



Earnings Release

1st quarter of 2024

COMPASS



We are Compass, a company created to expand and diversify the gas market in Brazil, promoting greater safety and competitiveness across the energy grid.

We do this anchored on our values: transparency, connection and audacity.

Our story began in 2012 with the acquisition of **Comgás** by **Cosan**. Since then, we have created a winning business model that enabled us to increase the number of clients and expand the gas pipeline network.

Based on all the knowledge and experience in managing **Comgás**, we created **Compass** in March 2020 to offer options for an increasingly free gas and energy market in Brazil. In four years of history, we have already invested over R\$9 billion in Brazil's natural gas market.

Our operations are currently grouped into two segments: **Distribution and Marketing & Services**.

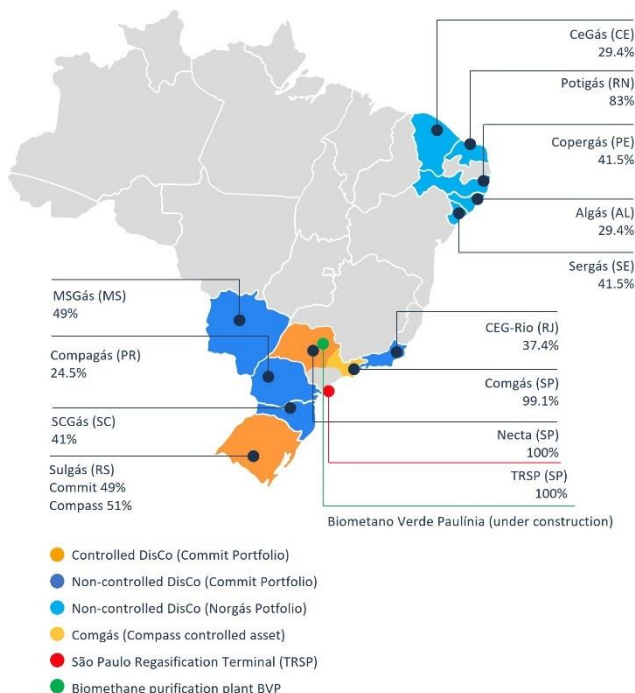
Distribution

We operate through two vehicles. In addition to **Comgás**, Brazil's largest natural gas distributor located in São Paulo, we hold equity interest in 11 other gas distributors managed by **Commit**, Compass' subsidiary in which Mitsui is a partner. Commit's assets are organized in the clusters Northeast (Norgás), which is in the process of disposal, and Center-South, where it has **Sulgás**, whose controlling interest was acquired from the State of Rio Grande do Sul in early 2022, as well as **Necta**, a direct subsidiary of Commit. In the other distributors, Commit has been working on synergy and alignment with its local partners, exchanging experiences and implementing the best management practices.

Marketing & Services

Through Edge, we aim to offer natural gas supply alternatives that ensure safety and flexibility, while decarbonization for our clients, whether they are connected to the natural gas distribution grid or are off-grid, by replacing other energy products (LNG B2B).

Our portfolio has strategic assets such as the São Paulo Regasification Terminal (**TRSP**), located in Santos; **Biomethane** assets and contracts, **LNG B2B** and gas trading.



SÃO PAULO, MAY 14, 2024

COMPASS GÁS E ENERGIA S.A. announces today its results for the first quarter of 2024 (1Q24). The results are presented on a consolidated basis, in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS). Except where otherwise stated, all comparisons in this report are of 1Q24 with 1Q23.

1.0 | QUARTER HIGHLIGHTS



1Q24 EARNINGS CONFERENCE CALL

Portuguese
(with simultaneous translation into English)

Date: May 15, 2024

Time: 11:00 a.m. BRT/10:00 a.m. NY

The webcast will be exclusively via Zoom. To access the earnings conference call and participate in the Q&A session, [click here](#).

2.0 | EXECUTIVE SUMMARY

R\$ '000	1Q24	1Q23	Var.
Net revenue	4,135,168	4,521,831	-9%
Gross profit	776,402	881,142	-12%
EBITDA	893,268	957,690	-7%
Net income	318,103	(791,250)	n/a
Net income (recurring) ¹	314,168	350,296	-10%
Investments	445,324	484,343	-8%

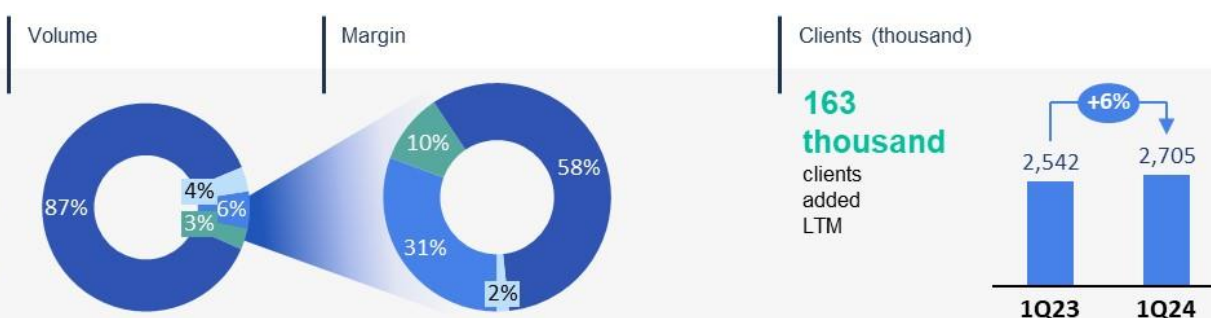
¹ Result adjusted by non-recurring events. More information in the item 4.1.

- Distributed volume of 13.2 million m³/day in 1Q24, in line with 1Q23, reflecting lower volumes in the residential and automotive segments, offset by the positive performance by the commercial segment and recovery of the industrial sector.
- EBITDA of R\$893.3 million in 1Q24, down 7% from 1Q23, primarily reflecting the change in the mix, which is now more concentrated in segments with lower margins, such as industrial, which was partially offset by the operational startup of Edge (Marketing & Services).
- Recurring net income of R\$314.2 million in 1Q24, 10% lower than in 1Q23.
- Investments of R\$445.3 million in the quarter, mainly in natural gas distribution and construction of the São Paulo Regasification Terminal (TRSP), which was concluded in 1Q24.

3.0 | RESULTS BY SEGMENT

>> 3.1 | GAS DISTRIBUTION

This segment comprises the results of the subsidiaries Comgás, Sulgás and Necta.



Volume ¹ ('000 cbm)	1Q24	1Q23	Var.
Residential	68,244	72,317	-6%
Commercial	39,471	37,858	4%
Industrial ²	1,034,127	1,022,051	1%
Automotive	45,159	53,465	-16%
Total	1,187,001	1,185,691	0%
MMcbm/day	13.2	13.2	0%
Clients (units)³	2,705,020	2,542,104	6%
Network extension (km)	24,991	23,962	4%
Net revenue (BRL mln)	777,788	881,142	-12%
EBITDA (BRL mln)	881,175	1,002,214	-12%
Investments (BRL mln)	338,317	330,766	2%

¹ Distributors controlled by the Company (Comgás, Sulgás and Necta) on March 31, 2024.

² Including volumes in the industrial and cogeneration segments.

³ Net value of clients, i.e. considering terminations, cuts or suspension of existing clients.

In 1Q24, distributed volume totaled 13.2 million m³/day, in line with 1Q23, reflecting lower volumes in the residential segment, affected by higher temperatures during the period, offset by the positive performance by the commercial segment and recovery in the industrial segment, mainly due to the resumption of operations in ceramic industries.

As in the previous quarter, Compressed Natural Gas (CNG) continues to recover its competitiveness after the reversal of tax incentives for fuels. However, volumes remain low in comparison with the periods in 2023, when tax incentives were in force.

EBITDA totaled R\$881.2 million in 1Q24, decreasing 12% from 1Q23, due to the change in the mix, which is now more concentrated in segments with lower margins, such as industrial.

» 3.2 | MARKETING & SERVICES

This segment comprises the results of the subsidiary Edge, which concentrates the TRSP, Trading, LNG B2B and Biomethane projects.

(R\$ '000)	1Q24	1Q23	Var.
EBITDA	47,530	(7,212)	n/a

EBITDA totaled R\$47.5 million in 1Q24, reflecting the active management of LNG supply agreements, which generated positive results in the quarter.

In addition, we added to our portfolio new agreements for the supply of natural gas from Bolivia and from pre-salt, which reached a peak of 1.2 million m³/day.

On the trading front, besides starting deliveries on the contract with Comgás in March, we completed the migration of the first industrial customer to the free market.



4.0 | FINANCIAL RESULT

R\$ '000	1Q24	1Q23	Var.
Cost of gross debt	(290,981)	(277,163)	5%
Income from financial investments	133,803	131,285	2%
(=) Interest on net debt	(157,178)	(145,878)	8%
Other charges and monetary variation	(2,620)	(48,599)	-95%
Banking expenses and others	(2,237)	(3,916)	-43%
Lease liabilities (IFRS 16)	(36,362)	(1,567)	>100%
Non-recurring effects ¹ - Net financial result	(5,622)	(265,529)	-98%
Net financial result	(204,019)	(465,489)	-56%

¹ Effects related to the provision mentioned in item 4.2 below.

In 1Q24, the financial result amounted to R\$204.0 million, down 56% from 1Q23. The variation is explained mainly by the one-off effect of the provision for subsidy, which was realized in 1Q23, with reversal of 80% of the interest and fine amount in 4Q23, as detailed in item 4.2 "Income tax". Excluding this non-recurring effect, the quarter-over-quarter variation remained stable.

» 4.1 | NET INCOME

R\$ '000	1Q24	1Q23	Var.
Net income	318,103	(791,250)	n/a
Non-recurring effects - benefit from the federative pact (taxes on profits, fines and interest) ^{1/2}	(9,557)	876,017	n/a
Non-recurring effects - Financial result (fine and interest - previous years) ¹	5,622	265,529	-98%
Net incoming (recurring)	314,168	350,296	-10%

¹ Effects related to the provision mentioned in item 4.2.

² The amounts presented for 2023, for comparison purposes, consider the effects linked to Law 14,789/2023 of December 29, 2023.

Recurring net income in 1Q24 was R\$314.2 million, decreasing 10% from 1Q23, mainly reflecting the effects that affected EBITDA.

>> 4.2 | INCOME TAX AND SOCIAL CONTRIBUTION

R\$ '000	1Q24	1Q23	Var.
Operating profit before taxes	438,831	285,344	54%
<i>Nominal tax rate (%)</i>	34.0%	34.0%	
Theoretical expense with IT/SC	(149,203)	(97,017)	54%
Adjustments for effective rate calculation	20,829	(13,280)	n/a
Non-recurring effects - benefit of the federative pact	7,646	(966,297)	n/a
Effective expense with IT/SC	(120,728)	(1,076,594)	-89%
<i>Effective tax rate (%)</i>	-27.51%	-377.30%	
Current	(176,741)	(1,047,792)	-83%
Deferred	56,013	(28,802)	n/a

Income tax and social contribution in 1Q24 totaled R\$120.7 million, equivalent to an effective rate of 27.5%. The variation between 1Q24 and 1Q23 is explained mainly by the reversal of 80% of the charges related to the non-realization of the benefit of the pact with the federal government.

In the first quarter of 2021, the Company, through its subsidiary Comgás, started assessing and using current and out-of-period credits resulting from the absence of income tax (IRPJ) and social contribution (CSLL) on the benefit of reduction in the ICMS tax calculation base in the State of São Paulo, whose effective rate is reduced from 18% to a range from 12% to 15.6%, by article 8 of Annex II to the ICMS Regulations approved by State Decree 45,490 (RICMS/SP), amended by State Decrees 62,399/2016 and 67,383/2022. Law 14,789/2023, published on December 29, 2023, granted 80% discount on the payment of all related dues, whether or not assessed by the Brazilian Federal Revenue (RFB), since the case law was not in favor of the Company. Hence, based in Normative Instruction - IN/RFB 2,184, published on April 3, 2024, and on the future notice of transaction to be published, the subsidiary will settle the liability which, considering the discount granted, amounts to R\$283,100 (principal: R\$184,809; fine: R\$45,631; and interest: R\$52,660). The first installment in the amount of R\$ 18,001 was paid on April 29, 2024

>> 4.3 | INVESTMENTS

R\$ '000	1Q24	1Q23	Var.
Consolidated	445,324	484,343	-8%
Gas Distribution	338,317	330,766	2%
Marketing & Services	107,007	153,577	-30%

In 1Q24, investments amounted to R\$445.3 million, of which R\$338.3 million went to the natural gas distribution subsidiaries, as planned in the regulatory tariff cycles, and the remaining R\$107.0 million went mostly to the construction of the TRSP, which was concluded in March 2024.

>> 4.4 | DEBT

R\$ '000	1Q24	4Q23	Var.
Loans and financing	5,098,065	5,039,163	1%
Debentures	8,082,793	4,977,987	62%
Derivatives	106,059	219,992	-52%
Gross debt	13,286,917	10,237,142	30%
(-) Cash, cash equivalents and marketable securities	(7,427,656)	(4,731,799)	57%
Net debt (ex-IFRS 16)	5,859,261	5,505,343	6%
LTM EBITDA (ex-IFRS 16)	4,054,024	4,158,549	-3%
Current debt/total debt	0.23	0.19	19%
Alavancagem Financial leverage	1.45x	1.32x	n/a

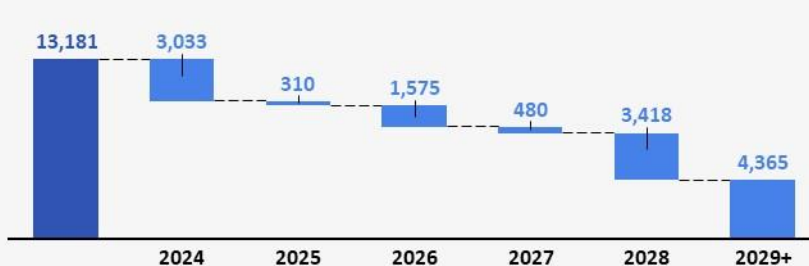
We ended the quarter with leverage of 1.4x, and 77% of the loans maturing in the long term. Note that the majority of debt indexed to inflation and USD are hedged to the CDI.

Breakdown by Index¹ (%)



¹Includes swap contracts

Debt Amortization Schedule² (R\$ MM)



²Does not include derivatives.

5.0 | ESG

In October 2023, we carried out the 2nd issue of debentures of Compass, in the amount of R\$1.7 billion, linked to sustainability metrics. The selected key performance indicators are linked to the Company's environmental and social agenda.

The environmental KPI refers to the distribution of biomethane and supports the reduction of Scope 3 emissions. The social KPI assesses diversity* in leadership positions, seeking to increase the representativeness of minoritized groups. Both metrics are aligned with the Sustainability-linked Bond Principles (SLBP) of the International Capital Market Association (ICMA).

Below is the evolution of the indicators:



*The diversity groups are: people of female and male genders; people self-declared black (black or brown); persons with disabilities; representatives of the LGBTQIAPN+ community; and age diversity considering the generation aged 60 and above.

6.0 | IMPORTANT ISSUES AND EVENTS AFTER THE REPORTING PERIOD

DIVIDENDS

On March 27, 2024, the Board of Directors of Compass approved the payment of dividends for fiscal year 2023, in the amount of R\$1,500,000,000.00 which were paid on April 12, 2024.

SUSTAINABILITY REPORT

On April 3, 2024, we disclosed our 2023 Sustainability Report. We invite everyone to read it, which describes the milestones in our sustainability agenda as we advance on our purpose of promoting a safe and efficient energy transition.

SAFETY ACHIEVEMENT AWARD - AGA

For the 16th straight year, Comgás received the Safety Achievement Award from the American Gas Association (AGA) for excellence in safety.

Founded in 1918, the American Gas Association (AGA) educates the public about the importance of natural gas, supports natural gas utilities in their efforts to make their operations safer, more efficient and more eco-friendly. It also serves as a resource for local, state and federal policymakers on regulations related to the natural gas industry.

CLIMATE EVENTS IN RIO GRANDE DO SUL - SULGÁS

Following the climate events that recently affected the state of Rio Grande do Sul, the Company is monitoring the impacts on the operations of its subsidiary Companhia de Gás do Estado do Rio Grande do Sul S.A. (Sulgás).

The Company has set up a crisis committee to ensure the safety of its employees and their families, monitor the impacts on the distribution networks in high-risk areas and ensure continuous supply and timely communication with its clients. Also, the Company and Sulgás have offered their assistance to the State Government.

So far, this event has not caused any material impacts on the financial statements of the Company.

7.0 | EXHIBITS

» 7.1 | RECONCILIATION AND ADJUSTMENTS – EBITDA

R\$ '000	1Q24	1Q23	Var.
Net revenue	4,135,168	4,521,831	-9%
Cost of goods sold and services provided	(3,358,766)	(3,640,689)	-8%
Gross profit	776,402	881,142	-12%
Selling, general and administrative expenses	(217,159)	(176,736)	23%
Other operating results	54,525	(5,708)	n/a
Equity pick-up	29,082	52,135	-44%
Depreciation and amortization	250,418	206,857	21%
EBITDA	893,268	957,690	-7%

» 7.2 | INCOME STATEMENT

R\$ '000	1Q24	1Q23	Var.
Net revenue	4,135,168	4,521,831	-9%
Cost of goods sold and services provided	(3,358,766)	(3,640,689)	-8%
Gross profit	776,402	881,142	-12%
<i>Gross margin (%)</i>	<i>19%</i>	<i>19%</i>	<i>0%</i>
Selling expenses	(43,326)	(38,906)	11%
General and administrative expenses	(173,833)	(137,830)	26%
Other operating results	54,525	(5,708)	n/a
Equity pick-up	29,082	52,135	-44%
Depreciation and amortization	250,418	206,857	21%
EBITDA	893,268	957,690	-7%
<i>EBITDA margin (%)</i>	<i>22%</i>	<i>21%</i>	
Financial result	(204,019)	(465,489)	-56%
Income and social contribution taxes	(120,728)	(1,076,594)	-89%
Depreciation and amortization	(250,418)	(206,857)	21%
Net income	318,103	(791,250)	n/a

» 7.3 | CASH FLOW STATEMENT

R\$ '000	1Q24
EBITDA	893,268
Noncash impacts on EBITDA	116,002
Changes in assets and liabilities	(590,621)
Operating cash flow	418,649
CAPEX	(531,354)
Marketable securities	(98,022)
Others	(115)
Cash flow from investing	(629,491)
Funding	3,487,144
Loans amortization (Principal + interest)	(489,547)
Other	(211,987)
Cash flow from financing	2,785,610
Dividends received	2,774
Free cash flow to equity (FCFE)	2,577,542
Dividends paid	(56)
Net cash flow generated in the period	2,577,486

» 7.4 | BALANCE SHEET

R\$ '000	1Q24	4Q23
Cash and cash equivalents	6,509,018	3,931,532
Marketable securities	918,638	800,267
Trade account receivables - ST	1,749,478	1,525,366
Derivative financial instruments	159,862	175,655
Inventories	284,506	292,335
Current assets held for sale	911,500	911,500
Other current assets	826,562	849,028
Investments	1,654,565	1,630,124
Property, plants and equipment	1,360,558	1,255,012
Intangible assets	13,434,104	13,299,255
Other non-current assets	4,274,813	4,166,429
Total assets	32,083,604	28,836,503
Loans, financing, and debentures	13,180,858	10,017,150
Derivative financial instruments	247,463	360,784
Trade accounts payable	1,370,962	1,534,041
Payroll	223,655	301,560
Liabilities related to assets held for sale	152,255	152,255
Other current liabilities	2,815,935	1,784,627
Other non-current liabilities	6,002,222	5,892,466
Total liabilities	23,993,350	20,042,883
Shareholder's equity	8,090,254	8,793,620
Total shareholder's equity and liabilities	32,083,604	28,836,503