

NOVA TRANSPORTADORA DO SUDESTE S.A. -
NTS

MANAGEMENT REPORT Q3'20



MESSAGE FROM MANAGEMENT

NTS ended the third quarter of 2020 delivering excellent results. EBITDA margin reached 93.4% in the period, we distributed approximately R\$564.1 million in interim dividends and interest on equity to shareholders and invested R\$22.1 million in our operations in the last three months. At the General Meeting held at the end of August, the Company's capital reduction was approved and R\$653.3 million will be refunded to shareholders by the end of this year.

We remain monitoring the effects of the COVID-19 pandemic on operations and guiding decisions in line with the recommendations issued by health authorities, with the support of the NTS Crisis Committee.

Our field operations are operating on a normal basis. Starting in August, we gradually began to resume in-person work for corporate roles, preserving those in high risk groups and following all necessary security protocols.

In this quarter, we donated several items, such as respirators, hospital beds, personal protective equipment and basic food baskets, all of which were destined to combat COVID-19 and its impacts, totaling R\$6.0 million. The latest donations went to the municipality of Brumadinho, which received equipment to activate the city's first ICU at the João Fernandes do Carmo Municipal Hospital.

From a regulatory point of view, we also witnessed progress for the sector in this period. The bill of law for the new regulatory framework of the gas sector (PL 6407/13), awaits analysis by the Federal Senate, after approval by the House of Representatives in early September.

As for our operations, we hired approximately 60 new employees during this quarter. Additionally, NTS will be investing throughout 2021 in processes, systems and infrastructure for the internalization of Operation and Maintenance activities throughout 2021.

We appreciate the trust of our shareholders, and the dedication and support received by the Board members and employees.

Wong Loon

Chief Executive and
Operations Officer

Flávio Mendonça Leal

Chief Financial and
Investor Relations Officer

FINANCIAL PERFORMANCE

The Management's Report of Nova Transportadora do Sudeste SA - NTS ("NTS" or "Company") for the third quarter of 2020 ("Q3'20"), considering the period ended September 30, 2020, compared to the third quarter of 2019 ("Q3'19") includes the following highlights:

1. NET OPERATING REVENUES

Net Operating Revenue ("NOR") reached R\$1,161.7 million in Q3'20, increasing by 4.5% against the R\$1,111.5 million revenue reported in Q3'19. The annual IGP-M weighted index of the 5 GTAs was approximately 4.9% and generated 100% of revenues.

The COVID-19 pandemic period did not impact our revenues since the GTAs have an unused capacity charge clause (Ship-or-Pay), although there was a reduction in the average volume transported during such period. This contractual condition ensures us revenue predictability and stability since it is calculated according to the contracted transport capacity, regardless of the volume actually handled. Deductions on billing differ, however, since the ICMS tax is calculated based on the presumed profit regime for the Ship-or-Pay modality.

In the nine-month period ended September 30, 2020, NOR totaled R\$3,456.7 million, 5.0% higher than the same period in 2019 and also reflects the same inflation variation mentioned above.

Regarding the agreement signed with Petrobras for the deferral of gas transportation services receivables re billings for the period of March, April and May 2020, we received the final installment in August 2020.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Net Operating Revenue	1,161,735	1,111,502	4.5%	3,456,744	3,292,806	5.0%

2. COSTS OF SERVICES

Costs of Services totaled R\$213.3 million in Q3'20, corresponding to 18.4% of NOR, compared to R\$188.7 million in Q3'19. From February 2019 to April 2020, after adjusting the PIS/COFINS calculation base from November 2016 to January 2019, NTS compensated for the retroactive PIS/COFINS credits of its fixed asset base. The 13% increase between periods can be explained mainly by the end of the compensation of these retroactive PIS/COFINS credits on the fixed asset base, negatively impacting depreciation expenses in Q3'20, which increased by 24.3% in the period.

Additionally, personnel costs increased by R\$6.7 million between the compared quarters due to the significant increase in the number of employees, especially in our technical and operational areas. In this quarter alone, we hired approximately 60 new employees who are being prepared for operational and maintenance activities throughout 2021. Other costs such as: right of way, electricity, insurance, consulting services and training also contributed with the increase in costs with services in Q3'20 when compared to Q3'19.

However, these increases were partially offset by the reduction in rental costs at the Mantiqueira compression station, since this compression unit was acquired by NTS in February 2020.

Costs increased 7.9% in the nine months ended September 30, 2020, totaling R\$599.3 million, compared to R\$555.5 million in the same period of the previous year. Costs also slightly increased as a percentage of NOR, corresponding to 17.3% and 16.9% in both periods, respectively, especially due to cost pressure in Q3'20 and the end of the offset of retroactive PIS/COFINS on the fixed asset base in Q2'20, reflecting the depreciation expenses of that period as well.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Cost of Services	(213,329)	(188,744)	13.0%	(599,250)	(555,452)	7.9%
% on the NOR	-18.4	-17.0	- 1.4 pp	-17.3	-16.9	- 0.5 pp

3. GROSS PROFIT

In the third quarter of 2020, Gross Profit amounted to R\$948.4 million, increasing by approximately 3.0% in relation to the third quarter of 2019. Gross margin decreased by 1.4 percentage points, accompanying the increase in costs above the growth in revenues in the period, according to previous analyzes.

In the nine months ended September 30, 2020, Gross Profit totaled R\$2,857.5 million, 4.4% higher than the same period in 2019 and in line with the changes in revenue and costs. The gross margin of approximately 83% remained stable in both periods.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Gross Profit	948,406	922,758	2.8%	2,857,494	2,737,354	4.4%
Gross Margin %	81.6	83.0	- 1.4 pp	82.7	83.1	- 0.5 pp

4. OPERATING REVENUES AND EXPENSES

In the third quarter of 2020, other Operating Revenues and Expenses had a positive balance of R\$36.3 million, a very different result compared to Q3'19, when the result was negative by R\$35.8 million. In this quarter, we recognized retroactive tax credits, in the total amount of R\$ 53.3 million, relating mainly to the exclusion of ICMS from the PIS and COFINS calculation base, after a final and unappealable decision with a favorable outcome for NTS, which impacted Q3'20 results. In 3'Q19, assets related to canceled, deactivated or discontinued projects were written off after being approved by the Extraordinary General Meeting, in the amount of R\$23.5 million.

The variation in General and Administrative Expenses between both quarters can be explained mainly by donations, in the total amount of R\$1.9 million, made during Q3'20 to combat and prevent COVID-19.

In the comparison between the nine-month period ended September 30, 2020 and the same period in 2019, expenses were also impacted by donations, which totaled R\$6.0 million, in addition to higher expenses with personnel, legal advice and recruitment and provision for contingencies, all of which were partially offset by the reduction in sponsorship expenses.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Revenues (expenses), net	36,329	(35,770)	-201.6%	6,704	(60,739)	-111.0%
% on the NOR	3.1	-3.2	6.3 pp	0.2	-1.8	2.0 pp
General and administratives expenses	(16,980)	(12,277)	38.3%	(46,605)	(37,246)	25.1%
% on the NOR	-1.5	-1.1	0.4 pp	-1.3	-1.1	- 0.2 pp
Other revenues (expenses), net	53,309	(23,493)	0.0%	53,309	(23,493)	0.0%
% on the NOR	4.6	-2.1	6.7 pp	1.5	-0.7	2.3 pp

5. OPERATING PROFIT

Operating Profit totaled R\$984.7 million in the quarter, corresponding to a margin of 84.8% of NOR, increasing by 5.0 percentage points in margin compared to the previous period (79.8% in Q3'19). The Operating Result in Q3'20 was 11.0% higher than in Q3'19, mainly due to the recognition of the tax credits mentioned above.

In the nine-month period ended September 30, 2020, accumulated Operating Profit reached R\$2,864.2 million, a 7.0% improvement compared to the same period of the previous year, reflecting the operational performance that was supported by the tax credits measured in the period.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Operating Profit	984,735	886,988	11.0%	2,864,198	2,676,615	7.0%
% on the NOR	84.8	79.8	5.0 pp	82.9	81.3	1.6 pp

6. FINANCIAL RESULT

In the third quarter of this year, Net Financial Result came in negative by R\$16.3 million, improving by 77.4% against the same quarter in 2019. This result was possible mainly due to the reduction of expenses with interest on debentures, which decreased by 64% between the periods, following the retraction in interest rate (CDI), (average of 2.0% in Q3'20 compared to 6.0% in Q3'19, with debentures cost being 109% of CDI). The new R\$60.0 million loan taken out through the issuance of bank credit notes ("CCB"), aimed at optimizing the capital structure of two projects, did not generate significant financial expenses in the quarter.

Financial income decreased by 18.4% over the same period of the previous year, also due to the drop in the CDI rate. It is worth noting that financial income in Q3'20 includes R\$9.6 million corresponding to the monetary restatement of PIS and COFINS retroactive credits that affected Operating Revenues and Expenses, as mentioned in item 4 of this report.

In the nine-month period ended September 30, 2020, Net Financial Result was negative by R\$100.3 million, against R\$227.1 million in the same period of the previous year, also

reflecting the variation of the CDI rate mentioned above, with financial expenses reducing by approximately R\$136 million in the period.

NTS does not have any relevant exposure to foreign currency.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Net Financial Results	(16,318)	(72,113)	-77.4%	(100,306)	(227,137)	-55.8%
Financial revenues	16,616	20,358	-18.4%	37,484	47,062	-20.4%
Financial expenses	(32,934)	(92,471)	-64.4%	(137,790)	(274,199)	-49.7%

7. INCOME BEFORE TAXES

Profit before taxes for this quarter was R\$968.4 million, due to the growth in operating profit combined with the reduction in financial expenses for the quarter. This result is 18.8% higher than the same period of 2019, and corresponds to 83.4% of NOR, increasing this indicator by 10.0 percentage points.

In the nine-month period, the variation was 12.8%, an improvement of 5.6 percentage points when compared to the NOR between the periods.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Income Before Taxes	968,417	814,875	18.8%	2,763,892	2,449,478	12.8%
% on the NOR	83.4	73.3	10.0 pp	80.0	74.4	5.6 pp

8. INCOME TAX AND SOCIAL CONTRIBUTION

In Q3'20, the current and deferred taxes (IRPJ/CSLL) totaled R\$325.4 million, compared to R\$273.1 million in the third quarter of 2019. The effective tax rate remained stable, reaching 33% in both periods.

In the nine-month period ended September 30, 2020, current and deferred taxes and contributions totaled R\$918.1 million, against R\$808.4 million in the same period of 2019, in line with the growth in results.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Total Income Tax and Social Contribution	(325,374)	(273,127)	19.1%	(918,101)	(808,398)	13.6%
% on income before taxes	-33.6	-33.5	- 0.1 pp	-33.2	-33.0	- 0.2 pp
Current Income Tax and Social Contribution	(234,529)	(176,472)	32.9%	(624,161)	(511,545)	22.0%
% on income before taxes	-24.2	-21.7	- 2.6 pp	-22.6	-20.9	- 1.7 pp
Deferred Income Tax and Social Contribution	(90,845)	(96,655)	-6.0%	(293,940)	(296,853)	-1.0%
% on income before taxes	-9.4	-11.9	2.5 pp	-10.6	-12.1	1.5 pp

9. NET INCOME

Net Income totaled R\$643.0 million in Q3'20, compared to R\$541.7 million in Q3'19, a variation of 18.7%.

In the nine-month period ended September 30, 2020, Net Income increased by 12.5%, reaching R\$1,845.8 million, with a net margin of 53.4%, equivalent to a 3.6 percentage point growth compared to the same period of the previous year. This increase is mainly explained by the operational improvement and the approximately 50% reduction in net financial expenses.

In thousands of Reais	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Net Income for the period	643,043	541,748	18.7%	1,845,791	1,641,080	12.5%
% on the NOR	55.4	48.7	6.6 pp	53.4	49.8	3.6 pp

10. EBITDA

EBITDA totaled R\$1,085.5 million in Q3'20, higher than the R\$968.0 million in the same quarter of 2019. EBITDA margin expanded by 6.3 percentage points, to 93.4% vs. 87.1% in Q3'19, benefited mainly from the recognition of tax credits.

In the accumulated nine-month period ended September 30, 2020, EBITDA margin remained stable, reaching 91.0% vs. 89.1% in the same period in 2019.

EBITDA Reconciliation (In thousands of Reais)	Q3' 20	Q3' 19	Var.	09/30/2020	09/30/2019	Var.
Net Profit	643,043	541,748	18.7%	1,845,791	1,641,080	12.5%
Income Tax and Social Contribution	325,374	273,127	19.1%	918,101	808,398	13.6%
Net Financial Results	16,318	72,113	-77.4%	100,306	227,137	-55.8%
Depreciation	100,750	81,036	24.3%	281,227	258,506	8.8%
EBITDA	1,085,485	968,024.0	12.1%	3,145,425	2,935,121	7.2%
EBITDA Margin %	93.4	87.1	6.3 pp	91.0	89.1	1.9 pp

11. BALANCE SHEET

PP&E totaled R\$8.0 billion as of September 30, 2020, compared to R\$8.3 billion as of December 31, 2019, varying according to the depreciation of assets.

Gross debt at the end of the quarter reached R\$5.3 billion, higher than the R\$5.2 billion registered on December 31, 2019, due to the R\$60 million loan through the issuance of a "CCB". Net debt on September 30, 2020 was R\$3.9 billion, lower than the R\$4.4 billion balance at the end of 2019, mainly due to the greater availability of cash at the end of September 2020.

NTS constituted a profit reserve on tax incentives throughout these nine months of the year, in the amount of R\$41.7 million as of September 2020, arising from an investment subsidy related to the appropriation of ICMS credit resulting from the option for the ICMS Agreement 106/96 that grants a 20% credit on the ICMS amount due to companies providing transport services. These credits were recorded in the income statement of the period and allocated

monthly to the tax incentive reserve, being excluded from the calculation of the dividend calculation base.

The cash position between periods is mainly impacted by the unpaid restitution of the capital reduction approved in the Extraordinary General Meeting, in the amount of R\$653.3 million, in addition to the postponement of certain costs and investments due to the pandemic.

Indebtedness (In thousands of Reais)	09/30/2020	12/31/2019	Var.
Gross Debt	5,312,541	5,241,123	1.4%
Cash	1,375,594	795,974	72.8%
Net Debt	3,936,947	4,445,149	-11.4%

12. DIVIDENDS AND INTEREST ON EQUITY

Approximately R\$564.1 million was distributed to shareholders in Q3'20, of which R\$535.3 million was in dividends (R\$0.231 per share) and R\$28.8 million in interest on equity (R\$0.012 per share), after an opinion issued by the Fiscal Board and approval by the Board of Directors in August 2020.

In the nine-month period ended September 30, 2020, we distributed R\$1,471.3 million as interim dividends and R\$80.2 million as interest on equity. In the period, R\$1,810.3 million was paid to shareholders as dividends and interest on equity, including a dividend installment of R\$248.0 million proposed for the 2019 results and R\$10.5 million as interest on equity also referring to the 2019 fiscal year.

13. INDEPENDENT AUDITORS

The independent external auditors are hired exclusively to provide external audit services. No other services were requested from the auditors.

14. RATING

NTS has a "AAA (bra)" long-term national corporate rating and a rating of the Company's second issue of debentures, with a stable outlook, issued by the credit risk rating agency Fitch Ratings. The Fitch report is available on <https://ri.ntsbrasil.com>.

15. SUBSEQUENT EVENTS TO SEPTEMBER 30, 2020 AND OTHER INFORMATION

At the Extraordinary General Meeting ("ESM") held on August 31, 2020, shareholders approved the Company's capital reduction, in the amount of R\$653.3 million, as it is considered excessive in view of the activities performed by the Company. The reduction was carried out by means of capital restitution to shareholders, in national currency, proportionally to their respective holdings in the Company's share capital, and a reduction in the nominal value of the Company's share to R\$0.22 (twenty-two centavos), without the cancellation of any shares representing the Company's share capital, therefore, the number

of shares and the percentage of each shareholder's stake remained unchanged in the Company's share capital. After the deadline of 60 days without opposition from creditors, this reduction was executed, with the Company's share capital changing from R\$1,162.0 million to R\$508,7 million, fully subscribed and paid in. The payment of the capital refund to shareholders will be made by the end of the 2020 fiscal year.

In October 2020, after extensive discussions with external advisors (lawyers and tax consultants), the Company's management completed a review of the PIS and COFINS calculations for the 2015 and 2016 calendar years and identified that it had unduly paid PIS and COFINS taxes on financial income, at the joint rate of 4.65%, which correspond to an Adjusted Present Value (AVP) on accounts receivable from financial leasing existing at the time and impacted its financial income. It is worth highlighting that this assessment considered a duplicity in the payment of PIS and COFINS taxes on financial income since they were also included in the PIS/COFINS calculation on revenues and taxed at the joint rate of 9.25% at the time.

For this reason, the Company recorded in its books, in October 2020, tax credits of R\$69.9 million of which R\$52.7 million corresponded to the principal amount and R\$17.1 million related to SELIC interest. These credits will be used to offset future tax debts, generated from the Company's operating activity.

16. SUSTAINABILITY

NTS published its first Sustainability Report to its stakeholders - investors, employees, customers, suppliers, other companies in the sector and representatives of public authorities and local communities - highlighting the Company's progress in its sustainability management in 2019. The content was produced according to the guidelines of the Global Reporting Initiative (GRI), with a list of the priority themes identified for the Company's sustainability management aligned with the Sustainable Development Goals (ODS) proposed by the UN.

In addition to the highlights for the year, the report presents a summary of the Company's performance in the financial, health and safety, social, environmental and operational areas and addresses the Company's strategy and vision of the future amidst the many transformations that already occur in the Brazilian natural gas transportation segment. The report is available on the Company's website (www.ntsbrasil.com).

Quarterly Information - ITR

Nova Transportadora do Sudeste S.A. - NTS

September 30, 2020
Including the Independent Auditor's Report

Nova Transportadora do Sudeste S.A. - NTS

Quarterly Information - ITR

September 30, 2020

Contents

Independent auditor's report on the financial statements	1
Quarterly Information	
Balance Sheets.....	3
Statement of profit or loss	5
Statement of comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Statement of value added	9
Explanatory Notes to the quarterly statements.....	10



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Report on the Review of Quarterly Statements

To

The Management and Shareholders of

Nova Transportadora do Sudeste S.A. - NTS

Rio de Janeiro - RJ

Introduction

We have reviewed the accompanying interim financial information, contained in the Quarterly Information Form (ITR) of Nova Transportadora do Sudeste S.A. (“Company”) for the quarter ended September 30, 2020, comprising the statement of financial position as of September 30, 2020 and the related statements of profit or loss and of comprehensive income for the three and nine months periods then ended, and of changes in equity and of cash flows for the nine month period then ended, including the explanatory notes.

Management is responsible for preparation of the interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The abovementioned quarterly information include the statement of value added (SVA) for the nine month period ended September 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall interim financial information.

Rio de Janeiro, November 12, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

A handwritten signature in dark ink, appearing to read 'Diogo Afonso da Silva', is written over a light blue horizontal line.

Diogo Afonso da Silva
Accountant CRC-1RJ114783/O-8

Nova Transportadora do Sudeste S.A - NTS

Balance Sheets

September 30, 2020 and December 31, 2019

(In thousands of reais)

Assets	Note	9/30/2020	12/31/2019
Current			
Cash and cash equivalents	5	1,375,594	795,974
Trade accounts receivable	6	896,892	861,142
Recoverable taxes	12.1	1,281	3
Other accounts receivable	13	105,672	76,793
Prepaid expenses		522	10,707
Advances		9,169	2,594
Other		302	52
		2,389,432	1,747,265
Non-current			
Restricted bank deposits	7	15,345	15,096
Judicial deposits	20.2	16,476	17,716
Recoverable taxes	12.1	69,988	8,622
Other		168	-
Property, Plant, and Equipment - PP&E	8	8,029,209	8,262,072
		8,131,186	8,303,506
Total Assets		10,520,618	10,050,771

The explanatory notes are an integral part of the quarterly statements.

Nova Transportadora do Sudeste S.A - NTS

Liabilities	Note	9/30/2020	12/31/2019
Current			
Trade accounts payable	9	250,033	256,471
Taxes payable	12.1	117,190	54,708
Payroll and charges payable		22,676	20,174
Debentures payable	10	115,786	45,828
Interest on equity	15.3	-	10,546
Income tax and social contribution payable	12.1	419,329	414,949
		925,014	802,676
Non-current			
Debentures payable	10	5,196,755	5,195,295
Provisions for environmental compensation	14.1	31,517	31,543
Provision for environmental constraints	14.2	49,132	55,018
Provision for legal contingencies	20.1	3,942	6,336
Provision for intersection crossings		13,245	-
Deferred taxes	12.2	1,612,973	1,319,032
Other liabilities		868	-
		6,908,432	6,607,224
Equity			
Share capital	15.1	1,162,037	994,301
Capital reserve	15.2	1,192,463	1,360,199
Profit reserve	15.3	332,672	286,371
		2,687,172	2,640,871
Total Liabilities and Shareholders' Equity		10,520,618	10,050,771

The explanatory notes are an integral part of the quarterly statements.

Nova Transportadora do Sudeste S.A - NTS

Statement of profit or loss

Three and nine-month period ended September 30, 2020 and 2019

(In thousands of reais, except if indicated otherwise)

	Note	Three-month period ended		Nine-month period ended	
		9/30/2020	9/30/2019	9/30/2020	9/30/2019
Revenue	16	1,161,735	1,111,502	3,456,744	3,292,806
Costs of services	17	(213,329)	(188,744)	(599,250)	(555,452)
General and administrative expenses	18	(16,980)	(12,277)	(46,605)	(37,246)
Write-offs		-	(23,493)	-	(23,493)
Other net revenue (expenses)	12.1	53,309	-	53,309	-
Operating revenue (expenses)		36,329	(35,770)	6,704	(60,739)
Operating profit		984,735	886,988	2,864,198	2,676,615
Financial revenue	19	16,616	20,358	37,484	47,092
Financial expenses	19	(32,934)	(92,471)	(137,790)	(274,199)
Net financial result		(16,318)	(72,113)	(100,306)	(227,137)
Profit before income tax and social contribution		968,417	814,875	2,763,892	2,449,478
Current income tax and social contribution	12.3	(234,529)	(176,472)	(624,161)	(511,545)
Deferred income tax and social contribution	12.3	(90,845)	(96,655)	(293,940)	(296,853)
Net income for the period		643,043	541,748	1,845,791	1,641,080
Basic and diluted earnings per share (in R\$)		0.28	0.23	0.80	0.71

The explanatory notes are an integral part of the quarterly statements.

Nova Transportadora do Sudeste S.A - NTS

Statement of comprehensive income

Three and nine-month period ended September 30, 2020 and 2019

(In thousands of reais)

	Three-month period ended		Nine-month period ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Net income for the period	643,043	541,748	1,845,791	1,641,080
Other comprehensive results	-	-	-	-
Comprehensive income for the period	643,043	541,748	1,845,791	1,641,080

The explanatory notes are an integral part of the quarterly statements.

Nova Transportadora do Sudeste S.A - NTS

Statement of changes in equity

Nine-month period ended September 30, 2020 and 2019

(In thousands of reais)

	Share Capital	Capital Reserve	Profit Reserve			Total
		Capital Transaction	Legal	Proposed Dividends	Accumulated Profit (Loss)	
Balance on December 31, 2018	1,618,630	1,360,199	38,368	190,432	-	3,207,629
Net income for the period	-	-	-	-	1,641,080	1,641,080
Interest on equity	-	-	-	-	(128,936)	(128,936)
Dividends paid	-	-	-	(190,432)	(1,302,817)	(1,493,249)
Capital reduction	(624,329)	-	-	-	-	(624,329)
Balance on September 30, 2019	994,301	1,360,199	38,368	-	209,327	2,602,195

	Share Capital	Capital Reserve	Profit Reserve			Total	
		Capital Transaction	Legal	Tax Incentive Reserve	Proposed Dividends		Accumulated Profit (Loss)
Balance on December 31, 2019	994,301	1,360,199	38,368	-	248,003	-	2,640,871
Net income for the period	-	-	-	-	-	1,845,791	1,845,791
Interest on equity	-	-	-	-	-	(80,162)	(80,162)
Dividends paid	-	-	-	-	(248,003)	(1,471,325)	(1,719,328)
Grants - Tax Incentives	-	-	-	41,701	-	(41,701)	-
Incorporation of Capital Reserve	167,736	(167,736)	-	-	-	-	-
Balance on September 30, 2020	1,162,037	1,192,463	38,368	41,701	-	252,603	2,687,172

The explanatory notes are an integral part of the quarterly statements.

Nova Transportadora do Sudeste S.A - NTS

Statement of cash flows

Nine-month period ended September 30, 2020 and 2019

(In thousands of reais)

	<u>9/30/2020</u>	<u>9/30/2019</u>
Operating activities		
Net income for the period	1,845,791	1,641,080
Adjustments to expenses and income, non-cash:		
Deferred income tax and social contribution	293,940	296,853
Insurance amortization	10,558	766
Interest expense on debentures and financing	131,282	264,608
Depreciation and amortization	327,792	323,398
Provision for bonus	13,198	10,609
Losses from write-offs	-	23,493
Other	(1,402)	562
	<u>2,621,159</u>	<u>2,561,369</u>
Changes in assets and liabilities		
Trade accounts receivable	(35,749)	(72,585)
Recoverable taxes	(62,644)	(167)
Other accounts receivable	10,185	(38,674)
Judicial deposits	-	(4)
Other assets	(46,431)	9,117
Trade accounts and other accounts payable	(6,151)	45,241
Payments and charges payable	(10,696)	(7,097)
Taxes payable	686,643	513,161
Income tax and social contribution paid	(619,781)	(312,199)
Expenses with environmental provisions	(5,912)	(11,822)
Other liabilities	14,112	(8)
Net cash flow generated by operating activities	<u>2,544,735</u>	<u>2,686,333</u>
Investment activities		
Acquisition of PP&E	(94,929)	(61,289)
Cash flow used in investment activities	<u>(94,929)</u>	<u>(61,289)</u>
Financing activities		
Financings	60,000	
Payment of interest on debentures	(119,864)	(174,482)
Payment of dividends and interest on equity	(1,810,322)	(1,639,196)
Cash flow used in financing activities	<u>(1,870,186)</u>	<u>(1,813,678)</u>
Increase in cash and cash equivalents	<u>579,620</u>	<u>811,366</u>
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	795,974	362,083
Cash and cash equivalents at the end of the period	<u>1,375,594</u>	<u>1,173,448</u>
	<u>579,620</u>	<u>811,365</u>

The explanatory notes are an integral part of the quarterly statements.

Nova Transportadora do Sudeste S.A - NTS

Statement of value added

Nine-month period ended September 30, 2020 and 2019

(In thousands of reais)

	<u>9/30/2020</u>	<u>9/30/2019</u>
Added value to be distributed		
Revenue	<u>4,024,710</u>	3,878,459
Services and other revenues	<u>4,024,710</u>	3,878,459
Inputs purchased from third parties	<u>(286,951)</u>	<u>(285,743)</u>
Services provided, energy, third party services and others	<u>(286,951)</u>	<u>(285,743)</u>
Gross added value	<u>3,737,759</u>	<u>3,592,716</u>
Depreciation and amortization	(281,227)	(258,506)
Net added value by the company	<u>3,456,532</u>	<u>3,334,210</u>
Added value received in transfer	<u>90,739</u>	<u>23,549</u>
Investment income - includes monetary and exchange variations	<u>37,430</u>	<u>23,549</u>
Recovery of PIS and COFINS	53,309	
Total added value to be distributed	<u>3,547,271</u>	<u>3,357,759</u>
Added value distribution		
Personnel	<u>38,358</u>	<u>25,020</u>
Direct compensation	29,552	20,292
Benefits	6,997	3,162
FGTS	1,809	1,566
Taxes, fees and contributions	<u>1,493,612</u>	<u>1,401,728</u>
Federal	1,315,964	1,190,539
State	168,586	197,583
Municipal	9,062	13,606
Remuneration on third-party capital	<u>169,510</u>	<u>289,931</u>
Interest, fines, monetary and exchange variations	135,808	271,800
Donations and sponsorships	12,229	8,420
Trade accounts – non-operating services	24,923	10,510
Other third-party capital remuneration	(3,450)	(799)
Remuneration on equity	<u>1,845,791</u>	<u>1,641,080</u>
Interest on loans and financing with related parties		
Interest on equity	80,162	128,936
Distributed dividends	1,471,325	1,302,818
Proposed dividends	294,304	209,326
Total added value distributed	<u>3,547,271</u>	<u>3,357,759</u>

The explanatory notes are an integral part of the quarterly statements.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

1. Operating context

Nova Transportadora do Sudeste S.A. (“NTS” or “Company”) was incorporated on January 15, 2002, and its business purpose is the construction, installation, operation and maintenance of gas pipelines in the southeast region of Brazil, including gas pipeline networks that interconnect the states of São Paulo, Minas Gerais and Rio de Janeiro.

In September 2016, Petrobras announced to the market the sale of 90% of the shares it held in NTS to Nova Infraestrutura Fundo de Investimentos em Participações Multiestratégia (“FIP”), managed by Brookfield Brasil Asset Management Investimentos Ltda., a company affiliated to Brookfield Asset Management.

On April 4, 2017, the sale of 90% of NTS’s shares to FIP was concluded with the subsequent sale, by FIP, of 7.65% of NTS’s shares to ITAÚSA ITAÚSA (Itaú Investimentos S.A.) on the same day.

Therefore, the current shareholder structure of the Company is as follows: FIP owns 82.35%, Petrobras owns 10% and ITAÚSA owns 7.65% of the total shares.

On October 24, 2017, ANP issued NTS permanent operating authorizations for all its gas pipelines.

The Company operates in a single segment, the transportation of natural gas, which is not subject to seasonality.

2. Basis of presentation of the financial statements

The quarterly information has been prepared and is being presented in accordance with the Accounting Pronouncements Committee - CPC 21 (R1) Interim Statements, which were approved by the Brazilian Securities and Exchange Commission (CVM) and in accordance with the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB. The quarterly information was prepared based on historical cost.

This quarterly information is presented with the relevant changes that occurred in the period, without the repetition of certain previously disclosed explanatory notes, which, according to the management’s opinion, provide a comprehensive view of the Company’s equity and financial position and the performance of its operations. Therefore, the accounting information should be read jointly with the Company’s annual financial statements for the year ended December 31, 2019.

Additionally, the Company considered the guidelines issued by OCPC 07 Technical Guidance when preparing this quarterly information. Therefore, relevant information

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2019
(In thousands of reais, except if indicated otherwise)

2. Basis of presentation of the financial statements --continuation

specific to the quarterly information are being disclosed, and correspond to those used by Management in carrying out their activities.

This quarterly information was approved by the Fiscal Council on November 6, 2020 and by the Board of Directors on November 12, 2020.

NTS's functional currency is the Brazilian real (R\$) as it is the currency of the economic environment in which the Company operates.

3. Summary of significant accounting practices

The accounting policies and calculation methods used in the preparation of this quarterly information are the same as those used in the preparation of the Company's annual financial statements for the fiscal year ended December 31, 2019.

4. Significant estimates and judgments

The quarterly financial statements herein presented were prepared under various measurement bases used in accounting estimates. The accounting estimates involved in the preparation of these quarterly statements were based on objective and subjective factors, considering management's judgment for determining the adequate amounts to be recorded in the quarterly statements. Significant items subject to these estimates and assumptions include selection of useful lives and recoverability of property, plant, and equipment, measurement of financial assets and liabilities at fair value and present value adjustment, as well as analysis of other risks in determining other provisions, including provision for contingencies.

The settlement of transactions involving these estimates may result in amounts materially different from those recorded in the financial statements due to the uncertainties inherent in the estimation process. The Company reviews its estimates periodically throughout the year.

For more information on relevant estimates, see note 5 to the financial statements of December 31, 2019.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2019
(In thousands of reais, except if indicated otherwise)

5. Cash and cash equivalents

	<u>9/30/2020</u>	<u>12/31/2019</u>
Cash and cash equivalents	399	614
Short-term financial investments	1,375,195	795,360
	<u>1,375,594</u>	<u>795,974</u>

Short-term investments are highly liquid and readily convertible into a known cash amount.

The current remuneration of Company's short-term investments is equivalent to approximately 100% of CDI. The Company investments were allocated to Bank Deposit Certificates (CDBs) remunerated by reference to the Interbank Deposit Certificate (CDI).

6. Trade accounts receivable

	<u>9/30/2020</u>	<u>12/31/2019</u>
Petróleo Brasileiro S.A - Petrobras	896,892	861,142
	<u>896,892</u>	<u>861,142</u>

The Company's receivables arise from Gas Transportation Agreements (GTAs) entered into with Petrobras. There were no overdue amounts receivable on September 30, 2020 and December 31, 2019, just as we have no expected losses associated with these receivables.

7. Restricted bank deposits

The balance of R\$15,345 on September 30, 2020 (R\$15,096 on December 31, 2019), refers to savings account held with Banco do Brasil to cover environmental compensations related to the construction of gas pipelines GASAN II, GASPAL II and ECOMP in Guararema, State of São Paulo and will be used as required by environmental bodies. Such deposits should be linked to savings accounts and follow the provisions of Federal Law 9.985/2000, which constituted the National System of Units of Conservation – SNUC.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

8. Property, Plant, and Equipment (PP&E)

Description	12/31/2019	Changes in 2020				9/30/2020
		Additions	Write-offs	Transfers	Depreciation	
Construction in progress	111,035	46,210	-	(6,613)	-	150,632
Improvement in third-party assets	4,079	-	-	-	(363)	3,716
Environmental constraints	118,110	-	-	-	(4,200)	113,910
Equipment and other assets	8,028,848	48,719	-	6,613	(323,229)	7,760,951
	8,262,072	94,929	-	-	(327,792)	8,029,209

Description	12/31/2018	Changes in 2019				12/31/2019
		Additions	Write-offs	Transfers	Depreciation	
Construction in progress	78,676	103,996	-	(71,637)	-	111,035
Improvement in third-party assets	4,217	381	-	(42)	(478)	4,078
Environmental constraints	123,361	-	-	-	(5,251)	118,110
Equipment and other assets	8,401,176	5,221	(23,494)	71,679	(425,733)	8,028,849
	8,607,430	109,598	(23,494)	-	(431,462)	8,262,072

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2019
(In thousands of reais, except if indicated otherwise)

8. Property, plant, and equipment (PP&E)—Continuation

The balance of construction in progress comprises costs with construction, maintenance and repair of gas pipelines (provided these are related to the replacement of parts and equipment or to meeting regulatory requirements that increase the asset's useful life), compressor stations/services, points of delivery and the Management and Remediation of Cracks by Corrosion (SCC) plan.

Capitalized borrowing costs

During the nine-month period ended September 30, 2020 and the fiscal year ended December 31, 2019 there was no capitalization of interest on financing for construction projects in the Company's PP&E.

Useful life of assets

Depreciation is calculated on a straight-line basis over the estimated useful life of assets, as follows:

Buildings and improvements – from 16 to 30 years
Leasehold improvements – 10 to 30 years
Gas pipelines, equipment and other items – up to 30 years
Environmental constraints – up to 30 years

The residual value and useful life of the assets as well as the depreciation methods used are reviewed at year-end, and adjusted prospectively, when applicable.

NTS's gas pipelines network comprises the following extensions:

GASTAU

Gas Pipeline Caraguatatuba-Taubaté (GASTAU), which is 98 km long and 28 inches in diameter, interconnects the Monteiro Lobato Gas Processing Unit (UTGCA), in Caraguatatuba, on the north coast of São Paulo, to Taubaté, a city in the Middle Paraíba Region, to Campinas-Rio Gas Pipeline and the rest of the Southeast network.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

8. Property, plant, and equipment (PP&E)—Continuation

GASDUC III

Cabiúnas-REDUC Gas Pipeline (GASDUC III), which is 180 km long and 38 inches in diameter, is the gas pipeline with the greatest diameter in South America and has the highest transportation capacity (40 million cbm/day) among the Brazilian gas pipelines.

GASPAJ

Paulínia-Jacutinga Gas Pipeline (GASPAJ), which is 93 km long and 14 inches in diameter, has the purpose to meet the natural gas demand of the South region of the State of Minas Gerais. The gas pipeline originates in the city of Paulínia/SP, where gas pipelines Paulínia-Jacutinga, Campinas-Rio (GASCAR), REPLAN-Guararema of Gas Pipeline Bolívia Brasil (GASBOL) interconnect and where the Point of Delivery REPLAN is located.

SOUTHEAST NETWORK

The Southeast Network comprises five gas pipelines and two branches:

GASAN

RECAP-RPBC Gas Pipeline (GASAN), which is 41.6 km long and 12 inches in diameter interconnects the municipality of Capuava/SP to the municipality of Cubatão/SP.

GASCAR

Campinas-Rio Gas Pipeline (GASCAR), which is 453 km long and 28 inches in diameter, has the purpose of increasing the capacity of Bolivian gas flow to Rio de Janeiro. The gas pipeline starts in the Planalto Refinery (REPLAN), in the city of Paulínia/SP, and goes through the municipality of Japeri/RJ, where it interconnects the gas pipelines GASVOL and GASJAP, both in the state of Rio de Janeiro.

GASPAL

ESVOL-RECAP Gas Pipeline (GASPAL), which is 325.5 km long and 22 inches in diameter, starts in the municipality of Pirai/RJ and ends in the municipality of Mauá/SP.

GASVOL

REDUC-ESVOL Gas Pipeline (GASVOL), which is 95 km long and 18 inches in diameter, starts in the municipality of Duque de Caxias/RJ and ends in the municipality of Volta Redonda/RJ and also has a 5.5 km-long branch within the municipality of Volta Redonda/RJ.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

8. Property, plant, and equipment (PP&E)—Continuation

GASBEL I

Rio de Janeiro-Belo Horizonte I Gas Pipeline (GASBEL I), which is 357 km long and 16 inches in diameter, starts in the municipality of Duque de Caxias/RJ and ends in Gabriel Passos Refinery, in the city of Betim/MG.

Campos Elíseos Branch (16 inches)

The Campos Elíseos Branch, which is 2.7 km long and 16 inches in diameter, is located in the municipality of Duque de Caxias/RJ.

SOUTHEAST NETWORK II

The Southeast Network II comprises the following gas pipelines:

GASJAP

JAPERI-REDUC Gas Pipeline (GASJAP), which is 45 km long and 28 inches in diameter, starts in the municipality of Japeri/RJ and ends in the municipality of Duque de Caxias/RJ, interconnecting the Caxias Hub to the Campinas-Rio Gas Pipeline (GASCAR). The Gas Pipeline has a Compressor Station in Campos Elíseos.

GASAN II

RECAP-RPBC Gas Pipeline (GASAN II), which is 39 km long and 22 inches in diameter, starts in the municipality of Mauá/SP and ends in the municipality of São Bernardo do Campo, and can extend, along with GASPAL II, the natural gas transportation capacity from the Guararema-RPBC system.

GASPAL II

Guararema-Mauá Gas Pipeline (GASPAL II), which is 54 km long and 22 inches in diameter, starts in the municipality of Guararema/SP and ends in the municipality of Mauá, and can extend, along with GASAN II, the natural gas transportation capacity from the Guararema-RPBC system.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2019
(In thousands of reais, except if indicated otherwise)

8. Property, plant, and equipment (PP&E)—Continuation

GASBEL II

Rio de Janeiro-Belo Horizonte II Gas Pipeline (GASBEL II), which is 267 km long and 18 inches in diameter, starts in the municipality of Volta Redonda/RJ and ends in the municipality of Queluzito/MG,

extended the natural gas offer to the state of Minas Gerais, especially in the metropolitan area of Belo Horizonte and Vale do Aço.

Impairment of assets

Management annually reviews events or changes in economic, operating, or technological circumstances of its assets to assess whether there are any preliminary indications of deterioration or impairment. No PP&E impairment indicators were identified for the nine-month period ended September 30, 2020 and the fiscal year ended December 31, 2019.

9. Trade accounts payable

	<u>9/30/2020</u>	<u>12/31/2019</u>
Petróleo Brasileiro S.A - Petrobrás	196,241	162,538
Petróleo Transportes S.A - Transpetro	30,386	39,130
Solar Turbines International	-	6,402
Alvaro Engenharia	2,193	-
Confab Industrial AS	2,047	-
Fundação Orquestra Sinfônica	2,000	-
Tokio Marine Seguradora	27	4,506
Intech Engenharia Ltda.	376	1,980
Chubb Seguros Brasil S.A.	-	1,635
Schneider	-	1,613
Rosenbra Engenharia Brasil Ltda.	398	1,878
Enerflex/Geogás	1,068	1,314
EGD Engenharia Ltda.	-	1,022
Exterran	388	933
AIG Seguros Brasil	-	890
XL Seguros Brasil	-	512
Consultants and other contracted services	9,696	11,236
Other trade accounts	5,213	20,882
	<u>250,033</u>	<u>256,471</u>

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

10. Debentures and financings payable

	Interest	Maturity	9/30/2020	12/31/2019
Current				
Charges - 2 nd issue debentures	109% CDI	2023	57,439	47,775
Charges – CCB	CDI + 1.98%	2021	294	-
Funding costs	-	-	(1,947)	(1,947)
Principal - CCB	CDI + 1.98%	2021	60,000	
Total current			115,786	45,828
Non-current				
Principal - 2 nd issue debentures	109% CDI	2023	5,200,000	5,200,000
Funding costs	-	-	(3,245)	(4,705)
Total non-current			5,196,755	5,195,295
Total			5,312,541	5,241,123

On July 27, 2020, the Board of Directors' Extraordinary Meeting approved the issuance, by the Company, of a bank credit note (“CCB”), in favor of Banco Santander (Brasil) S.A., in the total amount of R\$60,000,000 (sixty million reais), with maturity in 1 (one) year, counted from the issue date, at a remuneration of 100% of the CDI Rate plus a spread of 1.98% p.a., paid semi-annually. The principal amount will be paid by the Company in a single installment on the maturity date;

On April 20, 2018, the Company's Extraordinary General Meeting (EGM) approved the second issue of unprivileged unsecured non-convertible debentures in a single series, subject to a public distribution offering and restricted placement efforts, under the terms of CVM Instruction 476 and other legal and regulatory provisions, in the total amount of R\$5,200,000 at the nominal unit value of R\$10,000.00.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

10. Debentures and financings payable – Continuation

The Second Debentures Issue was subject to a firm guarantee Banco Itaú BBA S.A, BB – Banco de Investimento S.A and Banco Bradesco BBI S.A.

On April 25, 2018, debentures were issued in the amount approved at the Extraordinary General Meeting (EGM) held on April 20, 2018 and paid in on May 15, 2018. The debentures bear interest of 109.00% of the accumulated variation of the CDI Rate, with payment of interest every six months, in April and October, without interim amortizations, and mature on April 25, 2023, without debt rescheduling clauses or automatic renewal.

The debentures have covenants that require the Company to comply with the following financial ratios, calculated on a quarterly basis:

- (a) Net Financial Debt x EBITDA ratio shall be equal or less than 3; or
- (b) EBITDA x Net Financial Expense ratio shall be equal or greater than 1.5.

At the reporting date of the quarterly information for the period ended September 30, 2020, the Company verified both indexes and concluded that the covenants were complied with.

Payments and amortization of funding costs are as follows

<u>Year</u>	<u>Principal</u>	<u>Funding Costs</u>
2020	-	649
2021	60,000	1,947
2022	-	1,947
2023	5,200,000	811
	<u>5,260,000</u>	<u>5,354</u>

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

11. Transactions with related parties

a) Operations between legal entities

	<u>Petrobras</u>	<u>Transpetro</u>	<u>9/30/2020</u>
Results			
Revenue from services	4,024,709		4,024,709
Cost with operation and maintenance of gas pipes		(196,376)	(196,376)
Other operating costs	<u>(575,008)</u>		<u>(575,008)</u>
	<u>3,449,701</u>	<u>(196,376)</u>	<u>3,253,325</u>
Assets			
Trade accounts receivable	896,892		896,892
Other accounts receivable	<u>105,672</u>		<u>105,672</u>
	<u>1,002,564</u>		<u>1,002,564</u>
Liabilities			
Trade accounts	<u>(196,241)</u>	<u>(30,386)</u>	<u>(226,627)</u>
	<u>(196,241)</u>	<u>(30,386)</u>	<u>(226,627)</u>

	<u>Petrobras</u>	<u>Transpetro</u>	<u>9/30/2019</u>
Results			
Gross revenue from services	4,046,407	-	4,046,407
Cost with operation and maintenance of gas pipes	-	(192,719)	(192,719)
Other operating costs/expenses	<u>(167,948)</u>	<u>-</u>	<u>(167,948)</u>
	<u>3,878,459</u>	<u>(192,719)</u>	<u>3,685,740</u>

	<u>Petrobrás</u>	<u>Transpetro</u>	<u>TAG</u>	<u>12/31/2019</u>
Assets				
Trade accounts receivable	861,142	-	-	861,142
Other accounts receivable	<u>76,793</u>	<u>-</u>	<u>-</u>	<u>76,793</u>
	<u>937,935</u>	<u>-</u>	<u>-</u>	<u>937,935</u>
Liabilities				
Trade accounts	<u>(162,538)</u>	<u>(39,130)</u>	<u>195</u>	<u>(201,473)</u>
	<u>(162,538)</u>	<u>(39,130)</u>	<u>195</u>	<u>(201,473)</u>

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2019
(In thousands of reais, except if indicated otherwise)

11. Transactions with related parties—Continuation

a) Operations between legal entities —Continuation

For the nine-month period ended September 30, 2020 and 2019, the Company entered into transactions with shareholders and other related parties, as described below:

- I) Petrobras – On September 30, 2020 and 2019, the transactions with Petrobras referred to Company's revenues arising from Natural Gas Transportation Agreements, whose object is the transportation of natural gas, as well as to the receivables maturing in 2019 and 2020. The terms of the agreements were defined by the parties involved, billing occurs up to the 7th business day of the month following the date when the service was provided and the due date will be the 10th day of the second month, also after services were provided. Payment must be made by bank transfer, in case of delay or non-payment, there will be (i) a 2% late payment fine, (ii) monetary restatement calculated in accordance with the General Market Price Index (IGPM/FGV), and (iii) simple late payment interest (100% CDI), calculated from the day following the due date. It is worth mentioning that transportation tariffs are adjusted every twelve months by reference to the IGPM/FGV. The Company also recognized in 2020 and 2019 provisions for payment for the use and sharing of gas pipeline rights-of-way and payments related to: i) acquisition of electricity as an input to operate the Guararema Compression Station; ii) equipment rental related to the RPBC Delivery Point; and iii) the difference between the revenue arising from the transportation tariffs provided for in the Gas Transportation Agreements and the revenue of such agreements that were taken into consideration for purposes of the NTS sale operation. Also in relation to Petrobras, the Company recognized accounts receivable arising from expenses incurred within the scope of Management and Remediation of Cracks by Corrosion Under Tension (SCC) activities, in the amount of R\$96,296 (R\$74,566 in December 2019); and ii) Rentals, in the amount of R\$9,376. These amounts must be reimbursed by Petróleo Brasileiro S.A. – Petrobras during 2020, as part of the remaining obligations agreed between buyer and seller for the sale of the Company.

- II) Transpetro – On September 30, 2020 and 2019, the transaction with Transpetro referred to the services for the operation and maintenance of the gas pipeline network and the Company's other operating facilities, under the Service Agreement for Gas Transportation Technical Support signed between the parties. The terms of these agreements were defined by the parties involved payments will be made monthly up to 30 days from the date the service was provided. There will be fines of 4% per month on the billed amount in case of late payment. It is worth mentioning that the price is adjusted every 12 months and is based on the adjustment of the IGPM and IPCA. The portion recorded under liabilities arises

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

11. Transactions with related parties—Continuation

arises from the obligations of payments maturing in 2020, due by the Company to Transpetro for the services performed.

b) Operations with key management personnel

The Company offers its managers the following benefits: health care, life insurance, private pension plans and meal allowance, presented in short-term benefits account. The benefits are partially paid for by their managers and are recorded as expenses when incurred.

The amounts related to the compensation and benefits of key management personnel, represented by its officers, are as follows:

	<u>9/30/2020</u>	<u>12/31/2019</u>
Administration fees	6,402	6,458
Short-term benefits	605	3,851
	<u>7,007</u>	<u>10,309</u>

12. Taxes

12.1. Current taxes

	<u>Current Assets</u>		<u>Non-Current Assets</u>		<u>Current Liabilities</u>	
	<u>9/30/2020</u>	<u>12/31/2019</u>	<u>9/30/2020</u>	<u>12/31/2019</u>	<u>9/30/2020</u>	<u>12/31/2019</u>
Income tax	-	2	-	-	(297,975)	(290,229)
Social contributions	-	1	-	-	(121,354)	(124,720)
PIS/COFINS (a) / (b)	1,275	-	8,710	8,622	(94,451)	(30,025)
ICMS	-	-	-	-	(20,054)	(17,111)
ISS	-	-	-	-	-	(3,896)
IRRF	-	-	-	-	(929)	(1,360)
Recovery of PIS and COFINS (c)	-	-	61,278	-	-	-
Other	6	-	-	-	(1,756)	(2,316)
	<u>1,281</u>	<u>3</u>	<u>69,988</u>	<u>8,622</u>	<u>(536,519)</u>	<u>(469,657)</u>

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

12. Taxes—Continuation

- a) The amounts recorded under non-current assets refer to the Social Integration Program (PIS) and for Social Security Financing (COFINS) tax credits which have been the subject of requests for refund filed with the Brazilian IRS and await approval. These are presented in the long term in view of the lack of present facts that indicate receipt of these funds over the next 12 months.
- b) The increase in balances of PIS and COFINS in current liabilities, results from the issue of the ordinances ME 139/2020 and 245/2020, which extended the deadline for the payment of these taxes in relation to the months of March, April and May to the months of August, October and November of 2020, respectively.
- c) In 2018, the Company filed a lawsuit challenging the constitutionality of including the Tax on Circulation of Merchandise_ICMS in the PIS and COFINS calculation basis. In 2020, the lawsuit had a final favorable outcome for NTS, allowing the exclusion of ICMS from the PIS and COFINS calculation basis prospectively, as well as the retroactive recovery of the amounts collected in excess (limited to the last 5 years counted from the date the lawsuit was filed), restated based on the Selic interest rate.

12.2. Deferred taxes

- a) Breakdown of deferred income and social contribution taxes

	Base date 9/30/2020	Deferred IR and CSLL Balance (34%)	Base date 12/31/2019	Deferred IR and CSLL Balance (34%)
Deferred tax assets				
Provision for contingencies and other	98,229	33,398	16,226	5,517
Provision - expenses with environmental compensation	(13,235)	(4,500)	31,543	10,725
Provision for bonus	13,591	4,621	17,117	5,820
		33,519		22,062
Deferred tax liabilities				
PP&E - Difference in corporate x tax depreciation	(4,849,134)	(1,646,492)	(3,944,394)	(1,341,094)
	(4,849,134)	(1,646,492)	(3,944,394)	(1,341,094)
Net deferred tax balance	(4,750,549)	(1,612,973)	(3,879,508)	(1,319,032)

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

12.2. Taxes—Continuation

The amounts of deferred tax liabilities on PP&E refer to tax depreciation of the gas pipelines network and other Company facilities.

	2020	2021	2022	2023	Total
Recoverability of deferred tax assets	-	-	-	33,519	33,519

12.3. Reconciliation of income and social contribution taxes

	9/30/2020	9/30/2019
Income before income tax and social contribution	2,763,892	2,449,477
Income tax and social contribution - nominal rate (34%)	(939,723)	(832,822)
	1,824,169	1,616,655
Adjustments for calculating the effective rate:		
Permanent net exclusions	(62,655)	(46,235)
Temporary net exclusions	(851,046)	(873,098)
Additions	55,188	10,541
(+ Provision for bonus)	8,513	8,732
(+ Provision for environment)	2,174	1,809
(+ Other)	44,501	-
Exclusions	(906,235)	(895,740)
(-) Depreciation (tax x corporate)	(885,457)	(876,896)
(-) Bonus	(12,038)	(7,023)
(-) Provision for environment	(5,886)	(11,821)
(-) Other	(2,854)	-
Basis for calculating adjusted income tax and social contribution	1,850,192	1,530,145
Income tax and social contribution	(624,710)	(519,978)
Sponsorships (Lei Rouanet) + Others	(274)	8,424
Current income tax and social contribution	(624,161)	(511,545)
Deferred income tax and social contribution	(293,940)	(296,853)
	(918,101)	(808,398)
Effective IR and CS rate	33.22%	33.00%

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

13. Other accounts receivable

The balance of R\$105,672 on September 30, 2020 referred to: i) expenses incurred by the Company within the scope of the Management and Remediation of Cracks by Corrosion Under Tension (SCC), in the amount of R\$96,296 (R\$74,567 in December 2019); and ii) Rentals, in the amount of R\$9,376. These amounts must be reimbursed by Petróleo Brasileiro S.A. – Petrobras during 12, as part of the remaining obligations agreed between buyer and seller for the sale of the Company. This balance is not being monetarily restated.

14. Provision for environmental compensation and environmental constraints

14.1 Provision for environmental compensation

Refers to provisioned amounts, in the amount of R\$ 31,517 (R\$31,543 on December 31, 2019), based on Federal Law 9,985/2000, which constituted the National System of Units of Conservation – SNUC, which aims to ensure the preservation of nature and sustainable development of natural resources and will be spent as established by the Environment Foundation - FATMA and the Public Ministry.

14.2 Provision for environmental constraints

The balance, in the amount of R\$49,132 (R\$55,018 on December 31, 2019), refers to environmental constraints required by environmental control, monitoring and inspection bodies, at the federal and state levels, due to the issuance of preliminary licenses for the installation and operation of ventures and construction of the Company's gas pipelines network, under the terms of Resolution 237/1997 of the National Environment Council – CONAMA.

The Company treats the events related to these constraints in accordance with the principles of ICPC 12 – Changes in Existing Decommissioning, Restoration and Similar Liabilities - and recognizes in the fixed asset the corresponding portion (initial measurement and future measurement). Expenses incurred to comply with the constraints are deducted from the accrued amount and the corresponding fixed asset is being amortized under the straight-line method, due to the expiration of authorizations for the operation of gas pipelines linked to such constraints.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

15. Equity

15.1 Share capital

At the Extraordinary General Meeting held on August 31, 2020, the Company's shareholders representing the entire share capital attended and, based on the favorable opinion of the Company's Fiscal Council on July 24, 2020, unanimously approved, without reservations, the incorporation of part of the Company's capital reserve to its capital, in an amount equivalent to R\$167,736, resulting in an increase in the Company's share capital, from R\$994,301 to R\$1,162,037, by increasing the nominal value of the Company's shares and maintaining the number of shares and percentage of each shareholder's share in the capital unchanged.

15.2 Capital transactions

Refers to the transactions with shareholders in their capacity as owners and the recognition of gains arising from unusual transactions regarding the termination of the finance lease between companies in the same economic group.

In October 2016, due to the corporate restructuring of companies Transportadora Associada de Gás (TAG), Nova Transportadora do Nordeste (NTN) the Company's corporate restructuring and the termination of the Malhas Consortium, Petrobras Leasing with NTS was reversed on October 25, 2016, generating gains of R\$1,360,199, recorded as capital transaction in Equity.

In August 2020, part of the capital reserve, in the amount of R\$167,736, was incorporated into the Company's capital (as mentioned in item 15.1 above), reducing the amount recorded as a capital transaction in shareholders' equity from R\$1,360,199 to R\$1,192,463.

15.3 Income reserves

a) Legal reserve

The legal reserve is set up considering the limit of 20% of share capital, through the allocation of 5% of net income for the year, in compliance with article 193 of the Brazilian Corporation Law. This reserve can only be used to absorb losses or capital increases.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2019
(In thousands of reais, except if indicated otherwise)

15.3 Income reserves—Continuation

The Company may be exempt from setting up this reserve if it achieves the limit of 20% of share capital mentioned in the previous paragraph or the sum of its balance and the capital reserve exceeds 30% of the share capital.

b) Interim dividends

In the period ended September 30, 2020, NTS distributed the total of R\$1,471,325 as interim dividends corresponding to the current year (R\$1,795,038 as of December 31, 2019) and a total of R\$80,163 as interest on equity (R\$163,654 on December 31, 2019). Both the payment of dividends and interest on equity were approved by the Fiscal Council and the Board of Directors.

c) Dividends & interest on equity paid

On December 31, 2019, the Company's management proposed the distribution of additional dividends in the amount of R\$248,003. This amount was paid in the first quarter of 2020 together with the anticipated dividends, after the deliberation and approval of the Board of Directors and the Annual General Meeting.

In March 2020, the amount of R\$10,832 was paid related to the provisioning approved at a meeting of the Company's Board of Directors held on November 7, 2019, referring to interest on equity related to the month of December 2019.

d) Tax Incentive Reserve

NTS constituted a profit reserve on tax incentives, in the amount of R\$41,701, resulting from an investment subsidy related to the appropriation of ICMS credit arising from the option for the ICMS Agreement 106/96 that grants credit of 20% on ICMS amount due to companies providing transport services. These credits were recorded in the income statement of the period and allocated monthly to the tax incentive reserve, being excluded from the calculation of the dividend calculation base.

e) Earnings per share

The calculation of basic and diluted earnings per share for the three and nine-month period ended on September 30, 2020 and 2019, were as follows:

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

15.3 Income reserves—Continuation

	Three-month period ended		Nine-month period ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Net income for the period (in thousands of Reais)	643,043	541,748	1,845,791	1,641,080
Total shares issued	2,312,328,578	2,312,328,578	2,312,328,578	2,312,328,578
Basic and diluted earnings per share in Reais	0.28	0.23	0.80	0.71

16.Net revenue

	Three-month period ended		Nine-month period ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Gross revenue	1,422,893	1,373,633	4,219,644	4,046,407
Service charges	(192,870)	(207,218)	(567,965)	(585,653)
Tariff adjustments	(68,288)	(54,913)	(194,935)	(167,948)
	1,161,735	1,111,502	3,456,744	3,292,806

17.Costs of services

	Three-month period ended		Nine-month period ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Depreciation and amortization	(100,750)	(81,036)	(281,227)	(258,506)
Contracted services, freight, rentals, and general charges	(5,721)	(6,138)	(16,718)	(18,042)
Operation and maintenance	(66,294)	(72,173)	(196,376)	(192,719)
Right of passage	(15,207)	(14,182)	(44,742)	(41,715)
Electric energy	(5,053)	(4,806)	(14,039)	(14,439)
Insurance	(3,607)	(3,394)	(10,558)	(9,982)
ICMS on the gas used in the system	(557)	(2,221)	(3,112)	(7,620)
Environmental costs	(355)	(53)	(365)	(234)
Consultant services	(1,983)	-	(5,283)	-
Trainings and seminars	(1,319)	-	(1,367)	-
Personnel costs	(10,113)	(3,416)	(20,837)	(10,358)
Other costs (*)	(2,370)	(1,325)	(4,626)	(1,837)
	(213,329)	(188,744)	(599,250)	(555,452)

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2019
 (In thousands of reais, except if indicated otherwise)

18. General and administrative expenses

	Three-month period ended		Nine-month period ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Personnel expenses	(6,846)	(6,041)	(20,124)	(18,109)
Legal advisory	(718)	(339)	(1,227)	(723)
Audit	(170)	-	(348)	(246)
Accounting advisory	(476)	(407)	(1,134)	(1,039)
Consulting	(332)	(391)	(1,416)	(678)
Sponsorships	(2,229)	(1,930)	(6,229)	(8,420)
Donations	(1,920)	-	(6,000)	-
Provision/Reversion of Contingencies	(1,036)	(86)	(1,036)	(86)
License maintenance	(508)	(636)	(1,700)	(845)
Recruitment and hires	(249)	(265)	(1,008)	(620)
Rentals and charges	(305)	(225)	(1,205)	(664)
Services hired	(557)	(951)	(1,582)	(1,143)
Office and other expenses	(1,634)	(1,006)	(3,596)	(4,673)
	(16,980)	(12,277)	(46,605)	(37,246)

19. Net financial result

	Three-month period ended		Nine-month period ended	
	9/30/2020	9/30/2019	9/30/2020	9/30/2019
Financial income	6,776	18,707	22,891	43,588
Other financial income	9,840	1,651	14,593	3,474
Total financial income	16,616	20,358	37,484	47,062
Interest on financing	(30,300)	(89,435)	(132,083)	(265,492)
Fines and interest	(715) ^j	(974)	(1,928)	(2,399)
Taxes on financial result	(173)	(173)	(263)	(241)
Other financial expenses	(1,746)	(1,889)	(3,516)	(6,067)
Total financial expenses	(32,934)	(92,471)	(137,790)	(274,199)
Net financial result	(16,318)	(72,113)	(100,306)	(227,137)

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2019
(In thousands of reais, except if indicated otherwise)

20. Legal proceedings and contingencies

20.1 Accrued legal proceedings

The Company recorded provisions in amounts deemed sufficient to cover any losses considered probable for which a reliable estimate can be made.

The amounts accrued are as follows:

	<u>Labor</u>	<u>Tax</u>	
	<u>Judicial</u>	<u>Judicial</u>	<u>Total</u>
Balance on December 31, 2019	<u>(3,340)</u>	<u>(2,996)</u>	<u>(6,336)</u>
Write-offs (a)		2,394	2,394
Balance on September 30, 2020	<u>(3,340)</u>	<u>(602)</u>	<u>(3,942)</u>

(a) Refers to the write-off of tax process (ISS) involving NTS and the Municipality of Silveiras, as a result of an unfavorable final court decision against NTS.

20.2 Judicial deposits

	<u>9/30/2020</u>	<u>12/31/2019</u>
Non-current assets		
Labor	8	17
Tax	16,449	17,681
Other	19	18
	<u>16,476</u>	<u>17,716</u>

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2019
 (In thousands of reais, except if indicated otherwise)

20.3 Non-accrued legal proceedings

Legal proceedings that constitute present obligations whose outflow of resources is not probable or whose amounts cannot be reliably estimated are not recognized, however, they are disclosed. Cases classified as remote are not the subject of any disclosures in these quarterly statements.

Contingent liabilities estimated for legal proceedings on September 30, 2020 and December 31, 2019, in which the probability of loss of which is considered possible, are presented below:

	Civil	Tax		Environmental	Total
	Judicial	Administrative	Judicial	Administrative	
Balance on December 31, 2019	44	96,845	13,033	51	109,973
New lawsuits	1,083	32,075	16	52,812	85,986
Monetary restatements	(3)	2,663	288	1	2,949
Write-offs		(415)	-		(415)
Balance on September 30, 2020	1,124	131,168	13,337	52,864	198,493

The main administrative tax causes refer to several administrative proceedings initiated by the Brazilian Federal Revenue (RFB) and are related to tax credits used by NTS and not approved by the tax authority. In the current year, a new lawsuit was added concerning a decision that partially disapproved the negative balance credits of the IRPJ and CSLL taxes, respectively, for the 2015 fiscal year, totaling R\$121,892 (R\$84,474 in December 2019).

The new environmental causes included as of September 2020 refer to environmental compensation processes under discussion between the Environmental Agency and NTS on the following topics: (i) the maximum percentage that can be applied to compensation in the GASCAR process; (ii) the index applicable for the purpose of monetary correction in the processes related to GASPAJ and GASBEL II; and (iii) the base date for the application of the monetary correction in the case of GASTAU.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

21. Financial instruments

The Company is engaged in transactions involving financial instruments. These instruments are managed through operational strategies and internal control to ensure liquidity, profitability, and safety. Control policy consists of permanent monitoring of contracted conditions versus current market conditions.

On September 30, 2020, the Company did not have any derivative financial instruments to mitigate risks associated to its financial instruments and, during the years, did not make speculative investments. The results are consistent with the policies and strategies defined by the Company's management.

a) Liquidity risk

The Company uses its funds to cover operating liabilities and to pay creditors. The sources of funds plus the Company's financial position on September 30, 2020 are sufficient for the settlement of its short-term liabilities. Liquidity risk is managed by the Company by investing its cash in CDBs and investment funds with daily liquidity and renegotiating (when necessary) the maturity date of its debts.

	2020	2021	2022	2023	Total
Financial debt	27,372	168,230	106,801	5,233,248	5,535,652
Trade accounts	250,033	-	-	-	250,033

b) Currency risk

Currency risk arises from the possibility of fluctuations in foreign exchange rates used by the Company for acquiring equipment or services and entering into financial instruments. On September 30, 2020, the Company did not have any financial assets or liabilities denominated in foreign currency or exposed to other currencies.

The Company adopts the policy of eliminating market risks, thus avoiding exposure to market value fluctuations, and operate only with instruments that enable risk control. On September 30, 2020, the Company did not have any outstanding derivative financial instruments.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

21. Financial instruments—Continuation

c) Credit risk

As part of the Share Purchase and Sale Agreement entered into with the Company's shareholders, described in Note 2.1, Petrobras and NTS signed a Restricted Accounts Management Agreement with Banco Bradesco S.A. aiming to diversify NTS' credit risk in relation to the Gas Transportation Agreements (GTAs) with Petrobras and so that the Company does not depend exclusively on its only customer to obtain its revenues.

Receivables pledged as collateral by Petrobrás to NTS refer to deposits made in the restricted account by Petrobrás' low-credit risk clients, arising from the Natural Gas Purchase and Sale Agreement (GSAs) in which Petrobras acts as the seller. Deposits made in this account are intended to guarantee coverage of at least 120% of the Company's expected monthly invoices, due by Petrobras under the GTAs, in addition to any taxes and charges that may be deducted by Banco Bradesco every month.

d) Sensitivity analysis

On September 30, 2020, the Company's management carried out a sensitivity analysis for financial instruments subject to interest rate risk, considering that the exposure is the value of the debentures, as described in Note 10, and financial investments exposed to the CDI variation. The possible and remote scenarios consider a 25% and 50% variation in the expected interest rates on loan balances, net of financial investments, respectively, in relation to this same date.

Instruments	Exposure	Risk	Probable (*)	Possible (25% Variation)	Remote (50% Variation)
<u>Financial liabilities</u>					
Debentures (**)	5,312,541	Increase in CDI	(108,829)	(135,623)	(162,343)
<u>Financial assets</u>					
Cash and cash equivalents	1,375,594	Decrease in CDI	26,136	19,602	13,068

(*) 12-month scenario.

(**) Debenture amount and interest to be incurred/ projected financial charges do not include funding expenses.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

21. Financial instruments—Continuation

The probable scenario was calculated considering a CDI rate of 1.90%, applicable to the floating interest rate portion of the debentures net of cash and cash equivalents as of September 30, 2020. The possible and remote scenarios considered variations of 25% and 50% respectively, in the CDI rate applied to the floating portion of the debentures (increase in CDI), net of the cash balance and cash equivalents for the next 12 months.

e) Estimate at fair value:

The table below sets forth the book values and fair values of the Company's financial instruments and other assets and liabilities, as well as its measurement level on September 30, 2020 and December 31, 2019.

Financial assets (current and non-current)	Classification after adoption of IFRS 9	Level	9/30/2020		12/31/2019	
			Book Value	Fair Value	Book Value	Fair Value
			2,393,503	2,393,503	1,749,005	1,749,005
Cash and cash equivalents	Fair value through profit or loss	2	1,375,594	1,375,594	795,974	795,974
Trade accounts receivable	Amortized costs		896,892	896,892	861,142	861,142
Other accounts receivable	Amortized costs		105,672	105,672	76,793	76,793
Restricted bank deposits	Amortized costs		15,345	15,345	15,096	15,096
Financial liabilities (current and non-current)			5,562,574	5,562,574	5,497,594	5,497,594
Trade accounts	Amortized costs		250,033	250,033	256,471	256,471
Debentures	Amortized costs		5,312,541	5,312,541	5,241,123	5,241,123

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
 Nine-month period ended September 30, 2020 and 2020
 (In thousands of reais, except if indicated otherwise)

21. Financial instruments—Continuation

The measurement level of each financial instrument corresponds to the following fair value hierarchy:

- Level 1 - unadjusted prices in active markets for instruments identical to those held by the Company
- Level 2 - observable information on assets or liabilities, whether directly or indirectly, except for prices included in the previous level
- Level 3 – for non-observable data for the instrument in question

The Company understands that the fair value of trade accounts receivable is already reflected in their book value, since most of them mature in the short-term.

For financing classified and measured at amortized cost, the Company understands that since these are bilateral transactions and do not have an active market, or other similar source with conditions comparable to those already presented that may be used as a benchmark to determine their fair values, its book values reflect the fair value of the transaction.

f) Changes in the cash flow liabilities of financing activities

As required by CPC 03, the Company states below the changes in the cash flow liabilities of financing activities, as recorded in its Statement of Cash Flows:

Debtures & Financing	Balance on December 31, 2019	Cash Changes			Non-Cash Changes			Balance on December 31, 2020
		Financing activities received (paid)	Interest payment	Funding costs	Approved dividends & interest on equity	Interest expenses	Amortization of funding costs	
Debtures – 2 nd Issue	5,241,123	-	(119,864)	-	-	129,529	1,459	5,252,247
CCB	-	60,000	-	-	-	294	-	60,294
Dividends & Interest on Equity	10,546	(1,810,322)	-	-	1,799,776	-	-	-
	5,251,669	(1,750,322)	(119,864)	-	1,799,776	129,823	1,459	5,312,541

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

22. Commitments

a) Contractual obligations

The following table sets forth the annual minimum required, and non-cancelable future payments related to the contractual obligations assumed by the Company as of September 30, 2020:

Type of Contract	2020	2021	2022	2023	2024	Total
Office rental	500	2,393	1,910	1,508	1,532	7,843
Compression services	3,151	8,339	8,630	8,933	9,245	38,298
Operation and maintenance	69,577	278,309	278,309	278,309	278,309	1,182,813
Use and sharing of gas pipelines	13,767	55,069	56,997	58,992	61,056	245,881
Total	86,995	344,110	345,846	347,742	350,142	1,474,835

b) Guarantees

As of September 30, 2020, the Company had eight rental guarantee insurance policies to cover the guarantees required in its lease agreements, which totaled R\$3,993,696.08 in coverage limit, distributed as follows:

Location	Coverage Limit
Praia do Flamengo, 19º andar, Flamengo, Rio de Janeiro, RJ	466,800.00
Praia do Flamengo, 22º andar, Flamengo, Rio de Janeiro, RJ	1,695,902.76
Praia do Flamengo, 23º andar, Flamengo, Rio de Janeiro, RJ	1,590,939.32
Rod. Washington Luiz, 2500, Bl. B Salas 703 a 707, Duque de Caxias, RJ	60,000.00
Rua Adelelmo Piva, 36, Jardim Vista Alegre, Paulínia, SP	49,500.00
Est. Hélio Rosa dos Santos, 1000, salas 105 e 205, Imboassica, Macaé, RJ	39,204.00
Rua Messia Assú, nº 293, Itararé, São Vicente, SP	57,600.00
Rodovia BR 040, KM 800, salas nº 20, 21 e 22, Matias Barbosa, MG	33,750.00

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

23. Insurance coverage

The Company has a policy of taking out insurance coverage for the assets subject to risks in amounts considered sufficient to cover possible losses, considering the nature of their activities.

The Company has several insurance policies, including operational risks and business interruption, general civil liability, environmental risks, D&O civil liability, engineering risks, civil liability works and property liability.

The table below summarizes the insurance coverage types and their effective terms as contracted by the Company:

Type of Insurance	Start of Coverage Period	End of Coverage Period	Coverage Amount
Operational risks and business interruption	10/3/2019	10/3/2020	1,500,000,000
General civil liability	10/3/2019	10/3/2020	400,000,000
Environmental risk	10/3/2019	10/3/2020	300,000,000
D&O civil liability	10/3/2019	10/3/2020	300,000,000
Professional civil liability (E&O)	10/3/2019	10/3/2020	10,000,000
Data protection and resp. cybernetics (Cyber)	10/3/2019	10/3/2020	10,000,000
Corporate fraud (Crime)	10/3/2019	10/3/2020	5,000,000
Property (office)	11/27/2019	11/27/2020	10,000,000
Engineering risk (CCO)	9/15/2019	4/31/2019	9,082,706
Total			2,544,082,706

Insurance premiums paid related to the insurance policies are recorded under assets as prepaid expenses and are recorded proportionally to P&L as a result of the policies' effective terms.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

23. Insurance—Continuation

The table below summarizes the amounts recorded on September 30, 2020 as prepaid expenses:

Description	9/30/2020	12/31/2019
Operating Risks and Business Interruption	-	6,719
General Civil Liability	-	1,477
Environmental Risks	-	974
D&O Civil Liability	-	647
Corporate insurance	-	573
Total insurance	-	10,390
Other prepaid expenses	522	317
Total	522	10,707

24. Impacts from COVID-19

We spared no effort to adapt and remain focused on our objectives for this year, even in the uncertain scenario caused by the COVID-19 pandemic. In the past few months, the Crisis Committee, which has been installed since March 2020, has monitored the effects caused by the COVID-19 pandemic on operations. The transportation of natural gas is considered an essential service and we maintained our operations without interruptions and material impacts. Our revenues were not impacted since all of our gas transportation contracts are conducted in the ship-or-pay modality.

As of June, some field operations were resumed and, as of August we gradually resumed the return to our offices for corporate employees following all security protocol required for in-person working conditions. We reiterate that the Company, supported by the Crisis Committee, has guided its decisions in line with the recommendations of the sanitary and health authorities and always valuing the safety of our teams.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the financial statements—Continuation
Nine-month period ended September 30, 2020 and 2020
(In thousands of reais, except if indicated otherwise)

25. Subsequent event

At the Extraordinary General Meeting (“ESM”) held on August 31, 2020, shareholders approved the Company's capital reduction, in the amount of R\$653,324,877.16 (six hundred and fifty-three million, three hundred and twenty-four thousand, eight hundred and seventy-seven reais and sixteen centavos), as it is considered excessive in view of the activities performed by the Company. The reduction was carried out by means of capital restitution to shareholders, in national currency, proportionally to their respective holdings in the Company's share capital, and a reduction in the nominal value of the Company's share to R\$0.22 (twenty-two centavos), without the cancellation of any shares representing the Company's share capital, therefore, the number of shares and the percentage of each shareholder's stake remained unchanged in the Company's share capital. After the deadline of 60 days without opposition from creditors, this reduction was executed, with the Company's share capital changing from R\$1,162,037,164.32 (one billion, one hundred and sixty-two million, thirty-seven thousand, one hundred and sixty-four reais and thirty-two centavos) to R\$508,712,287.16 (five hundred and eight million, seven hundred and twelve thousand, two hundred and eighty-seven reais and sixteen centavos), fully subscribed and paid in. The payment of the capital refund to shareholders will be made by the end of the 2020 fiscal year.

In October 2020, after extensive discussions with external advisors (lawyers and tax consultants), the Company's management completed a review of the PIS and COFINS calculations for the 2015 and 2016 calendar years and identified that it had unduly paid PIS and COFINS taxes on financial income, at the joint rate of 4.65%, which correspond to an Adjusted Present Value (AVP) on accounts receivable from financial leasing existing at the time and impacted its financial income. It is worth highlighting that this assessment considered a duplicity in the payment of PIS and COFINS taxes on financial income since they were also included in the PIS/COFINS calculation on revenues and taxed at the joint rate of 9.25% at the time.

For this reason, the Company recorded in its books, in October 2020, tax credits of R\$69,850, of which R\$52,727 corresponded to the principal amount and R\$17,123 related to SELIC interest. These credits will be used to offset future tax debts, generated from the Company's operating activity.