



Annual Report and Accounts 2020



Metropolitano de Lisboa

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1. Message from the Chairman

To all stakeholders.

In this document we provide the Annual Report and Accounts of Metropolitano de Lisboa (ML) for the year 2020, where we refer in detail the activities developed and the profits generated.

The year 2020 will forever remain in everyone's memories.

And unfortunately for the worst personal, family, and professional reasons, as it placed each of us in extreme situations for which we were not mentally prepared.

The year 2020 was lived in a troubled context with a pandemic outbreak which hit us hard, a situation which has extended through 2021 and keeps on going at the time this Report is being produced. We hope, however, that 2021 will be the beginning of the end of this pandemic.

We have been forced to learn to live and work in a different manner, with very negative repercussions on our national (and international) economy, which have also been forced to adapt to the current circumstances of fighting the SarsCov19 virus. New health, social and relational care, with significant changes in our daily work, family and leisure activities, are some of the different measures we all had to put in place.

In 2020, after an initial moment of assessment and uncertainty, we put in place strong measures to sanitize and clean all work spaces and those used by our customers, and thus we continued month after month, always seeking to improve and expand the scope of our action.

On an internal level, a series of measures were put in place to protect our employees, such as the creation of rotating teams, divided between onsite work and teams standing by at home, implementation and generalization of the teleworking regime, time lag schedules, reinforced cleaning and sanitization of facilities, adaptation of common spaces to the new reality taking into consideration the recommended social distancing, limitation of the number of people in each space, introduction of directional signage, distribution of masks, hand sanitizer and gloves, daily measurement of body temperature of all staff and service providers, among other important measures to tackle the spread of the COVID-19 virus.

Around the clock in the fight against the SARS-COV-2 outbreak, Metropolitano de Lisboa has fully complied with the guidelines issued by the Health Authority and the Government in matters of public health and rules regarding the use of public transport. And, within the scope of the actions implemented, the company's effectiveness was recognised in its cleaning and sanitization actions in stations and rolling stock, carried out by the independent auditor SGS, which awarded the Lisbon Metro the 'COVID protection' seal.

With regard to stations and customers, signage was placed throughout the Metro network on the mandatory and correct use of masks, the need to maintain social distance, the importance of hand washing and use of hand sanitizer, with several communication campaigns being carried out on these matters. We reinforced the availability of hand sanitizer at all stations for customers, and masks, hand sanitizer and gloves were made available for sale in vending machines at symbolic prices. Other measures were developed, such as partnerships with the National Police (*Polícia de Segurança Pública, PSP*) to help maintain the physical distance between customers on platforms and trains.

In terms of ridership, there has been a significant decrease in demand and, subsequently, in revenue. Supply was constantly monitored and adjusted as the needs became apparent.



Under this social context, and taking into account ticket validations, Metropolitano de Lisboa carried 90.6 million passengers. This indicator reflects 93.2 million fewer passengers than in 2019, during which 183.8 million passengers were carried, corresponding to a negative variation of -50.7%.

Notwithstanding this adverse context, and with enormous difficulties, the Metro was able to continue its ongoing projects, as well as implement others.

With regard to the Asset and Network Recovery Plan and the implementation of full accessibility, Metropolitano de Lisboa refurbished the Olivais station; installed three new lifts in the Colégio Militar station and recovered part of its installations; reopened the north lobby of the Areeiro station, which is now completely refurbished and fully accessible; proceeded to replacement the Rato station lift; started the replacement of escalators at the Baixa Chiado station, as well as other works in several stations, the creation of fully accessible public toilets, the correction of structural pathologies, remodelling of pumping systems, refreshment and installation of new telecommunications equipment, among others.

In the area of technical installations, it is worth highlighting the implementation and revision of the Automatic Fire Detection System (SADI) in several stations, the renovation of the Technical Facilities Supervision System, as well as the closed-circuit television systems in many of the network's stations.

Still in the context of accessibility projects, we continued the Arroios station refurbishment project, aiming at extending its platform to accommodate six-car trains. The refurbishing and extension works in the Arroios station in the Green line began in July 2017 but, due to the contractor's non-compliances, in January 2019, ML terminated the corresponding agreement and launched a new tender in February of said year, and proceeded to award and sign a new agreement later in September, with the opening of the station scheduled for 2021.

With regard to Metropolitano de Lisboa's Network Modernization project, and following the tender launched in September 2018 to replace the current signalling system with a CBTC system – as well as for the purchase of 14 new triple units and the adaptation of 70 existing triple units to the new signalling system – ML concluded the agreement in February 2020. The purchase of this new rolling stock and the CBTC signalling system for the Blue, Yellow and Green lines are crucial to strengthen the supply and improve the quality of the service provided, and this is deemed to be Metropolitano de Lisboa's most important project. Unfortunately, competitive litigation made it impossible to develop this project for several months.

In 2020, we also continued to proceed with the recovery of our rolling stock fleet, seeking to cancel the maintenance delays recorded in previous years. This year, we initiated the agreements for the rehabilitation of the door systems in the entire fleet. In ML90 trains, we planned the replacement of the old pneumatic drive mechanism by a new electric drive mechanism. As for ML95, ML97 and ML99 series, a major reform of the existing mechanisms is in progress. These changes represent an overall investment of 7.4 million euros over three years.

Also in 2020, Metropolitano de Lisboa continued the investment initiated in 2018, in technological systems for a very significant future change in the ticketing system, which shall have a very relevant impact and improve the ease of use and customer experience when accessing our network. In 2020, we also introduced new means of payment for the Municipal, Metropolitan and Family Monthly Passes in ML's vending machines, including payments with Contactless cards. In 2021, we expect new developments in the ticketing system, as well as in the implementation of a system for digitising customer information.



Financially, in 2020, Metropolitano de Lisboa kept its long-term rating at BBB investment grade, with a stable outlook regarding the previous year, a grade which took into account the levelling of Metropolitano de Lisboa's rating in relation to the Portuguese Republic's rating.

In parallel, at an internal level, it was aimed at following up on the implementation of actions to consolidate the management's solidity, in particular through the creation of internal control systems, from which we highlight the support tools for Procurement, Compliance, the consolidation of the General Data Protection Regulation, the amendment of the Code of Ethics and Behaviour, the redesign of the Risk Management System, the general use of the qualified digital signature at the company level and the SAP IT database update.

By subscribing the United Nations Anti-corruption Call to Action letter in 2019, Metropolitano de Lisboa began to bear the anti-corruption seal, which represents the strengthening of its public commitment and the adoption of measures to fight corruption in compliance with the ODS 16.

Also in this regard, in March 2020, Metropolitano de Lisboa joined the Portuguese Platform for Integrity (PPI) within the area of activity of the Portuguese Association for Ethics and Integrity (APEE – *Associação Portuguesa para a Ética e Integridade*).

Moreover, special emphasis should be placed on ML's continued policy of asset capitalisation. We expect negotiations with the Lisbon Municipality for the approval of the urban plan for the former Sete Rios Depot and Workshops to be concluded by early 2021, in order to enable its disposal still during 2021.

On the other hand, within the scope of its artistic heritage, ML completed the survey of the collection of original art works, thus allowing exact knowledge of the quantity and quality of the artistic heritage owned by the Company.

With regard to Network Expansion, Metropolitano de Lisboa continued the works on the Rato/Cais do Sodré extension project, which culminated with the launching, in January 2019, of the tender for the Construction of the Structures for the Rato/Santos and Santos/Cais do Sodré lots, as part of the Company's Expansion Plan.

In May 2020, Metropolitano de Lisboa signed the agreement for the Batch 1, and is now conducting geological studies and also in the final stage of surveys of all the properties located in the area where the new tunnel will be constructed.

The tender for the Batch 2 has been slightly delayed as it did not receive any proposals in the first tender, forcing a new tender to be launched, with a base price correction. The contract was awarded in September 2020 and the corresponding agreement was signed that same year.

Regarding the Batch 3, which refers to the construction contract for the viaduct structures in Campo Grande, the corresponding tender was launched in January 2020, and has already been awarded and signed in November 2020. The consignment will take place in the first quarter of 2021.

In February 2021, Metropolitano de Lisboa obtained favourable ex ante visa from the Court of Auditors regarding the Batches 2 and 3.

The awards regarding these agreements were made in strict compliance and respect for the Public Procurement Code, after the legal deadlines and the subsequent legally established procedures had been observed.

The tender launch for the finishing works of Batch 4 and systems of Batches 1 and 2, is expected to be carried out in 2021.



In addition to the above, still regarding future expansions, ML began studies for the extension of the Red Line between São Sebastião and Alcântara, and on the 24th of December 2020 it obtained the SEM's agreement for carrying out a Feasibility Study. Throughout 2021, the works for the studies and projects will be carried out in order to present the Environmental Impact Study to the relevant authorities.

By means of an agreement signed with the Lisbon, Oeiras, Loures and Odivelas Municipalities, ML is also carrying out studies with regard to the Western and Eastern Sustainable Intermodal Line (LIOS – *Linha Intermodal Ocidental e Oriental Sustentável*) and to a new Local Transport System/Light Surface Metro, in the Northern Metropolitan Area, connecting in Odivelas, Infantado and Loures.

On the other hand, in 2020, Metropolitano de Lisboa proceeded with the implementation of a set of measures to increase energy efficiency, in line with the commitment to sustainable mobility and with the Integrated Environmental Sustainability Plan (PISA 2030 – *Plano Integrado de Sustentabilidade Ambiental*).

At a stage of great uncertainty for Metropolitano de Lisboa, arising from the sharp decrease in customer demand and the need for new approaches to tackle it, as well as for the implementation of action appropriate to the new challenges arising from the pandemic evolution, a Centre for Innovation and Sustainable Development has been created within the company's organizational structure, which will allow for a response to such challenges, promoting a culture of innovation, aiming at the company's sustainable development.

With regard to human capital management, with effects reported to December of the present year, the staff from Ferconsult, S.A., a subsidiary company 100% owned by Metropolitano de Lisboa, which specializes in the areas of Transport Engineering Consulting, Studies and Projects, has been permanently integrated into ML's headcount.

Responding to the need to reinforce its staff in 2020, Metropolitano de Lisboa increased its workforce by 27 professionals, namely 9 Station Agents, 3 Electromechanical Workers, 2 Electronics Technicians, 6 Track Workers, 2 Electricians and 5 Senior Officials. We emphasize the continued importance of collective bargaining as an indispensable instrument for promoting social peace and improving our staff's wellbeing.

Aiming at distributing the roles of the Ferconsult staff integrated in Metropolitano de Lisboa, a Ventures Coordination Structure was created to lead the ventures coordination team and manage the projects in progress, as well as those under study in the area of stations' expansion, modernization and rehabilitation.

Metrocom, S.A., the subsidiary company responsible for operating the Metro network's shops and commercial spaces, also 100% owned by Metropolitano de Lisboa, proceeded with a management strategy primarily focused on mitigating the impact of the pandemic crisis, and directed its activity to transforming and repositioning the business. It is also worth highlighting the start of the remodelling work of the commercial area of the Campo Grande station.

In 2021, Metropolitano de Lisboa will remain committed to strengthening its role as an operator and a structuring mobility agent in the Lisbon Metropolitan Area.

This is evidenced by our customers' level of satisfaction, which had a significant increase according to the Customer Satisfaction Survey conducted in 2020, showing the best index of the last decade.

We would like to express a word of gratitude to all ML workers for their professional conduct in guaranteeing ML's daily activity during such a difficult year, guaranteeing, even in the worst moments of the Pandemic, their contribution to maintaining a crucial transport service for the sustainable mobility in the city and in the Lisbon Metropolitan Area.



A word of gratitude also to all those who, by collaborating with the company in the areas of safety, cleaning, maintenance of part of its vital organs, have contributed to making Metropolitano de Lisboa a reference company on a daily basis, essential in the public transport service.

Finally, appreciation should also be shown to the members of the corporate bodies and their teams for the continued commitment and availability, within their corresponding duties, to support the Board of Directors in achieving the objectives mentioned in this report, thus ensuring the company's normal operations.

Lisbon, the 22nd of June 2021

The Chairman of the Board of Directors

Vítor Manuel Jacinto Domingues dos Santos



2. Nature of the Report

This report is intended to be a faithful and clear presentation of the evolution and performance of the activity of Metropolitano de Lisboa (ML) during the year 2020. Therefore, this is an annual document which describes the company's financial statements for the year under analysis, as well as the main activities related to the strategy adopted, management and performance of the company's main business vectors.

In addition, the Annual Report and Accounts aims at responding to the 'Instructions on the provision of accounts process for 2020', issued in Circular No. SAI_TFDG/2021/173-DSPE, of the 12th of January 2021, of the Directorate General of Treasury and Finance, as well as to improve the stakeholders' perception regarding the activity developed by ML, framing it with the strategic objectives set out in the Activity and Budget Plan (ABP) for the period under analysis, and justifying the main deviations observed in said period.

The information presented herein is intended to reflect the company's determination, dedication and ongoing efforts in the continuous implementation of measures which enhance the creation of value, which is reflected in a better provision of public service, and the promotion of sustainable mobility.

The financial statements were prepared pursuant to the Portuguese Accounting Standards System (SNC), as approved by Decree-Law no. 158/2009, of the 13th of July, and subsequently amended and republished by Decree-Law no. 98/2015, of the 2nd of June.



3. Indicator Summary

Table 1 – Main Activity and Financial Indicators

ACTIVITY INDICATORS		2020	2019	Var. 2020/2019		ABP 2020	Execution Rate
				Abs	%		
DEMAND indicators							
PC (Passengers Carried) ¹	10 ³	90 567	183 801	(93 235)	(50,7)	175 415	104,8%
PKT (Passengers x km) ¹	10 ³	433 114	880 985	(447 871)	(50,8)	851 696	103,4%
REVENUE OPERATING indicators							
Ckm (Cars x km)	10 ³	26 373	27 623	(1 250)	(4,5)	27 499	100,5%
PSK (Passenger Spaces x km)	10 ⁶	3 376	3 536	(160)	(4,5)	3 520	100,5%
Service quality							
Frequency	%	96,9	98,7	-	(1,8) p.p.	n.a.	-
Occupation Rate	%	12,8	24,9	-	(12,1) p.p.	24,2%	-
HR INDICATORS							
Headcount no. on the 31st of Dec	Un.	1 513	1 452	61	4,2	1 512	96,0%
Average headcount number	Un.	1 467	1 435	32	2,2	1 442	99,5%
Wage Bill	m€	56 787	55 926	861	1,5	55 623	100,5%
Indemnities due to Resignations	m€	0	0	0	-	250	0,0%
SHAREHOLDER STRUCTURE							
Total Shareholder's Equity	M€	3 414,0	3 093,6	320	10,4	3 121	99,1%
Shareholder's Equity held by the State	%	100	100	0	0,0 p.p.	100	-
FINANCIAL POSITION							
Non-current assets	M€	5 591,5	5 437,9	154	2,8	4 763,6	114,2%
Current assets	M€	105,0	79,2	26	32,5	80,0	98,9%
Total Assets	M€	5 696,5	5 517,1	179	2,6	4 843,7	113,9%
Equity	M€	1 504,8	1 251,0	254	20,3	1 339,3	93,4%
Liabilities	M€	4 191,7	4 266,1	(74)	(1,7)	3 504,4	121,7%
Total Equity and Liabilities	M€	5 696,5	5 517,1	179	3,3	4 843,7	113,9%
INVESTMENTS							
Long-term Infrastructure	M€	16,4	9,7	7	69,8	48,6	19,9%
Other Investments	M€	5,0	4,3	1	17,1	21,0	20,3%
INVESTMENT EXPENDITURE²	M€	21,4	13,9	7	53,7	69,6	20,0%
STRUCTURE INDICATORS							
Remunerated Liabilities	M€	3 378,0	3 440,0	(62,0)	(1,8)	2 785,3	123,5%
Financial Autonomy %	%	26,42	22,67	-	3,7 p.p.	27,65	-
Solvency %	%	35,90	29,32	-	6,6 p.p.	38,22	-
FINANCIAL INDICATORS							
Average period for payments (APP)	Days	41	47	(6)	(12,8)	35,0	-
Turnover	M€	66,8	118,8	(52)	(43,8)	119,8	99,1%
EBITDA (corrected)³	M€	(30,61)	(0,23)	(30)	13 504,2	1,80	-
EBITDA margin (corrected)	%	(45,82)	(0,19)	-	(45,6) p.p.	1,50	-
Operating Income (corrected)³	M€	90,27	122,94	(33)	(26,6)	120,3	102,2%
Operating Expenses (corrected)³	M€	120,88	123,17	(2)	(1,9)	118,5	103,9%
Operating Expenses (corrected) per Passenger Carried	€	1,33	0,67	1	99,2	0,68	99,2%
Operating Expenses Coverage Rate (corrected)	%	74,67	99,82	-	(25,1) p.p.	101,52	-

¹ The 2019 values have been updated by the implementation of a new tool associated with ticketing (SAP Analytics Cloud).

² Investment expenditure only considers investment values net of TPE's and financial costs.

³ Corrected excluding provisions, adjustments, impairments and fair value increases/reductions, investment grants and equity method / subsidiaries, as well as other non-cash items.



4. Organization

4.1 Mission, Vision, Values and Customer Charter

Metropolitano de Lisboa, E.P.E. is an entity with legal personality and administrative, financial and patrimonial autonomy, and it is governed by its own statutes and by the laws applicable to public companies.

Mission

To provide a customer-oriented, metro Public Passenger Transport Services, promoting sustainable mobility.

Vision

To affirm itself as the structural public transport operator which guarantees Lisbon's urban mobility, pursuant to the highest standards on quality, safety and economic, social and environmental effectiveness.

Values

Innovation and Development

- Continuous search for new services and products, based on technological evolution at customers' service.

Responsibility

- At an **environmental** level: regarding energy yield and the environmental protection guarantee resulting from the performed activity;
- At a **social** level: regarding mobility of the persons who commute in the Lisbon Metropolitan Area;
- At an **economic** level: guaranteeing the company's sustainability, from a business and employment point of view.

Quality

- By means of the creation of value and service usefulness regarding customers' service.

Accuracy and Integrity

- Promoting demanding practices from an ethics and behaviour perspective, both in business and in individual terms, as an Organization governed by principles of honesty, transparency, social initiative and environmental responsibility;
- Compliance with thorough processes which support the service provided, guaranteeing its reliability and assurance.

Competence and Safety

- To hold and strengthen the company's image and credibility as an external and internal affirmation factor;
- To ensure the integrated safety of people and goods.



Customer Charter

ML assumes its mission with its customers according to the 'Customer Charter' in which the company undertakes the following commitments:

Transport service offer:

- To propose network developments which best meet the mobility needs of the Lisbon Metropolitan Area;
- To implement train schedules which respond to the current demand in an effective manner.

Safety:

- To promote and implement all necessary actions which guarantee the transport service's high safety standards;
- To ensure, in permanent collaboration with the security forces, the implementation of necessary measures which ensure customers' safety on trains and in stations.

Frequency:

- To maintain high service frequency levels, promoting the possible measures to minimize disruptions caused by circulation problems, either due to the operation itself or to external factors.

Information and customer support:

- To make all relevant information available concerning the service provided, placed in special spaces in stations and trains and in other communication materials available to the customer, in both normal situations and cases of disruption of service, in a clear, comprehensible and accurate manner.

Equipment availability:

- To ensure the existing equipment in stations – namely lifts, escalators and travellators, sales equipment and access points – are in perfect working conditions, and where it is not the case, ensuring its repair in the shortest possible timeframe.

Cleaning and conservation:

- To ensure the stations, trains and equipment are in a good state of repair and cleanliness and, for such purpose, are inspected and cleaned on a regular basis.

Human resources:

- To ensure the initial and continuous training of the human resources employed by ML, enabling them to perform their service in a competent and professional manner, guaranteeing that trains are driven in such a way that customers' are offered comfort and safety conditions and they are served with quality and accuracy.

Accessibilities:

- To ensure, in cooperation with the competent authorities, the service provided is easily used by all passengers, by implementing the necessary measures to enable accessibility to customers with reduced mobility; for these passengers, a progressive accessibility program is being developed in stations which are not yet equipped for such purpose.



Suggestions and complaints:

- To make available to customers the necessary means for making suggestions and complaints;
- To ensure careful examination of complaints, promoting the appropriate corrective and improvement measures at an internal level and providing responses in a timely manner.

Customer collaboration is vital to achieve the proposed quality indexes. Using the Metro implies the compliance with simple rules by customers, thus allowing for a better quality of the service provided, benefiting everyone. Therefore, customers shall:

- Be in possession of a valid ticket while traveling and produce it to a Metro agent whenever requested;
- Always validate the ticket, when entering and exiting stations. Failure to do so means the customer incurs an infringement situation;
- Not smoke in Metro facilities and trains. Failure to do so is an offense punishable by law;
- Respect all existing rules as to transporting animals, bicycles and other special objects which, due to their size or content, may cause discomfort or constitute danger;
- Carefully pass through access points, waiting for the doors to close after the previous customer has passed, before ticket validation;
- Not enter or exit the trains after the closing doors sound and light warnings;
- Allow station gates and passenger spaces on trains for reduced mobility customers to be used only by those for whom they are intended;
- Help maintaining stations and trains clean by using the existing waste bins;
- Behave in a responsible and compliant manner, in relation both to other customers and to agents employed by ML, always abiding by their instructions.

4.2 Governance Structure

As the structural transport operator in the Lisbon metropolitan area, Metropolitano de Lisboa, E.P.E. intends to contribute to the development of a new and dynamic business model, focused on improving inter-modality, efficiency and increasing the quality of services provided. Metropolitano de Lisboa's governance structure is developed in an integrated manner.

The company enjoys a Management System by applying the following principles, which reflect the Management Policy:

- Customer satisfaction as the core objective;
- A committed and engaged leadership;
- Shared and clearly defined responsibilities;
- The employees' participation and qualification;
- The Organization's management as a system consisting of interrelated processes;
- Continuous performance improvement;
- Founded decision-making;
- Establishing partnership relations with Suppliers;
- Managing environmental impacts;
- Full compliance with the applicable requirements;
- Control of dangers and risks;
- Innovation as a differentiating factor for the quality of the service provided.



4.3 Corporate Bodies

Pursuant to the company's Statutes, Metropolitano de Lisboa's corporate bodies are the Board of Directors, the Supervisory Board, the Statutory Auditor or an Audit Firm and the Advisory Board.

The members of the Board of Directors are appointed by means of a Council of Ministers Resolution, on a proposal by the members of the Government responsible for finances and transport (in light of article 4(1) of the company's Statutes). The term of office of the members of the Board of Directors has a duration of three years and is renewable, up to a maximum of three renewal periods and all are executive members.

Supervision is performed by a Supervisory Board and by Chartered Accountant (Auditor) or by an Audit Firm, provided these do not participate in the said corporate body. The Supervisory Board is composed of three full members and a substitute member, and one of them shall serve as Chairman.

The Supervisory Board members are appointed by means of a joint order issued by the members of the Government responsible for finances and transport, for a three-year term which may be renewable up to a maximum of three times.

The Chartered Accountant (Auditor) has a three-year term of office, renewable only once. After the minimum period of two years has elapsed after the end of the term, the same Chartered accountant may be reappointed.

The existence of the Advisory Board is set out in Metropolitano de Lisboa's Statutes as optional, but its appointment has not occurred.

The remuneration of Metropolitano de Lisboa's Directors derives from the classification set out in the Council of Ministers Resolution no. 16/2012, of the 9th of February, as amended by the Decree-Law no. 18/2016, of the 13th of April.

As established in article 28(1) of the Decree-Law no. 8/2012, of the 18th of January, '*Public managers' remuneration consists of a monthly wage which cannot exceed the Prime Minister's monthly wage*', as well as a monthly allowance for representation expenses, which corresponds to 40% of the corresponding wage and shall be paid in 12 instalments throughout the year. Due to the accumulation of responsibilities, Directors receive only their remuneration and do not benefit from any additional allowances.

In addition, the Board of Directors' executive members receive the following compensation privileges or benefits:

- a. Social benefits generally applicable to all company employees;
- b. The monthly fuel and tolling amount regarding the company's official vehicles corresponds to one-fourth of the monthly allowance for fixed representation expenses, as established in article 33(3) the Public Manager Statute (Decree-Law no. 71/2007, of the 27th of March, as amended by Decree-Law no. 8/2012, of the 18th of January);
- c. Communications expenses allowance, which includes mobile phone, home telephone and Internet, and the maximum monthly amount of which may not exceed € 80.00.

The appointment of the Supervisory Board for the 2017-2019 term, as well as the remuneration statute of its members, have been determined by the Joint Order of the 11th of January 2017, issued by the Ministry of Finances and by the Ministry of the Environment, taking effect on the 1st of January 2017. As of the date of this report, no new members of the Supervisory Board have been appointed by means of a Government's joint order, and thus the Supervisory Board appointed for the three-year period 2017-2019 remains in office.



The Chartered Accountant (Auditor) gross annual remuneration corresponds to that stipulated in the services provision agreement entered into between Metropolitano de Lisboa and the company Alves da Cunha, A. Dias & Associados, SROC, which complies with the maximum limit equal to 22.5% of the 12-month gross remuneration attributed by law to the Chairman of the company's Board of Directors, pursuant to articles 58 and 59 of the Statutes of the Chartered Accountants' Association.

The current Audit Firm has been appointed as the result of a proposal submitted by the Supervisory Board to the member of the Government responsible for the area of Finances, and it has been appointed for the three-year period 2019–2021 by the Joint Order of the Secretary of State for the Treasury and the Assistant Secretary of State for Mobility on the 15th of October 2019.

The current Board of Directors was appointed for the term 2019–2021 by CMR no. 56/2019, of the 28th of February (Official Gazette, 1st series – no. 53, of the 15th of March 2019), starting its office on the 1st of March 2019.

Table 2 – Identification of the Members of the Board of Directors of Metropolitano de Lisboa, E.P.E.'s

Term (Start - End)	Position	Name	Academic Degree	Areas of Responsibility
2019-2021	Chairman	Eng. Vítor Manuel Jacinto Domingues dos Santos	PADE – AESE Business School MBA Degree in International Management - Universidade Católica Portuguesa - Licenciature Degree in Civil Engineering - Universidade do Porto (Faculty of Engineering)	Information Technologies Directorate (ITD) Human Capital Directorate (HCD) General Secretariat Office (GSO) Internal Audit Office (IAO) Heritage Development Office (HDO) Innovation Group (ING) Legal and Litigation Office (LLO)
2019-2021	Board Member	Eng.ª Maria Helena Arranhado Carrasco Campos	- PhD Degree - Universidade do Minho, Engineering School, Civil Engineering Dep., Guimarães; - Master's Degree - Universidade do Minho, Engineering School, Civil Engineering Dep., Guimarães; - Post-graduation Degree - Universidade do Minho, Engineering School, Civil Engineering Dep., Guimarães; - Licenciature Degree in Civil Engineering - Universidade de Coimbra, Faculty of Sciences and Technology, Coimbra	Direction of Coordination (DC) (extinct: BDR of 03.12.2020/Res. CA 1550508) Development Coordination Department (DCD) (created with the BDR of 12.03.2020/Res. BD. 1550508) Maintenance Directorate (MTD) Directorate for the Expansion of the Network (DEN) (extinct: BDR of 12.03.2020/Res. BD 1550508) Directorate of Enterprises (DE) (extinct: BDR of 12.03.2020/Res. BD 1550508) Logistics Directorate (LOD) Security and Surveillance Directorate (SSD)
2019-2021	Board Member	Mr. Pedro Miguel de Bastos Veiga da Costa	Degree in Business Management from Instituto Superior de Economia e Gestão, Universidade Técnica de Lisboa. Post-Graduation in Financial Analysis from Instituto Superior de Economia e Gestão, Universidade Técnica de Lisboa. Specialized in Corporate Finance by Cass Business School. Specialized in Leadership (essentials and transitions) by Harvard Business School.	Financial Directorate (FID) Customers Directorate (CUD) Operations Directorate (OPD)

Table 3 – Identification of the Members of the Supervisory Board – 2020

term (Start - End)	Position	Name	Appointment	
			Form (1)	Date
2017-2019	Chairman	Mr. José Carlos Pereira Nunes	DC SETF and SEAMB	11/01/2017
2017-2019	Effective Board Member	Mrs. Cristina Maria Pereira Freire	DC SETF and SEAMB	11/01/2017
2017-2019	Effective Board Member	Mrs. Margarida Carla Campos Freitas Taborda	DC SETF and SEAMB	11/01/2017
2017-2019	Substitute Board Member	Mrs. Maria Teresa Vasconcelos Abreu Flor de Morais	DC SETF and SEAMB	11/01/2017

(1) In light of the Joint Order, of the 11th of January 2017, issued by the Assistant Secretary of State for the Treasury and Finances and the Assistant Secretary of State for the Environment.

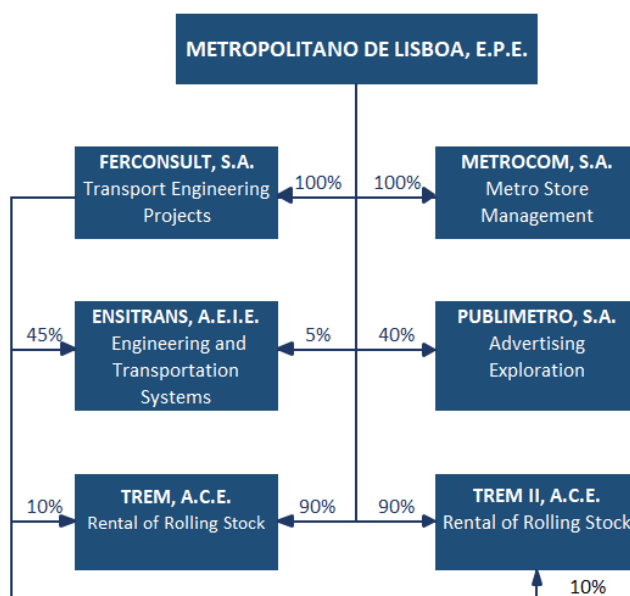
Table 4 – Members of the Audit Firm – Term 2019–2021
Table 5 – Identification of Metropolitano de Lisboa's Chartered Accountant (Auditor)

Term (Start - End)	Position	Audit Firm / Chartered Accountant (Auditor) Identification			Appointment	
		Name	OROC Registry no.	CMVM Registry no.	Form	Date
2019-2021	Effective Chartered Accountant (Auditor)	Alves da Cunha, A. Dias & Associados, SROC, represented by: Mr. José Luís Areal Alves da Cunha	74 585	20161408 20160240	Joint Order of the SE of the Treasury and Assistant	15/10/2019
	Substitute Chartered Accountant (Auditor)	Sociedade Oliveira, Reis & Associados, SROC, represented by: Mr. Joaquim Oliveira de Jesus	23 1056	20161381 20160668	Secretary of State for Mobility	

(1) Despite the end of his term, the Chartered Accountant remained in office for the year under review.

4.4 Metropolitano de Lisboa's financial interests

Metropolitano de Lisboa's interests on the 31st of December 2020:

Figure 1 – ML Group Companies


The METRO Group consists of Metropolitano de Lisboa, E.P.E. and its subsidiaries, *i.e.*, entities over which Metropolitano de Lisboa exercises control, corresponding to the power to define these entities' financial and operational policies, thus gaining benefits resulting from their activities, typically associated with the majority of the voting rights' direct or indirect control.

In this respect, Metropolitano de Lisboa holds the entire equity of the subsidiary FERCONSULT, S.A. – Engineering and Transport Projects, a company specialized in the areas of Transport Engineering Consultancy, Studies and Projects operating in the domestic and international markets.

By means of its subsidiary FERCONSULT, Metropolitano de Lisboa holds directly and indirectly a 50% share in ENSITRANS, A.E.I.E., the corporate purpose of which consists in the development of studies and projects

Metropolitano de Lisboa holds, directly and indirectly, an equity share in TREM, ACE (equity share of 100%) and TREM II, ACE (equity share of 100%), the main purpose of which is to purchase and lease railway equipment for ML.



The company METROCOM, S.A. – Exploração de Espaços Comerciais also belongs to the METRO Group, the corporate purpose of which consists in promoting and trade adequate spaces existing in the metro's network, managing agreements, particularly with regard to shops, offices, showcases, programming and organizing new ways of product sales in stations and other spaces of the network as occasional events (book fairs and others) and promotional actions.

Metropolitano de Lisboa also holds a share in the capital of PUBLIMETRO, S.A. (40%), a company for exploring media advertising in the Metro means, vehicles and spaces.



5. Context Analysis

5.1 Macroeconomic framework

EXTERNAL ANALYSIS

The annual analysis to the external context, presented in this integrated report, is made in accordance to the PESTAL methodology, using for such purpose an analysis based on the following areas:

a. Political

The world changed with the COVID-19 pandemic and all political action was focused on how to respond to the health crisis and the subsequent economic crisis.

The Portuguese Government, like several other governments, sought to compensate said crises by socially supporting people and companies which, as a result of the pandemic, come into serious economic difficulties.

The European Union launched an economic support program which, in Portugal, translates into the 'Resilience and Recovery Program'. In the scope of the measures of this program and in particular in component 10 – Sustainable Mobility, the expansion of Metropolitano de Lisboa is foreseen.

As per the opinion of many specialists and politicians, the economic recovery is intended to be more sustainable. The key idea consists in funding the recovery taking into account the European Union's and national decisions to achieve carbon neutrality by 2050.

At a global scale we are, therefore, witnessing a moment when environmental issues are more on the agenda than ever, when it is necessary to adopt a global policy promoting the progressive use of public transport, mainly electricity-based transport.

b. Economic

The Covid-19 pandemic caused an unprecedented reduction in economic activity. Thus, since mid-March 2020, the measures adopted by the Government in the pandemic context to safeguard public health had an impact on the behaviour of the labour market. The unemployment rate reached 6.8% in 2020, having increased by 0.3 p.p. when compared to 2019 (the lowest since 2004), countering the downward trend of previous years.

In 2019, Portugal surpassed the 75% target under the European Employment Strategy for the employment rate of 20 to 64 year-old working people, reaching 76.1%. However, in 2020, as a result of the impact of the health crisis on the labour market, this rate decreased by 1.4 p.p. to a total of 74.7%. Moreover in this context, the working population recorded a decrease of 1.7% (87.5 thousand fewer people), when compared to the previous year, after three consecutive years of growth.

In 2020, and after seven years of consecutive growth, the Portuguese GDP recorded a 7.6% contraction, higher than the 6.8% drop in the Eurozone, and contrasting with the 2.2% growth observed in 2019. The Portuguese National Institute of Statistics pointed out such decline as 'the most intense of the current National Accounts series'. It resulted from disruptions in supply, due to the suspension of activities, total or partial closure of companies and borders, and in demand, especially due to the sharp contraction in tourism, added to a drop in private consumption, due to the containment measures and the high uncertainty set in by them.



The impacts of this pandemic were also reflected in the demand for public transport. Therefore, in 2020, ML carried 93.2 million fewer passengers when compared to the previous year, which translated into -50.7% in total passengers carried, countering the upward trend recorded in previous years (compared to 8.2% in 2019).

In terms of revenue from occasional tickets and monthly passes, in 2020, ML recorded a drop of -53.7 million euro, corresponding to -51.6%, when compared to 2019. We should highlight the receipt of funds as payment on account assured by the AML and the funds under the scope of the Public Transport Fare Reduction Support Program ('PART'). Considering the amounts of Payments on Account, the variation in revenue stands at -25.2%, reflecting a drop in absolute numbers of -28.1 million euro, when compared to 2019.

c. Social

The SARS-CoV2 pandemic brought devastating consequences not only to the economy, but to an entire way of life rooted in the population.

In addition to restrictions on mobility imposed during confinement periods, the widespread use of telework in compatible professional roles, as well as the closure of leisure facilities and stores, caused the population's mobility to be heavily reduced. In addition, there was a sharp drop in tourism, and the image of public transport as a source of contagion was developed.

The sum of all the above factors led to a sharp reduction in public transport demand.

Also as a consequence of the pandemic, we started seeing a migration from the centre of Lisbon to the outskirts and to smaller cities. Some companies and the public sector itself are preparing to maintain telework in certain situations.

At this moment it is still early to understand if this change is cyclical or structural.

Environmental concerns have become a central topic in our society, so it is expected that the demand for more sustainable means of transport and the use of public transport may cause an increase in demand in the post-pandemic period.

Our customers' confidence in the service provided remained high, with the Annual Customer Satisfaction Survey obtaining the best result in record.

d. Technological

New technologies, mainly digital, caused a true disruption in the various business models, to which the transport sector is not immune.

The pandemic has strongly accelerated this process, not only at the technological level, but mainly on people's willingness to use it.

Smartphone APPs have become widespread and act not just as supporting tools for shared mobility models, such as car or bike sharing, but also support real-time information for traditional models, such as ML.

Moreover, in the ticketing area, solutions for the purchase of tickets by ATM, cell phone or online will be increasingly frequent, and it is mandatory that ML accentuates the integration of these new technologies.

Technological evolution has allowed for a significant progress with regard to energy efficiency, enabling, for instance, the optimization of natural resources' management.



e. Environmental

Climate change arising from the global temperature increase has already started to be felt, increasing the rate of extreme events, notably droughts, torrential rainfall or cyclones.

Metropolitano de Lisboa possesses a resilient structure for the direct effects of these phenomena, albeit a permanent concern on potential flooding risks is expressed.

Metropolitano de Lisboa's Climate Change Metropolitan Adaptation Plan (PMMAC), the drafting phase of which has been followed by Metropolitano de Lisboa, summarizes the current and future climate risks for the AML, identifying critical areas and mitigation measures.

However, in addition to direct influence, these phenomena may bring key resources' scarcity, in terms of electric energy and water, implying that the management of these elements is more and more efficient.

In 2020, there has been a significant reduction in water consumption (18.9%) when compared to 2019 and, in terms of the materials used, we have maintained our concern with their reduction, along with the commitment to increase the use of recyclable materials. The company's processes digital transition was strengthened with clear gains in paper consumption (-36.8%).

In the future, it is important to understand which component of such more efficient use of resources is structural and which one is due to the pandemic moment.

f. Legal

The evolution of legal requirements applicable to ML in both domestic and European law, is becoming increasingly demanding regarding obligations, notably as to the environment and to reporting demands.

In what regards data protection, the legislation which came into force in 2018 has posed new challenges and compelled companies to adapt to new legal demands. ML implemented a Data Protection Officer (DPO) and adopted all necessary amendments to ensure full compliance with the legislation in force.

In turn, the currently ongoing review of the concession agreement will require a greater level of thoroughness from ML, not only regarding reporting but, most of all, the control of the quality demands of the provided public service.

The existence of an appropriate concession agreement, albeit demanding, may assist the company in focusing on its objectives, guaranteeing its organizational orientation and allowing it to differentiate more easily the accessory from the essential.

The pandemic brought a set of legal obligations, both in terms of work organization and in terms of customer service, which compelled the company to adapt in order to ensure its full compliance. Among these are the obligations related to telework and the restriction to only use 2/3 of the trains' capacity.

INTERNAL ANALYSIS

Additionally to the external context analysis, an analysis is also conducted on the organization's internal context. Such analysis is made for the following areas:



Organization

Metropolitano de Lisboa has a stable organization, in effect as of the 1st of April 2017, which is the date on which the company's organizational independence was restored (see the Organization Chart on page 28).

In 2020, the Centre for Innovation and Sustainable Development was created aiming to provide greater innovation dynamics to the company based on sustainability guarantees. Consequently, the Environment and Quality Structure and the Innovation Office have been extinguished.

At the end of the year, as a consequence of the integration of Ferconsult's workers and the need to adapt the organization to the network expansion projects, the Ventures Coordination Structure was created, integrating the previous Ventures and Network Expansion Structure, in addition to the existing Ferconsult's capacities.

Such changes initiated a set of adjustments which the Board of Directors intends to implement until the end of 2021 with a view to adjusting ML's organization to the challenges ahead.

Processes

Work processes and the manner according to which Metropolitano de Lisboa's activities are performed are set out and documented, *inter alia*, in the Process Manuals.

Pursuant to the stability of ML's activity, the current experience and the practice of having processes based at all times on the best practices at a national and an international levels and backed by the knowledge and the following-up through the benchmarking of international organizations, such as UITP, ALAMYS or CoMET, leads to the work processes, by and large, being effective and efficient. This is not to say that seeking for continuous improvement as an organization's aspiration should not be maintained and does not bring results.

Process changes occur essentially in three ways:

- Legislative or regulatory changes which require adjustments to existing work methods;
- Technological changes which allow efficiency improvements by adopting new technologies;
- New customer needs, namely in view of context changes.

In 2020, and due to the pandemic, there was a need to promote some adjustments to processes, so that they would adapt to new methods of working and less interaction with the Customer, although no significant changes have been observed in process flows.

Human Resources

Concerning human resources, generally, the necessary competences to perform the foreseen activities exist.

The high average age of Metropolitano de Lisboa's workers, a circumstance across the different professional categories, but singularly critical in areas with specific capabilities related to the company's system, reflects an identified difficulty, the overcoming of which is based on a recruiting strategy for the next 5 to 10 years, which allows for an adequate transfer of professional expertise and experience and, moreover, the updating and appreciation of the professional capabilities of workers in general, founded on learning new technologies present in ML's expansion and modernization projects in progress.

In 2020, we continued the process initiated in 2018 of recruiting new employees for the commercial and maintenance areas, although also recruiting senior officials for the company's other key areas.



Absence continues to be the most impacting human resource problem within the company, in light of the resource shortage. Despite this, and in a pandemic year, absenteeism was lower than the previous year.

Material Resources

The legislation in force, notably the Public Procurement Code and the need for an authorization from the Supervising Authority, by means of Expenditure Extension Ordinances for multi-year agreements, make the procurement processes take longer than what one would wish for.

In 2020, it was deemed necessary to purchase specific products to tackle COVID-19, IT equipment necessary for the generalization of telework and the procurement of cleaning services and the verification of good practices, in a very quick manner, and it was possible to meet all such needs in good time.

Financial Resources

In 2020, ML has recorded a turnover drop of -43.8% (-51.9 million euro) compared to 2019, mainly resulting from a demand decrease (-50.7%), which reflected in a reduction of 43.8 million euro in Public Service Income, as a consequence of the COVID-19 pandemic.

ML's economic performance shows the effect of the pandemic on the business, with a negative corrected EBITDA of 30.6 million euro, as well as a negative Operating Profit of 32.7 million euro.

Infrastructure

Infrastructure is essential for the performance of Metropolitano de Lisboa's mission, and its availability is a key factor for the provided service's quality.

The current maintenance and major interventions activities guarantee the operation of such infrastructure, extending its operating life.

In 2020, as a result of the pandemic and the need to protect workers with the creation of mirror teams during confinement periods, there has been a need to adjust maintenance plans.

Consequently the availability of rolling stock stood at 81.4%, lower than the 2019 value (87.7%) but substantially higher than the 71% observed in 2018.

However, such an increase in unavailability is substantially lower than the drop in the average occupation rate, of about 50%, whose average value in 2020 stood at around 12.8% (compared to 25% in 2019).

With regard to the main infrastructure, in 2020 it was less than 12 hours unavailable, while this value exceeded 27 hours in 2019.

Risks and Opportunities

Following the analysis to the external and internal contexts, an analysis of strategic risks and opportunities is made, which are reflected into the following SWOT analysis:



Figure 2 – SWOT Analysis



5.2 Strategic Guidelines

With the goal of fostering a culture of innovation in Metropolitano de Lisboa, the Board of Directors has decided to launch the MetroTech Innovation Hub program, with the support of three consultants with recognized experience in the area, and created the Centre for Innovation and Sustainable Development to drive the project.

This program is based on 4 stages: Launching ML innovation system, Owning the employees, Setting up ML innovation process and Results.

This process was initiated in 2020 essentially in three dimensions:

- Create the basic structure of the innovation system, especially in terms of documentation and management tools.
- Drive the working community for innovation methodologies.
- Open the company to the outside world through open innovation, establishing partnerships and collaboration protocols with universities, polytechnics and technological centres.

The most relevant project for Metropolitano de Lisboa during the next few years will be the extension of the current Metro network from the Rato to the Cais do Sodré stations. It consists of the construction of a tunnel of about 2 km, and two new viaducts in Campo Grande, of about 500 m, guaranteeing the new connections between the Yellow and the Green lines.

Moreover, two new metro stations will be built in consolidated areas of the city – Estrela and Santos – and the Cais do Sodré station will be subject to a refurbishment, which corresponds to one of the most important Lisbon interfaces, thus broadening its area of influence with the construction of a new station lobby and new street access and connections to the suburban train. All stations will be fully accessible, ensured by lifts which will connect the platforms to the surface.

The disconnection of the current Yellow and Green lines will allow a more balanced offer and distribution of customers in Metropolitano de Lisboa's network.

The acquisition of new rolling stock and the implementation of the new CBTC (Communications-Based Train Control) signalling system in ATO (Automatic Train Operation) are related to the project, with already secured national financing.

The installation of a new signalling system will increase the operation's safety levels due to the speed continuous control and the more accurate location of the train, bringing efficiency to the system, reducing traction energy consumption by means of optimizing drifting management, regenerative braking energy and frequency management, thus also allowing for an increase in commercial speed.

The network expansion project's main objectives are:

- To promote modal transfers to less polluting means of transport, contributing to the decarbonisation of the transport sector;
- To improve the integration of metropolitan and urban public transport networks, impacting the mobility in the city centre and of those accessing Lisbon, with a particular emphasis on the Cascais line and the south bank of the Tagus river, thus promoting multi-modality and enabling a swift distribution in Lisbon;
- To broaden the territorial coverage of the metro network and to improve the current service by means of increasing the metro's capacity/supply and demand and enabling a more convenient and swift train operation, by eliminating the need for transfers within the network in a significant section of the travels;
- To restructure the network, merging the axes which record the highest demand in ML's network and evidence similar features, consolidating the service in the city's central core and making future network expansions possible without compromising a sustainable service in the centre;
- To reduce air pollution and traffic congestion and to improve public health and the quality of life of the people living and working in Lisbon;
- To make the Lisbon Metropolitan Area more competitive by means of providing a better mobility for all citizens, including reduced mobility persons – the drive for accessing different fundamental rights and possibilities.

The transport infrastructure projects pose a potential for socio-economic development with many multiplier effects, which largely reach beyond the financial profits directly attributable to such effects. The accessibility guarantee combines issues of regional fairness but also of the municipality's positioning in what concerns the attractiveness for private investment and employment creation.



The impact of this project to expand Metropolitano de Lisboa's network and infrastructure is not limited to the urban areas which will be served by new Estrela and Santos stations. This is a project that will bring great advantages and which also extends throughout the entire Metropolitan Area of Lisbon.

In fact, the direct beneficiaries of the project is the population living, working or studying in the area of influence of the Estrela and Santos future stations, of all the current network's stations which will be comprised in the future circular line (19 stations) and also the people who access ML's network, notably through such line's main interfaces (Cais do Sodré, Entrecampos and Campo Grande). Therefore, the people from the Oeiras, Cascais, Cacilhas, Seixal and Montijo municipalities commuting to Cais do Sodré, as well as from the Sintra/Azambuja and South/Setúbal lines commuting to Entrecampos, will also benefit therefrom.

This Expansion Plan will strategically contribute for the socio-economic development to the extent the whole transport system will experience improvements, by means of developing strong connectivity based on an effective multi-modality, with a better quality and more capable service in the central area of the city.

Moreover, given it is a public service, it bolsters social inclusion, the use of the network by reduced mobility persons and the consequent improvement of the system's sustainability.

With the increase in demand witnessed in the beginning of 2019, enhanced with the entry into force of the PART – Tariff Reduction Support Program in Public Transport, in that year, Metropolitano de Lisboa has increased the speed of train operation during peak hours in order to increase the revenue operating of transport, thus responding to the increase in demand observed in that year.

Thus, after the implementation of PART, Metropolitano de Lisboa introduced new train schedules on the Yellow, Red and Blue lines, at morning and afternoon peak hours, a situation which made it possible to increase the speed to 60 km/h, with the consequent increase in train frequency and the inherent reduction in waiting times.

With such measures, Metropolitano de Lisboa has witnessed the recognition of the effort it has been making since 2017, to provide an adequate response to the demands and expectations of its customers, strengthening its position as a structuring transporter in the Metropolitan Area of Lisbon, which reflects an improvement in its overall performance, namely in the quality of the service it provides on a daily basis, contributing to the consolidation of more sustainable forms of urban mobility, with positive effects on decarbonisation, the reduction of congestion and accidents.

In 2020, however, in the light of the Covid-19 outbreak, classified as a Pandemic by the World Health Organization on the 11th of March 2020 and which also spread to our Country, Metropolitano de Lisboa has updated its contingency plans and implemented measures to respond, notably, to the recommendations and appropriate practices in the prevention and control of infection by the SARS-Covid-19, corresponding to the guidelines of the Health Authority, in order to reduce its social and economic effects.

In these terms, and in view of the pandemic outbreak, and although Metropolitano de Lisboa has adopted a response plan regarding its activities in order to ensure a going concern basis with the least possible losses, the company recorded a decrease in demand and, consequently, also in revenue in the year under analysis. The revenue operating was constantly monitored in order to adjust it to the needs as they became apparent. Considering the validations of tickets made, Metropolitano de Lisboa carried 85.6 million passengers. This indicator reflects 88 million fewer passengers than in 2019, during which 174 million passengers have been carried, corresponding to a negative variation of -50.7%.

It is also very relevant to highlight the future extension of the Red line between São Sebastião and Alcântara, and it is expected to open to the public until 2030. The extension of the Red line between S. Sebastião and



Alcântara, as the latter station will become a new important transport interface, integrating with the suburban railway services, will decisively contribute to the significant improvement in mobility in the Metropolitan Area of Lisbon. It includes an investment of 300 M€, an amount which does not include the acquisition of new rolling stock.

Such an investment foresees an additional extension of the Metro de Lisboa network by 3.7 km: 3.3 km in tunnel + 0.4 km in viaduct, in addition to the construction of 4 new stations: Amoreiras, in the area of the intersection between Avenida Conselheiro Fernando de Sousa and Avenida Engenheiro Duarte Pacheco; Campo de Ourique, located at Rua Tomás da Anunciação; Infante Santo, located at the street of the same name; and Alcântara, in a viaduct over Avenida de Ceuta.

No less priority strategies for Metropolitano de Lisboa also include studies for the extension of the Yellow line between Telheiras and Benfica, as well as that of the Red line between Aeroporto and Entre Campos.

In addition, the carrying out of studies by Metropolitano de Lisboa, by means of an agreement signed with the Lisbon, Oeiras, Loures and Odivelas Municipalities, with regard to the Western and Eastern Sustainable Intermodal Line (LIOS – *Linha Intermodal Ocidental e Oriental Sustentável*) and to a new Local Collective Transport System/Light Surface Metro, in the Northern Metropolitan Area, connecting in Odivelas, Infantado and Loures.

We are referring to 24.4 kilometres of a new line which aims at creating fast connections with the tram and train lines of the Cascais Line and the North Line, as well as the expansion of the Red Line in Alcântara. The goal of this project consists in ensuring a fast and structuring heavy public transport connection between the corresponding riverside areas and the main interfaces in Lisbon. The estimated investment in infrastructure, depot and workshops and rolling stock stands at 440 million euro (this amount includes rolling stock and infrastructure). The project is divided into two parts: LIOS West and LIOS East.

The LIOS West, with about 10.4 km and 17 stops, connects the municipality of Oeiras (Cruz Quebrada, interface with CP) to the municipality of Lisbon, in the Alcântara area, a future interface with the extension of Metropolitano de Lisboa's Red Line and with the future CP Station of the Cintura Line. This section will serve the following areas: Cruz Quebrada, Jamor, Linda-a-Velha, Miraflores and Algés, in the municipality of Oeiras, and the areas of Restelo, Ajuda, Alto de Santo Amaro and Alcântara, in Lisbon.

LIOS East, with about 14 km and 24 stops, shall connect the municipalities of Lisbon, in Santa Apolónia, to Loures, in Sacavém, with an interface with the same CP station. This section will serve the Lisbon parishes of São Vicente, Penha de França, Beato, Marvila, Parque das Nações and, in Loures, the parishes of Moscavide, Portela, Sacavém and Prior Velho.

The Local Collective Transport System/ Light Surface Metro will make the connection between Loures and Metropolitano de Lisboa's network in Odivelas, over an extension of 12 km, and will use a lighter rolling stock than the railroad, operating on a platform segregated from the rest of the traffic, with reserved lanes. These features allow for the strengthening of the transport offer in a shorter period of time, due to its faster execution and lower investment values and operating costs, thus making up for the absence of a high capacity transport mode in this suburban demand corridor.

The surface light metro of Loures – Odivelas will serve the parishes of Loures, Santo António dos Cavaleiros and Frielas, in the municipality of Loures, with about 11 stops over a total of 8.4 km (the route is still subject to change, although not in a significant manner). And also the parishes of Póvoa de Santo Adrião, Olival Basto, Odivelas, Ramada and Caneças, in the municipality of Odivelas, with about 7 stops for a total of 4.0 km (the layout is still subject to change, although not in a significant manner), and the two ends are located within the



municipality of Loures. This line will extend in a 'C' corridor, which will connect the Beatriz Ângelo Hospital to Infantado, with an interface and transfer to Lisbon at the Odivelas Metro Station. It includes an investment of 250 M€.

Note: All the investments referring to the expansion of the network and LIOS referred to are foreseen in the NIP 2030 – National Investment Plan, the RRP 2021-2026 – Recovery and Resilience Plan, the ERP 2020-2030 – Economic Recovery Plan and/or the ESSP 2020-2021 – Economic and Social Stabilization Program.

6. Performance

6.1 Business Model

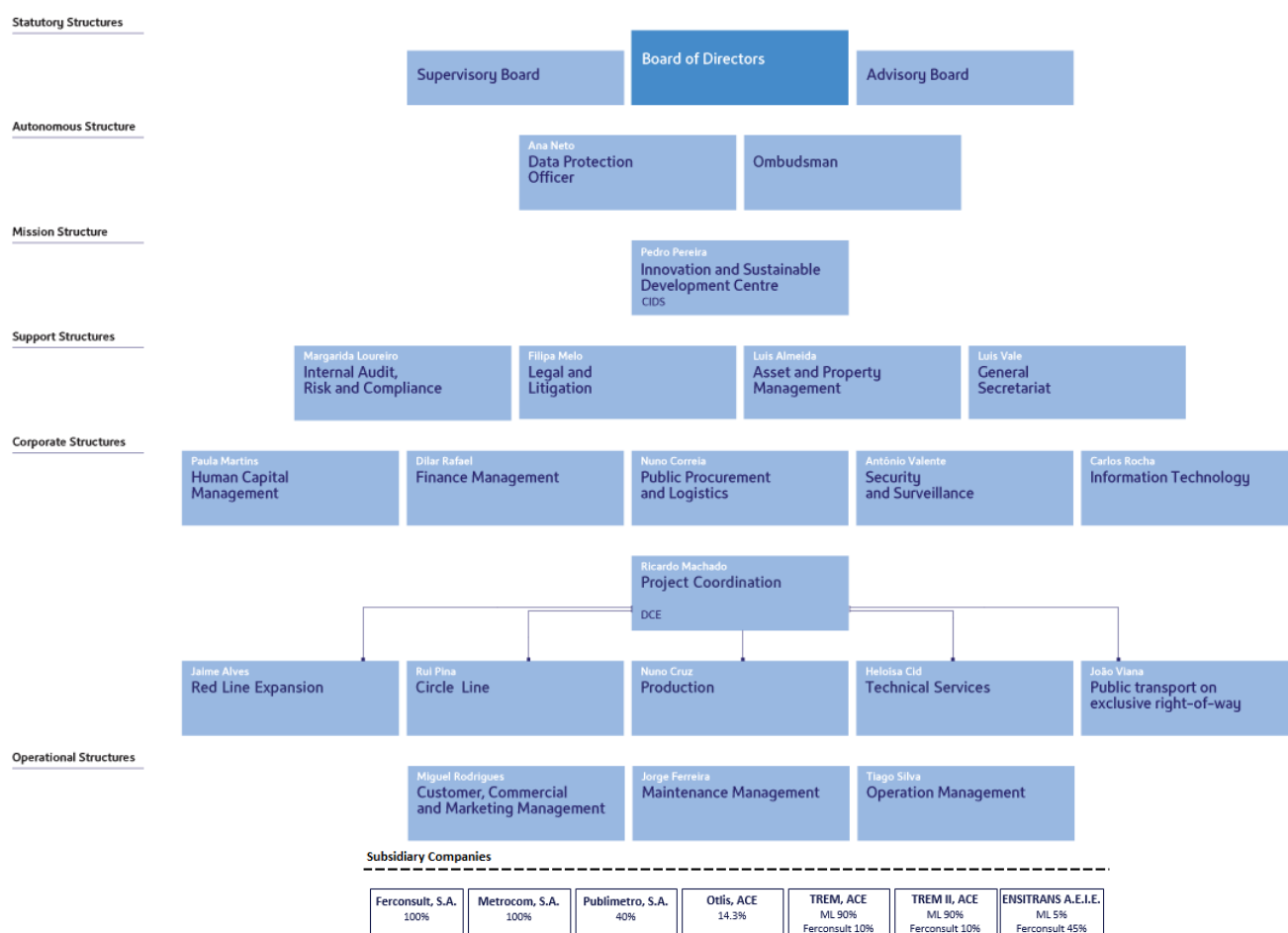
Metropolitano de Lisboa provides public transport services by metro in the city of Lisbon and neighbouring municipalities under concession. For such purpose, it develops related activities such as infrastructure construction and maintenance.

It also commercially exploits the existing spaces in the network, by means of the provision of spaces for shops, vending machines and others, through Metrocom, S.A. and the sale of advertising services, through Publimetro, S.A..

It owns Ferconsult, S.A., with a 100% interest holding. Until the end of 2020, this company has provided consulting and technical support services, namely in the form of project drafting or preparation of tender pieces.

By means of the appointment of the Board of Directors for the term 2019–2021, by CMR no. 56/2019, of the 28th of February (Official Gazette, 1st series – no. 53, of the 15th of March 2019), the current Board of Directors took office on the 1st of March 2019.

Figure 3 – Organization Chart



6.2 Risk management

In 2020, Metropolitano de Lisboa has invested in the Risk Management System (RMS), and it has drafted the Risk Manual (with residual application to its subsidiaries Metrocom and Ferconsult), it has created the Risk Committee and has internally developed a computer tool to support the RMS.

The risk management process is based on the COSO¹ methodology (Enterprise Risk Management – Integrating with Strategy and Performance, June 2017), which is based on a continuous cycle of risk monitoring and management, ensuring all relevant risks which may pose a significant impact on ML are taken into account in this process.

From the risks identified in 2020, we should emphasize the following (in no order of assessment):

- Public health
- Political, social and macroeconomic contexts
- IT security
- Network expansion management
- Security
- Infrastructure and equipment management
- Passenger fraud
- Absence
- Natural catastrophes
- Debt, credit, and financing management

In addition to the macro view of the RMS, there are also risk management sub-systems.

In this regard, we should highlight, *inter alia*, the sub-system of the expansion of Metropolitano's network for the extension between the Rato and the Cais do Sodré stations, including the new connections at the Campo Grande viaducts.

The Plan for Preventing Risks of Corruption and Related Offenses (PPRCRO) is another relevant risk management sub-system, and its 6th edition has been prepared in 2020, which included the subsidiary company Ferconsult.

The PPRCRO identifies the vulnerable areas to acts of corruption, the main risks arising therefrom, the implemented internal controls which intend to mitigate and prevent such risks, the corresponding impacts and the likelihood of occurrence.

The methodology followed in the process of identifying the risks listed in the PPRCRO, encompassing corruption, conflicts of interest, information manipulation and property misappropriation, corresponds to the one recommended by the Association of Certified Fraud Examiners (ACFE) in its 'Fraud Risk Manual', adapted to Metropolitano de Lisboa's reality.

In the financial year 2020, we highlight the following Metropolitano de Lisboa's audit work:

- Audit to the Automatic Ticket Vending Machines (MAVT – *Máquinas Automáticas de Venda de Títulos*);
- Audit of the value collection process in the MAVT in ML's stations (in progress).

¹ Committee of Sponsoring Organizations of the Treadway Commission.



Follow-up actions were also carried out to the implementation of audit report recommendations, as approved by the Board of Directors, namely to the audit of the agreement entered into with Publímetro; to the audit of the dependence of single suppliers in the MTD scope; to the audit of fixed funds (operating, fixed cash and return funds); to the audit of the access control at workplaces: DW II and III and buildings in Av. Sidónio Pais and in Av. Fontes Pereira de Melo; to the audit of the implementation of the agreement for the supply of meal services and to the audit of the MAVT (concluded in 2020).

In this context, from the 20 existing ones, 11 structures have been subject to the audit and/or follow-up actions indicated above, reflecting a total of 55%¹ of directions targeted for corruption risk analysis.

This percentage reduction, deriving from the table below, is mostly justified by the fact that the Annual Audit Plan was prepared prior to the organizational change at the company level, which occurred in the last quarter and increased the number of Structures, which could not be included in the said Plan.

Table 5 – Corruption risks assessment

GRI 205-1	2020	2019
Percentage and total number of contracts subject to corruption risk analysis	55%	82%
	11	14
Number of corruption cases identified	0	0
Structures (n.º)	20	17

Metropolitano de Lisboa has complied with the following legal obligations:

- A. Annual report on corruption prevention, management of conflicts of interest, whistleblowing, registry of presents and Compliance

As previously mentioned, since 2009, Metropolitano de Lisboa has a Plan for Preventing Risks of Corruption and Related Offences (PPRCRO), and currently the 6th edition is in place (2020), complying with the Recommendation of the Corruption Prevention Board (CPB) dated of the 1st of July 2009. The PPRCRO is available on the company's website.²

On a yearly basis, a PPRCRO Execution Report is prepared and duly published, pursuant to the provisions of article 46(1) of the RJSPE, indicating the degree of implementation of the measures listed in the said Plan in the preceding year. In 2020, the PPRCRO Execution Report for 2019 has been prepared and approved, and was sent to the CPB, as well as to the supervisory, superintendent and control bodies, pursuant to the legal provisions. The said Report is available on Metropolitano de Lisboa's website³.

Also related to the CPB, the recommendation on the Management of Conflicts of Interest in the Public Sector, of 08.01.2020, has been internally disclosed.

¹ The value for 2020 stood at 65% of the structures covered, until the last quarter of the year, when there was an organizational change at the company level, which led to a reduction in the percentage stated above, due to an increase in the number of structure structures (from 17 to 20).

² https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2020/10/PPRCIC_ML_FC_2020.pdf

³ <https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2020/06/Relat%C3%B3rio-de-Execu%C3%A7%C3%A3o-de-2019-do-Plano-de-Preven%C3%A7%C3%A3o-de-Riscos-de-Corrup%C3%A7%C3%A3o-e-Infra%C3%A7%C3%B5es-Conexas.pdf>



With a view to reinforce the organizational culture for the prevention and management of conflicts of interest, the project on the voluntary subscription of conflict of interest absence declarations (DICI, *declarações de inexistência de conflito de interesses*), and the 2020 DICIs, including those deriving from new service commissions, have been monitored. Actually, this subscription obligation has been foreseen, since 2020, in ML Code of Ethics and Behaviour (amended¹ and disclosed² on that year), in alignment with the CPB Recommendation mentioned above.

Moreover in the context of conflicts of interest, the procedure for the registration of presents and their disclosure has been approved in 2020, which includes the legal obligation arising from the Law no. 52/2019, of the 31st of July³, on the registration of institutional presents.

On the other hand, the company has a whistleblowing mechanism (Ethics Line), which aims at promoting transparency in the organization. It is a direct channel of communication for any suspicion of fraud, conflicts of interest and/or corruption practices, in light of the good practices at GRC (Governance, Risk Management & Compliance). It thus conforms with the recent Directive (EU) 2019/1937 of the European Parliament and the Council, of the 23rd of October 2019, on the protection of persons who report violations of Union law. In this context, no relevant communications have been received in 2020, and an internal communication plan has been prepared to refresh the channel's existence.

Lastly, with regard to Compliance, we should highlight the existence of an internally developed IT tool, allowing for monitoring legal compliance, and a high rate of compliance has been observed in 2020 (95.8%)⁴.

B. General Data Protection Regulation (GDPR)

The Regulation on the Protection of Individuals with regard to the Processing of Personal Data and the Free Movement of such Data (Regulation (EU) 2016/679 of the European Parliament and of the Council of 27.04.2016), hereinafter referred to as GDPR, has deserved special attention from Metropolitano de Lisboa since its entry into force. In fact, additionally to the Data Protection Officer (DPO)⁵, there is an internal Working Group, with representatives of the areas with the greatest impact on data protection (notably, Customers and Workers).

The GDPR implementation plan was duly followed up in 2020. In this context, networking has been promoted with other companies of the Public Business Sector for an assessment of the developed works and to search for the best practices.

¹ In addition to conflicts of interest, the topic of confidentiality (of personal data and business information) has been included in the amended version of the CEB.

² <https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2020/03/C%C3%B3digo-de-%C3%89tica-e-de-Conduta-do-Metropolitano-de-Lisboa.pdf>

³ Council of Ministers Resolution no. 184/2019, of the 3rd of December, approving the Government's Code of Conduct, applicable to public managers by means of its article 11.

⁴ Value settled on 31.12.2020.

⁵ Appointed in outsourcing and, in 2020, with its role extended to the subsidiary companies Ferconsult and Metrocom.



6.3 Activity Performance

The year 2020, as mentioned above and commonly known by all, has been a totally unexpected and challenging year.

The company reinvented itself in an attempt to provide a response to the many challenges, never failing to meet its obligations and objectives, developing functioning and operating models which allowed the continuity of the various works and projects in progress.

Notwithstanding a better description in the paragraphs below, it is important to highlight several actions and measures implemented throughout the year, in order to provide a response to the challenges posed by the Covid-19 pandemic.

Firstly, and despite the significant reduction in demand, the Metro maintained its offer levels close to the usual levels, thus maximizing the social distance within its trains.

Secondly, in order to keep its workers more protected, the company reduced all its services to the minimum required, and, on the one hand, it has placed all workers whose roles allowed them to develop in a telework regime and, on the other, it has temporarily dismissed a number of operational workers.

At the same time, several measures have been implemented, such as:

- Internal campaign to raise workers' awareness by posting posters, placing information on the Portal, sending e-mails to all workers, on:
- The required hygiene habits;
- The procedures to follow in suspected cases;
- The procedures to follow in case of infections or quarantine of family members;
- The guidelines to follow in case of return from areas with active community transmission levels;
- External campaigns for customers, focusing on recommendations to ensure safer travels;
- Information campaign on the SGS seal (Microbiological tests);
- Placement of signalling in all stations and trains, aiming at informing customers about the necessary measures of protection, social distancing, etc.;
- Identification of workers whose known medical situation could be considered a risk group, in order to award such group a greater protection and monitoring by the WSHS;
- Identification of core corporate roles which cannot be suspended, for purposes of considering them for telework or any other regimes;
- Identification of isolation areas in all buildings and stations;
- Creating kits for the isolation areas;
- Sending hand sanitizer to the stations and administrative buildings;
- Distribution of masks and gloves for all isolation areas;
- Procurement procedures for the necessary materials, namely, hand sanitizer, boxes of disinfectant wipes, thermometers, gloves, waste containers and plastic bags with zip locks.
- Distribution of masks, gloves and hand sanitizer to all workers;
- Reinforcement of cleaning in stations and buildings;
- Reinforcement of cleaning in trains;
- Disinfection of areas with greater manual contact in the stations, such as touch screens, keyboards, handrails, vending machines, lift buttons, ...;



- Provision of hand sanitizer for customers at all stations;
- Digitization of internal and customer procedures, emphasizing the processes Social+ and Navegante Família;
- Periodic audits regarding the cleanliness of public spaces;
- Daily monitoring of the Health Authority's guidelines and information;
- Exchange of information with the Metro entities from all over the world regarding the prevention measures taken;
- Creation of a Permanent Working Group (PWG) to constantly update the Contingency Plan, which is always evolving given the current nature of the situation.

A. Production

1. Renovation of Social Facilities

Corresponds to projects for the renovation of ML's social facilities, at the level of the DWs, of the Laranjeiras Building and the Head Office Building in Av. Fontes Pereira de Melo. From the developments which took place in 2020, we highlight the following:

- Agreement 16/2020 – Contract for the replacement of the chiller at the Carnide Complex, the signature of the agreement took place on 19/03/2020, the consignment on 13/04/2020 and the date of completion of the agreement on 22/06/2020. Extension of the term, at no cost for ML, until 28/07/2020. Provisional Reception with reservations held on 28/07/2020.
- Agreement 103/2019 – Contract for the refurbishment of the 2nd floor of the DWIII administrative building – the signature of the agreement took place on 28/08/2019. The consignment took place on 11/09/2019. The completion date of the agreement took place on 25/03/2020. Granted extension of the term, at no cost for ML, until 24/04/2020. Provisional acceptance with reservations held on 29/04/2020.
- Contract for the installation of a cover over the R15 lane/wheel trench in the DWIII: The project and tender process have been completed, with the launch of the tender process scheduled for February 2021.
- Contract for the infrastructure of fixed sources of gas emissions of the DWIII workshop building: The project was completed on 25/11/2020, with the preparation of the tender process in progress for launch during the first quarter of 2021.
- Project to refurbish the Floor 0 of the DWIII administrative building: Project development.
- Project for instrumentation and repair of the pathologies observed in the street and slope of DWII: Project development, being foreseen the launch of a tender and implementation of the contract during the year 2021.
- Project for instrumentation and repair of the pathologies observed in the lane building of the DWII: Project development, being foreseen the launch of a tender and implementation of the contract for the building's instrumentation during the year 2021.
- Project for instrumentation of the pathologies observed in the social building of the DWII: Project development, being foreseen the launch of a tender and implementation of the contract during the year 2021.
- Project for instrumentation and repair of the pathologies observed in the slab of the Laranjeiras building's -4 floor: Project development, being foreseen the launch of a tender and implementation of the contract during the year 2021.



- Project for instrumentation and repair of the pathologies observed in the headquarters building at Av. Fontes Pereira de Melo: Project development.
- Project for the installation of a cover over the metro train formations parking area in the DWII for the installation of photovoltaic panels: Preparation of Preliminary Study, which has been submitted on 09/12/2020.

2. Renovation of the Comfort System

From the developed works in 2020, we highlight the following:

- Agreement 151/2019 – Contract for Remodelling the HVAC System of the Alto dos Moinhos Station Auditorium, of Metropolitano de Lisboa E.P.E. – PROC. no. 075/2019-LOD-ML
 - ✓ Consignment Date – 28.01.2020
 - ✓ Completion Date of the Agreement – 26.06.2020
 - ✓ Extension of the deadline, without costs for ML – 07.09.2020
 - ✓ Actual Completion Date – 17.09.2020.
- Agreement 121/2019 – Contract for the Modernization of the Escalators 1, 3 and 5, of the Baixa-Chiado Station – Access to the Largo do Chiado, of the Blue and Green Lines, of Metropolitano de Lisboa E.P.E. – Proc. no. 040/2019-LOD/ML
 - ✓ Consignment Date – 30.10.2019
 - ✓ Completion Date of the Agreement – 26.06.2020
 - ✓ Extension of the deadline, without costs for ML – 12.11.2010
 - ✓ Actual Completion Date – 26.22.2020.
- Agreement 12/2020 – Metrocom – Contract for the Design / Construction of the HVAC and Smoke Venting System and the Construction of the Lighting System of the Commercial Area of Campo Grande Station of Metropolitano de Lisboa E.P.E. – PROC. no. 119/2019 – LOD/METROCOM
 - ✓ Consignment Date – 29.05.2020
 - ✓ Completion Date of the Agreement – 25.11.2020
 - ✓ Extension of the term, at no cost for ML – 01.02.2021
 - ✓ Actual Completion Date – 01.02.2021.

3. Renovation of the Security Systems

From the processes in progress in the scope of the Renovation of the Security Systems during 2020, the following should be highlighted:

- Contract for the Acquisition and Installation of the Automatic Fire Detection System at the Alto dos Moinhos, Laranjeiras, Praça de Espanha and Avenida stations of the Blue Line of Metropolitano de Lisboa, E.P.E. – Contract 129/2019-ML', the signature of the agreement occurred on the 11th of November 2019 and the consignment on the 13th of January 2020;



- ✓ Execution of the works contracted;
 - ✓ Provisional acceptance held on the 23rd of October 2020;
 - ✓ Execution of the correction of the reservations;
- Contract for the Acquisition and Installation of the Automatic Fire Detection System at the Olivais station of the Red Line of Metropolitano de Lisboa, E.P.E. – Contract 25/2020, the signature of the agreement occurred on the 6th of April 2020 and the consignment on the 20th of July 2020;
 - ✓ Execution of the works contracted;
 - ✓ Provisional acceptance held on the 7th of January 2020;
 - ✓ Execution of the correction of the reservations;
 - Contract for the Acquisition and Installation of the Automatic Fire Detection System at the Anjos, Intendente, Cidade Universitária and Entre Campos stations of Metropolitano de Lisboa E.P.E. – Contract 46/2020-ML', the signature of the agreement occurred on the 30th of July 2020 and the consignment on the 3rd of August 2020;
 - ✓ Execution of the works contracted;
 - Contract for the Acquisition and Installation of the Automatic Fire Detection System at the Baixa Chiado station of Metropolitano de Lisboa, E.P.E. – Proc. no. 88/2020-LDO', The tender process will be launched in February 2021, the process completed for tender launching by the LDO.

4. Station Refurbishment

In the scope of ML Network Station Refurbishments, the following Contracts should be highlighted:

- Contract 075/2018 – Corresponds to the project treatment of pathologies and installation of lifts in the Colégio Militar/Luz Station, whose contracts were initiated in 2019. From the developments which took place in 2020, we highlight the following:
 - ✓ The provisional acceptance, with reservations, of the contract concerning the project for the supply and installation of the lifts was held on 25/05/2020, with the new lifts entering into operation on the same date;
 - ✓ The provisional acceptance, with reservations, of the contract of civil construction and special installations was held on 07/09/2020.
 - ✓ Agreement 102/2019 – Contract for the Refurbishment of the North Lobby of the Areeiro Station of the Green Line of Metropolitano de Lisboa, E.P.E.
 - ✓ The North Lobby of the Areeiro station was opened for exploration on the 28th of August 2020, with the inclusion of 3 lifts as well as the renovation of the finishings and equipment relating to ML systems.
- Agreement 119/2019: Implementation of the Contract for the Extension and Refurbishment of the Arroios Station of the Green Line of Metropolitano de Lisboa, E.P.E.



- ✓ This contract was initiated in January 2020 and is expected to be completed by the end of the year 2021.

5. Renewal of Public Service Support Facilities

From the processes in progress in the scope of the Renewal of Public Service Support Facilities during 2020, the following should be highlighted:

- Contract for the Refurbishment of the Traction Post of the Terreiro do Paço Station of Metropolitano de Lisboa E.P.E. – Proc. no. 068/2019-LDO/ML – Agreement 105/2019:
 - ✓ The signature of the agreement occurred on the 3rd of September 2019 and the consignment on the 30th of September 2019;
 - ✓ Execution of the works of the contracted;
 - ✓ Provisional acceptance held on April 2020;
 - ✓ Execution of the correction of the reservations;
- Contract for the Refurbishment of the Traction Post of the São Sebastião II Station of Metropolitano de Lisboa , E.P.E. – Proc. no. 074/2019-LDO/ML – Agreement 47/2020:
 - ✓ The signature of the agreement occurred on the 16th of July 2020 and the consignment on the 11th of September 2020;
 - ✓ Execution of the works contracted;
- Contract for the Refurbishment of the Traction Post of do DWII of Metropolitano de Lisboa , E.P.E.
 - ✓ Drafting of the implementation project (project suspended in January 2021 until better definition, as instructed by the Board of Directors);
- Contract for the Normalization of ML's Image Outside the Stations (1st Batch) of Metropolitano de Lisboa E.P.E. – Proc. no. 052/2020-LDO/ML – Agreement no. 71/2020-ML:
 - ✓ The tender process was launched on 21/07/2020, the delivery of proposals took place on 20/08/2020;
 - ✓ The signature of the agreement occurred on the 1st of October 2020 and the consignment on the 7th of October 2020;
 - ✓ Execution of the works of the contracted;
 - ✓ Provisional acceptance held on the 8th of January 2021 (correction of reservations under implementation);
- Placement of concrete crossings and islands/passageways to support the descent of drivers in section 1 – Branch line access DW I.
 - ✓ Completion on 15/01/2020.

6. Accessibilities

Accessibility Promotion Plan APP – Entre Campos and Cidade Universitária stations

This Project is included in a vast plan for the adaptation and modernization of an initial set of 14 stations, which ML has been carrying out, aiming at achieving the principle of 'Accessibility and Mobility for All' established in the DL 163/2006, of the 8th of August:

- Making ML's stations accessible to users with reduced mobility.
- Improving the quality of the service provided.

This goal is essentially reached by means of:

- Installing lifts between the various levels: surface, lobby and platform;
- Implementing/refurbishing the sanitary facilities in order to include a module dedicated to PMR.

From the developments which took place in 2020, we highlight the following:

- Development and completion of the implementation projects of the two stations and the corresponding Project Reviews.
- Development of the procedural parts for the launching of the Public Tender for the Work Contract, which encompasses the two stations (launched on 02.02.2021).

B. CBTC and New Rolling Stock

With regard to the network modernization project, the candidates for the supply of the new rolling stock and the new automatic train system have been selected. In March 2019, Metropolitano de Lisboa could publicly announce it had qualified four candidates, in the context of the tender limited by prior qualification for the 'Acquisition of rolling stock and an automatic train system for the network of Metropolitano de Lisboa, E.P.E. (1st Stage)', a procedure which foresees the acquisition of rolling stock and the supply of a system aimed at Metropolitano de Lisboa's modernization.

The tender limited by prior qualification was launched by the end of September 2018, in a ceremony headed by the Prime Minister, and the deadline for the submission of applications elapsed until the 14th of November that year. On the 8th of February 2020, Metropolitano de Lisboa signed the agreement for the acquisition of a new railway signalling system and the acquisition of new triple units from the Grouping Stadler Rail Valencia, S.A.U./ Siemens Mobility Unipessoal, Lda., for the amount 114.5 million euro.

On the 12th of February 2020, ML was notified of the judicial challenge filed by the Thales/CRRC Tangshan Grouping. Such a judicial challenge, under the terms of the law, determined the automatic suspension of the effects of the agreement award to the Stadler/Siemens Grouping, thus paralyzing the acquisition process that was already in progress.

On the 18th of November 2020, ML was notified by the Lisbon Administrative Court of the judgment which ruled the instance extinct, under the terms of article 277, paragraph d), of the Portuguese Civil Procedure Code (CPC), regarding the lawsuits filed by the Thales/CRRC Tangshan Grouping, following the withdrawal presented by such Grouping, with regard to the referred lawsuits.



ML immediately proceeded with implementing the agreement, signed on the 8th of February 2020, submitting it to the Court of Auditors (*Tribunal de Contas* – TC) for an ex ante analysis, and its approval was granted on the 4th of May 2021 by letter DECOP – 16984/2021.

This project foresees the acquisition of 14 new triple units (42 cars) and the contracting of an international system named CBTC – Communications-Based Train Control. Such new acquisitions reflect a significant qualitative leap in the operation, programming and management of the Metro's network. The acquisition of the new rolling stock will provide:

- Improvement of ML's train and services supply;
- Remote technical supervision of the train in line.
- More modern security and video surveillance systems;
- More comfort for the customers and more ergonomics for the driver;
- Improvement of accessibility for reduced mobility customers;
- Customer communication system with variable and flexible information;

The CBTC system projected in this investment will enable:

- Automatic train driving and supervision at GoA2 level
- Continuous control of train movement, ensuring that stopping points and speed limits are not exceeded at each point of the network;
- Replacement of the prohibitive signal passing control system, installed in the 70's and already obsolete and without manufacturing;
- Technical and operational records which facilitate malfunction diagnosis and incident analysis.

This system, associated with the new trains, will also enable an increase in the frequency and regularity of the public transport service provided by Metropolitano de Lisboa, guaranteeing, in a more effective way, the supply of trains, in number and frequencies which are more adapted to the needs of the public service, as well as with increased safety.

Metropolitano de Lisboa envisages 2025 as the deadline for the new signalling system and equipment to come into operation, with the new rolling stock to be delivered between 2023 and 2024.

C. Systems and equipment

Regarding the company's systems and equipment, in 2020, the following projects were developed and the corresponding public tenders were launched:

- Renewal of the seats of the entire fleet of rolling stock, with the gradual replacement of the seats;
- Reform of passenger doors on ML95, ML97 and ML99 series;
- Modernization of escalators 3, 4, 9 and 10 of the Olaias station;
- Acquisition of battery groups for emergency lighting, automatic fire detection systems, call centres (CC), technical installation supervision systems (TISS) and network closure UPS;
- Maintenance of lifts, escalators/travellators of the blue, yellow, green, red lines and workshops;
- Maintenance services of the main ventilation, pumping and HVAC systems of the stations, and sections of the green and red lines;
- Installation of bolting equipment for the MD2000/SIEMENS needle motors;

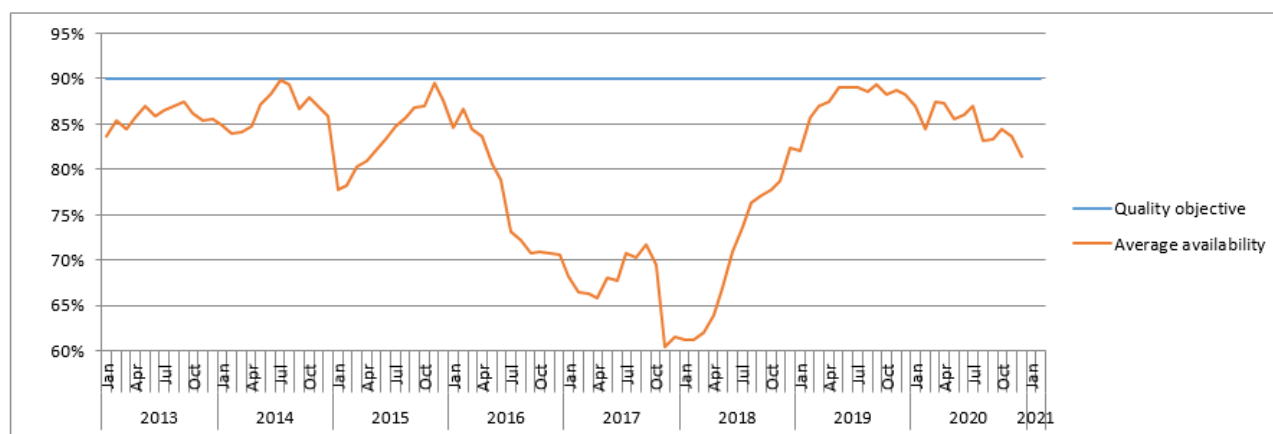


- Implementation of the contactless electronic payment functionality in all ML network's MAVTs;
- Acquisition of fixed communications services for connection to the public telephone network and data access to SIBS;
- Preventive and corrective maintenance of the electronic payment terminals of the Ticketing System;
- Execution of works in the context of the renovation of the video surveillance system;
- Execution of works in the context of the renovation of the technical installations supervision system;
- Acquisition of maintenance services for the SIRESP ML Dispatch Centre.
- Maintenance of the lighting systems of Cais do Sodré, Rossio, Alameda 1 and 2 stations and respective correspondence gallery;
- Recovery and maintenance of the Neon panels installed at the Carnide station;
- Prepared the parts of the procedure for the acquisition of a grinding vehicle for lane maintenance;
- Prepared the parts of the procedure for the maintenance of the lighting systems at the Odivelas, Sr. Roubado, Lumiar, Quinta das Conchas, Alfarelos and Amadora Este stations.

D. Rolling stock operational performance

The year 2020 was marked by the pandemic, which we are still going through, with repercussions on the availability of the rolling stock. By the 31st of December of the past year, availability hit values close to the quality objective (90%), and such operating condition did not occur since November 2015.

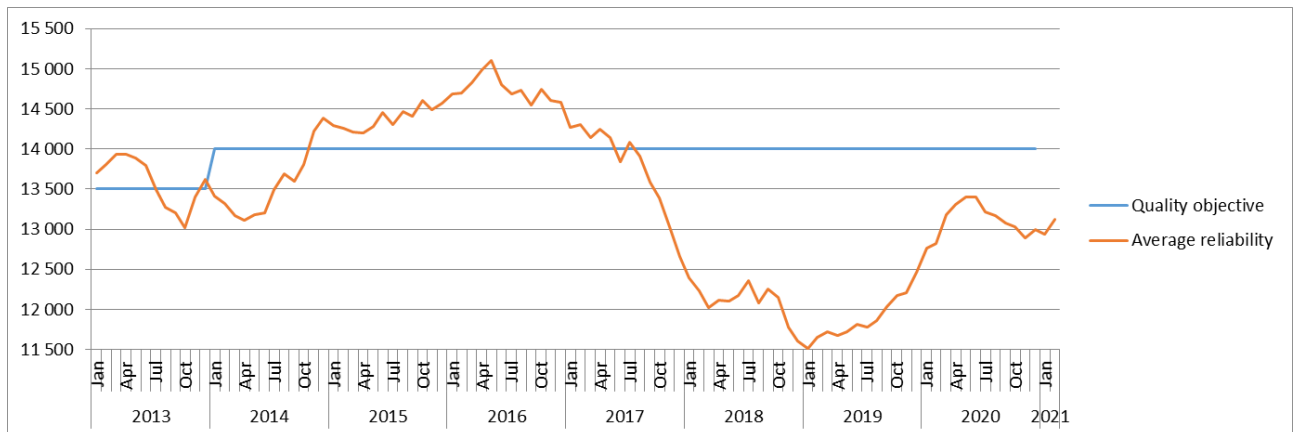
Chart 1 – Average monthly availability of the rolling stock



The reliability of the rolling stock reflects the inflection of the decrease line, something occurring since May 2016. Despite the challenges posed, caused by the pandemic outbreak, the effort made throughout 2020 to recover the maintenance and operating conditions of the rolling stock is demonstrated.

The following chart reflects the reliability's evolution (MKBF – Mean Kilometres Between Failures) measured in kilometres traversed between any failures in the trainset, regardless of arising from its commercial service.

Chart 2 – Reliability of the rolling stock, bearing in mind all the incidents (average for 12 months)



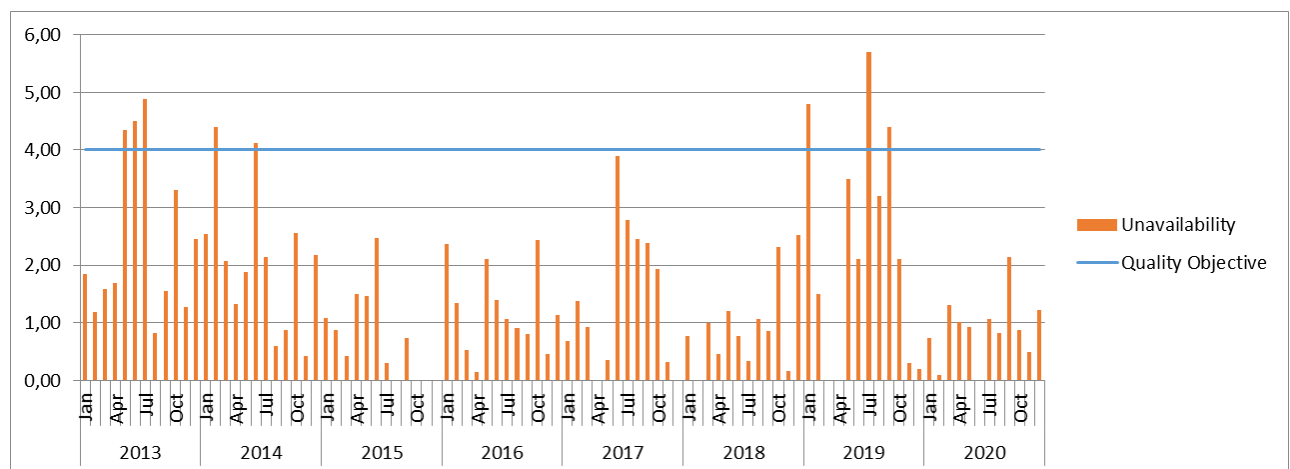
Being more significant of the impact of the reliability on daily operations, the average interval between failures due to the cancellation of trains evidenced, throughout 2020, the stabilization of such operational indicator, strongly dependent of the technical behaviour of the door equipment. By the end of the reporting period, the average reliability (with the cancellation of trains) has stood at 35,407 km.

E. Operating performance of the main infrastructure

The year 2020 was characterized by the recording of low values of disturbances in operation.

Three of the main factors which motivated the disturbance in operation are highlighted below: i) the instability in the positioning of the Blue line at São Sebastião railway device which occurred between May and August; ii) the occurrence of an intermittent communications problem in the Odivelas signalling interlocking which occurred in September; iii) an incident which occurred in September in Praça de Espanha resulting from the drilling of the gallery.

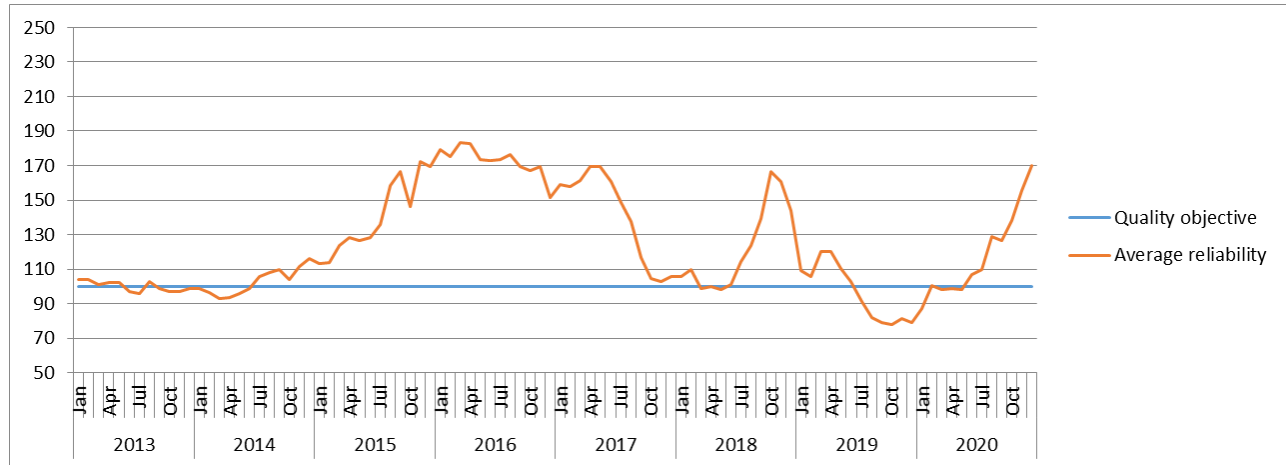
Chart 3 – Average monthly unavailability of the main infrastructure (values in hours)



The main infrastructure's reliability maintains stable values and with a growing tendency, above the objective set out for the quality management system. The following illustration represents the evolution of the reliability

(MTBF – Mean Time Between Failures), measured in hours of use of the main infrastructure between any failures due to the disruption of train operation.

Chart 4 – Reliability of the main infrastructure (average for 12 months)



F. Customers

a. Customer and Station Management

As previously mentioned, the Sars-Cov-2 outbreak experienced since the beginning of 2020 has drastically influenced all the company's activity, with special effect in the areas directly connected to the operation, namely the customer management area.

In line with the guidelines issued by the Health Authority and the Supervisory Authority, ML introduced a set of measures to reinforce the safety conditions of its customers, as well as of its workers working in the stations.

Therefore, as from the beginning of March, several changes have been introduced in the station refurbishing models, as well as in the services available in the stations, adjusting the daily offer to the specificities of the several days of the month (higher sales volume at the end and beginning of each month), as well as to the measures recommended by the government, in order to curb the pandemic evolution verified.

The sharp drop in demand levels observed throughout the year, without significantly depreciating the service levels perceived by our customers, allowed for a reduction in the number of stations normally manned by ML employees, maintaining, however, the services normally provided at Points of Sale, Customer Spaces, Navegante Spaces and Production Spaces for the Lisboa Viva Urgent cards always in operation during the usual hours and every day of the year.

As of the present day, due to health safety conditions, only the 'Baby Space' located at the Alameda station and the Sanitary facilities, previously open to the public, remain closed.

With regard to Human Resources, the changes introduced have made it possible to create prophylactic rotations in workers' schedules, making it possible, at certain critical times of the year, to maintain a rotational system, teams at home / teams performing on-site roles.



The monitoring of the positive cases verified in the stations and the immediate disinfection measures regarding the work stations were determining factors for the full compliance with the service levels programmed throughout the usual operating hours.

Throughout the pandemic, the following measures were implemented to protect workers and customers:

- Implementation of systems to control affluence to stations, namely between 07h and 09h, in the stations with a highest demand (Entre Campos, Cais do Sodré and Jardim Zoológico) with the support of the PSP and watchmen, in order to identify and dissuade the creation of crowded situations at the platforms or the incorrect use of masks;
- Implementation of signage and individual protection messages in stations, aimed at compliance with safety distances in the access to vending machines, in the use of escalators or in the distribution of passengers in the platforms and benches;
- Monthly application, by means of nebulization of Zoono product, in the areas of greatest contact by our customers (handrails, vending machines, ATM, access channels, lift buttons, help points and other risk points). This is a disinfection solution with mechanical action, created to ensure long-lasting protection (up to 30 days) against broad-spectrum microbial loads (bacteria, viruses and fungi), with direct consequences on health, by drastically reducing unwanted propagation;
- Daily reinforcement of cleaning and disinfection at the points where customers have most contact with the equipment at the stations;
- Availability in all stations of hand sanitizer dispensers for the use of our customers;
- Creation of isolation rooms per station, for temporary confinement of suspected cases, should it be necessary;
- Providing all workers with direct contact with the public with individual protection material: face shields, masks, gloves, wipes and hand sanitizer
- Implementation of a methodology for workers' daily temperature control.

Notwithstanding most of the activity of the Customer area in the stations was aimed at minimizing the impacts of the pandemic and consequent restoration of the safety levels usually perceived by our customers, in 2020 it was still possible to conclude some projects, among which we highlight the following:

- Within the scope of the plan to promote station accessibility, the entry into operation of the lifts at the stations: The Rato, Colégio-Militar/Luz and Areeiro stations, as well as the repair of the escalators at the Parque and Baixa Chiado stations;
- The availability of the contactless payment system in all ticket vending machines;
- The installation and commissioning of two 'Viva Kiosks' at the Alameda station for making the respective Lisboa Viva Urgent card available at the moment, through the use of the customer's citizen card;
- The development in articulation with the IMT of tests aimed at the commissioning of a platform for the communication of administrative offenses issued to passengers traveling without a valid transport ticket and subsequent coercive collection by the Portuguese Tax Authority;
- The beginning of the process of removing stickers and cleaning surfaces with graffiti, throughout the entire metro network.

b. Customer Support and Marketing

Taking into account the pandemic context, some of the initiatives developed were aimed at improving Customer service and support conditions:



- New ticketing system | Customer Spaces and Lisboa Viva Urgent

Aiming to improve customer service and the management of services, a new queue management system was implemented, related to the mobile application *Próximo*, which allows to remotely take service tickets, receiving warnings on the status of the queue and informing of one's turn.

This system is important in the pandemic context, as it allows for advance planning, limits the need for interaction with dispensers and the need to stay on site before the call for customer service.

- Creation of a BackOffice for remote validation of processes

With this initiative, it became possible to go forward with the creation of a household to join the family pass in a completely remote manner and also made it possible to validate the right to access the 4/18 and Sub23 discounts, prior to a visit in person to the services, thus considerably reducing the time needed for customer service.

With regard to updates and implementations on the website, taking into account the Decree-Law no. 83/2018, of the 19th of October, Metro started the adaptation work, setting up a working group dedicated to the project, and triggering several contacts with the Portuguese Administrative Modernization Agency (AMA – *Agência para a Modernização Administrativa*), the entity supervising web accessibility.

We should also highlight the Customer Satisfaction Survey, which was carried out according to the quality criteria set out in EN 13816 and NP 4415. The Global Satisfaction obtained through the various service components was scored with 7.52 points, on a scale from 0 to 10, reflecting an improvement in customer satisfaction (+2.3%), and this has been the highest result recorded ever.

At the same time, Mystery Customer studies were carried out through audits of the provided service, according to the quality criteria defined in standard NP EN 13816 – Quality of Service in Public Passenger Transport. Given the context experienced (Covid-19), specific audits were carried out related to hygiene and safety conditions in stations/trains (cleaning), and the data presented was generally positive with a compliance rate of 89.9%.

Moreover in terms of carrying out studies, ML established a partnership with the Associação Salvador, with a goal to audit, from the perspective of the mobility-impaired customer, certain service parameters, as well as obtaining a global and unequivocal perspective on the quality of the service provided.

c. Communications

Although 2020 was prominently marked by the pandemic, resulting in the cancellation of projects which contribute to the brand's notoriety, notably the promotion of the stations or the gathering of events and filming, some actions aimed at customers were developed, of which we should highlight the following:

- 72nd anniversary of the incorporation of Metropolitano de Lisboa: music concerts and puppet shows at the Cais do Sodré and São Sebastião stations;
- Valentine's Day: theatrical stagings at the Jardim Zoológico, Marquês de Pombal, Alameda and Baixa Chiado stations, in which a couple, played by clowns, recreates a love happening at first sight, but at a distance.
- Complicity Festival: Lisbon's International Contemporary Dance Festival which brought a showcase of its art to the metro, with three performances at the Alameda, Marquês de Pombal and Cais do Sodré stations.



- Exhibition about the Modern Collection/ Gulbenkian: itinerant exhibition about the works of the Museum's Founder Collection, present in the Baixa-Chiado and Oriente stations, between March and August.
- International Museums Day: broadcasting of a classical music concert in all stations of the network through the existing sound system, on the 18th of May.
- Alfredo Cunha's Photography Exhibition: display of Alfredo Cunha's photography exhibition, entitled 'The city that didn't exist – Amadora 1970-2020', at the Amadora station.

Throughout the year several communication campaigns have been developed, as well as the launching of new projects:

- Communication in a periodic manner on the measures adopted by the company in the fight against Covid-19 regarding cleaning and disinfection measures, namely by means of the application of the product Microbe Shield Z-71 of the Zoono brand, in stations and trains;
- Dissemination of the 'seal of trust', the result of a partnership with SGS, which guarantees the verification of good practices in the implementation of sanitization measures, through periodic microbiological tests;
- Covid-19-related awareness, prevention and good practice campaigns: 'For yourself and for others' and 'Safer travel' information campaign: campaigns with a goal to alert customers to the importance of complying with the Health Authority's recommendations in the use of the metro in the current context of the pandemic caused by Covid-19 and the adoption of good practices during traveling.
- Campaign for the dissemination of the P.I.S.A - Integrated Environmental Sustainability Plan 2030: in the scope of the signature of the Commitment Lisbon European Green Capital 2020, the Metro presented 15 measures which focus on energy, water, air quality and noise, circular economy, communication and citizenship.
- Launch of Rádio NiTfm in the sound system of the Metro network stations, as a result of the partnership with this radio station;
- Commercial campaign 'Everything has its moment': campaign with the goal of avoiding, when returning from holidays, the queues in the face-to-face service, taking into account the deconfinement measures publicly announced and the gradual economic recovery.
- Campaign to publicize the results of the Customer Satisfaction Survey, carried out in October 2020;
- Information campaigns on commercial products:
 - Opening of temporary Lisboa Viva urgent stations;
 - VIVA Kiosk at the Alameda station, allowing the issue of LV cards on the spot;
 - Online subscription and renewal of the 4_18 and Sub23 profiles, a process allowing for the remote validation of processes which were previously treated exclusively face-to-face;
 - Implementation of the Contactless System in the MAVT;
 - New ticketing system in the Customer Spaces and Lisbon VIVA Urgent offices / APP Próximo®;
- Campaign to publicize the online store for Metro's products;
- Launching of the official Twitter page.



G. Innovation and Information Systems

At this level, the following works stand out for their relevance:

- **(General Application)** Evolution of the SAP R/3 Platform to the new SAP HANA Platform (Database). This technological evolution allowed the implementation of new features as well as preparing the transformation of the application environment for a Web-based paradigm (Fiori)
- **(BD/OPD/CUD/MTD)** Evolution of passenger movement indicators on the SAP BW/4HANA platform. A set of new indicators has been implemented, and we should emphasize, due to its impact, the implementation of a new indicator of passenger load per trainset (it allows to analyse the number of passengers per trainset and between sections)
- **(General Application)** Implementation of the training and performance evaluation modules in the SAP SuccessFactors Platform
- **(FID)** Implementation of the Electronic Invoicing system (issue and receipt of invoices)
- **(General Application)** Implementation of a new Attendance portal and improvements in the process of dematerialization of attendance.
- **(IAO)** Implementation of a risk management platform in SAP.
- **(CUD/MTD/FID/ITD)** Continuing the development and transition of the central Ticketing system for the new technological platform, made available by INDRA and named 'Core2', including the refurbishment of semi-automatic machines for the sale of tickets.
- **(OPD)** Implementation of a set of new features in the PLAGO platform, allowing for extending its use to other professional categories of the Operations structure.
- **(General Application)** Development of the technological infrastructure of the VPN (Virtual Private Network) solution and acquisition of hardware/software to provide the necessary conditions for the implementation of telework.

H. Safety of people and assets

During the year 2020, Metropolitano de Lisboa designed a joint action plan with the Fire Brigade, which had to be interrupted on the 10th of March due to the pandemic.

The Internal Security plan was presented to the Portuguese National Authority for Emergency and Civil Protection (ANEPC – *Autoridade Nacional de Emergência e Proteção Civil*), with self-protection measures and with a previously discussed model.



In terms of surveillance, with the start of new agreements for Batches 1 and 3 and Batch 2, correspondingly, in January and October 2021, it was possible to implement new services with a greater focus on the facilities' visibility and security. These services, in general terms, are supported by rounds over a longer period and circulation inside the trains and facilities in order to maintain our customers' the security levels.

Unfortunately, due to the Pandemic situation the country is going through, this process did not fully materialize due to the need to fix the watchmen who used to make up the rounds for the garrison of the stations, given the need to dismiss other of ML's agents.

With regard to security, it was possible to establish a closer relationship with the Public Transport Security Division of PSP to better coordinate security and surveillance actions. This proximity allowed for a partnership enabling ML to keep a strong control on the rules

Through the implementation of the appropriate methodologies, Metropolitano de Lisboa complied with 100% of the SCIE legal requirement regarding the annual maintenance of Fire Extinguishers and Hydrants

We should highlight the renovation of the ITVC (internal television circuit) with the installation of an updated management system for the network video surveillance system (ITVC) and the installation of a lane-descent detection system.

A 4-year program was also initiated to upgrade the automatic fire detection systems in the network's buildings and stations.

I. Heritage

Within the scope of the Appreciation of Metropolitano de Lisboa's Heritage, in 2020, the following activities should be emphasized:

1. Appreciation of the Sete-Rios land, former premises of the Depot and Workshop, named DW I.

The year 2020 was marked by significant advances regarding the Urban Planning Execution Unit which is being prepared for the said land, characterized for being a complex process given its implications, from the urban planning component to its financial model, allowing Lisbon to have, in terms of equipment, a true 'Transport Hub' in the said part of the city, favouring public passenger transport. Among the various studies launched during the year and which make up the Execution Unit, the traffic, noise, and environmental impact studies are worth highlighting. The expectation is that the year 2021 will see the Execution Unit approved by the relevant authorities, after which the process of land disposal will begin, thus allowing Metropolitano de Lisboa to guarantee a substantial financial revenue.

2. Survey and registration of original works of art, owned by Metropolitano de Lisboa.

The survey and registration in a database of ML original works of art and artistic multiples (serigraphs and objects), owned by ML, was concluded, of which there was no complete record or survey, thus allowing ML to understand the quality and quantity of its artistic collection, thus concluding the first stage of ML's artistic collection inventory process.

3. Appreciation of the property located in Av. Fontes Pereira de Melo, in Lisbon, the former headquarters of Metropolitano de Lisboa.



Aiming at avoiding the degradation of the Fontes Pereira de Melo building, which involves making the building profitable by increasing its use, we have carried out a volumetric study to change its use and assess its construction potential, which was submitted to the CHDG, given that the building is classified heritage.

According to the CHDG opinion, it was identified the need for ML to develop further studies to provide the said body with additional elements for its analysis. ML will need to develop a market study to better define the type of use, which will afford a basis for a preliminary information request (PIR).

4. Appreciation of ML property located at Alameda das Linhas de Torres

ML owns a villa located in Alameda das Linhas de Torres, in Lisbon, which is currently vacant, and the process for the preparation of a PIR for the appreciation of this property has been started, based on the corresponding Municipal Land-use Plan and the site's maximum construction capacity.

5. Management, conservation and maintenance of the buildings which form ML's real estate assets

Within the scope of its capacities, the Heritage Development Office (HDO) manages the maintenance and conservation of a vast number of real estate properties, guiding its intervention through actions, in terms of both infrastructure and equipment, in order to guarantee their serviceability and functionality.

In this context, there are two types of buildings under direct management by the HDO, those used by ML services, such as the buildings on Av. Sidónio Pais, Av. Fontes Pereira de Melo, DWIII (Pontinha), DWII (Calvanas), DW I (Sete-Rios) and Laranjeiras Building, and those under lease, as is the case of about thirty apartments and the building in Av. Barbosa du Bocage, with two properties remaining vacant, the Villa in the Alameda das Linhas de Torres and a store in Lumiar.

Finally, in addition to the buildings described above, ML also manages a number of properties, consisting of land, the management of which involves their appreciation, promoting their use and, with regard to maintenance, this is essentially characterized by the maintenance of fences and tree clearance.

6. Management of indoor spaces

In the context of the management of indoor spaces of the buildings occupied by the employees, ML has ensured the cleaning, equipment, location and changes of geographical position required in the respective buildings and between buildings. In 2020, the COVID 19 prevention process deserves a special emphasis, with several actions that, integrated into the contingency plan, provided the improvement of the protection of workplaces and workers. We highlight the strong effort in terms of cleaning, with the strengthening of teams and an increase in cleaning interventions, in the creation of isolation areas, in the implementation of routing and social distancing layouts, in the placement of protections in places of higher concentration of workers, and the cafeteria has been one of them, as well as the placement of disinfection systems. We would also highlight the implementation of a surface protection system, through the spraying of a long-lasting virus inhibition product.

7. Management of the vehicle fleet

In 2020, an effort was made to update and modernize ML's vehicle fleet, with the scrapping of old vehicles and giving priority to the acquisition of electric vehicles, in an environment-friendly-oriented fleet management policy.

In 2021, it is foreseen that the entire operational fleet will be totally renewed, ensuring a better serviceability of the picketing services and maintenance of ML's network.



In the context of COVID-19, we should mention the implementation of a surface protection system for vehicles, similar to that used in buildings, as well as the strengthening of their cleaning and disinfection.

8. Management of green spaces

With regard to green spaces, a more efficient management system for the irrigation system has been implemented, aligned with the strategy of environmental concern, allowing for greater savings in water consumption.

At the same time, a cleaning and deforestation control system has been implemented, in order to guarantee an effective fire prevention.

9. Cultural activities

At the cultural level, we have promoted the preparation of a station for the installation of an experimental model, aiming at making an app available for the identification and explanation of works of art in the stations.

J. Communications

Throughout 2020, Metropolitano de Lisboa has consolidated a set of actions through the implementation of communication strategies which have helped the organization to increase its performance and efficiency levels, with more sustainable results and an increase in its reputation, foreseeing and identifying a set of actions, measures and projects aimed at stakeholders, the press and the remaining public, in a segmented or general fashion.

In a strategic and planned way, it was possible to provide its brand a greater visibility, guaranteeing the company's external image reinforcement, progressively boosting the relations maintained with the press and its institutional stakeholders, regarding general matters and in relation to the network's modernization and expansion, including, *inter alia*, the technical and financial Supervision Authorities, Parishes, Municipalities, Associations of retailers from the areas of influence of certain stations, the Public Transport User Commission.

Throughout the year under analysis, Metropolitano de Lisboa was present at several sector events/conferences, mostly in digital format, given the pandemic context, sharing and learning about new market trends.

At an external level, institutional ceremonies were also organized with the presence of the Supervisory Authority, such as, *inter alia*, the signing of agreements, the reopening of station lobbies, the launching of new products regarding innovation in the transport system, equipment and ticketing.

We should also emphasize the project for the preparation and implementation of a microsite on the expansion and modernization of Metropolitano de Lisboa's network. In this regard, the site architecture and layout was developed, as well as the respective contents and a specific communication plan for its publicizing during its implementation.

Metropolitano de Lisboa has also refreshed its institutional web page, providing more appealing contents and graphics presentation from the users' point of view.

At an internal level, the company has organized several institutional ceremonies, with the presence of the Supervision Authority, of which the commemorations of the 72nd anniversary of Metropolitano de Lisboa's foundation, which was marked in January 2020, can be highlighted, as well as periodic meetings of Directors



and Management, with a view to updating and sharing information, within the scope of the company's strategy, several of them being held via Web given the restrictions deriving from of the Pandemic.

Moreover, at the internal level, the customer and general public service procedure has also been instituted, to be followed in the treatment of external contacts received at ML concerning requests for clarifications, information and complaints regarding the network's modernization and expansion, essential for a good image of the company.

Regarding press contacts, we can highlight Metropolitano de Lisboa's participation in several information television shows, which brought a positive image for the company.

In 2020, Metropolitano de Lisboa was the subject of 6,234 news items, it was present in 281 media outlets and gave rise to an AVE of 112,826,864€ and a ROI of 89,349,017€.

During the reporting the period, the number of positive/informative articles accounted for 87% of all news. The outlet with the most news items was the TV channel 'TVI24'. From the total number of news items, 61% were published online, 27% in audio-visual media and 12% in print media. Regarding the sources' class, the general information media stand out, with 90% of the total news items.

K. International Relations

In 2020, due to the constraints imposed by the COVID-19 pandemic which began in March, the Board of Directors determined the suspension of trips abroad.

Notwithstanding, the company maintained its effort to progressively increase its participation in activities developed by international organisms of which Metropolitano de Lisboa is an associate member.

In this context, Metropolitano de Lisboa maintained its participation at the Policy Board of the International Association of Public Transport (UITP), the highest governance body of the association, being represented by ML's Chairman, Vitor Domingues dos Santos, in the capacity of national Ambassador in the said body, a position to which Portugal is entitled, according to the amount of contributions currently paid by the Portuguese members of the UITP.

With the agreement of Transtejo S.A. and Companhia Carris de Ferro de Lisboa E.M. S.A., the representation in this body will continue to be assumed by ML's Chairman, Vitor Domingues dos Santos, for the term begging in June 2021.

It is also worth mentioning ML and UITP's joint decision to postpone the Lisbon meeting of the governing bodies of the association – the Executive Board, the Presidents Committee and the Policy Board – to 2022, initially scheduled to take place in April 2021, and postponed due to the limitations imposed by the pandemic on event hosting and international traveling.

The participation of the Member of the Board of Directors, Pedro Miguel de Bastos Veiga Costa, as a full member of the UITP European Union Committee, a body which represents the interests of European transport operators and exerts influence over the legislative and decision-making process within the European institutions.

It is also noteworthy the permanence in 2020 of ML's Director of Security and Surveillance, António Valente, in its role as Chairman of UITP's Security Committee, for a two-year renewable term of office initiated in 2019, with representation in the Association's main governance bodies. Throughout the year, the company took also



part in several online meetings of UITP's governing and working bodies, notably, the Policy Board meetings (April, May and October), the General Assembly (by written procedure, in June and July), the Metro Assembly (June) and PresCom meeting (April and June).

Metropolitano de Lisboa also took part in the main online meetings of the Asociación Latinoamericana de Metros y Subterráneos (ALAMYS), with the presence of the Member of the Board of Directors, Mrs. Maria Helena Campos, who holds the position of the 5th Member of the Board Committee of the aforementioned association, including the Extraordinary General Assembly for amending the Association's Statutes (June) and the statutory meetings – Boarding Committee and General Assembly – held online during the month of November.

Also significant was the participation of the Director of Human Capital, Mrs. Paula Martins, in the 25th meeting of the ALAMYS Technical Committees, from the 30th of June to the 1st of July (held online), under the topic 'The role of metro transport in pandemic times', in which she presented a communication entitled 'The impact of COVID-19 in People Management – ML's case'.

In addition to taking part in several meetings and virtual workshops dedicated to the topic of the COVID-19 Pandemic, organized by the UITP, ALAMYS and the CoMET Group of metros benchmarking, Metropolitano de Lisboa has also collaborated in several studies related to the said topic.

Metropolitano de Lisboa has also taken part in relevant metro benchmarking activities, being represented at the general meetings of the NOVA/CoMET Metro Benchmarking Group, which were held online, in April, July and October.

The participation in the activities within the scope of CEEP Portugal – Serviços de Interesse Geral, the national section of the European Centre of Employers and Enterprises providing Public Services, based in Brussels and recognized by the European Union as a social partner, was also continued.

With regard to in-person meetings, we emphasize the participation of ML's representatives at the 'Transport Ticketing 2020' Conference, held in London in January, and at the SICUR 2020 Fair, which took place in Madrid in February. These were the only trips abroad during the year 2020, in the period before the social confinement stage in the context of the fight against the COVID-19 Pandemic.

Due to the restrictions applied to international traveling in most countries, Metropolitano de Lisboa did not receive requests to host visits of foreign delegations to its facilities and works.

L. Internal Organization

The company has also developed a set of projects with the aim of progressively increasing efficiency levels in the field of document management and the preservation of the company's document and information archive, of which we highlight the following projects:

- Document Management Project: Following several meetings with the Working Group appointed for this purpose in 2019, and with companies which underwent similar document classification processes (CP and Infraestruturas de Portugal) and with the Ministry of Culture, the preparation of the documentary parts for the launch of the procurement procedure to take place in the first quarter of 2021 was completed.



- Digitization of the supporting documents for the Board of Directors' meetings: Works have been initiated on the preparation of the process of digitizing the documents supporting the Board of Directors' meetings, from 1948 to 2020, with indexation of the files and the creation of a backup, preceding the procedure of transferring the Board of Directors' archive from the Corporate Headquarters to the Carnide Complex (DW III).
- Digitization of ML's annual reports and accounts: After surveying its historical reports in 2019, with a view to preparing the process of digitizing the annual reports and accounts, from 1948 to 2003, with indexation of the files and the creation of a backup, in order to complement the official documents currently published on the company's website, contacts with the market have been restarted in order to digitize files with high quality and indexing capacity.

With regard to the museum dimension of Metropolitano de Lisboa, taking into consideration the existing artistic and architectural interventions in the stations, the company is developing a project to create a virtual museum which can be publicly accessed online, with indication of all the architects and artists who intervened in the stations, themes and naming of the existing works. Thus, we highlight the launching, during the year under analysis, of a pilot project for a prototype of a virtual guide explaining the works of art existing in Metropolitano de Lisboa's stations.

M. Human Capital

Metropolitano de Lisboa's policy on human capital, strongly determined by the Covid-19 pandemic, has been developed in five main actions:

1. **Adoption of measures of prevention, control and surveillance of workers' health**, notably highlighting the following:
 - a. Preparation and dissemination a wide range of procedures pursuant to the Health Authority's guidelines.
 - b. Identification of workers at higher health risks and exemption of workers at very high health risks.
 - c. Adoption of telework for approximately 90% of workers in corporate areas, as well as teams with alternate shifts, and release of workers in operational areas beyond those strictly necessary to fulfil the function and schedules.
 - d. Regular disinfection of work stations with the product Microbe Shield Z-71 from the brand Zoono, namely trains, stations and other facilities such as the OCC, workshops, doorways, offices and medical post.
 - e. Creation and distribution of protection kits for all onsite workers, according to the roles performed, with masks, face shields, gloves and disinfectant wipes.
 - f. Carrying out awareness-raising campaigns on the rules of social distancing, personal hygiene and the correct use of PPE, by means of visits to the workplaces.
 - g. Adaptation of common spaces (cafeteria and rest/coffee spaces) and other facilities such as the OCC, service desks and offices. And placement of hand sanitizer dispensers in several locations and establishing rules of passage.
 - h. Performing PCR-tests in the laboratory environment and conducting screening with rapid tests in collaboration with the Portuguese Red Cross (*Cruz Vermelha Portuguesa*).



- i. Regular follow-up of positive cases by the Company's Occupational Health Service, through medical and psychological teleconsultation, as well as the screening of all close contacts, with identification, risk stratification and implementation of actions for people exposed.
2. **External recruitment**, despite the constraints caused by the pandemic, it was possible to maintain the recruitment and selection processes of new workers, especially for the customer and maintenance areas, aiming at, respectively, the progressive replacement of the headcount required to comply with the station staffing model and the compliance with the Maintenance Plans, for both rolling stock and infrastructure. It was also possible to continue the Plan for the rejuvenation of Senior Officials in areas such as Maintenance Engineering, Public Procurement, Ventures and the General Secretariat. On the 31st of December 2020, Metropolitano de Lisboa's headcount totalled 1513 workers.
3. **Development of capabilities**, with the pandemic, a significant part of training activities moved to an online model, maintaining a focus on the adjustment of technical capabilities identified as most relevant to the company's activity, and, most notably, in the development of management and leadership capabilities. The connection with universities, with the granting of curricular internships, was held in a limited way, but it was still possible to contribute to the training and preparation of some students for entering the job market. It should also be highlighted the creation of ML Academy, with a view to developing special projects and for the retention and passing on of know-how in the company's key areas.
4. **Digitization**, the response to the pandemic accelerated the digitization of processes, notably visible in training and in the launch of the first performance assessment campaign carried out through the SAP SuccessFactors platform.
5. **Social responsibility**, with a renewed commitment to the IGEN Forum on gender equality matters, the participation in solidarity initiatives such as Giving Tuesday and the implementation of various projects such as BuildUp, this time with the online format, the Dress this Cause or the Baby Kit Program initiatives, contributed to reinforce and consolidate the Company's commitment to the values of corporate social responsibility.

6.4 Business performance

A. Demand

Subsequent to the implementation of the new tariff system, in April 2019, demand evidenced significant increases. In January and February 2020, the months preceding the pandemic, demand recorded a remarkable increase of +12% when compared to the same period of the previous year.

However, in the financial year 2020, which was marked by the COVID-19 pandemic crisis and consequent containment measures, such as the imposition of successive confinements, curfews, traffic restrictions, and the downturn in tourism, demand dropped to unprecedented levels.

The main containment measures and events with a strong impact on the behaviour of demand were:

- Social isolation and confinement recommendations published since early March;
- Opening of validation channels, from the 17th of March at 3:00 p.m. until the 2nd of May;



- Declaration of State of National Emergency, from the 19th of March until the 2nd of May;
- Declaration of State of National Calamity, from the 2nd of May until the 30th of June;
- Declaration of State of Calamity in 19 parishes of the AML, from the 23rd June to the 1st of August, transitioning to State of Contingency;
- Declaration of State of Contingency in the AML, since the 1st of July;
- Declaration of State of National Alert, from the 1st of July until the 14th of September;
- Declaration of State of Contingency, decreed on the 15th of September;
- Declaration of a State of Calamity in 121 Municipalities, by means of the publication, on the 2nd of November, of the Resolution no. 92-A/2020 of the Council of Ministers in the State Gazette, which, among other measures, limited the movement of people between municipalities, curfews on weekends from 1:00 p.m. and the obligation to adopt telework;
- Publication of the Decree no. 51-U/2020, of the 6th of November, declaring a State of Emergency. On a daily basis, between 11:00 p.m. and 5:00 a.m., as well as on Saturdays and Sundays between 1:00 p.m. and 5:00 a.m., citizens were only allowed to transit on public spaces and streets, or on private spaces and streets equivalent to public roads, in certain situations;
- Renewal of the State of Emergency (Decree no. 61-A/2020), on the 4th of December, for the period from the 9th of December to the 23rd of December;
- Renewal of the State of Emergency (Decree no. 66-A/2020), on the 17th of December, for the period from the 24th of December to the 7th of January 2021;
- Not holding events such as the Sto. António festivities, Rock in Rio 2020 and the Web Summit (which was held digitally).

The combination of these elements contributed to a decrease in demand of **50.7%**, relative to the total number of passengers carried, that is to say, Metropolitano de Lisboa carried 93.2 million less passengers in 2020 than in 2019.

We should highlight the 67.0% reduction in occasional ticket validations, and in monthly pass validations the decrease stood at 46.5%, when compared to 2019.



Table 6 – Evolution of demand

Passengers		2019	Var. 2019/18		
			Abs.	%	
Occasional tickets	10 ³	13 139	39 812	(26 673)	(67,00)
Single Ticket Carris Metro	10 ³	6 310	18 809	(12 499)	(66,45)
Zapping	10 ³	5 365	13 857	(8 493)	(61,29)
Other occasional tickets	10 ³	1 465	7 146	(5681)	(79,51)
Monthly passes	10 ³	68 304	127 727	19 820	18,37
Navegante Metropolitano	10 ³	48 264	66 182	(17 919)	(27)
Navegante Lisboa	10 ³	12 893	20 951	(8 058)	(38)
Other Navegante	10 ³	5 354	6 605	(1 251)	(19)
Navegante urban and network	10 ³	1 111	19 130	(18 019)	(94,19)
Inter-modal	10 ³	0	5 793	(5 793)	(100,00)
Combined	10 ³	681	9 065	(8 384)	(92,49)
Total with paid tickets	10 ³	81 443	167 539	14 555	9,51
Free transportation	10 ³	4 166	6 117	(1 951)	(31,90)
Fraud	10 ³	4 958	10 145	(5 187)	(51,13)
Total carried	10 ³		183 801	14 651	8,66
Average route per passenger	km	4,78	4,79	(0,01)	(0,22)
Carried passengers x km	10 ³	433 114	880 985	(447 871)	(50,84)

Note: Values updated by the implementation of a new tool associated with ticketing (SAP Analytics Cloud).

B. Revenue Operating

In the year under analysis, Metropolitano de Lisboa's revenue operating was adapted to the pandemic context, following the drastic fluctuations in demand caused by the mobility restrictions.

The many adjustments to the revenue operating plans throughout the year were made by altering the number of trains running at different times of the day and week, as well as changing the number of cars per train running. These revenue operating adjustments always took into consideration the assumption of compliance with the legal maximum load limit per train of 2/3, which required a systematic monitoring of the load limit of the circulating trains.

In 2020, the average number of "cars x km" and corresponding "passenger spaces x km" produced on the network saw a decrease of 4.5%, with the Blue and Red lines contributing most to this effect, with a reduction of about 6%, while the Yellow line remained relatively stable, with a reduction of 0.9%.

In general terms, the number of train runs produced in the same period, considering the whole network, decreased on average by 3%. Such reduction, less pronounced than the production of "passenger spaces x km" was specifically due to the reduction in the number of cars per circulating trains in some periods, an option which favours the maintenance of waiting times in the same periods.

With regard to the performance rate of "passenger spaces x km", there was a reduction of 4.3%, greatly contributed by the drop of over 5% observed in the Blue, Green and Red lines. The Yellow line had a slight increase. On its turn, the train operation rate saw an average reduction of 1.8% in the network. These rates



reflect the variations made to the plan in effect at a given time, which is due to several factors, including the adjustment of revenue operating to demand, occurrences with rolling stock or infrastructure, as well as absence.

Table 7 – Evolution of Revenue Operating

Evolution of Revenue Operating		2020	2019	Var. 2020/19	
				Abs.	%
Car x km					
Blue Line	10 ³	8 572	9 139	(568)	(6,2)
Yellow Line	10 ³	6 356	6 415	(59)	(0,9)
Green Line	10 ³	5 453	5 687	(234)	(4,1)
Red Line	10 ³	5 993	6 383	(390)	(6,1)
Total	10³	26 373	27 623	(1 250)	(4,5)
Passenger Spaces x km					
Blue Line	10 ³	1 097 174	1 169 848	(72 674)	(6,2)
Yellow Line	10 ³	813 511	821 060	(7 549)	(0,9)
Green Line	10 ³	697 969	727 874	(29 906)	(4,1)
Red Line	10 ³	767 104	817 005	(49 901)	(6,1)
Total	10³	3 375 758	3 535 787	(160 030)	(4,5)
Circulation					
Blue Line	no.	115 530	118 463	(2 933)	(2,5)
Yellow Line	no.	117 996	122 583	(4 587)	(3,7)
Green Line	no.	112 625	116 340	(3 715)	(3,2)
Red Line	no.	108 482	111 176	(2 694)	(2,4)
Total	no.	454 633	468 562	(13 929)	(3,0)

Table 8 – Execution rate of Revenue Operating

		2020	2019	Var. 2019/18
Passenger spaces x km				
Blue Line	%	95,64	100,65	(5,01) p.p.
Yellow Line	%	103,12	102,66	0,46 p.p.
Green Line	%	105,05	112,11	(7,06) p.p.
Red Line	%	96,32	101,98	(5,66) p.p.
Network	%	99,38	103,61	(4,23) p.p.
Circulation				
Blue Line	%	96,38	98,44	(2,06) p.p.
Yellow Line	%	97,03	98,40	(1,37) p.p.
Green Line	%	96,94	98,82	(1,88) p.p.
Red Line	%	97,16	99,27	(2,11) p.p.
Within the network	%	96,87	98,67	(1,80) p.p.

C. Tariff and additional revenues

The measures adopted to contain the Covid-19 pandemic led to a sharp reduction in demand, with the deriving effects on revenue, recording a marked and historical decrease.

In parallel, we should highlight other factors which have influenced tariff revenues in 2020, notably:

- Tariff increase on the 1st of January for some Occasional Tickets (Zapping, Bank Card, CA/ML/TT 24 Hours Ticket and CA/ML/CP 24 Hours Ticket);
- Tariff increase, on the 1st of January in combined Monthly Passes with Parking (Carris/ML Urban + Parking 30 days and ML/Avalade + Parking weekdays);
- With effects from the 30th of November 2020, the Court of Auditors terminated the existing protocol between this entity, Metropolitano de Lisboa and the Carris. This protocol consisted of monthly charging of Lisboa Viva cards, with the Carris/ML network title, assigned to the Court of Auditors' judges.
- Decrease of the quantities of occasional tickets and monthly passes sold, in Metropolitano de Lisboa's sales network, by 61.7% and 40.8%, respectively;
- Allocation of payments on account, under the PART and increases in these payments due to the Covid-19 Pandemic crisis and the need to maintain supply levels.

As a result of these factors and mainly due to the effect of the pandemic, revenue from 2020 Occasional Tickets and Monthly Passes recorded a negative variation, when compared to 2019, of 52.0%, representing a decrease of 54.1 million euro.

To compensate the decrease in revenue, due to the tariff change occurred last year (per Regulation no. 278-A/2019), the Lisbon Metropolitan Area (AML) allocated funds as payment on account under the Public Transport Fare Reduction Support Program ('PART'), in the amount of 8.9 million euro.

After considering the amounts of Payments on Account, the variation in revenue stands at 43.6%, reflecting a drop in absolute numbers of -48.3 million euro, when compared to 2019.

In the same context, the Decree-Law no. 14-C/2020 has established 'the definition of procedures for the allocation of funding and compensation to essential transport operators'. In the pandemic context, with the aim of strengthening public transport to the minimum of 90% of the usual revenue operating, additional funds were made available in Payments on Account, in the period from July to December 2020. In this regard, by means of the Order no. 8459/2020, governing the application of the funds made available by the Supplementary State Budget, the AML allocated Metropolitano de Lisboa a total of 21.5 million euro, recorded as an operating grant.

Table 9 – Evolution of the transport revenue

Revenues from transport tickets(excluded from VAT)		2020	2019	Var. 2019/18	
				Abs.	%
Occasional tickets	10³€	16 848	51 166	(34 318)	(8,1)
Single Ticket Carris Metro	10 ³ €	7 731	24 591	(16 860)	(11,0)
Zapping	10 ³ €	7 000	18 448	(11 448)	(10,3)
Other occasional tickets	10 ³ €	2 117	8 127	(6 010)	8,8
Monthly passes	10³€	33 209	53 026	(19 818)	10,5
Navegante Metropolitano	10 ³ €	21 089	24 072	- 2 983	-
Navegante Lisboa	10 ³ €	8 890	12 423	- 3 533	-
Other Navegantes	10 ³ €	1 903	1 870	33	-
Navegante urban and network	10 ³ €	1 064	8 916	(7 852)	(67,4)
Inter-modal	10 ³ €	262	2 648	(2 386)	(74,1)
Combined	10 ³ €	0	3 096	(3 096)	(70,3)
Total revenue	10³€	50 057	104 192	(54135)	0,5
Co-payments 4-18 / sub23 / social + *	10 ³ €	3 458	2 502	957	(20,8)
Total co-payments revenue	10³€	53 514	106 693	(53 179)	(0,1)
Payments per account (AML)**	10 ³ €	8 903	4 014	4 889	-
Total co-payments revenue	10³€	62 418	110 708	(48 289)	3,7
Payments on Account (COVID) ⁽⁴⁾	10 ³ €	21 451	0,0	21 451	-

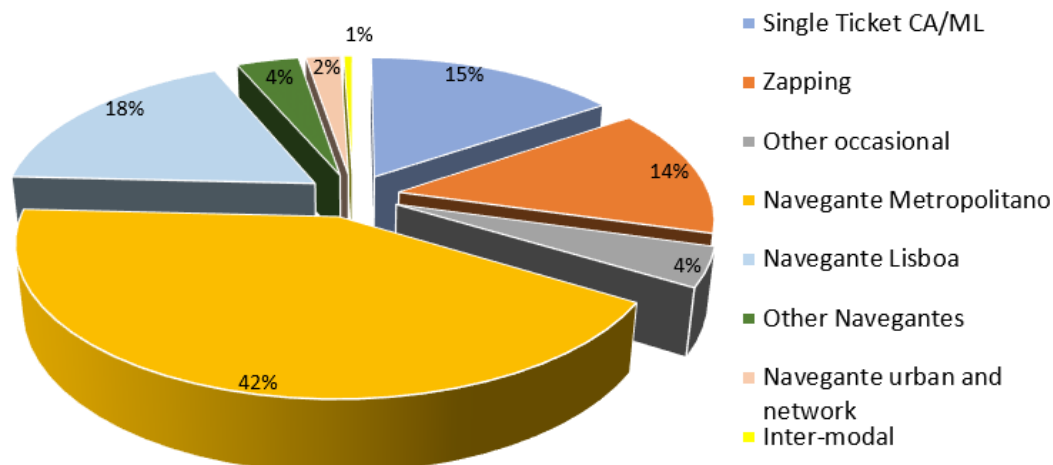
(1) The 2019 accounting value is lower by approximately 620 thousand euro due to the normalization of amounts recognized in excess in previous years.

'(2) The amount of payments on account (MAL)- 2020 - includes 989,524 € referring to the adjustment of the

(3) From the total revenue related to the PART compensation for the period under analysis, in 2019, the ML has only received a partial amount of 2.93 M€, and the remaining balance was received already in 2020.

(4) Attribution of the 'variable' PART, which has been recorded as an operating grant.

Chart 5 – Accumulated revenue – Year 2020



Non-tariff revenue computed in 2020, deriving from businesses managed by the commercial area, including permanent agreements, totalled about 4.4 million euro, a decrease of 45.7% when compared to the financial year 2019, reflecting a drop of 3.7 million euro, as evidenced in the table below:

Table 10 – Evolution of additional revenue

Complementary revenue (excluded from VAT)	2020	2019	Var. 2019/18	
			Abs.	%
Complementary fare revenues	1 311 622	4 010 814	(2 699 192)	(67,3)
Urgency fee	240 526	509 375	(268 848)	(52,8)
Monthly Pass Viva Viagem	863 259	2 971 454	(2 108 194)	(70,9)
Delivery fee (prod. Backoffice)	96	557	(461)	(82,8)
Customization Fee	157 201	383 159	(225 958)	(59,0)
Commissions	50 539	146 270	(95 730)	(65,4)
- Ticket Sale Commission	26 770	77 741	(50 971)	(65,6)
- Commission sale Zapping	23 769	67 871	(44 102)	(65,0)
- Ticket Sale Commission without ML share	0	658	(658)	(100,0)
Additional non-tariff revenues	3 051 576	4 031 303	(979 727)	(24,3)
Heritage	395 629	420 288	- 24 658	(5,9)
Space rental	50 832	74 278	- 23 446	(31,6)
Rental of optic fibre and telecommunication	344 797	346 010	- 1 212	(0,4)
Fleet - Stations - Various means	41 527	88 951	- 47 425	(53,3)
Video Shootings	32 900	54 100	- 21 200	(39,2)
Miscellaneous (Insertion PUB, Merchandising / Publications, Roy.)	8 627	15 351	- 6 725	(43,8)
Special service	0	19 500	- 19 500	(100,0)
Other Income ⁽¹⁾	95 634	56 763	38 871	68,5
Sub-concessions	2 518 786	3 465 301	- 946 515	(27,3)
Metrocom	1 169 004	2 060 546	- 891 542	(43,3)
Publimetro - MOP	1 349 782	1 404 755	- 54 973	(3,9)
Total co-payments revenue *	4 363 198	8 042 117	(3 678 919)	(45,7)

(1) Revenue not managed by the Customers Department (DCL)

From a global perspective, in terms of additional revenue, the year 2020 evidences a drop of approximately 45.7%, which is due, on the one hand, to the national economic slowdown caused by the pandemic situation, and on the other hand, to the consequent reduction in demand for the consumption of ML's services and products.

We observed major decreases in all components, with a greater emphasis in the Viva Viagem Cards, with a loss of revenue of 2.1 million euro, and in the Metrocom sub-concession, with a loss of revenue of 0.9 million euro.

The drops evidenced, both at the level of subsidiary companies and generic non-tariff revenue (e.g. VV cards indexed to the drop in demand), are the result of the current economic environment.

With regard to Metrocom, there was a reduction in profits, not only due to the current policy of commercial rents limitation which was adopted by the company during the year under review, but most of all due to a general and accentuated drop in the financial capacity of customers/shopkeepers. In addition to these factors, we also observed a very sharp slowdown in the market with regard to 'new entries' in the portfolio.



During the year 2020, the Metro e-commerce project was completed, concerning the online sale of merchandising items and publications which, to this date, were only on sale in physical spaces. The launch of this platform allowed the penetration in the digital/e-commerce market, having in mind the objective of increasing the commercial profits of this business, at the same time contributing to an improvement of the brand image/branding.

Notwithstanding the strategy aiming at increasing additional revenue, in a logic of capitalization of infrastructure/stations (events, filming, etc.), and of the management of commercial spaces and advertising, the global obtained revenue suffered a negative evolution, a direct consequence of the pandemic situation and the corresponding abrupt passenger reduction.

However, we should highlight the profits of the 1st Quarter of 2020, with several national and international productions/activations, as well as the shooting of advertisements for multinational brands and music productions, at the company premises, with a special focus on the world launch of the new electric MINI, which had the DW II premises as the technical support base for the event, placing ML and the city of Lisbon on the European route for this type of major automobile events.

With regard to the Lisboa Viva Cards, in the year under analysis, Metropolitano de Lisboa customized around 84 thousand cards, of which 66% were Lisboa Viva urgent. When compared to the previous year, the variation stands at -61% (132 thousand less customizations when compared to 2019).

Table 11 – Lisboa Viva card production

LV card production		Transtejo	Metro	TOTAL
10 days	Normal	373	23 177	23 550
	4_18	17	1 476	1 493
	Sub23	4	1 228	1 232
	CML	0	1 979	1 979
	Total	394	27 860	28 254
Urgent	Normal	0	46 770	46 770
	4_18	0	2 861	2 861
	Sub23	0	5 747	5 747
	Total	0	55 378	55 378
Viva Web Portal		0	91	91
Employees		0	723	723
TOTAL		394	84 052	84 446

D. Activity Indicators

We also highlight, with reference to the financial year 2020, the customer service activity indicators indicated below:

Table 12 – Activity indicators – stations

Activity Indicators		2020
Customer satisfaction index		7,35
Operational absenteeism (monthly average)	%	7,5%
Compliance Rate stations' staffing plan	%	76%
Call Centre service level	%	79,8%
Number of calls answered	un.	34 911
Number of calls received	un.	43 728
Site ML - no. visits (pages visited)	un.	1 042 858
Site ML - no. views (monthly average)	un.	702
Complaints	un.	1 593
Answer within 30 days (monthly average)	%	94%
Monitoring - no. approaches	un.	70 640
Monitoring - fines	un.	3 871

6.5 Economic and Financial Performance

Overall Company Profits

The year 2020 has been an atypical year as a result of the COVID-19 pandemic, which resulted in a decrease in demand and, consequently, a sharp drop in revenue.

In global terms, the company recorded:

- A negative **Operating Profit** of 32.8 million euro, which represents a negative variation of 42.8 million euro when compared to the same period the previous year, due to the sharp decrease in Total Operating Income (-42.3 million euro) and an increase in Operating Expenses of about 0.5 million euro.
- The **corrected EBITDA** was negative at 30.6 million euro, with a negative variation of 30.4 million euro when compared to the same period the previous year.

The corrected EBITDA corresponds to the EBITDA net of the effect of a set of non-cash items, such as: accrual of investment grants, adjustments and impairments, increases/reductions in fair value, equity/subsidiary companies, provisions and own capitalized work).

- The **Financial Profit** recorded a favourable evolution of 2.5 million euro, reaching 24.4 million euro, mainly explained by the maturity of the operational leasing reaching 2019 (0.8 million euro), SWAP of the TREM II-2 Operational Leasing (0.3 million euro) and allocation of interest from TFDG Financing (1.4 million euro).
- The Profit before Taxes stood at -57.1 million euro, representing a negative variation of 40.3 million euro.



Table 13 – Profits

Profits (amounts in thousands of euro)	2020	2019	Var. 2020/2019	
			Abs.	%
Public Service Income*	62 418	110 708	(48 289)	(43,6)
Other income	50 256	44 289	5 967	13,5
Total Operating Income	112 674	154 997	(42322)	(27,3)
Total Operating Expenses	145 424	144 903	521	0,4
Operating Profit	(32 750)	10 094	(42 843)	(424,5)
Corrected EBITDA **	(30 613)	(225)	(30 388)	13 504,2
Financial Profit	(24 381)	(26 926)	2 546	(9,5)
Profit before Taxes	(57 130)	(16 833)	(40 298)	239,4

* Includes revenue from ticket sales, passes and tariff compensation.

** Adjusted EBITDA (excluding provisions, adjustments, impairments and fair value increases/decreases, investment grants and equity / subsidiaries, and other non-cash items).

With regard to **Operating Income**, there was an overall decrease of 27.3%, due to the sharp decline in Public Service Revenue (–48.3 million euro), which despite the allocation of the Operating Grant to set-off the COVID-19 effects (21.5 million euro) stood below the amount for the same period last year.

Table 14 – Operating Income

Operating Income (amounts in thousands of euro)	2020	2019	Var. 2020/2019	
			Abs.	%
Monthly pass and ticket sales*	50 057	104 192	(54 135)	(52,0)
Compensation 4_18/sub_23/Social + e Compensation PART (MAL)	12 361	6 515	5 846	89,7
Public Service Revenue	62 418	110 708	(48 289)	(43,6)
Compensation Indemnity	21 741	517	21 224	4 107,4
Non-tariff revenue	4 390	8 087	(3696)	(45,7)
Own Work Capitalized	4 652	3 102	1 550	50,0
Impairments	614	129	485	376,0
Fair value increases	16 131	24 536	(8 405)	(34,3)
Other income and gains	2 728	6 139	(3 411)	(55,6)
Asset impairments (Reversals)		1 780	(1780)	(100,0)
Other income	50 256	44 289	5 967	13,5
Total Operating Income	112 674	154 997	(42 322)	(27,3)

* Revenue from ticket sales. Values from previous years restated in order to be comparable.

Operating Expenses recorded an increase of about 0.5 million euro which, overall, may be allocated to Other Expenses, due to the net effect of Non-favourable exchange rate variations (+3.8 million euro) and the Compensation for Damage Caused (–1.4 million euro), as well as the expenses resulting from the COVID-19 pandemic (1.0 million euro), as detailed in Table 16 – Operating Expenses (COVID-19).

The reduction in amortization (–3.9 million euro) due to the end of the Buildings and Constructions asset depreciation period is also worth highlighting, as the investment activity in recent years has not been sufficient



to reverse the downward trend in this type of amortization, and the increase in losses with subsidiaries (1.7 million euro), mainly due to the recording of recognized provisions in TREM, Ensitrans and Publímetro.

Table 15 – Operating Expenses

Operating Expenses (amounts in thousands of euro)	2020	2019	Var. 2020/2019	
			Abs.	%
Personnel expenses	80 232	80 057	175	0,2
External supplies and services	36 135	36 879	(744)	(2,0)
Costs of goods sold and materials consumed	2 614	3 596	(982)	(27,3)
Losses attributed to subsidiaries	4 139	2 412	1 727	71,6
Impairments	318	-	318	-
Other expenses and losses	6 738	2 908	3 830	131,7
Provisions	70	-	70	-
Amortization	15 179	19 052	(3 873)	(20,3)
TOTAL	145 424	144 903	521	0,4

Due to the need to adapt procedures and sanitary conditions required to contain the spread of the SARS-COV2 virus, ML has developed several actions to promote its employees' safety/health, resulting in an increase in operating expenses, as detailed in the following table.

Table 16 – Operating Expenses (COVID-19)

Operating Expenses (COVID-19) (values in euro)	2020
Costs of goods sold and materials consumed	80 377
Supplies and external services	891 346
Personnel expenses	49 570
TOTAL	1 021 293

We should emphasize the item External Supplies and Services, which recorded the amount of 891 thousand euro, in expenses such as:

- Cleaning services and cleaning and sanitization items (527 thousand euro);
- Laptop rental for teleworking / software / licenses (135 thousand euro);
- Promotion / Marketing / Image (115 thousand euro);
- Individual/collective safety material / medical station materials and products (60 thousand euro);
- Specialized Works (37 thousand euro);
- Surveillance and safety (10 thousand euro);
- Other (8 thousand euro).

The expenses included in the item Personnel (50 thousand euro) are broken down into training under COVID-19 (2 thousand euro) and adaptation of the cafeteria, namely seasoning kits, containers and other (48 thousand euro).



The Personnel Expenses evidence a 0.2% increase in comparison with the same period in the preceding year, which represents approximately 175 thousand euro.

Table 17 – Personnel Expenses

Personnel Expenses (amounts in thousands of euro)	2020	2019	Var. 2019/2018	
			Abs.	%
Remunerations	57 103	56 232	871	1,5
Pension Supplement	12 310	12 523	(213)	(1,7)
Liabilities with Pensions	7 315	7 770	(455)	(5,9)
Other expenses	3 503	3 531	(28)	(0,8)
TOTAL	80 232	80 057	175	0,2
Wage bill	56 787	55 926	861	1,5

This slight growth in Personnel Expenses is justified by the continuity of the recruitment and selection process of new workers, as described in point M – Human Capital and with the integration of 47 Ferconsult workers, as authorized by Order no. 602/2020–SET, which originated a positive variation of 61 employees. The replacement of the rights established in collective employment regulatory instruments (CA I and CA II), pursuant to art. 145(1) of the DL 33/2018 and the application of the State Budget Laws from 2017 to 2020, reflected an increase in remunerations resulting from the assessment process and the corresponding career developments, as well as the restitution of the payment of annuities.

Financial Profits registered a positive variation of around 2.5 million euro with a decrease of 9.5%, due to the approaching maturity of the older loans, as well as the fact that the more recent loans are of smaller amounts and with lower interest rates.

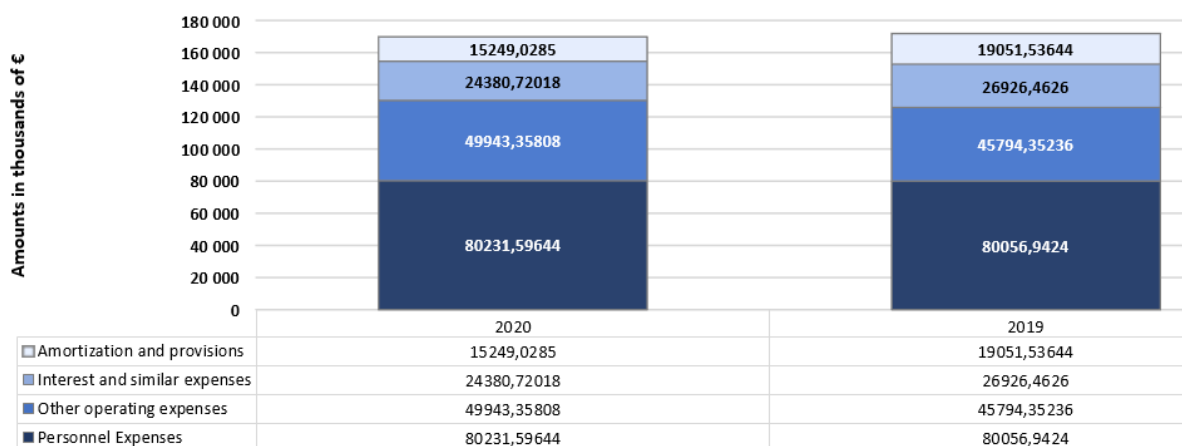
Table 18 – Financial Profits

Financial Profits (amounts in thousands of euro)	2020	2019	Var. 2019/2018	
			Abs.	%
Operating financial expenses	(24 381)	(26 926)	2 546	(9,5)
Interest incurred with bank financing/TFDG	(4 913)	(8 132)	3 219	(39,6)
Interest payable	(19 468)	(18 795)	(673)	3,6
TOTAL	(24 381)	(26 926)	2 546	(9,5)

Total Expenses saw a reduction of 2 million euro, 1.18% less than the previous year, transitioning from 171.8 million euro to 169.8 million euro.



Chart 6 – Evolution of Total Expenditure



Financial Flows

In 2020, the cash-flows generated by the operational activity reached negative levels, amounting to -41.3 million euro, due to the COVID-19 pandemic, as mentioned above. In comparison with the same period of the previous year, there was a negative deviation of 58.6 million euro.

The receipt of 31.5 million euro of Investment Grants (28.3 million euro originating from the Environmental Fund and 3.1 million euro from PO SEUR – Cohesion Fund) was insufficient to cover the 73.9 million euro of payments in Property, Plant and Equipment, generating a negative Investment Cash Flow of 42.4 million euro.

The Financing Cash Flow covered the deficit in the Operating and Investment Cash Flows, as well as the payment of Borrowings (216.5 million euro) and Interest and Similar Expenses (206.7 million euro), broken down into Financial Support from Shareholders, through MLP Loans (203.8 million euro) and Equity Contributions (320.4 million euro), as well as the OTLIS Financial Interest (0.3 million euro).

The cash flow balance at the end of the period was 47.3 million euro.

Table 19 – Variation of cash and its equivalents

Table 22 - Variation of cash and its equivalents

STATEMENT OF CASH FLOWS (amounts in thousands of euro)	2020	2019	Var. 2019/2018	
			Abs.	%
Flow of Operating Activities	(41 302)	17 324	13 658	372,6
Flow of Investment Activities	(42 431)	15 510	27 624	228,0
Flow of Financing Activities	101 274	(19 342)	(22 004)	(826,6)
Variation of cash and its equivalents	17 542	13 492	19 278	333,2
Cash and its equivalents at the beginning of the financial year	29 730	16 238	(5 786)	(26,3)
Cash and its equivalents at the end of the financial year	47 271	29 730	13 492	83,1

Since 2011, ML is part of the reclassified entity list in the General Government perimeter, RCE – Reclassified Public Entities, equivalent to Autonomous Funds and Services, and this entails significant impacts on the company's budget framework, on information reporting and specific legislation compliance, namely the Law on Commitments and Payments in Arrears¹, the Budget Implementation Law² and mandatory preparation of Budgetary Proposals to be sent to the Budget Directorate-General (BDG) for direct inclusion in the State Budget (SB).

During the reporting year, the State maintained its financing policy regarding Reclassified Public Entities, through the granting of loans and equity contributions, by means of money injections, whenever the funds are aimed for debt service or investment.

Metropolitano obtained funds amounting to 524.5 million euro (203.8 million euro through borrowings, of which 49.3 million euro with shareholder loans, and 320.7 million euro in capital realization and other equity instruments), while amortizing 216.5 million euro in bank loans as well as 206.7 million euro related to loan expenses and losses.

Table 20 – Financing Activity

FINANCING ACTIVITIES (amounts in thousands of euro)	2020	2019	Var. 2020/2019	
			Abs.	%
Cash receipts arising from:				
Equity Increases	320 681	549 784	(229 103)	(41,7)
Capital allocation (cash)	320 424	549 784	(229 360)	(41,7)
OTLIS Financial Interest (Dividends)	257	0	257	-
Bank Loans - IGCP/TFDG	203 813	131 885	71 928	54,5
Financing	524 494	681 669	(157 175)	(23,1)
Cash payments regarding to:				
Bank Loans	216 515	71 503	145 012	202,8
Leasing operations	0	0	0	-
Bond loan	0	400 000	(400 000)	(100,0)
Interest and similar expenses	206 705	229 508	(22 803)	(9,9)
Payments	423 220	701 011	(277 791)	(39,6)
Cash flows from financing activities	101 274	(19 342)	120 616	(623,6)

¹ Law no. 8/2012, of the 21st of February, and Decree-Law no. 127/2012, of the 21st of June.

² Law no. 91/2001, of the 20th of August, as republished by Law no. 52/2011, of the 13th of October, and amended by Law no. 37/2013, of the 14th of June, and, more recently, by Law no. 151/2015, of the 11th of September, carrying obligations on reporting to the Budget Directorate-General / Ministry of Finances.



Investments made

In 2020, Gross Fixed Capital Formation has recorded an amount of approximately 21.4 million euro, which includes the investments amounts which were capitalized in the Company's Fixed Assets accounts. When compared to 2019, we observe a 7.5 million euro increase, mainly due to the Rato/Cais do Sodré Extension, the Refurbishment and expansion of spaces in the Carnide Complex, the refurbishment/extension of the Areeiro station and the refurbishment/extension of the Arroios station, as broken down in the following table.

Table 21 – Investment expenditure

	GFCF	ITC	IE
Investment Expenditure	Gross Fixed Capital Formation	Investment at Technical Costs	Investment Expenditure
Self-investment ML	4 989 655	5 700 133	5 700 133
Buildings and other Constructions	1 344 266	1 714 373	1 714 373
Relocation of Central Command Post	1 600	1 600	1 600
Remodeling and Expansion of Spaces in Carnide Complex	1 187 083	1 557 190	1 557 190
Others	155 583	155 583	155 583
Basic Equipment	2 638 485	2 978 858	2 978 858
CCTV	287 639	373 491	373 491
Rolling Stock Rehabilitation ML 90 + Rolling Stock Rehabilitation ML 95-97-99	1 850 457	2 017 308	2 017 308
Renovation of Vending Machines (MAVTs) + Refurbishment of the Central Ticketing System	140 500	182 485	182 485
Others	359 890	405 574	405 574
Tools and Utensils	96 528	96 528	96 528
Administrative Equipment	910 375	910 375	910 375
COVID-19	55 969	55 969	55 969
Others	854 406	854 406	854 406
LTI investment	16 417 108	20 340 451	20 340 451
National Action Plan on Accessibilities	1 388 112	1 792 385	1 792 385
Rato/Cais do Sodré Extension	5 607 372	6 611 653	6 611 653
Blue Line Refurbishment	1 533 523	1 744 202	1 744 202
Yellow Line Refurbishment	207 118	234 017	234 017
Green Line Refurbishment	5 507 532	7 152 456	7 152 456
Areeiro refurbishment and expansion	2 687 215	3 749 321	3 749 321
Arroios refurbishment and expansion	2 460 297	2 994 052	2 994 052
Others	360 020	409 082	409 082
Red Line Refurbishment	1 241 214	1 547 490	1 547 490
Olivaís refurbishment	704 989	908 026	908 026
Others	536 224	639 465	639 465
Replacement and Modernization of Mechanical Stairs	573 540	726 476	726 476
Global Network Refurbishment	358 698	531 773	531 773
CBTC - Modernization Project	-	61 874	61 874
Others	358 698	469 899	469 899
TOTAL	21 406 763	26 040 585	26 040 585

Table 22 – Evolution of Investment

Investments (amounts in euro)	2020	2019	Var. 2020/2019	
			Abs.	%
Gross Fixed Capital Formation (GFCF)	21 406 763	13 928 719	7 478 044	153,7
Investment at Technical Costs (ITC)	26 040 585	17 000 354	9 040 231	153,2
Investment Expenditure (IE) - includes financial costs	26 040 585	17 000 354	9 040 231	153,2

Asset Structure

Assets

Regarding its Balance Sheet's preparation, ML maintained the criterion, established by the Supervision Authority, to report the figures relating to the construction activity of long-term infrastructure (LTI), evidencing the effects of the infrastructure investment made on the State's behalf and the corresponding responsibilities.

Assets amounted to 5,696 million euro, distributed as follows:

Table 23 – Total Assets

Assets (amounts in thousands of euro)	2020	2019	Var. 2020/2019	
			Abs.	%
Non-Current	5 391	5 250	141	2,7
Current	0	0	0	-
LTI	5 391	5 250	141	2,7
Non-Current	201	188	13	6,9
Current	105	79	26	32,5
ML	306	267	39	14,5
Total Assets	5 696	5 517	179	3,3

The increase in Assets in LTI (141.0 million euro) derive mainly from financial expenses related to such component (122.0 million euro), and new investments (20.3 million euro, of which 2.1 million are related to the fixed assets in progress' net effect). It also contributed to the variation in LTI Assets, the recognition of a loss relative to the fair value of derivatives underlying loans dedicated to LTI (-0.9 million euro), and the reduction in State grants (-2.8 million euro).

ML Assets show an increase of 39 million euro. We observe a 13 million euro increase in Non-current assets, due to the recognition of +30.2 million euro with regard to the last instalment of the loan agreement entered into between TREM and BST, -13.0 million euro regarding amortizations and the depreciation of other financial assets, in the amount of -4.0 million euro.

With regard to ML Assets, albeit in the current component, there was an increase of 26 million euro essentially due to the increase of 0.4 million euro in Customers, 0.8 million euro in State and other public entities, 4.0 million euro in Other credits receivable, the variation in Inventories of 3.1 million euro, and to the variation in Cash and Bank Deposits of 17.5 million euro, justified by the receipt of 3.1 million euro from the Cohesion Fund and 12.5 million euro from the Environmental Fund for the Rato/Cais do Sodré extension, as well as 1.4 million euro from the Environmental Fund for the project regarding the Modernization of the Signalling System and Acquisition of Rolling Stock.

Liabilities and Equity

Table 24 – Liabilities and Equity

Liabilities and Equity (amounts in thousands of euro)	2020	2019	Var. 2020/2019	
			Abs.	%
Non-Current	1 946	2 079	(133)	(6,4)
Current	1 056	1 041	15	1,5
LTI	3 002	3 120	(118)	(3,8)
Non-Current	510	553	(43)	(7,8)
Current	680	593	86	14,6
ML	1 189	1 146	43	3,8
Total liabilities	4 192	4 266	(74)	(1,7)
Equity	1 505	1 251	254	20,3
Total liabilities and equity	5 696	5 517	179	3,3

Non-current Liabilities LTI recorded a decrease of 133 million euro by means of:

- Reduction of 7 million euro in provisions for legal proceedings;
- Transfer of 204.4 million euro from Long-Term to Short-Term financing;
- Agreements of new TFDG financing, amounting to 137.1 million euro;
- Reduction of 58.7 million euro, with an increase in the fair value of financial instruments.

Current Liabilities LTI recorded an increase of 15 million euro with the following breakdown:

- Increase of 1.5 million euro due to increase in Investment Suppliers;
- Decrease of 12.1 million euro in borrowings attributable to:
 - ✓ Increase of 64.6 million euro in TFDG financing by transfer from Long-Term to Short-Term, as well as 139.9 million euro in EIB financing, by transfer from Long Term to Short Term;
 - ✓ Decrease of 216.5 million euro due to the reimbursement of EIB loans.
- Increase of 26 million euro in other debts payable, against the allocation of LTI financial costs (3.2 M€) and the allocation of the value of the LTI investment grant – Environmental Fund – (22.8 M€).

ML's Non-current Liabilities recorded a decrease of 43 million euro by means of:

- Decrease of 15.5 million in Provisions for financial investments in TREM;
- Decrease of 15.8 million decrease in Borrowings against the transfer of 33.2 million euro of TFDG financing from Long-Term to Short-Term and agreeing a new TFDG financing of 17.4 million euro;
- Increase of 3.2 million euro in Pension Liabilities;
- Decrease of 15.3 million euro with an increase in the Fair value of financial instruments.

ML's Current Liabilities recorded a decrease of 86 million euro by means of:

- Decrease of 2.9 million euro in Suppliers;



- Increase of 82.5 million euro in Borrowings, with the following breakdown:
 - ✓ Increase of 33.2 million euro against the transfer of TFDG financing from Long-Term to Short-Term financing;
 - ✓ Agreements of a new TFDG financing amounting to 49.3 million euro.
- Increase of 6.8 million euro in Other debts payable;

Equity increased by 253.8 million euro with the following breakdown:

- Subscribed capital: 320.4 million euro in Capital Contributions;
- Profits carried over: -16.9 million euro;
- Other changes in equity: -9.5 million euro
- Decrease of 1.2 million euro in Investment Grants;
- Actuarial losses of 8.2 million euro.
- Net profit for the financial year: -40.3 million euro.

In 2020, ML continued to recover its structure indicators, reflected in a 3.7 percentage points growth in its Financial Autonomy ratio and a 6.6 percentage points growth in its Solvency ratio, by means of Equity increasing with the shareholder's support.

Financial Risk Management

ML has been consolidating its equity structure through the permanent reinforcements promoted by the shareholder, with the resulting company indebtedness reduction.

Metropolitano de Lisboa's Rating

Table 25 – ML's Rating

Metro's Rating	Standard & Poor's	
	Rating	Outlook
26th of February 2020	BBB	Positive
28th of April 2020	BBB	Stable
17th of February 2021	BBB	Stable

ML's classification as a Reclassified Public Entity, occurred in the end of 2011, led Standard & Poor's to review its risk analysis criteria for the Company for 2012 onwards. Consequently, ML's Rating began to follow the Portuguese Republic's Rating evolution.

The rationale behind this assessment was the following:

- Continuation of the State's financial support added to the fact most of the debt held by ML is secured by the Portuguese Republic;
- State support to tackle the negative effects of the pandemic;
- Support and engagement in meeting debt service commitments, as demonstrated by the State, with funds allocated in the budget for 2020 for such purposes.



- Continuing the investment plan, financed by European Funds and by State support through the Environmental Fund.

Evolution of Remunerated Liabilities

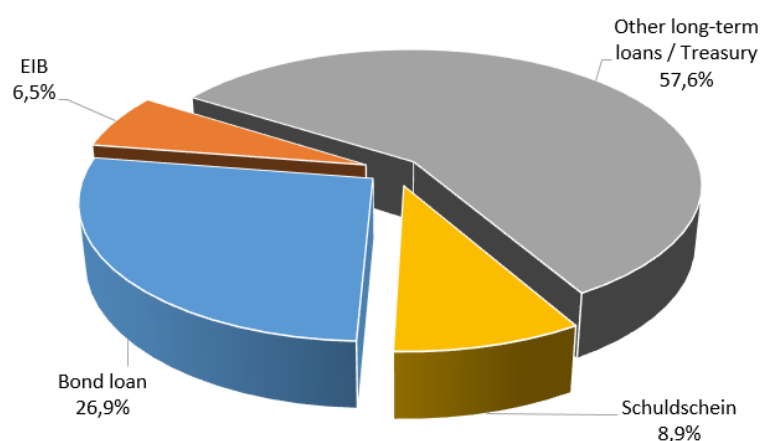
Metropolitano de Lisboa has amortized 216.5 million euro in debt, and entered into new loans totalling 154.5 million euro¹, which resulted in an approximately 1.8% decrease in its remunerated liabilities.

Table 26 – Structure Remunerated Liabilities

Remunerated Liabilities (amounts in thousands of euro)	2020	2019	Var. 2020/2019	
			Abs.	%
Bond loan	910 000	910 000	0	0,0
EIB	80 963	220 826	(139 863)	(172,7)
Other long-term loans / Treasury	562 025	505 253	56 772	10,1
Schuldschein	300 000	300 000	0	0,0
Financial leasing	0	0	0,0	-
Medium and long-term debt	1 852 988	1 936 079	(83 091)	(4,5)
Debenture loans			0	-
Debenture loans	0	0	0	-
EIB	139 864	216 515	(76 651)	(54,8)
Other short-term loans / Treasury	1 385 193	1 287 453	97 740	7,1
Financial leasing	0	0	0	-
Overdrafts	0	0	0	-
Short-term debt	1 525 057	1 503 967	21 090	1,4
Total	3 378 045	3 440 046	(62 001)	(1,8)

Regarding the company's debt structure, Treasury loans (57.6%) and debenture loans (26.9%) correspond to the financing with a greater proportion, in relation to the total ML's debt. The Schuldschein financing represents 8.9% and the EIB financing 6.5%.

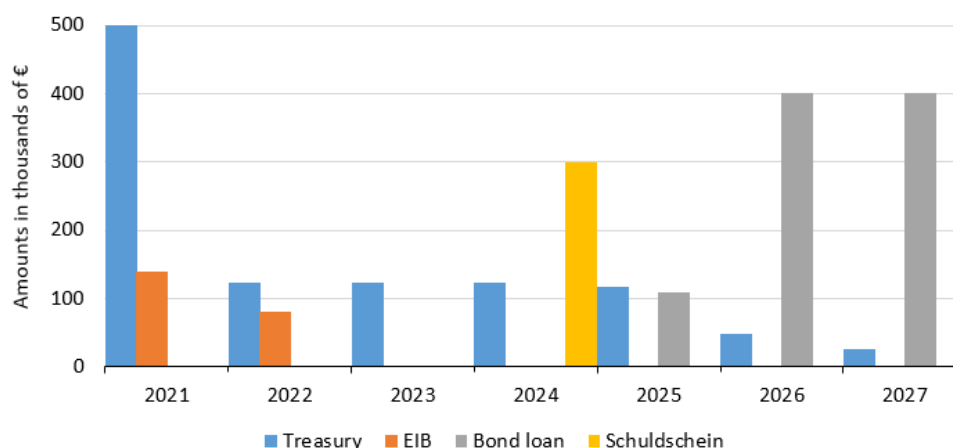
Chart 7 – Indebtedness distribution



¹ Additionally, loan agreements were entered into with the TFDG as shareholder loans, in the amount of 49.3 M€, to cover the operating cash flow deficit, and are deemed non-remunerated current liabilities.

The amortization of a great part of the Treasury bond debts is expected to for 2021, following the foreseen operation of converting the current debt (LTI and ML) by means of incorporation into the State's assets – Receivables.

Chart 8 – Loan Maturity



Evolution of the implicit interest rate

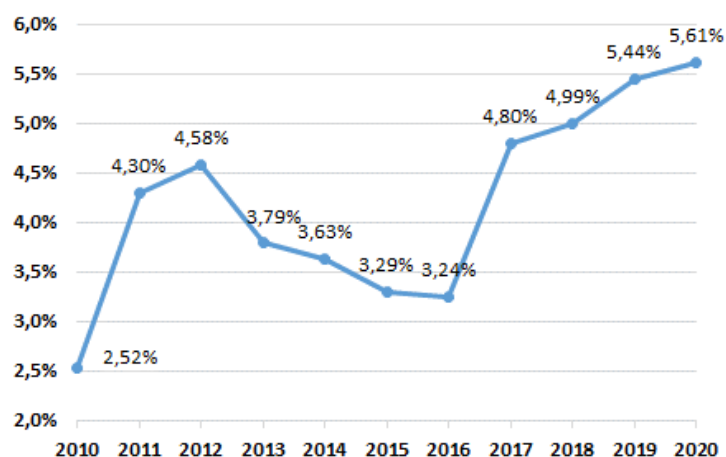
Chart 9 evidences the evolution of the implicit interest rate since 2010, regarding indebtedness.

Interest rates presented an unfavourable evolution between 2010 and 2012. With the decline in reference interest rates, the cash flows generated by risk hedging instruments have initiated a fast-paced loss trajectory, increasing the implicit interest rate significantly.

This trend's reversal resulted, as of 2012, from fewer Treasury loans' costs, coupled with the effects arising from the cancellation of high loss risk derivatives and, as of 2013, from non-payment of derivatives related to the legal proceedings brought in London by Banco Santander Totta, S.A. against Public Transport Companies.

Since 2017, subsequent to the settlement agreement concluded between Banco Santander Totta, S.A. and the Portuguese Republic, the Santander swaps' payment previously under litigation, was resumed, a fact which has contributed for recording an upward trajectory in the implicit interest rate since that period.

Chart 9 – Implicit interest rate



Productivity

From the analysis of the table below, we observe a decrease in these productivity indicators by -6.6% caused by the impact of the pandemic, notably by the confinement effects.

Table 27 – Productivity Indicators

PRODUCTIVITY INDICATORS	2020	2019	Var. 2020/2019	
			Abs.	%
Average Ckm (Car x km)/Headcount	17 978	19 251	(1 273)	(6,6)
Average PSK (Passenger Spaces x km)/Headcount 10 ³	2 301	2 464	(163)	(6,6)

It should also be mentioned that basic indicators' variation on calculating the productivity indicators identified above was as follows:

- Ckm (Car x km) -4.5%
- PSK (Passenger Spaces x km) -4.5%;
- Average Headcount: +2.2%



7. Proposal for the Appropriation of Profits

For purposes of complying with article 7(2)(e) of Metropolitano de Lisboa, E.P.E.'s Statutes, the Board of Directors proposes that the loss computed for the financial year ended on the 31st of December 2021, amounting to 57,131,391.03 euro, is fully transferred to the profits carried over account.

The financial statements attached to the present report evidence the loss of half of the share capital, according to the provisions set out in article 35 of the Portuguese Companies Code.

The Board of Directors will submit the adoption of measures intended to replenish the Company's share capital to a shareholder's resolution, namely through a capital increase.

The Board of Directors

Vítor Manuel Jacinto Domingues dos Santos

Maria Helena Arranhado Carrasco Campos

Pedro Miguel de Bastos Veiga da Costa

Lisbon, the 22nd of June 2021



8. Attachments

8.1 Compliance with Legal Guidelines

1. Management Objectives and Activity and Budget Plan

Table 28 – Management Objectives

	YEAR 2020		Status of Implementation	Notes/ Justification for deviations
	REAL	ABP		
Financial Principles of Reference				
Operational Efficiency (ratio of operating expenses related to business volume equal or minor than the estimated for 2019)	100,8%	119,2%	-18,4 p.p.	See note 13. Measures to optimize the operating expenses structure, Page 85
PRC (1) - maintenance or reduction of personnel expenses related to the value projected for 2018	78 655 599	82 052 321	95,9%	Not all the recruiting foreseen for 2020 was carried out.
PRC (2) - maintenance or reduction of expenses related to travel, daily allowances and accommodation comparing to the value projected for 2019	9 540	48 120	19,8%	Due to the COVID-19 pandemic and consequent restrictive measures, travel and subsistence was residual.
PRC (3) - maintenance or reduction of expenses related to car fleet, comparing to the value projected for 2019	263 774	309 428	85,2%	With the fleet's renewal, replacing end-of-life vehicles, there has been a general improvement in charges.
PRC (4) - maintenance or reduction of expenses related to procurement of studies, opinions, projects and consulting	3 089 203	2 660 283	116,1%	Increase justified by studies, opinions, projects and consultancy in the scope of the ML's network expansion and modernization projects.
Investment ¹				
Long Term Infrastructure	16 417 108 €	24 899 670 €	65,9%	The overall deviation of -€8.5 million in LTI derives from: -4.6M€ in RA/CS expansion; -1.1M€ in Subst.Modern. Mechanical Stairs; -3.0 M€ in the Lines' general refurbishment;
Other Investments	4 989 655 €	57 628 348 €	8,7%	The 52.6 M€ deviation in the ML investment derives mainly from the failure to impute the residual value of the rolling stock to investment, and it has been imputed to operation (50 M€) and low implementation of rolling stock rehabilitation (2.1 M€).
TOTAL	21 406 763 €	82 528 019 €	25,9%	
Human Resources Indicators				
Headcount number on the 31st of Decemb	1 513	1 578	-4,1%	
Indebtedness				
Indebtedness variation	3,9%	1,9%	2,04 p.p.	The conversion operation of the current TFDG debt relating to LTI by incorporation into State assets, as provided for in the ABP 2020, has not been carried out.

¹ The investment values are net of TPE and Financial charges.

Table 29 – Status of Implementation of the budget uploaded on SIGO/SOE

Item	Budget	Realization	Status of implementation	Justification
D01.01	01-CERTAIN AND PERMANENT EARNINGS	83 721 627 €	52 519 087 €	62,7%
D01.02	02-VARIABLE OR POTENTIAL ALLOWANCES	4 506 152 €	4 275 031 €	94,9%
D01.03	03-SOCIAL SECURITY	26 048 556 €	25 661 271 €	98,5%
D02.01	01-ACQUISITION OF GOODS	6 017 627 €	3 987 967 €	66,3%
D02.02	02-ACQUISITION OF SERVICES	86 988 267 €	43 952 604 €	50,5%
D03.01	01- INTEREST PUBLIC DEBT			-
D03.05	05-OTHER INTEREST	206 773 034 €	206 656 606 €	99,9%
D03.06	06-OTHER FINANCIAL COSTS	62 347 €	48 707 €	78,1%
D06.02	02-MISCELLANEOUS	12 092 636 €	1 796 061 €	14,9%
D07.01	01-INVESTMENTS	77 177 731 €	55 097 400 €	71,4%
D07.02	02-FINANCIAL LEASES	0 €	0 €	-
D07.03	03-PUBLIC DOMAIN ASSETS	60 420 017 €	18 808 047 €	31,1%
D09.06	06-Administ. Pública Central - ESTADO			-
D10.06	06-MEDIUM AND LONG TERM LOANS	216 514 597 €	216 514 597 €	100,0%
D12.02	00-OTHER TREASURY OPERATIONS	0 €	0 €	-
				Extra-budgetary expense
Item	Budget	Realization	Status of implementation	Justification
R05.07	07-CAPITAL EARN - GENERAL REVENUES	257 346 €	257 346 €	100,0%
R06.03	03-CENTRAL ADMINISTRATION	3 982 702 €	3 963 263 €	99,5%
R06.05	01-LOCAL ADMINISTRATION	20 299 093 €	20 299 084 €	100,0%
R07.02	02-SERVICES	118 338 063 €	62 705 203 €	53,0%
R08.01	01-OTHERS	3 309 330 €	2 803 178 €	84,7%
R09.03	03-BUILDINGS	30 634 620 €	485 327 €	1,6%
R09.04	04-OTHER CAPITAL GOODS	0 €	0 €	-
R10.03	CENTRAL ADMINISTRATION	60 818 948 €	28 328 650 €	46,6%
R10.09	09-EUROPEAN UNION	8 644 896 €	3 146 042 €	36,4%
R12.06	06-FINANCIAL SUPPORT	203 813 049 €	203 813 049 €	100,0%
R12.07	07-OTHER FINANCIAL LIABILITIES	325 523 764 €	320 423 764 €	98,4%
R15.01	01-REFUNDS NOT DEDUCTED IN PAYMENTS	634 193 €	634 192 €	100,0%
R16.01	01- MANAGEMENT BALANCE	29 729 749 €	29 729 749 €	100,0%
R17.02	00 - OTHER TREASURY OPERATIONS	0 €	0 €	-
				Extra-budgetary revenue

2. Financial Risk Management

Table 30 – Evolution of the annual average rate of financing and incurred interest

Years	2020	2019	2018	2017	2016
Financial costs (€)	206 705 313	218 372 006	498 051 303	163 652 365	116 271 878
Average Financing Rate (%)	5,61	5,44	4,99	4,80	3,24

3. Indebtedness growth limit

Table 31 – Liabilities (current and non-current) and indebtedness variation

Indebtedness variation (execution)	2020	2019
	Amount (€)	
Remunerated Loans obtained (Current and non-current)	3 427 344 889	3 440 046 437
Share Capital	3 413 998 982	3 093 575 218
New Investments in 2020	51 114 446	1 498 032
Indebtedness variation	3,93%	

It was not possible for ML to comply with the limit of the indebtedness variation (2.0%), essentially due to the failure to convert LTI liabilities (TFDG current debt), by incorporation into State assets (operation provided for in the ABP 2020), the amount of which provided for a reduction of interest-bearing financing of 144.6 M€.

4. Average Period for Payment

Table 32 – Average Period for Payments

APP	2020	2019	Variation 2020/2019	
			Amount	%
Period (days)	41	47	-6	-12,8

Table 33 – Overdue Debts

Overdue Debts (amount in Euros)	Amount (€)	Overdue debts amount pursuant to article 1 of the DL 65-A/2011 (€)				
	0-90 days	90-120 days	120-240 days	240-360 days	> 360 days	
Purchase of Goods and Services	154 415	21	59 220	0	5 293	
Purchase of Equity	7 183	0	563	0	26 691	
Total	161 598	21	59 783	0	31 984	

The amounts indicated as overdue for over 90 days refer to the offsetting procedure regarding other operators.

5. Shareholder's Recommendations

The shareholder, in the order approving the accounts for the year 2019, points out the need to comply with Article 158 of the Decree Law no. 84/2019, which refers to the optimization of the ratio between the operating expenses and turnover. Following the guidelines of the letter SAI_TFDG/2021/173 - DSPE of 12/01/2021 'Instructions on the provision of accounts process for 2020', ML details the components of the said ratio in paragraph 13. Measures to optimize the operating expenses structure.

With regard to the application of the board of directors' remuneration statute, which originates a difference in remuneration earned with reference to an A classification of ML and the corresponding B classification, which is attributed to the company, the normalization is determined by the Order of the 18th of April 2019, issued by the Minister for the Environment and Energy Transition, in order to make the restitution by those directors who have not yet made it.

Since the date on which the aforementioned order was issued, the Chairman of the Board of Directors and the Member of the Board of Directors in office have already made the full restitution of the corresponding amounts.

By means of the resolution of the Board of Directors no. 1554529, of the 8th of January 2021, it has been approved:

- To request a reimbursement corresponding to the difference in remuneration earned by ML Director, arising from the change in classifications between Group A and Group B companies, corresponding to the period between the 27th of May 2017 and the 30th of September 2018, under the terms of the provisions of point 2 of the Order of the Minister for the Environment and Energy Transition;
- Calculation with the Caixa Geral de Aposentações of the value of the credit and/or debit existing between the director and Metropolitano de Lisboa E.P.E., taking into consideration the discounts he made during the period he was a director, considering the amount he has already transferred to the company.

6. Remunerations

a) Corporate Bodies

Board of Directors – 01-03-2019 to 31-12-2019

Table 34 – Identification of the members of the Board of Directors

Term (Start - End)	Position	Name	Appointment		Yes/No	OPRLO		No. of terms
			Form	Date		Entity of Origin	Paying Entity(O/D)	
2019-2021	Chairman	Eng. Vitor Manuel Jacinto Domingues dos Santos	RCM no. 56/2019	15/03/2019	No	n.a.	D	1
2019-2021	Board Member 1	Eng. Maria Helena Arranhado Carrasco Campos	RCM no. 56/2019	15/03/2019	No	n.a.	D	1
2019-2021	Board Member 2	Mr. Luis Carlos Antunes Barroso	RCM no. 56/2019	15/03/2019	No	n.a.	D	1



Table 35 – Accumulation of Roles

Member of the BD	Accumulation of Roles			
	Entity	Role	Regime	Authorization date and form
Eng. Vitor Manuel Jacinto Domingues dos Santos	FERCONSULT	Chairman	Public	GA Minute no. 60 of 09/01/2017
	METROCOM	Chairman	Public	GA Minute no. 48 of 30/01/2017
Eng. Maria Helena Arranhado Carrasco Campos	FERCONSULT	Director	Public	GA Minute no. 60 of 09/01/2017
	METROCOM	Director	Public	GA Minute no. 51 of 14/05/2018
Mr. Pedro Miguel de Bastos Veiga da Costa	FERCONSULT	Director	Public	GA Minute no. 77 of 29/03/2019
	METROCOM	Director	Public	GA Minute no. 52 of 11/03/2019
	TREM A.C.E.	Chairman	Public	GA Minute no. 30 of 12/04/2019
	TREM II A.C.E.	Chairman	Public	GA Minute no. 28 of 12/04/2019

Table 36 – Public Manager Statute

Member of the BD (Name)	Fixed [Y/N]	Classification [A/B/C]	PMS	
			Monthly gross remuneration	
			Monthly wage	Representation expenses
Eng.º Vitor Manuel Jacinto Domingues dos Santos	S	B	4 864,34	1 945,74
Eng.ª Maria Helena Arranhado Carrasco Campos	S	B	3 891,47	1 556,59
Mr. Pedro Miguel de Bastos Veiga da Costa	S	B	3 891,47	1 556,59

Table 37 – Annual remuneration

Member of the BD (Name)	Annual Remuneration - 2019 (€)				
	Fixed	Variable	Gross Amount	Remuneration Reductions	Final Gross Amount
	(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)-(4)
Eng.º Vitor Manuel Jacinto Domingues dos Santos	81 720,96	0,00	81 720,96	4 086,12	77 634,84
Eng.ª Maria Helena Arranhado Carrasco Campos	65 376,72	0,00	65 376,72	3 268,80	62 107,92
Mr. Pedro Miguel de Bastos Veiga da Costa	65 376,72	0,00	65 376,72	3 268,80	62 107,92
			212 474,40	10 623,72	201 850,68

(1) The Fixed remuneration amount corresponds to the wage + representation expenses (without reductions)

(4) Reduction provided in article 12 of the Law 12-A/2010, of the 30th of June

Table 38 – Social Benefits

Member of the BD (Name)	Social Benefits (€)							
	Meal Allowance		Social Protection Scheme		Annual Cost Health Insurance	Annual Cost Life Insurance	Other	
	Amount / Day	Paid amount Year	Identity	Annual Cost			Identity	Amount
Eng. Vitor Manuel Jacinto Domingues dos Santos	10,35	2 235,60	SNS	20 898,37	583,44	0,00	Work accidents insurance	1 150,14
Eng.ª Maria Helena Arranhado Carrasco Campos	10,35	2 132,10	CGA	16 506,66	583,44	0,00	Work accidents insurance	925,04
Mr. Pedro Miguel de Bastos Veiga da Costa	10,35	2 183,85	SNS	16 740,07	583,44	0,00	Work accidents insurance	925,79
		6 551,55		54 145,10	1 750,32	0,00		3 000,97

Table 39 – Costs with Vehicles

Member of the BD	Costs with vehicles - 2019								
	Attributed Vehicle [Y/N]	Conclusi on of agreeme	Vehicle reference amount	Type	Year Start	Year End	Monthly rental amount(€)	Annual rental expenditure	Remaining Agreement Instalments (n.º)
Eng. Vitor Manuel Jacinto Domingues dos Santos	S	S	45 353,00 €	AOV	2017	2021	618,20 €	5 563,80 €	3
Eng.ª Maria Helena Arranhado Carrasco Campos	S	S	42 072,00 €	AOV	2017	2021	558,80 €	5 029,20 €	3
Mr. Pedro Miguel de Bastos Veiga da Costa	S	S	41 401,00 €	AOV	2017	2021	555,48 €	4 999,32 €	3

Table 40 – Annual Mission Traveling expenses

Member of the BD	Annual Mission Traveling Expenses (€)				
	Mission Traveling	Accomm odation Costs	Daily Allowances	Other Identity Amount	Total Costs with traveling
Eng. Vitor Manuel Jacinto Domingues dos Santos			288,05	0,00	288,05
Eng.ª Maria Helena Arranhado Carrasco Campos			12,25	0,00	12,25
Mr. Pedro Miguel de Bastos Veiga da Costa			262,75	0,00	262,75
					563,05

Supervisory Board

Table 41 – Identification of the Supervisory Board

Term (Start - End)	Position	Name	Appointment		Monthly Fixed Remuneration(€)	No. of terms
			Form	Date		
2017-2019	Chairman	Mr. José Carlos Pereira Nunes	DC SETF and SEAMB	11/01/2017	1 362,01	2 ⁽²⁾
2017-2019	Effective Board	Mrs. Cristina Maria Pereira Freire	DC SETF and SEAMB	11/01/2017	1 021,51	1
2017-2019	Effective Board	Mrs. Margarida Carla Campos Freitas Taborda	DC SETF and SEOPTC	11/01/2017	1 021,51	1
2017-2019	Substitute Board	Mrs. Maria Teresa Vasconcelos Abreu Flor de Moraes	DC SETF and SEOPTC	11/01/2017	-	2

(1) In light of the Joint Order, of the 11th of January 2017, issued by the Assistant Secretary of State for the Treasury and Finances and the Assistant Secretary of State for the Environment.

At the time of this report there has been no joint appointment by the Government of new members of the Supervisory Board, so the Fiscal Council designated for the three-year period 2017-2019 remains in office.

(2) Mr. José Carlos Pereira Nunes 1st term has been completed as an effective board member.

Table 42 – Annual Remuneration of the Supervisory Board

Name	Annual Remuneration (€)		
	Gross (1)	Remuneration Reductions (2)	Final amount (3)=(1)-(2)
Mr. José Carlos Pereira Nunes	19 068,12	0,00	19 068,12
Mrs. Cristina Maria Pereira Freire	14 301,19	0,00	14 301,19
Mrs. Margarida Carla Campos Freitas Taborda	14 301,14	0,00	14 301,14
Mrs. Maria Teresa Vasconcelos Abreu Flor de Moraes	0,00	0,00	0,00
			47 670,45

Chartered Accountant (Auditor)

Table 43 – Identification of the Chartered Accountant (Auditor)

Term (Start - End)	Position	Audit firm/Chartered Accountant (Auditor) Identification			Appointment			No. of years of services performed in the group	No. of years of services performed in the company
		Name	OROC Registry no.	CMVM Registry no.	Form	Date	Date of the Agreement		
2019-2021	Effective Chartered Accountant	Alves da Cunha, A. Dias & Associados, SROC, Lda., represented by:	74	20161409	Order	15/10/2019	15/10/2019	5	5
		Mr. José Luís Areal Alves da Cunha	585	20160240					
	Substitute Chartered accountant	Oliveira, Reis & Associados, SROC, Lda., represented by:	23	20161381					
		Mr. Joaquim Oliveira de Jesus	1056	20160668					

Table 44 – Annual amount of the service provision agreement of the Chartered Accountant (Auditor)

Name	Annual amount of the Services Provision Agreement - 2020 (€)			Annual amount of Additional Services - 2020 (€)			
	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)	Service Identification	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)
Alves da Cunha, A. Dias & Associados, SROC	27 360,00	0,00	27 360,00		0,00	0,00	0,00

External Auditor

Table 45 – Identification of the External Auditor

Identification of the External Auditor			Contracting Date	Agreement Duration	No. of years of services performed in the	No. of years of services performed in the company
Name of External Auditor	OROC No.	CMVM No.				
BDO & ASSOCIADOS, SROC, LDA. Represented by:	29	20161384	08/02/2021	3 year	4	4
Mr. António José Correia de Pina Fonseca	923	20160566				

Table 46 – Annual amount of the service provision agreement of the External Auditor

Name of External Auditor	Annual amount of the Services Provision Agreement - 2019 (€)			Annual amount of Additional Services - 2019 (€)			
	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)	Service Identification	Amount (1)	Reductions (2)	Final Amount (3)=(1)-(2)
BDO & ASSOCIADOS, SROC, LDA.	30 540,36	0,00	30 540,36	-	0,00	0,00	0,00

7. Public Manager Statute

- In 2019, in light of articles 32 and 33 of the Public Manager Statute, no credit cards or other payment instruments were used by the members of the Board of Directors, for incurring in business expenses on the Company's behalf;
- There were no reimbursements of expenses made for personal representation purposes;



c) Amount for communication expenses:

Table 47 – Communications Expenses

Member of the BD	Communication Expenses (€)		
	Monthly Defined Limit	Annual Amount	Notes
Eng. Vitor Manuel Domingues dos Santos	80,00	77,72	
Eng. Maria Helena Arranhado Carrasco Campos	80,00	69,82	
Mr. Pedro Miguel de Bastos Veiga da Costa	80,00	329,76	
		477,30	

d) Monthly amount for fuel and tolls allocated to the service vehicles:

Table 48 – Annual vehicle expenses (01-03-2019 to 31-12-2019)

Member of the BD	Monthly Limit for Fuel and Tolls	Annual Vehicle Expenses (€)			Notes
		Fuel	Tolls	Total	
Eng. Vitor Manuel Domingues dos Santos	462,11 €	1 593,99 €	858,50 €	2 452,49 €	
Eng. Maria Helena Arranhado Carrasco Campos	369,69 €	2 341,63 €	1 928,43 €	4 270,06 €	
Mr. Pedro Miguel de Bastos Veiga da Costa	369,69 €	1 110,31 €	177,78 €	1 288,09 €	
				8 010,64	

8. Non-documented or confidential expenses

Metropolitano de Lisboa complied with the provisions set out in article 16(2) of Decree-Law no. 133/2013, of the 3rd of October, in the RJSPE and in article 11 of the PMS, and no non-documented expenses were incurred.

9. Report on remunerations paid to women and men

Metropolitano de Lisboa is committed to promote a transparent remuneration policy based on the assessment of the components of the job places and established on objective criteria. At the same time, it repudiates the widespread and structural disadvantage of women in the labour market with regard to remunerations based on a broader context of gender inequality.

Therefore, pursuant to the Council of Ministers Resolution no. 18/2014, Metropolitano de Lisboa prepared and internally disclosed and made available on its website the 'Report on Remuneration per Gender 2018', aiming at diagnosing and preventing any unjustified differences in remuneration proven to exist in the company's remuneration structure and in remuneration paid to women and men.

The drafting of this report has also posed as a measure to promote gender equality in the company, definitively eliminating any form of discrimination and to achieving full equality of opportunities between women and men.

In this Report, Metropolitano de Lisboa concluded that there are no situations of wage discrimination on the grounds of gender. Remuneration criteria are common to women and men, and remuneration differences do not constitute discrimination given they are based on objective criteria, common to women and men, inter alia, based on career development, performance, productivity, attendance or seniority.



10. Annual report on corruption prevention

Since 2009, Metropolitano de Lisboa has a Plan for Preventing Risks of Corruption and Related Offenses (PPRCRO), and currently the 6th edition is in place (2020), complying with the Recommendation of the Corruption Prevention Board (CPB) dated of the 1st of July 2009. The PPRCRO is available on the company's website.

On a yearly basis, a PPRCRO Execution Report is prepared and duly published, pursuant to the provisions of article 46(1) of the RJSPE, indicating the degree of implementation of the measures listed in the said Plan in the preceding year. In 2020, as previously mentioned, the PPRCRO Execution Report for 2019 has been prepared and approved, and was sent to the CPB, as well as to the supervisory, superintendent and control bodies, pursuant to the provisions of the law. The said Report is available on Metropolitano de Lisboa's website.

11. Public procurement

In 2020, ML applied the Public Procurement Code (PPC), approved by Decree-Law no. 18/2008, of the 29th of January, in its current wording, to the public procurement subject to such legal regime.

ML has also observed the guidelines established in Recommendation no. 1/2015, of the 7th of January, issued by the Corruption Prevention Board (Court of Auditors), supplied by means of the Circular no. 4766, of the 10th of August, as well as the ones established in Order no. 438/10-SETF, of the 10th of May, supplied by means of the Circular no. 6132, of the 6th of August 2010.

The Company complied with all applicable rules regarding procurement, notably the ones relative to the sounding of the Agency for Administrative Modernization regarding the purchase of goods and services, under Decree-Law no. 107/2012, of the 18th of May, as amended by Law no. 83-C/2014, of the 31st of December, as well as under Decree-Law no. 151/2015, of the 6th of August, and complied also with the authorization requests regarding multi-annual commitments, pursuant to article 6 of Law no. 8/2012, of the 21st of February, as amended by Law no. 22/2015, of the 17th of March, and to article 11 of Decree-Law no. 127/2012, of the 21st of June, as amended by Decree-Law no. 99/2015, of the 2nd of June, and it has also complied with article 66(2) of the State Budget for 2020, read in conjunction with article 49 of the Decree-Law no. 84/2019, of the 28th of June, regarding the requests for a preceding opinion to Parpública - Participações Públicas, SGPS, S. A., and also the communications regarding the procurement of external legal services with JurisAPP and the prior requests to Parpública - Participações Públicas, SGPS, S.A..

At an internal level, ML complied with the Purchase Process Manual provisions, and small purchases followed the procedural protocol, thus promoting greater transparency by means of a specially developed web application, which ensures the proposals' confidentiality until their submission term's conclusion.

A Platform for the registration and management of procurement procedures has been developed in the Company's information system. Such platform enables an effective monitoring of the status and registration of relevant information on the procurement procedures processed by ML (excluding small acquisitions). A report was also developed allowing for the consultation and reporting of management indicators and compliance with the obligations of such procedures.

Additionally to complying with the procurement rules, statistical reports on this matter have been prepared and submitted to the relevant authorities, as well as other procurement reports in the context of audits.



In addition, four agreements worth over 5,000,000 euro were signed in 2020, which, in compliance with the PPC and with article 47 of the Law of Organization and Process of the Court of Auditors (*Lei de Organização e Processo do Tribunal de Contas* – LOPTC), were subject to an ex ante visa by this entity;

1. Acquisition of rolling stock and an automatic train control system for Metropolitano de Lisboa, E.P.E. network. (1st Stage), awaiting the visa from the Court of Auditors;
2. Agreement for the implementation of the contract for the design and construction of the structures regarding the realization of Metropolitano de Lisboa's Expansion Plan – Extension of the Yellow and Green Lines (Rato – Cais do Sodré) – Batch 1: 'Execution of the Structures between the Rato Station Ending and the Santos Station, from PK 0+0 AO PK 1 + 319.729', within the context of Metropolitano de Lisboa's Expansion Plan – Extension of the Yellow and Green Lines (Rato – Cais do Sodré), obtained the ex-ante visa from the Court of Auditors, with the reference number 1655/2020, on 26/06/2020;
3. 'Agreement for the execution of Contract for the design and construction of the Execution of the structures between the Santos Station and the Cais do Sodré station, PK 1+319,729 ao PK 1+984,273, Batch 2, within the context of Metropolitano de Lisboa's Expansion Plan – Extension of the Yellow and Green Lines (Rato – Cais Sodré), obtained the ex-ante visa from the Court of Auditors, with the reference number 3363/2020, on 11/02/2020;
4. Contract for the design and construction of the structures, finishes and systems regarding the realization of Metropolitano de Lisboa's Expansion Plan – Extension of the Yellow and Green Lines – Campo Grande viaducts (Batch 3), regarding the realization of Metropolitano de Lisboa's Expansion Plan – Extension of the Yellow and Green Lines (Rato – Cais do Sodré), obtained the ex-ante visa from the Court of Auditors, with the reference number 3364/2020, on 12/02/2020.

Lastly, it should be highlighted that, in 2020, Metropolitano de Lisboa has arranged for the procurement of electricity supply, with the conjunction of the awarding entities with CARRIS, thus resulting in a reduction of costs.

12. National Public Procurement System

In what regards this topic, from 2010 Metropolitano de Lisboa has been implementing the measures established in the Stability and Growth Pact (SGP) 2010–2013, and has voluntarily adhered to the National Public Procurement System (NPPS).

It should be mentioned that, in the context of the new organization model, the Corporate Management area responsible for Logistics began to centralize procurement procedures, seeking, where possible, to obtain the best purchase conditions regarding goods and services, entering into agreements by resorting to the method of aggregating contracting entities.



13. Measures to optimize the operating expenses structure

Table 49 – Optimization of operating expenses

PRC	2020 Exec.	2020 Budg.	2019 Exec.	2018 Impl.	2020/2019 Δ Absol.	Var. %
(0) EBITDA	-30 613 090	-34 113 901	-225 028	-5 210 989	-30 388 063	13504%
(1) CMVMC	2 613 840	3 622 107	3 596 083	6 067 798	-982 243	-27,3%
(2) FSE	36 134 918	37 141 804	36 878 739	34 798 822	-743 821	-2,0%
(3) Personnel expenses	80 231 596	83 203 468	80 056 942	78 806 214	174 654	0,2%
(3.i) Indemnities paid due to termination	0	0	0	179 830	0	-
(3.ii) Remuneration valuations according to the SBL for 2019	438 678	0	0	3 977 347	438 678	-
(3.iii) Impact of compliance with the provisions of article 21 of the Law no. 42/2016, of the 29th of December	1 137 320	1 151 147	1 173 821	2 437 322	-36 501	-3,1%
(4) Personnel expenses, corrected from costs = (3 - 3.i - 3.ii - 3.iii)	78 655 599	82 052 321	78 883 121	72 211 716	-227 522	-0,3%
(5) Impacts of the COVID-19 pandemic on Operating Expenses (CMVMC, FSE and Personnel expenses) ^{a)}	1 021 293	774 235	0	0	1 021 293	-
(6) Operating expenses for the purpose of determining operational efficiency= (1)+(2)+(4)-(5)	116 383 065	122 041 997	119 357 944	113 078 336	-2 974 879	-2,5%
(7) Turnover (TO) ^{b)}	66 808 955	71 263 636	118 794 598	114 530 094	-51 985 643	-43,8%
(7.1) Loss of revenue due to the pandemic due to COVID-19 (+)	48 663 010	31 135 368	0	0	48 663 010	-
(8) Turnover for the purpose of determining operational efficiency = (7 + 7.1)	115 471 964	102 399 004	118 794 598	114 530 094	-3 322 634	-2,8%
(9) Weight of Expenses/VN = (6)/(8)	100,8%	119,2%	100,5%	98,7%	0,3 p.p.	-
(i) Expenses related to Mission Travelling (FSE)	7 473	40 200	40 013	84 220	-32 540	-81,3%
(ii) Daily Allowance Expenses and Accommodation Expenses (Personnel expenses)	2 068	7 920	6 857	13 249	-4 789	-69,8%
(iii) Expenses related to the vehicle fleet ^{c)}	263 774	309 428	292 344	287 846	-28 570	-9,8%
(10) Total = (i) + (ii) + (iii)	273 314	357 548	339 213	385 316	-65 899	-19,4%
(11) Charges for hiring studies, opinions, projects and consulting	3 089 203	2 660 283	1 614 032	1 164 824	1 475 171	91,4%
HR Total Number (CB+MR+Employees)	1 519	1 584	1 458	1 422	61	4%
No. of Corporate Bodies (CB)	6	6	6	6	0	0%
No. of Management Positions (MR)	17	17	17	17	0	0%
No. of Employees (excluding CB and MR)	1 496	1 561	1 435	1 399	61	4%
No. of Employees / No. of MR	88	92	84	82	4	4%
No. of vehicles	47	41	39	42	8	21%

a) The impacts of the action taken to address the COVID-19 pandemic are detailed in the Table 16 - Operating Expenses (COVID-19).

b) The turnover is corrected from operating grants (-) and compensatory indemnities (-), as well as for COVID-19 impacts on the items Sales and Provisions of Services (+), as detailed in the Table 50 - Loss of revenue attributable to the COVID-19 pandemic.

c) The vehicle expenses include: rents/amortization, inspections, insurance, tolls, fuel, maintenance, repair, tires, fees and taxes.

With regard to the measures to optimize the operating expenses structure, the Circular DSPE/DAA/EPNF_NS no. 3653, of 26.09.2019 determines, as a financial principle of reference, that in 2020 the ratio between the operating expenses and turnover should be equal to or lower than that estimated for 2019:

As can be observed in the table above, ML has made an effort in optimizing its resources, seeking to reduce its operating expenses in order to offset, even if in part, the sharp drop in its turnover, and thus, considering the loss of revenue directly related to the COVID-19 pandemic, detailed in the tables below, the ratio between operating expenses/turnover is slightly higher than the one evidenced in 2019 (+0.3 p.p.). This derives from two effects: due to the fact that no increase in demand was considered, as it would be expected in the pre-pandemic period, in the values for loss of revenue arising from the pandemic outbreak, and to the fact that the drop in revenue in the month of March 2020, which after the 16th underwent a considerable reduction, was not measured.

With regard to the amount indicated as loss of revenue attributable to COVID-19, this is divided between Tariff Revenue (due to variations in demand and revenue from tickets and monthly passes) and Non-Tariff Revenue (sales of Viva Viagem cards, Lisboa Viva Customization, Commercial Spaces and Advertising), according to the following assumptions:

- **Tariff Revenue** – taking into account the application of the new tariff model (PART, implemented in April 2019), the analysis takes place in the period from April to December.



As evidenced in the table below, the loss of revenue regarding tickets and monthly passes stands at around 50 M€, partially offset by 4.9 M€ by payments on account PART related to this loss.

Table 50 – Detail of the loss in tariff revenue attributable to COVID-19

TARIFF REVENUE	APRIL-DECEMBER (REAL)		Var 2020/2019	
	2019	2020	Value	%
Single tickets passengers (n.º)	29 846 049	7 066 865	-22 779 184	-76%
Single tickets revenues (€)	38 702 725 €	8 242 765 €	- 30 459 960 €	-79%
Single ticket average revenue per passenger (€)	1,30 €	1,17 €	- 0,13 €	-10,1%
Monthly passes passengers (n.º)	98 850 867	38 435 387	-60 415 480	-61%
Monthly passengers revenues (€)	38 303 767 €	18 761 405 €	- 19 542 362 €	-51%
Monthly passes average revenue per passenger (€)	0,39 €	0,49 €	0,10 €	26,0%
Compensation payment ("COVID") PART -Estimated			4 889 289 €	
Loss in tariff revenue attributable to Covid-19 (deducted of PART compensation)			- 45 113 033 €	

- **Non-Tariff Revenue** – following the reduction in passengers carried, revenue relative to the sale of Viva Viagem cards, Lisboa Viva Customization, Commercial Spaces and Advertising also suffered a significant loss, both due to the reduction in customers and to the economic crisis generated by the confinement between April and May 2020, with consequences in terms of an increase in unemployment and a reduction in consumption habits deriving from insecurity and uncertainty about the future. The table below details the loss of this type of revenue, which stood at approximately 3.5 M€.

Table 51 – Detail of the loss in non-tariff revenue attributable to COVID-19

NON-TARIFF REVENUE	(REAL 2020/2019)		Var 2020/2019	
	PRE-COVID (2019)	POST-COVID (2020)	Value	%
Viva Viagem Cards	3 481 385	1 103 881	-2 377 504	-68%
LV Customization	383 159	157 201	-225 958	-59%
Commercial spaces	2 060 546	1 169 004	-891 542	-43%
Advertising	1 404 755	1 349 782	-54 973	-4%
Loss in non-tariff revenue attributable to Covid-19			-3 549 976	

The reduction in operating expenses by 2.5%, was due to:

- Cost of Materials Consumed reduced by 27%, with a special focus on Materials (-0.4M€) and Transport Tickets (-0.6M€);
- External Supplies and Services decreased by 2%, essentially due to the maturity of the leasing;
- Personnel expenses evidence a residual increase of 0.2%, as described on Page 62;

Travel and Accommodation Expenses: these recorded a decrease of 81%, in a year in which the pandemic forced confinement and restrictive measures with regard to travel and accommodation;



Daily Allowance Expenses are mostly a function of Travel and Accommodation Expenses, thus these also recorded a 70% decrease;

Expenses related to the vehicle fleet: these evidence a decrease of 10%, recording a decrease in all its components, with special emphasis on Conservation and Repair (-13 thousand€);

Expenses related to the procurement of studies, opinions, projects and consulting recorded an increase of 1.5 M€, resulting from technical and legal support for the Rato/Cais do Sodré expansion and Modernization projects.

The variation in the number of employees is justified by the integration of 47 workers from the subsidiary company Ferconsult, pursuant to the Order no. 602/2020 – SET and by new hirings approved.

The variation in the number of vehicles is due to the incorporation of Ferconsult vehicles in ML's assets.

14. Procurement of studies, opinions, projects and consulting

In 2020, ML applied the Public Procurement Code (PPC), approved by Decree-Law no. 18/2008, of the 29th of January, in its current wording, to the public procurement subject to such legal regime.

ML has also observed the guidelines established in Recommendation no. 1/2015, of the 7th of January, issued by the Corruption Prevention Board (Court of Auditors), supplied by means of the Circular no. 4766, of the 10th of August, as well as the ones established in Order no. 438/10-SETF, of the 10th of May, supplied by means of the Circular no. 6132, of the 6th of August 2010.

15. Principle of the State's Treasury Unity

Table 52 – Resources at the IGCP

STU	2020
Resources in 31-12-2020	101 315 692 €
Deposits with the IGCP	46 467 231 €
Others	54 848 461 €
Resources at the IGCP [%]	45,9%

Table 53 – Availabilities at the Commercial Banks

Commercial Banks	1 st Quarter €	2 nd Quarter €	3 rd Quarter €	4 th Quarter €
Wilmington Trust	26 501 456	26 501 456	26 501 456	24 966 310
Wells Fargo	31 593 901	31 593 901	31 593 901	29 096 203
Banco Português de Investimento	664 917	648 183	573 015	776 290
Banco Santander Totta	4 255	5 108	1 065	1 431
Caixa Banco Investimento	4 246	4 246	4 246	4 062
Millennium BCP	36 363	1 432	1 758	2 317
Caixa Geral de Depósitos	7 839	1 703	3 119	1 848
Total	58 812 977	58 756 029	58 678 562	54 848 461
Interest earned	0	0	0	0

16. Audits carried out by the Court of Auditors in the last three years

- Financial public debt
- Public financial assets

17. Disclosure of information on the SEE website

Table 54 – Information disclosed on the SEE website

Information placed in the SEE website	Disclosure		Notes
	Y/N/N.A.	Revision date	
Statuses	S	nov/2020	
Company Presentation	S	jan/2020	
Supervising and shareholding roles	S	jan/2020	
Governance Model / Corporate Bodies Members:	S		
- Identification of Corporate Bodies	S	jan/2020	
- Fixed Remuneration Statute	S	jan/2020	
- Disclosure of the remuneration earned by the Corporate Bodies	S	jan/2020	
- Identification of the roles and responsibilities attributed to the members of the Board of Directors	S	jan/2020	
- Presentation of curricula summaries of the members of the Corporate Bodies	S	jan/2020	
Public Financial Effort	S	jan/2020	
Summary Sheet	S	jan/2020	
Historical and current Financial Information	S	ago/2017	The accounts for the financial years 2014 to 2019 are pending the Shareholder's approval.
Good Governance Principles:	S		
- Internal and external Regulations binding the company	S	nov/2018	
- Relevant transactions with related entities	S	nov/2018	
- Other transactions	S	nov/2018	
- Sustainability analysis of the company for the following areas:	S	nov/2018	
Economic	S	nov/2018	
Social	S	nov/2018	
Environmental	S	nov/2018	
- Compliance assessment regarding the Principles of Good Governance	S	nov/2018	
- Code of ethics	S	nov/2018	

18. Summary table – Compliance with Legal Guidelines

Table 55 – Summary table – Compliance with Legal Guidelines I

Compliance with the Legal Guidelines – 2020	Compliance Y/N/N.A.	Quantification/ Identification	Justification/Reference to the report's item
Management objectives			
Management objectives set for 2020			Page 73
Targets to be achieved included in ABP 2020			
Financial Principles of Reference			
Operating Efficiency (ratio between the operating expenses and turnover equal to or smaller than projected for 2019)	S	-18.4 p.p.	Management Objectives and Activity and Budget Plan – Page 73
PRC (1) – Personnel Expenses	S	-4.1%	Management Objectives and Activity and Budget Plan – Page 73
PRC (2) – Travel Expenses	S	-80.2%	Management Objectives and Activity and Budget Plan – Page 73
PRC (3) – Car fleet	S	-14.8%	Management Objectives and Activity and Budget Plan – Page 73
PRC (4) – Studies/Opinions/Consultancy	N	+16.1%	Management Objectives and Activity and Budget Plan – Page 73
Investment	N	-74.1%	Management Objectives and Activity and Budget Plan – Page 73
Indebtedness	N	+2 p.p.	Management Objectives and Activity and Budget Plan – Page 73
Status of implementation of the budget uploaded on SIGO/SOE	S	Revenue: 83.9% Expense: 80.6%	Management Objectives and Activity and Budget Plan – Page 74
Financial Risk Management	S	Average financing Rt: 5.61%	Financial Risk Management – Page 75
Indebtedness Growth Limits	N	Indebtedness variation: 3.30%	Indebtedness growth limit – Page 75
Evolution of APP to suppliers	S	41 days	Average Period for Payment – Page 75
Disclosure of Payments in Arrears	S	Arrears: 91,788€	Average Period for Payment – Page 75
Shareholder's recommendations from the last legal accounts reporting	S	Optimization of the ratio between the operating expenses and TO. Implementation of the board of directors' remuneration statute	Shareholder's Recommendations – Page 76
Remunerations			
No attribution of management bonuses	S		Corporate Bodies – Page 76
BD – remuneration reductions and reversals enforced in 2020 (if applicable)	S		Corporate Bodies – Page 76
Inspection (SB/ROC/SA) – remuneration reductions enforced in 2020 (if applicable)	N.A.		Corporate Bodies – Page 78
External Auditor – remuneration reduction enforced in 2020 (if applicable)	N.A.		External Auditor – Page 79
Public Manager Statute (PMS) – articles 32 and 33 of PMS			
No use of credit cards.	S		Public Manager Statute – Page 79
No reimbursement for personal representation expenses	S		Public Manager Statute – Page 79
Maximum amount for communication expenses	S		Public Manager Statute – Page 80
Maximum monthly amount for fuel and tolls allocated to the service vehicles	S		Public Manager Statute – Page 80

19. Compliance with Legal Guidelines II

Table 56 – Compliance with Legal Guidelines II

Compliance with the Legal Guidelines – 2019	Compliance	Quantification/ Identification	Justification/Reference to the report's item
	Y/N/N.A.		
Non-documented or confidential expenses – article 16(2) of the RJSPE and article 11 of the PMS			
Prohibition incurring in non-documented or confidential expenses	S		Non-documented or confidential expenses – Page 80
Promoting equality between women and men – paragraph 2 of the CMR no. 18/2014			
Preparation and disclosure of the report on remunerations paid to women and men	S	https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2019/02/Plano-para-a-Igualdade-entre-Mulheres-e-Homens-2018-2021-site-ML.pdf	Report on remunerations paid to women and men – Page 80
Preparation of the annual report on corruption prevention	S	https://www.metrolisboa.pt/institucional/wp-content/uploads/sites/2/2020/10/PPRCIC_ML_FC_2020.pdf	Annual report on corruption prevention – Page 81
Public Procurement			
Enforcement of public procurement rules by the Company	S		Public procurement – Page 81
Enforcement of public procurement rules by the Subsidiary Companies	N.A.		
Agreements are subject to prior approval of the Court of Auditors	S		National Public Procurement System – Page 81
Audits by the Court of Auditors	S	Financial public debt Public financial assets	Audits carried out by the Court of Auditors in the last three years – Page 86
Car parking			
No. of vehicles	S	Incorporation of Ferconsult vehicles in ML's assets	Measures to optimize the operating expenses structure – Page 83
Public Companies' Operating Expenses			Measures to optimize the operating expenses structure – Page 83
Procurement of studies, opinions, projects and consulting (article 49 of the Budget Implementation Decree–Law for 2019)	N		Procurement of studies, opinions, projects and consulting – Page 85
Principle of Treasury Unity (article 28 of the DL 133/2013)			
Resources and applications of funds centralized at the IGCP	N	45.9% of total funds deposited at the IGCP	Principle of the State's Treasury Unity – Page 85
Resources and applications of funds at the Commercial Banks	N	54,848,461€	Principle of the State's Treasury Unity – Page 85
Interest earned in non-compliance with UTE and paid to the State	N.A.		Principle of the State's Treasury Unity – Page 85

8.2 Final Remarks

Pursuant to the relevant legal provisions, the Board of Directors shall declare that:

- a. In addition to the aforementioned facts and those which, in greater detail, are included in the documents accompanying the Financial Statements for the financial year 2020, the occurrence of the following events after the end of the financial year should be highlighted:
 - i. The DL no. 3-C/2021, of the 22nd of January, which changes the measures to tackle the spread of the disease COVID-19, establishes a new period of mandatory confinement, as well as the immediate suspension of teaching and non-teaching activities. Such measures, which have been in force until the 15th of March, had an immediate impact on ML's activity, with a reduction in demand levels in January and February, when compared with the evolution of the last 2 months of 2020. Notwithstanding in March 2021 we will again invert the demand levels curve, and the consequent recovery, even if slight, of ML's revenue, there are many uncertainties regarding the recovery of the public transport service activity in this financial year;
 - ii. On the 15th of February 2021, an agreement was signed between OTLIS, its members and the Lisbon Metropolitan Area regarding the establishment of the consideration due for the transfer of its assets, with the exception of bank and cash balances and suppliers and customers balances, to the TML – Transportes e Mobilidade de Lisboa, EMT, S.A., and this occurrence did not give rise to any need for adjustments in the 2020 financial year;
- b. According to article 21 of the Decree-Law no. 441/91, there are no outstanding debts to Social Security;
- c. In the light of the terms of article 324(2) of the Portuguese Companies Code, there was no movement of purchases and sales of own shares or others in the current financial year;
- d. There were no businesses entered into between the directors and the company during the period under analysis.

The Board of Directors

Vítor Manuel Jacinto Domingues dos Santos

Maria Helena Arranhado Carrasco Campos

Pedro Miguel de Bastos Veiga da Costa

Lisbon, the 22nd of June 2021



8.3 Appendix to the Annual Management Report (Board of Directors, art. 447(5) of the Portuguese Companies Code)

Pursuant to the provisions of article 447(5) of the Portuguese Companies Code, we hereby inform that, as of the 31st of December 2020, the members of the Board of Directors were not holders of any shares representing the company's share capital.

The Board of Directors

Vítor Manuel Jacinto Domingues dos Santos

Maria Helena Arranhado Carrasco Campos

Pedro Miguel de Bastos Veiga da Costa

Lisbon, the 22nd of June 2021



8.4 Appendix to the Annual Management Report (Supervisory Board, art. 447(5) of the Portuguese Companies Code)

Pursuant to the provisions of article 447(5) of the Portuguese Companies Code, we hereby inform that, as of the 31st of December 2020, the members of the Supervisory Board were not holders of any shares representing the company's share capital.

The Supervisory Board

José Carlos Pereira Nunes

Cristina Maria Pereira Freire

Margarida Carla Campos Freitas Taborda

Lisbon, the 22nd of June 2021



8.5 Financial Statements

Separate balance sheet with reference to the 31st of December 2020

		Un:€	
ITEMS	Notes	31st of December 2020	31st of December 2019
Assets			
Non-current assets			
Long-term infrastructure investments	6	5 390 701 851	5 249 978 288
Property, plant and equipment	7	98 448 584	112 510 800
Investment property	8	12 621 462	13 495 310
Intangible assets	9	1 830 425	-
Financial interests - equity method	10	33 832 449	3 789 301
Other financial assets	11	54 065 280	58 096 755
Total non-current assets		5 591 500 050,89	5 437 870 454
Current assets			
Inventories	12	10 836 101	7 737 745
Clients	13	1 718 818	1 298 272
State and other public entities	14	3 815 038	3 049 503
Other credits receivable	15	10 929 504	6 939 794
Deferrals	16	30 388 665	30 434 644
Cash and bank deposits	17	47 271 470	29 729 749
Total current assets		104 959 596,35	79 189 707
Total Long-term Infrastructure Investment assets		5 390 701 851	5 249 978 288
Total operation-allocated assets (ML)		305 757 796	267 081 873
Total assets		5 696 459 647	5 517 060 161
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	18	3 413 998 982	3 093 575 218
Legal reserves		21 597	21 597
Other reserves		1 501 878	1 501 878
Profits carried over		(1 883 675 004)	(1 866 801 728)
Reevaluation surpluses		37 234 076	37 234 076
Adjustments/Other changes in equity		(7 181 254)	2 306 279
		1 561 900 274	1 267 837 320
Net profit for the financial year		(57 131 391)	(16 873 277)
Total equity		1 504 768 883,16	1 250 964 043
Liabilities			
Non-current liabilities			
Long-term infrastructure investments	6	1 946 015 681	2 078 989 938
Provisions	19	40 313 289	55 807 026
Borrowings	20	151 382 336	167 145 382
Responsibilities with post-employment benefits	21	274 600 485	271 350 648
Other financial liabilities	22	43 363 932	58 618 131
Total non-current liabilities		2 455 675 724	2 631 911 125
Current liabilities			
Long-term infrastructure investments	6	1 056 477 888	1 041 099 776
Suppliers	23	7 230 978	10 118 432
State and other public entities	14	3 150 333	3 030 076
Borrowings	20	605 259 449	522 801 395
Total operation-allocated liabilities (ML)		1 189 197 195	1 146 006 403
Total liabilities		4 191 690 763,90	4 266 096 118
Total equity and liabilities		5 696 459 647	5 517 060 161

THE BOARD OF DIRECTORS

THE CERTIFIED ACCOUNTANT

Eng. Vítor Manuel Jacinto Domingues dos Santos

Mr. Pedro Miguel Galante Antunes Paiva

Eng. Maria Helena Arranhado Carrasco Campos

Mr. Pedro Miguel de Bastos Veiga da Costa



Separate statement of profits and losses by nature with reference to the 31st of December 2020

			Un:€
INCOME AND EXPENSES	Notes	2020	2019
Sales and provisions of services	25	66 808 955	118 794 598
Operating Grants	26	21 740 836	516 729
Profits / losses attributed to subsidiaries, associate companies and joint ventures	27	(4 138 648)	(2 411 668)
Own work capitalized	28	4 652 146	3 102 102
Costs of goods sold and materials consumed	12	(2 613 840)	(3 596 083)
External supplies and services	29	(36 134 918)	(36 878 739)
Personnel expenses	30	(80 231 596)	(80 056 942)
Inventory impairment (losses / reversals)	12	299 936	
Impairments in debts receivable (losses / reversals)	3 and 12	313 925	128 641
Provisions (increases / reductions)	19	(70 000)	-
Fair value increases / reductions	11	16 130 888	24 535 909
Other income	31	2 727 645	6 138 668
Other expenses	32	(6 737 947)	(2 907 862)
Profit before interest, taxes, depreciation and amortization		(17 252 620)	27 365 353
Depreciation and amortization expenses / reversals	7.9	(15 179 029)	(19 051 536)
Impairments of investments subject to depreciation/amortization (losses/reversals)	7.9	(318 005)	1 779 952
Operating profit (before interest and taxes)		(32 749 653)	10 093 768
Interest and similar expenses incurred	33	(24 380 720)	(26 926 463)
Profit before taxes		(57 130 373)	(16 832 694)
Income tax for the financial year	34	(1 018)	(40 582)
Net profit for the financial year		(57 131 391)	(16 873 277)

THE BOARD OF DIRECTORS

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Mr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Mr. Pedro Miguel Galante Antunes Paiva



Separate statement of changes in equity for the financial years 2019 and 2020

Unid. monetária (Euro)

	Notes	Subscribed capital	Legal reserves	Other reserves	Profits carried over	Reevaluation surplus	Adjustments/ other changes in equity	Net profit for the financial year	Total	Total equity
Position on the 1st of January 2019		2 543 791 006	21 597	1 501 878	(1 838 909 293)	37 234 076	26 046 904	(27 892 435)	741 793 733	741 793 733
Changes occurred in the financial year:										
Application of the net profit for the financial year ended on the 31st of December 2018					(27 892 435)			27 892 435	-	-
Established benefit plan - actuarial gains and losses	21						(22 428 842)		(22 428 842)	(22 428 842)
Investment grants	30						(1 311 783)		(1 311 783)	(1 311 783)
		-	-	-	(27 892 435)	-	(23 740 625)	27 892 435	(23 740 625)	(23 740 625)
Net profit for the financial year								(16 873 277)	(16 873 277)	(16 873 277)
Comprehensive income								(40 613 902)	(40 613 902)	(40 613 902)
Operations with shareholders in the financial year										
Capital subscriptions		549 784 212							549 784 212	549 784 212
		549 784 212	-	-	-	-	-	-	549 784 212	549 784 212
Position on the 31st of December 2019		3 093 575 218	21 597	1 501 878	(1 866 801 728)	37 234 076	2 306 279	(16 873 277)	1 250 964 043	1 250 964 043
Position on the 1st of January 2020		3 093 575 218	21 597	1 501 878	(1 866 801 728)	37 234 076	2 306 279	(16 873 277)	1 250 964 043	1 250 964 043
Changes occurred in the financial year:										
Application of the net profit for the financial year ended on the 31st of December 2019	18				(16 873 277)			16 873 277	-	-
Established benefit plan - actuarial gains and losses	21						(8 244 433)		(8 244 433)	(8 244 433)
Investment grants	30						(1 243 100)		(1 243 100)	(1 243 100)
		-	-	-	(16 873 277)	-	(9 487 533)	16 873 277	(9 487 533)	(9 487 533)
Net profit for the financial year								(57 131 391)	(57 131 391)	(57 131 391)
Comprehensive income								(66 618 924)	(66 618 924)	(66 618 924)
Transactions with capital holders in the period										
Capital subscriptions	18	320 423 764							320 423 764	320 423 764
		320 423 764	-	-	-	-	-	-	320 423 764	320 423 764
Position on the 31st of December 2020		3 413 998 982	21 597	1 501 878	(1 883 675 004)	37 234 076	(7 181 254)	(57 131 391)	1 504 768 883	1 504 768 883

THE BOARD OF DIRECTORS

Eng.º Vítor Manuel Jacinto Domingues dos Santos

Eng.ª Maria Helena Arranhado Carrasco Campos

Mr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Mr. Pedro Miguel Galante Antunes Paiva



Separate statement of cash flows with reference to the 31st of December 2020

Unid. monetária (Euro)

	Notes	2020	2019
Cash flows from operating activities			
Receipts from Customers		66 669 577	131 642 096
Payments to Suppliers		(47 940 571)	(28 204 498)
Payments to Personnel		(82 455 389)	(67 379 748)
Cash generated from the operations		(63 726 382)	36 057 851
Receipts from 'Support to the replenishment of public transport supply'	26	20 299 084	-
Payments and receipts from Taxes		-	4 340 765
Other receipts/ payments		2 125 526	(23 074 619)
Cash flows from operating activities [1]		(41 301 773)	17 323 996
Cash flows from investment activities			
Receipts arising from:			
Financial Investments		257 345	65 610
Investment grants		31 474 692	26 763 683
Cash payments regarding to:			
Property, plant and equipment		(73 905 447)	(11 319 107)
Cash flows from investment activities [2]		(42 173 409)	15 510 186
Cash flows from financing activities			
Receipts arising from:			
Borrowings		203 813 049	131 884 780
Realizations of capital and other equity instruments		320 423 764	549 784 212
Payments arising from:			
Borrowings		(216 514 597)	(471 502 576)
Interest and similar expenses		(206 705 313)	(229 508 433)
Cash flows from financing activities [3]		101 016 903	(19 342 018)
Variation of cash and cash equivalents [4]=-[1]+[2]+[3]		17 541 721	13 492 165
Cash and its equivalents at the end of the financial year	17	47 271 470	29 729 749

THE BOARD OF DIRECTORS

Eng.º Vitor Manuel Jacinto Domingues dos Santos

Eng.ª Maria Helena Arranhado Carrasco Campos

Mr. Pedro Miguel de Bastos Veiga da Costa

THE CERTIFIED ACCOUNTANT

Mr. Pedro Miguel Galante Antunes Paiva

Notes to the financial statements with reference to the 31st of December 2020

1. Introductory note

Metropolitano de Lisboa, E.P.E. (hereinafter referred to as 'ML' or 'Company') is a public business entity, incorporated in 1949, with its corporate headquarters at Av. Fontes Pereira de Melo, n.º 28, in Lisbon, the current legal regime and Statutes of which have been approved by the Decree-Law no. 148-A/2009, of the 26th of June. Its main purpose consists in the provision of activities and services focused on public transport by means of a passenger metropolitan in the city of Lisbon and the neighbouring municipalities of the Greater Lisbon, in light of the concession agreement entered into with the Portuguese State on the 23rd of March 2015.

The year 2020 was inevitably marked by the impact directly and indirectly caused by the outbreak of Covid-19, classified as a Pandemic by the World Health Organization on the 11th of March 2020, and which also spread to our Country. The Company has been updating its contingency plans and implementing the necessary measures in order to anticipate and mitigate the adverse effects and the economic and financial impacts of the Pandemic on its activity. Nonetheless, and as it would be expected, the 2020 profits have been strongly affected by this outbreak, with demand decreasing by over 50% when compared to 2019 and turnover decreasing by about 44%.

The financial statements, which include the balance sheet, the statement of profits and losses by nature, the statement of changes in equity, the statement of cash flows and the present notes, were approved by the Board of Directors and authorized for issuing on the 22nd of June 2021, albeit they are still subject to approval by the sectorial and financial Supervising Authorities, under the terms of the Legal Regime of the Public Business Sector.

The Board of Directors undertakes that, to the best of its knowledge, the information in these financial statements was prepared in accordance with the applicable accounting standards, giving a true and fair view of the financial position of ML as of the 31st of December 2020 and of its financial performance and cash flows for the year ended on the said date.

In light of the Decree-Law no. 158/2009, of the 13th of July, additionally to the present individual financial statements, the Company is subject to the preparation of consolidated financial statements, which shall be separately disclosed.

2. Accounting framework for the preparation of the financial statements

2.1 Basis of preparation

These financial statements were prepared pursuant to the Portuguese Accounting Standards System (SNC), as approved by Decree-Law no. 158/2009, of the 13th of July, and subsequently amended and republished by the Decree-Law no. 98/2015, of the 2nd of June.

ML has no obligation to apply the Portuguese Accounting Standardization System for Public Administrations (SNC-AP), given that in the light of the provisions of art. 3(3) of the Decree-Law no. 192/2015, of the 11th of September, as amended by art. 164 of the Decree-Law no. 33/2018, of the 15th of May, hereinafter referred to



as the Budget Implementation Decree-Law, the financial accounting subsystem of the SNC-AP does not apply to reclassified public entities (RPE) under the Portuguese Securities Market Commission (*Comissão do Mercado de Valores Mobiliários* – CMVM) supervision, notwithstanding the compliance with the provisions relating to the Central Chart of Accounts of the Ministry of Finance, pursuant to the provisions of art. 26 of the Budget Implementation Decree-Law, and of the budget accounting, as set forth in the Public Accounting Standard (PAS) 26 – Accounting and Budgetary Reporting.

2.2 Derogations from the SNC provisions

No derogations from the SNC provisions have been made.

2.3 Comparability

The information contained in the financial statements is fully comparable with the one of the previous period, with emphasis on the reclassifications made in the balance sheet and in the statement of changes in equity and disclosed in Note 5.

3. First-time implementation of the NCRF – transitional disclosure

The Company effected the transition to the Portuguese Accounting Standards for Financial Reporting (*Normas Contabilísticas de Relato Financeiro* – NCRF) on the 1st of January 2009, and the first financial statements according to the NCRF have been presented for the year ended on the 31st of December 2010.

4. Key accounting policies

The main accounting policies adopted in the preparation of the financial statements are as follows:

4.1 Basis of measurement

The amounts presented, unless otherwise stated, are expressed in euro (EUR). The financial statements have been prepared on a going concern basis and according to the accrual basis of accounting, based on the accounting books and records, kept in accordance with the accounting principles generally accepted in Portugal.

4.2 Long-term infrastructure (LTI) investment activities

Throughout the years, the Company has been responsible for the construction, renovation and management of long-term infrastructure associated with the regular operation of the collective public passenger transport services on the basis of the exploitation of the Lisbon underground and its neighbouring areas. This is an activity developed in compliance with State instructions, and its financing is guaranteed by means of grants and loans which are mostly guaranteed by the State.

Up to the financial year 2009, the Company has recognized the assets and liabilities of LTI in its balance sheet pursuant to the interpretation of the Decree-Law no. 196/1980, of the 20th of June, according to which the



Portuguese State committed to restructure the Company economically and financially, notably by bearing the charges related to the investments in LTI made until the 31st of December 1978, and such Decree-Law also provided that, regarding the investments to be made subsequent to the 1st of January 1979, the State would establish the amounts overdue, which it would take up, but such provision has never been issued. In the financial years 2010 and 2011, the Directors have deemed more appropriate to cancel the assets and liabilities allocated to the LTI, and therefore the Company's total balance sheet in the said financial years has been significantly reduced. In the course of the financial year 2012, the year in which the Order no. 1491/12 has been issued by the Secretariat of State for Treasury and Finances, the Directors have determined to resume the recording in the Company's balance sheet of the assets and liabilities related to the LTI.

Therefore, all the flows deriving from this activity are recorded in the balance sheet under the items 'Long-term infrastructure investments', and these include the following elements:

In assets:

- The public domain long-term infrastructure ('LTI') built by the Company and regarding which it holds the right of access for purposes of providing 'Passenger transport' and 'Infrastructure management' services, which include free revaluations performed in the preceding years;
- The materials acquired related to the construction/repairing of LTI, with an inventory nature;
- The grant amounts received for purposes of co-financing the construction of LTI to be deducted from the investments in LTI;
- The internal operating expenses of the several management services which are not exclusively intended for investment purposes, which are allocated at a percentage of 10% to the amount of the investments in progress.
- The financial costs directly borne with the financing agreed for financing the construction and repairing activities of LTI, corresponding to interest, guarantee fee and stamp duty deriving from the activity performed on behalf of the State, which have not been capitalized in the LTI cost in the course of its construction period;
- The derivative financial instruments agreed by the Company aimed at dealing with interest rate changes as to the borrowings intended to finance the LTI activity, which are recognized in assets at their fair value, in the event their fair values is positive.

It should be mentioned that property, plant and equipment and intangible assets disclosed in the item LTI are not subject to depreciation/amortization.

In liabilities:

- The balances payable to the service providers regarding the construction of LTI;
- The agreed borrowings aimed at financing the construction and repairing of the LTI, particularly those guaranteed by the State;
- The derivative financial instruments agreed by the Company aimed at hedging interest rate changes as to the borrowings intended to finance the LTI activity, which are recognized in liabilities at their fair value, in the event their fair values is negative.

The expenses with maintenance and repairing which do not increase these assets' operating life are recorded in the statement of profits and losses with reference to the financial year in which they occur, as a consequence of the fact these arise from the Company's infrastructure management activity.



In light of the provisions of the Decree-Law no. 196/80, of the 20th of June, the Government has undertaken the principle according to which it was the Portuguese State's role to finance the long-term infrastructure built by the Company, and for this purpose it has defined the following types of investments:

- Studies for the development of the network;
- Galleries, stations and other ancillary or supplementary constructions;
- Railway tracks;
- High and low power networks;
- Telecommunication and control systems;
- Ventilation and pumping equipment;
- Mechanical accesses.

The aforementioned principle had practical implementation by means of grants awarded by the Portuguese State, non-repayable, regarding those investments made until the 31st of December 1980 and for the financial costs incurred up to such date with those investments. On the said date, the amount of investments made and the sum of the awarded grants were concordant and were reflected in the accounts, correspondingly, in the assets financed by the State and in the investment reserves.

The Decree-Law referred to above included a clause which laid down its revision until the end of its duration, on the 31st of December 1980. However, this has not occurred. Therefore, from such date, the funds started being allocated on the basis of occasional legislation framed within the Investment Plans of the State's Business Sector and in the form of contributions for statutory equity or for generic grants for investments and financial restructuring and, as a result, no concordance between the investments made and the grants awarded has been observed ever since.

As a result of the recognition policy's modification in the moment of the transition to the Portuguese Accounting Standards System (SNC), the Company has measured the financial costs related to interest, stamp duty, guarantee fee and expenses incurred with the establishment of the financing in the preceding years, and not borne by the State, and transferred them to the item 'Long-term infrastructure investments'.

4.3 Property, plant and equipment

Property, plant and equipment are initially recorded at their cost of acquisition or production, which includes the cost of acquisition, the financial costs and expenses directly attributable to the necessary activities to place the assets in the necessary location and conditions to operate as intended and, where applicable, the initial expenses estimate regarding the assets' decommissioning and removal, as well as the restoration of their corresponding installation/operation sites, expected to be incurred by the Company, deducted from accumulated depreciation and accumulated impairment losses.

The depreciations are computed subsequently to the moment when the good is ready to be used, on a straight-line basis over 12-month periods, according to the estimated operating life of each asset group:

The expenses with maintenance and repairing which do not increase these assets' operating life are recorded in the statement of profits and losses with reference to the financial year in which they occur. Expenditures with major repairs are included in the accounting value of the asset when these are expected to generate additional future economic benefits.



Class of goods	Years
Buildings and other constructions	10 - 50
Basic equipment	
Exploration rolling stock	15 - 28
Support rolling stock	20
Other basic equipment	12 - 16
Tools and maintenance equipment	5 - 32
Administrative equipment	4 - 8

The gains or losses deriving from the disposal or the writing-off of property, plant and equipment are determined as the result of the difference between the fair value of the amount received or receivable with the transaction and the asset's net carrying amount, net from accumulated depreciation, being recognized in profits and losses in the period in which the said disposal or writing-off occurs.

4.4 Leases

Leases are classified as financial where, in light of the corresponding terms, all the risks and benefits related to the asset's ownership are substantially transferred to the lessee. The remaining leases shall be classified as operating. The classification of leases is based on the substance and not by their corresponding contractual forms.

The assets acquired by means of financial lease agreements, as well as their corresponding liabilities, shall be recorded on the starting of the lease at the lower between the assets' fair value and the minimum lease payments present value. The financial lease payments are divided between financial costs and reduction of the responsibilities, thus obtaining a regular interest rate on the outstanding responsibility balance.

The operating lease payments are recognized as expenses on a straight-line basis in the course of the lease period. Incentives received are recorded as a liability, with the aggregate amount of these being recognized as a reduction to the lease expense also on a straight-line basis over the leasing period. Incentives received are recorded as a liability, with the aggregate amount of these being recognized as a reduction to lease expenses also on a straight-line basis.

The contingent rents are recognized as expenses in the financial year in which they are incurred.

4.5 Intangible assets

The intangible assets are recorded at their cost net from any accumulated amortizations and impairment losses.

The overheads with research activities are recorded as expenses in the period in which they are incurred.

Amortization of intangible assets is recognized on a straight-line basis, according to its estimated operating lives, as follows:

Class of goods	Years
Industrial property and other rights	3 - 10



4.6 Investment property

Investment property is measured at their cost net from accumulated depreciation and impairment losses.

The depreciations are computed subsequently to the moment when the good is ready to be used, on a straight-line basis over 12-month periods, according to the estimated operating life of each asset group.

The depreciation rates used reflect the following estimated operating life periods:

Class of goods	Years
Buildings and other constructions	10 - 50

The expenses incurred in relation to the investment property, notably maintenance, repairs, insurance and taxes, shall be recognized as expenses in the financial year to which they relate. The improvements or upgrades to investment property for which there are expectations of generating additional future economic benefits are capitalized under the item 'Investment property'.

4.7 Financial interests in subsidiaries, associates companies and joint ventures

Financial interests in subsidiaries, associates companies and joint ventures are recorded pursuant to the equity method and are initially recognized at their cost and subsequently adjusted in the light of the changes observed, after the acquisition, in the investor or the venturer's share in the net assets of the invested or the jointly controlled entity. The investor or venturer's profits include their share corresponding to the invested or jointly controlled entity's profits. Dividends received from these companies are recorded as a decrease in the financial investment's value.

When the Company's proportion in the accumulated losses of the subsidiary company is greater than the amount according at which the investment was recorded, the investment is reported at nil, except when the Company has agreed to commitments regarding the coverage of losses of the subsidiary company, and in such cases the additional losses give rise to the recognition of a liability. If the subsidiary company reports profits at a subsequent stage, the Company resumes the recognition of its share in the said profits only to the extent its share of profits equals the part of the unrecognized losses.

The unrealized gains on transactions with subsidiaries, associate companies and joint ventures are eliminated in proportion to the Company's interest in such entities against the corresponding item of the investment. Unrealized losses are eliminated in a similar manner, but only to the extent the loss does not derive from a situation in which the transferred asset is impaired.

The remaining financial investments are recorded at their cost of acquisition, which shall be lower than their market value.

4.8 Non-current asset impairments

On each reporting date, a review of the net carrying amounts of the Company's assets is carried out in order to determine the presence of any impairment indicator. Should there be any indicators, the corresponding assets'



(or the cash-generating units') recoverable sum is estimated in order to determine the extent of the impairment loss (if applicable).

The asset's (or the cash-generating unit's) recoverable sum corresponds to the greater amount between: (i) its fair value deducted from the selling costs; and (ii) its value in use. When determining the value in use, the estimated future cash flows are discounted by using a discount rate which reflects the market's expectations in what regards the time value of money (which in the case of the Company was considered not to exist) and the asset's (or the cash-generating unit's) specific risks in relation to which the estimates of future cash flows were not subject to adjustments.

Whenever the asset's (or the cash-generating unit's) net carrying sum is greater than its recoverable sum, an impairment loss is recognized. The impairment loss is immediately recorded in the statement of profits and losses, except if such loss compensates for a revaluation surplus recorded in equity. In case of the latter, such loss will be deemed as a decrease in the said revaluation.

The reversals of impairment losses recognized in previous financial years are recorded whenever there is evidence the previously recognized impairment losses have ceased to exist or have decreased. The reversals of the impairment loss are performed up to the amount that would be recognized (net from depreciation) if such previous impairment loss had not been recorded.

4.9 Expenses related to borrowings

Financial costs related to borrowings are recognized as expenses as they are incurred.

The financial costs related to borrowings directly associated with asset acquisition and construction are capitalized, and are an integral part of the asset's cost. The beginning of these costs' capitalization shall start after the beginning of the preparation of the asset's construction activities and shall be interrupted following the start of use or completion of the asset or when the relevant asset is suspended. Any income generated by borrowings obtained in advance associated with a specific investment is deducted from the financial costs the capitalization of which is permissible.

4.10 Inventories

The inventories are measured at the smaller amount between their cost and their net realization amount. Raw materials, other raw materials and consumables are recorded at their cost of acquisition, which shall not exceed their corresponding market value.

The net realization amount represents the estimated selling price net from all estimated expenses necessary to complete the inventories and to sell them. In those events where the cost value exceeds the net realization amount, an impairment loss is recorded for the corresponding difference.

The inventories cost method adopted by the Company corresponds to the average weighted cost.



4.11 Financial assets and financial liabilities

The financial assets and financial liabilities are recognized in the balance sheet when the Company enters into the corresponding contractual provisions as a party.

Therefore, the financial assets and the financial liabilities are measured in light of the following criteria: (i) their amortized cost deducted from impairment losses and (ii) their fair value, with their changes being recognized in the statement of profits and losses.

i. (i) Their amortized cost deducted from impairment losses

The financial assets which meet the conditions set out below are measured 'at their amortized cost deducted from impairment losses':

- They are in sight or have a defined maturity;
- They are related to a fixed or determinable yield; and
- They do not contain any agreement clause which could derive in a nominal value loss for their holder.

With the exception of the financial liabilities classified as held for trading, all financial liabilities must be measured at their amortized cost.

The amortized cost is determined by means of the effective interest method. The effective interest is computed through the rate which accurately discounts future estimated payments or receipts during the financial instrument's operating life from the financial asset or financial liability's net carrying sum (effective interest rate).

As a consequence, such category includes the following financial assets and financial liabilities:

a) Customers and other credits receivable

Those balances related to customers and to other credits receivable are recorded at their amortized cost deducted from any impairment losses. Normally, the amortized cost of such financial assets is not different from their nominal value.

b) Cash and bank deposits

The amounts included in the item 'Cash and bank deposits' reflect the amounts of cash, bank deposits and savings deposits and other treasury applications which mature in less than twelve months. Normally, the amortized cost of such financial assets is not different from their nominal value.

c) Suppliers and other debts payable

The balances regarding suppliers and other debts payable are recorded at their amortized cost. Normally, the amortized cost of such financial liabilities is not different from their nominal value.

d) Borrowings

Borrowings are recorded as a liability at their amortized cost.

Any potential expenses incurred with such borrowings, in particular bank commissions and stamp duty, as well as interest and similar expenses, are recognized using the effective interest method in profits and losses for the financial year throughout the life period of such borrowings. While these are not recognized, such expenses



incurred are evidenced as a deduction in the item 'Borrowings'. The interest incurred and not yet paid is evidenced under the item 'Other debts payable'.

ii. (ii) Their fair value, with their changes being recognized in the statement of profits and losses

All financial assets and financial liabilities which were not classified in the category 'at their amortized cost' are included in the category 'at their fair value, with their changes being recognized in the statement of profits and losses'.

Such financial assets and financial liabilities are measured at their fair value, and changes to such fair value are recorded in profits and losses.

This category includes (i) the collateral given as security for financing, recorded under the asset item 'Other financial assets'; (ii) the derivative financial instruments, recorded under the liability item 'Other financial liabilities', which do not meet the conditions for hedge accounting under the provisions of the NCRF 27 – Financial Instruments.

In accordance with the above, the financial assets and financial liabilities have been classified as follows:

FINANCIAL ASSETS

Financial Assets	Notes	2020		2019	
		Fair value	Amortized Cost	Fair value	Amortized Cost
Non-Current:					
Derivatives	11	54 065 280	-	58 096 755	-
		54 065 280	-	58 096 755	-
Current:					
Customers	13	-	1 718 818	-	1 298 272
State and other public entities	14	-	3 815 038	-	3 049 503
Other credits receivable	15	-	10 929 504	-	6 939 794
Cash and bank deposits	17	-	47 271 470	-	29 729 749
		-	63 734 831	-	41 017 318
		54 065 280	63 734 831	58 096 755	41 017 318

FINANCIAL LIABILITIES

Financial Liabilities	Notes	2020		2019	
		Fair value	Amortized cost	Fair value	Amortized cost
Non-Current:					
Borrowings	20	-	151 382 336	-	167 145 382
Derivatives	22	43 363 932	-	58 618 131	-
		43 363 932	151 382 336	58 618 131	167 145 382
Current:					
Suppliers	23	-	7 230 978	-	10 118 432
State and other public entities	14	-	3 150 333	-	3 030 076
Borrowings	20	-	605 259 449	-	522 801 395
Other debts payable	24	-	63 896 392	-	56 894 446
		-	679 537 152	-	592 844 350
		43 363 932	830 919 489	58 618 131	759 989 732

4.12 Cash and cash equivalents

Cash and cash equivalents comprise cash, bank deposits, other short-term and high-liquidity investments and with initial maturities of up to three months and bank overdrafts, without an insignificant risk of variation in value. Bank overdrafts are disclosed in the balance sheet, in current liabilities, under the item 'Borrowings'.

4.13 Government grants

Government grants are only recognized when there is a reasonable certainty that the Company will meet the conditions of attribution and that they will be received.

Government grants associated with the acquisition or production of non-current assets are initially recognized through equity and are subsequently recognized on a systematic basis (in proportion to the depreciation of the underlying assets) as income for the financial year in the course of the operating lives of the assets to which they relate.

Other Government grants are generally recognized as income in a systematic manner in the periods necessary to balance them with the expenses they are intended to compensate. The Government grants which are intended to compensate losses already incurred or which do not have associated future costs are recognized as income with reference to the period in which they become receivable.

4.14 Provisions, contingent assets and contingent liabilities

Provisions are recorded when the Company has a present (legal or constructive) obligation deriving from a past event, it is probable for purposes of settlement of such obligation that an outflow of resources occurs and the amount of the obligation can be reasonably estimated. Provisions are reviewed at each balance sheet's reporting date and adjusted in order to reflect the best estimate at such date.

Contingent liabilities are not recognized in the financial statements and are disclosed whenever there is a non-remote likelihood of an outflow of resources comprising economic benefits. Contingent assets are not recognized in the financial statements and are disclosed when there is a likelihood of a future economic inflow of resources.

4.15 Post-employment benefits

Established benefit plan

The Company has an established benefit plan for purposes of supplementing the retirement (due to old age, disability and death), additionally to the amount paid by Social Security. The Company's responsibilities related to the aforementioned plan are determined by means of the projected unit credit method, and the corresponding actuarial assessments are performed on each reporting date, which is carried out according to the internationally accepted actuarial methods and assumptions, thus making it possible to learn the responsibilities' value on the balance sheet date and the expense with pensions to be recorded with reference to the financial year.



The responsibility related to the guaranteed benefits recognized in the balance sheet reflect the corresponding obligation's present value, adjusted for actuarial gains and losses and for unrecognized past service expenses, deducted from the plan assets' fair value.

The actuarial gains and losses are recognized on an annual basis in equity.

The granted benefit plans which have been identified by the Company for purposes of determining such responsibilities are:

- Retirement, disability and death pension supplements;
- Early-retirements.

Health care

The Company has also assumed responsibilities for the payment of health care benefits to its employees, up to their age of retirement, which are not recorded in the balance sheet with reference to the 31st of December 2020. For purposes of meeting the said responsibilities, the Company has guaranteed a collective health insurance to its active employees, which grants them access to medical services subsidized by the Company. These costs are recorded in the statement of profits and losses with reference to the financial year in which they are paid.

4.16 Revenue

Revenue is measured at the fair value of the received or receivable consideration. The recognized revenue is deducted from the amount of returns, discounts and other reductions and does not include VAT and other taxes assessed in relation with the sale.

The revenue arising from the provision of public transport public services results from the division of the revenues deriving from the sale of tickets enabling access to the mode operated by Metropolitano de Lisboa, E.P.E.. It is recognized to the extent all the following conditions are met:

- The revenue amount can be measured in a reliable manner;
- There is a likelihood that future economic benefits connected to the transaction flow into the Company;
- The expenses incurred or to be incurred with the transaction can be measured in a reliable manner;

Until the 31st of March 2019, the tariff system in force in the Lisbon Metropolitan Area (AML) evidenced a significant diversity of transport ticket, and the following types of tickets were valid for the service provided by ML:

- Inter-modal monthly passes – Tickets valid for a month period, the revenues generated by the inter-modal monthly passes sold by the Company and by other transport operators are allocated to each one of the operators based on a monthly distribution established by the AML, with reference to the quotas established in the traffic survey performed in 2007.
- Combined monthly passes – Tickets combined with other operators with quotas defined in accordance with established protocols.
- Occasional Traveling/Zapping – Tickets combined with other operators and valid for a previously established number of travels. The revenue arising from the sale of these tickets is divided in accordance with the uses recorded with each operator, with the exception of the Carris/ML 24-hour ticket, which has a defined quota.



In the first quarter of 2019, the revenue arising from the public transport service was determined as described in the items above.

At the beginning of April 2019, the Tariff Reduction Support Program (PART) came into force, according to the terms of the State Budget Law for 2019 (Law 71/2018, of the 31st of December) and pursuant to the Regulation no. 278-A/2019, of the 27th of March.

The PART created a 'single metropolitan monthly pass', common to all transport operators operating in the AML and determined, as a result, the end of almost all inter-modal and combined monthly passes. The new 'municipal' and 'metropolitan' monthly passes are available at significantly lower prices to stimulate demand for public transport. The PART program also simplified the process of monthly revenue clearance, establishing that

- Revenues arising from the sale of PART monthly passes are the property of the operators effecting the sale;
- The AML pays operators financial compensations for the fulfilment of public service obligations, according to the model defined in the Regulation no. 278-A/2019, of the 27th of March, which secures the maintenance of the Operators' financial balance, ensuring they do not experience loss of revenue in comparison to a pre-established reference value;
- The value of monthly payments on account is established on a quarterly basis, corresponding to the difference between the amounts received (sales revenue and grants from the State) and the estimated reference value for each Operator;
- The model equally defines rules for the distribution of benefits arising from an upside in the AML transport system's overall revenue, resulting from a sustained increase in the use of public transport, favouring the operators with the highest growth in demand;
- The computing of the final value of each Operator's compensations, bearing in mind the actual total sales amount and the validations made by all AML operators, is performed in the first quarter of the subsequent year.

Non-refundable tariff compensations are awarded to the Company by the State in order to compensate the use of the public transport by ticket-holders with low-tariff transport tickets, and these revenues are recorded in the financial year during which they are attributed.

The interest revenue is recognized using the effective interest method, provided there is a likelihood that economic benefits will flow to the Company and their amount can be measured in a reliable manner.

4.17 Income tax

The income tax for the financial year is computed based on the Company's taxable profit.

The current tax payable is computed based on the taxable profit. The taxable profit differs from the accounting profit as it excludes several expenses and income which shall only be deductible or taxable in other financial years, as well as expenses and income which will never be deductible or taxable.

The Company has performed the recording of deferred taxes and, to the present date, these are not entirely measured. The deferred tax assets would correspond to tax losses carried forward and to provisions not deductible for tax purposes, while the deferred tax liabilities would correspond to depreciations of revalued assets not accepted for tax purposes and to capital gains and losses with deferred taxation.



4.18 Classification of the balance sheet

The assets subject to realization and the liabilities payable for a period exceeding one year after the reporting date are classified, correspondingly, as non-current assets and non-current liabilities.

4.19 Transactions and balances in foreign currency

Transactions in foreign currency (in a currency different from the Company's functional currency) are recorded at the exchange rates in force at the transaction dates. At each reporting date, the carrying sums of the monetary items denominated in foreign currency are updated at the exchange rates in force on such date.

The exchange differences assessed on the date of receipt or payment of the transactions in foreign currency and those deriving from the updates referred above are recorded in the statement of profits and losses with reference to the period in which they are generated.

The foreign currency exchange rates used to translate transactions expressed in currencies other than the euro or to update balances expressed in foreign currency, were as follows:

Country	Currency	Average price value 2020	Final price value 31/12/2020	Average price value 2019	Final price value 31/12/2019
United States of America	USD	1.14	1.23	1.12	1.12
United Kingdom	GBP	0.89	0.90	0.88	0.85

Source: Bank of Portugal

4.20 Accrual basis (economic historical periods)

The Company records its income and expenses based on the accruals principle, according to which the income and expenses are recognized as they are generated, irrespective of the moment of their receipt or payment. The differences between the amounts received and paid and the corresponding generated income and expenses are recorded as assets or liabilities.

4.21 Risk management policy

In performing its business, the Company is exposed to a range of risks: the market risk (including the exchange rate risk, the interest rate risk and the price risk), the credit risk and the liquidity risk. The Company's overall risk management program is focused on the unpredictability of financial markets and intends to minimize the adverse effects on its financial performance arising therefrom.

The risk management is controlled by the Company's financial department, pursuant to policies approved by the Board of Directors. In this regard, the Board of Directors has defined the key principles for a comprehensive risk management, as well as specific policies for certain areas, such as the hedging of the exchange rate risk, the interest rate risk and the credit risk.

a) Foreign exchange rate risk

The Company's operating activity is performed in Portugal and, as a consequence the vast majority of its transactions are denominated in euro. The hedging policy for this specific risk consists in



avoiding, where possible, entering into agreements on services denominated in foreign currency.

b) Liquidity risk

The treasury needs are managed in an appropriate manner, managing liquidity excesses and deficits, and are covered by funding guaranteed by the Portuguese State or granted by it through non-refundable compensatory indemnities and capital contributions.

c) Interest rate risk

The Company's revenues and cash flows are influenced by the variations in the interest rate, to the extent the Company's resources and any potential loans granted depend on the evolution of the interest rates in euro, which have a low historical volatility.

Interest rate sensitivity analysis

The sensitivity analysis below has been computed on the basis of the exposure to the interest rates regarding the derivative financial instruments existing on the reporting date. With respect to assets and liabilities with variable rates, the following assumptions have been taken into consideration:

- The changes in market interest rates affect the amounts of interest receivable or payable, regarding the financial instruments indexed to floating rates and, regarding fixed rates agreed in the period under analysis, changes in interest rates also affect such component;
- The changes in market interest rates only affect the amount of interest receivable or payable regarding the financial instruments with fixed rates if these are recorded at their fair value;
- The changes in market interest rates affect the derivatives' fair value;
- The derivative financial instruments' and other financial assets and financial liabilities' fair values are estimated by means of discounting the future cash flows for the present moment, at the market interest rates existing by the end of each year; and,
- For purposes of the sensitivity analysis, such analysis is performed on the basis of all the financial instruments existing in the course of the financial year.

The sensitivity analyses assume the change in one variable, while all the remaining ones are kept constant. In fact, such an assumption is hardly occurring, and the changes in certain assumptions may happen to be correlated.

In light of these assumptions, an increase or decrease of 1% in market rates regarding the derivative financial instruments with reference to the 31st of December 2020 would derive, correspondingly, in an increase of 1,120,562 euro and a decrease of 1,124,062 euro in profit before taxes.

4.22 Critical judgments and key uncertainty sources related to estimates

In the context of preparing these financial statements, judgments and estimates were carried out and several assumptions were used affecting the assets and liabilities' reported sums, as well as the reported sums of profits and losses with reference to the financial period.

The estimates and the underlying assumptions were established with reference to the reporting date on the basis of the best knowledge existing at the date of approval of the financial statements of the events and transactions in progress, as well as of the experience of past and/or current events. Nonetheless, there may be



situations in subsequent periods which, due to not been expected to occur at the date of approval of the financial statements, were not taken into consideration in such estimates. The changes to estimates which occur after the date of the financial statements shall be corrected in a prospective manner, in accordance with the provisions of the NCRF 4. That is why, and given the associated uncertainty level, the actual profits and losses of the relevant transactions may be different from the corresponding estimates.

The key judgments and estimates carried out in the preparation of the financial statements attached hereto were the following:

- a) Operating lives and impairment analysis of property, plant and equipment;
- b) Impairment losses of receivables – computed bearing in mind the overall collection risk regarding the balances receivable;
- c) Determination of the derivative financial instruments' fair value – by the end of each financial year, it is determined by the entity with which they were entered into;
- d) Determination of the responsibilities with retirement benefits – by the end of each financial year, the actuarial assessment of the responsibilities with pension supplements is obtained and subsequently prepared by the actuary.

4.23 Events occurred after the balance sheet date

The events occurred after the balance sheet date which provide additional information regarding the existing conditions on the balance sheet date (adjusting events) are reflected in the financial statements. The events occurred which provide information regarding the conditions which occur after the balance sheet date (non-adjusting events) are disclosed in the financial statements to the extent they are deemed material.

5. Reclassification of comparative information

As provided in the Basis for the Presentation of the Financial Statement (*Bases para a Apresentação de Demonstrações Financeiras – BADF*), in paragraph 2 of the Annex to the Portuguese Accounting Standardization System, 'items of a dissimilar nature or function must be presented separately, unless they are immaterial'. Thus, the following comparative amounts have been reclassified in the balance sheet and in the statement of changes in equity:

Balance	31/12/2019	31/12/2019
	Reclassified	Published
Equity		
Profits carried over	(1 866 801 728)	(1 796 686 034)
Reevaluation surplus	37 234 076	-
Adjustments/ other changes in equity	2 306 279	(30 575 339)
Current liabilities		
Other debts payable	57 135 314	56 894 446
Deferrals	-	240 867



Separate statement of changes in equity

	Profits carried over	Reevaluation surplus	Adjustments/ other changes in equity
2019 (Published)			
Position on the 1st of January 2019	(1 768 793 599)		(6 834 715)
2019 (Reclassified)			
Position on the 1st of January 2019	(1 838 909 293)	37 234 076	26 046 904

6. Long-term infrastructure investments

The balance evidenced in the item 'Long-term infrastructure investments' derives from the Company's infrastructure investment activity, which are broken down into asset and liability items:

	Notes	2020	2019
LTI investment activities			
Non-Current assets:			
Property, plant and equipment	6.1	3 156 568 295	3 136 289 617
Property, plant and equipment	6.2	1 804 209	1 804 209
Intangible assets	6.3	7 276 591	7 174 558
Other financial assets	6.4	13 650 808	14 539 323
Customers	6.5	2 041 708	-
State receivables	6.6	3 210 869 766	3 088 856 357
Grants	6.7	(1 001 509 526)	(998 685 776)
		5 390 701 851	5 249 978 288
Total assets		5 390 701 851	5 249 978 288
Non-current liabilities:			
Provisions	6.8	6 190 197	13 154 246
Borrowings	6.9	1 701 605 301	1 768 933 661
Derivatives	6.4	238 220 183	296 902 031
		1 946 015 681	2 078 989 938
Current liabilities:			
Suppliers	6.10	3 222 914	1 746 492
Borrowings	6.9	969 097 803	981 165 999
Other debts payable	6.11	84 157 171	58 187 285
		1 056 477 888	1 041 099 776
Total liabilities		3 002 493 569	3 120 089 714
Total net LTI		2 388 208 282	2 129 888 574



6.1 Property, plant and equipment

31st of December 2020						
	Land and natural resources	Buildings and other constructions	Basic equipment	Property, plant and equipment in progress	Advance payments for the account of property, plant and equipment	Total gross LTI intangible assets
Assets						
Start Balance	13 511 055	2 653 301 758	450 151 959	18 662 425	1 259 504	3 136 886 699
Acquisitions	-	727 141	718 908	17 390 120	1 504 010	20 340 179
Disposals	-	-	-	-	-	-
Transfers/Write-offs	-	8 765 829	8 240 692	(16 830 492)	(54 580)	121 448
Write-offs	-	-	-	-	-	-
End balance	13 511 055	2 662 794 728	459 111 558	19 222 052	2 708 934	3 157 348 327
Impairment losses in Buildings and other constructions						
Start Balance	-	597 082	-	-	-	597 082
Additions	-	185 650	-	-	-	-
Reversals	-	(2 700)	-	-	-	(2 700)
End balance	-	780 032	-	-	-	780 032
Total gross LTI property, plant and equipment	13 511 055	2 662 014 696	459 111 558	19 222 052	2 708 934	3 156 568 295

31st of December 2019						
	Land and natural resources	Buildings and other constructions	Basic equipment	Property, plant and equipment in progress	Advance payments for the account of property, plant and equipment	Total gross LTI intangible assets
Assets						
Start Balance	13 511 055	2 652 172 388	448 459 130	8 717 934	1 669 598	3 124 530 105
Acquisitions	-	790 827	1 176 372	10 942 596	(410 094)	12 499 700
Disposals	-	-	-	-	-	-
Transfers/Write-offs	-	338 544	516 456	(998 106)	-	(143 106)
Write-offs	-	-	-	-	-	-
End balance	13 511 055	2 653 301 758	450 151 959	18 662 425	1 259 504	3 136 886 699
Impairment losses in Buildings and other constructions						
Start Balance	-	597 082	-	-	-	597 082
Additions	-	-	-	-	-	-
Reversals	-	-	-	-	-	-
End balance	-	597 082	-	-	-	597 082
Total gross LTI property, plant and equipment	13 511 055	2 652 704 675	450 151 959	18 662 425	1 259 504	3 136 289 617

The additions occurred in the financial year ended on the 31st of December 2020 in the item 'Property, plant and equipment – Buildings and other constructions and Basic equipment', in the amount of 1,446,050 euro, are primarily related to the refurbishment and modernization of the Blue and Red Lines, in the amounts of 611,671 euro and 253,271 euro, respectively.

The additions occurred in the financial year ended with reference to the 31st of December 2020 in the item 'Property, plant and equipment in progress – Buildings and other constructions', amounting to 11,542,900 euro, are primarily related to the interventions in the context of refurbishments and the modernization of the Green Line and the Circular line project, amounting to 4,869,962 euro and 4,470,303 euro, respectively, and in the item 'Property, plant and equipment in progress – Basic equipment', amounting to 5,268,282 euro, are primarily related to the modernization of ML network and interventions to guarantee the accessibility for reduced mobility persons, amounting to 4,702,649 euro and 563,483 euro.



The transfers occurred in the year ended on the 31st of December 2020 in the item Property, plant and equipment, in the amount of 17,006,521 euro, mainly refer to the completion of interventions within the scope of the refurbishment and modernization of the Red and Green Lines.

The additions occurred in the year ended on the 31st of December 2020 under the item 'Advances on account of property, plant and equipment', amounting to 1,504,010 euro, refer to an advance granted under the Circular Line venture.

In the year ended on the 31st of December 2020 and 2019, the following department expenses have been capitalized in the cost of property, plant and equipment:

Capitalized expenses	2020			2019		
	Property, plant and equipment	Property, plant and equipment in progress	Total	Property, plant and equipment	Property, plant and equipment in progress	Total
Departmental expenses	-	3 907 206	3 907 206	541 574	2 479 108	3 020 682
	-	3 907 206	3 907 206	541 574	2 479 108	3 020 682

6.2 Investment property

	31 st of December 2020						31 st of December 2019				
	Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value		Gross amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value
Praça General Humberto Delgado	1 804 209	-	-	1 804 209	7 543 032		1 804 209	-	-	1 804 209	8 160 981
	1 804 209	-	-	1 804 209	7 543 032		1 804 209	-	-	1 804 209	8 160 981

6.3 Intangible assets

	31 st of December 2020			
	Research and development expenses	Installation expenses	Intangible assets in progress	Total gross LTI intangible assets
Gross assets				
Start Balance	5 138 543	2 019 827	16 188	7 174 558
Additions	-	-	106 237	106 237
Disposals	-	-	-	-
Transfers/Write-offs	-	-	(4 204)	(4 204)
Write-offs	-	-	-	-
End balance	5 138 543	2 019 827	118 221	7 276 591
Total gross LTI intangible assets	5 138 543	2 019 827	118 221	7 276 591

	31 st of December 2019			
	Research and development expenses	Installation expenses	Intangible assets in progress	Total
Gross assets				
Start Balance	4 939 157	2 019 827	15 818	6 974 803
Additions	187 771	-	11 984	199 755
Disposals	-	-	-	-
Transfers/Write-offs	11 615	-	(11 615)	-
Write-offs	-	-	-	-
End balance	5 138 543	2 019 827	16 188	7 174 558
Total gross LTI intangible assets	5 138 543	2 019 827	16 188	7 174 558



	2020			2019		
Capitalized expenses	Intangible Assets	Intangible Assets in Progress	Total	Intangible Assets	Intangible Assets in Progress	Total
Departmental expenses	-	16 137	16 137	44 149	2 818	46 967
	-	16 137	16 137	44 149	2 818	46 967

6.4 Financial assets and financial liabilities

This item includes interest rate swap agreements related to borrowings to meet long-term infrastructure investments. The breakdown by swap agreement is as follows:

Other financial assets

Swap	Entity	Maturity	Original notional	Current notional	Fair value	
					31/12/2020	31/12/2019
40#METLIS CGDBI Jun2022	CGDBI	15/06/2022	12 545 916	29 596 079	420 000	1 215 000
66#METLIS CGDBI Dez2026	CGDBI	04/12/2026	100 000 000	100 000 000	13 230 808	13 324 323
					13 650 808	14 539 323

Outros passivos financeiros

Swap	Entity	Maturity	Original notional	Current notional	Fair value	
					31/12/2020	31/12/2019
20#METLIS BBVA Jun2020	BBVA	15/06/2020	33 751 997	-	-	15 438
32#METLIS BSN Jun2022	BSN	15/06/2022	40 000 000	18 666 667	1 155 422	1 998 243
38#METLIS BSN Jun2022	BSN	15/06/2022	4 280 559	59 192 158	58 263 897	166 077 933
52#METLIS BSN Jul2024	BSN	22/07/2024	100 000 000	100 000 000	21 409 134	23 994 281
58#METLIS ML Dez2026	ML	04/12/2026	30 000 000	30 000 000	79 202 910	52 491 443
59#METLIS CGD Dez2026	CGD	04/12/2026	30 000 000	30 000 000	78 188 820	52 324 693
					238 220 183	296 902 031

6.5 Customers

This item includes, with reference to the 31st of December 2020, an amount of 2,041,708 euro relating to a contractual penalty debited due to delays in delivering the contract for the Areeiro station's extension and refurbishment, which shall be settled through an out-of-court settlement.



6.6 State receivables

This item includes the expenses, net of any income, associated with long-term infrastructure investment activities, and may be broken down as follows:

Description	2020	2019
Corrected start balance in the transition to the NCRF	289 555 301	289 555 301
Interest, guarantee fee and stamp duty	2 668 112 090	2 481 786 542
Issuing expenses	20 230 150	20 230 150
Derivative financial instruments	224 569 375	282 362 708
External supplies and services	2 563 836	2 563 836
Provisions	8 554 197	13 214 246
Impairment losses in property, plant and equipment	780 032	597 082
Impairment losses in debt receivables	-	2 041 708
Land disposals	(3 495 216)	(3 495 216)
	3 210 869 766	3 088 856 357

Corrected start balance in the transition to the NCRF

Up to 2009, the financial costs borne regarding LTI which could not be potentially capitalized in such infrastructure were recognized in the statement of profits and losses. With effects from the financial year 2010 (restated) onwards, in the course of the transition to the NCRF, the Company has determined to recapture the amount of such financial costs for purposes of adding them to the item 'Long-term Infrastructure Investments – Borrowing expenses', and in compliance with the principle referred to in the Note 3.13 regarding the financial costs approximately amounting to 1,017,000,000 euro, incurred between 1995 and 2008, the Company has measured them based on the available accounting records. However, in what concerns the financial costs incurred before 1995, and due to an evident difficulty in their measurement, the Board of Directors has chosen to record the amount of 289,555,301 euro, thus enabling to settle the LTI asset and liability items, with reference to the 31st of December 2009, as the possible estimate on such date of interest and other costs incurred and previously recognized in the statement of profits and losses up to 1995.

External supplies and services

Following a legal proceedings which was pending at a Court in London, initiated by a financial institution against the Portuguese State, during the financial year 2016 lawyers' fees relating to the derivative financial instruments which related to the LTI activity were recognized, in the global amount of 2,563,836 euro.

Land disposal

This sub-item includes the income recorded with the transfer to the Portuguese State, through transfer in lieu of payment, of the land parcel included in the Cais do Sodré Fluvial Terminal.



6.7 Grants

31 st of December 2020				
Description	Start balance	Additions	Reductions	End balance
Feder	229 464 397	-	-	229 464 397
Piddac	183 839 717	-	-	183 839 717
Cohesion Fund	376 640 062	3 146 042	-	379 786 103
Environmental Fund	4 176 205	-	(322 292)	3 853 912
Sundry grants	204 565 396	-	-	204 565 396
Total grants	998 685 776	3 146 042	(322 292)	1 001 509 525

31 st of December 2019				
Description	Start balance	Additions	Reductions	End balance
Feder	229 464 397	-	-	229 464 397
Piddac	182 871 505	968 212	-	183 839 717
Cohesion Fund	376 640 062	-	-	376 640 062
Environmental Fund	2 433 400	1 742 805	-	4 176 205
Sundry grants	204 517 396	48 000	-	204 565 396
Total grants	995 926 760	2 759 017	-	998 685 776

6.8 Provisions

This item includes the movements (creation/use/reversal) regarding provisions for pending legal proceedings related to LTI.

6.9 Borrowings

Financing Entity		2020				2019			
		Limit	Current	Non-Current	Total	Limit	Current	Non-Current	Total
Debtenture loans:									
Metro Issuing 2019	Barclays	-	-	-	-	-	-	-	-
Metro Issuing 2025	DBI, AG	110 000 000	-	110 000 000	110 000 000	110 000 000	-	110 000 000	110 000 000
Metro Issuing 2026	JP Morgan	400 000 000	-	400 000 000	400 000 000	400 000 000	-	400 000 000	400 000 000
Metro Issuing 2027	BNPP	400 000 000	-	400 000 000	400 000 000	400 000 000	-	400 000 000	400 000 000
			-	910 000 000	910 000 000		-	910 000 000	910 000 000
Bank loans:									
ML III	EIB	54 867 769	-	-	-	54 867 769	3 009 084	-	3 009 084
ML II/B	EIB	99 759 579	-	-	-	99 759 579	6 650 639	-	6 650 639
ML II/C	EIB	54 867 769	3 657 851	1 828 926	5 486 777	54 867 769	3 657 851	5 486 777	9 144 628
ML I/3	EIB	124 699 474	21 204 453	-	21 204 453	124 699 474	25 968 000	21 204 453	47 172 453
ML I/3B	EIB	74 819 685	23 504 930	10 630 313	34 135 243	74 819 685	27 229 023	34 135 243	61 364 266
ML V/A	EIB	150 000 000	-	-	-	150 000 000	150 000 000	-	150 000 000
ML V/B	EIB	80 000 000	80 000 000	-	80 000 000	80 000 000	-	80 000 000	80 000 000
ML V/C	EIB	80 000 000	11 496 724	68 503 276	80 000 000	80 000 000	-	80 000 000	80 000 000
LT Loan 613,9 M EUR	TFDG (part)	507 957 564	253 978 782	-	253 978 782	507 957 564	253 978 782	-	253 978 782
LT Loan 648,6 M EUR	TFDG (part)	237 747 877	178 310 908	-	178 310 908	237 747 877	178 310 908	-	178 310 908
LT Loan 412,9 M EUR	TFDG (part)	282 974 244	282 974 244	-	282 974 244	282 974 244	282 974 244	-	282 974 244
LT Loan 32,6 M EUR	TFDG (part)	17 158 204	8 579 102	8 579 102	17 158 204	17 158 204	5 719 401	11 438 803	17 158 204
LT Loan 421,97 M EUR	TFDG (part)	262 008 399	87 336 133	174 672 266	262 008 399	262 008 399	43 668 066	218 340 332	262 008 399
LT Loan 131,88 M EUR	TFDG (part)	108 328 053	18 054 675	90 273 377	108 328 053	108 328 053	-	108 328 053	108 328 053
Borr. LP 154.51 M EUR	TFDG (part)	137 118 041	-	137 118 041	137 118 041				
			969 097 803	491 605 301	1 460 703 104		981 165 999	558 933 661	1 540 099 660
Other borrowings:									
Schuldschein	ABN AMRO	300 000 000	-	300 000 000	300 000 000	300 000 000	-	300 000 000	300 000 000
			-	300 000 000	300 000 000		-	300 000 000	300 000 000
Total borrowings			969 097 803	1 701 605 301	2 670 703 104		981 165 999	1 768 933 661	2 750 099 660



The 'Metro 2025' bond loan has been entered into on the 23rd of December 2010, for a fifteen year term, bullet, at a fixed rate, and the State granted a personal guarantee. The applicable law is the Portuguese Law.

The 'Metro 2026' bond loan has been entered into on the 4th of December 2007, for a twenty year term, bullet, at a fixed rate, and the State granted a personal guarantee. The applicable law is the English Law.

The 'Metro 2027' bond loan has been entered into on the 7th of December 2007, for a twenty year term, bullet, at a fixed rate, with a personal guarantee granted by the State. The applicable law is the Portuguese Law, with the exception of the 'subscription agreement', which is governed by the English Law. The issuing has been admitted to listing at the Euronext Lisbon.

In the course of the financial year ended on the 31st of December 2011, the Company has entered into a financing agreement of 613,932,000 euro with the Directorate General of Treasury and Finance (DGTF), of which 507,957,564 euro is related to responsibilities with LTI, for a 5-year period, reimbursable in 8 equal and half-yearly instalments, and the first has become due in May 2013.

In the course of the financial year ended on the 31st of December 2012, the Company has entered into a financing agreement of 648,581,846 euro with the TFDG, of which 237,747,877 euro is related to responsibilities with LTI, for a 5-year period, reimbursable in 8 equal and half-yearly capital instalments, and the first has become due in May 2014.

In the course of the financial year ended on the 31st of December 2013, the Company has entered into a financing agreement of 412,860,000 euro with the TFDG, of which 282,974,244 euro is related to responsibilities with LTI, for a 7-year period, reimbursable in 12 equal and half-yearly and successive capital instalments, and the first has become due in May 2015.

In the course of the financial year ended on the 31st of December 2017, the Company has entered into a financing agreement of 32,584,270 euro with the TFDG, of which 17,158,204 euro is related to responsibilities with LTI, for a 7-year period, reimbursable in 12 equal and half-yearly successive capital instalments, and the first has become due in May 2019.

In the course of the financial year ended on the 31st of December 2018, the Company has entered into a financing agreement of 421,973,931 euro with the TFDG, of which 262,008,399 euro is related to responsibilities with LTI, for a 7-year period, reimbursable in 12 equal and half-yearly successive capital instalments, and the first has become due in May 2020.

In the course of the financial year ended on the 31st of December 2019, the Company has entered into a financing agreement of 131,884,780 euro with the TFDG, of which 108,328,053 euro is related to responsibilities with LTI, for a 7-year period, reimbursable in 12 equal and half-yearly successive capital instalments, and the first will become due in May 2021.

In the course of the financial year ended on the 31st of December 2020, the Company has entered into a financing agreement of 154,513,049 euro with the TFDG, of which 137,118,041 euro is related to responsibilities with LTI, for a 7-year period, reimbursable in 12 equal and half-yearly successive capital instalments, and the first will become due in May 2022.

Since the 30th of November 2014, the deferral of the payment of the debt service of the borrowings with the TFDG listed above has been successively authorized, without bearing interest, and the last moratorium was authorized through the Order no. 962/2020-SET, of the 30th of December, with deferral until the 31st of May 2021.



With reference to the 31st of December 2020, the bond loans classified as non-current involve the following reimbursement plan:

Years	Amount
2022	168 397 964
2023	87 435 449
2024	387 435 449
2025 and subsequent	1 058 336 438
	1 701 605 301

With reference to the 31st of December 2020, the borrowings with associated covenants, notably those associated with the Portuguese Republic's rating or those including holding clauses, are detailed below:

AGREEMENT	Amount due on 31-12-2020 (€)	TERM	NEGATIVE PLEDGE (YES / NO)	PARI PASSU (YES / NO)	OWNERSHIP CLAUSE (YES / NO)	RATING DOWNGRADE (YES/NO)	GROSS UP (YES / NO)	CROSS DEFAULT	EXPENSES/STAMP DUTY (YES/NO)	OTHER RELEVANT CLAUSES / COMMENTS
Financing Agreement entered into with the European Investment Bank, on the 7th of September 1995, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML III"), amended on the 10th of March 2006	0,00	15 th of June 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 18th of October 1995, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML II/B")	0,00	15 th of December 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 28th of October 1996, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML I/3"), amended on the 10th of March 2006	21 204 453,45	15th of September 2021	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, in 1997, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML I/3 B"), amended on the 10th of March 2006	34 135 243,18	15th of September 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 14th of July 1997, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML II/C")	5 486 776,84	15 th of June 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 23rd of February 2001, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/A"), amended on the 10th of March 2006	0,00	15 th of December 2020	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 19th of December 2001, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/B"), amended on the 10th of March 2006	80 000 000,00	15 th of June 2021	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Financing Agreement entered into with the European Investment Bank, on the 9th of May 2003, governed by the Portuguese law and subject to the jurisdiction of the Lisbon District Court ("ML V/C"), amended on the 10th of March 2006	80 000 000,00	15 th of June 2022	NO	NO	NO	NO	NO	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic
Schuldschein Loan Agreement entered into with the ABN Amro Bank, NV on the 20th of July 2004, governed by the German law and subject to the jurisdiction of the Frankfurt am Main Courts	300 000 000,00	20 th of July 2024	YES (as per Annex D)	YES	NO	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 4.061% Guaranteed Notes due 2026 JP Morgan Securities Ltd / December 2006, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	400 000 000,00	2026	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 4.799% Guaranteed Notes due 2027 BNP Paribas / December 2007, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	400 000 000,00	2027	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic / Not a substantial change of the company's nature or its corporate purpose
EUR 400,000,000.00 5.75% Guaranteed Notes due in 2019. Barclays Capital, BNP Paribas, Caixa - Banco de Investimento, S.A., Santander Global Banking & Markets / February 2009, governed by the Portuguese law and subject to the jurisdiction of the Portuguese Courts, except for the Subscription Agreement, which is governed by the English law and subject to the jurisdiction of the English Courts	0,00	2019	NO	YES	YES - Loss of the Public Company quality (State interest smaller than 51%)	NO	YES	YES	Expenses and taxes borne by the ML	Guaranteed by the Portuguese Republic / Not a substantial change of the company's nature or its corporate purpose
TOTAL	1 320 826 473									

6.10 Suppliers

The item suppliers primarily consists of current debts generated from works performed regarding the continuation of the network expansion and modernization/refurbishment policy.

6.11 Other debts payable

The item other debts payable includes expenses with interest arising from loans, from derivative financial instruments and from guarantee fees to be paid in the course of the subsequent period, as well as the parts of the investment grants received without any duly implemented expenses.

7. Property, plant and equipment

2020									
	Land and natural resources	Buildings and other constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other property, plant and equipment	property, plant and equipment in progress	Advances on account of property, plant and equipment in progress	Total
Assets									
Start Balance	20 967 185	215 329 854	497 212 042	129 208	24 723 036	24 458 741	1 559 888	29 973	784 409 927
Acquisitions	-	37 760	445 043	-	373 017	74 677	4 191 610	-	5 122 108
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	977 165	1 809 081	-	(2 282 811)	(3 056 476)	(2 808 523)	-	(5 361 564)
Write-offs	-	-	(976 421)	-	(25 361)	-	-	-	(1 001 782)
	20 967 185	216 344 779	498 489 746	129 208	22 787 881	21 476 942	2 942 975	29 973	783 168 689
Accumulated depreciation and impairment losses									
Start Balance	-	(207 420 149)	(426 361 129)	(129 208)	(21 914 840)	(15 943 282)	-	-	(671 768 609)
Depreciation of the financial year	-	(725 951)	(12 810 445)	-	(538 751)	(382 716)	-	-	(14 457 864)
Disposals	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	705 464	-	-	-	705 464
Write-offs	-	-	777 291	-	23 612	-	-	-	800 903
	-	(208 146 100)	(438 394 283)	(129 208)	(21 724 515)	(16 325 998)	-	-	(684 720 106)
Impairment losses									
Start Balance	-	(130 518)	-	-	-	-	-	-	(130 518)
Acquisitions	-	-	-	-	-	-	-	-	-
Reversals	-	130 518	-	-	-	-	-	-	130 518
	-	-	-	-	-	-	-	-	-
	20 967 185	8 198 679	60 095 462	-	1 063 366	5 150 944	2 942 975	29 973	98 448 584
2019									
	Land and natural resources	Buildings and other constructions	Basic Equipment	Transport Equipment	Administrative Equipment	Other property, plant and equipment	property, plant and equipment in progress	Advances on account of property, plant and equipment in progress	Total
Assets									
Start Balance	20 967 185	215 107 273	496 438 101	157 373	23 395 785	24 379 583	77 284	29 973	780 552 557
Acquisitions	-	222 581	585 783	-	1 491 376	90 411	1 582 329	-	3 972 479
Disposals	-	-	(3 281)	(28 165)	-	-	-	-	(31 446)
Transfers	-	-	242 831	-	(585)	585	(99 725)	-	143 106
Write-offs	-	-	(51 391)	-	(163 540)	(11 837)	-	-	(226 769)
	20 967 185	215 329 854	497 212 042	129 208	24 723 036	24 458 741	1 559 888	29 973	784 409 927
Accumulated depreciation and impairment losses									
Start Balance	-	(203 377 994)	(413 624 285)	(157 373)	(21 143 334)	(15 132 909)	-	-	(653 435 894)
Depreciation of the financial year	-	(4 042 155)	(12 791 517)	-	(935 047)	(822 211)	-	-	(18 590 929)
Disposals	-	-	3 281	28 165	-	-	-	-	31 446
Transfers	-	-	-	-	-	-	-	-	-
Write-offs	-	-	51 391	-	163 540	11 837	-	-	226 769
	-	(207 420 149)	(426 361 129)	(129 208)	(21 914 840)	(15 943 282)	-	-	(671 768 609)
Impairment losses									
Start Balance	-	(130 518)	-	-	-	-	-	-	(130 518)
Acquisitions	-	-	-	-	-	-	-	-	-
Reversals	-	-	-	-	-	-	-	-	-
	-	(130 518)	-	-	-	-	-	-	(130 518)
	20 967 185	7 779 187	70 850 912	-	2 808 196	8 515 459	1 559 888	29 973	112 510 800

The additions observed in the year ended on the 31st of December 2020 under the heading 'Property, plant and equipment in progress', amounting to 4,191,610 euro, essentially refer to 'mid-operating life' interventions



of operating rolling stock and re-adaptation works of the administrative facilities of DWIII, amounting to 1,847,677 euro and 1,550,949 euro, respectively.

Transfers occurring in the year ended on the 31st of December 2020 under 'Administrative equipment', in the amount of 2,282,811 euro, mainly refer to the reclassification of a set of assets under 'Intangible fixed assets – Industrial property and other rights'.

The transfers occurred in the year ended on the 31st of December 2020 in the item 'Other property, plant and equipment', in the amount of 3,056,476 euro, refer to the derecognition of a set of spare parts from the item inventories.

In the years ended on the 31st of December 2020 and 2019, the following department expenses have been capitalized in the cost of property, plant and equipment:

	2020			2019		
	Tangible fixed asset	Tangible fixed asset in progress	Total	Tangible fixed asset	Tangible fixed asset in progress	Total
Departmental expenses	-	710 479	710 479	3 987	-	3 987
	-	710 479	710 479	3 987	-	3 987

8. Investment property

	31st of December 2020					31st of December 2019				
	Gross Amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value	Gross Amount	Accumulated depreciation	Accumulated impairment losses	Net amount	Fair value
Immovable property leased to third pa	22 094 744	9 544 255	3 573 227	8 977 262	9 339 900	22 064 892	9 102 772	3 124 704	9 837 416	10 229 500
Immovable property for valuation	22 309 373	18 665 173	-	3 644 200	93 270 968	22 309 373	18 651 479	-	3 657 894	100 912 019
	44 404 117	28 209 428	3 573 227	12 621 462	102 610 868	44 374 266	27 754 252	3 124 704	13 495 310	111 141 519

The immovable properties leased to third parties held by the Company are related to 34 immovable properties located in the metropolitan area of Lisbon, for purposes of resettling low-income families affected by the network expansion program and for an office building in Lisbon, which are depreciated in a 50-year period.

The investment property's fair value was based on an assessment made by a specialized and independent entity.

With reference to the 31st of December 2020 and 2019, the following income and expenses related to investment property were recognized in profits and losses:

	31st of December 2020				31st of December 2019			
	Rent income (Note 30)	Direct expenses	Depreciations of the financial year	Profit	Rent income (Note 30)	Direct expenses	Depreciations of the financial year	Profit
Immovable property leased to third pa	593 215	148 921	441 482	2 811	476 684	38 286	441 325	(2 926)
Immovable property for valuation	-	213 046	13 694	(226 740)	-	174 199	19 534	(193 733)
	593 215	361 967	455 176	(223 929)	476 684	212 485	460 859	(196 660)

9. Intangible assets

	31/12/2020		
	Industrial property and other rights	Intangible fixed assets in progress	Total
Asset			
Start Balance	-	-	-
Acquisitions	493 575	2 400	495 975
Transfers	2 305 902	-	2 305 902
End balance	2 799 477	2 400	2 801 877
Accumulated amortizations			
Start balance	-	-	-
Amortizations	(265 988)	-	(265 988)
Transfers	(705 464)	-	(705 464)
End balance	(971 452)	-	(971 452)
	1 828 025	2 400	1 830 425

Transfers occurred in the financial year ended on the 31st of December 2020 under the item 'Intangible assets – Industrial property and other rights', in the amount of 2,305,902 euro, refer to the reclassification of a set of assets which were recognized as software under the item property, plant and equipment.

10. Financial interests

		31 st of December 2020		
		Interest	Equity	Financial investment
Subsidiary Companies:				
	Ferconsult – Consultoria, Estudos e Projectos	100%	(1 094 030)	– (a)
	Metrocom – Exploração de Espaços Comercia	100%	3 245 528	3 245 528
	TREM – Aluguer de Material Circulante, A.C.E.	90%	(49 755 315)	30 244 685 (b)
	TREM II – Aluguer de Material Circulante, A.C.	90%	(112 146 268)	– (c)
Associate Companies:				
	Publimetro – Publicidade em Meios de Transp	40%	(582 874)	– (a)
Joint ventures				
	OTLIS – Operadores de Transportes da Regiã	14,29%	2 395 655	342 236
	Ensitrans – Engenharia e Sistemas de Transp	5%	(364 604)	– (a)
				33 832 449

		31 st of December 2019		
		Interest	Equity	Financial investment
Subsidiary Companies:				
	Ferconsult – Consultoria, Estudos e Projectos	100%	(1 379 788)	– (a)
	Metrocom – Exploração de Espaços Comercia	100%	3 222 997	3 222 997
	TREM – Aluguer de Material Circulante, A.C.E.	90%	(50 349 398)	– (c)
	TREM II – Aluguer de Material Circulante, A.C.	90%	(117 693 721)	– (c)
Associate Companies:				
	Publimetro – Publicidade em Meios de Transp	40%	99 102	39 641
Joint ventures				
	OTLIS – Operadores de Transportes da Regiã	14,29%	3 686 643	526 663
	Ensitrans – Engenharia e Sistemas de Transp	5%	(57 559)	– (a)
				3 789 301

Notes:

- (a) Liability for the potential effect of negative equity registered under the item 'Provisions'.
- (b) Liability for the potential effect of negative equity, assumed at 100% at the parent company level, adjusted from the recognition of an impairment loss of an account receivable of 50 M€ regarding the repayment by the ML, as guarantor of TREM's obligations, of the last installment of the loan contract signed by the ACE with a banking institution, and the standardization of the TREM's financial statements with the Group's accounting policies, in particular with regard to the depreciation of rolling stock recorded in its assets by means of the straight-line method.
- (c) Liability for the potential effect of negative equity, assumed at 100% at the parent company level and recognized under the item 'Provisions', adjusted by the standardization of the ACE's financial statements with the Group's accounting policies, in particular with regard to the depreciation of rolling stock recorded in its assets by means of the straight-line method.



11. Other financial assets

	31/12/2020	31/12/2019
Bank of America Leasing & Capital, LCC – Colateral		
Start balance	31 593 901	30 197 168
Changes in fair value	172 245	816 122
Exchange differences	(2 669 943)	580 611
End balance	29 096 203	31 593 901
Wilmington Trust – Colateral		
Start balance	26 501 456	25 220 545
Changes in fair value	704 444	795 987
Exchange differences	(2 239 590)	484 924
End balance	24 966 310	26 501 456
Work Compensation Fund	2 767	1 397
Total	54 065 280	58 096 755

As a result of the downgrades in the rating attributed to the Company, it was necessary to set up two collaterals in 2009 and 2013, the first in favour of Bank of America Leasing & Capital, LCC and the second in favour of Wilmington Trust.

12. Inventories

Inventories	2020			2019		
	Gross Amount	Impairment losses	Net amount	Gross Amount	Impairment losses	Net amount
Raw materials, other raw materials and consumables:						
Materials	9 144 951	-	9 144 951	6 633 772	(299 936)	6 333 836
Tools	48 844	-	48 844	24 601	-	24 601
Cleaning products	24 358	-	24 358	28 083	-	28 083
Fuel	27 934	-	27 934	29 100	-	29 100
Transport tickets	1 014 608	-	1 014 608	967 645	-	967 645
Other materials	542 419	-	542 419	323 154	-	323 154
Promotional Items/Publications	32 988	-	32 988	31 326	-	31 326
	10 836 101	-	10 836 101	8 037 681	(299 936)	7 737 745

Cost of the goods sold	Raw materials, other raw materials and consumables	
	2020	2019
Start balance	8 037 681	7 434 912
Procurement	2 370 960	4 061 211
Normalizations	3 041 300	137 641
End balance	10 836 101	8 037 681
	2 613 840	3 596 083

Throughout the financial year ended on the 31st of December 2020, and after a thorough analysis and identification of spare materials, a reclassification was made from property, plant and equipment to inventories



in the amount of 2,884,651.59 euro, with reference to the balances on the 1st of January 2020, in the light of the impossibility of restating this information. Impairment losses of 299,936.21 euro were also reversed, given that no inventories which could be impaired were identified.

13. Customers

	31/12/2020	31/12/2019
Publímetro – Publicidade em Meios de Transporte e Outros, S.A.	1 640 838	676 961
Ar Telecom	463 383	463 383
Other	380 218	987 380
	2 484 439	2 127 723
Impairment in receivables	(765 621)	(829 451)
	1 718 818	1 298 272

Impairment losses related to customers	31/12/2020	31/12/2019
Start Balance	(829 451)	(919 725)
Increases	(41 740)	(11 804)
Reversals	101 267	78 321
Use	4 303	23 757
End balance	(765 621)	(829 451)

14. State and other public entities

	2020		2019	
	Assets	Liabilities	Assets	Liabilities
Corporate income tax	2 816 356	125	1 619 245	125
Personal income tax	18 516	1 153 069	478 582	1 099 593
Value added tax	980 167	-	951 675	-
Social Security contributions	-	1 495 085	-	1 428 420
Other taxes	-	502 054	-	501 939
	3 815 038	3 150 333	3 049 503	3 017 415

15. Other credits receivable

	31/12/2020	31/12/2019
TREM – Aluguer de Material Circulante, A.C.E.	50 000 000	-
C.P. – Caminhos de Ferro Portugueses, E.P.E.	779 357	311 311
Ferconsult – Consultoria, Estudos e Projectos de Engenharia de Transportes, S.A.	333 296	246 630
Serviços Municipais Transportes Coletivos Barreiro	325 165	3 370 424
Additional revenues	4 796 467	2 167 509
Traffic revenues	2 721 705	2 375 807
Compensation 4_18, Sub23, Social +	573 272	870 669
Personnel	675 969	354 712
Others	1 133 169	686 500
	61 338 400	10 383 562
Impairment losses	(50 408 896)	(3 443 768)
	10 929 504	6 939 794

Impairment related to other credits receivable	31-dez-2020	31-dez-2019
Start balance	(3 443 768)	(3 505 892)
Increases	(50 004 583)	(3 542)
Reversals	258 981	65 666
Use	2 780 474	-
End balance	(50 408 896)	(3 443 768)

The balance of 50 million euro receivable from the subsidiary TREM refers to the transfer by ML, as guarantor, of the amount equivalent to the last instalment of the loan agreement it had signed in March 2000, aimed at the acquisition of 18 cars. However, and taking into consideration the reduced expectation of realization of the said receivable, due to the fact that TREM is currently without any operational activity, an impairment loss has been recorded with regard to the total amount receivable, which is included in the statement of profits and losses under the item 'Profits / losses attributed to subsidiaries, associate companies and joint ventures'.

16. Deferrals

Deferred assets	2020	2019
Charges with lease agreements	30 372 966	30 445 699
Works carried out on behalf of third parties	102 777	237 328
Other	547 506	386 201
	31 023 248	31 069 228
Impairment - Other expenses to be Recognized	(634 584)	(634 584)
	30 388 665	30 434 644

The sub-item 'Works carried out on behalf of third parties' includes the amounts related to the construction works made by the Company on behalf of entities from the State's Business Sector, and the Board of Directors is promoting actions in order to normalize the situation.

17. Cash and equivalents

	31/12/2020	31/12/2019
Cash	18 291	12 672
Bank deposits available on demand	47 253 179	29 717 077
Cash and bank deposits	47 271 470	29 729 749

18. Equity instruments

With reference to the 31st of December 2020, the Company's equity, subscribed and paid-up, amounted to 3,413,998,982 euro, being fully held by the Portuguese State.

Throughout the financial year ended on the 31st of December 2020, capital increases were made in the overall amount of 320,423,764 euro.

In line with the proposed appropriation of profits, the net loss for the year 2019, amounting to 16,873,277 euro, has been transferred to the item 'Profits carried over'.



19. Provisions

31/12/2020					
	Start balance	Additions	Reversions	Use	End balance
Pending legal proceedings	640 500	70 000	-	-	710 500
Hedging of losses					
Ferconsult	1 379 788	-	(285 758)	-	1 094 030
TREM	17 016 064	-	(17 016 064)	-	-
TREM II	36 767 795	1 489 584	-	-	38 257 379
Publimetro	-	233 150	-	-	233 150
Ensitrans	2 878	18 230	-	(2 878)	18 230
	55 807 026	1 810 964	(17 301 822)	(2 878)	40 313 289

31/12/2019					
	Start balance	Additions	Reversions	Use	End balance
Pending legal proceedings	640 500	-	-	-	640 500
Hedging of losses					
Ferconsult	837 014	542 774	-	-	1 379 788
TREM	16 425 086	590 978	-	-	17 016 064
TREM II	35 016 065	1 751 730	-	-	36 767 795
Ensitrans	2 154	2 878	-	(2 154)	2 878
	52 920 819	2 888 360	-	(2 154)	55 807 026

The reversal of the provision created to cover liabilities for the potential effect of the negative equity of the subsidiary TREM is due to the adjustments made in the recording of the financial interest by the equity method, which is disclosed herein in Note 10.

20. Borrowings

		31st of December 2020			31st of December 2019		
		Amount used			Amount used		
	Financial Institutions	Limit	Current	Non-Current	Limit	Current	Non-Current
Bank Loans							
Borr. LP 613.9 M EUR	TFDG 2011 (part)	105 974 436	52 987 218	-	105 974 436	52 987 218	-
Borr. LP 648.6 M EUR	TFDG 2012 (part)	410 833 969	308 125 476	-	410 833 969	308 125 476	-
Borr. LP 412.9 M EUR	TFDG 2013 (part)	129 885 756	129 885 756	-	129 885 756	129 885 756	-
Borr. LP 32.6 M EUR	TFDG 2017 (part)	15 426 066	7 713 033	7 713 033	15 426 066	5 142 022	10 284 044
Borr. LP 421.97 M EUR	TFDG 2018 (part)	159 965 533	53 321 844	106 643 689	159 965 533	26 660 922	133 304 611
Borr. LP 131.88 M EUR	TFDG 2019 (part)	23 556 727	3 926 121	19 630 606	23 556 727	-	23 556 727
Borr. LP 154.51 M EUR	TFDG 2020 (part)	17 395 008	-	17 395 008	-	-	-
Shareholder loans 49.3 M EUR	TFDG 2020	49 300 000	49 300 000	-	-	-	-
			605 259 449	151 382 336		522 801 395	167 145 382

Additional information regarding borrowings with the TFDG is disclosed herein in Note 6.9.



The Company's Board of Directors understands that the reimbursement of its liabilities, notably regarding borrowings with short-term reimbursements, will continue to be performed, notably by means of the borrowing of additional amounts in coordination with its shareholder.

Borrowings by maturity

Year	Amount
2022	36 057 222
2023	36 057 222
2024 and subsequent	79 267 891
	151 382 336

21. Post-employment benefits – established benefit plans

As referred to in the Note 4.15, the Company has undertaken to grant employees financial allowances for their retirement, disability and death pension supplements. With reference to the 31st of December 2020, the number of active employees and retirees/pensioners amounted to 978 and 1,363, respectively (990 and 1,367 with reference to the 31st of December 2019).

The allowances mentioned above correspond to pension supplements guaranteed by the Social Security scheme and are determined depending on the number of service years at the Company, of Social Security contributions and the last wage earned on the retirement date.

In the financial year 2004, the Company has decided and agreed with the trade unions that all employees who have been integrated in the staff subsequent to the 31st of December 2003 are no longer covered by this pension plan.

In the financial year ended on the 31st of December 2020, an actuarial assessment has been carried out by an independent entity regarding the plan's assets and of the present value of the established obligation and benefits.

Pursuant to the actuarial studies reported on the 31st of December 2020 and 2019, the current value of the Company's liabilities for its active and retired employees' past services has been estimated at:

	2020	2019
Active workers	110 797 640	103 817 651
Retired persons	163 802 846	167 532 997
	274 600 485	271 350 648

The increase in total Liabilities is essentially due to the decrease in the income rate, which dropped from 1.30% to 1%.



The actuarial study reported on the 31st of December 2020 has been carried out using a method named 'Projected Unit Credit', which took into consideration the following assumptions and technical and actuarial bases:

Projected Unit Credit	2020	2019
Life table		
Male life table	TV73/77-1	TV73/77-1
Female life table	TV88/90	TV88/90
Disability table	EKV80	EKV80
Rates		
Pension Technical Rate	1,00%	1,30%
Wage Growth Rate	1,50%	1,50%
PRT Allowance Update Rate	1,50%	1,50%
Discount Rate	1,00%	1,30%

The evolution in the Company's liabilities with pensions was as follows:

	2020	2019
Total responsibilities at the start of the financial year	271 350 648	253 711 461
Cost with current services	3 787 688	3 330 421
Cost with interest	3 527 558	4 439 951
Benefits paid in the financial year	(12 309 842)	(12 560 028)
Actuarial gains (losses) in the financial year	8 244 433	22 428 842
Total responsibilities in the end of the financial year	274 600 485	271 350 648

The cost of current services and the cost of interest for the financial year 2020, correspondingly, amounting to 3,787,688 euro and to 3,527,558 euro, have been recognized in the statement of profits and losses in the item 'Personnel expenses'.

The evolution of actuarial gains/losses, recognized under the item 'Adjustments/other changes in equity' in the financial years ended on the 31st of December 2020 and 2019 is as follows:

	2020	2019
Other changes in equity		
Start balance	(35 558 185)	(13 129 342)
Additions	-	-
Reductions	(8 244 433)	(22 428 842)
End balance	(43 802 617)	(35 558 185)

On the 31st of December 2020, actuarial losses derived mainly from a decrease in the income rate. With reference to the 31st of December 2020, the Company did not evidence the establishment of any funds to deal with such responsibilities, and they are recorded in the balance sheet.



22. Other financial liabilities

This item includes interest rate swap agreements related to borrowings. The breakdown by swap agreement is as follows:

Outros passivos financeiros

Swap	Entity	Maturity	Original Notional	Current Notional	Fair value	
					31/12/2020	31/12/2019
26#METLIS BSN Sept2022	BSN	23/09/2022	99 240 295	59 338 790	43 363 932	58 618 131
					43 363 932	58 618 131

23. Suppliers

Suppliers	2020	2019
CARRIS – Companhia Carris de Ferro de Lisboa, E.M., S.A.	3 392 967	4 707 403
2045 Empresa de Segurança, S.A.	970 432	191 117
ISS Facility Services – Gestão e Manutenção de Edifícios, Lda.	311 381	283 056
IP Património, S.A.	148 845	140 553
SISCOG, LINK, TECMIC, A.C.E.	142 696	–
LIMPERSADO – Limpeza, Máquinas e Transportes, S.A.	130 835	100 180
Schmitt – Elevadores, Lda.	98 038	–
TST – Transportes Sul do Tejo, S.A.	97 654	–
Transportes Rodrigues & Lourenço, Lda.	81 893	38 230
Exide Technologies, Lda.	92 250	13 210
Siemens Mobility Unipessoal, Lda.	89 569	84 895
GRUPO 8- Vigilância e Prevenção Electrónica, Lda.	80 039	74 415
Otlis – Operadores de Transportes da Região de Lisboa, A.C.E.	70 416	831 362
EFACEC Engenharia e Sistemas, S.A.	18 081	234 581
Endesa Energia, S.A.	4 954	986 951
Rodoviária de Lisboa, S.A.	3 503	110 138
HCI – Construções, S.A.	–	334 390
Graviner – Construções, S.A.	–	267 325
Montemeão – Componentes Auto, S.A.	–	220 847
Securitas Serviços e Tecnologia de Segurança, S.A.	–	138 057
EPAL – Empresa Portuguesa das Águas Livres, S.A.	–	87 059
Other	1 497 426	1 274 664
	7 230 978	10 118 432

24. Other debts payable

Other debts payable	2020	2019
Accrued expenses – Interest payable	27 257 350	25 568 019
Grants – Environmental Fund	14 125 183	8 446 255
Accrued expenses – Remunerations payable	10 220 080	10 629 443
Investment suppliers	5 263 649	4 466 499
Advances from customers	239 510	1 059 811
Other	6 790 620	6 965 288
	63 896 392	57 135 314

25. Revenue

Revenue	2020	2019
Sales:	27 282	44 577
Provision of Services		
Tickets	16 848 492	51 166 347
Monthly Passes	33 208 552	53 026 063
Cards	1 103 881	3 481 385
Customization Lisboa Viva	157 201	383 159
Tariff Compensation MAL	8 903 066	4 013 777
Monthly Passes -Financial compensation 4_18, Sub23, Social +	3 458 364	2 501 718
Commercial spaces	1 169 004	2 060 546
Advertising exploration	1 349 782	1 404 755
Other	583 329	712 271
	66 808 955	118 794 598

26. Operating grants

	2020	2019
MAL - Support for restoring the public transportation supply	21 451 009	-
Environmental Fund - Rato/Cais do Sodré Extension	70 050	444 204
Environmental Fund - Project for the Modernization of Signaling Systems	132 977	72 525
Lisbon Municipality - VoxPop Project - People, Processes & Technology	86 800	-
	21 740 836	516 729

The amount allocated to ML in the context of the support for restoring the supply, in the global amount of 21,451,009 euro, derives from the Order of the Secretary of State for Mobility no. 8459/2020, of the 26th of August, which determined the distribution of the funds intended to support the restoring of the public transport supply, as foreseen in the Law no. 27-A/2020, of the 24th of July, which makes a second amendment to the Law no. 2/2020, of 31st of March.

27. Gains / losses from financial investments

	2020	2019
Subsidiary companies		
Ferconsult - Consultoria, Estudos e Projectos de Engenharia de Transportes, S.A.	285 758	(542 774)
Metrocom - Exploração de Espaços Comerciais, S.A.	22 531	218 750
TREM - Aluguer de Material Circulante, A.C.E.	(2 739 251)	(590 978)
TREM II - Aluguer de Material Circulante, A.C.E.	(1 489 584)	(1 751 730)
Associate Companies		
Publimetro - Publicidade em Meios de Transporte e Outros, S.A.	(272 790)	597
Joint Ventures		
OTLIS - Operadores de Transportes da Região de Lisboa, A.C.E.	72 919	257 345
Ensitrans - Engenharia e Sistemas de Transporte, A.E.I.E.	(18 230)	(2 878)
	(4 138 648)	(2 411 668)

28. External supplies and services

External supplies and services	2020	2019
Electricity	8 538 914	9 439 531
Rents and leases	6 523 042	8 516 314
Maintenance and repair	4 593 344	5 026 906
Cleaning, hygiene and comfort	4 277 191	3 483 401
Surveillance and safety	6 145 316	5 608 706
Specialized works	3 089 203	1 614 032
Other	2 967 909	3 189 850
	36 134 918	36 878 739

29. Personnel expenses

Personnel expenses	2020	2019
Remuneration of the corporate bodies	275 419	265 482
Remuneration of the personnel	56 827 711	56 484 988
Post-employment benefits	7 315 831	7 733 682
Charges on remunerations	12 916 436	12 894 956
Work accidents insurance and occupational diseases insurance	809 610	1 153 825
Social action expenses	943 682	809 665
Health insurance	862 092	452 998
Other	280 816	261 345
	80 231 596	80 056 942

The average number of employees at the Company's service in the financial year 2020 was 1,467 (1,435 in 2019). The headcount number on the 31st of December 2020 stood at 1,513 (1,452 in 2019).

30. Other income

Other Income	2020	2019
Investment grants	1 243 100	1 311 783
Corrections related to previous periods	595 084	160 333
Rents from immovable property	593 215	476 684
Sale of energy	171 201	317 599
Exchange rate differences	1 111	1 065 536
Excessive tax estimate	353	853 718
Interest recognition correction TFDG	-	1 500 021
Other	123 580	452 994
	2 727 645	6 138 668

The sub-item 'Investment grants' includes the allocation of ERDF grants – PRODAC 1993 and CSF 1995 and 1997, have been aimed at financing investments made by the Company regarding the Depot and Workshops (DW) II and III and the 17 Triple Units (TU) interim series, the 20 TU complementary 95 series and the DW III.



This income is allocated on a systematic basis in order to balance it with the depreciation expenses of the property, plant and equipment associated thereto.

31. Other expenses

	2020	2019
Exchange rate differences	4 909 534	-
Taxes	521 092	950 893
Losses in inventories	222 543	268 761
Disposals - Losses regarding immovable property	200 878	252
Membership fees	138 344	76 118
Compensation for damage caused	-	1 409 443
Other	86 052	166 769
	6 737 947	2 907 862

32. Interest and similar expenses incurred

	2020	2019
Interest swaps	22 427 142	23 522 484
Interest obtained in financial applications	1 689 330	3 042 461
Other interest	264 248	361 518
	24 380 720	26 926 463

33. Income tax

The Company is subject to Corporate Income Tax ('CIT') at a rate of 21%, plus a maximum municipal surcharge of 1.5% levied on the taxable profit, thus resulting in an aggregate tax rate of 22.5%. This rate is increased by 3% on the portion of the taxable profit exceeding 1.5 million euro and under 7.5 million euro, it is increased by 5% on the portion of the taxable profit exceeding 7.5 million euro and under 35 million euro, and it is increased by 9% on the portion of the taxable profit exceeding 35 million euro, resulting in a possible maximum aggregate tax rate of 31.5%.

When assessing the taxable profit, to which the said tax rates are applied, amounts not accepted for tax purposes are added to and subtracted from the accounting profit. Such differences between the accounting and tax profit may be of a temporary or permanent nature.

According to article 88 of the Corporate Income Tax (CIT) Code, the Company is subject to flat-rate taxation regarding a set of charges, levied at the rates established in the said article.

Under the legislation currently in force, the Company's tax returns are subject to review and correction by the tax authorities for a period of four years (five years in case of the Social Security), unless tax losses have been assessed, tax benefits have been granted, or there are pending tax audits, complaints or appeals, in which cases, in light of the circumstances, such deadlines may be extended or suspended. The Board of Directors considers that any potential corrections arising from reviews/tax audits performed by the tax authorities on the said tax returns shall not impact significantly the financial statements with reference to the 31st of December 2020.



In addition, tax losses generated in the financial years started on or after the 1st of January 2014 may be carried forward for a period of 12 years and tax losses generated in the financial years started on or after the 1st of January 2016 may be carried forward for a period of 5 years. Thus, the deadlines for carrying forward ML's deductible tax losses are as follows:

	2020		2019	
	Amount	End date	Amount	End date
Generated in 2014	3 496 721	2026	3 496 721	2026
Generated in 2017	39 093 595	2022	39 093 595	2022
Generated in 2018	21 012 509	2023	21 012 509	2023
Generated in 2019	12 972 374	2024		
	76 575 198		63 602 824	

The reconciliation between the nominal income tax rate and the effective tax rate in the financial years 2020 and 2019 is as follows:

	2020	2019
Profit before taxes	(57 130 373)	(16 832 694)
Permanent differences	4 325 843	3 860 321
Taxable income	(52 804 530)	(12 972 374)
Deduct tax losses	-	-
Taxable amount	(52 804 530)	(12 972 374)
Nominal income tax rate	21,00%	21,00%
Collection total	-	-
Autonomous taxation	(1 018)	(40 582)
Income tax expense	(1 018)	(40 582)
Effective tax rate	-	-

34. Leases

On the 31st of December 2020, the Company had two operational leasing agreements entered into with TREM II, A.C.E., the liabilities of which, not recognized in the balance sheet, amounted to 115,540,568 euro.

The minimum payments for the operating leases on the 31st of December 2020 and 2019 were the following:

Financial Leases	Principal due	
	2020	2019
Up to 1 year	59 440 693	58 167 777
Between 1 year and 5 years	56 099 875	115 540 567
	115 540 568	173 708 344



35. Balances and transactions with related parties

2020	Subsidiary companies				Associate companies		Joint ventures	
	Ferconsult	Metrocom	TREM	TREM II	Publimetro	Ensitrans	OTLIS	
Assets								
Customers					1 640 838		145 410	
Other credits receivable	333 296		-			-		
Liabilities								
Suppliers	14 732	320					70 416	
Other debts payable	3 831		275 951	274 658			434	
Income								
Provision of services	900	1 169 811			1 654 537		3 326 261	
Other income	16 365	92 397			99 652			
Spending								
Supplies and external services	(1 475 295)	(3 407)	(678 282)	(5 518 768)			(89 629)	

2019	Subsidiary companies				Associate companies		Joint ventures	
	Ferconsult	Metrocom	TREM	TREM II	Publimetro	Ensitrans	OTLIS	
Assets								
Customers		18 056			676 961		199 182	
Other credits receivable	246 630					-		
Liabilities								
Suppliers	14 732						834 437	
Other debts payable	3 831							
Income								
Provisions of services	3 420	2 060 546			1 100 028		5 127 211	
Other income	37 001	181 867			97 227			
Expenses								
External supplies and services	(1 330 781)	(6 163)	(2 947 279)	(5 327 218)			(131 587)	

36. Guarantees granted

Entity	Start date	Beneficiary	2020	2019
			Amount	Amount
BPI Bank	10-03-2006	ADM.TCOURT.LX-2NDSECTION	7 494	7 494
BPI Bank	11-05-2006	TAX SERVICES 4TH TAX DISTRICT	95 482	95 482
BPI Bank	30-06-2010	COURT.TAX.-2ND.JURISD.LIS	1 583	1 583
BPI Bank	17-08-2011	LISBON MUNICIPALITY	7 661	7 661
BPI Bank	17-06-2014	PETROGAL	7 500	7 500
BPI Bank	01-06-2015	SMAS SINTRA	-	1 820
BPI Bank	03-07-2015	Lisbon District Court Central Juris. 1 Empl Banco	438 047	438 047
BPI Bank	28-04-2016	Lisbon District Court Central Juris. 1 Empl Banco	760 610	760 610
			1 318 377	1 320 197

37. Contingent liabilities

With reference to the 31st of December 2020, there are indemnity claims for damages sent to the Company amounting to 22,049 euro, which primarily refer to expropriation legal proceedings and damages caused by construction works related to the network expansion plan. The Company is at a stage of assessing the total



expropriation amount, and a provision for the legal proceedings the outcome of which is unknown until the financial statements' date of approval has been recorded. With respect to the remaining legal proceedings, no provisions have been recorded, given that, in case such indemnities are paid, these shall be recorded as expropriation charges in the item 'Long-term infrastructure investments'.

38. Disclosures required by legal acts

For the purposes of compliance with the provisions of article 66-A(1)(b) of the Portuguese Companies Code, it is undertaken that the total fees invoiced during the financial year by the statutory audit firm, with regard to the legal review of the annual accounts, amounted to 27,360 euro.

39. Events occurred after the balance sheet date

On the 15th of February 2021, an agreement was signed between OTLIS, its members and the Lisbon Metropolitan Area regarding the establishment of the consideration due for the transfer of its assets, with the exception of bank and cash balances and suppliers and customers balances, to the TML – Transportes e Mobilidade de Lisboa, EMT, S.A., and this occurrence did not give rise to any need for adjustments in the 2020 financial year.

On the 3rd of May 2021, the Lisbon Metropolitan Area (AML) submitted the draft decision on the final amounts of financial compensation and benefit sharing due to operators for the year 2019 under the AML Regulation no. 278- A/2019, with the corresponding effects of updating the estimated amount receivable by ML being reflected in the present financial statements.

The Board of Directors

The Certified Accountant

Vitor Manuel Jacinto Domingues dos Santos

Pedro Miguel Galante Antunes Paiva

Maria Helena Arranhado Carrasco Campos

Lisbon, the 22nd of June 2021

