

ANNUAL REPORT

DECEMBER 31, 2023



ANNUAL REPORT, DECEMBER 31, 2023

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Algarve at a Glance

Profile of the Company

The principal activity of Algarve International B.V. (hereinafter referred to as the “Company” or as “Algarve”) is the financing of affiliated companies and the raise of funds, including the issuance of bonds, creating security in connection therewith.

In 2000, Autoestrada do Algarve – Via do Infante – Sociedade Concessionária AAVI, S.A. (*formerly known as Euroscut Sociedade Concessionária da Scut do Algarve, S.A.*), hereinafter referred to as “**Via do Infante**”, a group company of Algarve, based in Lisbon, Portugal, was granted the concession with respect to a system toll road in Southern Portugal (hereinafter referred to as the “**Concession**”), together with other facilities and works constituting a part of the Concession from time to time.

The Company, incorporated in 2001, raised funds through the issuance of loans and bonds that it lends to Via do Infante. Citibank N.A. was appointed as ‘Security Trustee’, and the European Investment Bank, Luxembourg (hereinafter referred to as “EIB”) as credit party. On August 30, 2022 Syncora Guarantee, Inc., was released from its capacity as Guarantor of the issued Bonds and EIB loan from the Finance Documents. As at 31 December 2023, Algarve is owned by DIF Participations 4 Luxembourg S.à.r.l (“DIF”) since September 2017 for 49%, Fados II B.V. for 48% (28% since December 17, 2020 and 20% since August 30, 2022) and J. Gomes– Sociedade de Construções do Cávado, S.A for 3%.

Report of the Board of Directors

Financial Report

During the current year review, the Company recorded a net profit of EUR 233,334.

Annual Accounts and Dividend Proposal

The Annual Report includes the Annual Accounts as per December 31, 2023 which are accompanied by an unqualified audit opinion from the external auditor, Ernst & Young Accountants LLP (“EY”). These Annual Accounts were prepared in accordance with the statutory provisions of section 9 of Book 2 of the Dutch Civil Code.

In May 24 2023, it was proposed and approved by the Board of Directors to distribute a dividend in the amount of EUR 350,000 out of the net profits for 2022 and a part of the reserves from previous years, to be provided in cash to the shareholders pro rata to the percentage of shares held by each shareholder (“the **Distribution**”). The payment of the dividend was made on June 15, 2023.

Overview of the Activities

By a unilateral decision from the Portuguese Government, 10 toll collection points (*gantries*) were installed on the Via do Infante and tolls were charged as of December 8, 2011.

The “*Preliminary Agreement with reference to the Memorandum of Understanding for the adjustment of the Euroscut Algarve Concession Agreement*” was signed on July 11, 2014. This agreement specified the revised terms of the current operating conditions of the concession and the amendments to be made to the Concession Agreement. As a result of the negotiations, on July 29, 2015 a Minute of the Conclusion of Negotiation Procedures was signed allowing the Minute of the Concession Agreement to be approved by the Council of Ministers through Resolution number 83-C/2015 on October 1, 2015. The amended Algarve Concession Agreement was formalized on October 2, 2015 specifying the revised terms of the operating conditions of the concession and the new levels of operation on the consigned stretches of motorway from a shadow toll SCUT basis payment regime to an availability payment. The amended agreement became legally binding on November 9, 2015 and prior approval was waived by the Court of Auditors.

Currently the Company has three shareholders: DIF Participations 4 Luxembourg, S.à.r.l, FADOS II B.V, and J. Gomes – Sociedade de Construções do Cávado, S.A.

In February 28, 2018, the Court of Braga (Portugal) declared the Insolvency of J. Gomes – Sociedade de Construções do Cávado, S.A.

Financial Analysis

In 2023 the interest income decreased by 19.55% to EUR 5,551,491 compared to EUR 6,900,736 in 2022. Likewise, the interest expense decreased by 19.57% to EUR 5,342,812 compared to EUR 6,642,511 in 2022. These variations were mainly due the repayments of the loan and bond (both receivable and payable), in accordance with the contracted cash-flows and the Impairment of Financial Assets.

The general and administrative expenses decreased by 32.28% to EUR 203,882 compared to EUR 301,063 in 2022 mainly due to the release of Syncora Guarantee Inc. as Guarantor. The total amount of assets decreased by 17,66% to EUR 70,117,366 compared to EUR 85,152,501 in 2022, due to debt repayment according to the schedule established in the agreement.

Risk Analysis

Algarve has no operations of its own, so holders of the bonds and other creditors depend on Via do Infante to provide Algarve with enough funds to make payments on the notes and any invoices when due.

Via do Infante does not foresee to have liquidity issues since the current agreement with the Portuguese Government guarantees revenues, with a set up payment calendar with no traffic risk, until the end of the concession agreement in 2030.

Number of Employees

Neither during the year under review, nor in the previous period year did the Company have any employees.

Future Developments

There are no other known risks or uncertainties that the directors consider would have a significant impact on the performance of the company. The directors do not anticipate that there will be any significant changes to the activities of the company for the foreseeable future.

Audit Committee

Following the Royal Decree of July 26, 2008, concerning the implementation of Article 41 of EC directive 2006/43, Public Interest Entities are required to have an Audit Committee. The Company established the Audit Committee in 2019 whose actual members are Marieke Stéphanie Lely, Dennis Jong and Raul Barrueco Gonzalez.

One meeting was held on May 24, 2023 regarding the audited annual financial statements for 2022.

Report pursuant to Article 5:25c of the Financial Markets Supervision Act in the Netherlands

With reference to Section 5.25c paragraph 2c of the Financial Markets Supervision Act, the Board of Directors states that, to the best of its knowledge:


The Annual Financial Statements of 2023 of Algarve International B.V. give a true and fair view of the assets, liabilities, the financial position, and the profit or loss of Algarve International B.V. as at December 31, 2023, the developments during 2023, whose details are included in the Annual Financial Statements. The significant risks Algarve International B.V. faces are described in this Annual Report.

Russia and Ukraine conflict

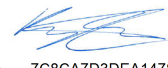
The European and global financial markets have been and are expected to continue to be significantly impacted by the Russia/Ukraine conflict.

The Company exposure to the conflict is limited, however, the indirect impact of the conflict and sanctions regime remains uncertain. All developments and the related potential risks will be closely monitored.

Amsterdam, May 27, 2024

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R. Barrueco Gonzalez
As: Chairman of the Board of Directors

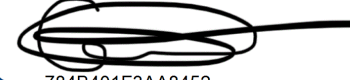
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R. Roumen
As: Director

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M. Stéphanie Lely
As: Director

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M. C. González Agrelo
As: Director

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D. Jong
As: Director

Annual Accounts

Balance Sheet as at December 31, 2023

(before appropriation of results)

ASSETS	<i>Notes</i>	2023 <i>EUR</i>	2022 <i>EUR</i>
<i>Loan Tranches to related parties</i>			
Tranche A – Loan @ 6.65% to Via do Infante	(3)	50,874,872	60,364,636
Tranche B – Loan @ 6.75% to Via do Infante	(3)	2,524,993	8,442,616
Non-Current Assets		53,399,865	68,807,252
<i>Loan Tranches to related parties</i>			
Tranche A – Loan @ 6.65% to Via do Infante	(3)	9,716,799	8,232,490
Tranche B – Loan @ 6.75% to Via do Infante	(3)	5,955,499	6,907,325
Corporate Income Tax Receivable		39,586	41,870
Other Receivables	(4)	173,143	81,740
Deferred tax asset	(5)	12,191	23,194
Total Receivables		15,897,218	15,286,619
<i>Cash at Banks</i>	(6)	820,283	1,058,630
Current Assets		16,717,501	16,345,249
TOTAL ASSETS		70,117,366	85,152,501
SHAREHOLDERS' EQUITY AND LIABILITIES			
Issued and fully paid up share capital		18,000	18,000
Retained earnings		722,812	885,624
Net result for the period		233,334	188,538
Total Equity	(7)	974,146	1,092,162
<i>Debt issued and other borrowed funds</i>			
Tranche A – Guaranteed 6.40% Bonds	(8)	50,885,167	60,417,074
Tranche B – European Investment Bank 6.50% Loan	(8)	2,493,815	8,421,543
Non-Current Liabilities		53,378,982	68,838,617
<i>Tranches A and B Payable</i>			
Tranche A – Guaranteed 6.40% Bonds	(8)	9,719,430	8,237,113
Tranche B – European Investment Bank 6.50% Loan	(8)	5,960,292	6,915,912
Accounts Payable and Accrued Expenses	(9)	84,516	68,697
Current Liabilities		15,764,238	15,221,722
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		70,117,366	85,152,501

Annual Accounts

Income Statement for the year ended December 31, 2023

	Notes	2023 EUR	2022 EUR
<i>Interest Income</i>	(11)		
Tranche A – Loan 6.65% to Via do Infante		4,540,867	5,181,696
Tranche B – Loan 6.75% to Via do Infante		1,010,624	1,719,040
Total Interest Income		5,551,491	6,900,736
<i>Impairment of financial assets</i>	(12)		
Tranche A – Loan 6.65% to Via do Infante		43,393	(50,985)
Tranche B – Loan 6.75% to Via do Infante		14,565	(6,069)
Other receivable		(47)	(77)
Total Impairment on Financial Instruments		57,911	(57,131)
<i>Interest Expense</i>	(13)		
Tranche A – Guaranteed 6.40% Bonds		(4,369,269)	(4,986,545)
Tranche B – European Investment Bank 6.50% Loan		(973,543)	(1,655,966)
Total Interest Expense		(5,342,812)	(6,642,511)
Operating Income/(Expenses)		266,590	201,094
General and Administrative Expenses	(14)	(203,882)	(301,063)
Income originated on rebilled expenses to Via do Infante	(15)	206,303	319,432
Interest Income Bank		21,819	2,346
Other Operating Income/(Expenses)		24,240	20,715
Result before Corporate Income Tax		290,830	221,809
Corporate Income Tax	(16)	(57,496)	(33,271)
NET RESULT FOR THE PERIOD		233,334	188,538

Annual Accounts

Cash Flow Statement for the year ended December 31, 2023

	Notes	2023 EUR	2022 EUR
Repayment of loans receivable	(3)	14,920,400	20,221,250
Repayment of loans payable	(3)	(14,920,400)	(20,221,250)
Interest received loans receivable		5,563,952	6,919,220
Interest paid loans payable		(5,355,349)	(6,660,053)
Corporate income tax paid		(47,690)	(46,214)
General and administrative expenses		(181,891)	(267,499)
Income originated on rebilled expenses to Via do Infante		107,462	277,943
Cash flow from operating activities		86,484	223,397
Interest income bank		25,169	2,335
Dividend paid		(350,000)	(450,000)
Cash flow from financing activities		(324,831)	(447,665)
Increase/ (decrease) cash at Banks		(238,347)	(224,268)
Cash at the beginning of the period		1,058,630	1,282,898
Increase/ (decrease) cash		(238,347)	(224,268)
Cash at the end of the period		820,283	1,058,630

Annual Accounts

Notes to the Annual Accounts

1 General

a. Group Affiliation and Principal Activities

Algarve International B.V. (hereinafter the "**Company**" or "**Algarve**"), with KVK-number: 34155411, was incorporated on April 23, 2001 and is a private company with limited liability, with its statutory seat in Amsterdam and having its place of business at Kingsfordweg 151, Amsterdam, the Netherlands.

The principal activity of Algarve International B.V. is the financing of Via do Infante and the raise of funds, including the issuance of bonds, creating security in connection therewith.

b. Group structure

The Company has three shareholders: DIF Participations 4 Luxembourg, S.à.r.l (49%), FADOS II, B.V. (48%) and J. Gomes – Sociedade de Construções do Cávado, S.A. (3%).

c. Related-party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the Company are considered a related party. In addition, statutory directors and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is required for to provide the true and fair view.

The funds raised by Algarve are lend to Via do Infante which is a related party, with the same main shareholders as Algarve.

Algarve does not have any related party transaction different than Via do Infante.

d. Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. If necessary, for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes 2.a and 4 to the financial statements.

e. Basis of presentation

The Annual Financial Report were prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. The annual accounts are denominated in Euro.

The balance sheet and income statement include references to the notes.

f. Notes to the cash flow statement

The cash flow statement has been prepared applying the direct method. The cash and cash equivalents in the cash flow statement comprise the balance sheet item cash at banks.

2 Accounting Policies for the Balance Sheet and Income Statement

a. Financial Instruments

Initial recognition

Financial assets and liabilities are initially recognised on the trade date. The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value, transaction costs are added to, or subtracted from, this amount.

The Company mainly classifies its financial assets and financial liabilities at amortised cost, based on the business model for managing the instrument and the contractual terms.

Financial assets and liabilities by financial statements line item

- Loan tranches to group companies (current and non-current including accrued interest): these loans are initially recognised at fair value, and subsequently measured at amortised cost using the effective interest rate.
- Debt issued and other borrowed funds (current and non-current including accrued interest): after initial measurement, debt issued and other borrowed funds are subsequently measured at amortised cost.

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities

A financial asset is derecognised when all risks and rewards have been transferred and the rights to receive cash flows from the financial asset have expired.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

b. Impairment of financial assets

In determining the impairment of financial assets the Company applies Expected Credit Loss methodology which is allowed under Dutch GAAP. The Company records an allowance for expected credit loss (ECL) for all loans in this section.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit losses or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit losses (12mECL). The Company makes use of the low credit risk simplification in the calculation of the ECL.

Based on the above process, the Company groups its loans into Stage 1, Stage 2, Stage 3, as described below:

- Stage 1: When loans are first recognised, the Company recognises an allowance based on 12mECL. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECL. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- Stage 3: Loans considered credit-impaired. The Company records an allowance for the LTECL.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD: The Probability of Default is an estimate of the likelihood of default over a given time horizon (See Note 3).
- EAD: The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments (See Note3).
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time (See Note 3)

The receivables under the current assets are initially measured at fair value plus transaction costs and subsequently carried at amortized cost less impairment when necessary. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

This line item mainly includes the receivables relating to expenses that are re-billed to Via do Infante, based on the agreement between the parties.

c. Cash at banks

Cash include, bank balances and deposits held at call with maturities of less than twelve (12) months. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Cash are stated at nominal value.

d. Equity

This annual financial report contains a balance sheet before profit appropriation (as recommended by the Dutch Accounting Standards Board). Profit for the period is recognized as the last item in equity. The presentation of debt versus equity is based on its legal form, which is in conformity with Dutch regulation.

e. Operating Income / (Expenses)

Interest income / expense of the Loans are recognized on a time-weighted basis and according to the effective interest rate of the corresponding assets and liabilities (amortized cost).

f. Other operating Income / (Expenses)

This line item includes all fees, expenses and other amounts in reference to the financing that are paid by the Company and entirely re-billed to Via do Infante. Income and expense are recognized in the year they are realized, unless stated otherwise.

g. Dutch Corporate Income Tax

The Company is subject to Dutch Corporate Income Tax and therefore, the tax payable is calculated by application of the relevant rate to the amount of taxable profit.

h. Impairment charges

Impairment charges related to financial instruments held by the Company are presented separately in the Income Statement (see Note 12).

3 Loan Tranches to group Companies

	2023	2022
Tranche A – Loan @ 6.65% to Via do Infante		
<i>Facility: EUR 126,500,000 from July 2, 2001 until May 11, 2027 at a rate of 6.65%.</i>		
Opening balance	60,289,900	68,335,300
Reclassification Current Assets	(9,550,750)	(8,045,400)
Total Nominal Amount	50,739,150	60,289,900
Movement Amortized Cost	184,045	163,542
Impairment of Financial Fixed Asset	(48,323)	(88,806)
Total non-current Tranche A	50,874,872	60,364,636
Current Tranche A	9,550,750	8,045,400
Impairment of Financial Current Assets – Principal	(9,054)	(11,819)
Interest Tranche A	175,269	199,202
Impairment of Financial Current Asset - Interest	(166)	(293)
Total current Tranche A	9,716,799	8,232,490
Tranche B – Loan @ 6.75% to Via do Infante		
<i>Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.75%</i>		
Opening balance	8,231,000	15,106,000
Reclassification Current Assets	(5,938,000)	(6,875,000)
Total Nominal Amount	2,293,000	8,231,000
Movement Amortized Cost	234,341	224,036
Impairment of Financial Fixed Asset	(2,348)	(12,420)
Total non-current Tranche B	2,524,993	8,442,616
Current Tranche B	5,938,000	6,875,000
Impairment of Financial Current Assets – Principal	(5,629)	(10,099)
Interest Tranche B	23,150	42,486
Impairment of Financial Current Assets – Interest	(22)	(62)
Total current Tranche B	5,955,499	6,907,325
 Total Non- Current	 53,399,865	 68,807,252
 Total Current	 15,672,298	 15,139,815

Tranche A

The Company lent to Via do Infante EUR 126,500,000, following the issue of bonds for the same amount. The loan was provided to finance the construction of motorway stretches. Interest is calculated on the same basis as the bonds at 6.40% p.a. (being 365 days) plus a spread of 0.25% (6.65%). Via do Infante shall repay the Tranche A loan in accordance with the Tranche A Amortization Schedule. The final repayment has been scheduled accordingly on May 11, 2027. The effective interest rate is 6.49%

The Company received the payment, on December 15, 2023, of EUR 8,045,400 referring to the Principal Value of the Bonds. Future payments will be as follows:

<i>Date</i>	<i>Principal Amount</i>
15/12/2024	9,550,750
15/12/2025	19,202,700
15/12/2026	21,024,300
11/05/2027	10,512,150

Tranche B

The agreement foresees that the funds which were received from a loan due to the EIB of EUR 130,000,000 may be used to grant the loan to Via do Infante. This loan is incurred to finance the construction of road stretches and bears interest at 6.50% p.a. (being 360 days) plus a spread of 0.25% (6.75%) payable in December each year. Via do Infante shall repay the Tranche B loan in accordance with the Tranche B Amortization Schedule.

The final repayment has been scheduled accordingly on December 15, 2025. Due to the downgrade of Syncora, the Guarantor, the interest has increased by 0.50% as per December 31, 2010, these changes have been reflected in the aforementioned percentages. The effective interest rate is 6.67%

The Company received the payment, on December 15, 2023, of EUR 6,875,000, referring to the Principal Value of the EIB Loan. Future payments will be as follows:

<i>Date</i>	<i>Principal Amount</i>
15/12/2024	5,938,000
15/12/2025	2,293,000

Impairments of Financial Assets

The expected credit losses (ECL) for these financial instruments are calculated considering: the outstanding balance to obtain the Exposure at Default (EAD) and, other parameters observed in the market to obtain the Probability of Default (PD) and the Loss Given Default (LGD).

The PD of the Portuguese State, which is the main client of Via do Infante was used for the ECL calculation.

The maximum credit risk exposure equals the carrying amount disclosed in the balance sheet.

The financial assets are classified as stage 1, thus no significant increase in credit risk has been observed since initial recognition of the exposures. During the year under audit covered by the annual financial report there has been the following movement in the provision balance:

<i>Loss allowance – Loans and advances to customers at amortised cost</i>	Loan Long Term	Loan Short term	Intercompany	Total
<i>Loss allowance as at January 1, 2023</i>	101,227	22,273	106	123,606
<i>Changes in the loss allowance</i>	(50,556)	(7,402)	47	(57,911)
<i>Loss allowance as at December 31, 2023</i>	50,671	14,871	153	65,695

<i>Loss allowance – Loans and advances to customers at amortised cost</i>	Loan Long Term	Loan Short term	Intercompany	Total
<i>Loss allowance as at January 1, 2022</i>	53,374	13,072	29	66,475
<i>Changes in the loss allowance</i>	47,853	9,201	77	57,131
<i>Loss allowance as at December 31, 2022</i>	101,227	22,273	106	123,606

4 Other Receivable

	2023	2022
<i>Autoestrada do Algarve – Via do Infante – Sociedade Concessionária AAVI S.A.</i>	173,296	81,846
<i>Impairment of financial assets</i>	(153)	(106)
	<u>173,143</u>	<u>81,740</u>

5 Deferred tax asset

	2023	2022
<i>Deferred tax asset</i>	12,191	23,194
	<u>12,191</u>	<u>23,194</u>

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits shall be available against which deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits shall be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is disposed of based on tax laws and rates that have been enacted or substantively enacted at the Balance Sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited in net equity, in which case the deferred tax is also recognized in net equity.

6 Cash at Banks

	2023	2022
<i>Citibank Amsterdam – current account</i>	820,283	1,058,630
	<u>820,283</u>	<u>1,058,630</u>

At December 31, 2023 and December 31, 2022 all cash at Banks are freely available to the Company. In 2023 EUR 21,819 and 2022 EUR 2,335 were received by interest on the current account held with Citibank Amsterdam. Moody's long-term rating for Citibank N.A. is set to Aa3 (high grade), similar than last year.

7 Equity

The authorized share capital of the Company is EUR 90,000 divided into 90,000 shares of EUR 1 each. At balance sheet date a total of 18,000 shares were issued and fully paid.

Currently the Company has three shareholders: DIF Participations 4 Luxembourg, S. à r.l., FADOS II B.V., and J. Gomes – Sociedade de Construções do Cávado, S.A..

The shareholder composition as of December 31, 2023 was:

Shareholders	Shares	%
DIF Participations 4 Luxembourg, S. à r.l	8,820	49%
FADOS II B.V.	8,640	48%
J. Gomes-Sociedade de Construções do Cávado, S.A.	540	3%
Total	18,000	100%

Movements in the equity accounts are as follows:

	2022	Changes for the Period	Dividend	2023
<i>Issued and fully paid up share capital</i>	18,000	-	-	18,000
<i>Retained earnings</i>	885,624	187,188	(350,000)	722,812
<i>Net result for the previous year</i>	188,538	(188,538)	-	-
<i>Net result for the period</i>	-	233,334	-	233,334
<i>Total Equity</i>	<u>1,092,162</u>	<u>231,984</u>	<u>(350,000)</u>	<u>974,146</u>

	2021	Changes for the Period	Dividend	2022
<i>Issued and fully paid up share capital</i>	18,000	-	-	18,000
<i>Retained earnings</i>	1,007,184	328,440	(450,000)	885,624
<i>Net result for the previous year</i>	327,090	(327,090)	-	-
<i>Net result for the period</i>	-	188,538	-	188,538
<i>Total Equity</i>	<u>1,352,274</u>	<u>189,888</u>	<u>(450,000)</u>	<u>1,092,162</u>

8 Tranches A and B Payable

	2023	2022
Tranche A - Guaranteed 6.40% Bonds		
<i>EUR 126,500,000 from July 2, 2001 until May 11, 2027 at a rate of 6.40%</i>		
<i>Opening balance</i>	60,289,900	68,335,300
<i>Reclassification current liabilities</i>	(9,550,750)	(8,045,400)
<i>Total Nominal Amount</i>	50,739,150	60,289,900
<i>Movement Amortized Cost</i>	146,017	127,174
	<u>50,885,167</u>	<u>60,417,074</u>
<i>Current assets Tranche A – Principal</i>	9,550,750	8,045,400
<i>Current assets Tranche A – Interest</i>	168,680	191,713
Total current Tranche A	9,719,430	8,237,113
Tranche B - European Investment Bank		
<i>Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.50%</i>		
<i>Opening balance</i>	8,231,000	15,106,000
<i>Reclassification current liabilities</i>	(5,938,000)	(6,875,000)
<i>Total Nominal Amount</i>	2,293,000	8,231,000
<i>Movement Amortized Cost</i>	200,815	190,543
	<u>2,493,815</u>	<u>8,421,543</u>
<i>Current assets Tranche B</i>	5,938,000	6,875,000
<i>Current assets Tranche B – Interest</i>	22,292	40,912
Total current Tranche B	5,960,292	6,915,912
Total non-current	53,378,982	68,838,617
Total current	15,679,722	15,153,025

The Company has raised funds through loans and bonds. In relation to these raised funds, Citibank N.A. has been appointed as 'Security Trustee' for the bonds listed on the Luxembourg Stock Exchange (Tranche A). The EIB acts as credit party (Tranche B loan provider). Syncora, a New York based stock insurance company, was released as 'Guarantor' on August 30, 2022.

In consideration for EIB's consent to the cancellation of the EIB financial guaranty, the financial guaranty fee in respect of the EIB financial guaranty payable to EIB pursuant to the Fee Letter (which was assigned by Syncora on 8 November 2011) will continue to be paid notwithstanding the release of the EIB financial guaranty.

Tranche A

The EUR 126,500,000 Guaranteed Bonds of Algarve were issued on July 2, 2001. The bonds mature June 15, 2027, and bear annual interest of 6.40% payable in December of each year and capital is repaid over 18 variable instalments. The first instalment took place on December 15, 2006, and the last will take place on May 11, 2027. The loan was obtained to finance the construction of motorway stretches.

The balance movement of the year for the Tranche A was:

<i>Bond (Tranche A)</i>	2023	2022
Opening Balance	68,654,188	78,337,696
Accrued Interest	4,369,269	4,986,545
Interest paid	(4,373,459)	(4,992,803)
Principal paid	(8,045,400)	(9,677,250)
<i>Ending balance</i>	60,604,597	68,654,188

Tranche B

The agreement foresees that the funds which were received from a loan due to EIB of EUR 130,000,000 bearing interest at 6.50% p.a. payable in December of each year, may be transferred to Via do Infante. This loan is incurred to finance the construction of road stretches.

Repayment of capital is expected to take place in 15 annual variable amount instalments, with the first one due December 15, 2011, and the last one due December 15, 2025. Interest increased by 0.50% as per December 31, 2009.

The balance movement of the year for the Tranche B was:

<i>Loan (Tranche B)</i>	2023	2022
Opening Balance	15,337,455	25,892,739
Accrued Interest	973,543	1,655,966
Interest paid	(981,890)	(1,655,250)
Principal paid	(6,875,000)	(10,544,000)
<i>Ending balance</i>	8,454,107	15,337,455

Loan tranches repayment schedule (nominal value)	Term 1 year	Term 2-5 years	Term > 5 years
<i>Tranche A - Guaranteed 6.40% Bonds</i>	9,550,750	50,739,150	-
<i>Tranche B - European Investment Bank 6.50%</i>	5,938,000	2,293,000	-

9 Accounts Payable and Accrued Expenses

	2023	2022
<i>Accrued audit fees</i>	30,000	26,175
<i>Accrued management fees</i>	35,460	21,912
<i>Accounts payable</i>	19,056	20,610
	<u>84,516</u>	<u>68,697</u>

10 Fair Value Financial Instruments

The Bonds issued by Algarve are listed at the Luxembourg Stock Exchange, with a current quotation of 117.94%, however there is not an active trading volume for this instrument, therefore it cannot be considered a fair value level 1 instrument.

The company calculates the FV of the bond using the zero-coupon curve, given that this is an internal model where no market observable parameters are being used, this is considered a FV level 3 financial instrument. The FV of the bond as at December 31, 2023 is 125,61% vs 2022: 133,22%.

The Company has therefore performed a fair value analysis on the quoted rate to assess the impact of changes to the bond quote on the fair value.

The fair value of the loans granted to a group company is based on the discounted cash flows of future loan repayments and interest payments, using the implicit effective rate of the fair value of the bond as determined above, due to the terms and conditions being identical, with the exception of the margin (i.e. the asset less liability). This is considered the best reflection of the impact on equity changes in the fair value of the asset and liability.

Analysis of the bond fair value

The Company has made several calculations with different rates of the bond quote to reflect some alternative fair values in these Annual Accounts. The calculations reflect the impact of a significant decrease or increase of the bond quote.

Bond quotes	Fair value 0.25% margin	Variance to fair value 117.94%
<i>Bond quote of 105.00%</i>	<i>12.43 million</i>	<i>89%</i>
<i>Bond quote of 110.00%</i>	<i>9.41 million</i>	<i>93%</i>
<i>Bond quote of 117.94%</i>	<i>4.62 million</i>	<i>100%</i>
<i>Bond quote of 125.00%</i>	<i>0.37 million</i>	<i>106%</i>
<i>Bond quote of 145.00%</i>	<i>-11.69 million</i>	<i>123%</i>

11 Interest Income Loans Receivable Tranches A and B

	2023	2022
Tranche A - Loan 6.65% to Via do Infante		
Facility: EUR 126,500,000 from July 2, 2001 until May 11, 2027 at a rate of 6.68%	4,520,364	5,159,624
Movements Amortized cost	<u>20,503</u>	<u>22,072</u>
	<u>4,540,867</u>	<u>5,181,696</u>
	2023	2022
Tranche B - Loan 6.75% to Via do Infante		
Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.73%	1,000,319	1,701,720
Movements Amortized Cost	<u>10,305</u>	<u>17,320</u>
	<u>1,010,624</u>	<u>1,719,040</u>
	<u>5,551,491</u>	<u>6,900,736</u>

12 Impairment of financial assets

	2023	2022
Tranche A - Loan 6.65% to Via do Infante	43,393	(50,985)
Tranche B - Loan 6.75% to Via do Infante	14,565	(6,069)
Other receivable	<u>(47)</u>	<u>(77)</u>
	<u>57,911</u>	<u>(57,131)</u>

13 Interest Expense Loans Payable Tranches A and B

	2023	2022
Tranche A - Guaranteed 6.40% Bonds		
EUR 126,500,000 from July 2, 2001 until May 11, 2027 at a rate of 6.44%	(4,350,426)	(4,965,654)
Movements Amortized Cost	<u>(18,843)</u>	<u>(20,891)</u>
	<u>(4,369,269)</u>	<u>(4,986,545)</u>
Tranche B - European Investment Bank 6.50%		
Facility: EUR 130,000,000 from July 2, 2001 until December 15, 2025 at a rate of 6.49%	(963,270)	(1,638,693)
Movements Amortized Cost	<u>(10,273)</u>	<u>(17,273)</u>
	<u>(973,543)</u>	<u>(1,655,966)</u>
	<u>(5,342,812)</u>	<u>(6,642,511)</u>

14 General and Administrative Expenses

	2023	2022
<i>Fees (EIB)</i>	(44,411)	(75,563)
<i>Audit fees</i>	(52,709)	(44,235)
<i>Management fees</i>	(47,280)	(44,730)
<i>Bank fees</i>	(14,168)	(14,764)
<i>General expenses</i>	(25,462)	(30,921)
<i>Legal & Professional fees</i>	(19,852)	(90,850)
	<u>(203,882)</u>	<u>(301,063)</u>

15 Expenses Invoiced to Via do Infante

	2023	2022
<i>Fees (EIB)</i>	44,411	75,563
<i>Audit fees</i>	52,185	42,795
<i>Management fees</i>	47,280	44,730
<i>Bank fees</i>	14,168	14,764
<i>General expenses</i>	25,462	30,921
<i>Legal & Professional fees</i>	22,797	110,659
	<u>206,303</u>	<u>319,432</u>

Based upon paragraph 7.4 of the July 2, 2001 Loan Agreement between Algarve and Via do Infante all fees, expenses and other amounts in reference to the financing will be on-charged to the borrower of the loan. Under normal market conditions a write-up of these expenses would be more appropriate, this is not the case and therefore this transaction is considered not to be at arm's length. The Company does not have the goal to profit from this related party transaction.

The difference between Legal & Professional fees (Note 14) and Expenses Invoiced to Via do Infante is due to timing between accrued expenses and invoicing.

Audit fees included in disclosure are based on the current engagement letter.

16 Corporate Income Tax

The Corporate Income Tax is based on the fiscal result. The applicable tax rates to calculate de Corporate Income Tax in 2023 are 19% over the first EUR 200,000 (15% EUR 395,000 in the year 2022) and 25,8% over the surplus.

	2023	2022
Corporate Income Tax	(46,493)	(41,841)
Other reconciling items	(11,003)	8,570
Corporate Income Tax	<u>(57,496)</u>	<u>(33,271)</u>

	2023	Rate	2022	Rate
Profit before tax	290,830		221,809	
Tax expense (benefit)	75,034	25.80%	71,271	25.80%
Permanent differences				
Step up in tax rate	(28,541)	-9.81%	(15,386)	-6.94%
Other reconciling items	11,003	3.78%	(8,570)	-3.86%
Total tax expense (benefit)	57,496	19.77%	33,271	15.00%

17 Auditor's fee

In accordance with Section 2:382a (1) and (2) of the Dutch Civil Code the audit fee included in the income statement account for the auditors of Ernst & Young Accountants LLP is as follows:

	2023	2022
<i>Annual accounts previous year</i>	524	1440
<i>Annual accounts current year</i>	30,000	26,175
<i>Interim accounts current year</i>	22,185	16,620
Total Audit Fee	52,709	44,235

18 Post Balance Sheet Events

Going concern

The Managing Directors have made an assessment of the Company's ability to continue as a going concern and are satisfied that the Company has the resources and activities to continue in business for the foreseeable future, amongst others considering the tenure of the notes issued and the end-date of the (underlying) concession. Furthermore, the Managing Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

No major post balance sheet events affecting the financial statements have occurred to date.

19 Financial risk management

Authorization level

The Managing Directors are bound by clear restrictions regarding representative authorization. All agreements and instruments must be approved and signed by two Managing Directors, unless a power of attorney has been issued in this respect.

Currency Risk

The Company mainly operates in the European Union. The Company has currently no currency risks, almost all of the transactions are in Euros.

Interest Rate Risk

The Company is exposed to interest rate risk on interest bearing receivables (in particular, those included in financial assets, securities and cash) and on interest bearing non-current and current liabilities (including borrowings).

All the payable and receivable interest are indexed to a fixed interest rate, according to Financial Agreements.

The Company does not incur in any interest rate risk because the Financial Assets and Liabilities have a fixed interest rate disposed on the Financial Terms Agreement.

Credit Risk

The Company has a significant concentration of credit risk, as the Company depends on the sole performance of Via do Infante, who has only one client, the Portuguese Government.

Via do Infante only has one client, being the Portuguese government who, according to the agreement between the parties, has the commitment of providing Via do Infante with sufficient funds to meet its financial obligations.

With respect to exposures to banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted under current financing agreements.

Liquidity Risk

The Company makes use of only one bank (Citibank) and all the available cash is in current accounts.

The Company does not use several banks in order to avail itself of a range of overdraft facilities. Where necessary, further securities will be furnished to the bank for available overdraft facilities.

The Company and Via do Infante have similar contracts, with equivalent dates and terms, meaning that the collections are matched with the payments resulting in a limited liquidity risk.

In addition, Via do Infante, according to the Financing contracts, has a Debt Service Reserve account with 85% of the amount of debt and interest for the subsequent year of the Contracts consisting of Tranche A- Bond and Tranche B - EIB loan.

Internal Fraud Risk

The Company applies a transaction monitoring procedure on all its incoming and outgoing transactions, to clearly identify the source and/or destination of funds, including identification of the senders and/or beneficiaries. Besides that, the Company has a payment procedure in place, which includes that payment instructions can only be executed by two Managing Directors acting jointly, unless there is a power of attorney in place that allows attorneys to sign.

External Audit

The accounts of Algarve are audited every six months by an external auditor. These audits take place in accordance with the auditing standards as included in Dutch law. On June 18, 2020 the Management Board of the Company decided to appoint Ernst & Young Accountants LLP as the Company's auditors.

Advisory Roles

The external auditor (Ernst & Young Accountants LLP) does not act in an advisory capacity as it only provides assurance services relating to the annual accounts. Professional advice is provided by third party experts, such as tax advisors, Dutch notaries and Civil-Law lawyers.

In Control Statement and Responsibility Statement

The Board of Managing Directors is responsible for Algarve's Internal Control and Management Procedures. These internal controls and procedures are designed to manage the risks that may prevent Algarve from achieving its objectives. However, these internal controls and procedures cannot provide absolute assurance that material misstatements, fraud and violations of laws and regulations can be avoided. The Board of Managing Directors reviewed and analysed the financial reporting and regulatory and compliance risks, and the design and operating effectiveness of the Internal Control and Management Procedures.

With reference to best practice provision II.1.5 of the Dutch Corporate Governance Code, the Board of Managing Directors, to the best of its knowledge, believes that the Internal Control and Management Procedures, with regard to financial reporting, worked properly over 2023 and that the Internal Control and Management Procedures provide a reasonable assurance that the financial reporting does not contain any errors of material importance.

20 Directors and Employees

There are no options granted and no assets are available to the members of the Board of Managing Directors. There are no loans outstanding to the members of the Board of Managing Directors and no guarantees given on behalf of members of the Board of Managing Directors. The Board of Managing Directors did not receive any remuneration from Algarve International B.V. during the year.

The Company has no employees.

21 Related Parties

The related parties' balances and transactions are the ones related to Via do Infante as disclosed in the previous notes. There are no other related parties' balances and transactions.

22 Subsequent events

On May 2, 2024 a draft law regarding the elimination of tolls for the users in several concession (including Autoestrada do Algarve – Via do Infante AAVI S.A., under an availability payment scheme


since 2015) was approved by the Portuguese Parliament, with effect 01/01/2025. In any case, this change will not affect the availability payments received by the company from the government of Portugal as these are not amended by the new law. The concession bases (including the payment structure) are set forth in a decree law (Decree Law n.º 214-C/2015). As a result there will not be an impact to the financial condition of Autostrada do Algarve – Via do Infante and the company's ability in respect of its liabilities, including the interest and repayment of the borrowed funds from Algarve International B.V..

In April the company received a communication from the De Nederlandsche Bank N.V. (DNB) regarding a delay in the filing of the 2022 CFI Benchmark Report. The situation was remediated with the filing of the report and the payment of the penalty (5,888 eur) in April 2024.

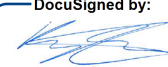
The Managing Directors have signed the Annual Financial Report pursuant to their statutory obligations under Article 394 of Book 2 of the Dutch Civil Code and Article 5:25c(2)(c) Financial Markets Supervision Act.

Amsterdam, May 27, 2024

The Board of Managing Directors,

DocuSigned by:

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R. Barrueco Gonzalez
As: Chairman of the Board of Directors

DocuSigned by:

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R. Roumen
As: Director

DocuSigned by:

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M. Stéphanie Lely
As: Director

DocuSigned by:

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M. C. González Agrelo
As: Director

DocuSigned by:

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D. Jong
As: Director

Other information

1. Independent Auditor's Report

Reference is made to the independent auditor's report as included hereinafter.

Algarve International B.V.
Kingsfordweg 151
1043 GR Amsterdam
The Netherlands
Telephone: +31 (0 20 4919011)
Fax: +31 (0 20 491 9090)

www.algarveinternational.eu
Trade Register number: 34155411