BALANCES	RATING	BALANCES
IGCP(*)	BBB	231 401	BBB	177 383
BANCO BPI	BBB	355	BBB	100
BANCO SANTANDER	A+	97	A+	61
BBVA	A-	65	A	64
CGD	(-)	59	(-)	36
BCP	BB	24	BB	26
Novo Banco	(-)	7	(-)	2
Total		232 008		177 671

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

8.4.2. Liquidity risk

Table below shows the liabilities of the IP Group by intervals of contracted maturity. The amounts presented represent non discounted future cash flows as of 30 June 2022 and 31 December 2021.

2022-06-30	LESS THAN 1 YEAR	1 TO 5 YEARS	+ THAN 5 YEARS
Borrowings			
Repayment of loans	59 020	1 567 005	205 877
Interest on loans	67 293	218 305	29 464
Repayment of shareholder funding / Shareholder's loans	2 215 578	-	-
Interest on shareholder funding /Shareholder's loans	117 089	-	-
Surety	3 401	9 666	425
Trade payable and other accounts payable	1 017 064	1 150 945	-
Total	3 479 444	2 945 956	235 767

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

The Group's liquidity risk, measured by its ability to obtain the necessary financial resources to meet its responsibilities, depends on the promptness with which the Ministry of Finance authorises and transfers the capital allocations provided for in the State Budget on the dates requested by the Group. From 2021 onwards, there were some delays in these transfers, which implies an increase associated with this risk.

8.4.3. Interest rate risk

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

Currently no interest rate hedging instruments are used.

Currently, the objective of the IP Group's interest rate risk management policy is essentially to monitor the interest rates that influence the financial liabilities contracted at a variable rate and articulate with the IGCP the decisions that have to be taken in this context.

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:

- At 30 June 2022 Group IP had not recognised any loan obtained at a fair value;
- Changes in the fair value of financial loans and liabilities are estimated discounting future cash flows using market rates at the time of reporting;
- On the basis of these assumptions, at 30 June 2022, 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	77 129	- 4 790
Net effect on results		
	-0,50%	0,50%
EUR	- 77 129	4 790

8.4.4. Capital risk

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

IP was set up with a share capital of € 2,555,835 thousand represented by 511,167 shares, with a nominal value of € 5,000 each. As at 30 June 2022, the share capital amounted to € 10,612,670 thousand, represented by 2,122,534 shares, with a nominal value of € 5 million each.

In the first half of 2022 capital increases totalling € 742,490 thousand (note 10) were carried out, in cash, as shown in table below:

	2022-06-30	2021-12-31
Share capital increases	742 490	1 612 650
Investment	637 997	891 129
Debt Service	104 493	721 521

8.5. Changes in liabilities deriving from financing activity

The reconciliation of liabilities whose flows affect financing activities for the periods ended at 30 June 2022 and 31 December 2021 is as follows:

	LOANS	SHAREHOL- DER'S LOANS	LEASES
31 December 2021 (1)	1 947 892	2 332 667	5 322
Cash			
Interest	- 6 173	-	- 66
Amortisation (2)	- 97 395	-	- 1 138
Other financial expenses	- 4 485	-	-
Non Cash			
Effective Rate (3)	204	-	-
Specialised interest (4)	26 657	-	-
Other financial expenses (5)	994	-	- 79
Other changes (6)	- 6 265	-	-
Amortisation (7)	-	-	-
30 June 2022 (1) + (2) + (3) + (4) + (5) + (6) +(7)	1 872 087	2 332 667	4 105

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

9. PROVISIONS

See accounting policy 2.3.14 of the annual report at 31 December 2021

The evolution of provisions for risks and charges in the first semester of 2022 and the year ended at 31 December 2021 is as follows:

	GENERAL RISKS	LAND EXPROPRIATIONS	CONTRACT WORKS	EMPLOYEE BENEFITS	DISQUALIFIED ROADS	VAT PROCEEDINGS	TOTAL
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
Increase/Reinforcement	739	-	154	-	-	13 661	14 554
Reduction/Use	- 351	- 48	- 6 438	- 60	- 2 554	-	- 9 451
2022-06-30	34 701	19 068	41 601	897	403 235	462 912	962 413

Table above shows the breakdown of the change occurred in provisions in the first half of 2022 (€ 5 million): approximately -€ 2.8 million concern intangible assets, specifically land expropriations (-€ 48 thousand), road contracts (-€ 6.3 million) and VAT (€ 3.5 million), the remaining being assigned to results.

Additionally, the Company used provisions for disqualified roads (approx. -€ 3 million), pursuant to the management agreement to hand over EN245 to the Municipality of Leiria and provisions relating to employment benefits (approx. -€ 60 thousand).

10. SHARE CAPITAL AND RESERVES

10.1. Social 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 2021 the share capital was € 9,870.180 thousand fully subscribed and paid up by its shareholder, corresponding to 1,974,036 shares with a nominal value of € 5,000 each.

During the first half of 2022 the share capital was increased in January, February, March, May and June by € 40,000 thousand, € 349,470 thousand, € 96,450 thousand and € 256,570 thousand, respectively, through the issuing of 8,000, 69,894, 19,290 and 51,314 new shares, respectively, totalling € 10,612,670 thousand corresponding to 2,122,534 fully subscribed and paid-up shares.

The basic/diluted earnings per share are as follows:

	2022-06-30	2021-12-31
Profit allocated to shareholders (in Euro)	32 398 349	15 891 729
Average number of shares in the period	2 061 693	1 781 274
Average number of diluted shares in the period	2 061 693	1 781 274
Basic earnings per share (in Euro)	15,71	8,92
Diluted earnings per share (in Euro)	15,71	8,92

The basic and diluted earnings per share is EUR 15.71 as there are no dilution factors.

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

	(NO. OF SHARES)
January 2022	1 982 036
February 2022	2 051 930
March 2022	2 071 220
June 2022	2 122 534
Average number of outstanding shares	2 061 693

10.2. Reserves

Reserves are made up as follows:

	2022-06-30	2021-12-31
Legal reserve	279 709	279 709
Other changes	- 95	- 95
Donations	4	4
	279 618	279 618

11. SALES AND SERVICES

See accounting policy 2.3.15 of the annual report at 31 December 2021

From 1 January 2022 to 30 June 2022 and from 1 January 2021 to 30 June 2021, sales and services are detailed as follows:

	NOTES	2022	2021
Road Service Contribution	17.2	326 797	273 193
Tolls		132 309	115 790
Use of slots (fees)		33 555	31 679
Construction contracts		14 926	22 161
Construction of new infrastructures		9 562	16 647
Capitalized financial expenses		5 364	5 514
Other		28 736	18 574
State Grantor - Revenue LDI	17.2	11 571	18 049
		547 895	479 447

With regard to sales and services and the performance of the Group in the period under analysis, the following stand out:

Revenues from RSC increased by approx. € 54 million, following the relief of the lockdown measures in force in 2021 that had a very significant impact on traffic and corresponding fuel consumption; the unit amounts payable by users for the use of the road network remained in relation to 2021 as disclosed in the Group's consolidated report and accounts for that year.

Toll revenues increased 14% (-€ 17 million), including tolls from the networks concessioned by the State and tolls on own roads, which in the first half of 2022 totalled € 104 million (first half of 2021: € 93 million, see note 12) and € 28 million (first half of 2021: € 23 million), respectively.

Item "Use of Slots (fees)" refers mainly to income from Infrastructure User Fees (UF). The most important are, in terms of volume of Passengers

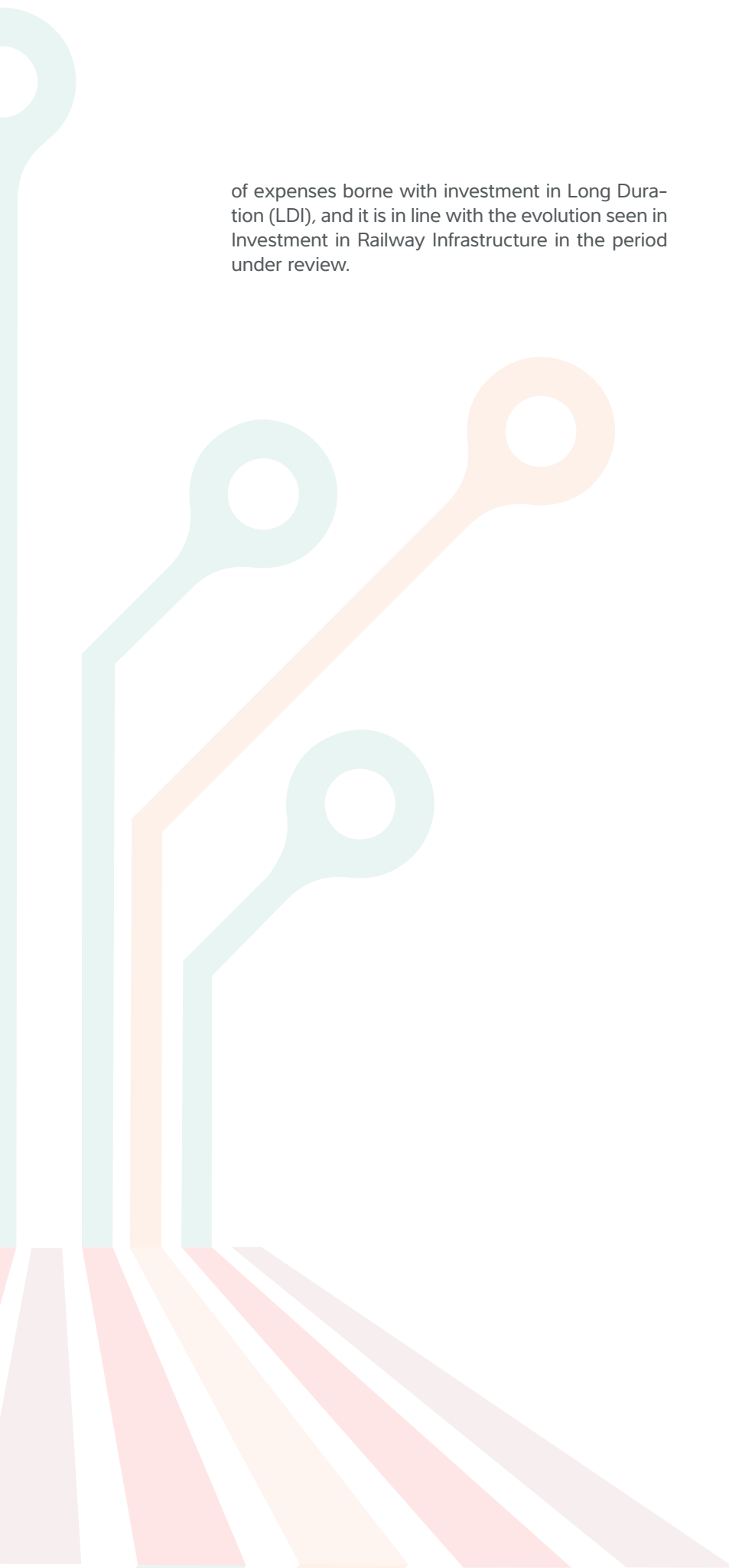
(approx. € 30 million) and Freight (€ 4 million). Both recorded an increase by 9% and 2% respectively, over the same period of 2020.

Construction contracts (allocated to construction activity on the NRN as provided in the concession contract) determined based on the monthly reports on the physical evolution of the works, show a decrease over the same period of 2021 of approx. € 7 million (-32.6%).

Item "Other" essentially includes income associated with traction energy (+€ 8 million), which rose by approx. € 5 million over the same period of the previous year as a result of the rise in prices in the energy market period, whereas revenue stood at € 15 million (June 30, 2021: € 11 million) relating to segments: Telecommunications; Management of property and commercial areas; and, Engineering and Transport Services.

The change in caption "State Grantor - (LDI Revenues)" corresponds to the re-debit to the Grantor

of expenses borne with investment in Long Duration (LDI), and it is in line with the evolution seen in Investment in Railway Infrastructure in the period under review.



12. COST OF GOODS SOLD AND MATERIALS CONSUMED

See accounting policy 2.3.12 of the annual report at 31 December 2021.

From 1 January 2022 to 30 June 2022 and 1 January 2021 to 30 June 2021, the detail of this item is as follows:

	NOTES	2022	2021
Capitalization Concession Tolls		96 811	86 069
Construction of new infrastructures	5, 11	9 562	16 647
Railway equipment		5 426	9 551
Telecommunications material		59	71
		111 857	112 337

The change in Item "Capitalisation of Concession Tolls" results from the recovery occurred in tolls on State Concessions (€ 12 million - note 11) net of expenses with toll collection.

With regard to the new infrastructures, the change seen in the current year is essentially explained by the construction, in 2021, of the IP5 section, which connects Vilar Formoso to the Spanish border (€ 5 million).

13. EXTERNAL SUPPLIES AND SERVICES

From 1 January 2022 to 30 June 2022 and from 1 January 2021 to 30 June 2021, external supplies and services are detailed as follows:

	2022	2021
Railway maintenance	33 432	33 380
Current Maintenance and Road Safety	29 813	28 586
Regular road maintenance	27 833	27 833
Operation and Maintenance Sub-concessions	22 593	21 522
Electricity	19 842	7 696
Toll collection costs	8 671	7 740
Collection costs RSC	6 536	5 464
Cleaning, Hygiene and comfort	4 034	2 936
Surveillance and Safety	3 788	3 755
Specialised works	2 449	1 617
Software licences	1 926	1 820
Insurance	1 775	1 769
Maintenance and repair	1 364	1 279
Other	4 438	3 954
	168 491	149 351

We highlight the change occurred in the Electricity item, as a result of the sharp rise in prices experienced in the energy market.



14. OTHER INCOME AND GAINS

From 1 January 2022 to 30 June 2022 and from 1 January 2021 to 30 June 2021, other income and gains supplies are as follows:

	NOTES	2022	2021
Allocation of investment grants	7.2.1	33 174	30 726
Income from concession fees	7.2	4 427	4 427
Gains on the sale of waste/used materials		1 770	1 193
Other, non specified		1 235	2 108
Concessions for use and licences		1 032	2 050
Gains on inventories		-	3 814
Other		2 711	2 287
		44 349	46 605

We point out the effect of the change resulting from the allocation of non-refundable investment subsidies according to the period of the Road Concession, due to the increase in the amortisation rate of the corresponding assets, as described in notes 2.4 and 5.

15. FINANCIAL LOSSES AND GAINS

The breakdown of Caption Financial losses and gains in the periods ended on June 2022 and June 2021 is as follows:

	NOTES	2022	2021
Financial losses		126 573	144 899
Interest paid:			
Sub-concessions		87 986	97 338
Loans		32 829	44 092
Leases		124	180
Other interest paid		4	-
Other financial losses		5 630	3 279
Financial gains		29 433	29 967
Interest earned:			
Interest earned - State Grantor	8.2.1	1	3
Other interest earned		29 432	29 964
Financial results		- 97 141	- 114 932

Financial Results are lower as compared to the same period of 2021, which is mainly due to a decrease in interest paid on loans following a reduction in the debt stock, and to a decrease in liabilities relating to sub-concessions.

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 until 2013. The continued refinancing policy through capital increase operations is crucial for the positive evolution of debt.

Expenses with the financial revision of the debt to sub-concessionaires for works/services are recorded in Interest Paid Sub-concessions, which will be invoiced in the future, according to terms provided in respective Sub-concession Contracts. This amount results from IP's responsibility to sub-concessionaires for construction works and road operation and maintenance services already carried out but not yet paid, in the amount of € 1,640 million (indirectly managed debt), remunerated, in

accounting terms, at rates of 5% to 13%.

Other financial losses relate to the charges incurred with the fees for the guarantee stood by the Portuguese government, the accrual of charges associated with bond issues and bank fees. The increase in this item is due to the contracting of new bank guarantees to be provided with the TA within the scope of the ongoing VAT proceedings (note 6).

Heading interest earned includes the interest attributed to the State grantor (note 8.2.1) which is calculated based on the same conditions of the loans allocated to the financing of the Railway Infrastructure Investment Activity.

16. INCOME TAX

See accounting policy 2.3.10 of the annual report at 31 December 2021

The breakdown of the tax amount for the year recognised in the Condensed Consolidated Comprehensive Income Statement for the first half of 2022 and 2021 is as follows:

	2022-06-30	2021-06-30
Current income tax	- 16 991	- 8 985
Deferred income tax	27 270	6 546
Tax (Expense) / Income	10 279	- 2 439

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

	2022	2021
Nominal tax rate	21,00%	21,00%
Municipal surcharge	1,25%	1,25%
State surcharge (1)	9,00%	9,00%
Current income tax	31,25%	31,25%
Taxable temporary differences (2)	22,50%	26,71%
Deductible temporary differences other than tax losses	31,22%	26,49%
Tax applicable to tax losses	21,00%	21,00%

(1) 3% on taxable income between € 1.5 million and € 7.5 million / 5% on taxable income between € 7.5 million and € 35 million / 9% when taxable income exceeds € 35 million.
(2) The rate applied to taxable temporary differences corresponds to the average rate at which the Group expects to reverse these differences in relation to their specific nature, taking into account that entities included in the 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:

	%	2022	%	2021
Profit before tax		22 120		- 36 468
Corporate Income Tax - Group's average rate	31,25	- 6 912	31,25	11 396
State surcharge - Amount to be deducted / added	8,26	1 827	-4,16	1 516
Tax losses and RETGS benefits	0,00	-	0,19	- 71
Corrections of previous years estimates	-1,28	- 283	-0,62	225
Deductible permanent differences	0,97	215	-0,16	57
Permanent taxable differences	-1,64	- 364	41,65	- 15 188
Temporary differences - Revision of estimates	71,80	15 882	0,00	-
SIFIDE / CFEI II	1,06	234	0,00	-
Autonomous taxation	-1,45	- 320	1,03	- 375
Effective Corporate Income Tax - See consolidated comprehensive income statement	46,47	10 279	6,69	- 2 439

In both semesters, the variation between the effective rate and the nominal rate of income tax is basically explained by the non-acceptance of net financing expenses for tax purposes.

As from the second half of 2021, as reported in the 2021 consolidated annual report and accounts, it became possible to partially recover net financing expenses accrued from previous periods, in accordance with the law in force and the elements available in the 2022-2024 Activity and Budget Plan.

The said Activity and Budget Plan foresaw a positive evolution of financial results due to the decreasing level of expected future financial charges associated with the sub-concessions.

The estimated recovery of these expenses has now been revised, in view of the elements available, relating to the 2023-2025 Activity and Budget Plan.

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	10 667
2020	2025	97 664	35 954
2021	2026	55 785	47 342
2022 (1)	2027	13 613	13 613
		259 608	107 577

(1) The added value corresponds to the net financing costs not accepted for tax purposes in the estimate for the semester of 2022. As provided in the 2023-2025 Activity and Budget Plan, it will be possible to recover expenses accrued in previous periods until end 2027, expenses of approx. €45,580 thousand, depending on the amount of net financial expenses not accepted at the end of 2022.

17. RELATED ENTITIES

See accounting policy 2.3.18 of the annual report at 31 December 2021.

17.1. Summary of related parties

The entities identified as related parties of IP Group at 30 June 2022 and 31 December 2021, under the provisions of IAS 24 – Related parties, are as follows:

	RELATIONSHIP	% HOLDING 2022-06-30	% HOLDING 2021-12-31
Associate companies			
(RCC) Railway Competence Centre	Significant influence	31,6000%	31,6000%
Joint Arrangements			
AVEP, AEIE	-	50,0000%	50,0000%
AEIE, Atlantic Corridor	-	25,0000%	25,0000%
Other related entities			
AMT	Regulatory entity	-	-
Portuguese State	Shareholder / Grantor	-	-
CP	Control relationship – State (Railway operator)	-	-
Members of governing bodies			

No changes have occurred in the perimeter compared to the previous year.

17.2. Significant balances and transactions with public entities

The IP Group is fully owned by the Portuguese State; the shareholder's 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 (at 30 June 2022 and 31 December 2021) and transactions (relating to the first semesters of 2022 and 2021) between IP Group and the State and Public Entities:

NATURE		NOTES	2022-06-30						
			ASSETS		LIABILITIES		INVESTMENT	INCOME	EXPENSES
			CURRENT	NON CURRENT	CURRENT	NON CURRENT			
Rail operator fee	Clients/Suppliers	8.2.2./8.3.3	16 059	-	46	-	92	37 299	1 359
Rail operator fee	Other accounts receivable/ payable	8.2.3 /8.3.4	7 948	-	881	-	-	-	-
Compensatory Allowance	Compensatory Allowance		-	-	-	-	-	27 528	-
State Grantor - LDI	Grantor - State Account Receivable	8.2.1	4 246 625	-	-	-	-	-	-
State Grantor - LDI	Rendered services	11	-	-	-	-	-	11 571	-
State Grantor - LDI	Interest earned - State Grantor	15	-	-	-	-	-	29 432	-
TRIR	Other income and gains / Other Gains and losses		-	-	-	-	-	-	1 658
RSC	Rendered services	11	-	-	-	-	-	326 797	-
Accrued income RSC	Other accounts receivable - accruals	8.2.3	136 853	-	-	-	-	-	-
Collection costs RSC	External supplies and services	13	-	-	-	-	-	-	6 536
Accrued expenses RSC	Other accounts payable - Accruals		-	-	2 737	-	-	-	-
Shareholder's loans	Shareholder funding/ loans	8.3.2	-	-	2 332 667	-	-	-	-
			4 407 485	0	2 336 332	0	92	432 626	9 553

NATURE		NOTES	2021-12-31				2021-06-30		
			ASSETS		LIABILITIES		INVESTMENT	INCOME	EXPEN- SES
			CURRENT	NON CURRENT	CURRENT	NON CURRENT			
Rail operator fee	Clients/Suppliers	8.2.2./8.3.3	31 153	-	16	-	27	30 179	1 388
Rail operator fee	Other accounts receivable/ payable	8.2.3 /8.3.4	1 462	-	851	-	-	-	-
Compensatory Allowance	Compensatory Allowance		-	-	-	-	-	27 528	-
State Grantor - LDI	Grant. State - Account Receivable	8.2.1	4 136 506	-	-	-	-	-	-
State Grantor - LDI	Rendered services	11	-	-	-	-	-	18 049	-
State Grantor - LDI	Interest earned - State Grantor	15	-	-	-	-	-	29 964	-
TRIR	Other income and gains / Other Gains and losses		-	-	-	-	-	-	1 053
RSC	Rendered services	11	-	-	-	-	-	273 193	-
Accrued income RSC	Other accounts receivable - accruals	8.2.3	78 690	-	-	-	-	-	-
Collection costs RSC	External supplies and services	13	-	-	-	-	-	-	5 464
Accrued expenses RSC	Other accounts payable - Accruals		-	-	1 574	-	-	-	-
Shareholder's loans	Shareholder funding/ loans	8.3.2	-	-	2 332 667	-	-	-	-
Financial expenses - Shareholder's loans	Interest paid - loans		-	-	-	-	-	-	111
			4 247 812	0	2 335 108	0	27	378 913	8 016

17.3. Balances and transactions with railway operators

The breakdown of balances with railway operators at 30 June 2022 and 31 December 2021 is as follows:

	NOTES	2022-06-30	2021-12-31
Balances receivable			
Trade receivables (Clients)	8.2.2	16 059	31 153
Other accounts receivable	8.2.3	7 948	1 462
Accounts receivable for accrued income		7 948	1 462
		24 007	32 616
Balances payable			
Suppliers	13.3.3	46	16
Other accounts payable	13.3.3	881	851
Accounts payable for accrued expenses		881	851
		928	867

The breakdown of transactions with railway operators recorded in the first semesters of 2022 and 2021 is as follows:

	2022	2021
Investment	92	27
	92	27
Rendered services	37235	29989
Other income	64	190
	37 299	30 179
External supplies and services	804	972
Personnel expenses	305	280
Other expenses	249	137
	1 359	1 388

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 as well as for the Nine-Viana do Castelo section;

Services comprise, among others, the use of railway infrastructure, sub-concession of space (rooms), data transmission of the national network, cloud solution services and fixed and mobile communications;

Caption other income mainly refers to the re-invoicing of utilities in concessioned areas.

Supplies and services concern, among others, the supply of electricity and the provision of services related to the Emergency 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”.

17.4. Joint operations

Impacts of jointly controlled ventures on the Condensed Consolidated Financial Statements of IP Group at 30 June 2022 and 31 December 2021 and transactions relating to the first semesters of 2022 and 2021 are as follows:

BALANCES	2022-06-30	2021-12-31
Assets	912	952
Liabilities	78	83
TRANSACTIONS	2022	2021
Revenue	-	528
Profit/(Loss) for the period/year	-	528

17.5. Remuneration of corporate officers

BOARD OF THE GENERAL MEETING

Chairman: (*)

Vice-Chairman: Paulo Miguel Garcês Ventura

Secretary: Maria Isabel Louro Caria Alcobia

(*) The former Chairman of the Board of the General Meeting resigned on 24 January 2020, and was not yet replaced.

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: (*)

Vice-Chairman: José Saturnino Sul Serrano Gordo and Carlos Alberto João Fernandes

Members: Alberto Manuel de Almeida Diogo, Vanda Cristina Loureiro Soares Nogueira and Alexandra Sofia Vieira Nogueira Barbosa.

The terms of the mandate and the remuneration scheme associated with the exercise of the positions were established at the general meeting of 29 March 2018.

The 5% reduction provided for in article 12 of Law 12-A/2010 of 30 June was applied to the calcula-

ted gross amounts.

Likewise, directors did not receive management bonuses, in compliance with provisions in article 27 (1) of Law 71-B/2018 of 31 December.

(*) 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:

(Figures in Euro)

	2022		2021	
	REMUNERATION	EMPLOYER'S WELFARE CONTRIBUTIONS	REMUNERATION	EMPLOYER'S WELFARE CONTRIBUTIONS
António Carlos Laranjo da Silva	28 270	6 714	51 104	12 137
Carlos Alberto João Fernandes	45 994	10 924	45 994	10 924
José Saturnino Sul Serrano Gordo	45 994	10 924	45 994	10 924
Alberto Manuel de Almeida Diogo	40 883	9 710	40 883	9 710
Vanda Cristina Loureiro Soares Nogueira	40 883	9 710	40 883	9 710
Alexandra Sofia Vieira Nogueira Barbosa	40 883	9 710	40 883	9 710
	242 908	57 691	265 742	63 114

GENERAL AND SUPERVISORY BOARD

The remuneration of the members of the General and Supervisory Board, which comprises a Committee for Financial Matters, was defined at the General Meeting of 28 August 2015.

Members of the General and Supervisory Board identified below perform their duties in this Board without receiving any remuneration for such office:

- José Emílio Coutinho Garrido Castel-Branco, because he was appointed public manager of another entity in the State-owned enterprises sector, since the start of 2017;
- Duarte Manuel Ivens Pita Ferraz, because he retired under Decree-Law 1-A/2011 of 3 January, since July 2017.

STATUTORY AUDITOR

The remuneration of the Statutory Auditor was fixed at the General Meeting of 19 March 2019 (Minutes 03/2019 of the General Meeting) at a maximum amount of 35% of the overall remuneration of the Chairman of the Executive Board of Directors, added of VAT at the legal rate in force.

(Figures in Euro)

	2022	2021
Vitor Almeida & Associados, SROC, Lda.	17 886	17 886

18. RECENTLY ISSUED ACCOUNTING STANDARDS AND INTERPRETATIONS

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE AS OF 1 JANUARY 2022

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.

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).

These changes had no impact on the Financial Statements of the IP Group.

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE AS OF OR FOLLOWING 01 JANUARY 2023

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.

This standard is not applied to the Financial Statements of the IP Group.

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.

These changes will be subject to review by the IP Group, though no significant impact is expected therefrom.

AMENDMENTS TO IAS 12: DEFERRED TAXES RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION (COMMISSION REGULATION 2022/1392 OF 11 AUGUST 2022)

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 changes had no impact on the Consolidated Financial Statements of the IP Group.

(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.

These changes will be subject to review by the IP Group, though no significant impact on the Financial Statements of the IP Group is expected from its application.

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 comparison with entities already adopting IFRS and not recognising regulatory assets / liabilities, the said amounts must be presented separately in the financial statements.

Applicable to financial years from 1 January 2016; the European Commission decided not to start the endorsement process of this transitory standard and wait for IASB to issue the final standard.

This standard will have no impact on the IP Group.

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 subject to review by the IP Group.

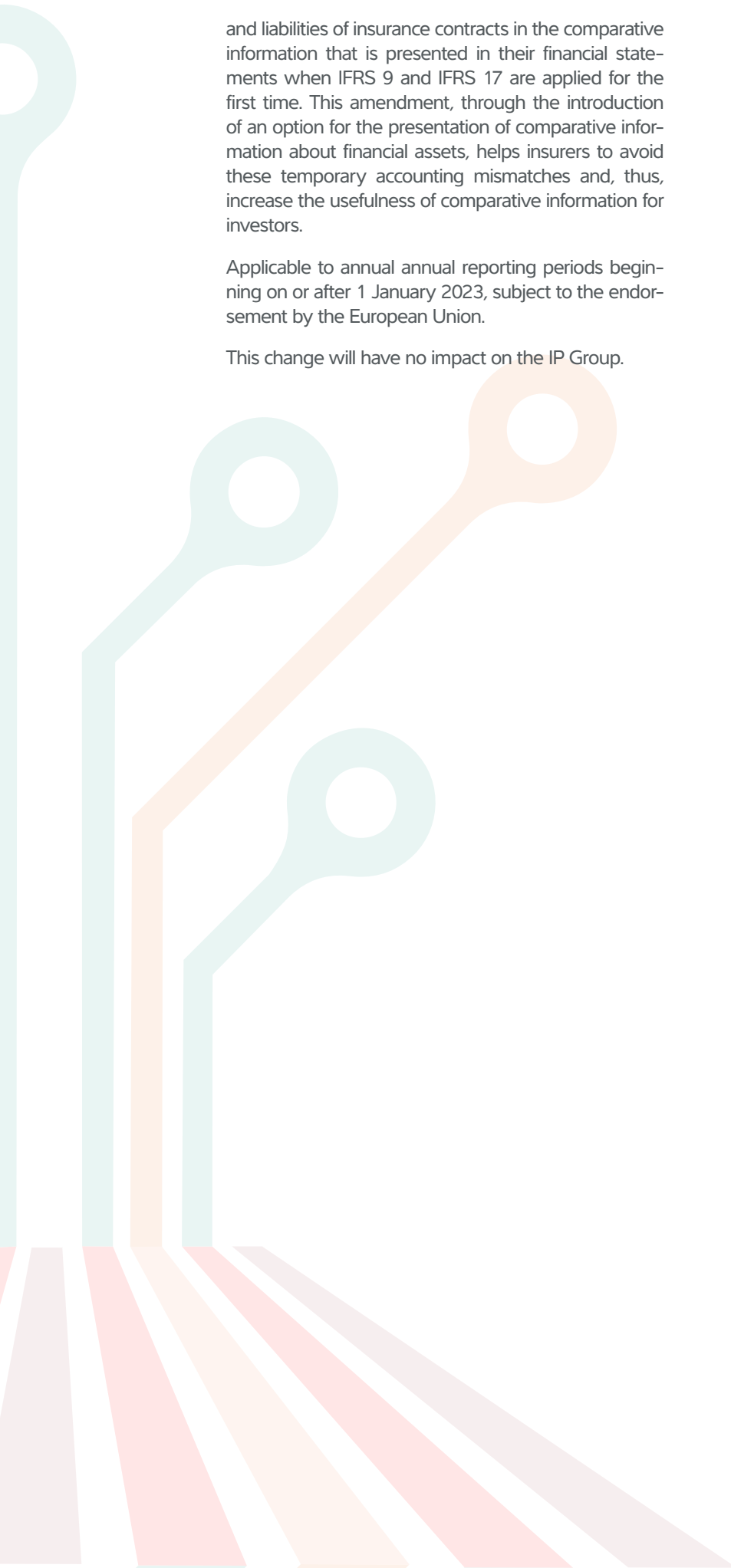
AMENDMENTS TO IFRS 17: INITIAL APPLICATION OF IFRS 17 AND IFRS 9 - COMPARATIVE INFORMATION (ISSUED BY THE IASB ON DECEMBER 9, 2021)

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 reporting periods beginning on or after 1 January 2023, subject to the endorsement by the European Union.

This change will have no impact on the IP Group.



19. GUARANTEES AND SURETIES

As of 30 June 2022 the liabilities for bank guarantees provided totalled € 1,366 million (2021: € 982.5 million), including the following:

- Guarantees in the amount of € 1,361 million (2021: € 977 million) provided in favour of the Tax Authority arising from the VAT proceedings (note 6);
- Guarantees in the amount of € 5.1 million (2021: € 5.1 million) provided to courts and other entities as part of litigation proceedings.

20. CONTINGENCIES

See accounting policy 2.3.14. of the annual report and accounts for the year ended at 31 December 2021.

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities for a period of four years (five years for Social Security) except when there has been tax losses, tax benefits have been granted or inspections, complaints or challenges are in progress, in which case, depending on the circumstances, the time limits are extended or suspended. The Executive Board of Directors, supported by the information from its tax advisers, considers that any tax contingencies should not have a significant effect on the Condensed Consolidated Financial Statements at 30 June 2022, taking into account the provisions set up and expectations that existed on that date, including the situation of the judicial appeal in the VAT case.

VAT PROCEEDINGS

As of the date of its financial statements, in addition to the proceedings disclosed in Notes 6 and 9, IP Group is facing the following VAT proceedings:

- Following the final decision by the Tax Administration concerning the VAT correction for 2006 involving the amount of € 2,816 thousand (see note 8.2.3), accepted in part by the Tax Authority, IP Património submitted a judicial challenge based on the opinion of a tax expert. Notwithstanding the rejection of the said appeal, tax experts' opinions on the subject support the Group's conviction that there are grounds for the refund of this amount, since IP Património duly complied with provisions in the VAT code relating to the tax assessment of tax and processing. In a worst-case scenario, if the case is not won, the amount already deposited and payable to the Tax Authority (note 8.2.3), plus any interest on late payment and compensatory interest, must be recognised as expense. On 25 May 2015, IP Património was notified of the challenge by the Tax Authority and it is awaiting the scheduling of the hearing. On June 2, 2022, we were notified for the purpose of submitting allegations, which we declined due to the lack of new information that justifies a challenge, in view of what has already been presented in the judicial challenge.

PENDING LAWSUITS

As at 30 June 2022, the pending lawsuits relating to railway expropriations totalled € 24,321 thousand (3 December 2021: € 19,849 thousand). This amount is not reflected in the Condensed Consolidated Statement of Financial Position. In these cases, deposits are made in the name of the court where the proceedings are being heard. The deposits are equivalent to the value of the case and are in the custody of the Caixa Geral de Depósitos bank. Their resolution does not result in an expense for the Company, rather for the Grantor of the railway infrastructures.

There are also other lawsuits related to accidents in the railway infrastructure that the Company is responsible for, and also damage caused to neighbouring property and imputable to IP Group. These lawsuits are covered by the business insurance of IP Group.

The contingencies that may arise from the cases in the Labour Court have been provisioned, as stated in note 9.

SUBSIDIES

The grants received were provided in accordance with the eligibility conditions applicable to the respective applications. They are, however, subject to audits and possible correction by the relevant authorities. In the case of applications for Community grants, these corrections may occur over a period of five years from payment of the balance. In the case of grants assigned to the railway investment business on behalf of the Grantor, the refund only has an impact on the State Grantor – Accounts receivable item.

21. COMMITMENTS

Group IP's commitments result primarily of its obligation to meet the commitments made relating to the Road Sub-concession Contracts and the for replacing the State with regard to payments to and receipts relating to 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 2022, are summarised in the table below:

CONCESSIONS AND SUB-CONCESSIONS EXPENSES (€M)	2023	2024	2025	2026	2027	2028	2029	2030	2031
Gross expenses	1 303	1 219	1 109	969	867	778	686	572	512
Revenues	- 267	- 271	- 552	- 416	- 423	- 418	- 381	- 309	- 244
Net expenses	1 036	948	557	552	444	360	305	262	268

EXPENSES OF CONCESSIONS AND SUB-CONCESSIONS (€M)	2032	2033	2034	2035	2036	2037	2038	2039	2040
Gross expenses	359	284	274	218	146	123	142	32	10
Revenues	- 209	- 188	- 189	- 192	- 187	- 160	- 171	- 22	- 7
Net expenses	150	96	84	26	- 42	- 37	- 30	10	3

EXPENSES OF CONCESSIONS AND SUB-CONCESSIONS (€M)	2041	2042
Gross expenses	-	-
Revenues	-	-
Net expenses	0	0

Source: 2022 State Budget Report

According to the 2022 State Budget Report:

"In what concerns the figures relating to the road partnerships presented in table above budget projections 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, and as in previous years, projections for respective net expenses do not include contingent compensations, which will not be paid in line with the Audit Court's position in this regard".

22. INFORMATION REQUIRED BY LAW

a) Under article 21(1) of Decree-Law 411/91 of 17 October, the Group confirms that it does not have any Social Security payments in arrears. It also informs that it does not have any debts with the Tax Administration.

b) Impact of the Activity of IP Group on National Accounts and Public Accounts (Base 12, paragraph 3 c) of Decree-Law 110/2009 of 18 May).

i. National accounts:

After consultation with the National Statistical Institute (INE), it is considered that all IP Group accounting items have a direct impact on the national accounts. The flows that the Group establishes with units outside the perimeter of general government will have a direct effect on the general government aggregates (deficit and/or debt), impact whose effect and magnitude will depend on the operations in question. Thus, when IP Group receives interest from financial applications outside the general government perimeter, it positively contributes to the balance of general government. When IP Group pays for services provided by companies outside the general government perimeter it is increasing public spending and, consequently, the deficit. If IP Group contracts financing from the financial sector or the rest of the world, it is increasing public debt.

Due to the nature of the national accounts system, the estimate of the impact of a single unit should only be taken as indicative. In so far as this is an integrated system, in order to demonstrate the underlying economic relations in a more explicit way, the national accounts methodology establishes that the operations of a unit or set of units are sometimes subject to transformations and the analytical effect of which only makes sense within the broader scope of the accounts.

ii. Public accounts:

Financial reporting on a public accounts basis uses the so-called cash basis where financial flows - payments and receipts - are registered.

IP is included in the Reclassified Public Entities on an equal standing with the Autonomous Services and Funds, being thus included the State Budget perimeter.

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).

23. OTHER RELEVANT FACTS

COMPENSATION, RESERVE OF RIGHTS, REQUESTS FOR REINSTATEMENT OF FINANCIAL EQUILIBRIUM (REF) AND APPEALS OF FINES IN SUB-CONCESSIONS AND SERVICE CONTRACTS.

Under the terms of the Sub-concession Contracts still prior to submission of any specific application for the reinstatement of financial equilibrium (REF), IP Group's consideration is called the "reserve of right", i.e. it has to inform IP Group that a parti-

cular fact is eligible for the purposes of REF. Only following such reserve of right REF application requests are or can be submitted. It should also be noted that if the right of reserve is not formulated within 30 days of the occurrence of the event, any putative right to REF expires.

The following REF requests were submitted up to 30 June 2022:

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	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)

SERVICE PROVIDER AGREEMENT	TYPE OF REQUEST MADE	FACT GENERATING REQUEST	STOCK OF THE SITUATION
Vialivre - Norte Litoral	Reinstatement of financial balance	Specific change in the law: Amendment to Law no. 25/2006 pursuant to approval of Law 64-B/2011, of 30 December	IP accepted the expenses presented as eligible, and these will be approved or rejected on a case-by-case basis.

COMPENSATIONS, RESERVE OF RIGHTS AND REQUESTS FOR THE REINSTATEMENT OF THE FINANCIAL 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 the first half of 2022 the IP Group recorded expenses of € 3.1 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 € 4.47 million, pursuant to decision of the Arbitration Court dated 7 February 2017.
- ii. Implementation of Financial Rebalancing Agreement with Lusoponte, resulting in a balance of € 1.64 million in favour of IP.

IMPACT OF COVID-19 AND THE INTERNATIONAL GEOPOLITICAL SITUATION

COVID-19

After two years heavily impacted by the COVID-19 pandemic, the 1st half of 2022 saw a very significant increase in the use of the road-rail network, back to levels seen in 2019, i.e. the last year before the outbreak of the pandemic.

In fact, the Road Service Contribution reached € 326.8 million in the 1st half of 2022, which compares with € 331.7 million in the 1st half of 2019, i.e. a variation of only 1.5 %.

As for toll revenues, the amount posted in the 1st half of 2022 is lower by about 15% compared to the 1st semester of 2019, which is due, however, to the discount regime introduced in the State Budget Law of 2021, since the number of transactions is already higher in 2022 compared to the same period of 2021.

With regard to rail services, and in particular the User Fee, the figure recorded in the 1st half of 2022 (€ 34.1 million) is equal to the one posted in the 1st semester of 2019.

In what concerns the Management of Property and Commercial Areas - a business developed by IP Património, there was a sharp recovery in the 1st half

of 2022, with revenues of € 8.1 million, which compare with the revenues of € 7.9 million in the 1st half of 2019.

Summing up, the results obtained in the 1st half of 2022 show a return to revenue levels of the 1st half of 2019; this also shows that COVID-19 pandemic is no longer affecting the company's economic results, all the more so as expenses with anti-Covid measures did not surpass € 126 thousand.

From an operational point of view, it was business as usual, without any type of operational constraint associated with the pandemic context, although protection measures for employees in force in the years 2020 and 2021 were kept in the period under review.

INTERNATIONAL GEOPOLITICAL SITUATION

The current international geopolitical situation motivated by Russia's invasion of Ukraine, led to the escalation of inflation in the 1st half of 2022, fuelled by rising electricity, oil and gas prices.

Supplies and Services expenses were inevitably affected, especially in what concerns the company's energy costs, including traction energy, a service provided by IP to rail operators.

The international situation also hurt the construction sector, as the cost of materials and labour triggered, affecting both new works and ongoing works, as contractually established price are revised upwards.

The increase in road fuel (diesel and gasoline) prices should also lead to a decrease in the use of the National Road Network, and therefore affect associated revenues (RSC and Tolls). However, available data, as described earlier in this chapter, show that this is not happening; moreover, the average price of gasoline and diesel for road use is currently lower compared to figures seen earlier in the year.

We thus conclude that the largest impact on IP's activity caused by the global geopolitical situation, concerns energy expenses and construction costs, rather than the demand for the road and railway networks under the IP's management.

In view of the above and based on the best information available at this time, the evolution of results in the period under review and the articulation continuously kept with the Shareholder, we believe that the going concern principle remains applicable and was thus used in the preparation of the Financial Statements.

24. SUBSEQUENT EVENTS

See accounting policy 2.3.19 of the annual report at 31 December 2021.

I) SHARE CAPITAL INCREASE– 26 AUGUST 2022

Pursuant to unanimous written corporate resolutions dated 26 August 2022 and 29 September 2022, the share capital of IP was increased by € 124,160 thousand and € 85,000 thousand, through the issue of respectively, 24,832 and 17,000 shares with the nominal value of € 5,000 per share.

II) APPROVAL OF IP'S ACCOUNTS RELATING TO 2020 AND 2021

On 26 August 2022, the separate and consolidated financial statements of the IP Group and the report of its Executive Board of Directors for 2020 and 2021 were approved by the shareholder.

III) APPOINTMENT OF THE NEW BOARD OF DIRECTORS

On August 26, 2022, the Executive Board of Directors was elected for the 2022-2024 three-year period. The appointed Executive Board of Directors is made up of a chairman, two vice-chairmen and three members, as follows:

Chairman – Miguel Jorge de Campos Cruz

Vice-Chairman – Carlos Alberto João Fernandes

Vice-Chairman – Maria Amália Freire de Almeida

Member – Vanda Cristina Loureiro Soares Nogueira

Member – Alexandra Sofia Vieira Nogueira Barbosa

Member – Ana Isabel Mota da Silva Coelho

IV) MORATORIUM

Pursuant to the Orders of the Minister of State and Finance No. 262/2022/MEF of September 29, 2022 and of the Secretary of State for the Treasury No. 304/2022-SET of September 23, 2022, the deferral of the payment of debt service on loans granted by the Directorate-General for the Treasury and Finance (DGTF) to IP, due on 31 May 2022, to 30 November 2022, was authorized at no additional cost.

Almada, 30 september, 2022

The Executive Board of Directors

Financial Director

MARIA DO CARMO ALMIRO DO VALE DUARTE
FERREIRA

Digitally signed document

Certified Accountant

DIOGO MENDONÇA LOPES MONTEIRO

Digitally signed document

Chairman, MIGUEL JORGE DE CAMPOS CRUZ

Digitally signed document

Vice-Chairman, CARLOS ALBERTO JOÃO FERNANDES

Digitally signed document

Vice-Chairman, MARIA AMÁLIA FREIRE DE ALMEIDA

Digitally signed document

Member, VANDA CRISTINA LOUREIRO SOARES NOGUEIRA

Digitally signed document

Member, ALEXANDRA SOFIA VIEIRA NOGUEIRA BARBOSA

Digitally signed document

Member, ANA ISABEL MOTA DA SILVA COELHO

Digitally signed document



Part III

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

First-half 2022

REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Free translation from a report originally issued in Portuguese language. In case of doubt the Portuguese version will always prevail)

Introduction

We have reviewed the accompanying condensed consolidated financial statements of Infraestruturas de Portugal, SA (hereinafter IP or the Company), which comprise the condensed consolidated statement of financial position as of 30 June 2022 (that presents a total of € 28,555,187 thousand and a total equity of € 10,931,798 thousand, including net result of € 32,398 thousand), the condensed consolidated income statement by nature, the consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the six-month period then ended, and the notes to these condensed consolidated financial statements.

Management responsibilities

The Executive Board of Directors is responsible for the preparation of these condensed consolidated financial statements in accordance with International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union, and for the implementation and maintenance of an appropriate internal control system to enable the preparation of condensed consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibilities

Our responsibility is to express a conclusion on the accompanying condensed consolidated financial statements. Our work was performed in accordance with ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and further technical and ethical standards and guidelines issued by the Portuguese Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas"). These standards require that we conduct the review to conclude whether something has come to our attention that causes us to believe that the condensed consolidated financial statements were not prepared in all material respects in accordance with the International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union.

A limited review of condensed consolidated financial statements is a limited assurance engagement. The procedures that we performed consist mainly of making inquiries and applying analytical procedures and subsequent assessment of the evidence obtained.

The procedures performed in a limited review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing

(ISA). Accordingly, we do not express an audit opinion on these condensed consolidated financial statements.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated financial statements of Infraestruturas de Portugal, SA, as of 30 June 2022, were not prepared in all material respects, in accordance with the International Accounting Standard 34 - Interim Financial Reporting as adopted by the European Union.

Emphases

Without modifying our conclusion, we draw your attention for the following matters:

1. As disclosed in paragraph 4.4.1 of the Management Report and in Note 23 of the Notes to the condensed consolidated financial statements, the Audit Court confirmed through judicial decision no. 13/2019, of 31 May following appeal filed by the Group against decision no. 29/2018, the refused to approval (Visa) to the Amended Subconcession Agreement of Algarve Litoral, agreed with the Subconcessionaire in the context of 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 (58/2021, of 22 January) against the appeal. On 17 July 2019, under the terms of the relevant law, the Sub-concessionaire entered claim viewing the termination of the sub-concession agreement, which was refused; as a result, in early September 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 23, which is still ongoing.

2. As disclosed in Note 6 of the Notes to the condensed consolidated financial statements, current assets recorded under the heading State and other public entities correspond almost entirely to the VAT determined by the former company EP - Estradas de Portugal, SA and by IP since the merger with REFER relating to the road segment, totalling Euro 1,970,046 thousand. Due to the framework given by Tax Authority for the activity carried out by IP, especially the Road Service Contribution (RSC), additional VAT corrections were made, amounting to € 2,264,671 added of interest totalling €161,762 for the years inspected up to 2018; the Company filed judicial claims against such payments (relating to 2018 to 2019 and 2011 to 2016) and administrative appeal (2017 and administrative complaint (2018)). As disclosed in Note 6, IP was notified in October 2017 of the Decision overturning the decision appealed against in relation to one of the legal proceedings (tax of Euro 64,506 thousand), which considered the challenge totally justifiable and cancelled the additional tax settlements issued by the Tax Authority; the Tax Authority appealed against this decision to the Administrative Supreme Court. As disclosed in Note 9, IP is setting specific provisions corresponding to the overall VAT

amount deducted from activities financed by the RSC, which totalled € 462,912 thousand at 30 June 2022. 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 8.3.2 of the Notes to the condensed consolidated financial statements, significant part of the Group's funding requirements is provided by the Shareholder State; as of 30 June 2022, total funding/shareholder loans including interest amounted to € 2,332,667 thousand, including € 2,215,578 thousand in loans for the road segment that have already reached maturity, but were granted a moratorium with suspended interest until 30 November 2022. As also disclosed in note 8.2.1, current assets include € 4,246,625 thousand of investments made by the Group on behalf of the State, in long term railway infrastructures.

4. As disclosed in notes 2.4 and 5 of the Notes to the condensed consolidated financial statements, the accounting recognition of the Intangible Asset Road Concession Right has underlying assumptions and estimates of great relevance, such as the total amount of the investments and the expected income until the end of the concession (31 December 2082), which are provided in the business plan annually prepared and reviewed by the Group. Given that future events often do not occur as expected, namely due to factors exogenous to the Group, such as the evolution of macroeconomic variables, political decisions and socio-economic changes, the financial and economic performance of the Concession may be significantly affected if the assumptions change, as demonstrated in the sensitivity analysis disclosed in Note 2.4 to the Notes to the condensed consolidated financial statements. IP amortises the Road Concession Right by the equivalent production units method. The amortisation is based on i) the estimate of total income generated by the concession until its end and on ii) the valuation of total investments to be made by IP. As disclosed in Note 5, the effect of the 50% reduction in toll fees in several concessions (formerly known as SCUTs) and of discounts, although less significant, in other motorways of the Entity's own network, in accordance with provisions in articles 425 and 426 of Law no. 75-B/2020, regulated by Ordinance no. 138-D/2021 that entered into force at the beginning on 1 July 2021, were considered until the end of 2025, coinciding with the planned horizon of the 2023-2025 Activities and Budget Plan. On the other hand, the forecast for the evolution of net toll revenues considers significant increases from 2026 onwards that are reflected throughout the Concession period. If this increase in toll revenues which realization involves a political decision, should not occur as expected, or if the financial rebalancing provided for in the Concession Agreement is not considered, according to the pessimistic scenario of the sensitivity analysis presented in the referred Note 2.4, this will imply the recalculation of the amortization rate of the Intangible Assets, which will result in an expected increase of € 7 million in the first half of 2022, which will be repeated throughout the concession period. We point out that the Concession Contract signed with the State Grantor on November 23, 2007, 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 the financial rebalancing of the Concession. As mentioned Note 5 of the Notes to the

condensed consolidated financial statements, it is to be assumed that IP in articulation with the Grantor will devise a mechanism capable of ensuring compensation for the loss of revenue associated with the said toll discounts, which would make it possible to neutralize the aforementioned increase in depreciation.

5. The Management Report and Note 23 of the Notes to the condensed consolidated financial statements mention the current situation of conflict in Ukraine and its consequences for the global and national economy and, consequently, for the IP Group's activity. Although it is not possible to predict all the possible effects resulting from it , the greatest impact on IP's activity stems from the increases in both electricity and construction costs, not clearly affecting the demand for the road network managed by IP. The Management is monitoring the evolution of this situation, in articulation with the State shareholder, and considers that the ongoing operation principle remains applicable to the IP Group operations.

Our conclusion did not change in relation to these matters.

Lisbon, 30 September 2022

António José Carvalho Barros
(ROC no. 966, registered with CMVM under no. 20160583)
on behalf of BDO & Associados, SROC, Lda.

Infraestruturas de Portugal, S.A.
Campus do Pragal, Praça da Portagem
2809-013 ALMADA – Portugal
Tel.: +(351) 212 879 000
e-mail: ip@infraestruturasdeportugal.pt
Capital Social: 10 821 830 000,00 €
NIF: 503 933 813
www.infraestruturasdeportugal.pt