

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

MANAGEMENT REPORT Q2'22



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MESSAGE FROM MANAGEMENT

This quarter, NTS completed 5 years of history as a private natural gas transport company. The date was celebrated by recalling the various achievements NTS had during the years - among them, the operational transition (insourcing of operations), which completed its 1st anniversary last July. NTS continues to tread its path, leading the transformation and expansion of natural gas transport logistics in the country.

Some of the quarter's highlights were:

- **GASIG:** construction work began in June on the 11km-long pipeline that will enable gas flow through Route 3 from the pre-salt layer to the Gaslub, a processing station for part of the pre-salt natural gas, under construction by Petrobras.
- **Linepack:** conclusion of the acquisition and injection of 40 million m³ of gas volume to form the reference stock of the NTS' transport network (linepack). The acquisition of the linepack is an important step towards opening up the gas market, an essential part of the transition to the so-called "New Gas Market".
- **Gasification and commissioning of the new Delivery Point - Cubatão II - DP:** this asset's entry into operation enables the supply of natural gas directly from the GASAN gas pipeline to Comgás, the local distributor. This new facility, with a 1.5 M m³/d capacity, will contribute to greater operational reliability for the shipper.

NTS' financial results presented in the 2nd quarter of 2022 reflect the effects arising from the conclusion of the merger of Nova Infraestrutura Gasodutos Participações S.A. ("NISA") in April. Shares representing 8.5% and 91.5% of NTS's total share capital are now directly held by Itaúsa S.A. and Nova Infraestrutura Fundo de Investimento em Participações Multiestratégia ("FIP"), respectively. As consequence, net debt reached R\$9.8 billion at the end of June, including results from derivative financial instruments contracted to hedge against the risks of fluctuations in exchange and interest rates.

In the period, investments amounted to R\$169 million while in the semester they totaled R\$211 million. Of the total, the linepack acquisition corresponds to R\$105 million, the difference being mainly attributed to the integrity of pipelines and the GASIG development. The company posted EBITDA of R\$1.6 billion in the second quarter, representing an increase of approximately 24% over the R\$1.3 billion recorded in the second quarter of 2021. Similarly to the first quarter, the variation was mainly due to the adjustments applicable to gas transportation contracts and the lower operating costs after the internalization of operation and maintenance.

Approximately R\$602 million was distributed to shareholders in the quarter, including dividends and interest on equity, and in addition R\$18 million related to monetary correction applied on the Q4'21 dividend amount. At the end of July, an additional distribution of approximately R\$1.5 billion was approved, fully paid in the same month.

The ESG agenda continues to gain strategic importance and this quarter we highlight initiatives focused on the "S" pillar. Diversity & Inclusion gained a multidisciplinary working group dedicated to the theme. In connection with International LGBTQIAP+ Pride Day, NTS promoted the Anti-LGBTphobia lecture, aiming to increasingly provide a safe and inclusive

work environment. Lectures on ageism and safety drive were also held as part of the Yellow May campaign, an initiative in line with the “Zero Harm” goal. The public notice for Social Projects via Incentive Laws had a record turnout, with the enrollment of around 230 projects that are now going through the selection process. We concluded the implementation of the SAP Ariba SLP (Supplier Lifecycle and Performance) system, which will allow for the better management of our suppliers, self-management of registration data and approval and qualification of supplier performance. It will also ensure that we work with companies which are aligned and share our values.

At the end of July, we published the 2021 Sustainability Report, which is available on the NTS website (<https://ri.ntsbrasil.com/gri>)

We are grateful for the trust of our shareholders, the dedication and support of the Executive Officers, our managers and all our professionals for the work carried out in the quarter.

Erick Portela Pettendorfer
Chief Executive Officer

Alex Monteiro
Chief Finance and Investor Relations Officer

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ECONOMIC-FINANCIAL PERFORMANCE

The Management's Report of Nova Transportadora do Sudeste S.A. - NTS ("NTS" or "Company") for the second quarter of 2022 ("Q2'22"), considering the period ended June 30, 2022, compared to the second quarter of 2021 ("Q2'21") includes the following highlights:

<i>In thousands of Reais</i>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Net Operating Revenue	1,679,609	1,425,958	17.8%	3,342,576	2,833,910	17.9%
Cost of Services	(194,608)	(235,845)	-17.5%	(393,193)	(465,128)	-15.5%
Gross Profit	1,485,001	1,190,113	24.8%	2,949,383	2,368,782	24.5%
Operating expenses, net	(31,040)	(17,716)	75.2%	(41,744)	(29,035)	43.8%
Operating Income	1,453,961	1,172,397	24.0%	2,907,639	2,339,747	24.3%
Net Financial Results	(324,403)	(38,369)	745.5%	(426,509)	(64,453)	561.7%
Income Before Taxes	1,129,558	1,134,028	-0.4%	2,481,130	2,275,294	9.0%
Total Income Tax and Social Contribution	(386,448)	(377,007)	2.5%	(842,622)	(760,677)	10.8%
Net Income for the period	743,110	757,021	-1.8%	1,638,508	1,514,617	8.2%

1. NET OPERATING REVENUE

Net operating revenue totaled R\$1,680 million in Q2'22, 17.8% higher than in Q2'21. The annual IGP-M weighted index of the 5 GTAs (Gas Transportation Agreements) was approximately 18% and generated virtually 100% of revenues.

In the first half of 2022 (H1'22), compared to the same period in 2021 (H1'21), net operating revenue totaled R\$3,343 million, 17.9% higher than in the comparative period, due to inflation applicable to the readjustment of contracts.

Thus, the nominal growth of net operating revenue was R\$ 254 million in Q2'22, accumulating R\$ 509 million in H1'22.

In this semester, we also started providing transport services to Galp Energia Brasil S.A., through interruptible contracts, with gas movement starting in March and higher volume handled in June, with no material financial effect. As disclosed in Q1'22, two interruptible gas transportation contracts were signed with Galp, which will supply gas to Gasmig. The new contracts are valid until December 2022, to transport up to 300 thousand m³ of gas per day, between the Tecab entry point, in Macaé, and the exit zones in Minas Gerais.

The variations in the average volume transported have no material impact on revenues, since the GTAs executed with Petrobras 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>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Net Operating Revenue	1,679,609	1,425,958	17.8%	3,342,576	2,833,910	17.9%

2. COST OF SERVICES

Costs of Services totaled R\$195 million in Q2'22, compared to R\$236 million in Q2'21.

Between the periods compared, the main variation refers to the cost of Operation & Maintenance (O&M) costs, which was internalized in June 2021, and the termination of the contract with Transpetro, representing a reduction of R\$57 million between the periods.

The reduction in this cost was partially offset by the increase in Personnel Costs (+R\$ 3 million). Right-of-Way costs also increased during the period, influenced by macroeconomic factors (IGP-M adjustment), representing a R\$15 million increase between the periods.

In H1'22, the reduction in cost of services stood at approximately 16%, totaling R\$393 million against R\$465 million in H1'21. The main changes were also in Operation & Maintenance - O&M (-R\$111 million) and Right of Way (+R\$31 million).

In thousands of Reais	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Cost of services	(194,608)	(235,845)	-17.5%	(393,193)	(465,128)	-15.5%

3. GROSS PROFIT

Gross Profit totaled R\$1,485 million in Q2'22, up by 24.8% or R\$295 million over Q2'21.

Gross profit totaled R\$2,949 million in H1'22, compared to the R\$2,369 million, R\$581 million nominal increase or up by 24.5% over H1'21, due to an 18% increase in revenues with costs showing a lower growth (15.5%)..

In thousands of Reais	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Gross Profit	1,485,001	1,190,113	24.8%	2,949,383	2,368,782	24.5%

4. OPERATING EXPENSES

In Q2'22, Operating Expenses totaled R\$31 million, approximately R\$13 million above the amount recorded in Q2'21.

The change in Operating Expenses is mainly explained by General and Administrative Expenses, with the main impacts referring to provision / reversal of contingency, net of (provisions) / reversals of events of a similar nature and to the personnel expenses (+R\$4.6 million) due to the adjustments of salaries for inflation, applicable as of April, and expenses related to office and others (+R\$0.9 million), resulting from fully resuming in-office activities as of Q2'22, partially offset by the absence of donations to combat COVID-19 during the current year (-R\$4.5 million in Q2'21) and sponsorships (-R\$1.2 million).

In H1'22, Operating Expenses amounted to R\$42 million and were impacted by the same effects of General and Administrative Expenses listed above, with an increase of 43.8% compared to H1'21. Main change among the recurring expenses occurred in personnel expenses (+R\$6 million).

<i>In thousands of Reais</i>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Operating expenses, net	(31,040)	(17,716)	75.2%	(41,744)	(29,035)	43.8%
General and Administrative expenses	(31,040)	(17,716)	75.2%	(41,744)	(29,035)	43.8%

5. OPERATING PROFIT

Operating Profit totaled R\$1,454 million in Q2'22, , resulting in a growth of 24%, equivalent to a nominal gain of R\$ 282 million over Q2'21 despite the increase in operating expenses, reflecting the macroeconomic effects applicable to revenue and cost reduction (mainly O&M).

In H1'22, year-to-date operating profit reached R\$2,908 million, representing a 24.3% or R\$568 million nominal growth due to the improvement in gross profit between the periods compared.

<i>In thousands of Reais</i>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Operating Income	1,453,961	1,172,397	24.0%	2,907,639	2,339,747	24.3%

6. FINANCIAL RESULT

Net Financial Result in Q2'22 was negative by R\$324 million, up R\$286 million on Q2'21. The change is mainly due to the R\$316 million increase in interest expenses on debentures and loans, as a result of the reverse merger of NISA. Once this process was completed, NTS assumed the financial obligations related to debentures, commercial papers, foreign currency loans and derivatives issued and contracted by NISA. Additionally, the interest rate hike contributed to the average CDI rate reaching 12.4% in Q2'22, against 3.2% in Q2'21. Both debentures and commercial papers are remunerated by reference to the Interbank Deposit Certificate (CDI):

Bond:	Index:
2 nd issue Debentures - NTS	109% of CDI
1 st issue Debentures - NISA	CDI +1.99%
2 nd issue Debentures - NISA	CDI +1.90%
NISA commercial papers	CDI +1.90%

Financial expenses for Q2'22 also include R\$18 million related to inflation adjustments on dividends referring to the fourth quarter of 2021, at the SELIC rate applied in the period between December 31, 2021 and the date of the effective payment of dividends in April.

Financial income totaled R\$77 million, with income from financial investments increasing by R\$65 million in Q2'22 over Q2'21, mainly due to a higher volume of interest-bearing cash (On June 30, 2022, cash balance corresponded to R\$2.6 billion vs. R\$1.0 billion on June 30, 2021), in addition to the hike in the CDI rate.

In H1'22, the Net Financial Result was negative by R\$427 million, against R\$64 million in H1'21, also reflecting the aforementioned conditions, with the average CDI rate reaching 11.3% vs. 2.6% in the same period in 2021.

<i>In thousands of Reais</i>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Net Financial Results	(324,403)	(38,369)	745.5%	(426,509)	(64,453)	561.7%
Financial revenues	77,438	10,650	627.1%	137,684	16,091	755.7%
Financial expenses	(401,841)	(49,019)	719.8%	(564,193)	(80,544)	600.5%

7. INCOME BEFORE TAXES

Income before taxes totaled R\$1.130 million in Q2'22. Despite the growth in operating income, financial expenses in the quarter caused a reduction of 0.4% (R\$4 million) in the result compared to Q2'21.

In the first half, pretax income increased 9.0% over H1'21, , showing a nominal gain of R\$ 206 million in 1H22.

<i>In thousands of Reais</i>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Income before Taxes	1,129,558	1,134,028	-0.4%	2,481,130	2,275,294	9.0%

8. INCOME TAX AND SOCIAL CONTRIBUTION

Current and deferred IT&SC taxes totaled R\$386 million in Q2'22, compared to R\$377 million in Q2'21, which was impacted by macroeconomic factors that affected revenue and financial results in the period. The rate on income before taxes increased 1.0 percentage point, reaching 34.2% in the quarter.

In H1'22, current and deferred taxes and contributions amounted to R\$843 million. The effective rate increased 0.5 percentage point, reaching 34.0% in the semester. The main reconciliation effects that justify the rate increase include the difference between tax depreciation versus book depreciation of the gas pipeline network and other facilities, which represented a temporary exclusion of R\$587 million from the calculation base in H1'21.

<i>In thousands of Reais</i>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Total Income Tax and Social Contribution	(386,448)	(377,007)	2.5%	(842,622)	(760,677)	10.8%
<i>% on income before taxes</i>	-34.2	-33.2	-1.0 pp	-34.0	-33.4	-0.5 pp
Current Income Tax and Social Contribution	(408,426)	(272,346)	50.0%	(881,614)	(559,933)	57.4%
<i>% on income before taxes</i>	-36.2	-24.0	-12.1 pp	-35.5	-24.6	-10.9 pp
Deferred Income Tax and Social Contribution	21,978	(104,661)	-121.0%	38,992	(200,744)	-119.4%
<i>% on income before taxes</i>	1.9	-9.2	11.2 pp	1.6	-8.8	10.4 pp

9. NET INCOME

NTS posted a Net Income of R\$743 million in Q2'22, against a income of R\$757 million in Q2'21, with a marginal reduction of 1.8%, equivalent to R\$14 million between the quarters, mainly as a result of financial expenses.

In H1'22, Net Income grew by 8.2% from H1'21 and reached R\$1,639 million, . Despite the nominal increase of R\$124 million in Operating Profit, the greater negative impact on the financial result and the IT&SC impact did not allow the net margin maintenance for the semester.

<i>In thousands of Reais</i>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Net Income	743,110	757,021	-1.8%	1,638,508	1,514,617	8.2%

10. EBITDA

In Q2'22, EBITDA totaled R\$1,578 million, higher than the R\$1,276 million recorded in Q2'21. In the first half of 2022, EBITDA increased by 23.2%, reaching R\$3,137.

<i>EBITDA Reconciliation (In thousands of Reais)</i>	Q2 22	Q2 21	Var.	H1 22	H1 21	Var.
Net Income	743,110	757,021	-1.8%	1,638,508	1,514,617	8.2%
Income Tax and Social Contribution	386,448	377,007	2.5%	842,622	760,677	10.8%
Net Financial Results	324,403	38,369	745.5%	426,509	64,453	561.7%
Depreciation	123,892	104,099	19.0%	229,058	207,153	10.6%
EBITDA	1,577,853	1,276,496	23.6%	3,136,697	2,546,900	23.2%

11. BALANCE SHEET PERFORMANCE

On June 30, 2022, NTS' Fixed Assets balance was equivalent to R\$7.7 billion, compared to R\$7.8 billion on December 31, 2021, already considering the linepack acquisition, corresponding to gas for the balancing of the NTS network, in the amount of R\$105 million. We also recorded R\$30 million referring to the acquisition of gas to build up inventories.

On the liabilities side, we highlight the increase in gross debt (due to the conclusion of the merger of NISA in April and consequently of its financial obligations), which totaled R\$12.4 billion, compared to R\$5.3 billion on December 31, 2021. Net debt rose to R\$9.8 billion on June 30, 2022, compared to R\$3.1 billion on December 31, 2021, combining the R\$7 billion increase in gross debt with the maintenance of cash above the R\$2 billion level (mostly used to pay dividends approved in July amounting to R\$1.5 billion).

On June 30, 2022, NTS had contracted 3 derivative financial instruments to mitigate the exchange rate risk and exposure to fixed interest rates associated with foreign currency debt. Transactions with derivative financial instruments are recorded as cash flow hedges and unrealized gains and losses arising from fluctuations in the fair value of these instruments are recognized in the Asset Valuation Adjustment account in Shareholders' Equity, with a corresponding entry to the derivative financial instruments line in the balance sheet. The liability recorded on this date was equivalent to R\$229 million and assets R\$181 million, resulting in a negative net equity balance of R\$48 million.

Indebtedness (In thousands of Reais)	June 30th 2022	Dec. 31st 2021	Var.
Gross Debt	12,349,319	5,342,018	131.2%
Debentures – 2 ^a emissão NTS	5,324,943	5,280,962	
Debentures – 1 ^a e 2 ^a emissão NISA	3,118,832	-	
Comercial notes – NISA	1,540,577	-	
Empréstimos em moeda estrangeira – NISA	2,364,967	-	
CCB	-	61,056	
Derivative financial instruments, net	47,716	-	
Cash	2,617,957	2,235,391	17.1%
Net Debt	9,779,078	3,106,627	214.8%

In the quarter, Shareholders' Equity reflected the various effects arising from the merger of NISA, including:

- on the capital reserve account, (i) negative net impact of R\$927 million referring to the elimination of the 42.09% interest held by NISA in NTS at book value and (ii) tax benefit of R\$444 million corresponding to the application of the combined corporate income tax and social contribution rate of 34%, applied to the goodwill and surplus value generated in the merger;
- on the profit reserve, (i) recognition of R\$16 million in the legal reserve balance, which was included in NISA's books and (ii) R\$142 million in the distributable profit reserve, referring to NISA's adjusted result for 2022;
- on the Asset Valuation Adjustment, (i) R\$6,267 million referring to the transaction with partners included in the NISA records, corresponding to the goodwill originated in NISA's acquisition transactions of 10% of NTS' capital in April 2021, and capital increase through contribution of net book assets in December 2021 and (ii) R\$145 million referring to the effective portion of the net change in the fair value of cash-flow hedge financial instruments (net of deferred IT&SC), contracted to mitigate exchange rate fluctuations and interest on foreign currency loans contracted by NISA.

A profit reserve on tax incentives was constituted, in the amount of R\$43 million in H1'22, totaling R\$174 million on June 30, 2022, arising from an investment subsidy related to the appropriation of ICMS credit from ICMS Agreement 106/96, which grants a 20% credit on due ICMS to companies that provide transport services. The credits are recorded in the income statement of the period and are allocated monthly to the tax incentive reserve, being excluded from the dividend tax base.

12. DIVIDENDS AND INTEREST ON EQUITY

On April 19, 2022, the Company's Management approved the distribution of R\$594.3 million as interim dividends referring to the fourth quarter of 2021, paid in the same month. In April, R\$8 million was also paid as interest on equity approved in 2021.

Additionally, on June 3, 2022, the Company's Management approved the payment of R\$18 million related to inflation adjustments on dividends referring to the fourth quarter of 2021, at the SELIC rate applied in the period between December 31, 2021 and the date of the

effective payment of dividends in April. This effect was recorded within the financial result for the current year.

13. INDEPENDENT AUDITORS

Independent external auditors are hired exclusively for external auditing services. No other service was requested to the auditors.

14. RATING

NTS has a long-term national corporate rating and a rating for the Company's second debenture issuance of "AAA(bra)", with a stable outlook, issued by Fitch Ratings. In January 2022, the rating was reaffirmed by Fitch Ratings. The Fitch report is available at <https://ri.ntsbrasil.com>.

15. EVENTS AFTER JUNE 30, 2022

At a meeting of the Board of Directors held on July 25th, 2022, NTS' interim distribution of dividends and interest on equity amounting to R\$1,530 million was unanimously approved, without reservations, based on a favorable opinion of the Fiscal Council. The distribution was completed on July 27, 2022.

At a meeting of the Board of Directors held on August 15th, 2022 the execution of one or more loan(s) in foreign currency, under the terms of Law No. 4.131/1962 ("Loans"), as well as the execution of derivatives operations by the Company, to be executed according to the Loans' equivalent amount ("Derivatives") were approved.

The Loans shall be contracted with the purpose of paying Company's obligations resulting from the Indenture of Public Issuance of Simple Debentures, Non-Convertible into Shares, Unsecured, of Second Issuance of the Company, signed on April 30th, 2018 and maturing in April, 2023.

The Loans shall be executed in an amount of up to US\$ 300 million, to be converted into national currency according to the conditions provided for in the respective Derivatives, with expiration date of up to 3 (three) years.

Quarterly Information (ITR)

Nova Transportadora do Sudeste S.A - NTS

On June 30, 2022
with Independent Auditor's Review Report

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Nova Transportadora do Sudeste S.A - NTS

Quarterly Information (ITR)

June 30, 2022

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Independent auditor’s review report on Interim Financial Information

To

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 June 30, 2022, comprising the statement of financial position as of June 30, 2022 and the related statements of profit or loss and of comprehensive income for the three and six months periods then ended, and of changes in equity and of cash flows for the six 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 the 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 includes the statement of value added (SVA) for the six-month period ended June 30, 2022, 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, August 15, 2022.

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

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

Nova Transportadora do Sudeste S.A - NTS

Balance Sheets

June 30, 2022 and December 31, 2021

(In thousands of Brazilian Reais)

Assets	Note	June 30, 2022	December 31, 2021
Current			
Cash and Cash Equivalents	5	2,617,957	2,235,391
Trade Receivables	6	1,301,125	1,169,706
Taxes Recoverable	13.1	5,796	199
Other Accounts Receivable	7	192,549	157,570
Prepaid Expenses	23	6,886	15,774
Advances		3,897	3,396
Gas Inventory	1.4	30,200	-
Others		450	545
		4,158,860	3,582,581
Non-Current			
Derivative Financial Instruments	21 (b)	181,348	-
Restricted Bank Deposits	8	16,065	15,651
Court Deposits	20.2	17,867	17,468
Consumables Inventories		2,957	2,295
Taxes Recoverable	13.1	24,825	20,353
Property, Plant & Equipment	9	7,753,807	7,771,485
		7,996,869	7,827,252
		12,155,729	11,409,833
Total Assets			

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Balance Sheets

June 30, 2022 and December 31, 2021

(In thousands of Brazilian Reais)

Liabilities	Note	June 30, 2022	December 31, 2021
Current			
Suppliers	10	452,855	447,121
Taxes Payable	13.1	77,308	80,922
Payroll and Charges Payable		17,686	28,402
Debentures and Financing	11	5,482,097	80,659
Derivative Financial Instruments	21 (b)	229,064	-
Dividends and Interest on Shareholders' Equity	15.3	-	7,576
Income Tax and Social Contributions payable	13.1	659,726	913,061
		6,918,736	1,557,741
Non-Current			
Debentures and Financing	11	6,867,222	5,261,359
Provision for Contractual Transfer	14.1	76,135	69,566
Provisions for Environmental Compensation	14.2	38,500	36,373
Provision with Environmental Constraints	14.3	33,076	35,604
Provision for Contingencies	20.1	24,172	3,264
Provision for Intersection Crossing		17,316	13,054
Deferred Taxes	13.2	1,406,309	1,966,320
Other Liabilities		2,924	1,368
		8,465,654	7,386,908
Shareholders' Equity			
Share Capital	15.1	508,712	508,712
Capital Reserve	15.2	708,824	1,192,463
Profit Reserve	15.3	228,398	764,009
Accumulated Profit		1,737,474	-
Other Comprehensive Income	15.5	(144,971)	-
Adjustment from Property Appraisals	15.4	(6,267,098)	-
		(3,228,661)	2,465,184
Total Liabilities and Shareholders' Equity		12,155,729	11,409,833

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Income Statements

Three-Month and Six-Month Periods ended June 30, 2022 and 2021

(In thousands of Brazilian Reais, unless otherwise stated)

	Note	Three-Month Period Ended		Six-Month Periods Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Revenue	16	1,679,609	1,425,958	3,342,576	2,833,910
Cost of Services	17	(194,608)	(235,845)	(393,193)	(465,128)
General and Administrative Expenses	18	(31,040)	(17,716)	(41,744)	(29,035)
Operating Expenses		(31,040)	(17,716)	(41,744)	(29,035)
Operating Profit		1,453,961	1,172,397	2,907,639	2,339,747
Financial Revenues	19	77,438	10,650	137,684	16,091
Financial Expenses	19	(401,841)	(49,019)	(564,193)	(80,544)
Net Financial Results		(324,403)	(38,369)	(426,509)	(64,453)
Profit before Income Tax and Social Contribution		1,129,558	1,134,028	2,481,130	2,275,294
Current Income Tax and Social Contribution	13.3	(408,426)	(272,346)	(881,614)	(559,933)
Deferred Income Tax and Social Contribution	13.2	21,978	(104,661)	38,992	(200,744)
Net Income for the Period		743,110	757,021	1,638,508	1,514,617
Basic and Diluted Earnings per Share (in R\$)	15	0.32	0.33	0.71	0.66

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Statements of Comprehensive Income
 Three-Month and Six-Month Periods ended June 30, 2022 and 2021
 (In thousands of Brazilian Reais)

	Three-Month Period Ended		Six-Month Periods Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net Income for the Period	743,110	757,021	1,638,508	1,514,617
Other Comprehensive Income, Net of Taxes:	(144,971)	-	(144,971)	-
Results from Cash Flow Hedge	(219,654)	-	(219,654)	-
Deferred Income Tax/Social Contribution ex-Cash Flow Hedge Result	74,683	-	74,683	-
Comprehensive Income (Expenses) for the Period	598,139	757,021	1,493,537	1,514,617

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Statements of Changes in Shareholders' Equity Six-Month Periods ended June 30, 2022 and 2021 (In thousands of Brazilian Reais)

	Capital Reserve		Profit Reserve				Total
	Share Capital	Capital Transaction	Legal	Tax Incentive Reserve	Proposed Dividends	Accumulated Profit	
Balances on December 31, 2020	508,712	1,192,463	38,368	58,212	345,815	-	2,143,570
Net Income for the Period	-	-	-	-	-	1,514,617	1,514,617
Interest on Shareholders' Equity	-	-	-	-	-	(35,750)	(35,750)
Approved Dividends	-	-	-	-	(345,815)	(1,156,248)	(1,502,063)
Subsidies - Tax Incentives	-	-	-	35,751	-	(35,751)	-
Balances on June 30, 2021	508,712	1,192,463	38,368	93,963	-	286,868	2,120,374

	Capital Reserve		Profit Reserve			Adjustm. from Property Appraisals	Other Comprehensive Income	Total	
	Share Capital	Capital Transaction	Legal	Tax Incentive Reserve	Additional Dividends Proposed	Accumulated Income (Loss)	Transaction with Partners		Cash Flow Hedge Reserve
Balances on December 31, 2021	508,712	1,192,463	38,368	131,366	594,274	-	-	-	2,465,183
Net Income for the Period	-	-	-	-	-	1,638,508	-	-	1,638,508
<i>NISA's Merger Impacts (line-by-line):</i>	-	-	-	-	-	-	-	-	-
Elimination of Equity Interest held in NTS	-	(927,904)	-	-	-	-	-	-	(927,904)
Retained Earnings and Legal Reserve of the Merged Company	-	-	15,612	-	-	142,018	-	-	157,630
Tax Benefit from NISA's Merger	-	444,265	-	-	-	-	-	-	444,265
Equity Valuation Adjustments of the Merged Company	-	-	-	-	-	-	(6,267,098)	-	(6,267,098)
Approved Dividends	-	-	-	-	(594,274)	-	-	-	(594,274)
Subsidies - Tax Incentives	-	-	-	43,052	-	(43,052)	-	-	-
<i>Other Comprehensive Income:</i>	-	-	-	-	-	-	-	-	-
Results from Cash Flow Hedge	-	-	-	-	-	-	-	(219,654)	(219,654)
Deferred Income Tax/Social Contribution ex-Cash Flow Hedge Result	-	-	-	-	-	-	-	74,683	74,683
Balances on June 30, 2022	508,712	708,824	15,612	174,418	-	1,737,474	(6,267,098)	(144,971)	(3,228,661)

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Cash Flow Statements

Six-Month Periods ended June 30, 2022 and 2021

(In thousands of Brazilian Reais)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Operational Activities		
Net Income for the Period	1,638,508	1,514,617
Adjustments to Non-Cash Expenses and Revenues:		
Deferred Income Tax and Social Contribution	(38,992)	200,744
Interest expense on debentures, financing and swap (including charges and hedging effects of exchange rate variation on debts in foreign currency)	502,903	74,168
Depreciation and Amortization	229,058	225,464
Provision for Bonuses, Vacations and 13 th Salary	13,947	10,996
Others	10,936	(480)
	<u>2,356,360</u>	<u>2,025,509</u>
Variations in Assets and Liabilities		
Trade Receivables	(131,419)	(160,079)
Taxes Recoverable	(4,581)	45,796
Other Accounts Receivable	(34,979)	(29,803)
Other Assets	7,821	12,319
Suppliers and Other Payables	6,243	9,559
Earnings and Charges Payable	(17,748)	(13,356)
Taxes Payable	877,849	561,816
Current Income Tax and Social Contribution	(1,262,146)	(727,229)
Gas Inventory	(30,200)	-
Environmental Provisions	(2,528)	(3,534)
Other Liabilities	14,510	5,727
Net Cash Flow from Operating Activities	<u>1,779,182</u>	<u>1,726,725</u>
Operational Activities		
Acquisition of Property, Plant & Equipment	(211,380)	(51,207)
Cash Flow used in Investing Activities	<u>(211,380)</u>	<u>(51,207)</u>
Financing Activities		
Payment of Bank Loans (Principal)	(60,000)	
Payment of Bank Loans (Interest)	(3,239)	(1,164)
Payment of Interest on Debentures	(348,864)	(56,497)
Cash from NISA's Merger	12,684	-
Payment of Dividends and Interest on Shareholders' Equity	(785,817)	(1,544,103)
Cash Flow used in Financing Activities	<u>(1,185,236)</u>	<u>(1,601,764)</u>
Increase (Decrease) in Cash and Cash Equivalents	<u>382,566</u>	<u>73,754</u>
Change in Cash and Cash Equivalents		
Cash and Cash Equivalents at the Start of the Period	2,235,391	954,089
Cash and Cash Equivalents at the End of the Period	<u>2,617,957</u>	<u>1,027,843</u>
	<u>382,566</u>	<u>73,754</u>

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Statement of Added Value
Six-Month Periods ended June 30, 2022 and 2021
(In thousands of Brazilian Reais)

	June 30, 2022	June 30, 2021
Value Added to Distribute		
Revenues	3,877,110	3,289,256
Services and Other Revenues	3,877,110	3,289,256
Inputs Purchased from Third Parties	(140,363)	(214,529)
Services, Energy, Third-Party Services, and Others	(140,363)	(214,529)
Gross Added Value	3,736,747	3,074,727
Depreciation and Amortization	(210,777)	(207,153)
Net Value Added by the Entity	3,525,970	2,867,574
Added Value Received in Transfer	144,688	16,091
Revenue from Investments - includes monetary and exchange variations	137,684	16,091
Other Revenues	7,004	-
Total Value Added to be Distributed	3,670,658	2,883,665
Distribution of value added		
Personnel	46,871	43,913
Direct Compensation	32,734	27,304
Benefits	11,883	14,770
FGTS	2,254	1,839
Taxes, Fees, and Contributions	1,390,794	1,222,169
Federal	1,212,977	1,072,106
State	174,535	139,892
Municipal	3,033	10,171
Third-Party Capital Compensation	594,734	102,966
Interest, Fines, Monetary and Exchange Variations	557,703	79,702
Donations and Sponsorships	(150)	5,680
Suppliers - Non-Operating Services	26,718	21,745
Other Third-Party Capital Compensation	10,463	(4,161)
Shareholders' Equity Compensation	1,638,508	1,514,617
Interest on Shareholders' Equity	-	35,750
Dividends Distributed	-	1,156,248
Earnings Retained in the Period	1,638,508	322,619
Total Value-Added Distribution	3,670,658	2,883,665

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

1. The Company and its Operations

Nova Transportadora do Sudeste S.A. (“NTS” or “Company”) was merged on January 15, 2002, to build, install, operate, and maintain gas pipelines in the Brazilian southeastern region, covering a network of gas pipelines between the states of São Paulo, Minas Gerais and Rio de Janeiro.

The Company has a single operating segment, referring to natural gas transportation, not subject to seasonality.

Transportation gas pipelines correspond to pipelines, part or not of a natural gas transportation system, intended to transport natural gas or connect supply sources, according to the criteria in the New Gas Law mentioned below, which may include complements and components, under ANP regulation.

The Company’s activity is subject to a Federal monopoly and the Company holds operating authorizations issued by the National Agency for Oil, Natural Gas and Biofuels (“ANP”).

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

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

On April 30, 2021, all shares held by Petrobras, corresponding to 10% of the Company's share capital, were purchased by Nova Infraestrutura Gasodutos Participações S.A. (“NISA”), a company whose shareholders are the Company's controlling shareholders, FIP and ITAÚSA. On December 16, 2021, the shareholders FIP and ITAUSA contributed of net assets to NISA transferring 741,916,697 (seven hundred and forty-one million, nine hundred and sixteen thousand, six hundred and ninety-seven) shares, corresponding to 32.09% of the Company's total shares.

On April 12, 2022, the merger of NISA into the Company (“Merger”) was approved. The Merger was preceded by an appraisal report on the book value of NISA's equity, prepared by an independent expert based on the accounting balances for March 31, 2022, and allowed rationalizing the corporate structure, and, therefore, consolidating and reducing expenses. Besides, the Merger was NISA’s obligation, undertaken in the deeds of the 1st and 2nd issue of simple, unsecured, non-convertible debentures, in a single series,

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

1. The Company and its Operations (continued)

for public distribution, with restricted distribution efforts, guaranteed by the Company through surety. With the Merger concluded, the Company succeeded NISA, universally and without interruption, in all assets, rights, claims, faculties, powers, immunities, quotas, exceptions, duties, obligations, subjections, burdens and responsibilities under NISA's responsibility, equity or non-equity, with NISA extinguished by law, so all shares issued by the Company and held by NISA were canceled and reissued, in equal numbers, to FIP and Itaúsa shareholders, in proportion to their interest in the Company's share capital. All Company's shares are now directly held by Itaúsa and FIP, in the proportion of 8.5% and 91.5% of the shares representing the Company's share capital, respectively.

The table below summarizes the financial impacts on the Company's quarterly information from NISA's merger, considering the equity variations in the balance sheets for the quarters ended on June 30 and March 31, 2022, as well as NISA's equity balances included in the balance sheet for April 12, 2022 and the eliminations applicable for merger purposes, whose impacts on the Company's Shareholders' Equity were based on the line-by-line method.

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

1. The Company and its Operations (continued)

	Equity Variation considering NISA's Merger						Total
	NTS June 30, 2022	NTS March 31, 2022	Excluding NISA	NISA April 12, 2022	Eliminations for Merger	Tax Benefit from the Merger	
Assets							
Current							
Cash and Cash Equivalents	2,617,957	2,633,959	(28,686)	12,684	-	-	(16,002)
Trade Receivables	1,301,125	1,265,329	35,796	-	-	-	35,796
Taxes to be Recovered - CP	5,796	202	5,594	-	-	-	5,594
Other Accounts Receivable	192,549	166,962	25,587	-	-	-	25,587
Prepaid Expenses	6,886	12,586	(5,700)	-	-	-	(5,700)
Interest without Shareholders' Equity	-	-	-	662	(662)	-	-
Advances - CP	3,897	14,985	(11,088)	-	-	-	(11,088)
Gas Inventory	30,200	-	30,200	-	-	-	30,200
Others - CP	450	454	(4)	-	-	-	(4)
	4,158,860	4,094,477	51,699	13,346	(662)	-	64,383
Non-Current							
Derivative Financial Instruments	181,348	-	181,348	-	-	-	181,348
Linked Deposits	16,065	15,854	211	-	-	-	211
Court Deposits	17,867	17,667	200	-	-	-	200
Consumables Inventory	2,957	2,124	833	-	-	-	833
Taxes to be Recovered - LP	24,825	22,339	(3,002)	5,488	-	-	2,486
Investment	-	-	-	1,414,310	(1,414,310)	-	-
Property, Plant & Equipment	7,753,807	7,699,227	54,580	-	-	-	54,580
	7,996,869	7,757,211	234,170	1,419,798	(1,414,310)	-	239,658
Total Assets	12,155,729	11,851,688	285,869	1,433,144	(1,414,972)	-	304,041

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

1. The Company and its Operations (continued)

Liabilities	Equity Variation considering NISA's Merger						Total
	NTS June 30, 2022	NTS March 31, 2022	Excluding NISA	NISA April 12, 2022	Eliminations for Merger	Tax Benefit from the Merger	
Current							
Suppliers	452,855	441,571	9,543	1,741	-	-	11,284
Taxes Payable	77,308	84,076	(6,919)	151	-	-	(6,768)
Payroll and Charges Payable	17,686	32,992	(15,306)	-	-	-	(15,306)
Debentures/Financing Payable - CP	5,482,097	220,413	5,165,806	95,878	-	-	5,261,684
Derivative Financial Instruments	229,065	-	229,065	-	-	-	229,065
Dividends and Interest without Shareholders' Equity	-	7,576	(191,542)	184,628	(662)	-	(7,576)
Income Tax and Social Contribution to Collect	659,726	389,291	143,238	127,197	-	-	270,435
	6,918,737	1,175,919	5,333,885	409,595	(662)	-	5,742,818
Non-Current							
Debentures/Financing Payable - LP	6,867,222	5,199,676	(4,981,137)	6,648,683	-	-	1,667,546
Provision for Contractual Transfer	76,135	74,237	1,898	-	-	-	1,898
Provisions for Environmental Compensation	38,500	37,402	1,098	-	-	-	1,098
Provision with Environmental Constraints	33,076	34,757	(1,681)	-	-	-	(1,681)
Provision for Legal Contingencies	24,172	3,264	20,908	-	-	-	20,908
Provision for Intersection Crossing	17,316	15,178	2,138	-	-	-	2,138
Deferred Taxes	1,406,309	1,949,306	(96,661)	(2,071)	-	(444,265)	(542,997)
Other Liabilities	2,923	1,368	1,555	-	-	-	1,555
	8,465,653	7,315,188	(5,051,882)	6,646,612	-	(444,265)	1,150,465
Shareholders' Equity							
Share Capital	508,712	508,712	-	2,652	(2,652)	-	-
Capital Reserve	708,824	1,192,463	-	-	(927,904)	444,265	(483,639)
Profit Reserve	228,398	784,544	(571,758)	15,612	-	-	(556,146)
Accumulated Profit	1,737,474	874,862	720,595	625,771	(483,754)	-	862,612
Other Comprehensive Income	(144,971)	-	(144,971)	-	-	-	(144,971)
Adjustment from Property Appraisals	(6,267,098)	-	-	(6,267,098)	-	-	(6,267,098)
	(3,228,661)	3,360,581	3,866	(5,623,063)	(1,414,310)	444,265	(6,589,242)
Total Liabilities	12,155,729	11,851,688	285,869	1,433,146	(1,414,972)	-	304,041

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

1. The Company and its Operations (continued)

1.2. Approval of the New Gas Law

On April 8, 2021, the President of the Republic sanctioned Law 14134, the so-called "New Gas Law". The law brings innovations for activities carried out by NTS, among which: (i) setting an authorization regime for all natural gas transportation activities, with no term; (ii) new rules for operating and balancing gas pipelines and natural gas transportation systems; and (iii) setting rules for the independence and autonomy of natural gas carriers regarding agents that carry out competitive activities in the natural gas industry. It also has provisions to ensure the rights of carriers in existing transportation service contracts, including those related to protecting the revenue currently earned by carriers to adapt to the new entry and exit capacity contracting regime.

1.3. COVID-19 Impacts

With the public health emergency due to COVID-19 pandemic declared over by the authorities and a significant improvement in epidemiological indicators, NTS activities are once again carried out in person at all facilities, with flexibility of some health protocols. NTS Crisis Committee continues to periodically monitor the effects of the COVID-19 pandemic on operations, backing decisions on recommendations from health authorities and always focusing on preserving the health of all.

1.4. Acquisition of Volume of Gas for Storage of the Transportation Network ("Linepack")

On March 17, 2022, the Company's Board of Directors approved acquiring 40,000 m³ (forty million) in gas volume for a reference inventory of the Company's transportation network ("Linepack"), necessary to enable the transportation operation with multiple carriers. The approval was supported by ANP's decision, through Official Letter 17/2022/SIM/ANP-RJ of February 25, 2022, which approved acquiring the said volume such as the inclusion of this investment in the Company's gas transportation tariffs, after technical and economic analysis of the data presented.

The 40,000 m³ (forty million) volume was acquired between April and June 2022 for R\$134,853 with around 9,200 m³ (nine million, two hundred thousand) or R\$30,200 classified as gas inventory and the remainder as part of the Company's property, plant and equipment.

1.5. Access to capital markets and funding sources

The Company has broad access to the capital market for taking on debt with the objective of rolling over or issuing new funding, as a result of its low leverage and high capacity to generate operating cash. Management monitors the market and accesses it when necessary to meet its cash needs.

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

2. Presentation Base for the Quarterly Information

The quarterly information was prepared and presented under NBC TG 21 Interim Financial Reporting, which was approved by the Federal Accounting Council (CFC) and under IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board. – IASB. The quarterly information was prepared based on the historical cost, except for derivative financial instruments measured at fair value.

This quarterly information is presented with the relevant changes in the period, not repeating certain previously disclosed notes, which, in the management's opinion, provide a comprehensive view of the Company's equity and financial position and its operational performance. Therefore, this accounting information must be read with the Company's annual financial statements for the fiscal year ended December 31, 2021.

Additionally, the Company considered the guidelines from Technical Guideline OCPC 07 when preparing its quarterly information. Thus, the relevant information inherent to the quarterly information highlighted and correspond to the information used by the Management's administration.

This quarterly information was approved by the Fiscal Council on August 12 2022 and later by the Board of Directors on August 15, 2022.

NTS's functional currency is the Brazilian Real, as it is the currency of its economic operating environment.

3. Summary of Main Accounting Policies

The accounting policies and calculation methods used when preparing this quarterly information are the same adopted when preparing the Company's annual financial statements for the fiscal year ended December 31, 2021 issued on March 25, 2022, except when contracting instruments derivative financial statements and adopting hedge accounting, whose subsequent paragraphs complement the policies disclosed in the annual financial statements for the fiscal year ended December 31, 2021.

3.1. Derivative Financial Instruments

Derivative financial instruments hired by the Company are intended to protect its operations against the risk of fluctuations in foreign exchange and interest rates and are not used for speculative purposes.

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

3. Summary of Significant Accounting Policies (Continued)

3.1. Derivative Financial Instruments (Continued)

Transactions with derivative financial instruments are designated as cash flow hedges and unrealized gains and losses from fluctuations in the fair value of these instruments are recognized in the equity valuation adjustments account in equity included in derivative financial instruments, in the balance sheet. When realized, losses and gains from derivative transactions are reclassified from equity to income.

Derivatives are initially measured at fair value; any directly attributable transaction costs are recognized in the result when incurred.

After initial recognition, derivatives are measured at fair value and changes in fair value are recorded in the result, except when instruments are hired to hedge against exposure to financial risks and whose cash flow hedge accounting cash is adopted by the Company.

3.2. Cash Flow Hedge Accounting

Cash flow hedge accounting is adopted to protect the Company from cash flow volatility attributable to a risk exposure that is not tolerated under Company' risk management practices.

The Company designates the intrinsic value of the contracted hedging instruments as a hedge. The effective portion of changes in the fair value of instruments designated and qualified as cash flow hedges is recorded in equity as an equity valuation adjustment under cash flow hedge income. The gain or loss linked to the ineffective portion is recognized, when applicable, in income for the year under financial expenses, net.

The amounts accumulated in equity are transferred to income for the year in the periods and items in which the hedged item affects income for the year.

When a cash flow hedging instrument is liquidated, or when it no longer meets the eligibility criteria for the adoption of hedge accounting, any gain or loss accumulated in Equity Valuation Adjustment in Shareholders' Equity is realized against profit or loss (in the same item used by the hedged item) as the hedged object is also performed against the result. When the hedged transaction is no longer expected to occur, the variation recorded in Shareholders' Equity is immediately transferred to the statement of income for the year, under financial income.

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

3. Summary of Significant Accounting Policies (Continued)

The Company applies cash flow hedge accounting for certain derivative financial instruments contracted for the purpose of hedging foreign exchange risk in debt transactions to be effectively disbursed.

At the time of initial designation of the hedge, the Company formally documents the relationship between the hedging instruments and the items that are hedged, including the risk management goals and the strategy in the transaction, together with the methods that will be used to assess the effectiveness of the relationship.

Currently, the loans linked to Law 4131/1962 have hedged operations as swaps (derivative financial instruments) that aim both at the exchange of fixed rates for floating rates in CDI, as well as the exchange of currency from dollars to reais, and were classified as cash flow hedges.

These swaps were hired with financial institutions together with the loans (debt in foreign currency + swap for reais in % of CDI). The terms and conditions of the loans and derivatives are configured as a combined operation, with the economic result of debts paid based on % of CDI and in reais on the Company's balance sheet. The Company established a hedging ratio of 1:1 and quarterly performs a qualitative and prospective analysis of the effectiveness of the hedge.

The fair values of derivative financial instruments used for hedging purposes are disclosed in Note 21 (b). The changes in the hedge amounts recorded in the equity valuation adjustments account in equity are shown in Note 15.4 (b).

4. Relevant Estimates and Understandings

The quarterly information presented was based on several valuation bases used in accounting estimates. The accounting estimates involved in the preparation of the quarterly information were supported by goal and subjective factors, based on Management's understanding to set the due amount to be recorded in the quarterly information. Important items subject to these estimates and assumptions include the selection of the lifespan of property and equipment and its recoverability in operations, valuation of assets, financial liabilities, derivative financial instruments at fair value and by the method of adjustment to present value, as well as the analysis other risks to set other provisions, including contingencies.

Regarding uncertain tax treatments, provided for in IFRIC 23 / ICPC 22 for income tax and social contribution, management assesses the probability of acceptance and decisions of higher courts of last resort. Management evaluated the main tax treatments adopted in the outstanding periods subject to questioning by the

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Six-Month Period ended June 30, 2022
(In thousands of Brazilian Reais, unless otherwise stated)

4. Relevant Estimates and Understandings (Continued)

tax authorities and concluded that there is no significant impact to be recorded in the quarterly information.

The settlement of transactions using these estimates may result in amounts substantially different from those recorded in the quarterly information due to the probabilities inherent in the use of estimates. The Company reviews its estimates periodically throughout the year.

For more information on relevant estimates, see Note 5 of the financial statements for December 31, 2021.

5. Cash and Cash Equivalents

	June 30, 2022	December 31, 2021
Cash and Banks	156	1,034
Short-Term Financial Investments	2,617,801	2,234,357
	2,617,957	2,235,391

Financial investments are short-term, highly liquid and readily convertible into a known amount of cash.

The current compensation of the Company's financial investments is equivalent to around 105% of the CDI. The Company's investments were allocated to Fixed Income with compensation linked to the CDI.

6. Accounts Receivable

	June 30, 2022	December 31, 2021
Petróleo Brasileiro S.A – Petrobras	1,298,565	1,169,706
GALP Energia Brasil S.A.	2,560	-
	1,301,125	1,169,706

The Company's receivables arise from Gas Transportation Contracts (GTAs) signed with Petrobras and Interruptible Gas Transportation Contracts signed with GALP, effective until December 31, 2022. There are no receivables due on June 30, 2022 and December 31, 2021, and we do not have any expected losses linked to these receivables.

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7. Other Accounts Receivable

The balance of R\$192,549 on June 30, 2022 (R\$157,570 on December 31, 2021) refers to: i) expenses incurred by the Company under the Management and Remediation of Stress Corrosion Cracks (SCC) activities totaling R\$130,705 (R\$111,004 on December 31, 2021); and ii) Lease Class totaling R\$61,844 (R\$46,566 on December 31, 2021). Such amounts must be reimbursed by Petróleo Brasileiro S.A. – Petrobras over the next 12 months, as part of the remaining obligations agreed between the buyer and seller to sell the Company. Said balance is not monetarily restated.

8. Eligible Deposits

The balance of R\$16,065 on June 30, 2022 (R\$15,651 on December 31, 2021) refers to savings accounts held with Banco do Brasil to cover environmental compensation linked to building GASAN II, GASPAL gas pipelines II and ECOMP de Guararema in the State of São Paulo, which will be used as requested by environmental agencies. Such deposits must remain linked to a savings account and follow the provisions of Federal Law 9985/2000, which constituted the National System of Conservation Units - SNUC.

9. Property, Plant & Equipment

Description	Balance on December 31, 2021			Movement in the Period				Balances on June 30, 2022		
	Cost	Deprec. Accum.	Balance	Additions	Write-Offs	Transf.*	Deprec.	Cost	Deprec. Accum.	Balance
Construction in Progress	362,518	-	362,518	205,574		(89,095)		478,997	-	478,997
Improvement in Third-Party Assets	5,153	(2,043)	3,110			5,085	(305)	10,238	(2,348)	7,890
Environmental Constraints	145,409	(41,653)	103,756				(2,746)	145,409	(44,399)	101,010
Equipment and Other Goods	11,794,644	(4,516,594)	7,278,050	660		84,010	(226,007)	11,879,314	(4,742,601)	7,136,713
Property, Plant & Equipment in Progress	24,051	-	24,051	5,146				29,197	-	29,197
	12,331,775	(4,560,290)	7,771,485	211,380		-	(229,058)	12,543,155	(4,789,348)	7,753,807

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9. Property, Plant and Equipment (continued)

- The amount of R\$89,095 capitalized in the first half of 2022 refers to building and assembling projects of the Guapimirim Receiving Point (R\$13,338), renovating offices (6,785), replacing a chromatograph (R\$3,252), installing Chromatographs (R\$5,576), SCADA Project (R\$58,444) and others (R\$1,700)

Description	Balances on December 31, 2020			Movement in 2021				Balance on December 31, 2021		
	Cost	Accumulated Depreciation	Balance	Additions	Write-Offs	Transf.	Deprec.	Cost	Accumulated Depreciation	Balance
Construction in Progress	213,922	-	213,922	204,492	-	(55,896)	-	362,518	-	362,518
Improvement in Third-Party Assets	5,153	(1,559)	3,594	-	-	-	(484)	5,153	(2,043)	3,110
Environmental Constraints	148,839	(36,329)	112,510	-	(3,430)	-	(5,324)	145,409	(41,653)	103,756
Equipment and Other Goods	11,737,819	(4,071,492)	7,666,327	929	-	55,896	(445,102)	11,794,644	(4,516,594)	7,278,050
Spare Materials and Equipment	-	-	-	24,051	-	-	-	24,051	-	24,051
	12,105,733	(4,109,380)	7,996,353	229,472	(3,430)	-	(450,910)	12,331,775	(4,560,290)	7,771,485

The balance of works in progress is made up of costs to build, maintain and repair pipelines (provided they are linked to replacing parts and equipment or in compliance with regulatory requirements that increase the lifespan of the asset), compression stations/services, of delivery and with the Management Plan for Correction of Stress by Corrosion or Fissure of Gas Pipelines (SCC).

In 2022, the Company started building and assembling Itaboraí-Guapimirim natural gas pipeline (GASIG), which will be around 11 KM long, 24 inches in diameter and have a capacity of 18.2 MM m³/day, with construction authorized by ANP in favor of the Company, through SIM-ANP Authorization 150.

Capitalized Loan Costs

In the six-month period ended June 30, 2022 and the fiscal year ended December 31, 2021, there was no capitalization of interest on financing for construction projects in the Company's property, plant and equipment.

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9. Property, Plant and Equipment (Continued)

Lifespan Attributed to Assets

Depreciation is calculated based on the straight-line method over the estimated lifespan of the assets, as shown below:

Buildings and Improvements – from 16 to 30 years old
Improvements to Third-Party Assets – 10 to 30 years

Pipelines, Equipment and Other Items – up to 30 years
Environmental Constraints – up to 30 years

The residual value and lifespan of assets and the depreciation methods are reviewed each fiscal year, and adjusted prospectively, when applicable.

The NTS pipeline network includes the following sections:

GASTAU

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

GASDUC III

The Cabiúnas-REDUC Gas Pipeline (GASDUC III), 180 km long and 38 inches in diameter, is the largest diameter in South America and has the largest transport capacity (40 million m³/day) among Brazilian gas pipelines.

GASPAJ

The Paulínia-Jacutinga Gas Pipeline (GASPAJ), 93 km long and 14 inches in diameter, aims to meet the demand for natural gas in the southern region of the state of Minas Gerais. The gas pipeline originates in the city of Paulínia/SP, where the Paulínia-Jacutinga, Campinas-Rio (GASCAR), REPLAN-Guararema do Gasoduto Bolívia Brasil (GASBOL), as well as the REPLAN Delivery Point.

SOUTHEAST NETWORK

The Southeast Network includes five gas pipelines and two branches:

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9. Fixed Assets_(continued)

GASAN

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

GASCAR

The Campinas-Rio Gas Pipeline (GASCAR), 453 km long and 28 inches in diameter, aims to increase the flow capacity of Bolivian gas to Rio de Janeiro. The gas pipeline starts at the Planalto Refinery (REPLAN), in the city of Paulínia/SP, extending to the city of Japeri/RJ, where it connects to the GASVOL and GASJAP pipelines, both in the state of Rio de Janeiro.

GASPAL

The ESVOL-RECAP Gas Pipeline (GASPAL), 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

The REDUC-ESVOL Gas Pipeline (GASVOL), 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, also having a branch of 5.5 km in length within the municipality of Volta Redonda/RJ.

GASBEL I

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

Campos Elíseos Branch Line 16"

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

SOUTHEAST NETWORK II

The Southeast Network II includes the following gas pipelines:

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9. Fixed Assets_(continued)

GASJAP

The JAPERI-REDUC Gas Pipeline (GASJAP), 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, connecting the Caxias Hub to the Campinas-RIO Gas Pipeline (GASCAR). The Gas Pipeline has a Compression Station in Campos Elíseos.

GASAN II

The RECAP-RPBC Gas Pipeline (GASAN II), 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, allowing expansion, together with GASPAL II, of the natural gas transport capacity of the Guararema-RPBC system.

GASPAL II

The Guararema-Mauá Gas Pipeline (GASPAL II), 54 km long and 22 inches in diameter, starts in the municipality of Guararema/SP and ends in the municipality of Mauá, allowing the expansion, together with GASAN II, of the capacity of transport of natural gas from the Guararema-RPBC system.

GASBEL II

The Rio de Janeiro-Belo Horizonte II Gas Pipeline (GASBEL II), 267 km long and 18 inches in diameter, starts in the municipality of Volta Redonda/RJ and ends in the municipality of Queluzito/MG, has increased the supply of natural gas for the state of Minas Gerais, mainly in the metropolitan region of Belo Horizonte and in Vale do Aço.

Assets Impairment

Management annually reviews events or changes in the economic, operating or technological circumstances of its assets to assess if there are any prior indications of impairment. No indications of impairment of property, plant and equipment were identified in the six-month period ended June 30, 2022 and fiscal year ended December 31, 2021.

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10. Suppliers

Suppliers	June 30, 2022	December 31, 2021
Petróleo Brasileiro S.A - Petrobrás	374,483	315,942
Petróleo Transportes S.A - Transpetro	18,575	45,372
Solar Turbines	7,468	3,469
Confab Industrial	3,643	-
Spiecapag Intech	3,011	4,585
Industec	1,968	-
Atitubos	1,640	-
Voith Turbo	1,547	-
Vectra Engenharia	1,265	-
Worley Engenharia	1,262	2,452
Enerflex Energia	1,123	2,896
Conaut Controles	1,009	-
Westcon Brasil	990	-
Rosenbra Engenharia	977	2,355
Engetec Projetos	862	-
Meio Biótico Consultoria	854	-
GI Group	837	-
Alvaro Aguiar	821	-
Samba Share Logistics	756	-
Superenge Serviços	685	-
Gocil Serviços	641	-
Dell Computadores	569	-
EDP Distribuição	561	-
Intech Engenharia	-	7,352
Alvaro Engenharia	-	3,624
Emerson Process Management	-	709
Exterran	-	928
Tokio Marine	-	10,810
Superenge Serviços	-	2,655
Consultants and Other Services	3,498	9,977
Other Suppliers	23,810	33,995
	452,855	447,121

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11. Debentures and Financing

Operation/Instrument	Indexer	Currency	Balance Raised	Start	Maturity	Principal	Interest	Cost of Funding	June 30, 2022	December 31, 2021
Commercial Notes	CDI + +1.90%	R\$	(1,500,000)	Mar-22	Mar-32	1,500,000	54,737	(14,160)	1,540,577	-
Debentures_2 nd Issue	109% %CDI	R\$	(5,200,000)	May-18	Apr-23	5,200,000	126,728	(1,785)	5,324,943	5,279,848
Debentures_1 st Issue_NISA	CDI + +1.99%	R\$	(1,547,187)	Apr-21	Apr-28	1,547,187	38,747	(7,679)	1,578,255	-
Debentures_2 nd Issue_NISA	CDI + +1.90%	R\$	(1,500,000)	Mar-22	Mar-32	1,500,000	54,737	(14,160)	1,540,577	-
Loan_Santander (CCB)	CDI + 1.45%	R\$	(60,000)	Jul-21	Feb-22	-	-	-	-	62,170
Loan_Scotia Bank (a)	USD/BRL + 2.08%	US\$	(300,000)	Apr-22	Apr-27	1,571,400	8,165	-	1,579,565	-
Loan_MUFG (a) / (b)	USD/BRL + 2.89% / 2.98%	US\$	(59,000)	Apr-22	Apr-27	309,042	2,230	-	311,272	-
Loan_CITI (a)	USD/BRL + 2.3%	US\$	(90,000)	Apr-22	Apr-27	471,420	2,710	-	474,130	-
						<u>12,099,049</u>	<u>288,054</u>	<u>(37,784)</u>	<u>12,349,319</u>	<u>5,242,018</u>
									5,482,097	80,659
									<u>6,867,222</u>	<u>5,261,359</u>
									<u>12,349,319</u>	<u>5,242,018</u>

(a) Derivative financial instruments (swap) were hired with financial institutions with the loans (debt in foreign currency + swap for Brazilian Real in % of CDI). The terms and conditions of the loans and derivatives are set as a combined operation, with the economic result of a debt paid based on % of the CDI and in Brazilian Real on the Company's balance sheet. The derivatives hired are consistent with the Company's financial risk management strategy, with the goal to substantially eliminate cash flow volatility attributable to the exposure to the exchange rate variation of debt in foreign currency. For this reason, the Company adopted cash flow hedge accounting, as per notes 3.2, 15.4 and 21 (b). The balances of these loans are presented without considering the hedging effects of the corresponding swaps.

(b) The charges on the loan signed with the MUFG are 2.89% p.a. until March 31, 2023 and 2.98% p.a., from April 1, 2023 until maturity.

11.1. Debentures

2nd Issuance of Debentures by NTS

On April 20, 2018, the Company's Extraordinary Shareholders' Meeting approved the Second Issue of Simple Debentures, non-convertible into shares, unsecured, in a single series, subject to a public offering for distribution with restricted placement efforts, as per Instruction 476 of the Brazilian Securities and Exchange Commission and other legal and regulatory provisions, totaling R\$5,200,000 (five billion, two hundred million reais) and with a unit par value of R\$10.

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11. Debentures and Financing (Continued)

The Second Debenture 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, the debentures were issued for the amount approved at the Extraordinary General Meeting of April 20, 2018 and paid in on May 15, 2018. The debentures bear interest at 109.00% of the accumulated variation of the CDI rate, semi-annual interest payments in April and October, do not have intermediate amortizations and mature on April 25, 2023, without debt renegotiation 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) Financial ratio from dividing the Net Financial Debt by EBITDA, must be equal to or less than 3.0 times; and
- (b) Financial ratio from dividing the EBITDA by Net Financial Expenses, which must be equal to or greater than 1.5 times.

At the closing of the quarterly information ended June 30, 2022, the Company calculated both rates and concluded that the covenants were being complied with.

1st Issuance of Debentures by NISA, merged into NTS in April 2022

On April 27, 2021, NISA signed a Private Deed of the 1st issue of simple, non-convertible debentures, totaling R\$1,547,187, maturing in 07 (seven) years, i.e., April 27, 2028. The debentures bear interest at 100% of the accumulated variation of the CDI rate, plus a spread equivalent to 1.99% per year, semiannual interest payments in April and October, do not have intermediate amortizations and clauses for debt renegotiation or automatic renewal.

According to the terms of the Deed of the first issue of debentures, there was an obligation recognized by NISA to be reversely merged into the Company within a maximum period of 13 months from the date of conclusion of the sale transaction (that is, May 2022), under penalty of early maturity in the event of default. The reverse merger was concluded on April 12, 2022, when from then on the Company became the universal successor of NISA concerning the terms and conditions of these debentures.

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11. Debentures and Financing (Continued)

The debentures have covenants that require the Company to comply with the following financial ratios:

- (a) Financial ratio from dividing the Net Financial Debt by the EBITDA, it must be equal to or less than 4.5 times, raising new funds by issuing debt instruments; and
- (b) Financial ratio from dividing the EBITDA by the Net Financial Expense, which must be equal to or greater than:
 - a. 1.0 time, when distributing dividends to shareholders (dividends, interest on shareholders' equity or any other profit distribution); and
 - b. 1.1 time, when raising new funds by issuing debt instruments.

At the closing of the quarterly information ended June 30, 2022, the Company calculated the ratios and concluded that the covenants were being complied with.

2nd Issuance of Debentures by NISA, merged into NTS in April 2022

On March 15, 2022, NISA's Executive Board approved signing a Private Deed for the 2nd issue of simple, non-convertible debentures, totaling R\$1,500,000, maturing in March 2032. The debentures bear interest at 100% of the accumulated variation of the CDI rate, plus a spread equivalent to 1.90% per year, semi-annual interest payments in March and September, with intermediate amortizations in 3 (three) annual installments, on the 8th, 9th and 10th years, without debt renegotiation clauses or automatic renewal.

The debentures were paid on March 24, 2022 and with the conclusion of the reverse merger of NISA by the Company, on April 12, 2022, the Company became the universal successor of NISA regarding the terms and conditions of the debentures.

The debentures have a covenant that requires the Company to comply with a financial ratio from dividing the Net Financial Debt by EBITDA, which must be equal to or less than 4.0 times.

At the closing of the quarterly information ended June 30, 2022, the Company calculated the index and concluded that the restrictive clause was being complied with.

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11. Debentures and Financing (Continued)

11.2. Commercial Notes issued by NISA, merged into NTS in April 2022

On March 15, 2022, NISA's Executive Board approved and issued Book-Entry Commercial Notes, in a Single Series, for Public Distribution, with Restricted Distribution Efforts, totaling R\$1,500,000 ("Commercial Notes"), maturing March 2032. The Commercial Notes bear interest at 100% of the accumulated variation of the CDI rate, plus a spread equivalent to 1.90% per year, semi-annual interest payments in March and September, with intermediate amortizations in 3 (three) annual installments, on the 8th, 9th and 10th years, without debt renegotiation clauses or automatic renewal.

The Commercial Notes were paid on March 24, 2022 and with the conclusion of the reverse merger of NISA by the Company, on April 12, 2022, the Company became the universal successor of NISA regarding the terms and conditions of the Commercial Notes.

The Commercial Notes have a covenant that requires the Company to comply with a financial ratio from dividing the Net Financial Debt by EBITDA, which must be equal to or less than 4.0 times.

At the closing of the quarterly information ended June 30, 2022, the Company calculated the index and concluded that the restrictive clause was being complied with.

11.3. Bank Credit Note – CCB, issued by the Company.

On July 27, 2020, the Extraordinary Meeting of the Board of Directors approved issuing, by the Company, a bank credit note ("CCB"), in favor of Banco Santander (Brasil) S.A., totaling R\$60,000 (sixty million reais), term of 1 (one) year, as of the issue date, compensation of 100% of the CDI rate plus a spread of 1.98% per year, paid semiannually. The principal amount will be paid by the Company in a single installment on the maturity date;

On July 14, 2021, the Company amended the bank credit note ("CCB"), in favor of Banco Santander (Brasil) S.A., totaling R\$60,000 (sixty million reais), approved on July 27, 2020 for 2 (two) years, with compensation of 100% of the CDI rate plus a spread of 1.45% per year, paid on maturity. The principal balance will be paid by the Company in a single installment on the maturity date, on August 14, 2023.

On February 25, 2022, the Company carried out the early settlement of the entire debt hired through a Bank Credit Note with Banco Santander,

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11. Debentures and Financing (Continued)

totaling R\$63,239 (sixty-three million, two hundred and thirty-nine thousand reais), with R\$60,000 (sixty million reais) as principal and R\$3,239 (three million, two hundred and thirty-nine thousand reais) as interest.

11.4. Loans in Foreign Currency as per Law 4131/1962, obtained by NISA, subsequently merged into NTS in April 2022

On April 1, 2022, NISA raised funds totaling US\$449 million, equivalent to R\$2,127,138, through Loan Agreements in foreign currency, approved at NISA's Extraordinary Shareholders' Meeting of December 16, 2021, under Law 4131/62, with a) US\$300 million, equivalent to R\$1,421,250, signed with Bank of Nova Scotia, with compensatory interest of 2.0783% p.a., paid semi-annually; b) US\$90 million, equivalent to R\$426,375, signed with Citibank, N.A, with compensatory interest of 2.2999% p.a., paid quarterly; and c) US\$59 million, equivalent to R\$279,513, signed with MUFJ Bank. Ltd, with compensatory interest between April 1, 2022 and March 31, 2023 equivalent to 2.8875% p.a., and 2.9750% p.a. as of April 1, 2023 until maturity, both paid semiannually. To hedge against foreign exchange exposure, NISA hired derivative operations (Exchange Swap), whose principal and interest balances replicate the principal and interest on the loans. All Agreements have amortizations with equal annual installments in the 4th and 5th years, without debt renegotiation clauses or automatic renewal.

With reverse merger of NISA into the Company concluded on April 12, 2022, the Company became the universal successor of NISA concerning the terms and conditions of these loans.

The loans have a covenant that requires the Company to comply with a financial ratio from dividing the Net Financial Debt by EBITDA, which must be equal to or less than 4.0 times.

At the closing of the quarterly information ended June 30, 2022, the Company calculated the index and concluded that the restrictive clause was being complied with.

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11. Debentures and Financing (Continued)

Scale of Payments and Amortization of Funding Costs

<u>Year</u>	<u>Principal</u>	<u>Capture Cost</u>
2022	--	3,570
2023	5,200,000	4,984
2024	--	4,172
2025	--	4,172
2026	1,175,931	4,172
2027	1,175,931	4,172
2028	1,547,187	3,295
2029	--	2,856
2030	1,000,000	2,856
2031	1,000,000	2,856
2032	1,000,000	1,190

12. Transactions with Related Parties

a) Operations with Key Management Personnel

The Company provides its managers with health care, life insurance, private pension plan and meal allowance benefits, presented in the short-term benefits line below. The benefits are partially borne by the management and are recorded as expenses when incurred.

The amounts referring to the compensation and benefits of key management personnel, represented by its officers, are presented below:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Management Fees	5,322	5,971
Short Term Benefits	429	254
	<u>5,751</u>	<u>6,225</u>

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13. Taxes

13.1. Current Taxes

	Current Assets		Non-Current Assets		Current Liabilities	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Income Tax	-	-	1,624	1,516	(476,420)	(653,324)
Social Contribution	-	-	756	720	(183,306)	(259,737)
PIS/COFINS	5,796	199	-	-	(45,037)	(44,590)
ICMS	-	-	-	-	(26,507)	(28,225)
ISS	-	-	-	-	(855)	(4,170)
IRRF	-	-	-	-	(1,170)	(1,548)
Recovery of PIS and Cofins - Exclusion of ICMS from the Calculation Base	-	-	22,445	18,117	-	-
Others	-	-	-	-	(3,739)	(2,389)
	5,796	199	24,825	20,353	(737,034)	(993,983)

13.2. Deferred Taxes

a) Breakdown of Income Tax and Social Contribution

	Based on June 30, 2022	Deferred Income Tax and Social Contribution Balance to 34%	Based on December 31, 2021	Deferred Income Tax and Social Contribution Balance to 34%
Deferred Tax Asset				
Provision for PIS/COFINS Loss	52,569	17,874	46,000	15,640
Clandestine Derivation Provision	3,059	1,040	3,059	1,040
Insurance Provision	1,053	358	1,053	358
Provision for Contingencies and Others	28,617	9,730	15,496	5,269
Lane Sharing Provision	14,274	4,853	13,054	4,438
Provision - Expenses with Environmental Compensation	38,500	13,090	36,373	12,367
Bonus Provision	11,937	4,058	18,869	6,416
Effects of the Exchange Rate Swap from NISA's Merger	21,355	7,260	-	-
Tax Benefit from the Merger recognized in Equity (a)	1,300,357	442,121	-	-
Cash Flow Hedge Result (allocated to ORA)	219,655	74,683	-	-
	1,691,376	577,211	133,904	45,528
Deferred Tax Liability				
Property, Plant and Equipment - Difference between Corporate and Tax Depreciation Rate (b)	(5,798,954)	(1,971,643)	(5,888,572)	(2,002,114)
Lei do Bem - Technological Development and Innovation	(38,933)	(9,734)	(38,933)	(9,734)
	(5,837,887)	(1,981,377)	(5,927,505)	(2,011,848)
Net Deferred Tax Balance	(4,146,511)	(1,406,310)	(5,793,601)	(1,966,320)

(a) Details of the transaction, whose initial recognition was made directly against equity, is described in Note 15.2 (b). The amortization of goodwill and capital gains for tax purposes began in June 2022.

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(b) The amounts of deferred tax liabilities on property, plant and equipment refer to the difference between the tax and corporate depreciation of the gas pipeline network and other Company facilities.

b) Movement of deferred income tax and social contribution assets and liabilities for the period ended June 30, 2022:

	Deferred Income Tax and Social Contribution Balance December 31, 2021	Income Tax/Social Contribution NISA Merger	PL	Other Comprehensive Results	Result	Deferred Income Tax and Social Contribution Balance June 30, 2022
Deferred Tax Asset						
Provision for PIS/COFINS Loss	15,640				2,234	17,874
Clandestine Derivation Provision	1,040				0	1,040
Insurance Provision	358				0	358
Provision for Contingencies and Others	5,269				4,464	9,733
Lane Crossing Provision	4,438				415	4,853
Provision - Expenses with Environmental Compensation	12,367				723	13,090
Bonus Provision	6,416				(2,358)	4,058
Effects of the Exchange Rate Swap from NISA's Merger	0				7,260	7,260
Tax Benefit from the Merger recognized in Equity (a)	0		444,265		(2,144)	442,121
Cash Flow Hedge Result (Other Comprehensive Income)	0			74,683	0	74,683
Existing Deferred Tax NISA Merger	0	2,072			-2,072	0
	45,528	2,072	444,265	74,683	8,522	575,069
Deferred Tax Liability						
Property, Plant and Equipment - Difference between Corporate and Tax Depreciation Rate	(2,002,114)				30,470	(1,971,645)
Lei do Bem - Technological Development and Innovation	(9,734)					(9,734)
	(2,011,849)		-	-	30,470	(1,981,379)
Net Deferred Tax Balance	(1,966,320)	2,072	444,265	74,683	38,992	(1,406,310)

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13. Taxes (Continued)

	2022	2023	2024	2025 +	Total
Deferred Tax Asset Recoverability	15,003	29,561	25,500	507,147	577,211

13.3. Reconciliation of Income Tax and Social Contribution

	June 30, 2022	June 30, 2021
Earnings before Income Tax and Social Contribution	2,481,130	2,275,294
Income Tax and Social Contribution - Nominal Rate (34%)	(843,584)	(773,600)
	1,637,546	1,501,693
Adjustments to calculate effective rate:		
Net Permanent Additions/(Exclusions)	12,085	(33,333)
Temporary Net Additions/(Exclusions)	114,683	(590,255)
Temporary Additions	141,268	9,819
(+) Tax Depreciation vs. Corporate	89,617	-
(+) Provision for Contingency	11,744	-
(+) Exchange Variation	15,715	-
(+) Provision for Bonuses	8,288	6,775
(+) Environmental Provision	2,127	1,468
(+) Provision for Contractual Transfer	10,237	-
(+) Environmental Constraints	1,395	-
(+) Lane Crossing	1,220	-
(+) Others	925	1,576
Temporary (Exclusions)	(26,585)	(600,074)
(-) Tax Depreciation vs. Corporate	-	(586,530)
(-) Bonus	(15,218)	(12,095)
(-) Environmental Constraints	(1,395)	(1,449)
(-) Provision for Contractual Transfer	(3,668)	-
(-) Amortization of Tax Benefit from Merger	(6,304)	-
Calculation Base for Adjusted Income Tax and Social Contribution	2,607,898	1,651,706
Income Tax and Social Contribution	(886,674)	(561,303)
Discount for Sponsorships (Rouanet Law) + Others	5,060	1,370
Current Income Tax and Social Contribution	(881,614)	(559,933)
Deferred Income Tax and Social Contribution	38,992	(200,744)
	(842,622)	(760,677)
Actual Income Tax and Social Contribution Rate	33.96%	33.43%

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14. Provision for Environmental Compensation and Environmental Constraints

14.1 Provision for contractual transfers

The company recognized a provision of R\$76,135 (R\$69,566 in December 31st, 2021) for the transfer to its majority shareholder of tax credits recovered and resulting from a final and unappealable court action favorable to the company. For the recording of the provision, management considered the legal interpretation and analysis of the terms and conditions provided for in the existing gas transportation contracts and concluded that the event should be recorded in non-current assets since the negotiations underway with the shipper to carry out the transfer are on an initial stage.

Management will evaluate the developments and future classification as current liability, considering the arising of future facts that might justify such a measure, as well as any settlement terms agreed upon between the parties.

14.2 Provision for Environmental Compensation

Refers to amounts provisioned, totaling R\$38,500 (R\$36,373 on December 31, 2021), based on Federal Law 9985/2000, which constituted the National System of Conservation Units - SNUC, with the goal to ensure the preservation of nature and sustainable development from natural resources and that will be spent as per the resolution of the Fundação do Meio Ambiente - FATMA and the Public Ministry.

14.3 Provision with Environmental Constraints

The balance recorded, totaling R\$33,076 (R\$35,604 on December 31, 2021), refers to environmental constraints required by the environmental control, monitoring and inspection bodies, at the federal and state levels, from issuing prior licenses to install and operate the projects and build the Company's gas pipeline network, as per Resolution 237/1997 of the National Council for the Environment – CONAMA.

The Company treats events linked to these conditions as per the principles of ICPC12 – Change in Liabilities for Decommissioning, Restoration and Other Similar Liabilities – and recognizes the corresponding portion in property, plant and equipment (initial measurement and future re-measurement). Expenses incurred in compliance with the conditions are deducted from the provision amount and the corresponding fixed assets are being amortized, using the straight-line method, as a result of the expiration of the authorizations to operate the gas pipelines to which the conditions are linked.

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15. Shareholders' Equity

15.1 Share Capital

At the Extraordinary Shareholders' Meeting held on August 31, 2020, attended by the Company's shareholders representing the entire share capital, who, according to the favorable opinion of the Company's Fiscal Council on July 24, 2020, unanimously and with no qualified opinion, approved the merger part of the Company's capital reserve to its share capital, equivalent to R\$167,736, resulting in an increase in the Company's share capital from R\$994,301 to R\$1,162,037 and an increase in the par value of the Company's shares, with the number of shares and the percentage of interest held by each shareholder in the share capital. Immediately thereafter, they approved the Company's capital decrease totaling R\$653,325, under Article 173 of Law 6404/76, as it was considered excessive given the activities carried out by the Company, upon repaying the capital to shareholders, in national currency, in proportion to their interests in the share capital of the Company, and decrease of the par value of the Company's share to R\$ 0.22 (twenty-two cents), without canceling any shares representing the Company's share capital. After 60 days without opposition from the creditors, the referred decrease was carried out, changing the share capital from R\$1,162,037 to R\$508,712, fully subscribed and paid in.

15.2 Capital Reserve

a) Capital Transactions

Refers to transactions with shareholders, as owners, and to the recognition of gains in an unusual transaction for undoing the financial leases between companies of the same economic group.

In October 2016, due to the corporate restructuring of Transportadora Associada de Gás (TAG), Nova Transportadora do Nordeste (NTN) and the Company and the termination of the Consórcio Malhas, Petrobras Leasing with NTS was reversed on the base date October 25, 2016, generating a gain of R\$1,360,199, recorded as a capital transaction in equity.

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

In April 2022, as part of the reverse merger of NISA by the Company described in Note 1, a negative impact was recognized corresponding to the elimination of R\$930,556, equivalent to the write-off of the 42.09% interest held by NISA in the Company at book value, which was partially offset by the positive impact of R\$2,652, corresponding to the subscribed and paid-in share capital at NISA. These events resulted in a reducing net impact of R\$927,904 on this account, reducing its balance from R\$1,192,463 to R\$264,559.

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15. Shareholders' Equity_(Continued)

b) Tax Benefit from NISA's Merger

As part of the NISA reverse merger process, the Company recognized a deferred Income Tax and Social Contribution on the difference between the amount paid and the equity value established in the transaction for the purchase of 10% of its share capital by NISA from Petrobras, on April 30, 2021 and corresponding to the overprice regarding book value of the interest acquired, as described in Notes 1 and 15.4 a).

The recognition of the tax benefit was preceded by the Appraisal Report on the Allocation of the Fair Value of Assets and Liabilities Assumed on the Price Paid, prepared by an independent expert and usually known as the PPA Report ("Purchase Price Allocation"), whose result showed that from the R\$1,306,661 of overprice paid regarding the book value of the interest acquired by NISA in the Company, R\$1,298,183 were equivalent to surplus and R\$8,478 to goodwill, both calculated for tax amortization purposes, with a due tax benefit.

In compliance with the requirements set out in Paragraph 3 of Article 20 of Decree-Law 1598, of December 26, 1977, the summary of the Report was filed at the Registry of Deeds and Documents, on April 11, 2022, to meet the deadline to do so within 13 months after concluding the transaction, as provided for in this same legislation.

The tax benefit totaling R\$444,265 corresponds to the adoption of the combined corporate income tax and social contribution rate of 34%, adopted to goodwill and capital gains for tax purposes of R\$1,360,661.

The Company evaluated the transaction given ICPC 22 - Uncertainty on the Treatment of Income Taxes - having concluded by recording the tax benefit calculated on goodwill and surplus value presented in the PPA Report, since it considers it probable that the tax authority accepts the treatment given to this transaction, or otherwise believes that success in any administrative and/or legal dispute involving the matter is likely.

15.3 Profit Reserves

a) Legal Reserve

Constituted up to the limit of 20% of the share capital, through the appropriation of 5% of the net income for the year, as per Article 193 of the Brazilian Corporation Law. This reserve can only be used to absorb losses or increase the share capital.

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15.3 Profit Reserves (Continued)

The Company may exempt itself from constituting this reserve if it reaches the limit of 20% of the share capital, mentioned in the previous paragraph, or the sum of its balance and that of the capital reserve exceeds 30% of the share capital.

The Company recognized R\$15,612 corresponding to the balance of the Legal Reserve that was recorded in NISA's books, as part of its reverse merger process by the Company described in Note 1.

b) Dividends and Interest on Shareholders' Equity Paid

On April 19, 2022, the Company's Management approved the total distribution of R\$594,274 in interim dividends, referring to the fourth quarter of 2021.

Additionally, on June 3, 2022, the Company's Management approved paying R\$18,113 corresponding to the cash restatement on dividends for the fourth quarter of 2021, at the SELIC rate adopted between December 31, 2021 and the date of the actual payment of dividends in April, having recognized this effect within the current period's financial result.

c) Tax Incentive Reserve

NTS recognized a profit reserve on tax incentives totaling R\$43,052 in the six-month period ended June 30, 2022, accumulating R\$174,418 (R\$131,366 on December 31, 2021) from a subsidy for investment referring to the appropriation of ICMS credit from the option for the ICMS Agreement 106/96, which grants credit of 20% of the ICMS amount due to companies providing transportation services. These credits were recorded in the income statement and monthly allocated to the tax incentive reserve, being excluded from the calculation of the dividend calculation base.

d) Earnings per Share for the Period

The calculation of basic and diluted earnings per share for the three and six months ended June 30, 2022 and 2021, as shown below:

	Three-Month Period Ended		Six-Month Periods Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Net Income for the Period (in thousands of Reais)	743,110	757,021	1,638,508	1,514,617
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	0.32	0.33	0.71	0.66

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Additionally, the Company recognized R\$ 142,018 corresponding to NISA's 2022 result adjusted by the net between: a) Equity gains recognized by NISA on the Company's results from acquiring date of the interests until the merger date by the Company; b) Dividends & Interest on Shareholders' Equity received by NISA from the Company, which were eliminated as part of the reverse merger process, as described in Note 1.

15.4 Equity Valuation Adjustment

a) Transaction with Partner

On April 30, 2021, NISA recognized in this item the effect of the transaction between the shareholders, totaling R\$1,306,661, linked to the acquisition of 10% (ten percent) of the Company's shares, which was determined by the difference between the amount paid in the acquisition and the equity value of the Company.

On December 16, 2021, NISA' shareholders carried out the capital increase by contributing with positive net assets including the interest of 32.09%, equivalent to R\$5,658,204. This transaction generated goodwill in a transaction between the shareholders totaling R\$ 4,960,437, established by the difference between the value of the interests paid in by the shareholders and the equity value evaluated by the equity method.

As NISA and the Company belong to the same economic group, under common control, the transactions above were characterized as capital transactions between NISA and its shareholders, as provided for in technical interpretation ICPC 09 (R1), recorded as valuation adjustment equity. This amount was absorbed into the Company's Shareholders' Equity, due to NISA's merger, described in Note 1.

15.5 Other Comprehensive Results

a) Cash Flow Hedge Reserve

The amount of R\$144,971 refers to the effective portion of the net change in the fair value of cash flow hedge financial instruments, as described in Note 21 (b).

	June 30, 2022	December 31, 2021
Opening Balance	-	-
Swap Result before Adjustment to Fair Value	171,939	-
(-) Swap Result at Fair Value (as per Note 21 (b))	(47,716)	-
(=) Cash Flow Hedge Result	(219,654)	-
(+) Deferred Income Tax/Social Contribution ex-Cash Flow Hedge Result	74,683	-
Cash Flow Hedge Result, Net of Taxes	(144,971)	-

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16. Net Revenue

	Three-Month Period Ended		Six-Month Periods Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Gross Revenues from Services	2,044,868	1,755,589	4,074,395	3,472,478
Service Charges	(266,072)	(236,567)	(534,534)	(455,345)
Rate Adjustment	(99,187)	(93,064)	(197,285)	(183,223)
	1,679,609	1,425,958	3,342,576	2,833,910

17. Cost of Services

	Three-Month Period Ended		Six-Month Periods Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Depreciation and Amortization	(105,611)	(104,099)	(210,777)	(207,153)
Services, Freight, Rent and General Charges	(6,737)	(7,373)	(12,698)	(12,326)
Operation and Maintenance	(11,043)	(68,041)	(24,165)	(135,634)
Right of Way	(33,979)	(18,948)	(68,678)	(37,695)
Electric Energy	(5,009)	(5,161)	(11,898)	(11,976)
Insurances	(5,175)	(3,804)	(10,223)	(7,595)
ICMS on the Gas Used in the System	(461)	(3,799)	(3,085)	(7,024)
Environmental Costs	(1,043)	(1,421)	(1,198)	(1,836)
Consulting Services.	(3,914)	(2,419)	(8,840)	(4,491)
Trainings and Seminars	(237)	(3,302)	(462)	(7,304)
Cost with Staff	(15,654)	(12,328)	(29,168)	(23,505)
Other Costs	(5,745)	(5,150)	(12,001)	(8,589)
	(194,608)	(235,845)	(393,193)	(465,128)

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18. General and Administrative Expenses

	Three-Month Period Ended		Six-Month Periods Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Personnel Expenses	(12,169)	(7,613)	(20,432)	(14,722)
Legal Counsel	(1,433)	(531)	(2,081)	(776)
Audit	(362)	(186)	(543)	(186)
Accounting Advisory Services	(463)	(344)	(994)	(789)
Advisory Services	(1,035)	(255)	(1,314)	(564)
Sponsorships	16	(1,230)	150	(1,230)
Donation	-	(4,450)	-	(4,450)
Contingency (Provision) / Reversal, Net of (Provisions)/Reversals of Events of a Similar Nature	(11,744)	-	(11,744)	(254)
License Maintenance	(634)	(883)	(1,055)	(1,612)
Recruitment and Selection	(388)	(414)	(760)	(913)
Rents and Fees	(331)	(207)	(561)	(550)
Outsourced Services	(100)	(140)	(210)	(404)
Office and Other Expenses	(2,397)	(1,463)	(2,200)	(2,585)
	(31,040)	(17,716)	(41,744)	(29,035)

19. Net Financial Result

	Three-Month Period Ended		Six-Month Periods Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Financial Revenues				
Revenue from Financial Investments	74,225	9,315	131,874	13,852
Cash Restatement	3,000	961	5,403	1,667
Other Financial Revenues	213	374	407	572
Total Financial Revenues	77,438	10,650	137,684	16,091
Financial Expenses				
Interest on Debentures (including debt service) & financing, net of swap hedge. (a)	(362,029)	(45,874)	(503,622)	(74,697)
Taxes on Financial Result	(3,641)	(519)	(6,490)	(843)
Fines and Interest	(528)	(59)	(578)	(132)
Cash Restatement	(34,580)	-	(52,632)	-
Other Financial Expenses	(1,063)	(2,567)	(871)	(4,872)
Total Financial Expenses	(401,841)	(49,019)	(564,193)	(80,544)
Net Financial Earnings (Loss)	324,403	(38,369)	(426,509)	(64,453)

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19. Net Financial Result (Continued)

- (a) The Company hired derivative financial instruments (swap) for the purpose of hedging foreign exchange risk and converting the charges into Reais as a % of CDI regarding debts in foreign currency contracted. For this reason, the financial charges of the Company's debts and financing are presented in this note net of the effects of the hedges hired in the swaps. Further details on these derivative instruments are described in Notes 3.2, 11, 15.4 and 21 b) and f).

20. Legal Proceedings and Contingencies

20.1 Provisioned Lawsuits

The Company sets up provisions in an amount sufficient to cover losses considered probable and for which a reliable estimate can be made.

The amounts provisioned are as follows:

	<u>Labor</u>	<u>Tax</u>	
	<u>Legal</u>	<u>Legal</u>	<u>Total</u>
Balances on December 31, 2021	<u>(1,503)</u>	<u>(1,761)</u>	<u>(3,264)</u>
Write-Offs	-	-	-
Addition	<u>(20,908)</u>	-	<u>(20,908)</u>
Balances on June 30, 2022	<u>(22,411)</u>	<u>(1,761)</u>	<u>(24,172)</u>

The Company recognized a provision of R\$20,908 referring to the levy of labor and social security charges on past events, the outcome of which may result in a future cash disbursement.

20.2 Court Deposits

	<u>June 30, 2022</u>	<u>December 31, 2021</u>
Non-Current Assets		
Labor	8	9
Tax	17,840	17,440
Others:	19	19
	<u>17,867</u>	<u>17,467</u>

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20. Legal Proceedings and Contingencies_(Continued)

20.3 Lawsuits not Provisioned

Legal proceedings that present obligations for which the outflow of resources is not probable or for which a sufficiently reliable estimate of their amounts cannot be made, are not recognized, however they are disclosed. Claims classified as remote are not subject to any disclosure in this quarterly information.

The estimated contingent liabilities for legal proceedings on June 30, 2022 and December 31, 2021 for which the probability of loss is considered possible are presented below:

	Civil	Labor	Tax		Environmental	Total
	Legal	Legal	Administrative	Legal	Administrative	
Balances on December 31, 2021	(1,273)	(264)	(409,066)	(14,715)	(59,829)	(485,147)
New Causes		(21)	818			797
Cash Restatement	(73)	(15)	(10,336)	(1,323)	(3,439)	(15,186)
Write-Offs			108,231			108,231
Balances on June 30, 2022	(1,346)	(300)	(310,353)	(16,038)	(63,268)	(391,305)

The main administrative tax claims refer to several administrative proceedings filed by RFB and linked to the contestation of tax credits used by NTS and not approved by the tax authority, as well as tax assessments. The main claims total R\$287,247 (R\$373,911 on December 31, 2021).

The decrease totaling tax claims was due to the partial victory that NTS obtained in administrative proceedings at the Federal Revenue Service. The partial acceptance of the cases reduced by around R\$93 million the amount that the Federal Revenue Service continues to charge NTS. However, the amounts still charged by the IRS continue to be questioned at the administrative level.

Environmental causes refer to environmental compensation cases under discussion between environmental agencies and NTS involving the following subjects: (i) the maximum percentage that can be adopted to calculate the environmental compensation within the licensing linked to GASCAR; (ii) the ratio applicable for cash restatement of the environmental compensation due within the licenses linked to GASCAR, GASTAU, GASPAJ and GASBEL II; and (iii) the base date for the cash restatement in the environmental compensation within the licensing linked to GASTAU.

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21. Financial Instruments

The Company has operations with financial instruments. These instruments are managed through operational strategies and internal controls to ensure liquidity, profitability and security. The control policy includes permanently monitoring contracted conditions versus current market conditions.

On June 30, 2022, the Company had 3 derivative financial instruments to mitigate foreign exchange risk and exposure to fixed interest rates linked to debt raised in foreign currency. The results are consistent with the policies and strategies defined by the Company's Management. Additionally, during the years, the Company did not make speculative investments.

a) Liquidity Risk

The Company uses its funds to meet its operational obligations and to pay creditors. The funding sources added to the Company's financial position on June 30, 2022 are sufficient to settle its short-term obligations. Liquidity risk is managed by the Company, investing its cash in Fixed Income, with liquidity not exceeding 90 days and renegotiating (when necessary) the maturity term of its debts.

	2022	2023	2024	2025	2026+	Total
Financial Debts*	288,056	5,200,000	-	-	6,899,049	12,387,105
Derivative Financial Instruments	109,590	223,715	163,879	147,080	(596,546)	47,717
Suppliers	452,855	-	-	-	-	452,855
Total	850,501	5,423,715	163,879	147,080	6,302,503	12,887,677

* Debt forecasts consider the probable scenario of Note 21(d), disregarding the effect of their funding costs

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b) Exchange Rate Risk

Arises from the possible fluctuations in foreign currency exchange rates involving certain Company financing and used to acquire equipment or services and hire financial instruments.

The Company's policy is to eliminate market risks, avoiding assuming positions exposed to fluctuations in market values and operating only instruments that allow risk control. On June 30, 2022, as described in Note 1 and as a result of the reverse merger of NISA, the Company has 3 debts denominated in US Dollars, totaling US\$449,000, and for which derivatives operations (Exchange Swap) were hired, whose term, principal and interest amounts replicate the terms, principal and interest amounts of the loans.

The fair value of derivative financial instruments is calculated by the future flow, by applying contractual interest rates and future dollar or exchange coupon until the payment date of interest and maturity, discounted to present value on the date of the quarterly financial information at current market rates.

<u>Institution</u>	<u>Description</u>	<u>Operation/Fee</u>	<u>Maturity</u>	<u>Reference Value (Notional)</u>	<u>June 30, 2022</u>	<u>December 31, 2021</u>	
	Swap (Foreign Exchange)						
Scotia Bank	Assets Position	USD/BRL + 2.45%	April 1, 2027	US\$	300,000	1,488,071	-
	Liabilities Position	CDI + 1.35%	April 1, 2027	R\$	1,571,400	(1,529,079)	-
					MTM Swap	(41,008)	-
MUFG (a)	Assets Position	USD/BRL + 3.30% / 3.40%	April 1, 2027	US\$	59,000	304,640	-
	Liabilities Position	CDI + 1.35%	April 1, 2027	R\$	309,042	(300,719)	-
					MTM Swap	3,921	-
CITI	Assets Position	USD/BRL + 2.71%	April 1, 2027	US\$	90,000	451,885	-
	Liabilities Position	112.7% of CDI	April 1, 2027	R\$	471,420	(462,514)	-
					MTM Swap	(10,629)	-
					(47,716)	-	

(a) The charges on the liability side of the swap with the MUFG are 3.30% p.a. until March 31, 2023 and 3.40% p.a., from April 1, 2023 until maturity.

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21. Financial Instruments_(continued)

	Assets		Liabilities		Net Position	
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021
Current	-	-	229,065	-	(229,065)	-
Non-Current	181,348	-	-	-	181,348	-
Total	181,348	-	229,065	-	(47,717)	-

c) Credit Risk

As part of the Share Purchase Agreement signed by the Company's shareholders, Petrobras signed a Restricted Accounts Management Agreement with Banco Bradesco S.A. aimed at diversifying NTS' credit risk regarding the Gas Transportation Agreements (GTAs) it has with Petrobras and so that the Company does not depend exclusively on its main client to obtain its revenues.

Receivables given in guarantee refer to deposits made in the escrow account, arising from the Natural Gas Purchase and Sale Agreements (GSAs) in which Petrobras acts as a seller. The deposits made in this account aim to guarantee coverage of at least 120% of the expected value of the Company's monthly billings, owed by Petrobras within the GTAs, besides any fees and taxes that may be deducted by Banco Bradesco each month.

Additionally, in March 2022, Petrobras presented 5 (five) letters of guarantee, valid for 2 years, as of March 30, 2022, as agreed in each of the GTAs, corresponding to 150 days multiplied by the sum of capacity, entry and exit tariffs, up to a limit of R\$2,885,931.

d) Sensitivity Analysis

On June 30, 2022, Management performed a sensitivity analysis for financial instruments with interest rate risk, considering that the exposure is the value of debentures and financing, described in note 10, and short-term investments, exposed to the CDI variation and that the possible and remote scenarios consider variation of 25% and 50% in expected interest rates on loan balances, net of financial investments, respectively, in relation to the same date.

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21. Financial Instruments_(continued)

Instruments	Exposure	Risk	Probable (*)	Possible (25% variation)	Remote (50% variation)
Financial Asset					
Cash and Cash Equivalents	2,617,957	CDI drop	344	258	172
Financial Liabilities					
<i>Debentures and Loans (a)</i>	<i>12,217,402</i>	<i>CDI Increase</i>	<i>(1,562,614)</i>	<i>(1,909,874)</i>	<i>(2,248,470)</i>
Commercial Notes	1,554,737		(220,373)	(266,122)	(310,719)
Debentures_2 nd Issue	5,326,728		(591,848)	(733,952)	(872,537)
Debentures_1 st Issue_NISA	1,585,934		(228,796)	(276,053)	(322,131)
Debentures_2 nd Issue_NISA	1,554,737		(220,373)	(266,122)	(310,719)
Loan_Scotia Bank (b)	1,466,672		(200,574)	(243,821)	(285,975)
Loan_MUFG (b)	288,445		(39,446)	(47,951)	(56,242)
Loan_CITI (b)	440,149		(61,204)	(75,853)	(90,147)

(*) Scenarios foreseen for 12 months

(a) The value of the debentures and loans and the interest to be incurred / foreseen financial charges do not consider the costs of raising the debt

(b) The balances of these debts consider the hedging effects of the corresponding Swaps, which aim to eliminate the risk of foreign exchange exposure, as well as the conversion of the risk of exposure to fixed rates in foreign currency to the CDI. For this reason, Management understands that the risk of exposure to foreign currency is not relevant in view of the Company's equity and financial position.

The "Probable" scenario was calculated considering a CDI rate of 13.15%, applicable to the floating portion of the debt interest rate and the balance of cash and cash equivalents on June 30, 2022. The "Possible" and "Remote" scenarios considered variations of 25% and 50% respectively, on the CDI considered in the "Probable" scenario

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21. Financial Instruments_(continued)

e) Fair Value Estimate:

The table below shows the carrying and fair values of the Company's financial instruments and other assets and liabilities, as well as their measurement level. On June 30, 2022 and December 31, 2021.

Financial Assets (Current and Non-Current)	Level	June 30, 2022		December 31, 2021		
		Book Value	Fair Value	Book Value	Fair Value	
		4,309,044	4,309,044	3,578,318	3,578,318	
Cash and Cash Equivalents	Fair Value through Earnings (Expenses)	2	2,617,957	2,617,957	2,235,391	2,235,391
Trade Receivables	Amortized Cost	2	1,301,125	1,301,125	1,169,706	1,169,706
Other Accounts Receivable	Amortized Cost	2	192,549	192,549	157,570	157,570
Linked Deposits	Amortized Cost	2	16,065	16,065	15,651	15,651
Derivative Financial Instruments	Fair Value through Other Comprehensive Income (a)	2	181,348	181,348	-	-
Financial Liabilities (Current and Non-Current)			13,031,238	13,031,238	5,789,139	5,789,139
Suppliers	Amortized Cost	2	452,855	452,855	447,121	447,121
Debentures and Financing	Amortized Cost	2	12,349,319	12,349,319	5,342,018	5,342,018
Derivative Financial Instruments	Fair Value through Other Comprehensive Income (a)	2	229,064	229,064	-	-

(a) The Company adopted cash flow hedge accounting for operations with derivative instruments, as described in section b) of this note, and therefore recorded the effect of the adjustment to fair value in Other Comprehensive Results.

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

- Level 1 – For quoted prices without adjustments in active markets for instruments identical to those of the Company
- Level 2 – For observable information for the asset or liability, directly or indirectly, except quoted prices included in the previous level
- Level 3 - For unobservable data for the instrument in question

The Company understands that the fair value of accounts receivable and suppliers, as most of the maturities are in the short term, is already reflected in their book value.

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21. Financial Instruments_(continued)

For financing classified and measured at amortized cost, the Company understands that, as they are bilateral operations and do not have an active market or other similar source with conditions comparable to those already presented and that may be a parameter for determining their fair values, the book values reflect the fair value of the transaction.

f) Movement of Cash Flow Liabilities from Financing Activities

As required by CPC 03, the Company shows below the movement of cash flow liabilities from financing activities, in its Statement of Cash Flows:

Financing, Derivatives and Dividends	Balance on December 31, 2021	Cash Changes		Non-Cash Changes						
		Financing Activities Received/(Paid)	Interest payment	NISA Merger (1)	Dividends and Interest on Shareholders' Equity Approved	Expenses of Interest	Exchange Rate Change	Amortization Funding Costs	Adjustment to Fair Value	Others (2)
Commercial Notes_NISA	-	-	-	1,495,548	-	44,720	-	309	-	-
Debentures_2 nd Issue	5,279,848	-	(261,268)	-	-	305,389	-	973	-	-
Debentures_1 st Issue_NISA	-	-	(87,597)	1,619,252	-	46,314	-	286	-	-
Debentures_2 nd Issue_NISA	-	-	-	1,495,548	-	44,720	-	309	-	-
Loan_Santander (CCB)	62,170	(60,000)	(3,239)	-	-	1,069	-	-	-	-
Loan_Scotia Bank	-	-	-	1,410,750	-	8,165	160,650	-	-	-
Loan_MUFG	-	-	-	277,446	-	2,231	31,595	-	-	-
Loan_CITI	-	-	-	423,225	-	2,711	48,195	-	-	-
Net Derivative Financial Instrument (3)	-	-	-	22,793	-	45,708	(240,440)	-	219,656	-
Dividends and Interest on Shareholders' Equity	7,576	(785,816)	-	184,628	594,274	-	-	-	-	(662)
	5,349,594	(845,816)	(352,104)	6,929,190	594,274	501,027	-	1,877	219,656	(662)

- (1) Corresponds mainly to the value of debts succeeded by the Company as a result of the reverse merger of NISA;
(2) Corresponds to the adjustment to eliminate the balance of Interest on Equity that NISA had recorded in its balance sheet, and which was eliminated against the balance payable of the same nature recorded in the Company's balance sheet, during the reverse merger process;
(3) Corresponds to the net position of Derivative Financial Instruments described in Note 21. b)

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22. Commitments

a) Contractual Obligations

The following table presents the required and non-cancelable annual minimum future payments linked to the contractual obligations assumed by the Company, on June 30, 2022:

Class of Agreements	2022	2023	2024	2025	2026	Total
Office Rental	1,535	1,683	1,699	1,467	879	7,263
Telecom & Printers	64	-	-	-	-	64
Compression Services	9,148	7,553	7,173	-	-	23,874
Use and Sharing of Pipeline Lanes	43,857	91,222	94,670	98,267	102,198	430,214
Total	54,604	100,458	103,542	99,734	103,077	461,415

b) Warranties

On June 30, 2022, the Company had eight lease surety insurance policies to cover the guarantees required in its lease agreements totaling R\$3,528 in indemnifiable limit, distributed as follows:

Location	Indemnifiable Limit
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. Insurances

The Company adopts the policy of taking out insurance coverage for assets subject to risks at amounts considered sufficient to cover possible losses, considering the nature of its activity.

The Company has several insurance policies, including Operating Risks and Business Interruption, General Civil Liability, Environmental Risks, D&O Civil Liability, E&O Professional Civil Liability, Property, among others.

The following table summarizes the coverage and terms of the insurance contracted by the Company:

Type of Insurance	Start of Term	End of Term	Coverage
Operating Risks and Business Interruption	October 3, 2021	October 3, 2022	1,500,000
General Civil Liability	October 3, 2021	October 3, 2022	400,000
Environmental risks	October 3, 2021	October 3, 2022	300,000
D&O Liability Insurance	October 3, 2021	October 3, 2022	300,000
Professional Civil Liability (E&O)	October 3, 2021	October 3, 2022	15,000
Data Protection and Cybernetics Responsibility (Cyber)	October 3, 2021	October 3, 2022	15,000
Corporate Fraud (Crime)	October 3, 2021	October 3, 2022	5,000
Property (Office)	November 27, 2021	November 27, 2022	17,870
Total			2,552,870

Insurance premiums paid regarding insurance policies are recorded in assets as prepaid expenses and are appropriated proportionally to result over the life of the policies.

The following table summarizes the amounts recorded on the base date June 30, 2022 as advance expenses:

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Description	June 30, 2022	December 31, 2021
Operating Risks and Business Interruption	3,603	10,810
General Civil Liability	671	2,013
Environmental Risks	329	988
D&O Liability Insurance	216	647
Civil Liability Works	107	0
Engineering Risks	385	0
Corporate Insurance	229	686
Total Insurance	5,540	15,144
Other Prepaid Expenses	1,346	630
Total	6,886	15,774

24. Subsequent Events

At a meeting of the Board of Directors held on July 26, 2022, the intermediate distribution of dividends and interest on shareholders' equity by the Company totaling R\$ 1,529,939 was unanimously approved, based on a favorable opinion of the Fiscal Council. Distribution was concluded on July 27, 2022.