

NOVA TRANSPORTADORA DO SUDESTE S.A. -
NTS

MANAGEMENT REPORT Q1'21



MANAGEMENT'S MESSAGE

2021 began with very positive news items, which had been awaited by NTS and the gas industry: the final approval of the New Gas Law by the National Congress in March, and finally the presidential ratification of Law 14,134/21 in early April.

The New Gas Law introduces new provisions related to the activities performed by the NTS, among which: (i) establishment of an authorization regime for all natural gas transportation activities, with no valid term; (ii) new rules for operation and balancing of natural gas pipelines and transportation systems; and (iii) establishment of rules for the independence and autonomy of the natural gas transportation companies in relation to the agents performing competitive activities in the natural gas industry. It also includes provisions to ensure the rights of the transportation companies under the gas transportation agreements in force, including those related to protection of the existing revenue from such gas transportation agreements to adapt to the new entry-exit capacity contracting regime.

Also at the end of the first quarter NTS started consulting the market, in preparation for its first Incremental Public Call, which will have the purpose of identifying potential demands for contracting transport capacity at new or existing NTS Entry Points or Exit Points that cannot be supplied by available capacity and require the expansion of NTS' infrastructure.

The sale of Petrobras' minority interest in NTS' capital stock (concluded at the end of April), in line with the Term of Cease and Desist Agreement signed by Petrobras with the Administrative Council for Economic Defense - CADE, closes a series of significant advances from the regulatory perspective. The transaction reinforces the separation and independence between the activities of NTS, as a gas transportation company, and Petrobras, a natural gas carrier.

Investments remain focused on the maintenance and integrity of our network, as well as preparing the Company for the internalization of operations later this year. The technical and operational teams continue to be trained, in theoretical and practical training. This will certainly be another important milestone in 2021.

In relation to the pandemic, we have reached one year of mostly remote work for corporate functions. The most essential field activities and the CCO (Operational Control Center) have been performed in person, following protocols that are continually updated, always focused on the highest possible safety for the teams. The NTS Crisis Committee remains active, monitoring the effects of the COVID-19 pandemic on operations, supporting decisions with recommendations from health and sanitary authorities, and always focusing on preserving everyone's health.

The Company is aware that the country is going through perhaps the most complex phase of the pandemic and the Company has an important social role to perform. Within this context, we are planning a new cycle of initiatives to address the effects that affect the surrounding communities of our operations, especially aimed at combating hunger.

Finally, among the financial highlights we emphasize the conclusion of the interim dividend distribution and interest on equity, totaling R\$827 million to shareholders. EBITDA margin this quarter was 90.2%. The net income benefited mainly from macroeconomic effects on sales and the financial result. The Company's credit rating had been reaffirmed by Fitch Ratings at AAA(bra), with a stable outlook, in January.

We appreciate the trust from our shareholders and the dedication and support from our Executive Board, managers and employees, all of whom have shown great committed to maintain their responsibilities during this pandemic, which has lasted in and affected the first quarter of 2021.

Wong Loon
Chief Executive Officer, Operations and
Investor Relations Officer

ECONOMIC-FINANCIAL PERFORMANCE

The Management's Report of Nova Transportadora do Sudeste S.A. - NTS ("NTS" or "Company") for the first quarter of 2021 ("Q1'21"), considering the period ended March 31, 2021, compared to the first quarter of 2020 ("Q1'20") includes the following highlights:

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Net Operating Revenue	1,407,952	1,148,485	22.6%
Cost of Services	(229,283)	(187,381)	22.4%
Gross Profit	1,178,669	961,104	22.6%
Operating expenses, net	(11,319)	(12,387)	-8.6%
Operating Income	1,167,350	948,720	23.0%
Net Financial Results	(26,084)	(49,144)	-46.9%
Income Before Taxes	1,141,266	899,576	26.9%
Total Income Tax and Social Contribution	(383,670)	(297,639)	28.9%
Net Income for the period	757,596	601,937	25.9%

1. NET OPERATING REVENUE

The net operating income recorded in the quarter was R\$1,408.0 million, 22.6% higher than that recorded in the same period of 2020. The increase is due to macroeconomic variation, given the annual IGP-M weighted index of the 5 GTAs was approximately 24.1% and generated 100% of revenues.

Variations in the average volume transported have no material impact on revenues, since the GTAs have a Ship-or-Pay clause, i.e., a contractual condition that guarantees the transporter predictability and stability of revenue, since the revenue is calculated based on contracted transport capacity, regardless of the volume actually handled.

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Net Operating Revenue	1,407,952	1,148,485	22.6%

2. COST OF SERVICES

The Cost of Services totaled R\$229.3 million, corresponding to 16.3% of the Net Operational Revenue ("NOR") in Q1'21, when compared to R\$187.4 million in Q1'20 and with no variations in relation to the NOR. The main variations in the costs of services provided in the first quarter of 2021 compared to the first quarter of 2020 were:

- (i) depreciation expenses increased by approximately 20% to R\$103.1 million in the first quarter of 2021, an increase mainly explained by the termination of the offsetting of retroactive PIS/COFINS credits on the fixed assets base in April 2020.
- (ii) personnel costs increased by approximately R\$6.1 million in the first quarter of 2021 when compared to the same period of 2020 and training courses represents an additional R\$4.0 million increase in the same comparative periods. These cost

increases are explained by the employees' expansion, mainly in the technical and operational areas, which are being prepared and trained through theoretical and practical training for the pipeline operations and maintenance, aiming the insourcing still in 2021.

- (iii) other effects on the cost are due to macroeconomic adjustments, since the operation and maintenance costs provided by Transpetro and the right-of-way costs are adjusted by the IGP-M. The variation of these costs represented an increase of R\$6.0 million between the comparative quarters.

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Cost of Services	(229,283)	(187,381)	22.4%
% on the NOR	-16.3	-16.3	-

3. GROSS PROFIT

Gross Profit was R\$1,178.7 million in Q1'21, an expansion of 22.6% compared to the same period in 2020, with no change in gross margin. The increase reflects the macroeconomic impacts mentioned above, especially on revenue.

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Gross Profit	1,178,669	961,104	22.6%
Gross Margin %	83.7	83.7	-

4. OPERATING EXPENSES

Operating expenses in Q1'21 totaled R\$11.3 million, or a reduction of 8.6% in relation to the amount calculated in Q1'20, representing 0.8% of NOR and a reduction of 0.3 pp in relation to the previous period.

The slight reduction can be explained mainly by the decrease of General and Administrative Expenses, impacted by the absence of sponsorship expenses in the first quarter of this fiscal year. The call for projects supported via Incentive Laws in 2021 is still active. This reduction was partially offset by higher office and other expenses (+R\$0.7 million) and costs with tax contingencies (+R\$0.3 million). Personnel expenses remained in line between the periods (approximately R\$7.1 million).

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Operating expenses, net	(11,319)	(12,384)	-8.6%
% on the NOR	-0.8	-1.1	0.3 pp
General and administratives expenses	(11,319)	(12,384)	-8.6%
% on the NOR	-0.8	-1.1	0.3 pp

5. OPERATING INCOME

Operating Income totaled R\$ 1,167.4 million in the quarter, representing an operating margin of 82.9% of NOR, in line with the 82.6% reported in the previous period and with the Q1'21 Operating Result.

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Operating Income	1,167,350	948,720	23.0%
% on the NOR	82.9	82.6	0.3 pp

6. NET FINANCIAL RESULTS

Net Financial Result in Q1'21 was negative R\$26.1 million, or approximately 47% higher when compared to Q1'20. Interest expenses on debentures were reduced by approximately 51% between periods, benefiting from the retraction of the interest rate (CDI), (average of 2.0% in Q1'21 compared to 4.2% in Q1'20), considering a cost of 109% of the CDI for the second issue.

The financial revenues were, similarly, impacted by the CDI retraction, and registered a reduction of R\$6.1 million or approximately 53% between comparative quarters.

NTS does not have any relevant exposure to foreign currency.

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Net Financial Results	(26,084)	(49,144)	-46.9%
Financial revenues	5,441	11,527	-52.8%
Financial expenses	(31,525)	(60,671)	-48.0%

7. INCOME (LOSS) BEFORE TAXES

The growth in operating income combined with the reduction in financial expenses for the quarter resulted in a result before taxes totaling R\$1,141.3 million in Q1'21, 26.9% higher than the result recorded in the same period of 2020, representing 81.1% of NOR, a growth of 2.7 percentage points.

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Income Before Taxes	1,141,266	899,576	26.9%
% on the NOR	81.1	78.3	2.7 pp

8. INCOME TAX (IRPJ) AND SOCIAL CONTRIBUTION (CSLL)

In Q1'21, the amount of current and deferred income tax and social contribution totaled R\$383.7 million, compared to R\$297.6 million in Q1'20, a variation related to the significant increase in the result before taxes and mainly explained by macroeconomic effects that impact revenue and the financial result. The effective tax rate presented a slight increase of 0.5 percentage points, reaching 33.6% in the first quarter of 2021. The increase in the effective tax rate is mainly due to the reduction in interest on capital due to the capital reduction of R\$653 million in Q4'20 and the decrease in the long term interest rate between the period from 5.09% p.a. to 4.39% p.a.

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Total Income Tax and Social Contribution	(383,670)	(297,639)	28.9%
% on income before taxes	-33.6	-33.1	-0.5 pp
Current Income Tax and Social Contribution	(287,587)	(198,493)	44.9%
% on income before taxes	-25.2	-22.1	-3.1 pp
Deferred Income Tax and Social Contribution	(96,083)	(99,146)	-3.1%
% on income before taxes	-8.4	-11.0	2.6 pp

9. NET INCOME

NTS reported a Net Profit of R\$757.6 million in Q1'21 against R\$601.9 million in Q1'20. The increase of 25.9% was due to the operating and financial results previously mentioned.

<i>In thousands of Reais</i>	Q1'21	Q1'20	Var.
Net Income for the period	757,596	601,937	25.9%
% on the NOR	53.8	52.4	1.4 pp

10. EBITDA

In the first quarter of 2021 NTS reported EBITDA of R\$1,270.4 million, compared to R\$1,034.4 million in the same period in 2020. The margin remained stable at 90.2% versus 90.1% in Q1'20, with an increase in profit and reduction in financial expenses partially offset by the increase in taxes.

EBITDA Reconciliation <i>(In thousands of Reais)</i>	Q1'21	Q1'20	Var.
Net Income	757,596	601,937	25.9%
Income Tax and Social Contribution	383,670	297,639	28.9%
Net Financial Results	26,084	49,144	-46.9%
Depreciation	103,054	85,659	20.3%
EBITDA	1,270,404	1,034,380	22.8%
EBITDA Margin %	90.2	90.1	0.2 pp

11. BALANCE SHEET EVOLUTION

On March 31st, 2021, PP&E totaled R\$7.9 billion versus R\$8.0 billion on December 31st, 2020.

The gross debt ended the quarter at R\$5.3 billion, in line with the balance on December 31, 2020. On March 31st, 2021, net debt increased to R\$4.6 billion versus R\$4.3 billion on December 31st, 2020. Lower cash availability due to the payment of interim dividends in March 2021 accounts for the variation.

NTS constituted a profit reserve on tax incentives, in the amount of R\$73.3 million as of March 31st, 2021, 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 are recorded in the income statement of the period and allocated monthly to the tax incentive reserve, being excluded from the dividend calculation base.

12. DIVIDENDS AND INTEREST ON EQUITY

In Q1'21, R\$826.8 million was paid to shareholders, of which R\$804.9 million in dividends (R\$0.348 per share) and R\$21.8 million in interest on own capital (R\$0.009), after a favorable opinion from the Fiscal Council and approval by the Board of Directors.

The dividends are related to: (i) R\$345.8 million referring to the available balance of net income calculated in 2020, (ii) R\$459.1 million to interim dividends, anticipated based on the results of January and February 2021.

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 MARCH 31ST, 2021

On April 30th, the Sale and Purchase Agreement of Company Shares was signed, referring to the purchase of all the shares held by Petróleo Brasileiro S.A. – Petrobras, corresponding to 10% of the Company's share capital, by Nova Infraestrutura Gasodutos Participações S.A. ("NISA"), a company whose shareholders are the Company's current controlling shareholders, Nova Infraestrutura Fundo de Investimento em Participações Multiestratégia ("FIP"), an entity affiliated with Brookfield Asset Management, and Itaúsa S.A..

The transaction totaled R\$1,800 million and, after the contractual adjustments, it was concluded on the same date for R\$1,539.5 million, with funds raised by NISA through the issue of simple debentures, not convertible into shares, in a single series, for public distribution, with restricted efforts, whereby NTS granted personal guarantee in the form of suretyship for the total debt amount represented by such debentures and other monetary obligations, as per the Indenture, as amended.

The debentures issued by NISA bear interest equivalent to the accumulated variation of the CDI rate plus spread of 1.99%, semi-annual interest payments in April and October maturing on April 27, 2028, with no intermediary amortization, debt renegotiation or automatic renewal clauses.

With the conclusion of the transaction, NISA now holds 10% of the shares representing the share capital of NTS, replacing the equity interest previously held by Petrobras.

Interim Financial Information - ITR

Nova Transportadora do Sudeste S.A. - NTS

As of March 31, 2021

Including the Independent Auditors' Review Report

Nova Transportadora do Sudeste S.A. - NTS

Interim Financial Information - ITR

As of March 31, 2021

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A free translation from Portuguese into English of Independent auditor's review report on interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and 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).

Independent auditor's review report on Interim Financial Information

To

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 March 31, 2021, comprising the statement of financial position as of March 31, 2021 and the related statements of profit or loss, of comprehensive income, of changes in equity and of cash flows for the three 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 three month period ended March 31, 2021, 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, May 14, 2021.

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

A handwritten signature in black 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

Statements of financial position
 March 31, 2021 and December 31, 2020
 (In thousands of reais)

Assets	Note	03/31/2021	12/31/2020
Current			
Cash and cash equivalents	5	662,067	954,089
Trade account receivables	6	1,072,761	961,240
Taxes recoverable	12.1	20,473	47,341
Other accounts receivable	13	132,314	120,262
Prepaid expenses		8,732	11,757
Advances		5,426	4,089
Other		159	155
		1,901,932	2,098,933
Noncurrent			
Restricted bank deposits	7	15,428	15,387
Judicial deposits	20.2	16,872	16,674
Inventory held by third parties		6,550	5,548
Taxes recoverable	12.1	67,254	66,730
Other		345	359
Property, plant & equipment	8	7,897,454	7,996,353
		8,003,903	8,101,051
Total assets		9,905,835	10,199,984

The notes are an integral part of the interim financial information.

Nova Transportadora do Sudeste S.A - NTS

Statements of financial position
 March 31, 2021 and December 31, 2020
 (In thousands of reais)

Liabilities	Note	03/31/2021	12/31/2020
Current			
Trade accounts payable	9	297,545	310,714
Taxes payable	12.1	72,542	67,731
Payroll and charges payable		29,327	24,422
Debentures and financing	10	105,335	78,438
Dividends and interest on equity	15.3	-	6,291
Income tax and social contribution payable	12.1	223,784	570,059
		728,533	1,057,655
Noncurrent			
Debentures and financing	10	5,197,729	5,197,242
Provisions for environmental compensation	14.1	33,415	32,636
Provision for environmental constraints	14.2	44,492	45,986
Provision for legal contingencies	20.1	4,258	4,258
Provision for intersection crossings		17,230	15,421
Deferred taxes	12.2	1,798,430	1,702,347
Other liabilities		869	869
		7,096,423	6,998,759
Equity			
Share capital	15.1	508,712	508,712
Capital reserve	15.2	1,192,463	1,192,463
Profit reserve	15.3	379,704	442,395
		2,080,879	2,143,570
Total liabilities and equity		9,905,835	10,199,984

The notes are an integral part of the interim financial information.

Nova Transportadora do Sudeste S.A - NTS

Income statement

Three-month period ended March 31, 2021 and 2020
(In thousands of reais, except if indicated otherwise)

		Three-month period ended	Three-month period ended
	Note	03/31/2021	03/31/2020
Net revenue	16	1,407,952	1,148,485
Cost of services	17	(229,283)	(187,381)
General and administrative expenses	18	(11,319)	(12,384)
Operating revenue (expenses)		(11,319)	(12,384)
Operating profit		1,167,350	948,720
Financial income	19	5,441	11,527
Financial expenses	19	(31,525)	(60,671)
Net financial result		(26,084)	(49,144)
Profit before income and social contribution taxes		1,141,266	899,576
Current income tax and social contribution	12.3	(287,587)	(198,493)
Deferred income tax and social contribution	12.3	(96,083)	(99,146)
Net income for the period		757,596	601,937
Basic and diluted earnings per share (in R\$)		0.33	0.26

The notes are an integral part of the interim financial information.

Nova Transportadora do Sudeste S.A - NTS

Statements of comprehensive income
Three-month period ended March 31, 2021 and 2020
(In thousands of reais)

	<u>Three-month period ended</u> <u>03/31/2021</u>	<u>Three-month period ended</u> <u>03/31/2020</u>
Net income for the period	757,596	601,937
Other comprehensive income	-	-
Comprehensive income for the period	<u>757,596</u>	<u>601,937</u>

The notes are an integral part of the interim financial information.

Nova Transportadora do Sudeste S.A - NTS

Statements of changes in equity

Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

	Share capital	Capital reserve	Profit reserves			Total
		Capital transaction	Legal	Proposed dividends	Retained earnings	
Balances as of December 31, 2019	994,301	1,360,199	38,368	248,003	-	2,640,871
Net income for the period	-	-	-	-	601,937	601,937
Interest on equity	-	-	-	-	(21,899)	(21,899)
Dividends paid	-	-	-	(248,003)	(354,556)	(602,559)
Capital decrease	-	-	-	-	-	-
Balances as of March 31, 2020	994,301	1,360,199	38,368	-	225,482	2,618,350

	Share capital	Capital reserve	Profit reserves				Total
		Capital transaction	Legal	Tax Incentive Reserve	Proposed dividends	Retained earnings	
Balances as of December 31, 2020	508,712	1,192,463	38,368	58,212	345,815	-	2,143,570
Net income for the period	-	-	-	-	-	757,596	757,596
Interest on equity	-	-	-	-	-	(15,376)	(15,376)
Approved dividends	-	-	-	-	(345,815)	(459,096)	(804,911)
Grants - Tax incentives	-	-	-	15,073	-	(15,073)	-
Balances as of March 31, 2021	508,712	1,192,463	38,368	73,285	-	268,051	2,080,879

The notes are an integral part of the interim financial information.

Nova Transportadora do Sudeste S.A - NTS

Statement of cash flows Three-month period ended March 31, 2021 and 2020

(In thousands of reais)

	<u>03/31/2021</u>	<u>03/31/2020</u>
Operating activities		
Net income for the period	757,596	601,937
Adjustments to non-cash income and expenses:		
Deferred income tax and social contribution taxes	96,083	99,146
Interest expense on debentures/financing & raising debt costs amortization	28,548	58,572
Depreciation and amortization	112,166	108,577
Provisions for bonus, annual leave and 13° salary	5,068	3,770
Other	(239)	3,164
	<u>999,222</u>	<u>875,166</u>
Changes in assets and liabilities		
Trade account receivables	(111,521)	(27,040)
Taxes recoverable	26,344	(106)
Other accounts receivable	(12,052)	(11,014)
Judicial deposits	-	(1)
Other assets	696	(4,495)
Trade accounts payable and other accounts payable	(13,169)	(7,741)
Payments and charges payable	(163)	(729)
Taxes payable	292,398	203,032
Income tax and social contribution paid	(633,862)	(470,505)
Environmental provisions	(1,494)	(1,294)
Other liabilities	2,589	-
Net cash flow generated by operating activities	<u>548,988</u>	<u>555,273</u>
Investing activities		
Acquisition of PP&E	(13,267)	(51,103)
Cash flow used in investing activities	<u>(13,267)</u>	<u>(51,103)</u>
Financing activities		
Payment of interest on financing	(1,164)	-
Payment of dividends and interest on equity	(826,579)	(635,290)
Cash flow used in financing activities	<u>(827,743)</u>	<u>(635,290)</u>
Increase (decrease) in cash and cash equivalents	<u>(292,022)</u>	<u>(131,120)</u>
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	954,089	795,974
Cash and cash equivalents at the end of the period	<u>662,067</u>	<u>664,854</u>
	<u>(292,022)</u>	<u>(131,120)</u>

The notes are an integral part of the interim financial information.

Nova Transportadora do Sudeste S.A - NTS

Statements of value added

Three-month period ended March 31, 2021 and 2020
(In thousands of reais)

	<u>03/31/2021</u>	<u>03/31/2020</u>
Value added to be distributed		
Revenues	<u>1,626,730</u>	<u>1,340,943</u>
Services and other revenues	<u>1,626,730</u>	<u>1,340,943</u>
Inputs acquired from third parties	<u>(106,198)</u>	<u>(95,990)</u>
Services rendered, electricity, third-party services and other	<u>(106,198)</u>	<u>(95,990)</u>
Gross value added	<u>1,520,532</u>	<u>1,244,953</u>
Depreciation and amortization	(103,054)	(85,659)
Net value added by the company	<u>1,417,478</u>	<u>1,159,294</u>
Value added received in transfer	<u>5,441</u>	<u>11,481</u>
Investment income - includes monetary and exchange variations	5,441	11,481
Recovery of PIS and COFINS	-	-
Total value added to be distributed	<u>1,422,919</u>	<u>1,170,775</u>
Distribution of value added		
Personnel	<u>20,942</u>	<u>10,758</u>
Direct compensation	12,685	8,052
Benefits	7,478	2,122
FGTS	779	584
Taxes, fees and contributions	<u>605,332</u>	<u>492,307</u>
Federal	538,395	429,353
State	61,159	58,120
Municipal	5,778	4,834
Remuneration on third-party capital	<u>39,048</u>	<u>65,773</u>
Interest, fines, monetary and exchange variations	31,200	60,033
Donations and sponsorships	(449)	2,000
Trade accounts payable – non-operational services	9,533	5,010
Other third-party capital remuneration	(1,236)	(1,270)
Remuneration on equity	<u>757,597</u>	<u>601,937</u>
Interest on loans and financing with related parties		
Interest on equity	15,378	21,899
Dividends paid	459,096	354,556
Retained profits for the period	283,123	225,482
Total distribution of value added	<u>1,422,919</u>	<u>1,170,775</u>

The notes are an integral part of the interim financial information.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the interim financial information -- Continuation
Three-month period ended March 31, 2021.
(In thousands of reais, except if indicated otherwise)

1. General information

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 (Itaú Investimentos S.A.) on the same day.

Therefore, the Company’s shareholding structure as of March 31, 2021 is as follows: FIP owns 82.35%, Petrobras owns 10% and ITAÚSA owns 7.65% of the total shares.

On April 30, 2021, the acquisition of all the shares held by Petrobras, corresponding to 10% of the Company’s share capital, was acquired by Nova Infraestrutura Gasodutos Participações S.A. (“NISA”) – for more information on the new shareholding structure, see Note 24 – Subsequent Events.

On October 24, 2017, ANP issue final operating authorizations on behalf of NTS for all its gas pipelines.

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

1.2. Approval of the New Gas Act

On April 8, 2021, the Brazilian President approved Bill 4476/20, the “New Gas Act”. The law brings innovations related to the activities performed by NTS, among which: (i) defining an authorization regime for all natural gas transportation activities, with no period of validity; (ii) new rules for operation and balancing in gas pipelines and natural gas transportation systems; and (iii) defining Independence and autonomy rules for natural gas transporters regarding agents performing competitive activities in the natural gas industry. It also includes provisions to ensure transporters’ rights in transport contracts in effect, including those related to protection of revenue currently earned by transporters for adequacy to the new entry-exit capacity contracting regime.

Nova Transportadora do Sudeste S.A. - NTS

Notes to the interim financial information -- Continuation
Three-month period ended March 31, 2021.
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1. General information —Continuation

1.3. 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. Set up in March 2020, the Crisis Committee has continuously 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 as ship-or-pay, i.e. there is a commitment to pay for the contracted transportation capacity, regardless of its used.

Since June 2020, some field operations were resumed following all necessary safety protocols. Corporate employees are working remotely, due to the worsening of the pandemic in the last few months. 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.

2. Basis of presentation of the interim financial information

The interim financial information has been prepared and is being presented in accordance with NBC TG 21 Interim Statements, which were approved by the Federal Accounting Council (CFC) and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB. The interim financial information was prepared based on historical cost.

This interim financial information is presented with the relevant changes that occurred in the period, without the repetition of certain previously disclosed 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, 2020.

Additionally, the Company considered the guidelines issued by OCPC 07 Technical Guidance when preparing this interim financial information. Therefore, relevant information specific to the interim financial information is being disclosed and correspond to that used by Management in carrying out its activities.

This interim financial information was approved by the Fiscal Council on May 07, 2021 and by the Board of Directors on May 14, 2021.

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

Nova Transportadora do Sudeste S.A. - NTS

Notes to the interim financial information -- Continuation
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3. Summary of significant accounting policies

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, 2020.

4. Significant estimates and judgments

The interim financial information herein presented was prepared under various measurement bases used in accounting estimates. The accounting estimates involved in the preparation of this interim financial information were based on objective and subjective factors, considering management's judgment for determining the adequate amounts to be recorded in the interim financial information. 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 interim financial information 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, 2020.

5. Cash and cash equivalents

	<u>03/31/2021</u>	<u>12/31/2020</u>
Cash and banks	175	732
Short-term investments	661,892	953,357
	<u>662,067</u>	<u>954,089</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 the CDI rate. The Company investments were allocated to Bank Deposit Certificates (CDBs) remunerated by reference to the Interbank Deposit Certificate (CDI).

Nova Transportadora do Sudeste S.A. - NTS

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6. Trade account receivables

	03/31/2021	12/31/2020
Petróleo Brasileiro S.A – Petrobras	1,072,761	961,240
	1,072,761	961,240

The Company's receivables arise from Gas Transportation Agreements (GTAs) entered into with Petrobras. There were no overdue amounts receivable on March 31, 2021 and December 31, 2020, and there are no expected losses associated with these receivables.

7. Restricted bank deposits

The balance of R\$15,428 on March 31, 2021 (R\$15,387 on December 31, 2020), 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, in the 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.

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

Description	Balance as of December 31, 2020			Changes in 2021				Balance as of March 31, 2021		
	Cost	Accumulated depreciation	Balance	Additions	Write-offs	Transfers	Depreciation	Cost	Accumulated depreciation	Balance
Construction in progress	213,922	-	213,922	12,965	-	(5,990)	-	220,897	-	220,897
Improvement in third-party assets	5,153	(1,559)	3,594	-	-	-	(121)	5,153	(1,680)	3,473
Environmental constraints	148,839	(36,329)	112,510	-	-	-	(1,400)	148,839	(37,729)	111,110
Equipment and other assets	11,737,819	(4,071,492)	7,666,327	302	-	5,990	(110,645)	11,744,111	(4,182,137)	7,561,974
	12,105,733	(4,109,380)	7,996,353	13,267	-	-	(112,166)	12,119,000	(4,221,546)	7,897,454

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Notes to the interim financial information -- Continuation
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8. Property, Plant and Equipment (PP&E)—Continuation

Description	Balance as of December 31, 2019			Changes in 2020				Balance as of December 31, 2020		
	Cost	Accumulat ed depreciati on	Balance	Additi ons	Write- offs	Transfe rs	Deprecia tion	Cost	Accumulate d depreciation	Balance
Construction in progress	111,035	-	111,035	124,936	-	(22,049)	-	213,922	-	213,922
Improvement in third-party assets	5,153	(1,073)	4,080	-	-	-	(486)	5,153	(1,559)	3,594
Environmental constraints	148,839	(30,729)	118,110	-	-	-	(5,600)	148,839	(36,329)	112,510
Equipment and other assets	11,667,332	(3,638,485)	8,028,847	48,463	(25)	22,049	(433,007)	11,737,819	(4,071,492)	7,666,327
	11,932,359	(3,670,287)	8,262,072	173,399	(25)	-	(439,093)	12,105,733	(4,109,380)	7,996,353

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 Stress Corrosion Cracking (SCC) Integrity Management Plan for Gas Pipelines.

Capitalized borrowing costs

During the three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020, 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
- Improvement in third-party assets – 10 to 30 years
- Gas pipelines, equipment and other items – up to 30 years
- Environmental constraints – up to 30 years

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

NTS's gas pipelines network comprises the following extensions:

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Notes to the interim financial information -- Continuation
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8. Property, Plant and Equipment (PP&E)--Continuation

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.

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 m³/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 of meeting 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 Bolivia 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.

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

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.

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.

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Notes to the interim financial information -- Continuation
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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 three-month period ended March 31, 2021 and the fiscal year ended December 31, 2020.

9. Trade accounts payable

	<u>03/31/2021</u>	<u>12/31/2020</u>
Petróleo Brasileiro S.A - Petrobras	231,147	212,680
Petróleo Transportes S.A - Transpetro	38,414	47,157
Solar Turbines Internati	595	-
TRANSP BRAS GAS BOLIVIA	1,497	-
SAP BRASIL LTDA	1,489	-
Tokio Marine Seguradora	-	7,690
Intech Engenharia Ltda.	1,295	685
Chubb Seguros Brasil S.A	-	1,370
Schneider	2,986	1,648
Rosenbra Engenharia Brasil Ltda	1,291	5,179
Enerflex/Geogás	1,149	1,022
Industec	828	3,225
Conaut Controles	-	1,522
Worley Engenharia	583	1,231
Macaetec Instrumentos	-	1,001
Consultants and other contracted services	6,688	3,294
Other trade accounts	9,583	23,010
	<u>297,545</u>	<u>310,714</u>

Nova Transportadora do Sudeste S.A. - NTS

Notes to the interim financial information -- Continuation
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10. Debentures and financing

	Interest Rate	Maturity	03/31/2021	12/31/2020
Current				
Charges - 2 nd issue debentures	109% of CDI	2023	46,991	19,510
Charges – CCB	CDI + 1.98%	2021	291	875
Funding costs	-	-	(1,947)	(1,947)
Principal - CCB	CDI + 1.98%	2021	60,000	60,000
Total current			105,335	78,438
Noncurrent				
Principal - 2 nd issue debentures	109% of CDI	2023	5,200,000	5,200,000
Funding costs	-	-	(2,271)	(2,758)
Total noncurrent			5,197,729	5,197,242
Total			5,303,064	5,275,680

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 sixty million reais (R\$60,000,000), with maturity in one (1) 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 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.

The Second Debentures Issue was subject to a firm guarantee by 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 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.

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10. Debentures and financing - Continuation

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 interim financial information on March 31, 2021, the Company verified both indices and concluded that the covenants were complied with.

Payments and amortization schedule of funding costs

<u>Year</u>	<u>Principal</u>	<u>Funding Costs</u>
2021	60,000	1,460
2022	-	1,947
2023	5,200,000	811
	5,260,000	4,218

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Notes to the interim financial information -- Continuation
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11. Transactions with related parties

a) Operations between legal entities

	<u>Petrobras</u>	<u>Transpetro</u>	<u>03/31/2021</u>
Result			
Revenue from services	1,626,730	-	1,626,730
Cost with operation and maintenance of gas pipes	-	(67,593)	(67,593)
Other operating costs	(14,453)	-	(14,453)
	<u>1,612,277</u>	<u>(67,593)</u>	<u>1,544,684</u>
Assets			
Trade account receivables	1,072,761	-	1,072,761
Other accounts receivable	132,314	-	132,314
	<u>1,205,075</u>	<u>-</u>	<u>1,205,075</u>
Liabilities			
Trade accounts payable	(231,147)	(38,472)	(269,619)
	<u>(231,147)</u>	<u>(38,472)</u>	<u>(269,619)</u>
	<u>Petrobras</u>	<u>Transpetro</u>	<u>03/31/2020</u>
Result			
Gross revenue from services	1,340,943	-	1,340,943
Cost with operation and maintenance of gas pipes	-	(65,840)	(65,840)
Other operating costs/expenses	(14,525)	-	(14,525)
	<u>1,326,418</u>	<u>(65,840)</u>	<u>1,260,578</u>

	<u>Petrobrás</u>	<u>Transpetro</u>	<u>12/31/2020</u>
Assets			
Trade account receivables	961,240	-	961,240
Other accounts receivable	120,262	-	120,262
	<u>1,081,502</u>	<u>-</u>	<u>1,081,502</u>
Liabilities			
Trade accounts payable	(212,680)	(47,157)	(259,837)
	<u>(212,680)</u>	<u>(47,157)</u>	<u>(259,837)</u>

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11. Transactions with related parties--Continuation

a) Operations between legal entities

For the three-month period ended March 31, 2021 and 2020, the Company entered into transactions with shareholders and other related parties, as described below:

- I) Petrobras – On March 31, 2021 and 2020, 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 2020 and 2021. 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 2021 and 2020 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
- II) Remediation of cracks by Corrosion under Tension (SCC), in the amount of R\$129,155 (R\$111,140 on December 31, 2020); and ii) Rentals, in the amount of R\$3,159 (R\$9,122 on December 31, 2020). Such amounts should be reimbursed by Petróleo Brasileiro S.A. – Petrobras over 2021, as part of the remaining obligations agreed upon between buyer and seller for the sale of the Company.
- III) Transpetro – On March 31, 2021 and 2020, the transaction with Transpetro refers to the services for the operation and maintenance of the gas pipeline network and other Company's operating facilities, under the Service Agreement for Gas Transportation Technical Support entered into between the parties. The terms of these agreements were defined by the parties involved, and 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

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Notes to the interim financial information -- Continuation
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11. Transactions with related parties—Continuation

of the IGPM and IPCA. The portion recorded under liabilities arises from the obligations of payments maturing in 2021, 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>03/31/2021</u>	<u>03/31/2020</u>
Management compensation	1,204	1,606
Short-term benefits	148	350
	<u><u>1,352</u></u>	<u><u>1,956</u></u>

12. Taxes

12.1. Current taxes

	<u>Current Assets</u>		<u>Noncurrent Assets</u>		<u>Current Liabilities</u>	
	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>	<u>03/31/2021</u>	<u>12/31/2020</u>
Income tax	-	-	-	-	(162,690)	(402,568)
Social contribution	-	-	-	-	(61,094)	(167,491)
PIS/COFINS	20,467	47,335	8,742	8,727	(41,596)	(37,934)
Recoverable PIS/COFINS (a)	-	-	58,512	58,003	-	-
ICMS	-	-	-	-	(26,092)	(24,792)
Tax on service (ISS)	-	-	-	-	(1,802)	(1,104)
Withholding income tax (IRRF)	-	-	-	-	(1,072)	(1,508)
Other	6	6	-	-	(1,980)	(2,393)
	<u><u>20,473</u></u>	<u><u>47,341</u></u>	<u><u>67,254</u></u>	<u><u>66,730</u></u>	<u><u>(296,326)</u></u>	<u><u>(637,790)</u></u>

- a) 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. The Company recorded tax credits of R\$58,512, of which R\$48,618 corresponded to the principal amount and R\$9,894 related to SELIC interest.

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Notes to the interim financial information -- Continuation
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12. Taxes—Continuation

12.2. Deferred taxes

Breakdown of deferred income tax and social contribution

	Base date 03/31/2021	Deferred IR and CSLL Balance at 34%	Base date 12/31/2020	Deferred IR and CSLL Balance at 34%
Deferred income tax				
Provision for PIS/COFINS loss	61,060	20,760	54,039	18,373
Provision for Illegal Derivations	20,760	7,059	17,600	5,984
Provision for insurances	1,053	358	1,053	358
Provision for contingencies and other	4,847	1,648	8,008	2,780
Provision - expenses with environmental compensation	33,415	11,361	32,635	11,096
Provision for bonus	20,285	6,897	16,941	5,760
	141,420	48,083	130,276	44,351
Deferred tax liabilities				
PP&E - Difference in corporate vs. tax depreciation	(5,437,431)	(1,846,513)	(5,143,858)	(1,746,698)
	(5,437,431)	(1,846,513)	(5,143,858)	(1,746,698)
Deferred tax balance, net	(5,296,011)	(1,798,430)	(5,013,528)	(1,702,347)

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

	2021	2022	2023	Total
Recoverability of deferred tax assets	-	-	48,083	48,083

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12. Taxes—Continuation

12.3. Reconciliation of income tax and social contribution

	03/31/2021	03/31/2020
Profit before income tax and social contribution	1,141,266	899,579
Income tax and social contribution - nominal rate (34%)	<u>(388,031)</u>	<u>(305,857)</u>
	753,235	593,722
Adjustments for calculating the effective rate:		
Permanent net exclusions	(14,320)	(18,191)
Temporary net exclusions	(282,429)	(290,896)
Additions	11,868	5,101
(+ Provision for bonus)	3,344	2,429
(+ Provision for environment)	1,503	725
(+ Provision for PIS/COFINS loss)	7,021	-
(+ Other)	-	1,947
Exclusions	(294,297)	(295,997)
(- Depreciation (tax x corporate))	(293,573)	(294,624)
(- Provision for environmental compensation)	(724)	(1,145)
(- Other)	-	(228)
Basis for calculating adjusted income tax and social contribution	<u>844,517</u>	<u>590,493</u>
Income tax and social contribution	287,136	(200,737)
Sponsorships (<i>Lei Rouanet</i>) + Other	451	2,244
Current income tax and social contribution	(287,587)	(198,493)
Deferred income tax and social contribution	<u>(96,083)</u>	<u>(99,146)</u>
	<u>(383,670)</u>	<u>(297,639)</u>
Effective IR and CS rates	33.62%	33.09%

13. Other accounts receivable

The balance of R\$132,314 on March 31, 2021 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\$129,155 (R\$111,140 on December 31, 2020); and ii) Rentals, in the amount of R\$3,159 (R\$9,122 on December 31, 2020). These amounts must be reimbursed by Petróleo Brasileiro S.A. – Petrobras over the next 12 months, as part of the remaining obligations agreed between buyer and seller for the sale of the Company. This balance is not being monetarily restated.

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14. Provision for environmental compensation and environmental constraints

14.1 Provision for environmental compensation

Refers to provisions, in the amount of R\$33,415 (R\$32,636 on December 31, 2020), 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\$44,492 (R\$45,986 on December 31, 2020), 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.

15. Equity

15.1 Share capital

The Company's shareholders representing the entire share capital attended the Extraordinary Shareholders' Meeting held on August 31, 2020, and based on the favorable opinion of the Company's Fiscal Council on July 24, 2020, they 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. Immediately following, the shareholders approved the Company's capital reduction, in the amount of R\$653,325, pursuant to Article 173 of Law 6.404/76, as it was 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 twenty-two centavos (R\$0.22), without the cancellation of

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15. Equity—Continuation

15.1 Share capital—Continuation

any shares representing 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 to R\$508,712, fully subscribed and paid in.

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) and the Company's, as well as 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 equity from R\$1,360,199 to R\$1,192,463.

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15. Equity—Continuation

15.3 Profit 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, pursuant to article 193 of Brazilian Corporate Law. This reserve can only be used to absorb losses or capital increases.

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 March 31, 2021, NTS distributed the total of R\$459,096 as dividends corresponding to the current year (R\$2,012,245 as of December 31, 2020) and a total of R\$21,840 as interest on equity (R\$105,251 on December 31, 2020). Both the payment of dividends and interest on equity were resolved on meetings of the Company's Fiscal Council and Board of Directors.

c) Dividends and interest on equity paid

On March 10, 2021, the Company's Management approved the total distribution of R\$826,751, R\$345,815 of which from the available balance of the net income for 2020, R\$459,096 from interim dividends of the current year, and R\$21,840 from interest on equity, paid on March 11, 2021

d) Tax incentive reserve

NTS created a profit reserve on tax incentives, in the amount of R\$15,073 in the three-month period ended March 31, 2021, totaling R\$73,285 (R\$58,212 on December 31, 2020), 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.

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15. Equity—Continuation

15.3 Profit reserves—Continuation

e) Earnings per share

The calculation of basic and diluted earnings per share for the three-month periods ended March 31, 2021 and 2020 was as follows:

	Three-month period ended	
	03/31/2021	03/31/2020
Net income for the period (in thousands of Reais)	757,596	601,937
Total shares issued	2,312,328,578	2,312,328,578
Basic and diluted earnings per share - in Reais	0.33	0.26

16. Net revenue

	Three-month period ended	
	03/31/2021	03/31/2020
Gross service revenue	1,716,889	1,400,045
Charges on services	(218,778)	(192,458)
Tariff adjustment	(90,159)	(59,102)
	1,407,952	1,148,485

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17. Costs of services

	Three-month period ended	
	03/31/2021	03/31/2020
Depreciation and amortization	(103,054)	(85,659)
Contracted services, freight, rentals and general charges	(4,953)	(5,437)
Operation and maintenance	(67,593)	(65,776)
Right of way	(18,747)	(14,525)
Electricity	(6,815)	(4,366)
Insurance coverage	(3,791)	(3,513)
ICMS on gas used in the system	(3,224)	(1,727)
Environmental costs	(415)	(51)
Consulting services	(2,072)	(522)
Trainings and seminars	(4,002)	(40)
Personnel costs	(11,177)	(5,091)
Other costs	(3,440)	(674)
	(229,283)	(187,381)

18. General and administrative expenses

	Three-month period ended	
	03/31/2021	03/31/2020
Personnel expenses	(7,108)	(7,119)
Legal advisory	(245)	(283)
Accounting advisory services	(445)	(293)
Consulting services	(309)	(150)
Sponsorships	-	(2,000)
Costs with tax contingencies	(254)	-
License maintenance	(729)	(570)
Recruitment and hires	(498)	(481)
Rentals and charges	(344)	(561)
Contracted services	(264)	(484)
Office expenses and other	(1,123)	(443)
	(11,319)	(12,384)

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19. Net financial result

	Three-month period ended	
	03/31/2021	03/31/2020
Financial income	4,537	9,188
Monetary restatement	706	2,077
Other financial income	198	262
Total financial income	5,441	11,527
Interest on debentures and financing	(28,823)	(58,848)
Fines and interest charges	(73)	(592)
Taxes on financial result	(324)	(53)
Other financial expenses	(2,305)	(1,178)
Total financial expenses	(31,525)	(60,671)
Net financial income (loss)	(26,084)	(49,144)

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:

	Labor	Tax	Total
	Legal	Legal	
Balances as of December 31, 2020	(3,215)	(1,043)	(4,258)
Write-offs	-	-	-
Balances as of March 31, 2021	(3,215)	(1,043)	(4,258)

20.2 Judicial deposits

	03/31/2021	12/31/2020
Noncurrent assets		
Labor	8	8
Tax	16,845	16,647
Other	19	19
	16,872	16,674

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20. Legal proceedings and contingencies—Continuation

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 this interim financial information.

Contingent liabilities estimated for legal proceedings on March 31, 2021 and December 31, 2020, in which the probability of loss is considered possible, are presented below:

	Civil	Tax		Environmental	Total
	Legal	Administrative	Legal	Administrative	
Balances as of December 31, 2020	(1,149)	(104,160)	(13,411)	(54,035)	(172,755)
New lawsuits		(173,941)	-		(173,941)
Monetary restatement	(27)	(734)	(77)	(1,262)	(2,100)
Write-offs		427			427
Change in prognostic		71			71
Balances as of March 31, 2021	(1,176)	(278,337)	(13,488)	(55,297)	(348,298)

The main administrative tax lawsuits 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, and related to the order that partially reversed the credits of tax-loss carryforwards referring to 2015. These main causes totaled R\$263,838 (R\$90,370 on December 31, 2020).

Environmental causes 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 for the calculation of the environmental compensation under the licensing related to GASCAR; (ii) the index applicable for the purpose of monetary correction of the environmental compensation due under the licensing related to GASCAR, GASTAU, GASPAJ and GASBEL II; and (iii) the base date for the application of the monetary correction in the case of environmental compensation under the licensing related to GASTAU.

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21. Financial instruments

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

On March 31, 2021, the Company did not have any derivative financial instruments to mitigate risks associated to its financial instruments and, during the periods, 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 as of March 31, 2021 are sufficient for the settlement of its short-term liabilities. Liquidity risk is managed by the Company by investing its cash in CDBs with daily liquidity and renegotiating (when necessary) the maturity date of its debts.

	2021	2022	2023	Total
Financial debt	173,512	148,709	5,246,327	5,568,548
Trade accounts payable	297,545	-	-	297,545

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 March 31, 2021, 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 March 31, 2021, the Company did not have any outstanding derivative financial instruments.

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21. Financial instruments—Continuation

c) Credit risk

As part of the Share Purchase and Sale Agreement entered into with the Company shareholders, Petrobras and NTS signed a Restricted Accounts Management Agreement with Banco Bradesco S.A., aiming to diversify NTS's 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 refer to deposits made in the restricted account, 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 March 31, 2021, Management carried out a sensitivity analysis for financial instruments subject to interest rate risk, considering that the exposure is the value of the debentures and loans, 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)
Financial liabilities					
Debentures (**)	5,303,064	Increase in CDI	(150,306)	(187,475)	(224,507)
Financial assets					
Cash and cash equivalents	662,067	Decrease in CDI	17,545	13,159	8,772

(*) 12-month scenario

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

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21. Financial instruments—Continuation

The “Probable” scenario was calculated considering a CDI rate of 2.65%, applicable to the floating interest rate portion of the debentures, net of cash and cash equivalents as of March 31, 2021. The “Possible” and “Remote” scenarios consider increases of 25% and 50% of the CDI rate, respectively.

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 March 31, 2021 and December 31, 2020

Financial assets (current and noncurrent)		Level	03/31/2021		12/31/2020	
			Book Value	Fair Value	Book Value	Fair Value
			1,882,570	1,882,570	2,050,978	2,050,978
Cash and cash equivalents	Fair value through profit or loss	2	662,067	662,067	954,089	954,089
Accounts receivable	Amortized cost		1,072,761	1,072,761	961,240	961,240
Other accounts receivable	Amortized cost		132,314	132,314	120,262	120,262
Restricted bank deposits	Amortized cost		15,428	15,428	15,387	15,387
Financial liabilities (current and noncurrent)			5,600,609	5,600,609	5,586,394	5,586,394
Trade accounts payable	Amortized cost		297,545	297,545	310,714	310,714
Debentures and financing	Amortized cost		5,303,064	5,303,064	5,275,680	5,275,680

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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 Cash Flow Statements:

Debentures and Financing	Balance as of December 31, 2020	Cash Changes			Non-Cash Changes			Balance as of March 31, 2021
		Financing activities received (paid)	Interest payment	Funding costs	Approved dividends and interest on equity	Interest expenses	Amortized funding costs	
Debentures – 2 nd Issue	5,214,804					27,482	487	5,242,773
CCB	60,876		(1,164)			579		60,291
Dividends and Interest on Equity	6,291	(826,579)			820,288			-
	5,281,971	(826,579)	(1,164)		820,288	28,061	487	5,303,064

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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 March 31, 2021:

Type of Contract	2021	2022	2023	2024	2025	Total
Office rental	2,461	2,580	1,596	1,621	1,174	9,432
Telecom and printers	100	139	84	-	-	323
Compression services	12,692	17,616	14,508	13,713	-	58,529
Operation and maintenance	220,882	306,584	318,234	329,372	340,900	1,515,972
Use and sharing of gas pipelines	54,265	75,320	78,182	80,919	83,751	372,437
Total	290,400	402,239	412,604	425,625	425,825	1,956,693

b) Guarantees

As of March 31, 2021, the Company had eight rental guarantee insurance policies to cover the guarantees required in its lease agreements, which totaled R\$4,426 in coverage limit, distributed as follows:

Location	Coverage Limit
Praia do Flamengo, 19º andar, Flamengo, Rio de Janeiro, RJ	902
Praia do Flamengo, 22º andar, Flamengo, Rio de Janeiro, RJ	1,696
Praia do Flamengo, 23º andar, Flamengo, Rio de Janeiro, RJ	1,591
Rod. Washington Luiz, 2500, Bl. B Salas 703 a 707, Duque de Caxias, RJ	60
Rua Adelelmo Piva, 36, Jardim Vista Alegre, Paulínia, SP	50
Est. Hélio Rosa dos Santos, 1000, salas 105 e 205, Imboassica, Macaé, RJ	39
Rua Messia Assú, nº 293, Itararé, São Vicente, SP	58
Rodovia BR 040, KM 800, salas nº 20, 21 e 22, Matias Barbosa, MG	34

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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	October 3, 2020	October 3, 2021	1,500,000
General civil liability	October 3, 2020	October 3, 2021	400,000
Environmental risks	October 3, 2020	October 3, 2021	300,000
D&O civil liability	October 3, 2020	October 3, 2021	300,000
Professional civil liability (E&O)	October 3, 2020	October 3, 2021	10,000
Data protection and cyber responsibility	October 3, 2020	October 3, 2021	15,000
Corporate fraud (crime)	October 3, 2020	October 3, 2021	5,000
Property (office)	November 27, 2020	November 27, 2021	11,000
Engineering risk (CCO)	September 15, 2020	April 31, 2021	9,082
Total			2,550,082

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23. Insurance coverage —Continuation

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.

The table below summarizes the amounts recorded on March 31, 2021 and 2019 as prepaid expenses:

Description	03/31/2021	12/31/2020
Operating risks and business interruption	5,127	7,690
General civil liability	980	1,470
Environmental risks	646	968
D&O civil liability	431	647
Corporate insurance	375	563
Total	7,559	11,338
Other prepaid expenses	1,173	419
Total	8,732	11,757

24. Subsequent event

On April 30, the Contract for the Sale of Company Shares ("Contract") was signed, referring to the purchase of all the shares held by Petróleo Brasileiro S.A. – Petrobras ("Petrobras"), corresponding to ten percent (10%) of the Company's share capital, by Nova Infraestrutura Gasodutos Participações S.A. ("NISA"), a company whose shareholders are the Company's current controlling shareholders, Nova Infraestrutura Fundo de Investimento em Participações Multiestratégia ("FIP"), an entity affiliated with Brookfield Asset Management, and Itaúsa S.A. ("Transaction").

The Transaction totaled R\$1,800,000 and, after the contractual adjustments, it was concluded on the same date for R\$1,539,451, with funds raised by NISA through the issue of simple debentures, not convertible into shares, in a single series, for public distribution, with restricted efforts, whereby NTS granted personal guarantee in the form of suretyship for the total debt amount represented by such debentures and other monetary obligations, as per the Indenture, as amended.

The debentures issued by NISA bear interest equivalent to the accumulated variation of the CDI rate plus spread of 1.99%, semi-annual interest payments in April and October maturing on April 27, 2028, with no intermediary amortization, debt renegotiation or automatic renewal clauses.

With the conclusion of the transaction, NISA now holds ten percent (10%) of the shares representing the share capital of NTS, replacing the equity interest previously held by Petrobras.