

Companhia de Gás de São Paulo - COMGÁS

Financial statements

December 31, 2022

The logo for Companhia de Gás de São Paulo (COMGÁS) is displayed in a large, white, lowercase, sans-serif font. The letters are bold and closely spaced, with a modern, clean aesthetic. The 'g' has a distinctive shape with a rounded bottom and a small loop at the end of its tail. The overall appearance is professional and contemporary.



Companhia de Gás de São Paulo - COMGÁS

Financial statements

December 31, 2022

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Independent auditor's report on financial statements

To the Shareholders of
Companhia de Gás de São Paulo - Comgás
São Paulo - SP

Opinion

We have audited the financial statements of Companhia de Gás de São Paulo - Comgás (the "Company"), which comprise the statement of financial position as at December 31, 2022 and the statements of profit or loss, of comprehensive income, of changes in equity, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Companhia de Gás de São Paulo - Comgás as at December 31, 2022, its operating performance and cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and in the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Restatement of corresponding figures

As mentioned in Note 2.3 to the financial statements, which describes the impacts of the change in the accounting policy adopted by the Company in 2022, the corresponding figures referring to the prior year, presented for comparison purposes, have been adjusted and are restated as provided for by NBC TG 23 – Accounting Policies, Changes in Accounting Estimates and Correction of Errors. Our opinion is not modified in respect of this matter.



Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were selected in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not express a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the outcome of our procedures, is provided in the context of the financial statements taken as a whole.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included performance of planned procedures to respond to our assessment of the risks of material misstatement in the financial statements. The results of our procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recognition of unbilled revenue from gas supply

As mentioned in Notes 5.3 and 14 to the financial statements, unbilled gas revenue refers the supplied portion of gas that was not measured or billed to customers. This amount is estimated by the Company based on the period between the date of the last measurement and the last day of the month. In the year ended December 31, 2022, unbilled revenue and the respective accounts receivable balance total R\$ 877,895 thousand.

Monitoring this matter was considered significant for our audit due to the relevance of the accounts receivable amounts and their matching entries in P&L, in addition to the uncertainties inherent in determining the estimated amounts recorded, given the use of information per customer category subject to different tariffs, and the level of judgment by the executive board in allocating the gas volume distributed per customer category. A change in any of these assumptions may have a significant impact on the Company's financial statements.

How our audit addressed this matter:

Our audit procedures included, among others: i) obtaining an understanding of the process implemented by the executive board relating to allocation of estimated gas volumes per customer category and respective tariffs for each customer category, based on the regulated tariffs; ii) involving our most experienced audit professionals in defining the test strategy, assessing supporting audit documentation and supervising the audit procedures performed; iii) conducting documentary tests, on a sample basis, on the information that feeds that calculation of allocation of the gas volume supplied per category; iv) recalculating unbilled revenue from



gas supply per client category, including assessment of key assumptions used; v) an independent estimation of gas volume allocation between customer categories considering historical consumption at the end of the period and comparison with the estimated volume per customer category calculated by the Company; vi) comparing, on a sample basis, the tariffs used for measuring revenue per customer category with the tariffs established by the regulating authority; vii) comparing the average consumption assumption estimated by the Company with the real average consumption referring to billing of the subsequent cycle occurring in January 2023; viii) analytical procedures for developing an independent expectation based on the historical behavior of the balances under analysis; and ix) reconciling unbilled revenue from gas supply to the accounting records. Additionally, we analyzed whether the arithmetic calculations were accurate. As a result of these procedures, we identified an audit adjustment indicating the need to partially complement the unbilled revenue amounts. Such adjustment was not recorded by the executive board, since it was considered immaterial on the financial statements taken as a whole. We analyzed whether the disclosures in Notes 5.3 and 14 to the financial statements as at December 31, 2022 were appropriate.

Based on the result of the audit procedures performed on unbilled revenue from gas supply in the statement of profit or loss and the respective accounts receivable balance in assets, which is consistent with the executive board's assessment, we believe that the criteria and assumptions adopted by the executive board, and respective disclosures in Notes 5.3 and 14, are acceptable in the context of the financial statements taken as a whole.

Concession infrastructure referring to gas distribution services

As disclosed in Notes 7 and 8 to the financial statements as at December 31, 2022, the Company recorded concession-related intangible assets and contract assets referring to gas distribution services, amounting to R\$ 5,948,636 thousand and R\$ 1,031,391 thousand, respectively, which represent substantially the infrastructure of this concession.

The amount of investments applied in the infrastructure that serves the concession is an essential part of the methodology applied by the granting authority for defining the tariff to be charged by the Company to final consumers, under the terms of the Concession Agreement. The definition of which expenses are eligible and which should be capitalized as infrastructure costs, and the definition of useful life are subject to judgment by the executive board.

Due to the specificities linked to the capitalization process and the subsequent assessment of infrastructure expenses, in addition to the significance of the amounts involved, this was considered a key audit matter.



How our audit addressed this matter

Our audit procedures included, among others: i) obtaining an understanding of the process implemented by the executive board to account for investments in concession infrastructure referring to gas distribution services, including these investments' classification as assets qualifiable for capitalization; ii) assessing the nature of these investments in the infrastructure applied; iii) testing on a sample basis the materials and services applied to the works as well as allocation of workforce hours; iv) assessing the accounting classifications between contract assets and use rights in intangible assets relating to this concession, observing the periods of the works; v) the policies adopted by the Company for this accounting and respective compliance with the accounting standards in force; vi) interest capitalization, when applicable; vii) performing substantive analytical procedures on additions and amortization; and viii) testing amortization of use rights in intangible assets relating to this concession.

Based on the audit procedures performed, which are consistent with the executive board's assessment, we believe that the criteria and policies for capitalizing and amortizing concession infrastructure assets referring to gas distribution services prepared by the executive board, as well as respective disclosures in Notes 7 and 8, are acceptable in the context of the financial statements taken as a whole.

Other matters

Statement of value added

The statement of value added (SVA) for the year ended December 31, 2022, prepared under the responsibility of the Company's executive board, presented as supplementary information under IFRS, has been subject to audit procedures in conjunction with the audit of the Company's financial statements. To form our opinion, we evaluated if this statement is reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by accounting pronouncement NBC TG 09 – Statements of Value Added.

In our opinion, this statement of value added was fairly prepared, in all material respects, in accordance with the criteria defined in referred to Accounting Pronouncement and is consistent with the overall financial statements.

Other information accompanying the financial statements and independent auditor's report

Company executive board is responsible for this other information included in the Management Report.



Our opinion on the financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

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

Responsibilities of the executive board and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identified and assessed the risks of material misstatements of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board.
- Concluded on the appropriateness of the executive board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast substantial doubt on the Companies' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we are required to determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



São Paulo, February 16, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC SP-034519/O

Stela de Aguiar Cerqueira
Accountant CRC SP2-58643/O



Statement of financial position
December 31, 2022 and 2021

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

	Note	December 31, 2022	December 31, 2021
Assets			
Cash and cash equivalents	5.1	1,241,256	891,650
Marketable securities	5.2	569,296	1,027,467
Trade receivables	5.3	1,595,449	1,375,260
Derivative financial instruments	5.8	344,760	-
Inventories		123,860	129,554
Receivables from related parties	5.4	1,315	1,817
Other recoverable taxes	6	724,750	176,865
Sectorial assets	5.7	128,521	489,601
Other assets		81,724	56,521
Current assets		4,810,931	4,148,735
Trade receivables	5.3	20,687	15,797
Deferred tax assets	10	163,237	-
Income taxes	10	58,162	58,127
Other recoverable taxes	6	31,904	989,158
Judicial deposits	11	51,316	62,362
Derivative financial instruments	5.8	-	287,837
Other assets		13,510	8,069
Sectorial assets	5.7	193,378	68,709
Right of use		52,107	57,118
Contract assets	8	1,031,391	684,970
Intangible assets	7	6,237,488	5,890,616
Non-current assets		7,853,180	8,122,763
Total assets		12,664,111	12,271,498

The accompanying notes are an integral part of these financial statements.



Statement of financial position
December 31, 2022 and 2021

(In thousands of Brazilian Reais – R\$, unless otherwise stated)

	Note	December 31, 2022	December 31, 2021
Liabilities			
Loans, financing and debentures	5.5	1,554,840	2,288,960
Trade payables	5.6	1,554,695	1,669,767
Employee benefits payable		108,547	87,517
Income tax payables	10	79,362	11,941
Other taxes payable		220,559	247,201
Dividends and interest on capital payable	12	15,806	2,035
Payables to related parties	5.4	11,735	7,435
Other financial liabilities	5.10c	72,579	91,933
Sectorial liabilities	5.7	67,419	85,866
Leases		4,656	2,268
Other liabilities		154,800	43,463
Current liabilities		3,844,998	4,538,386
Loans, financing and debentures	5.5	5,425,800	4,661,376
Derivative financial instruments	5.8	399,866	-
Provision for legal proceedings	11	67,051	84,901
Post-employment benefits	18	448,157	470,525
Deferred tax liabilities	10	-	74,606
Other tax payable		4,766	5,070
Sectorial liabilities	5.7	1,401,706	1,286,417
Leases		39,014	45,000
Non-current liabilities		7,786,360	6,627,895
Total liabilities		11,631,358	11,166,281
Shareholders' equity			
Share capital	12	-	-
Share capital		536,315	536,315
Capital reserve		(34,230)	(20,972)
Revaluation reserve		5,761	5,761
Carrying value adjustments		(78,922)	(103,980)
Profit reserve		603,829	688,093
Shareholders' equity		1,032,753	1,105,217
Total liabilities and shareholders' equity		12,664,111	12,271,498

The accompanying notes are an integral part of these financial statements.



Statement of profit or loss
December 31, 2022 and 2021
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

	Note	December 31, 2022	December 31, 2021 (Restated)
Net sales	14	17,414,153	11,709,713
Cost of gas and services	15	(13,962,106)	(8,629,736)
Gross result		3,452,047	3,079,977
Selling expenses	15	(142,527)	(125,413)
General and administrative expenses	15	(498,140)	(401,819)
Other (expenses) operating income, net	16	(87,600)	26,587
Operating expenses		(728,267)	(500,645)
Result before financial results and taxes		2,723,780	2,579,332
Finance expense		(1,073,581)	(735,522)
Finance income		465,485	401,246
Foreign exchange gain (loss)		108,227	(60,888)
Derivatives		(110,213)	90,101
Financial results, net	17	(610,082)	(305,063)
Result before income tax and social contribution		2,113,698	2,274,269
Current		(552,971)	(151,792)
Deferred		250,752	(3,356)
Income tax and social contribution	10	(302,219)	(155,148)
Net result for the exercise		1,811,479	2,119,121
Earnings per share attribute to the owners of the Company - Expressed in R\$ per share attributed to the owners of the Company			
Basic per share - in Real:			
Common	13	13.38007	15.65240
Preferred		14.71808	17.21764
Diluted per share - in Real:			
Common	13	13.36330	15.61574
Preferred		14.69963	17.17732

The accompanying notes are an integral part of these financial statements.



Statement of comprehensive income
December 31, 2022 and 2021
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

	December 31, 2022	December 31, 2021 (Restated)
Result for the exercise	1,811,479	2,119,121
Other comprehensive income		
Items that will not be reclassified to the result:	-	-
Actuarial income on defined benefit plan	37,967	110,222
Taxes over actuarial income on defined benefit plan	(12,909)	(37,476)
Total other comprehensive income for the exercise	25,058	72,746
Total comprehensive income for the exercise	1,836,537	2,191,867

The accompanying notes are an integral part of these financial statements.



Statement of changes in shareholder's equity
December 31, 2022 and 2021
(In thousands of Brazilian Reals - R\$, unless otherwise stated)

	Capital reserves			Revaluation reserves	Profit reserve			Carrying value adjustments	Total equity
	Share capital	Tax incentives	Granted shares recognized		Legal reserve	Result retention	Retained earnings		
At January 01, 2022	536,315	1,201	(22,173)	5,761	107,263	580,830	-	(103,980)	1,105,217
Result for the exercise	-	-	-	-	-	-	1,811,479	-	1,811,479
Comprehensive income:									
Actuarial earn on defined benefit plan (Note 18)	-	-	-	-	-	-	-	37,967	37,967
Taxes on actuarial learn on defined benefit plan	-	-	-	-	-	-	-	(12,909)	(12,909)
Total comprehensive income for the exercise	-	-	-	-	-	-	1,811,479	25,058	1,836,537
Dividends (Note 12)	-	-	-	-	-	(580,830)	(1,253,279)	-	(1,834,109)
Interest on capital (Note 12)	-	-	-	-	-	-	(61,634)	-	(61,634)
Granted shares recognized (Note 19)	-	-	2,339	-	-	-	-	-	2,339
Share-based payment transactions (Nota 19)	-	-	(15,597)	-	-	-	-	-	(15,597)
Result retention (Note 12)	-	-	-	-	-	496,566	(496,566)	-	-
Total contributions by and distributions to owners	-	-	(13,258)	-	-	(84,264)	(1,811,479)	-	(1,909,001)
At December 31, 2022	536,315	1,201	(35,431)	5,761	107,263	496,566	-	(78,922)	1,032,753

	Capital reserves			Revaluation reserves	Profit reserve			Carrying value adjustments	Total equity
	Share capital	Tax incentives	Granted shares recognized		Legal reserve	Result retention	Retained earnings		
At January 1, 2021	536,315	1,201	4,529	5,761	107,263	111,709	-	(176,726)	590,052
Result for the exercise	-	-	-	-	-	-	2,119,121	-	2,119,121
Comprehensive income:									
Actuarial earn on defined benefit plan (Note 18)	-	-	-	-	-	-	-	110,222	110,222
Taxes on actuarial earn on defined benefit plan	-	-	-	-	-	-	-	(37,476)	(37,476)
Total comprehensive income for the exercise	-	-	-	-	-	-	2,119,121	72,746	2,191,867
Dividends	-	-	-	-	-	(111,709)	(1,508,844)	-	(1,620,553)
Interest on capital (Note 12)	-	-	-	-	-	-	(29,447)	-	(29,447)
Granted shares recognized	-	-	3,634	-	-	-	-	-	3,634
Share-based payment transactions	-	-	(30,336)	-	-	-	-	-	(30,336)
Result retention (Note 12)	-	-	-	-	-	580,830	(580,830)	-	-
Total contributions by and distributions to owners	-	-	(26,702)	-	-	469,121	(2,119,121)	-	(1,676,702)
At December 31, 2021	536,315	1,201	(22,173)	5,761	107,263	580,830	-	(103,980)	1,105,217

The accompanying notes are an integral part of these financial statements.



Statement of cash flows
December 31, 2022 and 2021
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

	Note	December 31, 2022	December 31, 2021
Cash flows from operating activities			
Result before taxes		2,113,698	2,274,269
Adjustments for:			
Amortization	15	498,487	436,093
Loss on the disposal of intangible assets	16	45,191	21,083
Granted shares recognized	19	2,339	3,634
Provision for judicial demands	16	11,791	9,691
Interest, monetary and exchange variations		763,577	378,485
Provisions for employee benefits		52,278	58,860
Impairment of trade receivables	5.3	12,502	(1,792)
Regulatory assets and liabilities, net	5.7	299,366	246,101
Extemporaneous credits	6	-	(563,175)
Other		8,798	(1,197)
		3,808,027	2,862,052
Changes in:			
Trade receivables		(197,775)	(376,125)
Inventories		(3,107)	(7,293)
Other taxes, net		(38,045)	(349,059)
Suppliers and other financial liabilities		(175,839)	468,381
Employee benefits		(31,248)	(43,341)
Post-employment benefits		(25,963)	(24,683)
Other assets and liabilities, net		103,437	(21,450)
		(368,540)	(353,570)
Net cash generated by operating activities		3,439,487	2,508,482
Cash flows from investing activities			
Marketable securities		532,479	(4,906)
Cash received on sale of other permanent assets		8,319	6,805
Additions to intangible assets and contract assets		(1,187,518)	(1,027,003)
Net cash used in investing activities		(646,720)	(1,025,104)
Cash flows from financing activities			
Loans, borrowings and debentures raised	5.5	2,473,745	1,557,805
Repayment of principal on loans, borrowings and debentures	5.5	(2,275,698)	(1,768,394)
Payment of interest on loans, borrowings and debentures	5.5	(469,746)	(419,092)
Payments relating to derivative financial		(294,300)	(6,116)
Receipts relating to derivative financial		19,882	116,025
Payments of principal on leases		(6,044)	(1,884)
Payments of interest on leases		(2,671)	(631)
Payments of dividends and interest on capital	12	(1,872,732)	(1,649,653)
Payment of share-based compensation	19	(15,597)	(30,336)
Net cash used in financing activities		(2,443,161)	(2,202,276)
Increase (decrease) in cash and cash equivalents		349,606	(718,898)
Cash and cash equivalents at beginning for the exercise		891,650	1,610,548
Cash and cash equivalents at end for the exercise		1,241,256	891,650
Additional information:			
Income tax and social contribution paid		47,785	460,282

The accompanying notes are an integral part of these financial statements.



Statement of cash flows
December 31, 2022 and 2021

(In thousands of Brazilian Reais - R\$, unless otherwise stated)

Transactions that do not involve cash

- i. Federal tax credits were used to pay the annual adjustment for 2021 and the 1st, 2nd and 3rd quarters of 2022 for income tax and social contribution, as well as for monthly payments of PIS/COFINS, in the total amount of R\$ 884,182 (R\$ 470,943 of PIS/COFINS and R\$ 413,239 of credit balance of income tax and social contribution).
- ii. ICMS tax credits assigned by customers were used to deduct the Company's gas bills in the amount of R\$123,518 (R\$86,555 on December 31, 2021).
- iii. Recognition of right of use in the amount of R\$ 7,705 (R\$ 47,772 on December 31, 2021), related to new contracts under the leasing standard.
- iv. Acquisition of assets for construction of the distribution network with payment term in the amount of R\$ 61,335 (R\$ 148,073 on December 31, 2021); notes 7 and 8.

Presentation of interest

Interest paid are classified as cash flows from financing activities, as it is considered to refer to the costs of obtaining financial resources. Interest received on marketable securities is classified as cash flow from investing activities.



Statement of value added
December 31, 2022 and 2021
(In thousands of Brazilian Reais - R\$, unless otherwise stated)

	December 31, 2022	December 31, 2021
Revenue		
Sales of gas	20,447,747	13,788,190
Sales of services	14 389,731	268,554
Provision for impairment of trade receivables	5.3 (12,502)	1,792
Construction revenue	14 1,135,355	1,020,176
Other (expenses) income	16 (87,600)	26,586
	21,872,731	15,105,298
Cost and expenses		
Cost of gas and transportation	(15,488,470)	(9,498,355)
Cost of services	(37,596)	(36,599)
Construction costs	15 (1,135,355)	(1,020,176)
Materials, services and other expenses	(286,529)	(233,574)
	(16,947,950)	(10,788,704)
Gross value added	4,924,781	4,316,594
Retention		
Amortization	15 (498,487)	(436,093)
	(498,487)	(436,093)
Net value added generated by the Company	4,426,294	3,880,501
Value added received through transfer		
Finance income	17 465,485	399,572
	465,485	399,572
Total value added to distributed	4,891,779	4,280,073
Distribution of value added		
Personnel and social charges	177,211	156,262
Remuneration	108,622	90,293
Benefits	52,019	50,055
FGTS	16,570	15,914
Taxes and contributions	1,818,121	1,281,290
Federal	779,681	542,993
State	1,014,801	704,394
Municipalities	23,639	33,903
Finance costs and rentals	1,084,968	723,400
Interest	988,511	583,117
Rents and leases	24,128	20,185
Other	72,329	120,098
Remuneration of shareholder's equity	1,811,479	2,119,121
Dividends proposed	12 1,253,279	1,508,844
Interest on capital	12 61,634	29,447
Profit retention	496,566	580,830
	4,891,779	4,280,073

The accompanying notes are an integral part of these financial statements.



Companhia de Gás de São Paulo - COMGÁS

Notes to the financial statements

December 31, 2022

(In thousands of Brazilian Reals - R\$, unless otherwise stated)

1 Operational context

The main activity of Companhia de Gás de São Paulo - COMGÁS (the "Company") is the distribution of piped natural gas in part of the State of São Paulo (in approximately 180 municipalities, including the region referred to as Greater São Paulo) to industrial, residential, commercial, automotive, thermal-power generation and co-generation consumers.

The Company is a publicly traded corporation headquartered in São Paulo, in the State of São Paulo, and is registered with B3 S.A. – Brasil, Bolsa, Balcão ("B3"). The Company is controlled by Compass Gás e Energia S.A. ("Compass") through direct participation of 99.14% of the capital stock, being indirectly controlled by Cosan Dez Participações S.A. which, in turn, holds 88.00% of the share capital of Compass. Mr. Rubens Ometto Silveira Mello is Cosan's ultimate controlling shareholder.

The Concession Contract for the Exploration of Public Piped Gas Distribution Services was signed on May 31, 1999 with the conceding authority - represented by the Sanitation and Energy Regulatory Agency for the State of São Paulo (ARSESP), and extended until December 31, 2049, upon signature of the 7th Amendment to the Concession Agreement on October 1, 2021.

1.1 Acquisition of tax credit

The Company entered into two ICMS credit purchase agreements with the related party Rumo Malha Paulista S.A, under normal market conditions, with a 10% discount on the face value. The first contract, in the amount of R\$ 99,395, was approved by the Secretary of the State of São Paulo - SEFAZ, on November 30, 2021, establishing the transfer in 13 installments, the 1st of R\$ 9,395 and the others of R\$ 7,500 each. In 2022, 12 installments were transferred and the last one, in the amount of R\$ 7,500, transferred in January 2023. The second contract, in the amount of R\$ 29,152, was approved by SEFAZ on July 6, 2022, establishing the transfer in 2 installments, both of which were fully received by the Company in 2022.

Thus, of the total amount of ICMS credits transacted, R\$ 128,547, in 2022, R\$ 121,047 were transferred, for which the Company paid R\$ 108,942, generating a gain of R\$12,105, recognized in the financial income line with related parties (explanatory note 5.4.b).



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1.2 Impacts of military conflicts between Russia and Ukraine

On February 24, 2022, there was a full-scale military invasion of Ukraine by Russian troops. The ongoing military attack has led, and continues to lead, to significant casualties, population displacement, damage to infrastructure and disruption of economic activity in Ukraine.

In response, several jurisdictions including the European Union, the United Kingdom and the United States of America imposed initial economic sanctions on Russia (and, in certain cases, Belarus). In addition to the imposition of sanctions, a growing number of large public and private companies have announced voluntary actions to reduce trade activities with Russia and Belarus. These actions include plans to divest assets or discontinue operations in Russia/Belarus, restrict exports or imports from these countries and discontinue provision of services.

Since then, global markets have experienced volatility and disruption following the escalation of geopolitical tensions and the onset of military conflict between these countries. The conflict in Ukraine promoted an imbalance in the supply and demand of a series of products and services, in addition to the pressure on global expectations regarding world economic growth arising from this scenario of uncertainty. The Company has been monitoring the unfolding of the conflict, especially in the context of volatility in oil and natural gas commodity prices, exchange rate and interest rate fluctuations.

Until the moment, the effects of the Russia-Ukraine conflict have not significantly impacted the Company's operations or the fair value of its assets and liabilities. The Company will continue to monitor the increased risk in these areas for material changes.



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2 Conformity declaration

The financial statements are presented in thousands of Brazilian reais, unless otherwise indicated, including the notes to the financial statements and have been prepared in accordance with accounting practices adopted in Brazil, based on the provisions of the Brazilian Corporation Law, by the Brazilian Securities and Exchange Commission (CVM) - in the Pronouncements and Guidance issued by the Accounting Pronouncements Committee (CPC) - in the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The presentation of the Value Added Statements (DVA) is required by the Brazilian corporate law and by the accounting practices adopted in Brazil applicable to publicly-held companies (CPC 09 – Statement of Added Value). IFRS do not require the presentation of this statement. Therefore result, under IFRS, this statement is presented as supplementary information, without prejudice to the financial statements as a whole.

The relevant information specific to the financial statements, and only them, are being evidenced and correspond to those used by management in its management.

The Company's Management concluded that there aren't material uncertainties that could generate significant doubts about it's ability to continue operating for an indefinite period and remains safe in relation to the continuity of operations and used said assumption as a basis for preparing these financial statements.

These financial statements are prepared based on historical cost, except when indicated otherwise and were authorized for issue by the Board of Directors on February 16, 2023.

3 Accounting policies

The accounting policies are included in the explanatory notes, except those described below.

3.1 Functional and presentation currency

The financial statements are presented in reais, which is the Company's functional currency, as it is the currency of the primary economic environment in which the Company operates, generates and consumes cash.



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3.2 Use of judgments and estimates

The preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates.

Estimates and assumptions are reviewed on an ongoing basis and recognized prospectively when applicable. Information on critical judgments, assumptions and estimates of uncertainties in the application of accounting policies that have a more significant effect on the amounts recognized in the financial statements are included in the following notes:

- i. Note 5.3 - Accounts receivable from customers
- ii. Note 5.9 - Fair value of derivatives and other financial instruments
- iii. Note 7 - Intangible assets (definition of useful life)
- iv. Note 9 - Commitments
- v. Note 5.7 - Asset and liabilities sectorial
- vi. Note 10 - Income and social contribution taxes
- vii. Note 11 - Provisions for legal proceedings
- viii. Note 18 - Post-employment benefits
- ix. Note 19 - Share-based payments

3.3 Reclassification in the income statement

The Company applies the intangible asset model according to ICPC 01 / IFRIC 12 and CPC 04 / IAS 38 for accounting for natural gas distribution concession contracts. Until December 31, 2021, the Company applied the accounting policy consistent with the understanding of the essence of the operation at the time, classifying the amortization of the concession asset as general and administrative expenses.

The advancement of the Brazilian market in the gas distribution segment and the entry of new market participants allowed the Company to reassess this policy on January 1, 2022, and to voluntarily change the presentation of the classification of the amortization of the concession agreement from expenses to costs of sales, as it understands that such presentation provides more relevant information to the users of its financial statements, as it's more in line with the practices adopted by the market. This



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reclassification doesn't impact regulatory margins or the main indicators used by the Company.

The application of the change in accounting policy generated the following reclassification in the income statement in the comparative exercise:

	December 31, 2021 (Published)	December 31, 2021 (Reclassification)	December 31, 2021 (Restated)
Net sales	11,709,713	-	11,709,713
Cost of gas and services	(8,196,452)	(433,284)	(8,629,736)
Gross result	3,513,261	(433,284)	3,079,977
Selling expenses	(125,413)	-	(125,413)
General and administrative expenses	(835,103)	433,284	(401,819)
Other income, net	26,587	-	26,587
Operating expenses	(933,929)	433,284	(500,645)
Result before financial results and taxes	2,579,332	-	2,579,332



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4 Information by customer category

The Company carries out a single operating activity related to the distribution of piped natural gas in part of the territory of the State of São Paulo, however Management analyzes the financial performance considering the gross economic result separately by customers category, as well as the economic metric EBITDA (Profit before interest, taxes, depreciation and amortization).

The regulatory agency determines tariffs for different customer segments, which, in turn, the Company discloses as customer categories. The Company does not analyze assets by category for business management. Finally, the definition of cash-generating unit, representing the smallest asset in use that generates cash inflows, in the Company's context, cannot be segregated by category, as the same pipeline distributes gas to consumers of different categories, therefore we understand that the Company operates under a single operating segment.

Information by customer category is presented consistently with the internal report provided to the main operating decision maker, who is the Company's CEO, who is responsible for allocating resources and evaluating customer performance.

The composition of the margin by category is as follows:



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Margin per categories January 1, 2022 to December 31, 2022

Categories	Residential	Commercial	Industrial	Cogeneration	Automotive	Thermogeneration	Construction revenues	Other revenues / cost	Total
Volume (thousands of m ³) (unaudited)	321,535	147,741	3,550,580	354,092	218,985	3,531	-	-	4,596,464
Gross revenue	2,651,319	897,262	15,018,357	1,071,308	831,220	10,640	1,135,355	389,731	22,005,192
Deductions	(616,299)	(207,986)	(3,367,372)	(199,743)	(160,804)	(952)	-	(37,883)	(4,591,039)
Net revenue	2,035,020	689,276	11,650,985	871,565	670,416	9,688	1,135,355	351,848	17,414,153
Cost	(743,600)	(344,572)	(9,742,921)	(746,314)	(589,622)	(8,267)	(1,135,355)	(651,455)	(13,962,106)
Gross profit	1,291,420	344,704	1,908,064	125,251	80,794	1,421	-	(299,607)	3,452,047
Selling expenses									(142,527)
General and administrative expenses									(498,140)
Other operating income, net									(87,600)
Operating expenses									(728,267)
Finance expense									(1,073,581)
Finance income									465,485
Foreign exchange gain (loss)									108,227
Derivatives									(110,213)
Financial result, net									(610,082)
Profit before taxes									2,113,698
Provision for income tax and social contribution									(302,219)
Profit for the exercise									1,811,479
Reconciliation of EBITDA									
Profit for the exercise									1,811,479
Provision for income tax and social contribution									302,219
Financial result, net									610,082
Amortization									498,487
EBITDA									3,222,267



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Margin per categories January 1, 2021 to December 31, 2021 (Restated)

Categories	Residential	Commercial	Industrial	Cogeneration	Automotive	Construction revenues	Other revenues / cost ⁽ⁱ⁾	Total
Volume (thousands of m ³) (unaudited)	312,314	127,996	3,804,594	412,153	202,019	-	-	4,859,076
Gross revenue	2,141,200	595,928	9,708,259	806,413	484,906	1,020,176	268,555	15,025,437
Deductions	(530,914)	(147,313)	(2,322,002)	(168,924)	(120,242)	-	(26,329)	(3,315,724)
Net revenue	1,610,286	448,615	7,386,257	637,489	364,664	1,020,176	242,226	11,709,713
Cost ⁽ⁱ⁾	(403,275)	(168,935)	(5,588,886)	(524,369)	(303,431)	(1,020,176)	(620,664)	(8,629,736)
Gross profit	1,207,011	279,680	1,797,371	113,120	61,233	-	(378,438)	3,079,977
Selling expenses								(125,413)
General and administrative expenses ⁽ⁱ⁾								(401,819)
Other operating expenses, net								26,587
Operating expenses								(500,645)
Finance expense								(735,522)
Finance income								401,246
Foreign exchange gain (loss)								(60,888)
Derivatives								90,101
Financial result, net								(305,063)
Profit before taxes								2,274,269
Provision for income tax and social contribution								(155,148)
Profit for the exercise								2,119,121
Reconciliation of EBITDA								
Profit for the exercise								2,119,121
Provision for income tax and social contribution								155,148
Financial result, net								305,063
Amortization								436,093
Other amortization								(1)
EBITDA								3,015,424

(i) Includes R\$ 433,284 in amortization, see note 3.3.



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5 Financial assets and liabilities

Accounting policy:

Financial assets are written off when the rights to receive cash flows from these assets have expired or when the Company has substantially transferred all the risks and rewards of ownership.

The Company ceases to recognize a financial liability when its contractual obligations are discharged, canceled or expired, nor when its terms are modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized, at fair value. Any gain or loss is recognized in profit or loss.

The financial assets and liabilities are as follows:

	Note	December 31, 2022	December 31, 2021
Assets			
Amortized cost			
Cash and cash equivalents	5.1	939,570	771,817
Trade receivables	5.3	1,616,136	1,391,057
Sectorial assets	5.7	321,899	558,310
Receivables from related parties	5.4	1,315	1,817
		2,878,920	2,723,001
Fair value through profit or loss			
Applications in committed operations	5.1	301,686	119,833
Marketable securities	5.2	569,296	1,027,467
Derivative financial instruments	5.8	344,760	287,837
		1,215,742	1,435,137
Total assets		4,094,662	4,158,138
Liabilities			
Amortized cost			
Loans, financing and debentures	5.5	(372,171)	(3,315,446)
Trade payables	5.6	(1,554,695)	(1,669,767)
Other financial liabilities		(72,579)	(91,933)
Dividends and interest on capital payable		(15,806)	(2,035)
Installment of tax debts		(5,549)	(5,786)
Leases		(43,670)	(47,268)
Sectorial liabilities	5.7	(1,469,125)	(1,372,283)
Payables to related parties	5.4	(11,735)	(7,435)
		(3,545,330)	(6,511,953)
Fair value through profit or loss			
Loans, financing and debentures	5.5	(6,608,469)	(3,634,890)
Derivative financial instruments	5.8	(399,866)	-
		(7,008,335)	(3,634,890)
Total liabilities		(10,553,665)	(10,146,843)



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5.1 Cash and cash equivalents

Accounting policy:

They are measured and classified at fair value through profit or loss and amortized cost, being highly liquid, with maturity of up to three months, which are subject to an insignificant risk of change in value.

	December 31, 2022	December 31, 2021
Cash and bank deposits	87,054	40,041
Financial investments	1,154,202	851,609
	1,241,256	891,650

The financial investments are composed as follows:

	December 31, 2022	December 31, 2021
Investment funds		
Compromised operations	301,686	119,833
	301,686	119,833
Applications in banks		
Certificate of bank deposits	852,516	731,776
	852,516	731,776
	1,154,202	851,609

Repurchase transactions refer to purchases of assets, with repurchase commitments at a rate previously established by the parties, generally with a fixed term of 90 days or less or for which there are no penalties or other restrictions for early redemption.

Bank Deposit Certificates – CDBs, are securities issued by Brazilian financial institutions with different maturities, liquidity and/or grace period limited to 90 days, for which there are no relevant penalties or other restrictions for early redemption.

The Company's onshore financial investments are monetized at rates around 100% of the CDI on December 31, 2022 and 2021.

5.2 Marketable securities

Accounting policy:

They are measured and classified at fair value through profit or loss, with a maturity of more than three months and which are subject to an insignificant risk of change in value.



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	December 31, 2022	December 31, 2021
Government security	569,296	1,027,467
	569,296	1,027,467

Government securities bear interest at SELIC with a return equivalent to approximately 100% of the CDI and maturity between two and five years with daily liquidity.

5.3 Accounts receivable from customers

Accounting policy:

Accounts receivable are initially recognized at the amount of consideration that is unconditional, unless they contain significant financial components, when are recognized at fair value. The Company maintains trade accounts receivable in order to receive contractual cash flows, subsequently measuring them at amortized cost using the effective interest method.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the corresponding historical credit losses experienced within this exercise. The historical loss rates may be adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

	December 31, 2022	December 31, 2021
Receivable from gas	812,225	491,818
Unbilled revenue ⁽ⁱ⁾	877,895	975,588
Other	13,828	17,075
	1,703,948	1,484,481
Loss on impairment of accounts receivable	(87,812)	(93,424)
	(87,812)	(93,424)
Total	1,616,136	1,391,057
Current	1,595,449	1,375,260
Non-current	20,687	15,797

⁽ⁱ⁾ Unbilled revenue refers to that part of the gas supply in the month, whose measurement and billing have not yet been made, however, estimated and recorded in the balance sheet for accrual purposes.

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During the year 2022, resolutions No. 1,274, 1,294, 1,329 were issued, with average readjustments, in each deliberation, of 16%, for all categories of customers, with the exception of residential and commercial. In December 2022, Deliberation No. 1,359 was issued with an average readjustment of -9%, for all categories, with the exception of residential and commercial, which presented an average annual readjustment of 11%.

The aging of accounts receivable is as follows:

	December 31, 2022	Expected loss	December 31, 2021	Expected loss
Not overdue	1,544,302	(2,835)	1,355,343	(2,605)
Overdue:				
From 1 to 30 days	52,994	(310)	27,375	(237)
From 31 to 60 days	12,612	(1,414)	8,150	(1,043)
From 61 to 90 days	6,080	(2,080)	3,958	(1,896)
More than 90 days	87,960	(81,173)	89,655	(87,643)
	1,703,948	(87,812)	1,484,481	(93,424)

The variation in the allowance for doubtful accounts is as follows:

January 1, 2021	(112,281)
(Provisions) / Reversals	1,792
Write-off	17,065
December 31, 2021	(93,424)
(Provisions) / Reversals	(12,502)
Write-off	18,114
December 31, 2022	(87,812)

5.4 Related parts

Accounting policy:

Commercial, financial and corporate transactions involving related parties are carried out at normal market prices and carried out in accordance with established contracts. Outstanding balances at year end aren't guaranteed, aren't subject to interest and are settled in cash. There were no guarantees given or received on any accounts receivable or payable involving related parties. At the end of each exercise, an analysis of the recovery of amounts and receivables is carried out and in this year no provision was recognized.



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a) Accounts receivable and payable from related parties:

	December 31, 2022	December 31, 2021
Current asset		
Commercial operations		
Raízen S.A. and its subsidiaries ⁽ⁱ⁾	401	1,157
Gás Brasileiro Distribuidora S.A.	105	-
	506	1,157
Contractual operations		
Raízen S.A. and its subsidiaries	738	-
Rumo Malha Paulista S.A.	-	85
Rumo Malha Norte S.A.	-	41
Rumo Malha Sul S.A.	-	519
Cosan S.A.	71	-
Cosan Lubrificantes e Especialidades S.A.	-	15
	809	660
Total current asset	1,315	1,817
Current liabilities		
Commercial operations		
Gás Brasileiro Distribuidora S.A. ⁽ⁱⁱ⁾	3,324	-
	3,324	-
Contractual operations		
Raízen S.A. and its subsidiaries ⁽ⁱⁱⁱ⁾	8,372	7,435
Compass Gás e Energia S.A.	39	-
	8,411	7,435
Total current liabilities	11,735	7,435

b) Transactions with related parties:

	December 31, 2022	December 31, 2021
Operation income		
Raízen S.A. and its subsidiaries ⁽ⁱ⁾	10,547	9,213
Gás Brasileiro Distribuidora S.A.	143	-
Elevações Portuárias S.A. ⁽ⁱ⁾	689	439
	11,379	9,652
Purchase of gas		
Gás Brasileiro Distribuidora S.A. ⁽ⁱⁱ⁾	(23,696)	-
	(23,696)	-
Expense intercompany		
Raízen S.A. and its subsidiaries ⁽ⁱⁱⁱ⁾	(24,794)	(37,960)
	(24,794)	(37,960)
Financial result		
Rumo Malha Paulista S.A. ^(iv)	12,105	-
	12,105	-



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⁽ⁱ⁾ Gas supply.

⁽ⁱⁱ⁾ Purchase of gas. The Company became a related party as of July 1, 2022, due to the acquisition of Commit by Compass.

⁽ⁱⁱⁱ⁾ Shared services executed by Raízen Energia S.A. of the Company's responsibility. The nature of the expenses related to the shared services center is related to the following services: processes accounting, taxes, legal support, etc.

^(iv) Discount on the purchase of ICMS credit (Tax on operations related to the circulation of goods), see note 1.1.

c) Remuneration of directors and officers:

The Company has a compensation policy approved by the Board of Directors. Compensation of the Company's key management personnel includes salaries, contributions to a post-employment defined benefit plan, stock-based compensation and long-term bonuses. We present the composition on December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
Short-term benefits to directors	26,766	25,665
Post-employment benefits	667	480
Long-term bonus to directors	6,317	4,370
Share-based payments	1,641	5,941
	35,391	36,456

5.5 Loans, financing and debentures

Accounting policy:

Initially measured at fair value, net of costs incurred in the transaction and subsequently at amortized cost.

The Company fail to recognize when the obligation specified in the agreement is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been terminated or transferred to another party and the consideration paid, including any transferred non-cash assets or liabilities assumed, is recognized in profit or loss as other income or financial expense.

Classified as current liabilities, unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.



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The terms and conditions of the loans are as follows:

Description	Interest		December 31, 2022	December 31, 2021	Maturity	Objective
	Index	Annual interest rate ⁽ⁱ⁾				
Warranty						
BNDES						
Project VI and VII	IPCA + 4,10%	10.40%	131,885	154,843	Apr-29	Investment
Project VIII	IPCA + 3,25%	9.50%	1,653,501	945,663	Jun-34	Investment
Project IX	IPCA + 5,74%	12.14%	544,925	-	Jun-34	Investment
			2,330,311	1,100,506		
No warranty						
Resolution 4131						
Scotiabank 2018	USD + 3,67%	3.67%	395,285	438,823	May-23	Working capital
Scotiabank 2021	USD + 1,36%	1.36%	377,705	414,378	Feb-24	Working capital
Scotiabank 2022	USD + 2,13%	2.13%	1,000,957	-	Feb-25	Working capital
Debentures						
4 th emission - 2 th issue	IPCA + 7,48%	13.65%	-	165,478	Dec-22	Investment
4 th emission - 3 th issue	IPCA + 7,36%	13.86%	114,014	108,451	Dec-25	Investment
5 th emission - single	IPCA + 5,87%	12.28%	907,366	873,474	Dec-23	Investment
6 th emission - single	IPCA + 4,33%	10.64%	523,837	501,278	Oct-24	Investment
7 th emission - single	IGPM + 6,10%	12.36%	372,171	352,235	May-28	Working capital
8 th emission - single	CDI + 0,50%	12.21%	-	2,033,161	Oct-22	Working capital
9 th emission - 1 th issue	IPCA + 5,12%	11.48%	491,153	484,974	Aug-31	Investment
9 th emission - 2 th issue	IPCA + 5,22%	11.59%	467,841	477,578	Aug-36	Investment
			4,650,329	5,849,830		
Total			6,980,640	6,950,336		
Current			1,554,840	2,288,960		
Non-current			5,425,800	4,661,376		

(i) For debts that have derivatives linked to them, the effective rates are shown in note 5.8.

Non-current loans have the following maturities:

	December 31, 2022	December 31, 2021
13 to 24 months	1,101,805	1,443,892
25 to 36 months	1,220,964	1,047,810
37 to 48 months	339,889	135,491
49 to 60 months	339,889	215,980
61 to 72 months	339,934	215,980
73 to 84 months	386,643	216,025
84 to 96 months	382,451	261,191
Over 96 months	1,314,225	1,125,007
	5,425,800	4,661,376



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The carrying amounts of loans, financing and debentures are denominated in the following currencies:

	December 31, 2022	December 31, 2021
Brazilian Reals (R\$)	5,206,693	6,097,135
Dollar (US\$) ⁽ⁱ⁾	1,773,947	853,201
	6,980,640	6,950,336

⁽ⁱ⁾ On December 31, 2022, all debts denominated in US dollars have hedge against exchange rate risk through derivatives (Note 5.8).

The table below shows the changes in loans, financing and debentures that occurred for the years ended December 31, 2022 and 2021:

January 1, 2021	7,043,909
Raised	1,557,805
Payment of principal	(1,768,394)
Payment of interest	(419,092)
Monetary and exchange rate adjustment	536,108
December 31, 2021	6,950,336
Raised	2,473,745
Payment of principal	(2,275,698)
Payment of interest	(469,746)
Interest, exchange variation and fair value	302,003
December 31, 2022	6,980,640

Unused lines of credit

On December 31, 2022, the Company had credit lines in banks, which were not used, in the amount of approximately R\$ 937,000.

The use of these lines of credit is subject to certain contractual conditions.

Covenants

Some debts determine the compliance with certain financial indices (financial covenants) as follows:

Debt	Target	Index
BNDÉS	Net debt / EBTIDA not exceed 4.00	1.64
Resolution 4131	Net debt / EBTIDA not exceed 4.00	1.64
Debenture 4 th until 9 th emission	Net debt / EBTIDA not exceed 4.00	1.64
Debenture 4 th emission	Loans current / Loans total not exceed 0.6	0.17



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	December 31, 2022	December 31, 2021
Net debt ⁽ⁱ⁾	5,268,864	4,790,650
EBITDA ^{(*) (ii)}	3,222,267	3,015,425
(=) Net debt/ EBITDA	1.64	1.59
^{(*) last twelve months}		
	December 31, 2022	December 31, 2021
Loans current (net of derivatives)	1,214,736	2,291,228
Loans total (net of derivatives) ⁽ⁱⁱⁱ⁾	7,079,416	6,709,767
(=) Loans current/ Loans total	0.17	0.34

(i) "Net debt" consists of current and non-current debt, net of cash and cash equivalents and marketable securities:

Loans, financing and debentures	6,980,640
Derivative financial instruments	55,106
Leases	43,670
Cash and cash equivalents	(1,241,256)
Marketable securities	(569,296)
Total Net Debt	<u>5,268,864</u>

(ii) "EBITDA" corresponds to the net result ended in the last 12 (twelve) months, plus taxes on profit, financial expenses net of financial income and amortization;

(iii) "Total indebtedness" corresponds to the sum of loans, financing, debentures and leases of the Company, in the short and long term, on a consolidated basis including the net balance of derivative transactions.

On December 31, 2022 and 2021, the Company was in compliance with all financial and non-financial covenants.

5.6 Trade payables

Accounting policy:

The carrying amounts of suppliers are the same as their fair values, due to their short-term nature and are generally paid within 90 days of recognition.

	December 31, 2022	December 31, 2021
Natural gas suppliers	1,183,666	1,314,946
Materials and service suppliers	371,029	354,821
	<u>1,554,695</u>	<u>1,669,767</u>



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The Company has contracts for the supply of natural gas with Petrobras and Gás Brasileiro under the following conditions:

- Contract with Petrobras in the firm modality, started in January 2020, effective until December 2023, and with the current contractual daily quantity of national gas of 6.40 million m³/day, called NMG.
- Contract with Petrobras in the firm modality, started in January 2022, effective until December 2023, and with the current contractual daily quantity of gas of 6.40 million m³/day, called TC.
- Gas contract enrolled in the Priority Thermolectricity Program (PPT) with Petrobras, for the supply of 0.3 million m³/day with Ingredion Brasil Ingredients Industriais Ltda, effective until March 31, 2023.
- Contract with Gás Brasileiro in the firm modality, started in April 2008, effective until March 26, 2023 and contracted average monthly volume of 1.35 million m³ and annual contracted volume of 16.20 million m³.

The prices for the supply of natural gas, the NMG and TC contracts, are made up of two parts: one is indexed to Brent in the international market and adjusted on a quarterly basis; and another adjusted annually based on local inflation. Both contracts are indexed to the US dollar.

The Company has an agreement with a financial institution that allows the anticipation of trade bills for its suppliers. The payment period for these operations is up to 90 days. The drawn risk operation is an option of the supplier and does not change the commercial conditions between the parties (term and value of the service). The prepayment of receivables by suppliers is based on acceptance of the terms, including the prepayment fees for these operations. The Company has no influence on the supplier's decision, nor does it receive any benefit from the bank in this operation (for more information, see explanatory note 5.10).



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5.7 Asset and liabilities sectorial

Accounting policy:

Sectorial financial assets and liabilities have the ability to neutralize the economic effects on the result of the Company, due to the difference between the cost of gas and rates contained in the portals issued by ARSESP, and effectively included in the tariff, at each tariff adjustment / review.

These differences between the real cost and the cost considered in the tariff adjustments generate a right as the cost realized for the highest tariff contemplated, or an obligation, when the costs are lower than the contemplated tariff. The differences are considered by ARSESP in the subsequent tariff adjustment and are now included in the Company's tariff adjustment index.

As provided in Resolution No. 1010, any balances in the graphic accounts existing at the end of the concession will be indemnified by the subsidiary Comgás or returns to users in the period of 12 months before the concession period. The balance consists of: (i) the previous cycle (in amortization), which represents, or the balance approved by ARSESP already included in the tariff and (ii) by the constitution cycle, which are the differences that will be approved by ARSESP in the next tariff readjustment.

In addition, this resolution dealt with the balance contained in the current account of taxes, which accumulates values related to tax credits taken advantage of by the Company, but which are essentially part of the tariff composition and must be subsequently transferred via the tariff.

With the advent of this resolution, the Company understands that there is no longer significant uncertainty that would hinder the recognition of sectorial financial assets and liabilities as amounts actually receivable or payable. Accordingly, on June 10, 2020, it recognizes the sectorial financial assets and liabilities in its financial statements.

The change in the net sectorial financial liability (liability) for the year ended December 31, 2022 and 2021 was as follows:

	Sectorial assets	Sectorial liabilities	Total
January 01, 2021	241,749	(565,911)	(324,162)
Cost of gas ⁽ⁱ⁾	228,153	-	228,153
Credits of taxes ⁽ⁱⁱ⁾	-	(167,397)	(167,397)
Monetary variations ⁽ⁱⁱⁱ⁾	19,699	(263,410)	(243,711)
Extemporaneous credits ^(iv)	-	(375,565)	(375,565)
Deferral of IPG-M ^(v)	68,709	-	68,709
December 31, 2021	558,310	(1,372,283)	(813,973)
Cost of gas ⁽ⁱ⁾	(427,826)	-	(427,826)
Credits of taxes ⁽ⁱⁱ⁾	-	18,447	18,447
Monetary variations ⁽ⁱⁱⁱ⁾	81,402	(115,289)	(33,887)
Deferral of IPG-M ^(v)	110,013	-	110,013
December 31, 2022	321,899	(1,469,125)	(1,147,226)
Current	128,521	(67,419)	61,102
Non-current	193,378	(1,401,706)	(1,208,328)
	321,899	(1,469,125)	(1,147,226)



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- (i) Refers to the cost of gas purchased compared to that contained in tariffs, fully classified in current assets, since the ARSESP resolution provides for tariff recovery on an annual basis for residential and commercial customer categories and quarterly for other customer categories .
- (ii) Refers to the net amount of tax credits on tax benefits in the exercise, according to resolution No. 1,359 of December 10, 2022.
- (iii) Monetary restatement on the gas current account and untimely credit, based on the SELIC rate.
- (iv) Credit for the exclusion of ICMS from the PIS and COFINS basis, see details of the process in note 6.
- (v) Appropriation of the deferral of the IGP-M for the categories of residential and commercial customers, recognized in non-current assets, in accordance with Resolution No. 1,162 of May 26, 2021 and the 7th Amendment to the Concession Agreement on October 1, 2021.

On December 31, 2022, the Company recorded a net sectorial financial liability balance of (R\$ 1,147,226), of which (R\$ 813,973) opening balance, (R\$ 409,370) against net operating revenue and cost of products sold, and (R\$ 33,887) against income financial and R\$ 110,013 against gross revenue from the provision of services and others.

5.8 Derivative financial instruments

Accounting policy:

Derivatives are recognized first by fair value on the date of a derivative contract is recognized and are subsequently remeasured at their fair value at the end of each reporting period. The fair value of subsequent accounting changes depends on if the derivative to be designated as a hedge financial instrument hedge and, if positive, the nature of the subsequent hedge item. The Company designates certain derivatives as: a hedge of the fair value of a recognized asset or liability (fair value hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that are highly effective are recorded in the statement of income, along with any changes in the fair value of the hedged asset or liability that is attributable to the hedged risk. The fairs of derivative financial instruments are designated in the hedging relationships below. The derivative is presented as a non-current asset or non-liability if the remainder of the instrument's birth is greater than 12 months and its realization or settlement within 12 months is non-current. Other derivatives are presented as current assets or liabilities.

The Company makes an assessment, both at the beginning of the hedging relationship and on an ongoing basis (annual), as to whether the hedging instruments classified under hedge accounting should be highly effective in offsetting changes in the fair value or cash flows of the respective assignable protected items.

The Company has a portfolio of energy contracts (purchase and sale) that meet the demands and offers of energy consumption or supply. In addition, there is a portfolio looking for forward contracts.



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For this portfolio, there is no purchase commitment as you have in a sales contract.

Financial assets and financial liabilities are Amount compensated and should be presented on the balance sheet when there is a legal right to offset the amounts recognized on them on a net basis, or to realize the asset and settle the liability simultaneously. The legal right shall not be contingent on future events and shall apply in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

• Derivatives that do not qualify for hedge accounting

On December 30, 2022 and 2021, fair values related to transactions involving derivative financial instruments to protect the Company's exposure to risk were using observable data such as quoted prices in active markets or discounted cash flow based on market curves, and are presented below:

	Notional		Fair value	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Interest rate and exchange rate risk				
Swap agreements (interest rate)	4,919,169	2,695,617	31,748	119,993
Swap agreements (interest rate and exchange) ⁽ⁱ⁾	1,772,775	675,375	(86,854)	167,844
	6,691,944	3,370,992	(55,106)	287,837
Total financial instruments			(55,106)	287,837
Current assets			344,760	-
Non-current assets			-	287,837
Non-current liabilities			(399,866)	-
Total			(55,106)	287,837

⁽ⁱ⁾ These balances are equivalent to the notional dollar amount converted into R\$ at the dollar rate on the contracting day.

Derivatives are used only for economic hedging purposes and not as speculative investments.

Fair value hedge

Currently, the Company adopts fair value hedge accounting for some of its operations, both hedge instruments and hedged items are recorded at fair value through profit or loss.



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The operational and accounting effects of this adoption are as follows:

Interest rate hedge	Notional	Book value		Accumulated fair value adjustment	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Loans, financing and debentures					
Designated items					
5 th issues – single series	(684,501)	(907,366)	(873,474)	(33,892)	17,184
BNDES Project VIII	(1,000,000)	(851,689)	(921,949)	70,260	(921,949)
Total debt	(1,684,501)	(1,759,055)	(1,795,423)	36,368	(904,765)
Derivative financial instruments					
Hedge instruments					
5 th issues – single series	684,501	221,000	189,928	1,248	(21,813)
BNDES Project VIII	1,000,000	(90,193)	(51,220)	(57,944)	(51,220)
Total derivative	1,684,501	130,807	138,708	(56,696)	(73,033)
Total	-	(1,628,248)	(1,656,715)	(20,328)	(977,798)

Fair value options

Certain derivative instruments have not been linked to documented hedge structures and, therefore, the hedge accounting expedient, provided for in CPC 48 – Financial Instruments, wasn't used. The Company opted to designate the protected liabilities (hedge objects) to be recorded at fair value through profit or loss. Considering that derivative instruments are always recorded at fair value through profit or loss:

Exchange rate	Notional	Book value		Accumulated fair value adjustment	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Loans, financing and debentures					
4131 Scotiabank (2018) US\$ + 3,67%	(268,125)	(395,285)	(438,823)	(2,680)	(18,230)
4131 Scotiabank (2021) US\$ + 1,36%	(407,250)	(377,705)	(414,378)	15,545	5,526
4131 Scotiabank (2022) US\$ + 2,13%	(1,097,400)	(1,000,957)	-	51,798	-
Total debt	(1,772,775)	(1,773,947)	(853,201)	64,663	(12,704)
Derivative financial instruments					
EIB 3 rd Tranche BRL + 88,5% do CDI	-	-	-	-	844
EIB 4 th Tranche BRL + 81,1% do CDI	-	-	-	-	2,583
4131 Scotiabank (2018) BRL + 107,9% do CDI	268,125	123,760	168,358	(61,685)	20,794
4131 Scotiabank (2020) BRL + CDI + 2,75%	-	-	-	-	15,711
4131 Scotiabank (2021) BRL + CDI + 1,25%	407,250	(50,245)	(514)	(88,612)	(6,628)
4131 Scotiabank (2022) BRL + CDI + 1,20%	1,097,400	(160,369)	-	(217,215)	-
Total derivative	1,772,775	(86,854)	167,844	(367,512)	33,304
Total	-	(1,860,801)	(685,357)	(302,849)	20,600



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Interest rate	Notional	Book value		Accumulated fair value adjustment	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Loans, financing and debentures					
4 th issues – 3 rd series	IPCA + 7,48%	-	-	-	-
4 th issues – 2 nd series	IPCA + 7,36%	(114,818)	(114,014)	(114,014)	-
6 th issues – single series	IPCA + 4,33%	(523,993)	(523,837)	(523,837)	-
9 th issues – 1 st series	IPCA + 5,12%	(500,000)	(491,153)	(6,179)	(484,974)
9 th issues – 2 nd series	IPCA + 5,22%	(500,000)	(467,841)	9,737	(477,578)
BNDES Project VI and VII	IPCA + 4,10%	(160,126)	(131,885)	(131,885)	-
BNDES Projetos VIII	IPCA + 3,25%	(870,149)	(801,812)	(801,812)	-
BNDES Projetos IX	IPCA + 5,74%	(565,582)	(544,925)	(544,925)	-
Total debt		(3,234,668)	(3,075,467)	(2,112,915)	(962,552)
Derivative financial instruments					
4 th issues – 2 nd series	94,64% CDI	-	-	(3,900)	-
4 th issues – 3 rd series	112,49% CDI	114,818	(778)	(5,096)	-
6 th issues – single series	112,49% CDI	523,993	(10,419)	(26,161)	-
9 th issues – 1 st series	89,9% CDI	500,000	(17,705)	(37,517)	(5,776)
9 th issues – 2 nd series	109,20% CDI	500,000	(40,441)	(53,304)	(12,939)
BNDES Project VI and VII	110,50% CDI	160,126	(2,046)	(6,923)	-
BNDES Projetos VIII	87,50% CDI	870,149	(21,039)	(48,613)	-
BNDES Projetos IX	82,94% CDI	565,582	(6,631)	(6,631)	-
Total derivative		3,234,668	(99,059)	(188,145)	(18,715)
Total		-	(3,174,526)	(2,301,060)	(981,267)

5.9 Fair value measurements recognized

Accounting policy:

When the fair value of financial assets and liabilities cannot be derived from active markets, their fair value is determined using valuation techniques, including the discounted cash flow model. Inputs to these models are obtained from observable markets where possible, but when this is not feasible, a judgment degree is needed to determine fair values. Judgment is necessary in determining data such as liquidity risk, credit risk and volatility. Changes in these variables could affect the fair value.

Specific valuation techniques used to evaluate financial instruments include:

- i. The use of quoted market prices;
- ii. For swaps we use the present value of estimated future cash flows based on yield curves observable in the market;
- iii. For other financial instruments, we analyze the discounted cash flow.

The Company has an established control structure in relation to the measurement of fair values. This includes an evaluation team that has overall responsibility for overseeing all significant fair value measurements, and reporting directly to the Board of Directors.



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The treasury regularly reviews significant non-observable inputs and valuation adjustments. If third-party information, such as brokerage quotes or pricing services, is used to measure fair values, treasury evaluates evidence obtained from third parties to support the conclusion that such ratings meet the Company's policy requirements, including the level in the market.

Significant evaluation issues are reported to the Board of Directors. When measuring the fair value of an asset or liability, the Company uses observable market data as much as possible. Fair values are categorized at different levels into a fair value hierarchy based on inputs used in valuation techniques as follows.

- Level 1: inputs represent unadjusted quoted prices for the same instruments traded in active markets.
- Level 2: inputs include directly or indirectly observable data (other than Tier 1) such as quoted prices for similar financial instruments traded in active markets, quoted prices for identical or similar financial instruments traded in inactive markets and other observable market data. The fair value of most of the Company's investments in securities, derivative contracts and securities.
- Level 3: inputs to the asset or liability that are not based on observable market data (unobservable inputs). Management is required to use its own assumptions about unobservable inputs because there is little market activity in these instruments or related observable data that can be corroborated at the measurement date.

If the data used to measure the fair value of an asset or liability falls at different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety at the same level of the fair value hierarchy as the lowest level entry which is significant for the whole measurement.

The carrying amounts and fair value of financial assets and liabilities are as follows:

	Account		Assets and liabilities measured at fair value ⁽ⁱ⁾	
			Level 2	Level 2
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Assets				
Applications in committed operations	301,686	119,833	301,686	119,833
Marketable securities	569,296	1,027,467	569,296	1,027,467
Derivate financial instruments	344,760	287,837	344,760	287,837
Total	1,215,742	1,435,137	1,215,742	1,435,137
Liabilities				
Loans, financing and debentures	(6,608,469)	(3,634,890)	(6,608,469)	(3,634,890)
Derivate financial instruments	(399,866)	-	(399,866)	-
Total	(7,008,335)	(3,634,890)	(7,008,335)	(3,634,890)

⁽ⁱ⁾ Transactions with the Company's financial instruments that have an accounting balance equivalent to fair value are since these financial instruments have characteristics substantially similar to those that would be obtained if they were traded on the market.

On December 31, 2022 and 2021, there was no change in the classification of levels.



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5.10 Financial risk management

Accounting policy:

This note explains the Company's exposure to financial risks and how these risks may affect its future financial performance. The current year's profit and loss information was included, where relevant, to add more context.

The Company's financial risk management is controlled by the treasury under policies approved by the Board of Directors. The Board provides written principles for global risk management as well as policies covering specific areas such as currency risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and excess liquidity investment. The Company's treasury identifies, evaluates and protects financial risks in close cooperation with the Company's operating units.

When all relevant criteria are met, hedge accounting is applied to eliminate the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in the recognition of interest expense at a fixed interest rate for floating rate secured loans.

The Company's policy is to maintain a robust capital base to promote investor, creditor and market confidence, and to ensure the future development of the business. Management monitors that return on equity is appropriate for each of its businesses.

The use of financial instruments to hedge against these areas of volatility is determined by means of an analysis of the risk exposure that the administration intends to cover.

a) Market risk

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, optimizing return.

The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines established by the risk management committee. Generally, the Company seeks to apply hedge accounting to manage volatility in profits or losses.



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i. Cambial risk

On December 31, 2021 and 2021, the Company had the following net exposure to the exchange variation of assets and liabilities denominated in US Dollar:

	December 31, 2022	December 31, 2021
Loans, borrowings and debentures	(1,773,947)	(853,201)
Derivative financial instruments	1,773,947	853,201
Foreign exchange exposure, net	-	-

The sensitivity of the result to changes in exchange rates results mainly from financial instruments denominated in US dollars.

The probable scenario was defined based on the US dollar market rates projected for December 31, 2022, which determines the fair value of the derivatives at that date. Stressed scenarios (positive and negative effects, before taxes) were defined based on adverse impacts of 25% and 50% on the US dollar exchange rates used in the probable scenario.

Based on the financial instruments denominated in US dollars, on December 31, 2022, the Company performed a sensitivity analysis with an increase and decrease in exchange rates (R\$ / US\$) of 25% and 50%.

The probable scenario considers the estimated exchange rates, performed by a specialized third party, on the maturity date of operations for companies with real functional currency (positive and negative, before tax effects), as follows:

	Exchange rate sensitivity analysis (R\$/US\$)					
	December 31, 2022	Probable	Scenarios			
			25%	50%	-25%	-50%
Dollar	5.22	5.25	6.56	7.88	3.94	2.63

Instrument	Risk factor	Probable	Scenario			
			25%	50%	-25%	-50%
Loans, borrowings and debentures	Variation in the exchange rate R\$/US\$	(10,982)	(446,232)	(892,464)	446,232	892,464
Derivative financial instruments		10,982	446,232	892,464	(446,232)	(892,464)
Impacts on profit or loss		-	-	-	-	-

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ii. Interest rate risk

The Company monitors fluctuations in variable interest rates related to its borrowings and mostly uses derivative instruments to minimize the risk of fluctuations in variable interest rates.

The probable scenario considers the estimated interest rate, prepared by a specialized third party based on information from the Central Bank of Brazil (BACEN) on January 06, 2023, as follows:

	Sensitivity analysis of changes in interest rates				
	Probable	25%	50%	-25%	-50%
CDI	13.25	16.57	19.88	9.94	6.63
IPCA	4.98	6.23	7.47	3.74	2.49
IGPM	4.45	5.56	6.67	3.34	2.22

A sensitivity analysis on interest rates on loans and financing in compensation for CDI investments with 25% and 50% pre-tax increases and reductions is presented below:

	Scenario				
	Probable	25%	50%	-25%	-50%
Cash and cash equivalents	165,759	207,199	248,639	124,319	82,880
Financial investments	76,025	95,031	114,037	57,019	38,012
Derivatives financial instruments	(1,643)	(100,997)	(93,496)	(127,003)	(147,673)
Loans, financing and debentures	(304,082)	(327,748)	(393,298)	(196,649)	(131,099)
Impacts on income	(63,941)	(126,515)	(124,118)	(142,314)	(157,880)

b) Credit risk

The company's regular operations expose it to potential defaults when customers, suppliers and counterparties are unable to meet their financial or other commitments. The Company seeks to mitigate this risk by conducting transactions with a diversified set of counterparties. However, remains subject to unexpected financial failures from third parties that could affect its operations. The exposure to credit risk was as follows:

	December 31, 2022	December 31, 2021
Cash and cash equivalents	1,241,256	891,650
Marketable securities	569,296	1,027,467
Trade receivables ⁽ⁱ⁾	1,616,136	1,391,057
Derivatives financial instruments	344,760	287,837
Receivables from related parties	1,315	1,817
	3,772,763	3,599,828



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⁽ⁱ⁾ On December 31, 2022, the Company had a portfolio of approximately 2,38 million customers (unaudited) in the residential, commercial, industrial, automotive, thermogeneration and cogeneration customer categories, with no concentration of credit in large consumers in volume greater than 10% of sales, thus diluting the risk of default.

The Company is also exposed to risks related to its cash management activities and temporary investments, and any interruption affecting its financial intermediaries may also adversely affect its operations.

The Company's exposure to commercial receivables risk (Note 51.3) is limited, given the large number of clients. However, still holds reserves for potential credit losses. Risk control assesses the credit quality of the customer portfolio, considering their financial position, past experience and other factors. Individual risk limits are defined based on internal or external classifications, in accordance with the limits established by Management. Compliance with customer credit limits is regularly monitored by Management.

Net assets are mainly invested in government securities and other investments in banks with a minimum grade of "A", substantially reducing credit risk. The credit risk of cash and cash equivalents, marketable securities and derivative financial instruments is determined by classification instruments widely accepted by the market and are arranged as follows:

	December 31, 2022	December 31, 2021
AAA	2,081,945	2,206,007
AA	73,366	947
	<u>2,155,312</u>	<u>2,206,954</u>

c) Liquidity risk

Liquidity risk is the risk that the Company will face difficulties in meeting the obligations associated with its financial liabilities that are settled through the delivery of cash or other financial assets. The Company's approach to managing liquidity is to ensure, to the extent possible, that it has enough liquidity to meet its liabilities when they mature under normal and stress conditions without incurring unacceptable losses or risking damage to the Company's reputation.



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Financial liabilities classified by maturity dates (based on the undiscounted cash flows contracted) are as follows:

	December 31, 2022				December 31, 2021
	Up to 1 period	1 - 2 periods	3 - 5 periods	More than 5 periods	Total
Loans, financing and debentures	(1,990,681)	(1,544,827)	(2,644,512)	(4,887,375)	(11,067,395)
Derivatives financial instruments	(21,106)	(216,444)	(238,453)	1,055,657	579,654
Suppliers	(1,554,695)	-	-	-	(1,554,695)
Other financial liabilities ⁽ⁱ⁾	(72,579)	-	-	-	(72,579)
Dividends and interest on own capital payable	(15,806)	-	-	-	(15,806)
Tax debts	(825)	(825)	(1,653)	(2,548)	(5,851)
Leases	(8,232)	(7,984)	(14,052)	(31,001)	(61,269)
Payables to related parties	(11,735)	-	-	-	(11,735)
	(3,675,659)	(1,770,080)	(2,898,670)	(3,865,267)	(12,209,676)
					(11,870,297)

⁽ⁱ⁾ On December 31, 2022, the balance advanced by our suppliers with financial institutions was R\$72,579 (R\$91,933 on December 31, 2021). The payment period for these operations is up to 90 days. The drawn risk operation is an option of the supplier and does not change the commercial conditions between the parties (term and value of the service). The prepayment of receivables by suppliers is based on acceptance of the terms, including the prepayment fees for these operations. The Company does not exert any influence on the supplier's decision, nor does it receive any benefit from the bank in this operation.

6 Other recoverable taxes

Accounting policy:

Tax assets are measured at cost and mainly include: (i) tax effects that are recognized when the asset is sold to a third party or recovered through amortization of the asset's remaining economic life; and (ii) tax receivables that are expected to be recovered as refunds from the tax authorities or as a reduction for future tax liabilities.

	December 31, 2022	December 31, 2021
Contribution financing of social security (COFINS) ⁽ⁱ⁾	356,242	787,661
ICMS (value added tax on sales and services) - State VAT	217,830	207,319
Social Integration Program (PIS) ⁽ⁱ⁾	182,479	171,005
Other	103	38
	756,654	1,166,023
Current	724,750	176,865
Non-current	31,904	989,158

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- (i) On May 13, 2021, the Federal Supreme Court ("STF") concluded the judgment of Extraordinary Appeal No. 574,706 and, under the general repercussion system, established the thesis that the Tax on the Circulation of Goods and Services ("ICMS") does not form the basis for calculating the Social Integration Program ("PIS") and the Contribution to Social Security Financing ("COFINS"), since this amount does not constitute the Company's revenue/billing, that is, taxpayers have the right to exclude the amount related to ICMS highlighted in the invoice from the PIS and COFINS calculation basis.

The Company recognized credits related to the topic, as explained in note 6 of the annual financial statements on December 31, 2021.

Granted by the Federal Revenue Service ("SRF"), on March 30, 2022, the request for qualification of PIS and COFINS credits calculated since July 2008, the Company started to use it for the monthly payments of PIS and COFINS (total PIS/COFINS credits used in the year was R\$ 470,943), as well as quarterly payments of IRPJ and CSLL. The amount recorded in current is expected to be used in the next 12 months.

7 Intangible Assets

Accounting policy:

a) Intangible assets related to the concession contract

The Company has a public concession agreement for a gas distribution service in which the Concession Authority controls what services will be provided and the price, in addition to having a significant stake in the infrastructure at the end of the concession. This concession agreement represents the right to charge users for gas supply during the term of the agreement. Accordingly, the Company recognizes this right as an intangible asset.

The assets acquired or built underlying the concession, necessary for the distribution of gas, are amortization over the period in which it is expected that the future economic benefits of the asset will be reversed to the Company, or the concession's final term, whichever comes first. This period reflects the economic useful life of each of the underlying assets that make up the concession, a part of the asset is converted into a financial asset, as it represents an account receivable from the granting authority. This classification is in accordance with ICPC 01 / IFRIC 12 - Concession Contracts. This economic useful life is also used by the regulatory body to determine the basis for measuring the tariff for the provision of services under the concession.

The construction of the necessary infrastructure for the distribution of gas is considered a service to the Granting Authority and the related revenue is recognized at fair value. Financing costs directly related to construction are capitalized.

The Company doesn't recognize the margin in the construction of the infrastructure.

Contract assets are measured at cost, capitalized and transferred to intangible assets to the extent they are available for use by the concession.

The Company reassesses the useful life, whenever this assessment indicates that the amortization period will exceed the term of the concession agreement, a part of the asset is converted into a financial asset adjusted to fair value, as it represents a receivable from the granting authority. This classification is in accordance with ICPC 01 / IFRIC 12 - Concession Contracts.



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b) Contracts with clients

Costs incurred in developing gas systems for new customers (including pipelines, valves and equipment in general) are recognized as intangible assets and amortized over the contract period.

c) Subsequent expenses

Subsequent expenses are capitalized only when the future economic benefits incorporated in the specific asset to which they relate are increased. All other expenses are recognized in the income statement as incurred.

d) Amortization

Amortization is recognized in income using the straight-line method, based on the estimated useful lives, from the date on which Management understands that the respective assets are in ideal conditions to be used.

As defined in CSPE Ordinances No. 22 of November 19, 1999 and No. 50 of May 8, 2000, the asset classes shown in the table below must compose the concession intangible assets, and for each asset class there is a specific amortization calculated from on a straight-line basis over their estimated useful lives, and the Company uses these same useful lives as determined by the regulatory body for amortization, as the evaluation concluded that the useful lives are consistent with the actual useful lives of each class of assets, as follows:

Buildings and improvements	2% a 5%
Customers loyalty	20% a 50%
Machines and equipment	3,33% a 20%
Pipelines	3,33% a 4%
Vehicle	20%
Others	10% a 20%

The amortization of intangible assets is discontinued when the respective asset is fully utilized or written off, and is no longer included in the basis for calculation of the concession services fee, whichever occurs first.



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	Concession agreement ⁽ⁱ⁾	Customer loyalty efforts	Loyalty of customers in progress	Others	Total
Cost					
January 1, 2021	7,843,347	912,996	74,059	1,787	8,832,189
Additions	-	-	154,900	-	154,900
Disposals ⁽ⁱ⁾	(169,815)	(44)	-	-	(169,859)
Transfers ⁽ⁱⁱ⁾	974,063	159,107	(159,362)	2,274	976,082
December 31, 2021	8,647,595	1,072,059	69,597	4,061	9,793,312
Additions	-	-	113,498	-	113,498
Disposals	(57,239)	(19)	-	-	(57,258)
Transfers ⁽ⁱⁱ⁾	756,509	97,702	(97,708)	986	757,489
December 31, 2022	9,346,865	1,169,742	85,387	5,047	10,607,041
Amortization					
January 1, 2021	(2,844,628)	(777,015)	-	(128)	(3,621,771)
Additions	(344,729)	(87,944)	-	(602)	(433,275)
Disposals ⁽ⁱ⁾	152,236	114	-	-	152,350
December 31, 2021	(3,037,123)	(864,843)	-	(730)	(3,902,696)
Additions	(386,536)	(104,864)	-	(888)	(492,288)
Disposals	25,430	1	-	-	25,431
December 31, 2022	(3,398,229)	(969,706)	-	(1,618)	(4,369,553)
January 1, 2021	5,610,472	207,216	69,597	3,331	5,890,616
December 31, 2022	5,948,636	200,036	85,387	3,429	6,237,488

⁽ⁱ⁾ Includes the amount of R\$142,316 referring to the write-off of fully amortized assets.

⁽ⁱⁱ⁾ The amount of the transfers also includes a portion of the intangible asset that was reclassified to a financial asset in the amount of R\$ 31,445 (R\$ 45,814 ended on December 31, 2021).

Impairment

Intangible assets with defined useful lives, which are subject to amortization, are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, which did not occur for the year. There are no intangibles with an indefinite useful life in the Company.



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8 Contract assets

Accounting policy:

Contract assets are measured at acquisition cost, including capitalized borrowing costs. When the assets enter into operation, the amortizable amounts in the concession contract are transferred to intangible assets (Note 7).

	Contract assets
Cost value:	
January 1, 2021	686,690
Additions	1,020,176
Transfer to intangible assets	(1,021,896)
December 31, 2021	684,970
Additions	1,135,355
Transfer to intangible assets	(788,934)
December 31, 2022	1,031,391

During the year ended on December 31, 2022, R\$ 103,084 was added to internally generated intangible assets (R\$ 83,046 for the year ended on December 31, 2021).

Investment commitments (unaudited)

The Company assumed long-term commitments in its concession agreement that include investments (expansion, improvements and maintenance) to be carried out until the end of the concession period, on May 30, 2049. The investment amounts for expansion and operational support amount to approximately R\$ 20 billion, in addition to investments in administrative support, with an estimated disbursement of approximately R\$ 3 billion, at present value to be invested annually on a straight-line basis.

Considering that the concession contract provides for incentive regulation, defining an efficient business plan at each five-year cycle in the light of a capital return rate defined at the time, to guarantee the opportunity for the concessionaire to obtain an appropriate remuneration for the its investments, at each tariff revision, Comgás will propose a binding regulatory plan that adheres to the reality at the time and considers the rate of return on capital defined by the regulatory body.



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Capitalization of loan costs

During the year ended on December 31, 2022 was capitalized R\$ 70,884 at an average rate of 12.06% p.y. (R\$ 33,829 and 8.45% for the year ended on December 31, 2021).

9 Commitments

Considering the current gas supply contracts, the Company has a total financial commitment at present value estimated at R\$10,954,341, of which R\$15,554 are with the related party Gás Brasileiro Distribuidora S/A, which includes the minimum established in contract in both commodities and transport, with a term until December 2023.

10 Income tax and social contribution

Accounting policy:

The income tax and social contribution rate is 34%. Current and deferred taxes are recognized in income, except for certain transactions that are recognized in equity or other comprehensive income.

i. Current taxes

It is the tax payable or receivable expected on the taxable profit or loss for the year, using rates prevailing at the balance sheet date, and any adjustment to taxes payable in respect of prior years.

ii. Deferred taxes

It is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the respective amounts for tax purposes.

The measurement of deferred tax reflects the way in which the Company expects, at the end of the reporting period, to recover or settle the book value of its assets and liabilities.

Deferred tax is measured at the rates that are expected to be applied to the temporary differences in their reversal.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and if they relate to taxes levied by the same taxing authority on the same taxable entity.



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iii. Tax exposure

When determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This valuation is based on estimates and assumptions and may involve a series of judgments about future events. New information may become available, which may cause the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes in tax obligations will impact tax expenses in the period in which such determination is made.

iv. Recoverability of deferred income tax and social contribution

When assessing the recoverability of deferred taxes, Management considers projections of future taxable income and changes in temporary differences. When it is not probable that part or all of the taxes will be realized, the tax asset is reversed. There is no deadline for the use of tax losses and negative bases, but the use of these accumulated losses from previous years is limited to 30% of annual taxable income.

a) Reconciliation of income tax and social contribution expenses

	December 31, 2022	December 31, 2021
Profit before income tax and social contribution	2,113,698	2,274,269
Income tax and social contribution - nominal rate (34%)	(718,657)	(773,251)
<i>Adjustments to determine the effective rate</i>		
Extemporaneous benefit of the ICMS ⁽ⁱ⁾	240,251	290,745
Permanent additions	(4,943)	(8,880)
Interest on capital	20,956	10,012
Benefit of the ICMS - current exercise ⁽ⁱ⁾	172,167	100,281
Undue Selic ⁽ⁱⁱ⁾	(26,003)	132,773
Other	14,010	93,172
Income tax and social contribution		
Expense current	(552,971)	(151,792)
Expense deferred	250,752	(3,356)
	(302,219)	(155,148)
Effective rate	14.30%	6.82%

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(i) Extemporaneous credit in the amount of R\$ 272,593 (R\$ 240,251 principal and R\$ 32,342 interest), used through its offset against IR, CSLL, PIS and COFINS payable overdue in the year, related to overpayments of IRPJ and CSLL, due to the non-taxation of the benefit of reducing the ICMS tax base in the State of São Paulo from 12% to 15% pursuant to art. 8 of Annex II of the ICMS Regulation, approved by State Decree No. 45,900 ("RICMS/SP"), as amended by State Decree No. 62,399/2016, in the years 2017, 2018 and 2019, when this benefit was not computed in the calculation of the IR and CSLL owed by the Company. These credits were recognized by the Company based on its best understanding of the subject, substantiated by the opinion of its external legal advisors, which considered all the case law applicable to the subject. The Company also considered all current accounting rules, which after being analyzed together, did not indicate any other accounting effect to be recognized. In March 2022, there was a judgment on the subject in the 1st Panel of the STJ, favorable to the taxpayer, involving the tax benefit of ICMS deferral, obtained by contract. In April 2022, there was a judgment in the 2nd Panel of the STJ, unfavorable to the taxpayer, in a case that involved reducing the ICMS calculation base. Based on these events, Management, based on the opinions of its external legal advisors, reclassified the probability of loss in any specific discussion on the matter from remote to possible. The amount used by the Company referring to extemporaneous and current credit, until December 31, 2022, totals R\$903,940 (R\$803,444 principal and R\$100,496 interest). Additionally, the Company received (i) in December 2022 a notice of infraction and (ii) in January 2023 decision-making orders for non-approval of offsets, related to non-taxation, by IRPJ and CSLL, of the tax incentive to reduce the base of calculation of ICMS, in the periods of 2015, 2016 and 2017, in the total amount of R\$370,856, assessed as a possible loss by the external legal advisors and management (for more information, see explanatory notes 11.a and 20.a).

(ii) Considering the effects of the judgment of STF RE No. 1,063,187, dated September 24, 2021, the Company concluded that certain financial effects related to the equity recomposition in the event of repetition of undue taxes should not form the basis of the Company's taxable income. On April 2022, the STF modulated the decision of September last year in the sense that taxable events after September 30, 2021, should not be subject to taxation, but for taxable events prior to that date, in order to avoid taxation, the taxpayer should have filed a lawsuit prior to the start date of the virtual trial of the process that started on September 17, 2021. The Company filed the lawsuit in the week of the trial, credits from taxable events prior to 2021 were reversed from the balance sheet, in the amount of R\$ 58,127 from the exercises 2016 to 2020. The amount of accumulated credits for the year 2022 is R\$ 32,124.

On December 31, 2022, the amount of R\$ 58,162 (R\$ 58,127 on December 31, 2021), recorded in non-current assets refers to income tax and social contribution credit balances for the years 2013 to 2016 and 2021.

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The balance of income tax and social contribution in current liabilities, in the amount of R\$ 79,362 (R\$ 11,941 on December 31, 2021), is presented net of credit amounts of the same nature.

b) Deferred income tax assets and liabilities

The tax effects of temporary differences that give rise to significant portions of the Company's deferred tax assets and liabilities are shown below:

	December 31, 2022	December 31, 2021
Assets differences:		
Temporary differences ⁽ⁱ⁾	283,694	57,795
Provision for legal proceedings	22,797	26,176
Post-employment benefit obligation ⁽ⁱⁱ⁾	152,373	159,978
Impairment of trade receivables	13,263	11,429
Share-base payment transactions	2,758	1,804
Provisions for profit sharing and bonus	22,305	17,879
Other	33,919	23,533
Deferred taxes assets	531,109	298,594
Liabilities differences		
Useful life of intangible assets	(175,421)	(202,759)
Exchange variation - Loans and financing ⁽ⁱⁱⁱ⁾	(36,861)	-
Leases	(2,869)	(3,349)
Not realized result with derivatives and fair value of loans	(90,209)	(127,681)
Other	(62,512)	(39,411)
Deferred tax liabilities	(367,872)	(373,200)
Total deferred taxes	163,237	(74,606)

⁽ⁱ⁾ In the second quarter of 2022, the amount of R\$ 563,175 (R\$ 191,480 of tax) was offered to income tax and social contribution, referring to the principal of PIS and COFINS credits, arising from the exclusion of ICMS of their calculation bases, considering that the first offset of these taxes took place in the second quarter. The amount of R\$ 283,694 (R\$ 834,394 as base) in temporary differences basically refers to the provision for extemporaneous credit in the sectorial liability. For more details see note 6.

⁽ⁱⁱ⁾ The credit related to the provision of the post-employment benefit plan has an estimated financial realization period of 10.6 years.

⁽ⁱⁱⁱ⁾ The Company, exercising its right to choose a tax regime at the beginning of the year 2022, opted for the cash basis for taxing the exchange variation of loans and financing, thus realizing the balance of deferred income tax and social contribution.

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c) Movements in deferred tax assets and liabilities

i. Deferred tax assets	Post-employment obligations	Benefit of employers	Provisions	Exchange variation - loans and financing	Other	Total
January 1, 2021	200,355	14,540	61,382	40,866	7,999	325,142
Recognized in profit or loss	(2,901)	5,143	34,018	-	15,534	51,794
Other comprehensive income	(37,476)	-	-	-	-	(37,476)
Amounts exchange	-	-	-	(40,866)	-	(40,866)
December 31, 2021	159,978	19,683	95,400	-	23,533	298,594
Recognized in profit or loss	5,304	5,380	224,354	-	10,386	245,424
Other comprehensive income	(12,909)	-	-	-	-	(12,909)
December 31, 2022	152,373	25,063	319,754	-	33,919	531,109

ii. Deferred tax liabilities	Exchange variation - loans and financing	Assets	Non realized results of derivatives	Leasing	Other	Total
January 1, 2021		(230,098)	(97,047)	(3,245)	(28,527)	(358,917)
Recognized in profit or loss		27,339	(30,634)	(104)	(10,884)	(14,283)
January 1, 2022	-	(202,759)	(127,681)	(3,349)	(39,411)	(373,200)
Recognized in profit or loss	-	27,338	37,472	480	(23,101)	42,189
Amounts exchange	(36,861)	-	-	-	-	(36,861)
December 31, 2022	(36,861)	(175,421)	(90,209)	(2,869)	(62,512)	(367,872)

Total deferred taxes recorded						163,237
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11 Provision for demands and judicial deposits

Accounting policy:

A provision is recognized, as result of a past event, if the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources will be required to settle the obligation.

The assessment of the probability of loss includes the available evidence, the hierarchy of laws, case law, most recent court decisions and relevance in the legal system, as well as the opinion of outside lawyers. Provisions are reviewed and adjusted for circumstances such as limitation period, findings of tax inspections or additional exposures identified based on new matters or court decisions.

	Provision for lawsuits		Judicial deposit	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Tax	17,368	15,564	23,851	22,505
Civil, environmental and regulatory	22,246	28,282	18,980	29,691
Labor	27,437	41,055	8,485	10,166
	67,051	84,901	51,316	62,362



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Changes in provisions for lawsuits:

	Tax	Civil, environmental and regulatory	Labor	Total
January 1, 2021	8,117	24,177	41,942	74,236
Provisions	3,766	2,034	2,659	8,459
Settlement / Write-offs	(61)	(1,572)	(3,368)	(5,001)
Monetary variation ⁽ⁱ⁾	3,742	3,643	(178)	7,207
January 1, 2022	15,564	28,282	41,055	84,901
Provisions	3,130	893	6,823	10,846
Settlement / Write-offs ⁽ⁱⁱ⁾	(2,715)	(3,514)	(14,493)	(20,722)
Monetary variation ⁽ⁱ⁾	1,389	(3,415)	(5,948)	(7,974)
December 31, 2022	17,368	22,246	27,437	67,051

⁽ⁱ⁾ Includes write-off of interest due to reversal.

⁽ⁱⁱ⁾ Includes payments of labor agreements.

Possible losses

The main processes for which we consider possible loss risk are described below:

	December 31, 2022	December 31, 2021
Tax	3,494,853	2,594,265
Civil, environment and regulatory	149,549	219,688
Labor	33,508	42,133
	3,677,910	2,856,086

a) Taxes

The main tax lawsuits, whose likelihood of loss is possible and, consequently, no provision was recognized in the financial statements, are as follows:

	December 31, 2022	December 31, 2021
Tax ⁽ⁱ⁾	3,071,095	2,378,879
Federal tax	114,202	115,074
Other ⁽ⁱⁱ⁾	309,556	100,312
	3,494,853	2,594,265

Tax contingencies refer to tax assessments, mainly at the Federal level, assessed as possible losses by external legal advisors and management and, therefore, without constitution of a provision, as established in CPC 25 / IAS 37. Balance variations refer to the:

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- (i) a) existing issues, with the respective monetary restatement of said contingent liabilities;
 - b) issuance of a notice of infraction, in December 2022, and the receipt of decision-making orders for non-approval of offsets, in January 2023, relating to non-taxation, by IRPJ and CSLL, of the tax incentive to reduce the base calculation of ICMS, in the periods of 2015, 2016 and 2017, in the total amount of R\$370,856 (for more information, see explanatory notes 10.a and 20.a);
 - c) receipt, in January 2023, of a decision not to ratify the compensation, glossing over the tax amortization of the balance of the regulatory current account in the period of 2015, in the amount of R\$ 86,945 (for more information, see explanatory note 20.a).

- (ii) a) the issuance of notices of infraction, in January 2023, for the collection of an isolated fine on non-approved compensations, referred to in items a) and b) of item (i) presented above, in the total amount of R\$ 144,064 ;
 - b) the filing of a tax foreclosure for the collection of PIS, COFINS and IRPJ debts for the period of September 2016, in the amount of R\$78,429, whose likelihood of loss in the discussion at the administrative level was remote, but was reclassified to possible on the particularities of the judicial process;
 - c) the dismissal of lawsuits due to favorable outcome for the Company or reclassification to probable loss.

b) Civil, environmental and regulatory

Civil lawsuits relate, in general, about the terminations or reviews of contracts, real rights, charging values and indemnities, resulting from the Company's activities, including demands on regulatory and environmental matters. The 1st quarter of 2022, the lawsuit filed by a former contractor against the Company, in the amount of R\$ 51,767, was dismissed and final and unappeasable.

Regulatory processes generally deal with sanctioning administrative processes initiated by regulatory bodies. In the 3rd quarter of 2022, a final favorable decision to the Company in a lawsuit to discuss the illegality of the retroactive collection of a municipal construction fee, in the amount of R\$ 24,779.

c) Labor

Labor lawsuits refer to questions in several requests for complaints related to the payment of overtime and reflexes, additional of insalubrity, additional for hazardous work, subsidiary / joint liability, among others.



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12 Shareholders' equity

Accounting policy:

a) Share capital

Common and Preferred Shares

The common and preferred shares are classified in shareholders' equity. The incremental costs directly attributable to the issuance of new shares are shown in shareholders' equity as a deduction from the amount collected, net of taxes.

Dividends

The minimum dividend amounts established in the bylaws, 25%, are recorded as a liability at the end of each year. Any amount above the mandatory minimum is recognized as a liability only when approved by the shareholders at the general meeting.

Interest on shareholders' equity is treated as dividends and is presented as a reduction in shareholders' equity. The related tax benefit is recorded in the statement of income.

Dividends are calculated and paid in accordance with the financial statements prepared in accordance with the accounting standards adopted in Brazil.

Legal reserve

It aims to increase the company's capital or absorb losses, but cannot be distributed in the form of dividends. It is constituted with the allocation of 5% of net income for the year up to the limit of 20% of the capital stock.

Profit retention reserve

The profit retention reserve refers to the retention of the remaining balance of profit for the year based on management's proposal, in order to meet the Company's business growth plan, according to the capital budget to be approved by the Board of Directors and submitted to the General Meeting.

The subscribed capital of R\$ 536,315 is represented by 103,863 common shares without par value and fully paid-in and 28,658 class A preferred shares. Pursuant to the bylaws, the authorized capital stock may be increased up to the limit of R\$ 2,000,500. There was no change in the number of shares in the years ended December 31, 2022 and 2021, and its composition is as follows:

Stockholders	Number of share - thousand on December 31, 2022 and December 31, 2021					
	Common shares	%	Preferred shares	%	Total	%
Compass Gás e Energia S.A.	103,699	99.84	27,682	96.59	131,381	99.14
Other	164	0.16	976	3.41	1,140	0.86
Total	103,863	100.00	28,658	100.00	132,521	100.00



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b) Accumulated profits

January 01, 2021

Result for the exercise	2,119,121
Interest on capital 2020, imputes to the minimum mandatory dividend	(29,447)
Transfer to legal reserve ⁽ⁱ⁾	-
Transfer to profit retention	(580,830)
Dividends	(1,508,844)
December 31, 2021	-

January 01, 2022

Result for the exercise	1,811,479
Interest on capital 2021, imputes to the minimum mandatory dividend	(61,634)
Transfer to legal reserve ⁽ⁱ⁾	-
Transfer to profit retention	(496,566)
Dividends	(1,253,279)
December 31, 2022	-

- ⁽ⁱ⁾ On December 31, 2022 and 2021, there was no constitution of a legal reserve, as according to the Company's bylaws, if the amount of the legal reserve exceeds 20% of the capital stock, it shouldn't be constituted.

c) Interest on own capital

On March 21, 2022, the Board of Directors approved the payment of interest on equity, for the period between January 1, 2022 and March 21, 2022, in the amount of R\$ 15,891, before taxes, paid in 04 April 2022.

On June 21, 2022, the Board of Directors approved the payment of interest on equity complementary, for the year 2022, calculated until June 21, 2022, in the amount of R\$ 9,580, before taxes, paid on July 5, 2022.

On September 20, 2022, the Board of Directors approved the payment of interest on equity complementary, for the year 2022, calculated until September 20, 2022, in the amount of R\$ 20,430, before taxes, paid on October 4, 2022.

On December 21, 2022, the Board of Directors approved the payment of interest on equity complementary, for the year 2022, calculated until December 21, 2022, in the amount of R\$ 15,733, before taxes, paid on January 5 from 2023.



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d) Dividends

On March 21, 2022, the Board of Directors approved the payment of dividends in the amount of R\$ 684,109, of which R\$ 580,830 is based on the balance of the profit reserve generated in the previous year and R\$ 103,279 is based on the result for the period determined, paid on April 4, 2022.

On October 28, 2022, the payment of interim dividends in the amount of R\$1,150,000 was resolved and approved based on the Company's interim financial statements on September 30, 2022, paid on November 11, 2022.

	December 31, 2022	December 31, 2021
Result for the exercise	1,811,479	2,119,121
Profit available for distribution	1,811,479	2,119,121
Dividend calculation basis	1,811,479	2,119,121
Mandatory minimum dividends	452,870	529,780
Interest on capital - net	(52,389)	(25,030)
Dividends paid	(1,253,279)	(1,508,844)
Interest on capital and dividends	(1,305,668)	(1,533,874)
Profit to period destine	496,566	580,830

Transaction payable

January 01, 2021	1,688
Dividends from the previous period	111,709
Dividends for the current period	1,508,844
Interest on equity payable	29,447
Payments of dividends and interest on capital	(1,649,653)
December 31, 2021	2,035
Dividends from the previous period	580,830
Dividends for the current period	1,253,279
Interest on equity payable	52,394
Payments of dividends and interest on capital	(1,872,732)
December 31, 2022	15,806

e) Allocation of the balance of income for the year

It shall be incumbent upon the next Ordinary General Meeting to resolve on the amount of retained earnings that exceeds the capital stock as established in Law No. 6404, article 199, as well as any allocation of net income.



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13 Earnings per share

Accounting policy:

a) Basic earnings per share

Basic earnings per share are calculated:

- i. The profit attributable to the controlling shareholders, excluding any service costs of equity other than common shares; and
- ii. By the weighted average number of common shares outstanding during the year, adjusted by the bonus elements in common shares issued during the year.

b) Diluted earnings per share

Diluted earnings per share adjust the values used to determine basic earnings per share whereat:

- i. The effect after tax of interest income and other financing costs associated with potential dilutive common shares; and
- ii. The weighted average number of additional common shares that would be outstanding, assuming the conversion of all potential dilutive common shares.

The following table sets forth the calculation of earnings per share (in thousands of Reais, except per share amounts):

Earnings per share	December 31, 2022	December 31, 2021
Numerator		
Results for the exercise	1,811,479	2,119,121
Common shares	1,389,691	1,625,701
Preferred shares	421,788	493,420
Denominator (in thousands of shares)		
Weighted average number of common shares	103,863	103,863
Weighted average number of preferred shares	28,658	28,658
Earnings per share - R\$		
Common shares	13.38007	15.65240
Preferred shares	14.71808	17.21764
Diluted earnings per share		
Numerator		
Results for the exercise	1,811,479	2,119,121
Common shares	1,387,949	1,621,894
Preferred shares	423,530	497,227
Denominator (in thousands of shares)		
Weighted average number of common shares	103,863	103,863
Weighted average number of preferred shares	28,812	28,947
Diluted earnings per share - R\$		
Common shares	13.36330	15.61574
Preferred shares	14.69963	17.17732



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The Company has a category of possible dilutive effect, which are its share-based compensation plans, in which case a calculation is made to determine the effect of dilution on profit attributable to the Company's controlling shareholders due to the exercise of the compensation plan based on actions. Shareholders holding preferred shares are entitled to receive a dividend per share 10% (ten percent) higher than that attributed to holders of common shares, as established in the Company's bylaws.

14 Net operating revenue

Accounting policy:

The Company recognizes revenues from the following ways:

i. Billed revenue

Gas distribution revenue is recognized when its value can be reliably measured and in the same period in which the volumes are delivered to customers, based on the monthly measurements performed.

ii. Unbilled revenue

Unbilled gas revenue refers to the part of gas supplied billing and measurement has not yet occurred for customer. This amount is estimated based on the period between the date of the last measurement and the last day of the month.

Actual invoiced volume may be different from estimates. The Company believes that, based on its historical experience with similar operations, the estimated amount not billed will not differ significantly from the actual amounts.

iii. Revenue from concession construction

The construction of the necessary infrastructure for the distribution of gas is considered a construction service provided to the granting authority, and related revenue is recognized in the result in the final phase of the work.

Construction costs are recognized at the end of construction activity of the period, and are included in cost of sales.

iv. Revenue from services

Service revenues include fees for related and ancillary services to the gas distribution system, and are recognized when the amount of revenue can be reliably measured, when it is probable that the economic benefits associated with the transaction will flow, when the completion stage of the transaction at the end of the period can be reliably determined and measured, and when it is amount and related costs can be reliably measured.



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The breakdown of the Company's revenue for the year ended December 31, 2022 and 2021 is shown below:

	December 31, 2022	December 31, 2021
Gross revenue from sales of products	20,480,106	13,736,707
Gross revenue from sales of services and others	389,731	268,554
Construction revenue	1,135,355	1,020,176
Indirect taxes and deductions	(4,591,039)	(3,315,724)
Net sales	17,414,153	11,709,713

15 Costs and expenses by nature

Costs and expenses are presented in the income statement by function. The reconciliation of amounts by nature/purpose is as follows:

	December 31, 2022	December 31, 2021 (Restated)
Cost of gas and transportation	(12,334,463)	(7,176,276)
Construction cost	(1,135,355)	(1,020,176)
Amortization	(498,487)	(436,093)
Personal expenses	(225,136)	(201,904)
Expenses materials/ services	(409,332)	(322,519)
	(14,602,773)	(9,156,968)
Cost of gas and services	(13,962,106)	(8,629,736)
Selling expenses	(142,527)	(125,413)
General and administrative expenses	(498,140)	(401,819)
	(14,602,773)	(9,156,968)

16 Other income (expenses), net

	December 31, 2022	December 31, 2021
PIS/COFINS extemporaneous credits ⁽ⁱ⁾	-	187,609
Renewal of ARSESP concession agreement ⁽ⁱⁱ⁾	-	(43,721)
Values under discussion with customers	(13,369)	(16,000)
Income from disposals and write-offs of intangible assets	(45,191)	(21,083)
Net effect of legal proceedings	(11,791)	(9,691)
Net effect of not billed revenue ⁽ⁱⁱⁱ⁾	-	(59,607)
Other	(17,249)	(10,920)
	(87,600)	26,587

⁽ⁱ⁾ Untimely credit for the exclusion of ICMS from the PIS and COFINS basis, see note 5.7 and 6.

⁽ⁱⁱ⁾ Waiver of administrative and regulatory processes contemplated in the 7th Amendment to the Concession Agreement Renewal of the concession agreement.

⁽ⁱⁱⁱ⁾ Refers to the recognition of the variation calculated in the realization of unbilled revenue.

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17 Finance results

Accounting policy:

Financial income comprises interest income on invested funds, gains on fair value of financial assets measured at fair value through profit or loss, gains on hedging instruments which are recognized in profit or loss. Interest income is recognized to the extent that it is recognized in profit or loss, using the effective interest rate method.

Financial expenses comprise interest expenses on loans, settlement of the discount of provisions and deferral, losses on the fair value of financial assets at fair value through profit or loss, contingent consideration, reduction losses to recoverable amount recognized in financial assets (other than accounts receivable), losses on hedging instruments that are recognized in the income statement.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the income statement using the effective interest method.

Foreign exchange gains and losses on financial assets and financial liabilities are reported on a net basis as financial income or financial expense, depending on whether the net foreign currency fluctuations result in a gain or loss position.

The details of revenues and financial costs are as follows:

	December 31, 2022	December 31, 2021
Cost of gross debt		
Interest on debt	(905,383)	(548,722)
Adjustment to fair value of debt and derivatives	(110,213)	90,102
Exchange rate variation on debt	108,227	(60,888)
Debt guarantees	(15,217)	(15,454)
	(922,586)	(534,962)
Financial investment income	256,181	115,111
	256,181	115,111
Cost of debt, net	(666,405)	(419,851)
Other charges and monetary variations		
Tax about financial income ⁽ⁱ⁾	(18,495)	(28,529)
Interest on other operations ⁽ⁱ⁾	164,374	509,910
Interest on customer	45,171	19,661
Interest on sectoral assets and liabilities	(33,887)	(243,711)
Interest on actuarial liabilities and other	(54,752)	(89,654)
Interest on contingencies and judicial deposits ⁽ⁱⁱⁱ⁾	1,066	(8,272)
Bank expenses	(20,223)	(4,202)
Fair value	(26,931)	(40,415)
	56,323	114,788
Financial results, net	(610,082)	(305,063)
Reconciliation		
Finance expense	(1,073,581)	(735,522)
Finance income	465,485	401,246
Exchange rate variation	108,227	(60,888)
Derivatives ⁽ⁱⁱ⁾	(110,213)	90,101
Financial results, net	(610,082)	(305,063)

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- (i) Includes the result of the monetary restatement of the extemporaneous credit referring to the exclusion of ICMS from the PIS and COFINS basis, see notes 5.7 and 6.
- (ii) Includes the result of exchange and interest derivatives.
- (iii) Includes write-off of interest due to reversal.

18 Post-employment benefits

Accounting policy:

The cost of the post-employment benefit plan and the present value of the retirement obligation are determined using actuarial valuations. An actuarial valuation involves the use of several assumptions that can change from actual results in the future. These include determining the discount rate, future salary increases, mortality rates and future pension increases. A defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed by management on each balance sheet date.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions to a separate entity (Pension Fund) and has no legal or constructive obligation to pay additional amounts. Contribution obligations to defined contribution pension plans are recognized as employee benefit expenses in the statement of income in the periods during which services are done by employees.

Prepaid contributions are recognized as an asset on the condition that there is cash reimbursement or reduction in future payments is available. Contributions to a defined contribution plan whose maturity is expected to be 12 months after the end of the period in which the employee provides the service are discounted to their present values.

Defined benefit plans

The Company offers the post-employment benefits health assistance granted to former employees and their dependents retired until May 31, 2000. After this date, only employees with a 20-year contribution to the INSS and 15 years of uninterrupted work in the Company on May 31, 2000 are entitled to this defined benefit plan, provided that, at the date the retirement is granted, they are working at the Company.

The liability recognized in the balance sheet in relation to defined benefit post-employment plan is calculated annually by independent actuaries.

The amount recognized in the balance sheet in relation to the liabilities of the post-employment benefit plan represents the present value of the obligations less the fair value of the assets, including actuarial gains and losses. Remuneration of net obligation, which includes: actuarial gains and losses, return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. Net interest income and other expenses related to defined benefit plan are recognized in income.

Actuarial gains and losses arising from adjustments based on experience and changes in actuarial assumptions are recorded directly in shareholders' equity, as other comprehensive income, when they occur.



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Movements in the present value of the defined benefit obligation and the fair value of plan assets are as follows:

	December 31, 2022	December 31, 2021
Actuarial obligation at beginning of the year	477,253	570,750
Service cost	538	487
Interest expense	41,815	41,310
Early settlement in the plan	(3,081)	-
Actuarial gain arising from financial assumptions	(26,621)	(106,104)
Actuarial gain arising from experience adjustment	(14,629)	(4,368)
Benefits payment	(27,118)	(24,822)
Actuarial obligation at the end of the year	448,157	477,253
Fair value of plan assets at beginning of the year	(6,728)	(6,174)
Interest income	(253)	(457)
Return on investments in the year (excluding interest income)	3,283	250
Early settlement in the plan	3,698	-
Contributions paid	(27,118)	(25,169)
Benefit payments	27,118	24,822
Fair value of plan assets end of the year	-	(6,728)
Net defined benefit liability	448,157	470,525

The Company has obligations related to post-employment benefit plans, which include medical care and retirement incentive, sick pay and disability pension, are recognized in accordance with CVM 695 Deliberation.

The defined benefit pension plan is governed by Brazilian labor laws, which require payments of the final salary to be adjusted to the consumer price index at the time of payment during retirement. The level of benefits provided depends on the length of service and the member's salary at retirement age.

The PLAC retirement plan was terminated on May 24, 2022, through termination of the plan. Participants were entitled to receive all account balances accumulated in the plan, as well as excess funds – which included the Globalized Fund, an excess fund available to cover the plan's BD risk benefit. The termination of the plan was recognized as a settlement and the amount of the Globalized Fund allocated to the participants impacted the Company as an expense in the statement of income for the year of R\$ 616.



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On January 7, 2022, the Company began with Futura II - Complementary Pension Entity, the FuturaFlex Retirement Plan, a closed supplementary pension plan, structured in the financial regime of capitalization and in the defined contribution modality, approved by the National Social Security Superintendence Complementary (PREVIC). The purpose of the plan is to grant a private pension benefit in the form of monthly financial income.

Balance movement:

January 1, 2021	564,576
Service cost	487
Interest expense	41,310
Expected return on plan assets	(25,626)
Actuarial gain	(110,222)
December 31, 2021	470,525
Current service cost	538
Interest expense	41,815
Expected return on plan assets	(27,118)
Actuarial gain	(37,967)
Early settlement in the plan	364
December 31, 2022	448,157

Total amount recognized as other accumulated comprehensive income:

	December 31, 2022	December 31, 2021
Amount accumulated at the beginning of the year		
Actuarial gain to changes in financial assumptions	26,621	106,104
Gain from adjustments by experience	11,346	4,118
Net actuarial gains	37,967	110,222

The main assumptions used to determine the Company's benefit obligations are as follows:

	December 31, 2022	December 31, 2021
Discount rate	9.09 p.y.	7.43 p.y.
Inflation rate	3.50% a.a.	3.70% a.a.
Future salary increases	6.60 p.y.	6.81 p.y.
Aging factor	3.00%	3.00%
Medical inflation	6.60 p.y.	6.81 p.y.
Overall mortality (segregated by gender)	AT-2000	AT-2000
Disable mortality table	IAPB-1957	IAPB-1957
Entry into disability (modified)	UP-84 Modified	UP-84 Modified
Turnover	0.60/(time in service + 1)	0.60/(time in service + 1)



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The Benefit plan was evaluated by the management together with the (actuarial) specialists at the end of the year, in order to verify if the contribution rates are sufficient for the formation of reserves necessary for the current and future payments commitments.

The tax effects arising from this provision are recorded in note 10.

On December 31, 2022, the weighted average duration of the defined benefit obligation was 10.6 years (2021 in 11.7 years).

Sensitivity analysis

Changes in the discount rate for the balance sheet date in one of the relevant actuarial assumptions, while maintaining other assumptions, would have affected the defined benefit obligation as shown below:

Discount rate	
Increase	Decrease
0.5%	-0.5%
(21,878)	24,079

There was no change from previous years in the methods and assumptions used in the elaboration of the sensitivity analysis.

19 Share-based payment

Accounting policy:

The fair value of share-based payment benefits on the grant date is recognized as personnel expenses, with a corresponding increase in equity, for the period in which employees are unconditionally entitled to the benefits.

The amount recognized as an expense is adjusted to reflect the number of shares for which the service conditions and non-market vesting conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of shares that actually meet the terms of service and non-market vesting conditions on the date the payment rights are vested (vesting date). For non-vesting share-based payment benefits, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no modification for differences between expected and actual benefits.



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The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense with a corresponding increase in the liability during the period in which the employees unconditionally acquire the right to payment. The liability is remeasured at each balance sheet date and on the settlement date, based on the fair value of the share appreciation rights. Any changes in the fair value of the liability are recognized in income as personnel expenses.

The Black-Scholes model was used to estimate the fair value of options traded without rights acquisition restrictions. The model requires the use of subjective assumptions, including the expected stock price volatility, the expected life of the stock option or the granting of shares and dividends.

The Company has share-based compensation plans that are settled in shares or cash. On December 31, 2022, it has the following share-based payment arrangements:

- (i) Share grant plans (settled in shares), without lock-up, with delivery of shares at the end of the four-year grace period, conditioned only to the maintenance of the employment relationship (service condition).
- (ii) The Company has granted a phantom shares plan that provides for the granting of share appreciation rights (“SARs”) and other cash-based awards to certain employees. SARs provide the opportunity to receive a cash payment equal to the fair market value of Compass common stock, less the grant price.

The table below presents the data of stock-based payment programs:

Share grant program

Program date	Exercise expectation (years)	Granting of plans	Exercised / canceled / transferred	On December 31, 2022	Fair value on grant date R\$ ⁽ⁱ⁾
08/01/18	4	96,787	(96,787)	-	59.66
07/31/19	4	83,683	(14,794)	68,889	79.00
		180,470	(111,581)	68,889	

Stock Based Compensation plan, paid by cash flow

Program date	Exercise expectation (years)	Granting of plans	Increase in shares ⁽ⁱⁱ⁾	Available on December 31, 2022	Fair value on grant date R\$
11/01/21	3	164,967	30,447	195,414	25.46
		164,967	30,447	195,414	



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- (i) The fair value measurement was performed using the Black-Scholes pricing model.
- (ii) Total shares corresponding to the proportional amount of dividends, interest on equity and reduction of equity eventually paid or credited by the Company to its shareholders between the grant date and the end of said vesting period.

On August 31, 2022, the 2018 plan was settled in cash, generating an effect in the amount of R\$ 15,597 (R\$ 30,336 of the 2017 plan on December 31, 2021) in the Company's shareholders' equity, due to the change in the value of the share in grant date, in relation to the value of the share on the settlement date.

Measurement of fair values

The weighted average fair value of the programs granted during the fiscal years ended December 31, 2022 and 2021 and the main assumptions used in the application of the Black-Scholes model were as follows:

	December 31, 2022	December 31, 2021
Weighted average fair value at grant date	78.58	78.58
Weighted average of the main assumptions on the grant date:		
Share price	79.00	79.00
Risk-free interest rate	6.82%	6.82%
Dividend yield	(5.39)	(5.39)
Volatility factor	32.81%	32.81%

The expected volatility was estimated considering the historical volatility of the Company's share price in a period proportional to the expected term. The expected term of the instruments was based on the historical experience and the general behavior of the option holder.

Reconciliation of stock options

The movement in the number of outstanding premiums are as follows:

	Share-based remuneration plan
January 1, 2021	302,194
Exercised	(154,279)
December 31, 2021	147,915
Exercised	(79,026)
December 31, 2022	68,889



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Expenses recognized in income

The share-based compensation expense included in the statement of income for the years ended December 31, 2022 and 2021 was as follows:

	Share-based remuneration plan
December 31, 2021	3,634
December 31, 2022	2,339

20 Subsequent events

a) Tax contingencies related to income tax and social contribution

In January 2023, the Company received decision-making orders issued by the Federal Revenue Service of Brazil (“RFB”) not ratifying offsets made with IRPJ and CSLL credit balances. Due to the unapproved offsets, the RFB issued notices of infraction for the collection of the isolated fine of 50%, also received in January 2023 by the Company. The chance of losing such charges is classified as possible by the external legal advisors and by the Company's management and, therefore, without constitution of a provision, as established by CPC 25 / IAS 37 (for more information, see explanatory note 11.a).

b) Judgment of the Federal Supreme Court on res judicata in tax matters

The Federal Supreme Court (“STF”) finalized the judgment, on February 8, 2023, of the extraordinary appeals RE nº 955227 (Topic 885) and RE nº 949297 (Topic 881), and consolidated the understanding in the sense that a definitive decision (res judicata) obtained by a given taxpayer on taxes collected on a continuous basis loses its effects if the Court decides otherwise later. Also, the STF did not accept the request for modulation of the effects of the decision, so that the tax authorities can collect the taxes that were no longer collected based on such decisions. The Company reviewed the tax matters for which it has a final decision (res judicata) in the last 5 (five) years and did not identify any impact of the STF judgment on the treatment currently given to its tax payments.



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c) Return of PIS/COFINS credits to consumers

On January 2023, ARSESP held a public hearing related to the issue of refunding PIS/COFINS credits to the Company's customers, resulting from the exclusion of ICMS from its bases, whose purpose is to allow society to participate in addition to written contributions, aiming at promoting dialogue between the public administration and the citizen. They are mechanisms of social participation, of a preliminary and advisory nature, carried out with a defined deadline and open to any interested party, with the objective of receiving contributions on a certain subject that will still be deepened and analyzed during the decision-making process by the public authority. The regulatory agency, in the preliminary proposal, presented the concept of the theme based on a possible integral and diffuse return for all users. Within the scope of the Public Consultation, the Company and other members of society made important contributions to be considered by the agency during the referred period of analysis. Thus, until the regulatory agencies analyze of these contributions are completed, the subject remains under study and without concrete steps regarding the next steps, thus having no impact on these financial statements.