



São Paulo, August 11, 2023 – COMPASS GÁS E ENERGIA S.A. announces today its results for the second quarter of 2023 (2Q23). 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 2Q23 with 2Q22.

Executive Summary 2Q23

- Distributed volume¹ of 13.8 MMm³/d in 2Q23, 4.5% higher than in 1Q23 (13.2 MMm³/d), staging a recovery, especially in the industrial segment. In the year to date, the positive performance of the residential segment, driven by growth in connections, partially offset the lower volume in other segments compared to the prior-year period.
- EBITDA of R\$968.2 million in 2Q23, an increase of 10% from 2Q22. Compass ends the first half of 2023 with EBITDA of R\$1,925.9 million vs. R\$1,580.6 million in the same period of 2022. Despite the lower volumes, the result reflects mainly the mix between segments and the acquisition of Commit in July 2022.
- Recurring net income of R\$456.7 million in 2Q23, 14% higher than in 1Q23 (R\$400 million). In 6M23, recurring net income amounted to R\$856.7 million.
- Investments of R\$560.3 million in 2Q23, mainly in natural gas distribution and in construction of the São Paulo Regasification Terminal (TRSP), whose conclusion is expected for the second half of 2023. The highlight of this quarter was the conclusion of the Serra Gaúcha connection works by Sulgás, which provides a new competitive supply alternative for the region.
- Net debt ended the quarter at R\$4,265.9, with a leverage ratio of 1.12x.

Executive summary - Consolidated R\$ '000	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
Net revenue	4,584,529	4,896,370	-6%	9,119,533	8,902,199	2%
Gross profit	1,005,462	898,320	12%	1,945,863	1,603,477	21%
EBITDA	968,186	876,563	10%	1,925,876	1,580,572	22%
Net income (recurring) ²	456,699	380,362	20%	856,733	715,740	20%
Net income	346,295	412,582	-16%	(444,954)	895,044	n/a
Investments	560,272	385,475	45%	1,044,615	689,410	52%
Net debt	4,265,988	2,845,844	50%	4,265,988	2,845,844	50%
Financial leverage ³	1.12x	0.95x	18%	1.12x	0.95x	18%

¹ Distribution companies whose direct or indirect equity interest exceeds 50% (Comgás, Sulgás and Gasbrasiliano) on June 30th, 2023 (volume excluding thermals).

² Result adjusted by non-recurring events. More information in the item B.3.

³ Net debt/ EBITDA LTM (accumulated EBITDA in the last 12 months.)



A. Operating Performance by Business Unit

Business Units

The business units of Compass are shown below:

- **Gas Distributors**
- **Other segments**

A.1. Natural Gas Distribution - Comgás

Operating and Financial Results

Volume ('000 cbm)	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
Residential	86,251	85,185	1%	156,321	147,339	6%
Commercial	37,182	37,1	0%	70,985	69,156	3%
Industrial	910,406	1,000,471	-9%	1,767,109	1,973,356	-10%
Automotive	40,185	63,641	-37%	78,899	123,134	-36%
Total	1,074,024	1,186,397	-9%	2,073,314	2,312,985	-10%
Total (ex-thermal)	1,073,606	1,186,397	-10%	2,072,748	2,312,985	-10%
MMcbm/d (ex-thermal)	11.8	13.0	-9%	11.5	12.8	-10%
Clients	2,463,205	2,310,945	7%	2,463,205	2,310,945	7%
Network Extension (km)	21,406	20,717	3%	21,406	20,717	3%

R\$ '000	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
EBITDA¹	830,896	846,285	-2%	1,687,824	1,555,605	8%

¹ Excludes intercompany impacts.

In 2Q23, distributed volume continued to be affected by the slowdown in industrial activity, as reported previously by the Company. However, a gradual recovery is already being observed in certain intensive-consumption segments, such as ceramics. Note that the volume of 11.8 MMm³/d distributed by Comgás in 2Q23 represents growth of 6% vs. 1Q23 (11.1 MMm³/d).

Compressed Natural Gas (CNG) is beginning to recover its competitiveness after the reversal of tax incentives for fuels, with its distributed volume growing 4% in 2Q23 vs. 1Q23. However, volumes remain down in comparison with the periods of 2022. Note that, in 2Q22, fuel prices were affected more rapidly than those for CNG by the conflict in Ukraine.

In the first six months of 2023, distributed volume came to 2,073 million m³, equivalent to 11.5 MMm³/d, decreasing 10% on the prior-year period. The lower industrial and automotive volumes were partially offset by the residential and commercial segments, which have higher margins and delivered growth of 6% and 3%, respectively. In the year to date, Comgás has connected 86,000 new residential clients.

In 2Q23, Comgás delivered EBITDA of R\$830.9 million, down 2% from 2Q22, despite the 9% decrease in volumes. In 6M23, EBITDA was R\$1,687.8 million, up 8% from 6M22. The results in the periods benefitted from the mix among segments.



A.2. Natural Gas Distribution – Other Distributors

Operating and Financial Results

Volume controlled ('000 cbm) ¹	2Q23	2Q22 ²	2Q23 x 2Q22 ²	6M23	6M22 ²	6M23 x 6M22 ²
Residential	3,718	3,798	-2%	5,964	5,973	0%
Commercial	5,001	5,127	-2%	9,057	8,928	1%
Industrial	162,850	180,186	-10%	328,345	363,135	-10%
Automotive	14,820	26,129	-43%	29,570	53,309	-45%
Total	186,388	215,240	-13%	372,936	431,345	-14%
MMcbm/day	2.0	2.4	-17%	2.1	2.4	-13%

¹ Distributors whose direct or indirect equity interest exceeds 50% (Sulgás and Gasbrasiliano on June 30th, 2023).

² Volumes from periods prior to the closing of Commit presented for comparison purposes only, not consolidated in the result.

R\$ '000	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
EBITDA	182,477	71,244	>100%	327,778	102,346	>100%
EBITDA ex-equity pick-up	120,873	71,244	70%	214,040	102,346	>100%

Distributed volume was 186 million m³ in 2Q23, equivalent to 2.0 MMm³/d, down 13% from 2Q22, mainly due to the competitiveness of other energy products compared to CNG and the slowdown in the industrial sector. Despite the lower volumes, Commit continues to expand its connections, ending the first half of the year with 7,389 new clients.

In 2Q23, EBITDA came to R\$182.5 million. The equity income received from non-controlled LDCs was R\$61.6 million, therefore, recurring EBITDA from the subsidiaries was R\$120.9 million in 2Q23.

A.3. Other segments

R\$ '000	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
Net revenue	-	58,734	n/a	-	115,026	n/a
Cost of goods sold and services provided	-	(67,764)	n/a	-	(131,006)	n/a
Gross profit	-	(9,030)	n/a	-	(15,981)	n/a
Selling, general and administrative expenses	(46,256)	(32,940)	40%	(91,777)	(63,206)	45%
Other operating income (expense), net	7	-	n/a	(56)	6	n/a
Depreciation and amortization	1,064	1,006	6%	2,109	1,802	17%
EBITDA¹	(45,185)	(40,965)	10%	(89,724)	(77,378)	16%

¹ Excludes intercompany impacts.

EBITDA from other segments of Compass was negative R\$45.2 million, due to non-recurring expenses related to ongoing projects to expand its operations.



B. Other P&L Accounts - Consolidated

B.1. Net Financial Result

R\$ '000	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
Cost of gross debt	(270,207)	(296,341)	-9%	(547,371)	(476,412)	15%
Income from financial investments	151,961	165,721	-8%	283,246	301,667	-6%
(=) Interest on net debt	(118,246)	(130,620)	-9%	(264,125)	(174,745)	51%
Other charges and monetary variation	13,145	19,297	-32%	(37,022)	10,238	n/a
Banking expenses and others	(776)	(5,881)	-87%	(4,689)	(8,453)	-45%
Non-recurring effects ¹ - Net financial result	(129,071)	4,143	n/a	(394,600)	22,522	n/a
Net financial result	(234,948)	(113,062)	n/a	(700,436)	(150,438)	n/a

¹ Effects related to the provision mentioned in item B.2 below.

In the year to date, the financial result was -R\$700.4 million, reflecting (i) the higher net debt balance (closing of Commit in Jul/22); and (ii) the non-recurring effect of R\$394.6 million due to the provision for tax liabilities (interest and fines).

B.2. Income Tax and Social Contribution Taxes

R\$ '000	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
Operating profit before taxes	520,538	592,170	-12%	805,883	1,052,119	-23%
Nominal tax rate (%)	34.0%	34.0%		34.0%	34.0%	
Theoretical expense with IT/SC	(176,983)	(201,338)	-12%	(274,000)	(357,720)	-23%
Others	(15,927)	(6,327)	n/a	(69,750)	43,863	n/a
Non-recurring effects - IT/SC	18,667	28,077	-34%	(907,087)	156,782	n/a
Effective expense with IT/SC	(174,243)	(179,588)	-3%	(1,250,837)	(157,075)	n/a
Effective tax rate (%)	33.47%	30.33%	10%	155.21%	14.93%	n/a
Expenses with IT/SC						
Current	(317,338)	(417,354)	-24%	(1,365,130)	(405,622)	n/a
Deferred	143,095	237,766	-40%	114,293	248,547	-54%

Income and social contribution taxes totaled -R\$174.2 million in 2Q23, equivalent to an effective rate of 33.5%, and -R\$1,250.8 million in 6M23, mainly due to provision for tax liabilities (R\$907.1 million).

As from the first quarter of 2021, the subsidiary Comgás began to assess current and non-current credits resulting from the non-taxation of the benefit of ICMS tax base reduction in the State of São Paulo, whose effective tax rate was reduced from 18% to a range from 12% to 15.6%, under article 8 of Annex II of the ICMS Regulations, approved by State Decree 45,490 ("RICMS/SP"), as amended by State Decrees No. 62,399/2016 and 67,383/2022. These credits were recognized by Comgás based on its best understanding of the matter and supported by the opinion of its external legal advisors, which took into account all applicable court precedents, including the understanding established in 2017 by the 1st Section of the Superior Court of Justice (STJ) regarding the application of the thesis on Brazil's federative pact, which has been applied in repeated judgments of the 1st Chamber of the STJ.

Since 2Q22, Comgás reclassified the probability of loss in a potential discussion on the subject from remote to possible. The matter was once again adjudicated by the STJ, on April 26, 2023, for tax benefits other than the presumed credit, with an unfavorable outcome for taxpayers.

In compliance with the technical interpretation applicable to the treatment of uncertainties about income tax (ICPC22 and IFRIC 23), the Company's management opted to accrue a provision on March 31, 2023 due to such unfavorable decision. As at June 30, 2023, the provision totaled R\$1,301,687 (R\$907,087 of principal, recorded under current



income tax, R\$169,831 of interest and R\$224,769 of fines, recorded under financial result), comprising the tax assessment notices received for fiscal years 2015, 2016, 2017 and 2018 and the other credits used in the following years until March 31, 2023, plus the respective legal charges. For more details, refer to Note 11 to the Interim Financial Statements.

B.3. Net Income

R\$ '000	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
Net income	346,295	412,582	-16%	(444,954)	895,044	0%
Non-recurring effects ¹ - IT/SC	(18,667)	(28,077)	-34%	907,087	(156,782)	n/a
Non-recurring effects ¹ - Net financial	129,071	(4,143)	n/a	394,600	(22,522)	n/a
Net income (recurring)	456,699	380,362	20%	856,733	715,740	20%

¹ Effects related to the provision mentioned in item B.2 and recognition of extemporaneous credits related to the same topic in 1Q22.

Recurring net income was R\$456.7 million in 2Q23, up 20% from 2Q22, mainly reflecting better operational performance, thanks to a more diverse mix and inflation adjustment on distribution margins, despite the lower volumes, as well as the consolidation of Commit as from July 2022.

In 6M23, recurring net income came to R\$856.7 million, due to the aforementioned effects. In 6M23, Compass delivered net expense of -R\$444.9 million, due to the non-recurring effect of -R\$1,301.7 million from the provision mentioned in the previous item.



C. Investments, Loans and Financing

C.1. Investments

In 2Q23, investments amounted to R\$560 million, of which R\$426 million went to the natural gas distribution subsidiaries, in accordance with the tariff business plans. The highlight was the conclusion of the connection works in the cities of Gramado and Canela by Sulgás, which were inaugurated in early August. Natural gas installation and conversion in existing commercial establishments will be phased, with the initial focus on hotel and restaurant chains that use natural gas as a source of energy continuously in all months of the year, as well as on new real estate projects. The Company aims to invest over R\$30 million in Gramado and Canela over the next five years, expanding natural gas distribution to new residential projects, local industries and CNG stations.

The remaining R\$134 million mostly refer investments in the construction of the TRSP, which is about to be concluded, with startup expected in the second half of 2023. The amount includes R\$26 million of capitalized interest on the financing linked to the project.

C.2. Debt

Compass ended 2Q23 with a leverage ratio of 1.12x EBITDA, with 80% of liabilities maturing in the long term. Note that the majority of debt indexed to inflation and USD are hedged to the CDI.

In addition, in May/23, Compass received USD150,000 thousand under the new loan agreement with Scotiabank, subject to the following conditions: FX variation + 4.0418% p.a. with interest swap for CDI + 1.30% p.a. and maturity in three years.

R\$ '000	Jun 23	Jun 22	Jun 23 x Jun 22	Dec 22	Jun 23 x Dec 22
Loans and financing	4,688,828	3,739,997	25%	4,177,974	12%
Debentures	4,353,350	4,303,072	1%	4,100,865	6%
Derivatives	130,771	15,287	>100%	55,106	>100%
Gross debt	9,172,949	8,058,355	14%	8,333,945	10%
(-) Cash, cash equivalents and marketable securities	4,906,961	5,212,512	-6%	3,981,993	23%
Net debt	4,265,988	2,845,844	50%	4,351,952	-2%
LTM EBITDA	3,805,172	2,991,285	27%	3,459,868	10%
Current debt/total debt	0.20	0.11	82%	0.20	0%
Financial Leverage	1.12x	0.95x	18%	1.26x	-11%

Loans and financing R\$ '000	2Q23
Opening balance of net debt	4,208,902
Cash, cash equivalents and marketable securities	4,393,016
Gross debt	8,601,919
Cash items (ex-IFRS 16)	286,468
Funding	749,310
Amortization of principal	(419,475)
Payment of interest	(115,564)
Derivatives	72,197
Non-cash items	284,562
Provision for interest (accrual)	127,526
Monetary variation, MTM adjustment of debt and others	156,978
Exchange variation, net of derivatives	58
Closing balance of gross debt	9,172,949
Cash, cash equivalents and marketable securities	4,906,961



Closing balance of net debt	4,265,988
Leasing (IFRS 16)	79,590
Total net debt	4,345,578



D. Exhibits

D.1. Income Statement

R\$ '000	2Q23	2Q22	2Q23 x 2Q22	6M23	6M22	6M23 x 6M22
Net revenue	4,584,529	4,896,370	-6%	9,119,533	8,902,199	2%
Cost of goods sold and services provided	(3,579,067)	(3,998,050)	-10%	(7,173,670)	(7,298,722)	-2%
Gross profit	1,005,462	898,320	12%	1,945,863	1,603,477	21%
Selling, general and administrative expenses	(260,254)	(191,099)	36%	(496,249)	(369,999)	34%
Other operating results	(51,325)	(1,989)	> 100%	(57,033)	(30,921)	84%
Equity pick-up	61,603	-	n/a	113,738	-	n/a
Net financial result	(234,948)	(113,062)	> 100%	(700,436)	(150,438)	> 100%
Income and social contribution taxes	(174,243)	(179,588)	-3%	(1,250,837)	(157,075)	> 100%
Net income	346,295	412,582	-16%	(444,954)	895,044	n/a
Non-recurring effects (Provision for IT/SC and financial results)	110,404	(32,220)	n/a	1,301,687	(179,304)	n/a
Net income (recurring)	456,699	380,362	20%	856,733	715,740	20%

D.2. Cash Flow Statement

R\$ '000	2Q23	6M23
EBITDA	968,186	1,925,876
Noncash impacts on EBITDA	(41,446)	(25,150)
Changes in assets and liabilities	(190,457)	(288,201)
Operating financial result	164,912	288,662
Operating cash flow	901,195	1,901,187
CAPEX	(506,618)	(1,033,647)
Others	(3,689)	(4,347)
Cash flow from investing	(510,307)	(1,037,995)
Funding	749,310	1,043,680
Loans amortization (Principal + interest)	(527,757)	(652,641)
Others	67,651	(96,236)
Cash flow from financing	289,205	294,804
Dividends received	82,553	86,349
Free cash flow to equity (FCFE)	762,645	1,244,345
Dividends paid	(248,701)	(319,375)
Net cash flow generated in the period	513,944	924,970



D.3. Balance Sheet

Balance sheet R\$ '000	2Q23	1Q23
Cash and cash equivalents	4,273,964	3,935,262
Marketable securities	632,997	457,755
Trade account receivables	1,834,295	1,725,026
Inventories	156,506	145,796
Derivative financial instruments	397,582	315,560
Other current assets	1,110,356	1,149,088
Other non-current assets	2,234,151	1,956,575
Investments	2,457,153	2,541,706
Property, plants and equipment	958,199	824,654
Intangible assets	12,521,189	12,434,999
Total assets	26,576,392	25,486,421
Loans, financing, and debentures	9,042,178	8,648,534
Derivative financial instruments	457,581	244,996
Trade accounts payable	1,595,687	1,579,265
Payroll	198,671	156,183
Other current liabilities	2,910,257	2,654,717
Other non-current liabilities	4,430,887	4,390,527
Total liabilities	18,635,261	17,674,222
Shareholder's equity	7,941,131	7,812,199
Total shareholder's equity and liabilities	26,576,392	25,486,421


D.4. Distribution Markets – Comgás

2Q23	2Q22	2Q23 x 2Q22	Residential	6M23	6M22	6M23 x 6M22
1,641,607	1,472,637	11%	Meters	1,641,607	1,472,637	11%
2,441,423	2,290,168	7%	Numbers of UDA's*	2,441,423	2,290,168	7%
86,251	85,185	1%	Volume ('000 cbm)	156,321	147,339	6%
600,508	534,827	12%	Net revenue	1,089,536	927,411	17%
(219,349)	(196,850)	11%	Cost	(395,128)	(339,680)	16%
381,159	337,977	13%	Margin	694,408	587,731	18%
4.42	3.97	11%	R\$/cbm	4.44	3.99	11%

*UDA (Autonomous Household Unit)

2Q23	2Q22	2Q23 x 2Q22	Commercial	6M23	6M22	6M23 x 6M22
19,972	19,006	5%	Meters	19,972	19,006	5%
37,182	37,100	0%	Volume ('000 cbm)	70,985	69,156	3%
191,531	172,227	11%	Net revenue	364,652	319,934	14%
(94,035)	(86,166)	9%	Cost	(178,922)	(159,591)	12%
97,496	86,061	13%	Margin	185,730	160,343	16%
2.62	2.32	13%	R\$/cbm	2.62	2.32	13%

2Q23	2Q22	2Q23 x 2Q22	Industrial	6M23	6M22	6M23 x 6M22
1,588	1,553	2%	Meters	1,588	1,553	2%
909,988	1,000,471	-9%	Volume ('000 cbm)	1,766,543	1,973,356	-10%
2,515,330	3,134,682	-20%	Net revenue	5,164,255	5,750,821	-10%
(2,037,160)	(2,616,277)	-22%	Cost	(4,176,663)	(4,748,574)	-12%
478,170	518,405	-8%	Margin	987,592	1,002,247	-1%
0.87	0.89	-2%	R\$/cbm	0.92	0.86	7%

2Q23	2Q22	2Q23 x 2Q22	Automotive	6M23	6M22	6M23 x 6M22
220	216	2%	Meters	220	216	2%
40,185	63,641	-37%	Volume ('000 cbm)	78,899	123,134	-36%
103,189	191,811	-46%	Net revenue	216,970	345,665	-37%
(89,318)	(168,428)	-47%	Cost	(188,327)	(300,323)	-37%
13,871	23,383	-41%	Margin	28,643	45,343	-37%
0.35	0.37	-6%	R\$/cbm	0.36	0.37	-1%

2Q23	2Q22	2Q23 x 2Q22	Thermal Generation	6M23	6M22	6M23 x 6M22
2	2	0%	Meters	2	2	0%
418	-	n/a	Volume ('000 cbm)	566	-	n/a
1,024	-	n/a	Net revenue	1,935	-	n/a
(1,007)	-	n/a	Cost	(1,387)	-	n/a
17	-	n/a	Margin	548	-	n/a
0.04	n/a	n/a	R\$/cbm	0.97	n/a	n/a