

Concessionária Linha Universidade S.A.

Financial statements on December 31, 2022 and 2021

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Management Report Operational Context

The Management seeking to give transparency to the information presented to the readers of the financial statements on December 31, 2022, on the main actions in the context of the activities based on the agreements signed and the contractual amendment of the concession Line 6 - Orange of the São Paulo Metro - brings a prior analysis of the scenario in 2022 with updates on the advances for operational continuity, in addition it seeks to present the Company's strategic actions.

The Concessionária Linha Universidade S.A. ("Line Uni"; "Company"; "Concessionaire" or "Line 6"), under the terms of the Articles of Incorporation, it was constituted under the legal form of a privately held Special Purpose Society (SPE), with its headquarters located in the neighborhood of Vila Olímpia, São Paulo - SP, and its exclusive corporate purpose is to provide public passenger transport services, to be carried out in the operation of the Line 6–Orange subway in the city of São Paulo.

The concession contract is a public private partnership – PPP, for a period of 24 years, divided between the construction phase, with an expected duration of 5 years and the operation phase, with an expected duration of another 19 years where the administration, operation and maintenance phase will begin. The project is in Phase I infrastructure execution, including civil works, installation of permanent track and electrical power, signaling, telecommunications and auxiliary systems, acquisition of rolling stock and actions necessary to allow proper operation.

The Concessionaire signed the assignment of the concession agreement and assumed its responsibility, replacing the company prior to Move SP referring to the concession agreement No. 15/2013 with the consent of STM – Secretary of Transportation of the Metropolitan "Granting Authority"; based on the Federal Constitution in its article No. 175 and the General Concession Law No. 8.987/1995 that authorizes the shareholding movement of the concession agreement between companies and/or the transfers of corporate control.

The Company raised the subscribed Capital Stock to the amount of R\$1,395,000 thousand (one billion, three hundred and ninety-five million Reais) by issuing class B preferred shares, and received contributions from the partners totaling R\$560,000 thousand (five hundred and sixty million Reais) in 2022.

The company finances the project with funds from contributions from partners, financing from third parties (BNP Paribas, Crédit Agricole, Banco Santander) and financing via the National Bank for Economic and Social Development – BNDES and its long-term financing lines. The long-term financing with the BNDES in the total amount of R\$6.9 billion reais divided into four sub-credits with monthly maturities as of March 2026 in 199 installments, with the payment of the last installment expected on September 15, 2042

The administration constantly manages the funds, had to structure the bank accounts via JP Morgan's system for all its transactions with the supervision of the company TMF and obtained two releases of funds from the BNDES as it was planned in August and October 2022.

The 1st release of financing funds in the amount of R\$2,900,000 (Two billion and nine hundred million reais) to the 2nd release in the amount of R\$850,000 (eight hundred and fifty million reais), was used to settle short-term debts with financial entities for short-term issued debentures and to finance the continuity of the work and the EPC and rolling stock contract.

The studies and surveys made to release the funds reveal the Fitch rating is local AA, equivalent to an international BB for the project.

The progress in the evolution of the works of the project after being certified by the granting authority, generates the contractual right to receive contributions related to public private partnership – PPP according to the concession agreement, amounts that accumulated total R\$1.1 billion reais, divided between the years 2022 (R\$902 million), and 2021 (R\$259 million) respectively.

Management acted so that the company obtained the titles of ISO-37.001:2016 and ISO-9001 (ISO - International Organization for Standardization) certifications, received the ABMS- 327/22 certificate issued by the company RINA Services S.P.A. Management Systems focused on Anti-Corruption and Compliance programs and management system and controls of processes and internal controls.



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Independent auditors' report on financial statements

To the Directors and Shareholders of
Concessionária Linha Universidade
S.A. São Paulo - SP

Opinion

We audited the financial statements of Concessionária Linha Universidade S.A. ("Company") comprising the balance sheet on December 31, 2022 and the respective statements of income, comprehensive income, changes in equity and cash flows for the year ended on that date, as well as the corresponding explanatory notes, including significant accounting policies and other clarifying information.

In our opinion, the aforementioned financial statements adequately present, in all material respects, the equity and financial position of Concessionária Linha Universidade S.A. ("Company") on December 31, 2022, the performance of its operations and their respective cash flows for the year ended on that date, in accordance with accounting practices adopted in Brazil.

Basis for opinion

We have conducted our audit in accordance with Brazilian and international auditing standards. Our responsibility, in accordance with such standards, are described in the following section entitled "Responsibilities of the auditor for auditing the financial statements". We are independent in relation to the Company, in accordance with the relevant ethical principles set forth in the Professional Code of Ethics of the Accountant and the professional standards issued by the Federal Accounting Council, and we comply with the other ethical responsibilities in accordance with these standards.

We believe that the audit evidence obtained is sufficient and appropriate to base our opinion.

Emphasis - Phase I of implementation of stations, terminals and systems.

We draw attention to explanatory note No. 1, which mentions that the concession contract is in phase I of construction of the concession infrastructure: stations, terminals and subway systems. The Company has funds from the issuance of debentures, financing and contributions from shareholders and the granting authority to complete this phase. Our opinion is not limited to this matter.

Main audit issues

Main audit issues are those that, in our professional judgment, have been the most significant in our audit of the current fiscal year. These issues have been dealt with in the context of our audit of the financial statements as a whole and in forming our opinion on these financial statements and, therefore, we do not express an opinion on these issues separately.

Measurement of financial assets of the concession

As mentioned in Explanatory Notes 3.3 and 6 of the financial statements.

Main audit issues	How Audit Addressed This Issue
<p>On December 31, 2022, the Company recognized R\$5,785,934 thousand of concession financial assets due to the contractual right to receive cash for the construction services of line 6 of the São Paulo subway.</p> <p>According to ICPC 01/OCPC 05 - Concession contracts, the Company recognizes the expenses with the construction of the infrastructure as a financial asset, since it has the unconditional contractual right to receive cash for the construction service, and recognizes the other expenses, which do not represent the potential to generate additional revenue from the infrastructure, as expenses when incurred.</p> <p>The Company's management exercised judgment to determine what are the expenses related to the infrastructure construction service of those who do not represent the potential to generate additional revenue and are recognized as an expense in profit or loss for the year.</p> <p>We consider this matter as significant for our audit due to the nature of the accounting policy related to the matter and the judgment made by management for the application of this accounting policy that has a significant effect on the amounts recognized in the financial statements.</p>	<p>Our audit procedures included, among others:</p> <ul style="list-style-type: none"> - Evaluation of the design and implementation of key internal controls of the analysis process and allocation of infrastructure spending between financial assets and expenses; - Documentary tests, on a sample basis, of infrastructure additions, including: (i) the inspection of service contracts and/or invoices that support the amounts recognized as an asset or expense; and (ii) inspection, together with the engineering area, of the measurements carried out according to the progress of the works - Evaluation, on a sample basis, of the nature of construction expenses and other infrastructure expenses considering the accounting criteria and policies for determining whether such expenses are eligible or not for capitalization. - Assessment of whether the disclosures made in the financial statements consider the relevant information required by the accounting practices adopted in Brazil. <p>Based on the evidence obtained, through the audit procedures summarized above, we consider acceptable the amounts of expenses with construction services of the concession infrastructure as a financial asset, as well as the respective related disclosures, in the context of the financial statements taken together, for the year ended December 31, 2022.</p>

Other information accompanying the financial statements and auditor's report

The company's management is responsible for such other information that includes the Management Report.

Our opinion on the financial statements does not include the Management Report and we do not express any form of audit conclusion about this report.

In connection with the audit of the financial statements, our responsibility is to read the Management Report and, in doing so, to consider whether this report is materially inconsistent with the financial statements or with our knowledge gained in the audit, or if it otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is a material misstatement in the Management Report, we are required to report this fact. We have nothing to report on this.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil and by such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Throughout the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in the elaboration of the financial statements unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditors for the audit of consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable safety is a high level of safety, but not a guarantee that the audit carried out according to Brazilian and international audit standards always detect possible existing material misstatements. Misstatements may arise from fraud or error and are considered relevant if, individually or jointly, they may reasonably be expected to influence the economic decisions of users taken based on these financial statements.

As part of an audit conducted in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. Additionally:

- We identify and assess the risks of material misstatement in the financial statements, regardless of whether due to fraud or error; we plan and perform audit procedures in response to these risks; and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting relevant misstatement resulting from fraud is higher than resulting from error, since fraud may involve the act of circumventing internal controls, collusion, falsification, omission or false intentional representations.
- We obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We assess the adequacy of accounting policies used and the reasonableness of accounting estimates and respective disclosures made by the management.

- We conclude on the appropriateness of management's use of the operational concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as an operational concern. If we conclude that there is a relevant uncertainty, we should draw attention in our audit report to the respective disclosures in the financial statements or include a change in our opinion if the disclosures are inadequate. Our conclusions are based on the audit evidence obtained up to the date of our report.

However, further events or conditions may cause the Company to no longer maintain itself in an operational continuity.

- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with the management regarding, among other things, the planned scope, the timing of the audit and the significant findings of the audit, including any significant deficiencies in internal control that we identified during our work.

Of the matters that were the subject of communication with management, we determined those that were considered to be the most significant in the audit of the financial statements for the current year and which, accordingly, constitute the main audit matters. We describe these subject matters in our audit report, unless it is prohibited by any law or bylaws, in extremely rare circumstances, we determine that the subject matter should not be reported in our report because the adverse consequences of such communication may, within a reasonable perspective, overcome its benefits to the public interest.

Rio de Janeiro, March 8, 2023

KPMG Auditores Independentes Ltda.
CRC SP-014428/O-6 F-RJ


Walter Malvar Leite da
Silva Accountant CRC RJ

Concessionária Linha Universidade S.A.

Balance sheets on December 31, 2022 and 2021

(In thousands of

<u>Asset</u>	<u>Note</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Current			
Cash and Cash Equivalents	4	449,937	208,189
Advances to Suppliers	5	1,860	1,860
Other Assets		<u>10,638</u>	<u>5,237</u>
		462,435	215,286
Non-current			
Advances to Suppliers	5	3,410	5,270
Security Deposit		<u>185</u>	<u>185</u>
		3,595	5,455
Concession financial assets	6	5,785,934	3,260,924
Other financial assets		-	6,342
Right of use		2,385	3,015
Intangible		2,157	1,643
Fixed Assets		<u>93</u>	<u>108</u>
		5,790,569	3,272,032
Total of Assets		<u>6,256,599</u>	<u>3,492,773</u>

Management's explanatory notes form an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Balance sheets on December 31, 2022 and 2021

(In thousands of

Liabilities	Note	12/31/2022	12/31/2021
Current			
Debentures	8.1	-	1,478,671
Loans	8.2	123,893	122,964
Contractual Obligations	8.3	170,594	134,136
Third Party Suppliers		11,082	5,564
Suppliers - Related Parties	9	3,827	7,520
Provisions - Related Parties	9	243,189	210,744
Other amounts payables		<u>5,472</u>	<u>7,519</u>
		558,057	1,967,118
Non-current			
Financing	8.4	3,636,207	-
Debentures	8.1	959,678	858,798
Loans	8.2	-	118,566
Contractual Obligations	8.3	71,741	265,091
Deferred IRPJ and CSLL	7	112,361	49,738
Other amounts payables		<u>1,763</u>	<u>2,298</u>
		4,781,750	1,294,491
Net Equity			
Capital Stock	10	698,450	138,450
Legal Reserve	10	10,917	4,839
Reserve Profits		<u>207,425</u>	<u>87,875</u>
Total Stockholder's Equity		<u>916,792</u>	<u>231,164</u>
Total Liabilities and Stockholders' Equity		<u>6,256,599</u>	<u>3,492,773</u>

Management's explanatory notes form an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Results statements

Years ended December 31, 2022 and 2021

(In thousands of Brazilian Real)

<u>Income statements</u>	<u>Note</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Net Revenue	11	3,428,111	1,590,706
Cost of Services Provided	11	<u>(2,745,382)</u>	<u>(1,255,378)</u>
Gross earnings		<u>682,729</u>	<u>335,328</u>
Operating expenses			
Services Contracted - related parties	12	(31,592)	(23,433)
Contracted services - third party	12	(34,271)	(16,539)
Administrative, personal and tax	12	<u>(23,330)</u>	<u>(13,592)</u>
		(89,193)	(53,565)
Operating Profit before Financial Result		<u>593,536</u>	<u>281,763</u>
Financial Revenues	13	22,800	1,637
Financial Expenses	13	<u>(432,150)</u>	<u>(153,699)</u>
Net financial result		(409,350)	(152,062)
Earnings before income tax		<u>184,185</u>	<u>129,701</u>
Profit taxes		(62,623)	(44,098)
Deferred IRPJ and CSLL	7	(62,623)	(44,098)
Net profit of the year		<u>121,562</u>	<u>85,603</u>

Management's explanatory notes form an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Comprehensive income statements

Years ended December 31, 2022 and 2021

(In thousands of Brazilian Real)

<u>Income statements</u>	<u>12/31/2022</u>	<u>12/31/2021</u>
Net profit for the year	121,562	85,603
<u>Total comprehensive income for the year</u>	<u>121,562</u>	<u>85,603</u>

Management's explanatory notes form an integral part of the financial statements.

Concessionaire Linha Universidade S.A.

Statement of changes in shareholders' equity Years

ended December 31, 2022 and 2021

(In thousands of Brazilian Real)

	<u>Capital Stock</u>		<u>Profit reserve</u>			<u>Total</u>
	<u>Subscribed Capital Stock</u>	<u>Capital to be paid up</u>	<u>Legal</u>	<u>Retention of Profits</u>	<u>Retained earnings</u>	
On December 31, 2020	<u>520,000</u>	<u>(381,550)</u>	<u>559</u>	<u>10,087</u>	<u>-</u>	<u>149,096</u>
Net profit for the financial year	-	-	-	-	85,603	85,603
Constitution of reserves	-	-	4,280	77,257	(81,537)	-
Dividend proposal	-	-	-	-	(4,066)	(4,066)
Reversal of Dividend Proposal	-	-	-	531	-	531
On December 31, 2021	<u>520,000</u>	<u>(381,550)</u>	<u>4,839</u>	<u>87,875</u>	<u>-</u>	<u>231,164</u>
Increase in Capital Stock	875,000	(315,000)	-	-	-	560,000
Net profit for the financial year	-	-	-	-	121,562	121,562
Constitution of reserves	-	-	6,078	115,484	(121,562)	-
Reversal of Dividend Proposal	-	-	-	4,066	-	4,066
On December 31, 2022	<u>1,395,000</u>	<u>(696,550)</u>	<u>10,917</u>	<u>207,425</u>	<u>-</u>	<u>916,792</u>

Management's explanatory notes form an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Statements of Cash Flows

Years ended December 31, 2022 and 2021

(In thousands of Brazilian Real)

	<u>12/31/2022</u>	<u>12/31/2021</u>
Cash flows from operating activities		
Net profit for the financial year	121,562	85,603
Adjustments to reconcile net income to cash from operating activities:		
Deferred IRPJ and CSLL	62,623	44,098
Provision of payroll	915	1,217
Costs of Suppliers' provisions	699	11,167
Interest on loans	425,209	151,025
Income from financial assets	(596,721)	(279,984)
Depreciation and Amortization	577	346
(Increase)/decrease in assets and increase/(decrease) in liabilities	<u>14,864</u>	<u>13,472</u>
Advance payments to suppliers	1,860	2,170
Other assets	(5,400)	(1,398)
Suppliers - Third Party	4,818	(10,289)
Fiscal and Tax Liabilities	(635)	(7,099)
Suppliers - Related Parties	(24,492)	16,419
Other amounts payables	7,081	3,356
Contributions from the Government	903,102	259,258
Net cash generated by operating activities	<u>901,198</u>	<u>275,889</u>
Cash flows from investment activities		
Concession financial assets	(2,777,375)	(1,177,425)
Asset Acquisition	84	(262)
Intangible Acquisition	(921)	(1,646)
Direct acquisition of use	485	-
Net cash (used in) investing activities	<u>(2,777,727)</u>	<u>(1,179,333)</u>
Cash flows from financing activities		
Fundraising	3,750,000	-
Funding cost on financing - BNDES	(264,165)	(6,341)
Loan payments – main	(118,567)	(149,329)
Interest paid on loans	(33,573)	(23,389)
Payment of debentures	(1,461,636)	-
Interest paid on debentures	(145,767)	(54,042)
Collection of debentures	100,000	1,420,000
Interest paid on EBL debentures	(100,794)	-
Funding costs debentures	-	(15,174)
Payment of assignment contracts	(157,622)	(129,217)
Interest paid on the assignment agreement	(9,599)	(9,545)
Capital contribution	560,000	-
Loan funding	(198,234)	-
Loan payment - main	(200,280)	-
Loan agreement funding costs	2,046	-
Net cash generated from investment activities	<u>2,118,277</u>	<u>1,032,963</u>
Increase of cash and cash equivalents	<u>241,748</u>	<u>129,519</u>
Cash and Cash Equivalents		
In the beginning of the fiscal year	208,189	78,670
At the end of the financial year	<u>449,937</u>	<u>208,189</u>
Increase of cash and cash equivalents	<u>241,748</u>	<u>129,519</u>

Management's explanatory notes form an integral part of the financial statements.

Management's explanatory notes to the financial statements

(In thousands of reais – R\$, unless otherwise indicated)

1 Operational Context

The Concessionária Linha Universidade S.A. (“Line Uni”; “Company”; “Concessionaire” or “Line 6”), under the terms of the Articles of Incorporation, it was constituted under the legal form of a privately held Special Purpose Society (SPE), with its headquarters located in the neighborhood of Vila Olímpia, São Paulo - SP, and its exclusive corporate purpose is to provide public passenger transport services, to be carried out in the operation of the Line 6–Orange subway in the city of São Paulo. The concession agreement was signed in accordance with PPP - Public Private Partnership, for a period of 24 years, divided between the construction phase and the operation and administration and maintenance phase of the subway.

The project is in Phase I infrastructure execution, including civil works, installation of permanent track and electrical power, signaling, telecommunications and auxiliary systems, acquisition of rolling stock and actions necessary to allow proper operation.

The project financed by resources from contributions from the partners, contributions from the Government (PPP) regarding the progress of the phases of the construction project and the short and long-term financing contracted with financial entities in Brazil.

The Company raised the subscribed share capital to the amount of R\$1,395,000 thousand (one billion, three hundred and ninety-five million Reais) by issuing class B preferred shares, and received contributions from the partners totaling R\$560,000 thousand (five hundred and sixty million Reais) in 2022.

The company finances the project with funds from contributions from partners, financing from third parties (BNP Paribas, Crédit Agricole, Banco Santander) and financing via the National Bank for Economic and Social Development – BNDES and its long-term financing lines.

The management constantly manages the funds and needed to structure the bank accounts via JP Morgan's system with the supervision of the company TMF and obtained two releases of funds from BNDES as was planned in August and October 2022. The long-term financing with the BNDES in the total amount of R\$6.9 billion reais divided into four sub-credits with monthly maturities as of March 2026 in 199 installments, with the payment of the last installment expected on September 15, 2042

The 1st release of financing funds in the amount of R\$2,900,000 (Two billion and nine hundred million reais) to the 2nd release in the amount of R\$850,000 (eight hundred and fifty million reais), was used to settle short-term debts with financial entities for short-term issued debentures and to finance the continuity of the work and the EPC and rolling stock contract.

The progress in the evolution of the works of the project after being certified by the granting authority, generates the contractual right to receive contributions related to public private partnership – PPP according to the concession agreement, amounts that accumulated total R\$1.1 billion reais, divided between the years 2022 (R\$902 million), and 2021 (R\$259 million) respectively.

Management also worked to make the company successful the titles ISO-37.001:2016 and ISO-9001 through ISO - International Organization for Standardization, received the certificate ABMS-327/22 issued by the company RINA Services S.p.A., referring to the Management systems focused on Anti-Corruption and Compliance programs and controls of processes and internal controls (unaudited).

Implementation project provides for terminals, extension and integration of stations

The project for the implementation of Brasilândia stations to São Joaquim, 15.3 km long, was maintained. Line 6 – São Paulo Metro Orange, which will be integrated into the metro system of the metropolitan region of São Paulo, covering 15 buried stations, these being the stations Brasilândia, Vila Cardoso, Itaberaba, João Paulo I, Freguesia do Ó, Santa Marina, Água Branca, SESC Pompéia, Perdizes, PUC-Cardoso de Almeida, Angélica/ Pacaembu, Higienópolis-Mackenzie, 14 Bis, Bela Vista and São Joaquim, including a parking and train maintenance yard, entitled Pátio Morro Grande.

- a. *Sponsored concession agreement for public passenger transport services*** The Company assumed the responsibility for the provision of public passenger transport services of Line 6 - Orange of the São Paulo subway and which was assigned by the Government for a period of 24 years, divided between the construction and operation phase, providing for 5 years for the construction and implementation of the stations and the 19 years of operation of the system.

The term of the concession agreement occurred with the issuance of the letter of contracting /amendment extract signed on July 6, 2020 and published in the official journal on July 8, 2020, from which the counting of the term foreseen for the beginning and end of the contract foreseen for the year 2044 begins.

The value of the contract, corresponding to the estimated tariff revenues for the entire concession term which is R\$15 billion based on the October 2020 estimate. There will be other complementary revenues from the operation and evaluation of the efficiency of the stations, and the concessionaire will be able to exploit advertising revenues and the assignment of commercial spaces and other ancillary revenues. According to the contract, these amounts are intended for the implementation of the infrastructure, and the generation of revenues provided for in the business plan, and cannot be used by any of the parties to claim to restore the economic and financial balance of the contract or contingent investments.

The Company must comply with the terms and provisions of the amendment contract and is obliged to act in a planned manner to operate the concession in three progressive phases in stages and activities as follows:

- **Phase I** – Execution of the infrastructure, including civil works, installation of permanent track and electrical power, signaling, telecommunications and auxiliary systems, acquisition of rolling stock and other actions necessary to allow proper operation;

- **Phase II** – Operation of public passenger transport services of Line 6, with all its stations, in the Brasilândia – São Joaquim section; comprising the provision of services related to the operation and maintenance functions of the line, with the operation of stations, intermodal integration terminals, operational control center, control of passenger access and validation of travel credits, including operational, personal and patrimonial safety in parameters compatible with demand.
- **Phase III** – Expansion of the transportation services granted, subject to the supervenience of a motivated decision of the Government, in the section between Brasilândia – Bandeirantes, contemplating the operation and maintenance of the section, which may include civil works, installation and supply of all systems and rolling stock. The participation of the Concessionaire in the operation and maintenance of Phase III services is mandatory, and the execution of the civil works of the expansion, as well as the installation and supply of all systems and rolling stock is subject to its express acceptance.

The execution of the expansion of Line 6, Phase III, will be the subject of an Amendment to the Agreement, and its remuneration must be measured by the use of the Marginal Cash Flow method, as described in Clause Twenty-Two.

EPC type construction contract for the deployment of the Stations

The concessionaire aiming at phase I of the construction project and implementation works scheduled to end for five years hired the Spanish company Acciona Construcción, which became responsible for carrying out the civil works of the Orange line of the São Paulo subway.

b. Special Incentive Regime for Infrastructure Development – REIDI.

The company obtained from the regulatory and tax supervisory bodies of the Federal Revenue of Brazil, REIDI - Special Incentive Regime for Infrastructure Development, where the beneficiary legal entities are authorized to make acquisitions of goods and services for the exclusive application in infrastructure works applying the benefit of non-occurrence/suspension for federal taxes of PIS - Social Integration Program, and COFINS - Contribution to Social Security Financing, published in the Ordinance of the Ministry of Cities No. 504/2014 and the Executive Declaratory Act of the Federal Revenue No. 171 of October 6, 2020 published in the DOU of 06/17/2020.

c. Special Regime ICMS Incentives Agreement - ICMS for implementation of Line 6 Orange of the São Paulo subway

The Company was successful in the accreditation in the Special ICMS Regime, where the legal entities benefiting from the ICMS Agreement are authorized to make purchases of goods and materials for the exclusive application in the works of Line 6 Orange of the São Paulo Metro, without the ICMS levy - Tax on Circularization of Goods and Services, according to DEAT communication published in CAT Ordinance 03/2013 of the São Paulo State Treasury Department, – Special Regime electronic process No. 091092/2020 of Number 1630/2020, on October 6, 2020.

2 Basis of preparation, presentation and declaration of conformity

The financial information was prepared and is being presented in accordance with accounting practices adopted in Brazil.

The accounting practices adopted in Brazil include those included in Brazilian corporate law and the Pronouncements, Guidance and Interpretations issued by the Accounting Pronouncements Committee (CPC - Comitê de Pronunciamentos Contábeis) and approved by the Federal Accounting Council (CFC - Conselho Federal de Contabilidade).

The Management declares that all relevant information specific to the Financial Statements, and only them, are being evidenced and represent the information used by Management to fulfill its duties.

The financial statements were prepared using historical cost as a basis of value, except for certain financial instruments measured at their amortized costs and fair value when applicable, as described in the following accounting policies.

In general, the historical cost is based on the fair value of the paid considerations in exchange of assets. The preparation of financial statements requires the use of certain critical accounting estimates and also the judgement from the Company's management regarding the process for applying accounting policies. Those areas that require a higher level of judgment and have more complexity, as well as areas in which assumptions and estimates are significant for the financial statements, are disclosed in Note 3.

The Company's Board of Executive Officers authorized on March 8, 2023 the issuance of the financial statements for the year ended December 31, 2022.

2.1 Going Concern

The financial statements were prepared based on operational continuity, which assumes that the company will be able to meet its assumed obligations and payments arising from the obligations. The company at this time of the project focuses on the completion of the first phase of the project - construction and has the long-term financing agreement signed with BNDES on December 23, 2021 in the amount of R\$6.9 billion reais.

2.2 Functional currency and presentation currency

The items included in the financial statements are measured according to the currency of the primary economic environment in which the Company operates. The financial statements are presented in Reais (R\$), which is the Company's functional currency, the financial statements are presented in thousands of Reais unless otherwise indicated. There are no balances or transactions with foreign currencies.

3 Use of estimates and judgments

Accounting estimates and judgments are continually evaluated and based on historical experience and other factors, including future event expectations deemed reasonable for the circumstances.

3.1 Critical accounting estimates and assumptions

Based on assumptions, the Company makes estimates regarding the future. By definition, the resulting accounting estimates will rarely be equal to their actual results.

Estimates and assumptions that have a significant risk, with a probability of causing material adjustment to the accounting values of assets and liabilities for the next fiscal year, are addressed below.

3.2 Financial Instruments

Financial risk factors

The Company's activities expose it to various financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. Management focuses on seeking management tools to minimize potential adverse effects on its financial performance. Risk management is carried out according to the policies approved by its shareholders.

Exchange rate risk

The Company's policy is to reduce the cash risk related to exchange variation since the vast majority of its operations are denominated in reais.

It is currently not significantly exposed to currency risk arising from exposures to the US dollar (US\$) and the Euro (€). Foreign exchange risk arises basically from liabilities for the acquisition of fixed assets, net of the effects of exchange variation and foreign market receivables.

Interest rate risk and monetary restatement

The Company's indebtedness is subject to floating interest rates, especially CDI Rate. There is a risk that the Company will incur losses due to fluctuations in interest rates, which increase financial expenses related to loans, financing and debentures raised in the market.

As a management policy, the Company does not use any instrument to mitigate its exposure to interest rate fluctuations because it considers this a market risk inherent to all Companies operating in Brazil.

The Company has significant liabilities that incur interest substantially linked to fixed rates. Interest rate risk arises from short-term financial loans and leases. The Company analyzes its exposure to the interest rate based on the simulation of scenarios, mainly taking into account changes in the rates practiced. The simulation is done when there is a need for a new loan or finance lease.

Sensitivity analysis

The statement table of sensitivity analysis of financial instruments, which describes the risks that may generate material losses for the Company, with a more likely scenario (scenario I) according to the assessment made by Management, considering a one-year horizon. We present below the two scenarios of deterioration in the risk variable (25% and 50%), respectively (scenarios II and III):

Financial Asset	12/31/2022	Indicator	Probable	Effect on income	
				25%	(25%)
Financial Investments	449,937	CDI	55,702	69,628	41,777
Effect on income					
Financial Liability	12/31/2022	Indicator	Probable	25%	(25%)
Loans	(123,893)	CDI	(15,338)	(19,172)	(11,504)
Current	(123,893)		(15,338)	(19,172)	(11,504)
Debentures	(959,678)	CDI	(118,808)	(148,510)	(89,106)
Financing	(3,636,207)	CDI	(450,162)	(562,703)	(337,622)
Non-Current	(4,595,885)		(568,970)	(730,385)	(426,728)
Total	(4,719,778)		(584,308)	(749,557)	(438,231)

The sensitivity analysis presented above considers changes in relation to a given risk, keeping the other variables constant, associated with other risks.

	CDI Reference	Scenario II	Scenario III
	Probable	25%	(25%)
Fees – CDI (%)	12.380%	15.475%	9.29%

Credit risk

The credit risk to which the Company is broken down below:

Bank credit

In bank credit risk, based on cash surpluses, Management determines the investment credit limits for each bank, maintaining financial investments only in banks considered to be first class (rating) and very low risk, contracting financial investments in short-term fixed income of maximum 90 days, remunerating the CDI rate with percentages between 65 and 93%.

Financial Institution	S&P	Fitch	Moody's
Banco Itaú S. A	AAA	AAA	A1
Banco Santander S. A	A	A-	A2
Banco do Brasil S. A.	BB-	AA	Ba2

Liquidity risk

Cash flow management is carried out by the Company, and its projection is monitored continuously, in order to ensure and ensure sufficient liquidity and cash requirements to meet the operational needs of the business.

Cash flow forecasting is performed by the Finance Department which monitors ongoing forecasts of the Company's liquidity requirements. This forecast takes into account the financial study for the execution of the work, as well as plans to obtain resources from third parties to finance part of the construction.

The financial resources of the Concessionaire come from the capital contribution of the partners, contribution from the Government, funding of bank loans and future revenues from the provision of financial consideration services by the Government and tariff revenues and ancillary revenues from the exploration of the line, being part of the resources destined to the cash supply of the investments to be made. The potential excess cash held is invested in bank accounts with interest and short-term financial investments and high liquidity.

The following table analyzes the main financial liabilities by maturity ranges, corresponding to the period remaining in the balance sheet until the contractual maturity, when the Company expects to settle them.

The estimated interest rates (CDI) for future commitments reflect market rates in each period.

<u>Financial liabilities</u>	<u>Short Term</u>	<u>Long Term</u>	<u>2023</u>	<u>2024</u>	<u>2025-2042</u>
Debentures	-	(959,678)	-	-	(959,678)
Loans	(123,893)	-	(123,893)	-	-
Financing	-	(3,636,207)	-	-	(3,636,207)
Contractual obligations	(170,594)	(71,741)	(170,594)	(71,741)	-
Total	(294,487)	(4,667,626)	(294,487)	(71,741)	(4,595,885)

As a result of the current stage of the project (phase I) where the infrastructure necessary for operation is being developed and there is no operation to generate operating cash, the Company has funds from shareholders, the granting authority and debt to finance its operations, which, at this time, is substantially the development of the subway project's work. The liquidity situation with short-term maturities is expected for the development of a project of this nature. As the Company prepares to receive funds from the long-term financing of BNDES (contract that is already signed) and thus improve its liquidity situation, contributions from shareholders and granting authorities, as well as any bridge loans are considered by the company to settle its short-term obligations.

The company structured in the financial model to ensure progress during Phase 1 of the concession agreement indicates the sources of funds, already received, indicated below:

- Partners' contributions R\$560 million until 2022;

- Bridge Loan (1st Debentures; 3rd Issue) - R\$1.5 billion – issued and paid off in 2022;
 - Bridge Loan (4th Issue Debentures) - R\$950 million – long term for 2026;
 - Contributions of Resources by the Government: R\$1.1 billion until December/2022;
 - Release of the Long-Term Loan (BNDES) - R\$3.8 billion – in 2022;
- (a) **Capital management:** The Company's objectives in managing its capital are to safeguard the ability to continue to offer returns to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce this cost.

To maintain or adjust the Company's capital structure. Management may propose, in cases where shareholders have to approve, to revise the dividend payment policy, return capital to shareholders, issue new shares or sell assets to reduce, for example, the level of indebtedness.

- (b) **Fair value estimate:** Fair value is the amount for which an asset could be exchanged, or a liability settled, between independent parties with knowledge of the business and interest in carrying it out, in a transaction in which there are no beneficiaries.
- (c) **Financial instruments by category:** It is assumed that the balances of accounts receivable from customers and accounts payable to suppliers at book value are close to their fair values.

<u>Financial assets</u>	<u>Classification</u>	<u>Book value</u>
Cash and Cash Equivalents	Amortized cost	449,937
Other assets	Amortized cost	<u>12,498</u>
Current		<u>462,435</u>
Escrows	Amortized cost	<u>185</u>
Non-Current		<u>185</u>
Total financial assets		<u>462,620</u>
Financial liabilities	Ranking	Book value
Loans	Amortized cost	(123,893)
Contractual obligations	Amortized cost	(170,594)
		(247,016)
Provision and suppliers related parties	Amortized cost	
Suppliers	Amortized cost	(11,082)
Current		(552,585)
Financing	Amortized cost	(3,636,207)
Debentures	Amortized cost	(959,678)
Contractual obligations	Amortized cost	(71,741)
Non-current		(4,667,626)
Total financial liabilities		(5,230,981)

The Company does not have financial instruments marked at fair value. According to the nature of the financial instruments, the Company's assessment is that the assets and liabilities above would fall under level 2 in the fair value hierarchy if they were marked at fair value.

3.3 Financial Assets – Concession of public services.

The Sponsored Concession Agreement No. 015/2013, within the scope of International Competition No. 004/2013, STM Process No. 000770/2012, entered into between the Government of the State of São Paulo (Granting Authority) and the Company (Concessionaire) regulates the implementation of the line and operationalization of public services by the Company, where:

Based on the characteristics established in the Concession Agreement, Management understands that all conditions for the application of the ICPC Technical Interpretation 01 (R1) Concession Agreements and OCPC Technical Guidance 05 – Concession Agreements are met, which provides guidance on the accounting of concessions and public services to private operators in order to reflect the business of providing passenger transport services, covering:

1. Estimated portion of the investments made and not amortized or depreciated by the end of the concession classified as a financial asset as it is an unconditional right to receive cash or other financial assets directly from the Government.
2. The construction infrastructure will be recovered through the following cash flow:
 - (a) Remuneration for pecuniary consideration;
 - (b) Contribution of resources by the Government.

The Management considers that the payments for the investments in the construction thus the pecuniary remuneration referring to the contributions of resources, as well as taking into account that the risk of real demand is covered by the granting authority, will apply everything to the registration in its financial asset, not recognizing items as intangible assets in the company's accounting.

In accordance with Technical Pronouncements: CPC 47 – Revenue from contracts with customers and Technical Interpretation ICPC 01(R1) - Concession Contracts, the Company, based on its concession agreement, met certain characteristics so that investments qualify for recognition in the financial asset, such as being an unconditional right to receive cash or other financial assets directly from the Government.

We also want to mention that the minimum level of revenues (70% of projected demand) before redeeming the concession agreement is sufficiently high to assess that the concessionaire will not face the possibility of demand risk, maintaining an acceptable profitability index higher than the country's fixed discount rate.

The update of the financial asset involves the Company's judgment to define and allocate expenses between: (i) capitalized costs, when there is an increase in capacity and improvement of the infrastructure and; (ii) maintenance expenses incurred, which are recognized in the income for the year.

3.3.1 Adjustment to present value

Long-term monetary assets and liabilities are adjusted to their present value, and short-term ones, when the effect is considered material in relation to the financial statements taken together. The adjustment to present value is calculated taking into account contractual cash flows and the explicit, and sometimes implicit, interest rate of the respective assets and liabilities.

Thus, the interests embedded in the revenue, expenses and costs associated in these assets and liabilities are deducted with the purpose to recognize them in conformity with the exercising. Later, this interest rates are reallocated to financial income and expenses in the results by using the effective interest rate method in relation to the contractual cash flows. The implicit applied interest rates were determined based on premises and are considered as accounting estimates.

3.4 Main accounting policies

The main accounting policies applied in preparing these financial statements are set out below.

These policies are consistently applied in all years presented, unless otherwise stated.

3.4.1 Cash and Cash Equivalents

Cash and cash equivalents include cash, bank deposits and other highly liquid short-term investments, with original maturities of up to three months, with insignificant risk of change in value.

3.4.2 Revenues from contracts with customers

The Concessionaire, according to the ICPC 01 standard, provides services for the operation of public subway transport services, as defined in the concession agreement, is in phase I of construction and implementation of a system for Line 6 - Orange of the São Paulo Metro, the Company adopted CPC 47 as of 2020. Information on the Company's accounting policies related to contracts with customers and the effect of the initial application of CPC 47 of this note. Subway revenues will be recognized when used by users/customers of the subway. Ancillary revenues (substantially rental income) are recognized when providing services. Rental revenue from operating leases will be recognized using the straight-line method during the term.

The Concessionaire provides construction services or infrastructure improvements, recognizes in its records the cost of construction in return for the contracted suppliers, the corresponding construction revenue as a financial asset.

3.4.3 Financial Instruments

The Concessionaire initially adopted an expected remuneration rate for the financial asset, on the values of the classification and measurement of financial assets and liabilities at amortized cost.

The business financial model projects the expected rate of update of the financial asset during the contractual period of the concession of public services, where the financial asset is maintained in order to receive future cash flows, according to signed contractual clauses, dates and forecasts that will serve to remunerate investments in the project.

- (a) **Classification and measurement:** The Company classifies its financial assets, at initial recognition, under the following categories: measured at amortized cost.

The classification of the acquired financial assets passes the payment test of principal and interest provided for in the business model.

- (i) *Financial assets at fair value through results.*

Financial assets at fair value through result are financial assets held for trading. A financial asset is classified in this category if it was acquired primarily for sale in the short term. Assets in this category are classified as short-term assets.

Financial assets at fair value through the result are initially recognized by the fair value, and transaction costs are charged to the result statement.

Subsequently, they are also measured at fair value, and the gains or losses presented in the income statement in "financial result" in the period in which they occur, unless the instrument has been contracted in connection with another operation.

In this case, the changes are recognized in the same line as the income affected by the referred operation. Financial assets are written off after the rights to receive cash flows have expired or have been transferred; in the latter case, providing that the Company has transferred substantially all ownership risks and benefits.

For the measurement and determination of fair value, the Company uses several methods including market, result and amortized cost approaches, in order to estimate the value that market participants would use to price the asset or liability. The financial assets and liabilities recorded at fair value must be classified and disclosed according to the following levels:

- **Level 1** - quoted prices (not adjusted) in active, liquid and visible markets for identical assets and liabilities that are accessible on the measurement date;
- **Level 2** – Prices quoted (whether or not adjusted) for similar assets or liabilities in active markets; and
- **Level 3** - assets and liabilities whose prices do not exist or where these prices or valuation techniques are supported by a small or non-existent, unobservable or liquid market.

- (ii) *Amortized cost*

Financial asset (debt financial instrument) whose contractual cash flow results only from the payment of principal and interest on the principal on specific dates, whose business model aims to maintain the asset in order to receive its contractual cash flows.

(iii) *Fair value through other comprehensive income*

Financial asset (debt financial instrument) whose contractual cash flow results only from the receipt of principal and interest on the principal on specific dates and whose business model aims both the receipt of the asset's contractual cash flows and its sale, as well as investments in equity instruments not held for trading or contingent consideration, which at initial recognition, the company irrevocably elected to present subsequent changes in the fair value of the investment in other comprehensive income.

- (a) **Compensation of financial instruments:** Financial assets and liabilities found and presented at the net amount that is reported in the balance sheet when there is a legal right to offset the recognized amounts and there is an intention to settle them on a net basis, or realize the asset and settle the liability simultaneously.
- (b) **Fair value:** The fair values of publicly quoted financial instruments are based on current market prices. The Company values on the date of each balance sheet if there is any objective evidence that any financial assets or group of financial assets is impaired.
- (c) **Impairment losses:** An asset or group of financial assets is only impaired and *impairment* losses are incurred if there is objective evidence of *impairment* as a result of one or more events occurring after the initial recognition of the assets (a "loss event") and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably. On December 31, 2022, no impairment loss was identified on the financial and non-financial assets to be recognized.
- (d) **Derivative financial instruments and hedge activities:** As of December 31, 2022, the Company did not have a contract or operated with derivative instruments. Also, it does not adopt *hedge accounting*.
- (e) **Other current and long-term assets:** They are stated at cost or realization values, including, when applicable, income earned.

3.5 Financial Assets

- (a) **Constitution of the financial asset:** Values of the contracts for the assignment of rights and assumption of debts and obligations of the concession, the contracting of specialized services in Brazil and abroad to provide advice on the study of models and survey of financing for the viability of the project in matters related to the construction of the project and in legal and contractual formalizations.

Registered at acquisition cost in accordance with the instrument of assignment of rights, refers to the Project for the implementation of Line 6 Orange of the São Paulo subway for the construction of terminals and subway stations, the additive term of the concession agreement, determining the cost and reimbursement of such studies in the concession agreement through the receipt of tariff revenues and other revenues arising from the operation of the system.

- (b) **Concession:** Refers to the right to act during the three phases provided for in the concession agreement and in additives I and II signed in 2020, with phase I construction and implementation of the systems, phase II and III the operation of the São Paulo metro system, maintenance and expansion specifically to Line 6 Orange of the metro, in accordance with the concession terms granted by the Government of the State of São Paulo for a period of 24 years.

3.5.1 *Fixed Asset*

Registered at the cost of acquiring or constructing a good or set of goods. The items of the fixed assets are shown in the historical cost of acquisition minus the depreciation value and any accumulated non-recoverable loss. Historical cost includes the disbursement for its acquisition and all other directly attributable expenses necessary to prepare the asset for management's intended use.

The depreciation of items related to the management of the implementation of the line is carried out through the current use of the structure, with their respective depreciation rates applied in a linear manner, and may otherwise be used at the discretion of management, which verifies and reviews the residual values, useful life and depreciation methods of the assets, whenever necessary, and/or when there is an indication of significant change compared to the last balance sheet date. The book value of an asset is immediately reduced to its recoverable amount if the book value of the asset is greater than its estimated recoverable amount.

3.5.2 *Intangible Assets*

Recorded at the acquisition or construction cost of this intangible asset, items are stated at historical acquisition cost less the amount of amortization from their operation or when they generate future benefits and/or cash flows. The values of the acquisitions of software licenses are capitalized based on the costs incurred to acquire them and/or to put them ready to be used. These costs are amortized over the estimated software lifecycle.

3.6 *Impairment of non-financial assets*

Assets that are subject to amortization are reviewed for *impairment* verification whenever events or changes in the circumstances indicate that the book value may not be recoverable. An *impairment* loss is recognized when the carrying amount of the asset exceeds its recoverable amount, and represents the highest value between fair value and its sale prices under conditions of use. Non-financial assets that have been adjusted by *impairment* are subsequently reviewed for the analysis of a possible reversal of the *impairment* on the balance sheet date. On December 31, 2022, there are no *impairment* records.

3.6.1 *Accounts payable to suppliers*

Accounts payable to suppliers are obligations assumed to pay for the acquisition of goods and/or services that were contracted in the normal course of business, being classified among current liabilities if the payment is due within a period of up to one year, otherwise these accounts payable are presented in non-current liabilities. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, given the payment terms, they are recorded at the transaction value, which represents the fair value on the due date.

3.6.2 **Loans and financing**

Loans and financing are initially recognized at the fair value, net of the costs incurred in the transaction and are subsequently demonstrated at the amortized cost.

Any difference between the amounts raised (net of transaction costs) and the total amount payable is recognized in the income statement during the period in which the loans are open, using the effective interest rate method.

The loans are rated as current liabilities, unless the Company has any unconditional right to differ the settlement of the liabilities for, at least, 12 months after the date of balance sheet. The costs of general and specific loans that are directly attributable to the acquisition, construction or production of any qualified assets, which are the assets necessarily demanding a material period of time to be ready for the intended use or sale, are capitalized as part of the cost of assets, wherever it is likely for them to result into upcoming economic benefits for the entity and such costs may be reliably measured. Further loan costs are recognized as an expense over the period that they are incurred.

3.7 **Provisions**

Provisions are recognized when: (i) the Company has a present legal or *constructive obligation* as a result of past events; (ii) it is probable that an outflow of resources will be required to settle such obligation; and (iii) the amount may be reliably estimated. Provisions do not include future operating losses. The Company has no retirement obligations for its employees, other post-employment obligations, or share-based compensation.

3.7.1 **Income tax and social contribution**

The current and deferred corporate income tax are calculated based on the rates of 15%, plus an additional 10% on taxable income, and the Social Contribution on net income uses the rate of 9% on the taxable base. For purposes of offsetting tax losses and negative basis, the company observes the limit of 30% of the taxable income.

Current and deferred taxes are recognized in the result unless they are related to business combination, or to items directly recognized in net equity or in other comprehensive profits. Current tax is the tax payable or receivable expected on the taxable income or loss for the year, the tax rates enacted or substantively enacted on the date of submitting the financial statements and any adjustment to tax payable in respect of previous years. The deferred tax is acknowledged in relation to temporary differences between accounting values of assets and liabilities for accounting purposes, and the corresponding values used for tax purposes.

Deferred tax is measured at the expected tax rates to be applied to temporary differences when they revert, based on the laws that have been enacted or substantively enacted up to the date of submitting the financial statements. In determining current income tax the Company takes into consideration the impact of uncertainties regarding the tax position taken and if the additional payment of income tax and interest has to be made.

The Company believes that the provision for income tax liability is adequate in relation to all outstanding tax periods, based on its assessment of various factors, including interpretations of tax laws and past experience. This assessment is based on estimates and assumptions that may involve a series of judgments about future events. New information may be made available that would lead the Company to change its judgment as to the adequacy of the existing provision; such changes will impact income tax expense in the year in which they are realized.

Deferred tax assets and liabilities are offset in case there is a legal right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same entity subject to taxation. An asset subject to income tax and social contribution taxes is recognized as a fiscal loss, deductible unused fiscal credits, and temporary differences when it is likely that such asset will be used against profits subject to taxation available in the future. Deferred income tax and deferred social contribution assets are reviewed at each reporting date and will be reduced to the extent that their realization is no longer probable.

The Company, in accordance with CPC 32 Deferred taxes – Taxes on profit and based on the expectation of generating future taxable profits, determined in a technical study approved by Management, recognizes, when applicable, tax credits on tax losses and negative bases of social contribution, which do not have a statute of limitations and whose compensation is limited to 30% of annual taxable profits. The carrying amount of the deferred tax asset is reviewed periodically and the projections are reviewed at least annually or when there are material facts that may modify the assumptions of such projections. The Company considers that the assumptions used in the preparation of the projections of results, consequently, the determination of the value of realization of deferred taxes, reflect objectives and goals to be achieved.

3.7.2 Other current and non-current liabilities.

They are stated at the amounts known or payable, plus, when applicable, the respective charges and monetary variations.

3.8 Capital stock.

The shares of the capital stock are classified as financial instruments of equity, therefore they are presented in shareholders' equity presenting the totals and segregating the totals of shares by classes.

3.9 Standards issued but not yet in force

The new rules that did not enter into force, had no early adoption and did not impact the Company until December 31, 2022, are as follows:

- **Classification of liabilities as current and non-current (amendments to CPC26/IAS1)** - The amendments, issued in 2020, aim to clarify the requirements for determining whether a liability is current or non-current and apply to annual years beginning on or after January 1, 2023. However, the IASB subsequently proposed further amendments to IAS 1 and the postponement of the effective date of the 2020 amendments to annual periods beginning on or after 1 January 2024. Because this standard is subject to future developments, the Company cannot determine the impact of these changes on the financial statements in the initial application period.

- Deferred tax related to assets and liabilities arising from a single transaction (amendments to CPC 32/IAS 12) - The amendments limit the scope of the initial recognition exemption to exclude transactions that give rise to equal and compensatory temporary differences - for example, leases and disassembly cost liabilities. The amendments shall apply to annual periods beginning on or after January 1, 2023. For disassembly cost leases and liabilities, the associated deferred tax assets and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other equity components as of that date. For all other transactions, the changes apply to transactions that occur after the beginning of the earliest period presented. The Company accounts for deferred taxes on leases and liabilities for disassembly costs by applying the “fully linked” approach, with an effect similar to that of the changes, except that the impacts of deferred taxes are presented net in the balance sheet.
- **Other Standards:** The following new and amended standards are not expected to have a material impact on the Group's consolidated financial statements:
 - IFRS 17 Insurance contract
 - Disclosure of Accounting Policies (Amendments to CPC 26/IAS 1 and IFRS Practice Statement 2).
 - Definition of Accounting Estimates (Amendments to CPC 23/IAS 8).

There are no other CPCs that have not yet taken effect that could have a significant impact on the Company's financial statements.

4 Cash and cash Equivalents

	<u>12/31/2022</u>	<u>12/31/2021</u>
Cash	8	45
Financial investments (i)	449,929	208,144
Total	449,937	208,189

The balance of cash and cash equivalents is substantially represented by balances available in current account and by investments in committed fixed income, without risk of significant change in value and with immediate liquidity at the negotiated rate ranging between 60% and 95% of the CDI rate negotiated with known and solid institutions in the market.

The positive variation is explained by the inflows of funds from the 4th issue of debentures added to the two contributions from the granting authority in November and December.

5 Advance of Suppliers:

The registration of the advance amount made by the company refers to the fulfillment of the contractual clause signed with suppliers by contracting services for the implementation of specific systems for the operation of the new subway stations.

	<u>12/31/2022</u>	<u>12/31/2021</u>
Current		
Advance payment to Suppliers	1,860	1,860
Non-Current		
Advance payment to Suppliers	3,410	5,270
Total	<u>5,270</u>	<u>7,130</u>

6 Concession financial assets

The concessionaire acquired the concession operation of Line 6 – Orange of the São Paulo subway, the operation was carried out in July 2020, which involved an agreement with the previous concessionaire (Move SP – 2013 to 2020), its consortium partners and financing banks that contributed resources to the project, through loans and asset acquisitions for the project started in mid-October 2020, and that is why it did not complete the comparative cycle between the two periods presented in the table below.

	<u>12/31/2022</u>	<u>12/31/2021</u>
Move São Paulo Assignment Agreement	516,870	516,870
Agreement Assignment Accredited Financial Entities	309,308	309,308
BNDES Assignment Agreement	283,213	283,213
Move São Paulo Assignment Agreement	88,000	88,000
EPC Termination Assignment Agreement	118,404	118,404
Transaction Assignment Agreements (a)	1,315,795	1,315,795
Financial update (b)	1,092,572	413,342
Construction Contract - EPC	4,272,059	1,681,641
Construction Contract Rolling Stock	160,147	6,413
Contract of the work (c)	5,524,778	2,101,396
Advisory contracts (d)	107,720	102,991
Contributions from the Government (e)	<u>(1,162,359)</u>	<u>(259,258)</u>
Total	<u>5,785,934</u>	<u>3,260,924</u>

- (a) The records referring to the purchase of the operation and assumption of existing debts between the companies of the move consortium and the banks involved in the financing.
- (b) The record of the amounts of the financial update of the acquired financial asset.
- (c) The records of the values that involve the advancement of the construction stage and the production and certification of the work.
- (d) Hiring advisory services to formulate the agreements and to search for financing options in Brazil and abroad.
- (e) The records of the amounts related to the contribution of the government regarding the PPP, provided for in the concession contract, in which the State contributes with the contribution of financial flows in the project, based on measurement criteria and the progress of the work.

7 Deferred income tax and social contribution

In determining current and deferred income taxes, the Company presents tax credits arising from tax losses and negative social contribution bases.

The compensation of tax losses limited to 30% of the taxable income for the year implies a considerable increase in the recovery period of tax credits. Deferred tax credits were constituted on the assumption of future realization, and establish the essential conditions for the accounting recognition and maintenance of deferred assets recognized for tax losses, while the records of deferred liabilities are related to temporary differences and the expectation of future realization.

The Company's business plan provides for tax losses in the construction and implementation phase of the stations and systems, these will be offset in subsequent years, when the Company begins to receive tariff revenues for the operation of the stations and other contractual revenues, with this it will be entitled to cash flows by the expectation of generating future taxable profits, arising from the operation of passenger transport, space leasing and advertising.

Calculation of IRPJ and CSLL – Permanent basis	<u>12/31/2022</u>	<u>12/31/2021</u>
(=) Earnings before income tax and social contribution	<u>184,185</u>	<u>129,702</u>
(+) Additions	1,847,411	991,777
Construction Cost	1,845,779	979,997
Non deductible provisions	1,632	11,780
(-) Exclusions	<u>(2,525,009)</u>	<u>(1,331,447)</u>
Construction Revenue	(1,845,779)	(979,997)
Asset update revenue	(679,230)	(351,450)
(=) Taxable base (tax loss and negative base)	<u>(493,413)</u>	<u>(209,968)</u>
IRPJ	25% (123,353)	(52,492)
CSLL	9% (44,407)	(18,897)
Total – IRPJ/CSSL deferred assets	(167,760)	(71,389)
 Calculation of IRPJ and CSLL – Base temporary differences	 12/31/2022	 12/31/2021
(+) Additions	<u>1,847,411</u>	<u>991,777</u>
Construction Cost	1,845,779	979,997
Non deductible provisions	1,632	11,780
(-) Exclusions	<u>(2,525,009)</u>	<u>(1,331,447)</u>
Construction Revenue	(1,845,779)	(979,997)
Asset update revenue	(679,230)	(351,450)
(=) Calculated tax result and negative base after comp.&nbsp;	<u>(677,598)</u>	<u>(339,670)</u>
(Tax loss and negative basis)	(677,598)	(339,670)
IRPJ	25% (169,400)	(84,917)
CSLL	9% (60,984)	(30,570)
Total – IRPJ/CSSL deferred liabilities	<u>(230,383)</u>	<u>(115,487)</u>

	<u>12/31/2022</u>	<u>12/31/2021</u>
Deferred Assets	167,760	71,389
Deferred tax liabilities	(230,383)	(115,487)
Total net – IRPJ/CSSL deferred liabilities	(62,623)	(44,098)
Result – IRPJ/CSSL deferred – 2021	<u>(49,738)</u>	<u>(49,738)</u>
Result – IRPJ/CSSL deferred – 2022	(62,623)	-
Effective tax rate - (%)	34%	34%
Total accumulated deferred IRPJ/CSSL	<u>(112,361)</u>	<u>(49,738)</u>

8 Loans, assignment agreement obligations and debentures.

The Company adopted the strategy of obtaining long-term financing to move forward with the phases of the construction project of the Line 6 - Orange subway in the city of São Paulo.

8.1 Debentures

	<u>12/31/2022</u>	<u>12/31/2021</u>
Current		
Debentures	-	1,478,671
	-	1,478,671
Non-Current		
Debentures	959,678	858,798
	<u>959,678</u>	<u>858,798</u>
Total	<u><u>959,678</u></u>	<u><u>2,337,469</u></u>

The company extended its debts by paying off short-term loans and debentures issued by long-term financing with BNDES resources maturing from 2026,

Below we show the movements of the debentures from their contracting to the years ended December 31, 2022 and 2021.

<u>Debentures</u>	<u>12/31/2020</u>	<u>Funding</u>	<u>Funding cost</u>	<u>(+) Interest incurred</u>	<u>(-) Interest paid</u>	<u>12/31/2021</u>
1st Issue - Series 1, 2 and 3	886,712	120,000	(5,487)	67,349	(34,528)	1,033,521
3rd Issue - Series 1 2 3	-	450,000	(6,719)	21,383	(19,514)	445,150
Current	<u>886,712</u>	<u>570,000</u>	<u>(12,206)</u>	<u>88,732</u>	<u>(54,042)</u>	<u>1,478,671</u>
4th Issue - Series 1	-	600,000	(2,107)	11,024	-	608,917
4th Issue - Series 2	-	250,000	(861)	742	-	249,881
Non-Current	<u>-</u>	<u>850,000</u>	<u>(2,968)</u>	<u>11,766</u>	<u>-</u>	<u>858,798</u>
Total	<u><u>886,712</u></u>	<u><u>1,420,000</u></u>	<u><u>(15,174)</u></u>	<u><u>100,498</u></u>	<u><u>(54,042)</u></u>	<u><u>2,337,469</u></u>

Debêntures	12/31/2021	Air terminatio n	Main Amortization	Cost of funding	(+) Interest incurred	(-) Paid interest	12/31/2022
1st Issue - Series 1, 2 and 3	1,033,521	-	(1,011,636)	2,411	84,791	(109,087)	-
3rd Issue - Series 1 2 3	<u>445,150</u>	-	<u>(450,000)</u>	<u>4,237</u>	<u>37,293</u>	<u>(36,680)</u>	-
Current	<u>1,478,671</u>	-	<u>(1,461,636)</u>	<u>6,648</u>	<u>122,084</u>	<u>(145,767)</u>	-
4th Issue - Series 1	608,917	-	-	(7,822)	75,105	(74,486)	601,714
4th Issue - Series 2	249,881	-	-	790	31,380	(26,308)	255,743
4th Issue - Series 3	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>(290)</u>	<u>2,510</u>	<u>-</u>	<u>102,220</u>
Non-Current	<u>858,798</u>	<u>100,000</u>	-	<u>(7,322)</u>	<u>108,996</u>	<u>(100,794)</u>	<u>959,678</u>
Total	<u>2,337,469</u>	<u>100,000</u>	<u>(1,461,636)</u>	<u>(674)</u>	<u>231,080</u>	<u>(246,561)</u>	<u>959,678</u>

8.2 Loans

Current	12/31/2022	12/31/2021
Loans	123,893	122,964
Non-Current	123,893	122,964
Loans	-	118,566
	<u>-</u>	<u>118,566</u>

The Concessionaire Linha Universidade S.A. (CLU) negotiated the agreement between the Municipal Secretary of Transportation (Granting Authority) and Move São Paulo. This negotiation resulted in a contract between the parties for the transfer of the public concession and the public private partnership contract to CLU. The agreement was signed on October 6, 2020 and involved the following parties: Consórcio Move; the National Bank for Economic and Social Development (BNDES); the Financial Entities Accredited by BNDES (linked to the loan granted); and the Municipal Secretary of Transportation.

The agreement provides for the purchase of Move São Paulo's assets and their respective costs, as well as the administrative transition.

This agreement involved the payment in installments of the contractual and financial amounts and obligations to be fulfilled in their entirety during the years 2020 to 2025. The Company made the payment of the 3rd installment of these obligations in 2022, keeping up with its assumed obligations.

In the table highlighted below, we demonstrate the movements of 2021 and 2022:

Movement 2021							
BNDES and Entities	Financial	Fee	Balance	Amortization	Interest	Balance	
			12/31/20	Main	incurred.	Interest paid	12/31/21
BNDES		CDI + 2.95% p.a.	172,283	(56,643)	9,209	(10,313)	114,536
Santander		CDI + 2.95% p.a.	74,175	(31,312)	4,470	(4,412)	42,921
BTG Pactual		CDI + 2.95% p.a.	64,124	(27,068)	3,864	(3,814)	37,106
Crédit Agricole		CDI + 2.95% p.a.	49,509	(20,899)	2,984	(2,945)	28,649
Banco ABC		CDI + 2.95% p.a.	31,718	(13,407)	1,911	(1,905)	18,318
Total			391,809	(149,329)	22,439	(23,389)	241,530

Movement 2022							
BNDES and Entities	Financial	Fee	Balance	Amortization	Interest	Balance	
			12/31/21	Main	incurred.	Interest paid	12/31/22
BNDES		CDI + 2.95% p.a.	114,536	(56,643)	16,969	(16,109)	58,751
Santander		CDI + 2.95% p.a.	42,921	(20,920)	5,924	(5,909)	22,016
BTG Pactual		CDI + 2.95% p.a.	37,106	(18,084)	5,121	(5,109)	19,034
Crédit Agricole		CDI + 2.95% p.a.	28,649	(13,963)	3,954	(3,945)	14,696
Banco ABC		CDI + 2.95% p.a.	18,318	(8,957)	2,536	(2,501)	9,396
Total			241,530	(118,567)	34,573	(33,573)	123,893

The table highlighted below shows the respective values between the short and long term of each financial institution:

BNDES and Financial Entities	Current	Total
BNDES	58,751	58,751
Santander	22,016	22,016
BTG Pactual	19,034	19,034
Crédit Agricole	14,696	14,696
Banco ABC	9,396	9,396
Total	123,893	123,893

8.3 Contractual Obligations

The obligations assumed in the asset purchase agreement and in the assignment of rights agreement signed with Move SP in the amounts of R\$88,000 and R\$118,404 l respectively, provide for a grace period for payments beginning in 2022 to follow until 2025 with an increase of interest of 3% p.a.

The assignment contracts include amounts transacted by the companies that were part of the construction consortium, which acted in the works of the concession project and also the amounts spent on the obligations assumed with the others involved.

The Concessionaire will pay the assumed debts divided into annual installments adjusted with simple interest 3% p.a., the payments of the three installments of the periods from 2020 to 2022 referring to the move consortium have already been made, leaving amounts payable to as indicated below.

Contractual obligations	12/31/2021	Transfer	Amortization	Interest to be Appropriated	Interest Paid	12/31/2022
Current						
Loans - Consórcio Move	134,136	167,938	(134,136)	6,588	(3,932)	170,594
	134,136	167,938	(134,136)	6,588	(3,932)	170,594
Non-Current						
Loans - Consórcio Move	257,091	(167,938)	(23,486)	3,741	(5,667)	63,741
Loans - Move	8,000	-	-	-	-	8,000
	265,091	(167,938)	(23,486)	3,741	(5,667)	71,741
Total Contractual obligations	399,227	-	(157,622)	10,329	(9,599)	242,335

8.4 Financing

Financing with the National Bank for Economic and Social Development – BNDES for a total amount of R\$6.9 billion reais divided into four sub-credits with monthly maturities as of March 2026 in 199 installments, with the payment of the last installment expected on September 15, 2042.

Financing	Disposition limit	12/31/2021	Disposal	Cost of funding	(+) Interest/ funding costs	(-) Interest rates	12/31/2022
Sub-credit A	1,969,188	-	1,284,856	(151,131)	53,969	-	1,187,694
Sub-credit B	1,373,040	-	172,161	(8,331)	6,341	-	170,170
Sub-credit C	3,514,256	-	2,292,983	(110,951)	96,310	-	2,278,342
Sub-credit D	43,516	-	-	-	-	-	-
Non-Current	6,900,000	-	3,750,000	(270,413)	156,620	-	3,636,207

Covenants on loans and financing contracted

The company has entered into some loan and debt assumption agreements that contain early maturity clauses, as below.

In the agreements signed by the concessionaire between the main covenants clauses, the company is obliged to observe items such as those described below:

- There will be no dividend payments according to the amendment of the bylaws, during phase I;
- Grant or amortize any loan, loan or payments of any nature to any affiliates.
- Obtain prior authorization from debenture holders for cases of capital reduction;
- Obtain prior authorization from debenture holders for changes in the corporate purpose in activities that may impair their predominant activity.

The Company did not identify any non-compliance events on December 31, 2022 and 2021

9 Related parties

The concessionaire is part of the Acciona Group, a Spanish conglomerate for the promotion and management of infrastructures operating in the areas of construction, water, industry in general and services in addition to renewable energies. The conglomerate is made up of several companies and the Acciona Group is considered among the three largest Spanish construction companies based in Madrid.

During phase I of the project, the EPC contract was signed, and the concessionaire contracted the construction company Acciona Construcción responsible for the works, the EPC contract - referring to the construction of tunnels, terminals and subway stations; and Services Agreement - an important contract with “Acciona Concesiones S.A.” referring to the hiring of engineering and financial professionals expatriated from Spain remunerated from an agreement signed between the two companies.

The main balances with related parties presented at December 31, 2022 in the Company result from the transactions described above, which are carried out under usual market conditions.

	Liabilities		Result
	Provisions	Suppliers	Contracted services
Acciona Construcción S.A (i)	242,563	2,712	2,620,298
Acciona Concesiones S.A. (ii)	626	1,115	1,715
	243,189	3,827	2,622,013

- (i) Acciona Construcción, construction company branch in Brazil. The amounts recorded in the asset and liability accounts refer to Phase I of the construction of the project referring to the implementation of the terminals and subway stations provided for in the work contract – EPC and the contracted services.
- (ii) Acciona Concesiones, a Spanish company responsible for transport, water and energy concession projects in several countries. The amounts recorded in the assets and liabilities accounts refer to advisory services that worked in the engineering, legal and financial areas.

10 Net Equity

The Concessionaire was incorporated on November 22, 2019 with the corporate name of Linha Universidade Participações, with the subscribed Capital Stock in the amount of R\$1, represented by

1,000 shares of nominal value and with the corporate purpose of acting as a Holding of non-financial institutions, and later on May 19, 2020, the corporate name was changed to Concessionária Linha Universidade S.A. and the corporate purpose was changed to act as a service provider exclusively on the São Paulo subway line, and the subscribed capital increased to R\$520,000 (five hundred and twenty million Reais).

- At an extraordinary general meeting held on March 15, 2022, the Company's board of executive officers decided to increase the subscribed capital by R\$875,000 (eight hundred and seventy-five million Reais), thus going from R\$520,000 (five hundred and twenty million Reais) to R\$ 1,395,000 (one billion, three hundred and ninety-five million Reais), with the issuance of new shares of the class B preferred type and the accumulated amount of contributions from the partners of R\$560,000 (five hundred and sixty million Reais) on December 31, 2022.

The capital contributions made by the partners during the period from 2020 to 2022 totaled R\$ 698,450. The contributions made in 2022 are presented as follows:

<u>Movement 2022 - Contributions</u>	<u>Imports</u>
January/2022	113,091
February 2022	164,067
March/2022	244,687
May/2022	38,155
Total	<u>560,000</u>

The table below highlights the partners and their interests in the Company on March 31, 2022, segregated by type and class of shares:

ON - Common Shares

<u>Corporate structure</u>	<u>Partic. (%)</u>	<u>Subscribed ordinary shares</u>	<u>Paid-up ordinary shares</u>	<u>Shares to be paid in</u>
Acciona Construcción	43.00%	113,950	113,950	-
Socgen Inversiones Financieras	39.64%	105,046	105,046	-
STOA Metro Brazil	12.36%	32,754	17,112	15,642
Linha Universidade Investimentos	5.00%	13,250	6,923	6,327
Total	<u>100.00%</u>	<u>265,000</u>	<u>243,031</u>	<u>21,969</u>

PN - Preferred Shares Class A

<u>Corporate structure</u>	<u>Partic. (%)</u>	<u>Subscribed ordinary shares</u>	<u>Paid-up ordinary shares</u>	<u>Shares to be paid in</u>
Acciona Construcción	43.00%	109,650	109,650	-
Socgen Inversiones Financieras	39.64%	101,082	101,082	-
STOA Metro Brazil	12.36%	31,518	-	31,518
Linha Universidade Investimentos	5.00%	12,750	-	12,750
Total	<u>100.00%</u>	<u>255,000</u>	<u>210,732</u>	<u>44,268</u>

PN - Preferred Shares Class B

<u>Corporate structure</u>	<u>Partic. (%)</u>	<u>Subscribed ordinary shares</u>	<u>Paid-up ordinary shares</u>	<u>Shares to be paid in</u>
Acciona Construcción	43.00%	376,250	-	376,250
Socgen Inversiones Financieras	39.64%	346,850	244,687	102,163
STOA Metro Brazil	12.36%	108,150	-	108,150
Linha Universidade Investimentos	5.00%	43,750	-	43,750
Total	<u>100.00%</u>	<u>875,000</u>	<u>244,687</u>	<u>630,313</u>
Consolidated capital	<u>47.33%</u>	<u>1,395,000</u>	<u>698,450</u>	<u>696,550</u>

- (c) **Allocation of the result:** There is a contractual provision for the allocation of part of the net profits determined in the annual balance sheet, the following will be deducted:
- (i) 5% before any allocation for the constitution of the legal reserve up to the limit of 20% of the Capital Stock;
- (ii) As established in the Company's Bylaws, no amounts were allocated for the payment of dividends in Phase I of the project;

The remaining profits will have the destination that is approved by the General Meeting of shareholders, according to a proposal formulated by the Executive Board.

- (d) **Shareholders' agreement:** Under the terms of the Bylaws, the Company, its shareholders and the administrators undertake to resolve any disputes between them through arbitration in an Arbitral Tribunal to be constituted in the Arbitration of the International Chamber of Commerce (“Chamber”).

11 Construction Revenues and Costs

The company records revenues as consideration for the registration of the financial asset and costs as consideration for the contracted suppliers, resulting from phase I operations of the concession agreement. The financial asset is being updated by the expectation of receiving future cash flows from the beginning of receiving revenues for the operation of the subway.

The company is in phase I of the concession agreement and at this stage there is no forecast of receipt of tariff revenues and other revenues from the exploration of spaces and leasing of stations.

	12/31/2022	12/31/2021
Construction Revenue EPC	2,744,153	1,239,471
Revenue from financial assets - specialized advisory services	4,728	-
Revenue from financial asset update	596,721	279,984
Income from financial assets – other	82,509	71,251
Total net revenue	3,428,111	1,590,706
	12/31/2022	12/31/2021
Constructuion cost	(2,744,153)	(1,239,254)
Cost of specialized advisory services (a)	(4,728)	-
Insurance Costs (b)	(6,711)	(5,914)
Costs of Guarantees (c)	10,210	(10,210)
Costs of services provided	(2,745,382)	(1,255,378)

- (a) Registration refers to the contracting of consulting services to work with the BNDES on issues involving the loan agreement, the agreement was entered into in December 2021
- (b) The concession agreement provides for the need to contract insurance policies to guarantee coverage and mitigate the possible risks associated with works, risks of operations and risks of non-compliance with contractual obligations.

- (c) The loan agreement to obtain the debentures from the financial entities provides for the need to present financial guarantees, there was a provision that had its balance reversed in 2022, and its effective realization by the settlement of short-term debentures. See further details in explanatory note 8.1. referring to the 1st and 3rd of the debentures.

12 Operating Expenses

The amounts referring to professionals from Spain for the engineering and financial areas, contracted through an agreement between the parties involved Brazil and Spain, were recorded in the group's contracted services accounts.

	<u>12/31/2022</u>	<u>12/31/2021</u>
Services Contracted - Related Parties	(31,592)	(16,540)
Contracted advisory services	(8,004)	(8,198)
Metro system operator services	(8,661)	(7,410)
Certifier services	(10,133)	(5,607)
Sustainability Services	(2,468)	(1,127)
Others	(5,004)	(1,091)
Total - Contracted services	<u>(65,863)</u>	<u>(39,973)</u>
Staff	(15,968)	(10,443)
Administrative	(1,358)	(955)
Taxes	(5,428)	(1,849)
Depreciation and Amortization	(576)	(345)
Total - Administrative, tax and personnel	<u>(23,330)</u>	<u>(13,592)</u>
Total	<u>(89,193)</u>	<u>(53,565)</u>

13 Net financial result

	<u>12/31/2022</u>	<u>12/31/2021</u>
Revenue on financial investments (a)	22,795	1,625
Discounts Obtained	25	13
Total Financial Revenue	<u>22,800</u>	<u>1,637</u>
Interest on loans - Debentures (b)	(223,757)	(100,498)
Interest on loans - Assignment (b)	(33,399)	(20,037)
Interest on CCBS loans (b)	(17,846)	(13,288)
Interest on BNDES loans (b)	(156,621)	(10,577)
Other interest and fees	(519)	(9,299)
Total of Financial Expenses	<u>(432,150)</u>	<u>(153,699)</u>
Net financial result	<u>(409,350)</u>	<u>(152,062)</u>

- (a) Result of operations with funds that remained invested in financial investments.
(b) Operation with Assignment Agreement and bridge financing and BNDES.

The obligations assumed are subject to different interest rates levied on each transaction and are described in note 8.

14 Expropriations

The Concessionaire will be responsible for the communications and monitoring of the processes of expropriation of properties, necessary for the construction of Line 6 - Orange provided for by State Decree No. 58.025 of May 2012.

Article 1 - The list of properties affected by the expropriation, described in the STM-107/2012 case file, necessary for the implementation of Line 6 - Orange of the The Companhia do Metropolitano de São Paulo - METRÔ.

Article 2 - The Companhia do Metropolitano de São Paulo – METRÔ is authorized to invoke the urgency character in the judicial proceedings of expropriation.

Article 3 - The expenses with the execution of this decree shall be borne by Companhia do Metropolitano de São Paulo – METRÔ.

Thus, the indemnity amounts are the responsibility of the Government that has a specific bank account where the indemnity amounts are contributed to the owners of the properties, and the Concessionaire does not control this account and has only access for consultation purposes.

It also provides for clause 37 of the concession agreement that if the concessionaire verifies the need to use areas not covered by the State Decree and that are necessary for the implementation of the future Vila Cardoso bus terminal, as well as the full implementation of Line 6, the concessionaire must submit to the Government the documents provided for properties that must be expropriated.

The Company, through its legal advisors, identified processes on behalf of Move São Paulo, related to the Expropriation of properties, presenting a history of changing the name of Move to Linha Uni, but the concession agreement in conjunction with State Decree 58.025/2012 provides for financial responsibilities and the scope of the processes of expropriation of properties and the responsibility of the Government.

447 lawsuits were identified referring to IPTU processes of expropriated properties, for which financial disbursements are not expected by the company, therefore, on December 31, 2022 and 2021, there are no balances provisioned or disclosed related to contingencies involving the company.

15 Insurance policy coverage

The Company contracts insurance coverages, letters of guarantee and guarantees to mitigate possible risks to which it may be exposed.

The concession agreement provides for the contracting of insurance to guarantee the Government's financial risks, and the Company contracted policy No. 50014798 to mitigate these financial risks. Additionally, through policy No. 2500446, the Company contracted coverages to mitigate risks associated with the office to guarantee equipment, furniture and others.

Contracted company	Warranty Assignment Agreement	Types of insurance	Amount Insured	Term
Tokio Marine S.A. 50% - Pottencial Seguradoras S.A - 50%	No. 061902020881107750014798 No. 0000000	Financial Risks	649,129	12/18/2022 to 10/06/2025
Tokio Marine S.A. 50% - Pottencial Seguradoras S.A - 50%	- ENDORSEMENT 061902020881107750014798 No. 0000000	Financial Risks	144,338	12/18/2022 to 10/06/2025
		Total Coverage	793,467	

Contracted company	Warranty Concession Agreement	Types of insurance	Amount Insured	Term
Tokio Marine SA	No. 2500446	Commercial multiple peril	2,700	12/15/2022 to 12/15/2023
		Total Coverage	2,700	

Contracted company	Loan guarantee	Types of insurance	Amount Insured	Term
Banco ABC do Brasil	Letter of guarantee No.	BNDES contractual guarantee	150,000	07/25/2022 to 07/31/2027
Banco BNP Paribas Brasil	Letter of guarantee No.	BNDES contractual guarantee	400,000	07/25/2022 to 07/31/2027
Banco Bradesco	Letter of guarantee No.	BNDES contractual guarantee	100,000	07/25/2022 to 07/31/2027
Banco Credit Agricole Brasil, S.A.	Letter of guarantee No.	BNDES contractual guarantee	426,000	07/25/2022 to 07/31/2027
Corporacion Andina de Fomento	Letter of guarantee No.	BNDES contractual guarantee	200,000	07/25/2022 to 07/31/2027
Official Credit Institute, E.P.E.	Letter of guarantee No.	BNDES contractual guarantee	600,000	07/25/2022 to 07/31/2027
Banco J.P. Morgan S.A.	Letter of guarantee No.	BNDES contractual guarantee	283,000	07/25/2022 to 07/31/2027
INTESA SanPaolo, S.P.A.	Letter of guarantee No.	BNDES contractual guarantee	443,246	07/25/2022 to 07/31/2027
Banco Santander (Brazil) S.A.	Letter of guarantee No.	BNDES contractual guarantee	500,000	07/25/2022 to 07/31/2027
Sumitomo Mitsui Banking Corporation	Letter of guarantee No.	BNDES contractual guarantee	443,246	07/25/2022 to 07/31/2027
Banco Sumitomo Mitsui Brasileiro, S.A.	Letter of guarantee No.	Contractual warranty BNDES	300,000	07/25/2022 to 07/31/2027
		Total Coverage	3,845,492	

The table above shows the contracting of guarantees with financial institutions, for the purpose of complying with what the long-term loan from BNDES requests.