

Concessionaria Linha Universidade S.A.

**Financial statements on
December 31, 2023 and 2022**

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Management Report

Operating Context

Concessionária Linha Universidade S.A. ("Linha Uni"; "Company"; "Concessionaire" or "Line 6"), under its Articles of Incorporation, was incorporated as a privately-held Special Purpose Company (SPE), with its registered office located in neighborhood Vila Olímpia, São Paulo - SP and its exclusive corporate purpose is to provide public passenger transportation services, to be carried out in the operation of the Line 6-Orange subway in the city of São Paulo - SP.

The concession contract provides for a PPP - Public Private Partnership, for a period of twenty-four years (24), divided between the construction phase scheduled for five years (5) and the operation phase scheduled for nineteen years (19), in which the administration, operation, and maintenance phase will begin. By December 2023, the company had received funding from the Granting Authority for the progress of the works, which totaled R\$2.4 billion.

The project is currently in Phase I of the infrastructure execution, comprising civil works, installation of permanent track and power supply systems, signaling, telecommunications, and auxiliary systems, acquisition of rolling stock, and the necessary actions to enable proper operation. The granting authority gave a positive signal, authorizing the Concessionaire to begin the study process for expanding the subway line with 6 or 7 new stations. The company's team is analyzing the impacts in a broad and comprehensive way in order to survey the additional costs, feasibility, and planning for possible rebalancing of the contract currently in force.

The project obtained long-term financing from BNDES in the total amount of R\$6.9 billion, divided into four sub-credits with monthly maturities starting in March 2026 in 199 installments, the last on September 15, 2042, by December 2023, four releases of these funds were made in the amount of R\$4.2 billion reais referring to sub-credits A, B, C and D.

Monitoring the progress of the production and certification metrics of the works under the EPC contract has identified some specific delays in the progress of the work that have a financial impact on the cost, as a result, the amount withheld was applied to payments of invoices issued by Acciona Construcción, the applicable penalties totaled R\$48.3 million in 2023. The geotechnological events that caused the change in the construction deadline have already been reported to the Granting Authority and are in the process of final approval, in this case, the impacts of the delays and the additional financial costs will be part of the rebalancing of the concession contract and, if the claim is accepted, the amounts withheld will be returned to Acciona Construcción.

The Company received new capital contributions from shareholders on September/23 in the accumulated amount of R\$ 304.4 million reais, and the paid-in capital totals R\$ 1 billion reais, with no changes to the structure and percentages of shareholder participation.

The Company has financing from BNDES and has the control and monitoring to ensure that the funds made available are used directly in the work, restricting them to other purposes. The company's management assessed the need for another source of funds and resorted to issuing a new series of debentures in the total amount of R\$ 500 million reais in 2023 to cover necessary expenses not covered by BNDES.

The work is being impacted on its schedule by delays in the construction of some stations, due to problems encountered during their construction, which were not foreseen in the geological studies during the previous surveys carried out for the preparation of the bidding notice. The soil conditions encountered during the construction work in the region led the concessionaire to seek engineering solutions in order to move forward, thereby causing delays in the forecast delivery of the work. The Granting Authority is already aware of the impacts on the initial timetable for delivery of the work, which is why the state government formally communicated and acknowledged the increase of 1096 days. Acciona Construcción is carrying out studies to speed up and reduce the delay time, modifying the construction method and increasing the efforts and resources applied. The study has not yet been completed, but it will reduce time and will have an impact on reducing the amounts of indemnities and additional construction costs for both the construction company and the concessionaire. The concession contract stipulates that the concessionaire will be liable for geotechnological events up to the amount of 40 million reais, with the granting authority being liable for any amount in excess of this limit. The concessionaire passed this risk in full to the construction company in the EPC contract.

This possibility was provided for in the concession contract and the company, together with the granting authority, is evaluating the best solutions and options for covering the additional costs.

The company's management monitors and works to keep the financial ratios at acceptable levels. Net working capital is negative in the amount of R\$134,894 on December 31, 2023, while on December 31, 2022, net working capital was negative in the amount of R\$95,622.

Sustainability and personnel hiring

The investments associated with the Sustainability Department refer to the management and execution of the Linha Uni Sustainability Program, Sustentar Station.

Created based on the need to meet the sustainability targets associated with the financing of the Line 6 project, Sustentar Station seeks to generate positive social impact and transform the lives of the people who live in the communities surrounding the future Line 6, by promoting quality education, encouraging innovation, fostering gender equality and promoting electric mobility. The Sustentar Station's actions are divided into four pillars:

- **Women's Empowerment:** The pillar aims to increase the percentage of women in the construction of Line 6-Orange of the São Paulo subway. This goal is materialized through actions that promote equity, diversity and inclusion at both ACCIONA and LinhaUni.
- **Professional Training:** Intending to promote professional development and qualification for the job market, Sustentar Station offers free professional training courses at recognized educational institutions for people who live in the communities around the subway Line 6-Orange.

•**Innovation:** Encourage the growth of the startup ecosystem through an acceleration program, promoting local entrepreneurship with a dual purpose: Creation of innovative solutions applicable to the Line 6 project itself (during construction and operation and maintenance); and support for initiatives that contribute to objectives linked to local sustainability.

•**Electric Mobility:** With the aim of encouraging decarbonization and promoting economic prosperity, Sustentar Station seeks to generate jobs through urban mobility with 100% electric vehicles, integrating the various modes of transport in the city of São Paulo.

In addition to the pillars mentioned above that are associated with generating social impact, Sustentar Station also includes actions to align with the European Taxonomy. To this end, and considering the guidelines established by EU Regulation 2020/852, Linha Uni and ACCIONA are managing the construction activities and future operation of Line 6 in such a way as to guarantee the mitigation of socio-environmental impacts and climate change. To this end, studies and actions are carried out to enable the reuse of waste generated on-site, reduce water consumption, manage climate, socio-environmental, and water risks, and develop diversity and inclusion policies. In this way, we ensure that the Line 6 project not only transforms urban mobility in the city of São Paulo but also contributes to a transition towards a sustainable, low-carbon economy.

Below is a summary of the sustainability targets for the Line 6 project considering the period from 2022 to 2025.





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Independent auditors' report on the financial statements

**To the Directors and shareholders of
Concessionária Linha Universidade S.A.**

São Paulo - SP

Opinion

We have examined the financial statements of Concessionária Linha Universidade S.A. ("Company"), which comprise the balance sheet on December 31, 2023, 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 material accounting policies and other explanatory information.

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

Basis for opinion

Our audit was conducted according to Brazilian and international audit standards. Our responsibilities, in accordance with such standards, are described in the following section entitled "Auditor's responsibilities for the audit of the financial statements." We are independent in relation to the Company, in accordance with the relevant ethical principles set out in the Code of Professional Ethics of Accountants and professional standards issued by the Accounting Federal Council, and we have complied with other ethical responsibilities according to these standards. We believe that the audit evidence obtained is sufficient and appropriate to justify our opinion.

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

We emphasize explanatory note No. 1, which mentions that the concession contract is in phase I of the construction of the concession infrastructure: stations, terminals, and subway systems. The Company relies on funds from the issue of debentures, financing, and contributions from shareholders and the granting authority to complete this phase. Our opinion is not qualified in this respect.

Key audit matters

Key audit subject matters are those that in our professional judgment were the most significant in our audit of the current fiscal year. These subject matters were addressed in the context of our audit of the financial statements as a whole and in the formation of our opinion on these financial statements and, therefore, we do not express a separate opinion on these subject matters.

Measurement of the concession's financial assets

As mentioned in Explanatory Notes 4.1 and 9 to the financial statements.

Key audit matters	How the audit addressed this issue
<p>On December 31, 2023, the Company recognized R\$7,721,259 thousand in 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>In accordance with ICPC 01/OCPC 05 - Concession contracts, the Company recognizes the costs of building the infrastructure as a financial asset, since it has the unconditional contractual right to receive cash for the construction service, and recognizes the other costs, which do not represent the potential for generating additional revenue with the infrastructure, as expenses when incurred.</p> <p>The Company's management has exercised judgment to determine which of the expenses related to the infrastructure construction service do not represent a potential for generating additional revenue and is recognized as an expense in the income statement for the year.</p> <p>We considered this matter to be significant for our audit due to the nature of the accounting policy relating to the matter and the judgment made by management in applying this accounting policy, which 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 for the process of analyzing and allocating infrastructure spending between financial assets and expenses; - Documentary tests, on a sample basis, of infrastructure additions, including: (i) inspection of service contracts and/or invoices that support the amounts recognized as assets or expenses; and (ii) inspection, together with the engineering area, of measurements made according to the progress of the works - Evaluation, on a sample basis, of the nature of construction and other infrastructure expenses, considering the accounting criteria and policies for determining whether or not such expenses are eligible 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 the amounts of expenses for construction services of the concession infrastructure as a financial asset, as well as the respective related disclosures, to be acceptable in the context of the financial statements taken as a whole for the tax year ended on December 31, 2023.</p>

Other information accompanying the financial statements and the auditors' report

The management of the Company is responsible for such other information which comprises the Management's Report.

Our opinion on the financial statements does not cover the Management Report and we do not express any form of audit conclusion on 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 that report is, in a relevant manner, inconsistent with the financial statements or with our knowledge obtained in the audit or otherwise appears to be distorted in a relevant way. If, based on the work done, we conclude that there is relevant misstatement in the Management's Report, we are required to communicate this fact. We have nothing to report in this regard.

Management's responsibilities for the financial statements

The management is responsible for the preparation and fair submission of these financial statements in accordance with accounting practices adopted in Brazil and by the internal controls that it has determined as necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the financial statements, unless the Management intend to liquidate the Association or cease operations, or have no realistic alternative to avoid the cessation of operations.

Auditors' responsibilities for auditing the financial statements

We aim to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and issue an audit report containing 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 misstatement. 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 in accordance with Brazilian and International auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- 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 non-detection of material misstatement due to fraud is higher than to error, as the fraud may involve the act of circumventing internal controls, colluding, falsification, omission or false intentional representations.
- We understand the relevant internal controls for the audit for us to plan audit procedures appropriate to the circumstances, but not with the purpose of expressing opinion on the effectiveness of the internal controls of the Company.
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- We conclude on the appropriateness of management's use of the accounting basis of operating continuity, 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 operating continuity ability. If we conclude that there is material 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, future events or conditions may cause the Company to no longer remain in operating continuity.
- We evaluate the overall presentation, structure and content of financial statements, including disclosures and even if the financial statements represent the related transactions and events in a manner consistent with the appropriate presentation objective.

We communicate with the management regarding, among other aspects, the planned reach, the audit time and the significant audit observations, including possible significant deficiencies in the internal controls we identified during our works.

From the matters that were the object of communication with the people in charge of governance, we determined those that were deemed the most significant in the audit of the financial statements for the current fiscal year, and that, in this way, constitute the key audit matters. We describe these matters in our audit report unless the law or regulation has prohibited public disclosure of the matter or when, in extremely rare circumstances, we determine that the matter should not be reported in our report because the adverse consequences of such communication may, within a reasonable perspective, overcome the benefits of such communication to the public interest.

Rio de Janeiro, February 21, 2024

KPMG Auditores Independentes Ltda.

CRC (Regional Accounting Council) SP-014428/O-6 F-RJ

[There appears signature]

Walter Malvar Leite da Silva
Accountant CRC RJ-117037/O

Concessionária Linha Universidade S.A.

Balance sheets on December 31, 2023 and 2022

(In thousands of Reais)

ASSET	Note	12/31/2023	12/31/2022
CURRENT			
Cash and cash equivalents	7	63,174	449,937
Advance payments to suppliers	8	1,918	1,860
Other assets		20,263	10,638
		85,355	462,435
NON-CURRENT			
Advance payments to suppliers		1,550	3,410
Guarantee deposit		185	185
Concession financial assets	9	7,721,259	5,785,934
Right of use		1,562	2,385
Intangible		2,326	2,157
Fixed		73	93
		7,726,955	5,790,569
TOTAL ASSETS		7,812,310	6,256,599

The Management explanatory notes are an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Balance sheets on December 31, 2023 and 2022

(In thousands of Reais)

LIABILITIES	Note	12/31/2023	12/31/2022
CURRENT			
Debtentures	11.1	27,457	-
Loans	11.2	-	123,893
Contractual obligations	11.3	32,585	170,594
Third-party suppliers		8,045	11,082
Suppliers - related parties	12	31,706	3,827
Provisions - related parties	12	112,167	243,189
Other amounts payable		8,379	5,472
		220,339	558,057
NON-CURRENT			
Financing	11.4	4,562,746	3,636,207
Debtentures	11.1	1,365,965	959,678
Contractual obligations	11.3	41,361	71,741
Deferred IRPJ (Corporate Income Tax) and	10	193,552	112,361
Other payables - related parties	12	48,321	-
Other amounts payable		1,161	1,763
		6,213,106	4,781,750
SHAREHOLDERS' EQUITY			
	13		
Share capital		1,002,920	698,450
Legal reserve		18,797	10,917
Profit reserve		357,148	207,425
Total shareholders' equity		1,378,865	916,792
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		7,812,310	6,256,599

The Management explanatory notes are an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Income statements

Fiscal years ended on December 31, 2023 and 2022

(In thousands of Reais)

	Note	12/31/2023	12/31/2022
Net revenue	14	3,248,242	3,428,111
Costs of services provided	14	(2,318,268)	(2,745,382)
GROSS PROFIT		<u>929,974</u>	<u>682,729</u>
OPERATING EXPENSES			
Contracted services - third parties	15	(39,447)	(34,271)
Contracted services - related parties	15	(20,932)	(31,592)
Administrative, personnel and tax	15	(26,973)	(23,330)
		<u>(87,352)</u>	<u>(89,193)</u>
OPERATING PROFIT BEFORE FINANCIAL INCOME		<u>842,620</u>	<u>593,536</u>
Financial income	16	29,226	22,800
Financial expenses	16	(633,054)	(432,150)
NET FINANCIAL INCOME		<u>(603,828)</u>	<u>(409,350)</u>
PROFIT BEFORE TAX PROVISIONS		<u>238,794</u>	<u>184,185</u>
TAXES ON PROFIT		<u>(81,191)</u>	<u>(62,623)</u>
Deferred IRPJ and CSLL	10	(81,191)	(62,623)
NET PROFIT FOR THE FISCAL YEAR		<u>157,603</u>	<u>121,562</u>

The Management explanatory notes are an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Comprehensive income statements

Fiscal years ended on December 31, 2023 and 2022

(In thousands of Reais)

	<u>12/31/2023</u>	<u>12/31/2022</u>
Net profit for the fiscal year	<u>157,603</u>	<u>121,562</u>
<i>Other comprehensive income</i>	-	-
Total comprehensive income for the fiscal year	<u>157,603</u>	<u>121,562</u>

The Management explanatory notes are an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Statement of changes in shareholders' equity

Fiscal years ended on December 31, 2023 and 2022

(In thousands of Reais)

	Subscribed share capital	Capital to be paid in	Profit reserve			Total
			Legal	Profit Retention	Retained Profits	
On December 31, 2021	520,000	(381,550)	4,839	87,875	-	231,164
Capital contribution	875,000	(315,000)	-	-	-	560,000
Net profit for the fiscal year	-	-	-	-	121,562	121,562
Constitution of reserves	-	-	6,078	115,484	(121,562)	-
Dividend proposal	-	-	-	4,066	-	4,066
On December 31, 2022	1,395,000	(696,550)	10,917	207,425	-	916,792
Capital contribution	-	304,470	-	-	-	304,470
Net profit for the fiscal year	-	-	-	-	157,603	157,603
Constitution of reserves	-	-	7,880	149,723	(157,603)	-
On December 31, 2023	1,395,000	(392,080)	18,797	357,148	-	1,378,865

The Management explanatory notes are an integral part of the financial statements.

Concessionária Linha Universidade S.A.

Cash flow statements

Fiscal years ended on December 31, 2023 and 2022

(In thousands of Reais)

	12/31/2023	12/31/2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the fiscal year	157,603	121,562
Adjustments to reconcile net profit for the year to cash flow from operating activities:		
Deferred IRPJ and CSLL	81,191	62,623
Personnel costs - payroll provision	2,009	915
Provisions for related party suppliers	-	699
Interest on loans, financing and debentures	632,194	425,209
Revenue from financial assets	(846,526)	(596,721)
Depreciation and amortization	328	577
(Increase)/decrease in assets and increase/(decrease) in liabilities	26,799	(16,768)
Advance payments to suppliers	1,802	1,860
Other assets	(9,626)	(5,400)
Suppliers - third parties	8,485	4,818
Fiscal and tax obligations	795	(635)
Suppliers - related parties	40,087	(24,492)
Other amounts payable	1,168	7,081
Other payables - related parties	48,321	-
Contributions from the granting authority	1,312,916	903,102
NET CASH GENERATED BY OPERATING ACTIVITIES	1,430,747	901,198
CASH FLOWS FROM INVESTMENT ACTIVITIES		
Concession financial assets	(2,556,467)	(2,777,375)
Acquisition of fixed assets	(11)	84
Intangible acquisition	(322)	(921)
Acquisition of right of use	(679)	485
NET CASH USED IN INVESTMENT ACTIVITIES	(2,557,479)	(2,777,727)
CASH FLOWS FROM FINANCING ACTIVITIES		
BNDES funding	525,000	3,750,000
BNDES funding cost	(12,156)	(264,165)
Amortization of long-term BNDES funding - Cost of guarantees	(61,467)	(118,567)
Repayment of interest on debentures and BNDES	-	(33,573)
Payment/settlement of debentures	-	(1,461,636)
Interest paid on short-term debentures	-	(145,767)
Debentures funding	500,000	100,000
Interest paid on long-term EBL debentures	(118,146)	(100,794)
Debenture funding costs	(85,584)	-
Amortization of the amounts of the financial entities of the Assignment	(292,282)	(157,622)
Interest paid on loans	(19,866)	(9,599)
Capital contribution	304,470	560,000
Cost of the loan agreement	-	2,046
Loan funding	-	198,234
Loan settlement	-	(200,280)
NET CASH GENERATED BY FINANCING ACTIVITIES	739,969	2,118,277
INCREASE IN CASH AND CASH EQUIVALENTS	(386,763)	241,748
CASH AND CASH EQUIVALENTS		
At the beginning of the fiscal year	449,937	208,189
At the end of the fiscal year	63,174	449,937
INCREASE IN CASH AND CASH EQUIVALENTS	(386,763)	241,748

The Management explanatory notes are an integral part of the financial statements.

Explanatory notes of the Management to the financial statements

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

1 Operational Context

Concessionária Linha Universidade S.A. ("Linha Uni"; "Company"; "Concessionaire" or "Line 6"), under its Articles of Incorporation, was incorporated as a privately-held Special Purpose Company (SPE), with its registered office located in neighborhood Vila Olímpia, São Paulo - SP and its exclusive corporate purpose is to provide public passenger transportation services, to be carried out in the operation of the Line 6-Orange subway in the city of São Paulo - SP.

The implementation project includes terminals, extension, and integration of stations

The project to build the 15.3 km Brasilândia to São Joaquim stations was maintained. Line 6 - Orange of the São Paulo subway, which will be integrated into the subway rail system of the São Paulo metropolitan region, will include 15 stations, namely 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 stations, including a train parking and maintenance yard called Pátio Morro Grande.

a. Sponsored concession contract for public passenger transport services

The Company took over responsibility for providing public passenger transport services on Line 6 - Orange of the São Paulo subway, which was granted by the Granting Authority for 24 years, divided between the construction and operation phases, with 5 years for the construction and implementation of the stations and 19 years for the operation of the system.

The concession contract came into force with the issuance of the letter of contract / amendment signed on July 6, 2020, and published in the official gazette on July 8, 2020, from which the period scheduled for the start and end of the contract scheduled for 2044 begins.

The amount of the contract, corresponding to the estimated tariff revenues for the entire term of the concession, 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 explore 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 the revenues provided for in the business plan, and cannot be used by either party to claim recomposition of the economic and financial balance of the contract or contingent investments.

The Company must comply with the deadlines and provisions of the amendment contract and is required 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 execution, comprising civil works, installation of permanent track and power supply systems, signaling, telecommunications, and auxiliary systems, acquisition of rolling stock, and other necessary actions to enable proper operation.

Phase II - Operation of public passenger transport services of Line 6, with all its stations, on the Brasilândia - São Joaquim stretch; comprising the provision of services related to the operation and maintenance of the line, with the operation of stations, intermodal integration terminals, the operational control center, passenger access control and the validation of travel credits in parameters compatible with operational, personnel and property security in parameters compatible with demand.

Phase III - Expansion of the transportation services granted, subject to a motivated decision by the Granting Authority, on the stretch between Brasilândia and Bandeirantes, including the operation and maintenance of the stretch, which may include civil works, installation, and supply of all systems and rolling stock. The Concessionaire's participation in the operation and maintenance of Phase III services is mandatory, and the execution of the expansion's civil works, as well as the installation and supply of all systems and rolling stock is subject to its express acceptance.

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

EPC-type construction contract for the Stations

In order to carry out phase I of the construction and implementation project, which is scheduled to be completed in five years, the concessionaire hired the Spanish company Acciona Construcción, which became responsible for carrying out the civil works on the Orange line of the São Paulo subway.

b. *Special Incentive Regime for Infrastructure Development - REIDI.*

The company obtained from the regulatory and tax inspection bodies of the Federal Revenue of Brazil, the REIDI - Special Regime of Incentives for the Development of Infrastructure -, where the beneficiary legal entities are authorized to purchase goods and services for exclusive application in infrastructure works applying the benefit of non-incidence/suspension for federal taxes from PIS - Social Integration Program, and COFINS - Contribution for the Financing of Social Security, published in 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 (Official Federal Gazette) of 06/17/2020.

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

The Company was successful in obtaining accreditation under the Special ICMS Regime, where legal entities benefiting from the ICMS Agreement are authorized to purchase goods and materials for exclusive use in the construction work on Line 6 Orange of the São Paulo Subway, without ICMS - State Goods and Services Tax - being levied, in accordance with the DEAT statement 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 and declaration of conformity

The financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil.

The accounting practices adopted in Brazil include those from the Brazilian business legislation and statements, interpretations and guidelines of the Accounting Pronouncements Committee (CPC) and those approved by the Federal Accounting Council (CFC).

The Company's management confirms that all the relevant information contained in the financial statements, and only these, are being evidenced, and that they correspond to those used by the Company in its management.

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

The historical cost is usually based on the fair value of the considerations paid in exchange for assets. The preparation of financial statements requires the use of certain critical estimates and the exercise of judgment by the Company's Management in the process of applying the required accounting practices. Those areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the financial statements, are disclosed in explanatory note No. 3.

On February 21, 2024, the company's Board of Directors authorized the issue of the financial statements for the tax year ended on December 31, 2023.

2.1 Operational continuity

The financial statements have been prepared on an operational continuity basis, which assumes that the company will be able to meet its obligations and payments arising from the obligations. At this point in the project, the company is focused on completing the first phase of the project - construction - and has a long-term financing agreement signed with BNDES on December 23, 2021, for R\$6.9 billion reais, which management manages as needed and in accordance with the progress of the work schedules.

2.2 Functional currency and presentation currency

The items included in the financial statements are measured using the currency of the main 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 are based on historical experience and other factors, including expectations of future events, considered reasonable under 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 the actual results.

Estimates and assumptions are reviewed on an operational continuity basis and are consistent with the company's risk management. Revisions to estimates are recognized prospectively.

Estimates and assumptions that present a risk, likely to cause a material adjustment in the book values of assets and liabilities for the next financial year.

4 Financial instruments and risk management

Financial risk factors

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

Exchange rate risk

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

It is not currently significantly exposed to exchange rate risk arising from exposure to the US dollar (US\$) and the Euro (€). Exchange rate risk arises from liabilities for the acquisition of fixed assets, net of the effects of exchange rate variations, and accounts receivable from the foreign market.

Interest rate risk and adjustment for inflation

The Company's indebtedness is subject to fluctuation interest rates, especially the CDI (Interbank Deposit Certificate) Rate. There is a risk that the Company may incur losses due to fluctuations in interest rates, which increase the financial expenses related to loans, financing, and debentures raised on the market.

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

The Company has significant interest-bearing liabilities substantially linked to fixed rates. Interest rate risk arises from short-term loans and leases. The Company analyzes its exposure to interest rates based on simulated scenarios, mainly considering changes in the rates charged. The simulation is done when there is a need for a new loan or financial hire lease.

Sensitivity analysis

The demonstrative chart for sensitivity analysis of the financial instruments, which describes the risks that could generate material losses for the Company, with the most 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 25% and (25%) risk variable, respectively (scenarios II and III):

Financial Asset	12/31/2023	Indicator	Likely	25%	(25%)
Financial investments	63,166	CDI	8,231	10,290	6,173

Financial Liabilities	12/31/2023	Indicator	Likely	Effect on the income/loss	
				25%	(25%)
Debentures	(27,457)	CDI	(3,578)	(4,473)	(2,682)
Current	(27,457)		(3,578)	(4,473)	(2,682)
Financing	(4,562,746)	CDI	(594,526)	(743,271)	(445,780)
Debentures	(1,365,965)	CDI	(177,985)	(222,516)	(133,455)
NON-CURRENT	(5,928,711)		(772,511)	(965,787)	(579,235)
Total	(5,956,168)		(776,089)	(970,260)	(581,917)

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

CDI Reference	Scenario	Scenario II	Scenario III
	Likely	25%	(25%)
Rates - CDI (%)	13.03%	16.29%	9.77%
Rates - IPCA (Extended)	4.62%	5.78%	3.47%

Credit risk

The credit risk to which the Company is exposed is detailed below:

Bank credit

Concerning bank credit risk, based on cash surpluses, Management determines the credit limits for each bank, maintaining financial investments only in banks considered to be first-tier (rating) and very low risk, contracting short-term committed fixed income investments of a maximum of 90 days, remunerating the CDI rate at between 70 and 95%.

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
Banco JP Morgan	BB	-A	BB

Liquidity risk

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

Cash flow forecasting is carried out by the Finance department, which monitors ongoing forecasts of the Company's liquidity requirements. This forecast considers the financial study for the execution of the work, as well as plans to obtain third-party resources to finance part of the construction.

The Concessionaire's financial resources were obtained through capital contributions from partners, contributions from the Granting Authority, bank loans, and future revenues from the provision of services - pecuniary consideration from the Granting Authority and tariff revenues - and ancillary revenues from the operation of the line, part of which will be used to provide cash for the investments to be made. The potential excess cash held is invested in interest-bearing bank accounts and short-term, highly liquid financial investments.

The following table analyzes the main financial liabilities by maturity range, corresponding to the period remaining on the balance sheet until contractual maturity when the Company expects to settle them. The interest rates (CDI) estimated for future commitments reflect market rates in each period.

Financial liabilities	Short term	Long term	2024	2025	2026-2042
Debentures	(27,457)	(1,365,965)	(27,457)	-	(1,365,965)
Financing	-	(4,562,746)	-	-	(4,562,746)
Contractual obligations	(32,585)	(41,361)	(32,585)	(41,361)	-
Total	(60,042)	(5,970,072)	(60,042)	(41,361)	(5,928,711)

As a result of the current stage of the project (phase I) where the infrastructure needed for operation is being built and developed and there is no operation to generate operating cash, the Company is relying on funds from shareholders, the granting authority, and financing from banks for operations which, at the moment, are mainly concerned with the development of the subway project.

The situation of liquidity with short-term maturities is expected for the development of a project of this nature. As the Company prepares to receive funds from long-term financing from BNDES (a contract that has already been signed) and thereby 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 has structured its financial model to ensure progress during Phase 1 of the concession contract, with the main fund transactions received and made and the details of their source indicated below:

Bridge Loan (Debentures 1st; 3rd Issue) - R\$1.5 billion - issued and paid off in 2022;

Bridge Loan (Debentures 4th Issue) - R\$950 million - in 2022 from long term to 2026;

Release of the long-term loan (BNDES) - R\$4.2 billion - in 2023;

Loan (Debentures 5th Issue) - R\$ 500 million - long term in 2023;

Contributions from the Granting Authority: R\$2.4 billion by December/2023;

Members' contributions R\$864 million by 2023;

Receipt of the insurance amounts relating to the claim in the Aquinos events, amounting to R\$135.3 million in December/23, which were passed on and transferred to Acciona Construcción, which is responsible for the EPC contract.

- (a) **Capital management:** The Company's objectives when managing its capital are to safeguard the ability to continue as a going concern in order to offer returns to shareholders and benefits to other stakeholders, as well as maintain an ideal capital structure to reduce this cost.

In order to maintain or adjust the Company's capital structure, Management may propose a case in which shareholders have to approve, review the dividend payment policy, return capital to shareholders, issue new shares, or sell assets to reduce, for example, the level of indebtedness.

- (b) **Estimation of fair value:** 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 an interest in carrying it out, in a transaction in which there are no favored parties.

The company has no financial instruments marked at fair value. According to the nature of the financial instruments, the Company assesses that the above assets and liabilities would fall under level 2 in the fair value hierarchy if they were marked at fair value.

(c) Financial instruments by category: It is assumed that the balances of accounts receivable from clients and accounts payable to suppliers at book value are close to their fair values.

Financial assets	Classification	Book Value
Cash and cash equivalents	Amortized cost	63,174
Other assets	Amortized cost	20,263
Advance payments to suppliers	Amortized cost	1,918
Current		85,355
Guarantee deposits	Amortized cost	185
Non-current		185
Total financial assets		85,540
Financial liabilities	Classification	Book Value
Debentures	Amortized cost	27,457
Contractual obligations	Amortized cost	32,585
Related parties	Amortized cost	31,706
Other liabilities	Amortized cost	16,424
Current		108,172
Financing	Amortized cost	4,562,746
Debentures	Amortized cost	1,365,965
Contractual obligations	Amortized cost	41,361
Non-current		5,970,072
Total financial liabilities		6,078,244

4.1 Financial Assets - Public service concessions.

The Sponsored Concession Contract No. 15/2013, within the scope of International Bid No. 4/2013, STM Process No. 770/2012, signed between the Government of the State of São Paulo (Granting Authority) and the Company (Concessionaire) regulates the implementation of the line and the operation of public services by the Company, where:

Based on the characteristics established in the Concession Contract, Management believes that all the conditions for the application of Technical Interpretation ICPC 01 (R1) Concession Contracts and Technical Guidance OCPC 05 - Concession Contracts are met, which guides accounting for concessions and public services to private operators in order to reflect the business of providing passenger transportation services, covering:

1. Estimated portion of investments made and not amortized or depreciated by the end of the concession, classified as a financial asset because it is an unconditional right to receive cash or another financial asset directly from the Granting Authority.

2. The construction infrastructure will be recovered through the following cash flow:

- (a) Remuneration of the pecuniary consideration;
- (b) Contribution of funds by the Granting Authority.

Management considers that the payments for the investments in construction and the pecuniary remuneration for the contributions of funds, as well as considering that the risk of actual demand is covered by the granting authority, will all be recorded as financial assets and will not be recognized as intangible assets in the company's accounts.

In accordance with Technical Statements: CPC 47 - Revenue from Contracts with Customers and Technical Interpretation ICPC 01(R1) - Concession Contracts, the Company, based on its concession contract, met certain characteristics for the investments to qualify for recognition as a financial asset, such as being an unconditional right to receive cash or another financial asset directly from the Granting Authority.

It is important to mention that the concession contract provides for the economic and financial rebalancing of the project, in clause 20.7.1.8, if the quarterly demand recorded is between a minimum of (60%) or above (140%) for the period compared to the projected demand. The company monitors the current demand through contracted reports and believes that it will not face the possibility of demand risk, maintaining an acceptable profitability index higher than the country's discount rate.

The updating of the financial asset involves the Company's judgment to define and allocate the 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 statement for the year.

4.1.1 Present value adjustment

Long-term monetary assets and liabilities are adjusted to their present value, and short-term monetary assets and liabilities are adjusted to their present value when the effect is considered relevant concerning the financial statements taken as a whole. The present value adjustment is calculated taking into account the contractual cash flows and the explicit, and in some cases implicit, interest rate on the respective assets and liabilities.

Thus, the interest embedded in the revenue, expenses and costs associated with these assets and liabilities are discounted in order to recognize them in accordance with the accrual basis. Subsequently, those interests are reallocated to the lines of financial expenses and revenue in the result through the use of the effective interest rate method in relation to contractual cash flows. The implicit interest rates applied were determined based on assumptions and are considered accounting estimates.

5 Main accounting policies

The main accounting policies applied in the preparation of these financial statements are summarized below. These policies were applied consistently in all financial years presented, unless otherwise stated.

5.1.1 Cash and cash equivalents

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

5.1.2 Revenue from contracts with clients

According to ICPC 01, the Concessionaire provides services for the operation of public subway transportation services, as defined in the concession contract, is in phase I of the construction and implementation of the system for Line 6 - Orange of the São Paulo Subway, the Company adopted CPC 47 from 2020. Information on the Company's accounting policies related to contracts with clients and the effect of the initial application of CPC 47 in this note. Subway revenues will be recognized when they are used by subway users/clients. Ancillary revenue (mainly rental revenue) is recognized when services are provided. Rental revenue from operating leases will be recognized on a straight-line basis over the term.

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

5.1.3 Financial instruments

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

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

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

The classification of the financial assets acquired is subject to the principal and interest payment test set out in the business model.

5.1.4 Financial assets at fair value through income

Financial assets at fair value through income are financial assets held for trading. A financial asset is classified in this category if it was acquired, mainly, for short-term sale purposes. Assets of this category are classified as current assets.

Financial assets at fair value by means of outcome are initially recognized at fair value and transaction costs are debited to the income statement. Subsequently, they are also measured at fair value, with the gains or losses being presented in the income statement under "financial income" in the period in which they occur unless the instrument was contracted in connection with another operation.

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

To measure and determine fair value, the Company uses various methods including market, income, or cost approaches, in order to estimate the value that market participants would use to price the asset or liability. Financial assets and liabilities recorded at fair value are classified and disclosed according to the following levels:

Level 1 - Quoted prices (unadjusted) in active, net, and visible markets for identical assets and liabilities that are accessible on the measurement date;

Level 2 - Quoted prices (may or may not be adjusted) for similar assets or liabilities in active markets; and

Level 3 - Assets and liabilities whose prices do not exist or whose prices or valuation techniques are supported by a small or non-existent, unobservable, or gross market.

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 hold the asset in order to receive its contractual cash flows.

(i) **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 to receive the contractual cash flows of the asset and to sell it, as well as investments in equity instruments not held for trading or contingent consideration, which upon 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 to realize the asset and settle the liability simultaneously.

(b) **Fair value:** The fair values of publicly listed financial instruments are based on current market prices. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

(c) **Impairment losses:** A financial asset or group of financial assets is impaired and *impairment* losses are incurred only 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 loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

On December 31, 2023, no impairment loss on financial and non-financial assets to be recognized was identified.

- (d) **Derivative financial instruments and hedgeactivities:** On December 31, 2023, the Company did not have a contract or operate with derivative instruments. It also does not use *hedge* accounting.

Other current and long-term assets: These are stated at cost or realizable value, including, where applicable, income earned.

5.2 Financial asset

- (a) **Constitution of financial assets:** Values of the contracts for the assignment of rights and assumption of debts and obligations of the concession, the hiring of specialized services in Brazil and abroad to advise on the study of models, and the raising of financing for the viability of the project in matters relating to the construction of the project and legal and contractual formalities.

Recorded at acquisition cost in accordance with the instrument of assignment of rights, it refers to the Project for the implementation of Line 6 Orange of the São Paulo subway for the construction of terminals and stations, the amendment of the concession contract determined the costing and reimbursement of such studies in the concession contract through the receipt of tariff revenues and other revenues arising from the operation of the system.

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

5.2.1 Fixed Assets

Recorded at the cost of acquisition or construction of an asset or set of assets. Items of fixed assets are stated at historical acquisition cost less the depreciation value from their operation and any accumulated non-recoverable loss. The historical cost includes the outlay for its acquisition and all other directly attributable expenses necessary to prepare the asset for its intended use by management.

The depreciation of items related to the management of the line's implementation is carried out through the current use of the structure, with their respective depreciation rates applied on a straight-line basis, and may otherwise be used at the discretion of the Management, which verifies and revises the residual values, useful lives and depreciation methods of the assets whenever necessary and/or when there is an indication of a significant change compared to the last balance sheet date. The book value of an asset is immediately written off to its recoverable amount if the asset's book value is greater than its estimated recoverable amount.

5.2.2 Intangible Asset

Recorded at the cost of acquisition or construction of this intangible, the items are stated at the historical cost of acquisition less the amount of amortization from their operation or when they start to generate future benefits and/or cash flows. Software license acquisitions are capitalized based on the costs incurred to acquire them and/or to get them ready for use. These costs are amortized over the estimated useful life of the software.

5.3 **Impairment of non-financial assets**

Assets that are subject to depreciation or amortization are reviewed for *impairment* whenever events or changes in circumstances indicate that the book value is not recoverable. An *impairment* loss is recognized when the asset's book value exceeds its recoverable value and represents the higher of its fair value and its selling price in used condition. Non-financial assets that have been adjusted for *impairment* are subsequently reviewed for possible reversal of *impairment* at the balance sheet date.

On December 31, 2023, there are no *impairment* records.

5.3.1 **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 and are classified among current liabilities if payment is due within 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 maturity date.

5.3.2 **Loans and financing**

Loans and financing are initially recognized at fair value, net of transaction costs incurred, and they are subsequently stated at amortized cost. Any difference between the funds raised (net of transaction costs) and the total amount payable is recognized in the income statement over the period the loans are outstanding, using the effective interest rate method.

Loans are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Loan costs that are directly attributable to the acquisition, construction, or production of a qualifying asset, which is an asset that necessarily takes a substantial period to get ready for its intended use or sale, are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and such costs can be measured reliably. Other loan costs are recognized as an expense in the financial year in which they are incurred.

5.4 **Provisions**

Provisions are recorded when: (i) the Company has a present or unconfirmed obligation (*constructive obligation*) as a result of events that have already occurred; (ii) it is likely that an outflow of resources will be required to settle the obligation; and (iii) and if the provisioned amount can 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 remuneration.

5.4.1 **Income tax and social contribution**

Corporate income tax for the year, both current and deferred, is calculated at the rate of 15%, plus an additional 10% on taxable income, and Social Contribution on net income at the tax rate of 9% on the taxable base.

For offsetting tax losses and negative basis, the company observes the limit of 30% of real profit.

Current tax and deferred tax are recognized in income unless they relate to the combination of businesses or items directly recognized in shareholders' equity or other comprehensive income. Current tax is the tax payable or receivable expected on the taxable profit or loss for the year, at tax rates decreed or substantially decreed on the date of presentation of the financial statements and any adjustment to taxes payable with respect to previous years.

Deferred tax is recognized with respect to temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding values used for taxation purposes. Deferred tax is measured at the rates that are expected to apply to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted up to the date of presentation of the financial statements. In determining current and approved income tax, the Company takes into consideration the impact of uncertainties regarding the tax positions taken and whether additional income tax and interest payments will have to be made. When applicable, the Company believes that the provision for income tax liabilities is appropriate with respect 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 number of judgments about future events. New information may become available which would lead the Company to change its judgment as to the adequacy of the existing provision; such changes will impact the income tax expense in the year in which they are made.

Deferred tax assets and liabilities are offset if there is a legal right to offset current tax liabilities and assets and they relate to income taxes issued by the same tax authority on the same entity subject to taxation. A deferred income tax and social contribution asset is recognized for unused tax losses, tax credits and deductible temporary differences when it is likely that future taxable profits will be available and against which they will be used. Deferred income tax and social contribution assets are reviewed on each reporting date and will be reduced to the extent that their realization is no longer likely.

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 social contribution bases, which have no statute of limitations and whose offsetting is limited to 30% of annual taxable profits. The book value of deferred tax assets is reviewed periodically and the projections are reviewed at least annually or when there are material facts that may change the assumptions of such projections. The Company considers that the assumptions used in the preparation of the projections of results, and consequently the determination of the realization value of deferred taxes, reflect goals and targets to be achieved.

5.4.2 Other current and non-current liabilities.

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

5.5 Share capital.

Capital shares are classified as equity financial instruments and are therefore presented in shareholders' equity, showing the totals and segregating the total shares by class.

6 Standards issued but not yet in force.

The new standards that did not come into force, were not adopted early, and did not impact the Company until December 31, 2023, are as follows:

Classification of liabilities as current or non-current and non-current liabilities with Covenants (amendments to CPC26/IAS1) - The amendments, issued in 2020 and 2022, aim to clarify the requirements for determining whether a liability is current or non-current and require new disclosures for non-current liabilities that are subject to future covenants. The changes apply to annual financial years beginning on or after January 1, 2024.

Supplier financing arrangements ("Drawn Risk") (amendments to CPC 26/IAS 1 and CPC 40/IFRS 7) - The amendments introduce new disclosures related to supplier financing arrangements ("Drawn Risk") that help users of financial statements to assess the effects of these arrangements on an entity's liabilities and cash flows and its exposure to liquidity risk. The amendments apply to annual periods beginning on or after January 1, 2024.

The Company accounts for deferred taxes on leases and dismantling cost liabilities applying the "fully linked" approach, with an effect on profit or loss 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 significant impact on the Company's financial statements:

- Lease liability on a sale and *leaseback* (amendments to CPC 06/IFRS 16) - Lack of convertibility (amendments to CPC 02/IAS 21).

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

7 Cash and cash equivalents

	<u>12/31/2023</u>	<u>12/31/2022</u>
Cash	8	8
Financial investments (i)	63,166	449,929
Total	63,174	449,937

(i) The balance of cash and cash equivalents is substantially represented by available balances in checking accounts and committed fixed-income investments, with no risk of a significant change in value and immediate liquidity at a negotiated rate of between 65% and 95% of the CDI rate negotiated with well-known and solid institutions in the market.

8 Advance payments from suppliers

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

	<u>12/31/2023</u>	<u>12/31/2022</u>
Current		
Advance payments to suppliers	1,918	1,860
	1,918	1,860
NON-CURRENT		
Advance payments to suppliers	1,550	3,410
Total	3,468	5,270

9 Concession financial assets

The concessionaire acquired the operation of the concession 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 business partners and financing banks that contributed to the project, through loans and asset acquisitions for the project that began in mid-October 2020, which is why it did not complete the comparative cycle between the two periods shown in the table below.

	<u>12/31/2023</u>	<u>12/31/2022</u>
Move São Paulo Assignment Agreement	516,870	516,870
Accredited Financial Entities Assignment Agreement	309,308	309,308
BNDES Assignment Agreement	283,213	283,213
Move São Paulo Assignment Agreement	88,000	88,000
Assignment Agreement EPC	118,404	118,404
Operation Assignment Agreements (a)	1,315,795	1,315,795
Financial Update (b)	2,041,287	1,092,572
Construction Contract - EPC (c)	6,559,385	4,272,059
Rolling Stock Construction Contract (c)	172,347	160,147
Work Contract (c)	8,773,019	5,524,778
Advisory Contracts (d)	107,720	107,720
Contributions from the Granting Authority (e)	(2,475,275)	(1,162,359)
Total	7,721,259	5,785,934

- (a) The records refer to the purchase of the operation and the assumption of existing debts between the Move consortium companies and the banks involved in the financing.
- (b) The record refers to the financial restatement of the financial asset acquired.
- (c) The records refer to the amounts involved in the progress of the construction stage and the production and certification of the work.
- (d) Hiring consultants to draw up the agreements and to look for financing options in Brazil and abroad.
- (e) The records refer to the amounts of contributions from the public authorities concerning the public-private partnership (PPP) provided for in the concession contract, where the state contributes with the financial flow contribution to the project, based on measurement criteria and the progress of the work.

10 Deferred income and social contribution taxes

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

The offsetting of tax losses, limited to 30% of the taxable income for the fiscal year, implies a considerable increase in the recovery period of tax credits. Deferred tax credits were set up on the assumption of future realization, and establish the essential conditions for 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, which will be offset in subsequent years when the company begins to receive tariff revenues from the operation of the stations and other contractual revenues, with this will be entitled to cash flows due to the expectation of generating future taxable profits, arising from the operation of passenger transportation, space rental, and advertising.

Calculation of IRPJ and CSLL - Permanent basis	12/31/2023	12/31/2022
(=) Profit before income tax and social contribution	238,794	184,185
(+) Additions	988,580	1,847,411
Construction cost	986,275	1,845,779
Deductible provisions	2,305	1,632
(-) Exclusions	(1,935,237)	(2,525,009)
Construction revenue	(986,275)	(1,845,779)
Asset update revenue	(948,962)	(679,230)
(=) Taxable basis (tax loss and negative basis)	(707,863)	(493,413)
IRPJ	25% (176,965)	(123,353)
CSLL	9% (63,707)	(44,407)
Total - IRPJ/CSLL deferred asset (a)	(240,672)	(167,760)

Calculation of IRPJ and CSLL - Temporary differences	12/31/2023	12/31/2022
(+ Additions	988,580	1,845,779
(- Exclusions	<u>(1,935,237)</u>	<u>(2,525,009)</u>
(=) Calculated tax result and negative basis after comp.	(946,657)	(677,598)
(Tax loss and negative basis)		
IRPJ	25% (236,664)	(169,400)
CSLL	9% (85,199)	(60,984)
Total - IRPJ/CSSL deferred liability (b)	(321,863)	(230,383)
	12/31/2023	12/31/2022
Deferred assets (a)	240,672	167,760
Deferred liabilities (b)	<u>(321,863)</u>	<u>(230,383)</u>
Net total - IRPJ/CSSL deferred liability (c)	(81,191)	(62,623)
Table of accumulated balance - deferred IRPJ and CSLL		
Result - Deferred IRPJ/CSSL - 2020	(5,640)	(5,640)
Result - Deferred IRPJ/CSSL - 2021	(44,098)	(44,098)
Result - Deferred IRPJ/CSSL - 2022	(62,623)	(62,623)
Result - Deferred IRPJ/CSSL - 2023 (c)	<u>(81,191)</u>	<u>-</u>
Total accumulated deferred IRPJ/CSSL	(193,552)	(112,361)
	34%	34%

11 **Loans, obligations under the assignment agreement and debentures.**

The Company has adopted the management of resources and its strategy has been to obtain short- and long-term loans and financing, and to use the BNDES releases to move forward with the construction phases of Line 6 - Orange subway project in the city of São Paulo and the contributions from the issuance of debentures to cover other necessary costs.

The table below on debenture contract balances shows the short and long-term maturities of this issue.

11.1 **Debentures**

Current	12/31/2023	12/31/2022
Debentures	<u>27,457</u>	-
	27,457	-
NON-CURRENT		
Debentures	<u>1,365,965</u>	959,678
	1,365,965	959,678
Total	1,393,422	959,678

Below are the transactions and balances of debentures issued segregated by short and long-term in relation to the expected maturity, the balances in two periods ended on December 31, 2023, and 2022, with emphasis on the new funding by the issuance of the new series during the year 2023.

Transactions 2022

	CDI+ Spread	12/31/2021	Funding/Amort. Principal	Funding Cost	+ Interest incurred	(-) Interest paid	12/31/2022
Short term	11.55%+1.82%	1,478,671	(1,461,636)	6,648	122,084	(145,767)	-
Long term	11.55%+1.82%	858,798	100,000	(7,322)	108,996	(100,794)	959,678
Total		2,337,469	(1,361,636)	(674)	231,080	(246,561)	959,678

Transactions 2023

	CDI+ Spread	12/31/2022	Funding	Funding Cost	(+) Interest incurred	(-) Interest paid	12/31/2023
Short term	11.55%+1.82%	-	-	-	145,603	(118,146)	27,457
Long term	11.55%+1.82%	959,678	500,000	(85,584)	(8,129)	-	1,365,965
Total		959,678	500,000	(85,584)	137,474	(118,146)	1,393,422

11.2 Loans

	<u>12/31/2023</u>	<u>12/31/2022</u>
Loans	-	123,893
Current	-	123,893

Concessionária Linha Universidade S.A (CLU) negotiated the agreement between the Municipal Department 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.

The agreement provided for the purchase of Move São Paulo's assets and their respective costs incurred, as well as the costs of the administrative transition between the old and new administrations. In October 2023, the company settled this part of the agreement and the table below shows the transactions in 2022 and 2023:

Transactions 2022

BNDES and Financial Entities		Rate	Balance 12/31/21	Amortization Principal	Interest incurred	Interest paid	Balance 12/31/22
BNDES	CDI + 2.95% p.a.		114,536	(56,643)	16,969	(16,109)	58,752
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)	14,695
Banco ABC	CDI + 2.95% p.a.		18,318	(8,957)	2,536	(2,501)	9,396
Total			241,530	(118,567)	34,504	(33,573)	123,893

Transactions 2023

BNDES and Financial Entities	Rate	Balance 12/31/22	Principal Amortization	Interest incurred	Interest paid	Balance 12/31/23
BNDES	CDI + 2.95% p.a.	58,751	(56,610)	7,346	(9,487)	-
Santander	CDI + 2.95% p.a.	22,016	(20,924)	2,415	(3,507)	-
BTG Pactual	CDI + 2.95% p.a.	19,034	(18,089)	2,086	(3,031)	-
Crédit Agricole	CDI + 2.95% p.a.	14,696	(13,967)	1,611	(2,340)	-
Banco ABC	CDI + 2.95% p.a.	9,396	(8,938)	1,043	(1,501)	-
Total		123,893	(118,528)	14,501	(19,866)	-

11.3 Contractual obligations.

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

The assignment agreements include the amounts transacted by the companies that were part of the construction consortium, which worked on the concession project, and the amounts spent on the obligations assumed with the other parties involved.

The Concessionaire will pay the assumed debts divided into annual installments adjusted with simple interest at 3% p.a., the four installments for the 2020 to 2023 periods relating to the Move consortium have already been paid, with the remaining amounts to be paid as indicated below.

Contractual obligations	12/31/2021	Transfer	Amortization	Appropriate Interest	Interest paid	12/31/2022
Current						
Loans - Move Consortium	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 - Move Consortium	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

Contractual obligations	12/31/2022	Transfer	Amortization	Appropriate Interest	Interest paid	12/31/2023
Current						
Loans - Move Consortium	170,594	-	(128,838)	5,593	(14,764)	32,585
	170,594	-	(128,838)	5,593	(14,764)	32,585
NON-CURRENT						
Loans - Move Consortium	63,741	-	(30,380)	-	-	33,361
Loans - Move	8,000	-	-	-	-	8,000
	71,741	-	(30,380)	-	-	41,361
Total Contractual obligations	242,335	-	(159,218)	5,593	(14,764)	73,946

11.4 Financing

Long-term financing with the National Bank for Economic and Social Development (BNDES) for a total amount of R\$6.9 billion, divided into four sub-credits with monthly maturities starting in March 2026 in 199 installments, with the last installment to be paid on September 15, 2042.

Financing	Disposition limit		Disposition	Funding cost		12/31/2022
	12/31/2021			Interest/appropriate	(+) Interest	
Subcredit A	1,969,188	-	1,284,856	(151,131)	53,969	1,187,694
Subcredit B	1,373,040	-	172,161	(8,331)	6,341	170,171
Subcredit C	3,514,256	-	2,292,983	(110,951)	96,310	2,278,342
Subcredit D	43,516	-	-	-	-	-
NON-CURRENT	6,900,000	-	3,750,000	(270,413)	156,620	3,636,207

Financing	Disposition limit	12/31/2022	New Disposition	Funding cost	(-)		12/31/2023
					(+) Costs of BNDES guarantees	Interest/appropriate	
Subcredit A	1,969,188	1,187,694	153,311	(4,100)	(20,734)	160,273	1,476,444
Subcredit B	1,373,040	170,171	94,192	(728)	(3,682)	28,461	288,413
Subcredit C	3,514,256	2,278,342	274,000	(7,319)	(37,007)	286,087	2,794,104
Subcredit D	43,516	-	3,497	(9)	(44)	341	3,785
NON-CURRENT	6,900,000	3,636,207	525,000	(12,156)	(61,467)	475,162	4,562,746

Covenants on contracted loans

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

In the contracts signed by the concessionaire, the main *covenants* clauses bind the company to comply with items such as those described below:

There will be no payment of dividends, in accordance with the amendment to the Articles of Incorporation, during Phase I of the project to build Line 6 - Orange of the São Paulo subway;

It may not grant or repay any loan for use, loan for consumption or payments of any kind to any affiliates.

It will need to obtain prior authorization from the debenture holders in the event of a capital reduction;

It will need to obtain prior authorization from the debenture holders for changes to the corporate purpose of activities that could harm its main business.

12 Related parties

The concessionaire is part of the Acciona Group, a Spanish infrastructure development and management conglomerate operating in the areas of construction, water, general industry, and services, as well as renewable energies. The conglomerate is made up of several companies and the Acciona Group is considered one of the three largest construction companies in Spain, based in Madrid.

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

The main balances with related parties presented on December 31, 2023 in the Company result from the transactions described above, which are carried out under usual market conditions.

Liabilities	Suppliers-Provisions		Suppliers		Other payables - Related parties (iii)	
	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2022</u>	<u>12/31/2023</u>	<u>12/31/2022</u>
Acciona Construcción S.A (i)	111,472	242,563	20,995	2,712	48,321	-
Acciona Concesiones S.A (ii)	695	626	10,711	1,115	-	-
	112,167	243,189	31,706	3,827	48,321	-

Result	Cost of EPC work and contracted services	
	<u>12/31/2023</u>	<u>12/31/2022</u>
Acciona Construcción S.A (i)	2,299,065	6,520
Acciona Concesiones S.A (ii)	8,856	1,254
	2,307,921	7,774

- (i) Acciona Construcción is the branch construction company in Brazil. The amounts recorded in the liability accounts refer to phase I of the construction of the project relating to the implementation of the subway terminals and stations provided for in the works contract - EPC and the contracted services.
- (ii) Acciona Concesiones is a Spanish company responsible for transportation, water, and energy concession projects in several countries. The amounts recorded in the liability accounts refer to the advisory services provided in the engineering, legal, and financial areas.
- (iii) Monitoring the evolution of the production and certification metrics of the works under the EPC contract identified some occasional delays in the progress of the work that cause financial impacts on the cost, due to the situation the withholding of amounts on payments of invoices issued Acciona Construtora was applied, the applicable penalties totaled the amount of R\$ 48.3 million in 2023.

13 Shareholders' equity

The Concessionaire was incorporated on November 22, 2019, under the name Linha Universidade Participações, with subscribed share capital of R\$ 1, represented by 1.000 shares of nominal value and its corporate purpose was to act as a Holding company for non-financial institutions, subsequently, on May 19, 2020, the company's name was changed to Concessionária Linha Universidade S.A. and the corporate purpose changed to act as a service provider exclusively on the São Paulo subway line, and the subscribed share capital increased to five hundred and twenty million Reais (R\$ 520,000).

At the Extraordinary General Meeting held on March 15, 2022, the Company's Board of Directors decided to increase the subscribed capital by eight hundred and seventy-five million Reais (R\$875,000), thus increasing it from five hundred and twenty million Reais (R\$520,000) to one billion, three hundred and ninety-five million Reais (R\$1,395,000), with the issue of new class B preferred shares.

Capital contributions from partners have accumulated an amount of R\$ 804,470, of which R\$ 304,470 in 2023 and a further R\$ 560,000 in 2022.

For the capital contributions already made, the partners paid in the amount of R\$1,002,920 between 2020 and 2023. Information on the contributions made is shown in the table below:

January 2022	113,091
February 2022	164,067
March 2022	244,687
May 2022	<u>38,155</u>
Transactions in contribution 2022 - Total	<u>560,000</u>
September 2023	<u>304,470</u>
Transactions in contribution 2023 - Total	<u>304,470</u>
Total accumulated contributions from 2020 to 2023	<u>864,470</u>

The following table shows who the Concessionaire's shareholding members are and their values, percentages of shareholdings, and type of registered shares (type and class of shares) on December 31, 2023:

ON - Ordinary Shares

Corporate structure	Partic. (%)	Subscribed ordinary shares	Paid-up ordinary shares	Shares to be paid in
Acciona Construcción	43.00%	113,950	113,950	-
Socgen Inversiones Financieras	39.64%	105,046	105,046	-
STOA Metro Brazil	12.36%	32,754	32,754	-
Linha Universidade Investimentos	5.00%	13,250	13,250	-
Total	100.00%	265,000	265,000	-

PN - Class A Preferred Shares

Corporate structure	Partic. (%)	Shares ordinary subscribed	Paid-up ordinary shares	Shares to be paid in
Acciona Construcción	43.00%	109,650	109,650	-
Socgen Inversiones Financieras	39.64%	101,082	101,082	-
STOA Metro Brazil	12.36%	31,518	11,358	20,159
Linha Universidade Investimentos	5.00%	12,750	12,750	-
Total	100.00%	255,000	234,840	20,159

PN - Class B Preferred Shares

Corporate structure	Partic. (%)	Subscribed ordinary shares	Paid-up ordinary shares	Shares to be paid in
Acciona Construcción	43.00%	376,250	258,094	118,156
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	299	43,451
Total	100.00%	875,000	503,080	371,920
Consolidated capital	47.33%	1,395,000	1,002,920	392,080

(a) **Allocation of income:** There is a contractual provision for the allocation of part of the net profits calculated in the annual balance sheet, which will be deducted:

- (i) 5% before any allocation to the legal reserve up to a limit of 20% of the share capital;
- (ii) As established in the Company's Articles of Incorporation, no amounts were allocated for the payment of dividends in Phase I of the project;

The remaining profits shall be allocated as approved by the General Shareholders' Meeting, in accordance with a proposal formulated by the Board of Directors.

(b) **Shareholders' agreement:** Under the Company's Articles of Incorporation, the Company, its shareholders and directors undertake to resolve any disputes

14 Construction revenues and costs

The company records revenues against financial assets and costs against suppliers contracted as a result of the operations in phase I of the concession contract. The financial asset is being restated based on the expectation that future cash flows will be received from the start of the revenue from the operation of the subway.

The company is in phase I of the concession contract and in this phase, it is not expected to receive fee-related revenues and other revenues from the operation of spaces and the leasing of stations.

	12/31/2023	12/31/2022
EPC construction revenue	2,299,190	2,744,153
Revenue from financial assets - specialized advisory	-	4,728
Revenue from updating financial assets	846,863	596,721
Revenue from financial assets - other	102,189	82,509
Total net revenue	3,248,242	3,428,111
	12/31/2023	12/31/2022
Construction cost	(2,299,190)	(2,744,153)
Cost of specialized advisory (a)	-	(4,728)
Insurance Costs (b)	(7,556)	(6,711)
Guarantee Costs (c)	-	10,210
Other costs	(11,522)	-
Total costs of services provided	(2,318,268)	(2,745,382)

(a) Registration refers to the hiring of consultancy services to work with the BNDES on issues involving the loan agreement, the agreement was signed in December 2021

(b) The concession contract stipulates the need to take out insurance policies to guarantee coverage and mitigate the possible risks associated with works, operational risks, 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 the short-term debentures. See further details in explanatory note 11.1 regarding the 1st and 3rd debentures.

15 OPERATING EXPENSES

Amounts relating to professionals from Spain for the engineering and financial areas hired by means of an agreement between Brazil and Spain, were recorded in the group's contracted services accounts.

	<u>12/31/2023</u>	<u>12/31/2022</u>
Contracted services - related parties	(20,932)	(31,592)
Total - contracted services - related parties	(20,932)	(31,592)
Contracted advisory services	(11,363)	(8,004)
Subway system operator services	(11,211)	(8,661)
Certification services	(12,638)	(10,133)
Sustainability services	(1,494)	(2,468)
Others	(2,741)	(5,004)
Total - contracted services - third parties	(39,447)	(34,270)
Personnel	(19,919)	(15,968)
Administrative	(1,299)	(1,358)
Tax	(5,081)	(5,428)
Depreciation and amortization	(674)	(576)
Total - administrative, tax and personnel	(26,973)	(23,330)
Total	(87,352)	(89,193)

16 Net financial income

	<u>12/31/2023</u>	<u>12/31/2022</u>
Income on financial investments (a)	29,099	22,795
Discounts obtained	127	25
Total financial revenues	29,226	22,800
Interest on loans - Debentures (b)	(137,474)	(223,757)
Interest on loans - Assignment (b)	(5,592)	(33,399)
Interest on CCBS loans (b)	(6,915)	(17,846)
Interest on BNDES loans (b)	(482,725)	(156,621)
Other interest and fees	(348)	(519)
Total financial expenses	(633,054)	(432,150)
Net financial income	(603,828)	(409,350)

- (a) Result of operations with funds that remain invested in financial investments.
(b) Operation with assignment agreement and bridge financing, and BNDES.

The obligations assumed are subject to different interest rates for each operation and are described in explanatory note 11.

17 Expropriations

The Concessionaire will be responsible for communicating and monitoring the expropriation of properties necessary for building Line 6 - Orange, as provided for in State Decree No. 58,025 of May 2012 - see details below.

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

Article 2 - Companhia do Metropolitano de São Paulo - METRÔ is hereby authorized to invoke urgency in judicial expropriation proceedings.

Article 3 - The expenses incurred in implementing this decree shall be borne by Companhia do Metropolitano de São Paulo - METRÔ.

Therefore, the indemnity amounts are the Granting Authority's responsibility, which has a specific bank account where the indemnity amounts are paid to the property owners, and the Concessionaire does not control this account and only has access for consultation purposes.

Clause 37 of the concession contract also stipulates that if the concessionaire sees the need to use areas not covered by the State Decree and which are necessary for the implementation of the future Vila Cardoso Bus Terminal, as well as for the full implementation of Line 6, the concessionaire must submit to the Granting Authority the documents provided for properties that need to be expropriated.

The Company, through its legal advisors, has identified processes on behalf of Move São Paulo relating to the expropriation of properties, with a history of changing Move's name to Linha Uni, but the concession contract together with State Decree 58.025/2012 provides for the financial responsibilities and scope of the processes of expropriation of properties and the responsibility of the Granting Authority.

478 lawsuits were identified relating to IPTU (Urban Real State Tax) processes for expropriated properties, for which no financial outlay is expected by the company, therefore, on December 31, 2023 and 2022, there are no provisioned or disclosed balances related to contingencies involving the company.

18 Insurance policy coverage

The company takes out insurance coverages, letters of guarantee, and warranties to mitigate possible risks to which it may be exposed.

The concession contract provides for insurance to guarantee the Granting Authority's financial risks, and the Company has taken out policy No. 50014798 to mitigate these financial risks. In addition, through policy No. 2500446, the company has taken out coverages to mitigate risks associated with the office to guarantee equipment, furniture, and other items.

Contracted company	Guarantee Assignment Agreement	Types of insurance	Insured Amount	Term
Tokio Marine S.A. 50% - Pottencial Seguradoras S.A - 50%	No. 61902020881107750014798 Endorsement No. 002	Financial Risks	819,074	12/18/2022 to 10/06/2025
Total Coverage			819,074	

Below is a summary of the administrative insurance policy.

Contracted company	Administrative Insurance Contract	Types of insurance	Insured Amount	Term
Tokio Marine S.A.	No. 2500446	Business Comprehensive	2,700	12/15/2023 to 12/15/2024
Total Coverage			2,700	

While the BNDES' long-term loan contract provides for the contracting of letters of guarantee and guarantees with financial institutions, which have quarterly payments and the costs are proportional to the amount used.

Contracted company	Guarantee Loans / Types of Insurance	Term	Par value Letters of Guarantee	Reference value of the guarantee limit	Importance used
Banco ABC do Brasil	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	150,000	150,000	87,801
Banco BNP Paribas Brasil	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	400,000	400,000	234,135
Banco Bradesco	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	100,000	100,000	58,534
Banco Credit Agricole Brasil, S.A.	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	426,000	426,000	249,354
Corporation Andina de Fomento	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	200,000	136,734	80,035
Instituto de Crédito Oficial, E.P.E.	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	600,000	410,201	240,106
Banco J.P. Morgan, S.A.	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	283,000	283,000	165,651
INTESA SanPaolo, S.P.A.	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	443,246	303,033	177,377
Banco Santander (Brasil), S.A.	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	500,000	500,000	292,669
Sumitomo Mitsui Banking Corporation	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	443,246	303,033	177,377
Banco Sumitomo Mitsui Brasileiro, S.A.	Letter of guarantee / BNDES contractual guarantee	07/25/2022 to 07/31/2027	300,000	300,000	175,601
Total Coverage			3,845,492	3,312,001	1,938,640

The table above shows the guarantees contracted with financial institutions in order to fulfill the requirements of the BNDES long-term loan.

19 Subsequent Events

The members made new capital contributions in the amount of R\$80 million in January 2024.