

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

3Q22 MANAGEMENT REPORT



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MESSAGE FROM MANAGEMENT

NTS' achievement in the third quarter of 2022 represented significant progress for the Company's transition to the new gas market, including the execution, on September 30, 2022, of a Flexibility Reduction Agreement with Petrobras S.A. (Agreement) and amendments to the Gas Transportation Agreement of the "Malhas SE", "Malhas SE II", GASDUC III, GASPAJ, and GASTAU (Amendments), which reflect Petrobras' flexibility limitation. These instruments allow other agents to access NTS' transportation system as of October 01, 2022, on equal terms with Petrobras.

In the period, the Company also executed two Interruptible Transportation agreements with Shell Energy LTDA and Galp Energia S.A and concluded the acquisition of Linepack. Also, the Company got approval by ANP to execute contracts to balance the system, strengthening its readiness to operate in a multi-client environment and making firm capacity available in its network for new shippers on equal terms and priority in comparison with Petrobras.

The construction of GASIG – an 11km gas pipeline that will allow the flow of the pre-salt route 3 gas production, connecting the GASLUB complex in Itaboraí (Rio de Janeiro) to Guapimirim (Rio de Janeiro) – significantly advanced this quarter, with physical progress of 63.4% by September 30, which means 3.6 p.p. above planned. Such progress confirms the Company's capacity to execute projects and the facility will be ready to operate as of February 2023.

NTS invested R\$ 81 million in the third quarter, most of which in the GASIG project. In the nine months of 2022, the Company has already invested around R\$292 million, especially in the acquisition of linepack (40 million m³ of gas to create NTS' reference stock), which accounted for R\$ 105 million of the total amount invested. The other investments came from various projects aiming the integrity and operational continuity of the system.

At the financial level, EBITDA grew by more than +20% in 3Q22, totaling R\$ 1,581 million, compared to the R\$ 1,314 million reported in the same period of 2021. Similarly, to the first two quarters of 2022, the variation was mainly due to the adjustments applicable to gas transportation contracts and the cost of services.

Executing its Liability Management strategy, on October 06, 2022, the Company concluded the fundraising of approximately R\$5 billion, early redeeming the debt maturing in April 2023, which was concluded on October 21, 2022. The purpose was to avoid possible volatility resulting from the elections in Brazil and the geopolitical crisis triggered by the war between Russia and Ukraine. The fundraising involved, among other instruments, the issue of debentures 476 totaling R\$3.5 billion, in series of 5, 7, and 10 years, which was the largest issue with broad distribution in the Brazilian capital market in 2022.

In September, the Company discussed and presented in several forums a long-term development plan that contributes to increase energy safety in Brazil and reduce the reliance on LNG imports by monetizing pre-salt gas. The plan consists of expanding the transportation capacity of its pipeline network and generating flexibility to support the outflow of domestic gas, with investments that may reach over R\$12 billion in the next eight years. Such investments are still subject to regulatory approvals as well as approvals by the Company's shareholders.

Following its ESG strategy, in September 2022, the Company started work to prepare GHG inventory (scopes 1-2-3) to drive its strategy and define clear goals to reduce emissions. In the social aspect, among the social projects supported by the Company, two were recently awarded, underlining the *Literatura Acessível* project, whose purpose is linked to the inclusion and accessibility of children and schools in Brazil and was awarded by UNESCO.

Shareholders received approximately R\$2,072 million in the quarter, among semi-annual dividends referring to the net income for the first half of 2022, interest on equity referring to the period between January 1 and April 12, 2022, and interim dividends based on the results accounted in July and August 2022.

We would like to thank shareholders' trust, the dedication and support received by the Board of Directors, our managers, and all teams for the work performed during the period.

Erick Portela Pettendorfer
CEO

Alex Monteiro
Chief Financial and Investor Relations Officer

The Management Report of Nova Transportadora do Sudeste S.A. - NTS (“NTS” or “Company”) for the third quarter of 2022 (“3Q20”), considering the period ended September 30, 2022, compared to the third quarter of 2021 (“3Q21”), includes the following highlights:

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Net Operating Revenue	1,697,217	1,441,635	+17.7%	5,039,793	4,275,545	+17.9%
Cost of services	(196,899)	(214,707)	-8.3%	(590,092)	(679,835)	-13.2%
Gross Profit	1,500,318	1,226,928	+22.3%	4,449,701	3,595,710	+23.8%
Net Operating Expenses	(24,567)	(16,568)	+48.3%	(66,311)	(45,603)	+45.4%
Operating Profit	1,475,751	1,210,360	+21.9%	4,383,390	3,550,107	+23.5%
Net Financial Result	(393,043)	(54,708)	+618.4%	(819,552)	(119,161)	+587.8%
Income before Taxes	1,082,708	1,155,652	-6.3%	3,563,838	3,430,946	+3.9%
Income tax and social contr.	(348,402)	(387,148)	-10.0%	(1,191,024)	(1,147,825)	+3.8%
Net income for the period	734,306	768,504	-4.4%	2,372,814	2,283,121	+3.9%

1. NET OPERATING REVENUE

Net operating revenue totaled R\$ 1,697 million in 3Q22, +17.7% higher than in 3Q21. The annual IGP-M weighted index of the five GTAs (Gas Transportation Agreements) was approximately 18% and responsible for almost 100% of revenue growth in the period.

In 9M22, Net Operating Revenue totaled R\$ 5,040 million, a YoY increase of +17.9%, due to the inflation adjustment of the Company’s current legacy contracts.

Accordingly, Net Operating Revenue reported nominal growth of R\$ 256 million in 3Q22, and R\$ 764 million in 9M22.

In 3Q22, we started providing transportation services to SHELL ENERGY DO BRASIL GAS LTDA through two interruptible contracts for the transportation of up to 800 thousand m³ of gas per day, between the TECAB entry point, in Macaé/RJ and UTGCA, in Caraguatatuba/SP, and the exit zone in RJ1. Also, in 3Q22, the Company executed two other interruptible contracts with GALP ENERGIA BRASIL S.A. for the transportation of up to 300 thousand m³ of gas per day, between the UTGCA entry point, in Caraguatatuba/SP, and the exit zones in the Interconnection REPLAN/SP. Both contracts are valid until December 2022 and have no significant financial effect on the Company’s results.

As disclosed in 1Q22, the Company had already executed two interruptible gas transportation contracts with GALP ENERGIA BRASIL S.A. for the transportation of up to 300 thousand m³ of gas per day, between the TECAB entry point, in Macaé/RJ, and the exit zones in Minas Gerais (MG1, MG2, and MG3) that are valid until December 2022 and have no significant financial effect on the Company’s result.

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 revenue predictability and stability to shippers, since revenue is calculated based on contracted available transport capacity, regardless of the volume handled.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Net Operating Revenue	1,697,217	1,441,635	+17.7%	5,039,793	4,275,545	+17.9%

2. COST OF SERVICES

The Costs of Services totaled R\$ 197 million in 3Q22, compared to the R\$ 215 million reported in 3Q21, a YoY decrease of R\$ 18 million (-8.3%).

The main variation was due to the termination of the operational assistance contract with Transpetro in 1Q22, which reduced this line by R\$ -19 million and led to lower operation and maintenance expenses of R\$ -18 million, partially offset by higher rental and right-of-way expenses of R\$ +14 million, and higher personnel, rental, and insurance costs, due to inflation adjustments made to some contracts of this type, of R\$ +5 million.

In 9M22, the decrease in the cost of services line was approximately R\$ -90 million or -13.2%, reaching R\$ 590 million, compared to the R\$ 680 million reported in 9M21. The main changes were also due to lower operation and maintenance expenses of R\$ -150 million in the period, as a result of the insourcing of the operational activities as of 3Q21, which were partially offset by higher right-of-way expenses of R\$ +43 million, and personnel, depreciation, and insurance expenses of R\$ +17 million.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Cost of services	(196,899)	(214,707)	-8.3%	(590,092)	(679,835)	-13.2%

3. GROSS PROFIT

Gross Profit totaled R\$1,500 million in 3Q22, up by R\$ +273 million (+22.3%) over 3Q21.

In 9M22, Gross Profit totaled R\$ 4,450 million, compared to the R\$ 3,596 million reported in 9M21, a nominal increase of R\$ +854 million, or +23.8% higher than in 9M21, due to the +17.9% increase in revenue and the -13.2% decrease in the cost of services in the same period.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Gross Profit	1,500,318	1,226,928	+22.3%	4,449,701	3,595,710	+23.8%

4. NET OPERATING EXPENSES

Net Operating Expenses totaled R\$ 25 million in 3Q22, up by R\$ +8 million (+48.3%) over 3Q21. The increase in the period was due to higher personnel expenses due to inflation indexation, staff adequacy and non-deductible sponsorship expenses.

In 9M22, Net Operating Expenses totaled R\$ 66 million, up by nearly R\$ +21 million (+45.4%) over 3Q21. In addition to the non-recurring impacts from the recognition of labor provisions in 2Q22 of R\$ +12 million, another R\$ +9 million increases was due to higher

personnel expenses of R\$ +8 million, as explained above, and non-recurring expenses with consulting and advisory services of R\$ +1 million. Non-deductible sponsorship expenses are being offset in 2022, given that no donations were accounted to face COVID-19 in the period.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Net operating expenses	(24,567)	(16,568)	+48.3%	(66,311)	(45,603)	+45.4%

5. OPERATING PROFIT

The Operating Profit totaled R\$ 1,476 million in 3Q22, an increase of +21.9%, equivalent to a nominal gain of R\$ +265 million over 3Q21, as result of macroeconomic effects applicable to the Company's operating revenue and lower cost of services (mainly O&M), despite the higher operating expenses.

In 9M22, Operating Profit totaled R\$ 4,383 million, a nominal increase of R\$ +833 million (+23.5%), mainly because of the higher gross profit reported year over year.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Operating Profit	1,475,751	1,210,360	+21.9%	4,383,390	3,550,107	+23.5%

6. NET FINANCIAL RESULT

The Net Financial Result was a negative R\$ 393 million in 3Q22, down by R\$ -338 million from 3Q21. The variation was mainly due to higher Financial Expenses with interest from the reverse merger of NISA. Once this process was completed, in April 2022, NTS assumed the financial obligations related to debentures, commercial notes, foreign currency loans, and derivatives issued and contracted by NISA.

Additionally, the interest rate hikes contributed to the average CDI rate reaching 13.5% in 3Q22, against 4.9% in 3Q21. Once debentures, commercial notes, and foreign loan 4131 with swap into Reais are remunerated by the CDI, they contributed to the increase in the financial expenses in the period. The chart below summarizes the index of the Company's financial loans already considering the hedge effect via swap operations.

<i>Indebtedness</i>	<i>Issuer</i>	<i>Currency</i>	<i>Principal US\$</i>	<i>Principal R\$</i>	<i>Total Cost</i>
Commercial notes	NISA	R\$	-	1,500,000	CDI + 1.90%
Debêntures_2ª issue	NTS	R\$	-	3,809,201	109% CDI
Debêntures_1ª Issue	NISA	R\$	-	1,547,187	CDI+1.99%
Debêntures_2ª Issue	NISA	R\$	-	1,500.000	CDI+1.90%
Loan Scotia Bank	NISA	US\$	300,000	1,621.980	CDI+1.35%
Loan Scotia Bank (2)	NTS	US\$	170,000	919,122	CDI+1.13%
Loan MUFG	NISA	US\$	59,000	318,989	CDI+1.35%
Loan CITI	NISA	US\$	90,000	486,594	112% CDI
Loan SMBC	NTS	US\$	50,000	270,330	CDI+1.13%
Total				11,973,403	

Financial Revenue totaled R\$ 85 million in 3Q22, with income from financial investments increasing by R\$ +63 million YoY, mainly due to the rise in the interest rate (CDI) in the period.

In 9M22, Net Financial Result was negative by R\$ 820 million, compared to the R\$ 119 million reported in 3Q21. The R\$ -701 million recorded in the period is also a result of the interest rate conditions, with the average CDI rate increasing from 3.4% to 12.1% YoY.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Net Financial Result	(393,043)	(54,708)	618.4%	(819,552)	(119,161)	+587.8%
Finance income	84,518	21,785	+288.0%	222,202	37,876	+486.7%
Finance costs	(477,561)	(76,493)	+524.3%	(1,041,754)	(157,037)	+563.4%

7. INCOME BEFORE TAXES

Income before taxes totaled R\$1,083 million in 3Q22. Despite the growth in operating income, the increased financial expenses reported in 3Q22 moved results down by R\$ -73 million (-6.3%) when compared to 3Q21.

In 9M22, Income before Taxes moved up +3.9% over 9M21, a nominal YoY gain of R\$ +133 million.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Income Before Taxes	1,082,708	1,155,652	-6.3%	3,563,838	3,430,946	+3.9%

8. INCOME TAX AND SOCIAL CONTRIBUTION

Current and deferred income tax and social contribution expenses totaled R\$ 348 million in 3Q22, compared to the R\$ 387 million reported in 3Q21, down by R\$ -39 million, mainly due to higher financial expenses in the period despite the increase in operating profit reported in the period. The income before taxes rate fell 1.3 p.p., reaching 32.2% in the quarter.

In 9M22, current and deferred income tax and social contribution totaled R\$1,191 million. The effective rate was virtually flat, reaching 33.4% in 9M22.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Total IR and CSLL	(348,402)	(387,148)	-10.0%	(1,191,024)	(1,147,825)	3.8%
% of income before taxes	-32.2	-33.5	1.3 pp	-33.4	-33.5	0.0 pp
Current income tax and social contribution	(276,675)	(313,786)	-11.8%	(1,158,289)	(873,719)	32.6%
% of income before taxes	-25.6	-27.2	1.6 pp	-32.5	-25.5	- 7.0 pp
Deferred IR and CSLL	(71,727)	(73,362)	-2.2%	(32,735)	(274,106)	-88.1%
% of income before taxes	-6.6	-6.3	- 0.3 pp	-0.9	-8.0	7.1 pp

9. NET INCOME

Net Income totaled R\$ 734 million in 3Q22, compared to the R\$ 769 million reported in 3Q21, a marginal QoQ decrease of R\$ -34 million (-4.4%), mainly as result of higher financial expenses, despite the operating profit reported in the period.

In 9M22, Net Income moved up by +3.9% YoY, reaching R\$ 2,373 million. Despite the nominal increase of R\$ +90 million in Net Income, the higher negative impact on the net financial result and income tax and social contribution expenses reduced the Net Income margin by -6.3 p.p., from 53.4% in 9M21 to 47.1% in 9M22.

<i>In thousands of reais</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Net income for the period	734,306	768,504	-4.4%	2,372,814	2,283,121	+3.9%

10. EBITDA

EBITDA totaled R\$ 1,581 million in 3Q22, up by R\$ +267 million (+20.4%) over 3Q21.

In 9M22, EBITDA reached R\$ 4,700 million, up by R\$ +839 million (+21.7%) over 3Q21, mainly due to the higher net operating revenue and the significant decrease in the cost of services.

<i>EBITDA Reconciliation (In thousands of reais)</i>	3Q22	3Q21	Var.	9M22	9M21	Var.
Net Income	734,306	768,504	-4.4%	2,372,814	2,283,121	3.9%
Income Tax and Social Contribution	348,402	387,148	-10.0%	1,191,024	1,147,825	3.8%
Financial Result	393,043	54,708	618.4%	819,552	119,161	587.8%
Depreciation and Amortization	105,556	103,554	1.9%	316,333	310,707	1.8%
EBITDA	1,581,307	1,313,914	20.4%	4,699,723	3,860,814	21.7%

11. EQUITY PERFORMANCE

On the Assets side, NTS' Fixed Assets balance was R\$ 7.7 billion in 3Q22, compared to the R\$7.8 billion reported in 3Q21, already including the R\$ 291 million invested in 2022. This amount corresponds mainly to the acquisition of *Linepack*, i.e. gas for balancing NTS' network, totaling R\$ 105 million, and higher financial disbursement for the Company's operational projects, especially the GASIG project.

On the Liabilities side, we highlight the increase in gross debt (due to the conclusion of the reverse merger of NISA in April and, consequently, of its financial obligations), which totaled R\$ 12.2 billion, compared to the R\$ 5.3 billion reported on December 31, 2021. Net debt moved up from R\$ 3.1 billion on December 31, 2021, to R\$ 10.9 billion on September 30, 2022, an increase of R\$ +7.8 billion, mainly due to the reverse merger of NISA, fundraising in the period to early redeeming the debt maturing in April 2023 and the early distribution of dividends in the period reducing the cash position.

Indebtedness (In thousands of reais)	September 30, 2022	December 31, 2021
Gross Debt	12,071,764	5,342,018
Commercial notes	1,489,696	-
Debêntures_2 ^a issue	3,807,901	5,280,962
Debêntures_1 ^a issue NISA	1,639,431	-
Debêntures_2 ^a issue NISA	1,489,696	-
Loan Santander (CCB)	-	62,170
Loan Scotia Bank	1,639,022	-
Loan Scotia Bank (2)	921,902	-
Loan MUFG	323,646	-
Loan CITI	489,423	-
Loan SMBC	271,047	-
Financial Instruments (Derivatives), Net	134,395	-
Asset Position	(190,927)	-
Liability Position	325,321	-
Cash Position	(1,249,178)	(2,235,391)
Net Debt	10,956,982	3,106,627

In the year, Equity mainly reflected the various effects arising from the reverse merger of NISA. Among the main variations we can highlight:

- Decrease in the Capital Reserve account, due to the elimination of the 42.09% stake held by NISA in NTS at a book value of R\$ -927 million, and recognition of the tax benefit of R\$ 444 million corresponding to the application of the combined income tax and social contribution rate of 34% over the difference between the amount paid and the equity value calculated in the acquisition by NISA of the 10% stake in NTS previously held by Petrobras.
- The R\$ -514 million decrease in the Profit Reserve account was due to the distribution of the balance of dividends declared at the end of 2021. On the other hand, R\$ 16 million from the legal reserve balance remaining in NISA's books and R\$ 64 million from the profit on tax incentive reserve balance resulting from the investment grant from the ICMS credit appropriation due to the election for ICMS Agreement 106/96, were credited to this account.
- Recognition of negative Equity Valuation Adjustment of R\$ 6,267 million from the transaction with shareholders recorded on NISA's books, corresponding to the goodwill from the acquisition by NISA of a stake of 10% in NTS in April 2021, and the capital increase through absorption of net book assets in December 2021;
- Recognition of a negative R\$ 244 million in Other Comprehensive Income referring to the portion of the fair value variation of hedge instruments and cash flow (net of deferred income tax and social contribution), contracted to mitigate foreign exchange variations and interest on foreign currency loans contracted by NISA.

12. DIVIDENDS AND INTEREST ON EQUITY

On April 19, 2022, the Company's Management approved the distribution of R\$ 594 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.

On June 03, 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 in the financial result for the current year.

On July 26, 2022, the Company's Management approved a total distribution of R\$ 1,530 million, of which R\$ 1,488 million as interim dividends referring to the net income calculated between January and June 2022, and R\$42 million as interest on equity referring to the period from January 01, 2022 to April 11, 2022. A total amount of R\$ 1,530 million was paid in July.

On September 20, 2022, the Company's management approved a total dividend distribution of R\$ 542 million, in which R\$ 65 million referring to the net income balance remaining from the period of January to June 2022, and R\$ 477 million to the net income from the period of July and August 2022 as interim dividend. The total amount of R\$ 542 million was paid in September.

13. INDEPENDENT AUDITORS

Independent external auditor services are engaged exclusively for external auditing services. No other service was requested from the auditors.

14. RATING

NTS has a long-term national corporate rating and a rating for the Company's second debenture issue 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 SEPTEMBER 30, 2022

NTS expects the following events after the base date of the preparation of this ITR:

- Signing of a new loan agreement with BNP Paribas, pursuant to the contracts mentioned in item 11.5 of this ITR, and in the framework of the approval of the Company's Board of Directors on August 16, 2022, mentioned in this same item, in the amount of US\$ 80 million, with interest of 4.89% p.a., paid annually. The contract starts in October 2022 and expires in October 2025. For protection in relation to foreign exchange exposure, the Company contracted derivative sums (Foreign Exchange Swap), whose principal and interest amounts replicate the principal amount and interest on the loan. The Contract has amortization at maturity, without debt renegotiation clauses or automatic renewal.
- At an Extraordinary Meeting of the Company's Board of Directors held on September 9, 2022, the Company approved the issuance by the Company of simple debentures, not convertible into shares, of the chiropractor species, in three (three) series, for public distribution, with restricted distribution efforts, in the total amount of R\$

3.5 billion maturing on September 13, 2027 (first series), on September 13, 2029 (2nd grade), and on September 13, 2032 (3rd grade). Debentures have remunerative interest of 100% of the accumulated change in the CDI Rate, plus a spread equivalent to 1.30% per year, 1.60% per year and 1.85% per year, respectively.

The debentures are issued on September 13, 2022 and were paid in on October 6, 2022.

The debentures have a restrictive clause that imposes on the Company the fulfillment of a financial index resulting from the quotient of the Division of Net Financial Debt by EBITDA, which should be equal to or less than 4.0 times.

- Realization of the total optional early redemption of the existing balance of the Second Issue Debentures of NTS with the consequent cancellation of such debentures, on October 21, 2022, in the total amount of R\$ 3,846 million considering principal, interest and early redemption premium.

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Quarterly Information (ITR)

Nova Transportadora do Sudeste S.A - NTS

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

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Nova Transportadora do Sudeste S.A - NTS

Quarterly Information (ITR)

September 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 September 30, 2022, comprising the statement of financial position as of September 30, 2022 and the related statements of profit or loss and of comprehensive income for the three and nine months periods then ended, and of changes in equity and of cash flows for the nine month period then ended, including the explanatory notes.

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

Scope of 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 include the statement of value added (SVA) for the nine month period ended September 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, November 14, 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

September 30, 2022 and December 31, 2021

(In thousands of Brazilian Reais)

Assets	Note	September 30, 2022	December 31, 2021
Current			
Cash and Cash Equivalents	5	1,249,178	2,235,391
Trade Receivables	6	1,297,914	1,169,706
Taxes Recoverable	13.1	18,557	199
Other Accounts Receivable	7	169,497	157,570
Prepaid Expenses	23	2,516	15,774
Advances		2,680	3,396
Gas Inventory	1.4	30,200	-
Others		561	545
		2,771,103	3,582,581
Non-Current			
Derivative Financial Instruments	21 (b)	190,927	-
Restricted Bank Deposits	8	16,315	15,651
Court Deposits	20.2	18,068	17,468
Taxes Recoverable	13.1	3,965	20,353
Consumables Inventories		6,519	2,295
Property, Plant & Equipment	9	7,719,702	7,771,485
		7,955,496	7,827,252
		10,726,599	11,409,833
Total Assets			

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Balance Sheets

September 30, 2022 and December 31, 2021

(In thousands of Brazilian Reais)

Liabilities	Note	September 30, 2022	December 31, 2021
Current			
Suppliers	10	469,306	447,121
Taxes Payable	13.1	77,692	80,922
Payroll and Charges Payable		23,152	28,402
Debentures and Financing	11	3,938,346	80,659
Derivative Financial Instruments	21 (b)	325,321	-
Dividends and Interest on Shareholders' Equity	15.3	-	7,576
Income Tax and Social Contributions payable	13.1	804,632	913,061
		5,638,449	1,557,741
Non-Current			
Debentures and Financing	11	8,133,418	5,261,359
Provision for Contractual Transfer	14.1	78,288	69,566
Provisions for Environmental Compensation	14.2	38,025	36,373
Provision with Environmental Constraints	14.3	31,761	35,604
Provision for Contingencies	20.1	24,172	3,264
Provision for Intersection Crossing		18,835	13,054
Deferred Taxes	13.2	1,426,931	1,966,320
Other Liabilities		2,924	1,368
		9,754,354	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	249,818	764,009
Accumulated Profit		377,717	-
Other Comprehensive Income	15.5	(244,177)	-
Adjustment from Property Appraisals	15.4	(6,267,098)	-
		(4,666,204)	2,465,184
Total Liabilities and Shareholders' Equity		10,726,599	11,409,833

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Income Statements

Three-Month and Nine-Month Periods ended September 30, 2022 and 2021
(In thousands of Brazilian Reais, unless otherwise stated)

	Note	Three-Month Period Ended		Nine-Month Periods Ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net Revenue	16	1,697,217	1,441,635	5,039,793	4,275,545
Cost of Services	17	(196,899)	(214,707)	(590,092)	(679,835)
General and Administrative Expenses	18	(24,567)	(16,568)	(66,311)	(45,603)
Operating Expenses		(24,567)	(16,568)	(66,311)	(45,603)
Operating Profit		1,475,751	1,210,360	4,383,390	3,550,107
Financial Revenues	19	84,518	21,785	222,202	37,876
Financial Expenses	19	(477,561)	(76,493)	(1,041,754)	(157,037)
Net Financial Results		(393,043)	(54,708)	(819,552)	(119,161)
Profit before Income Tax and Social Contribution		1,082,708	1,155,652	3,563,838	3,430,946
Current Income Tax and Social Contribution	13.3	(276,675)	(313,786)	(1,158,289)	(873,719)
Deferred Income Tax and Social Contribution	13.2	(71,727)	(73,362)	(32,735)	(274,106)
Net Income for the Period		734,306	768,504	2,372,814	2,283,121
Basic and Diluted Earnings per Share (in R\$)	15	0,32	0,33	1,03	0,99

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

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

	Three-Month Period Ended		Nine-Month Periods Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net Income for the Period	734,306	768,504	2,372,814	2,283,121
Other Comprehensive Income, Net of Taxes:	(99,205)	-	(244,177)	-
Results from Cash Flow Hedge	(150,310)	-	(369,965)	-
Deferred Income Tax/Social Contribution ex-Cash Flow Hedge Result	51,105	-	125,788	-
Comprehensive Income (Expenses) for the Period	635,101	768,504	2,128,637	2,283,121

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Statements of Changes in Shareholders' Equity Nine-Month Periods ended September 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	-	-	-	-	-	2,283,121	2,283,121
Interest on Shareholders' Equity	-	-	-	-	-	(56,818)	(56,818)
Approved Dividends	-	-	-	-	(345,815)	(1,898,040)	(2,243,855)
Subsidies - Tax Incentives	-	-	-	52,878	-	(52,878)	-
Balances on September 30, 2021	508,712	1,192,463	38,368	111,090	-	275,385	2,126,018

	Capital Reserve		Profit Reserve			Accumulated Income (Loss)	Adjustm. from Property Appraisals	Other Comprehensive Income	Total
	Share Capital	Capital Transaction	Legal	Tax Incentive Reserve	Additional Dividends Proposed				
Balances on December 31, 2021	508,712	1,192,463	38,368	131,366	594,274	-	-	-	2,465,183
Net Income for the Period	-	-	-	-	-	2,372,814	-	-	2,372,814
<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 arising from the incorporation of NISA	-	444,265	-	-	-	-	-	-	444,265
Adjustment of the company's equity valuation	-	-	-	-	-	-	(6,267,098)	-	(6,267,098)
Interest on equity	-	-	-	-	-	(41,439)	-	-	(41,439)
Approved Dividends	-	-	-	-	(594,274)	(2,031,204)	-	-	(2,625,478)
Subsidies - Tax Incentives	-	-	-	64,471	-	(64,471)	-	-	-
<i>Other Comprehensive Income:</i>	-	-	-	-	-	-	-	-	-
Results from Cash Flow Hedge	-	-	-	-	-	-	-	(369,965)	(369,965)
Deferred Income Tax/Social Contribution ex-Cash Flow Hedge Result	-	-	-	-	-	-	-	125,788	125,788
Balances on September 30, 2022	508,712	708,824	53,980	195,837	-	377,718	(6,267,098)	(244,177)	(4,666,204)

The notes are part of the quarterly information.

The notes are part of the quarterly information.
Nova Transportadora do Sudeste S.A - NTS
Cash Flow Statements
Nine-Month Periods ended September 30, 2022 and 2021
(In thousands of Brazilian Reais)

	September 30, 2022	September 30, 2021
Operational Activities		
Net Income for the Period	2,372,814	2,283,121
Adjustments to Non-Cash Expenses and Revenues:		
Deferred Income Tax and Social Contribution	32,735	274,106
Interest expense on debentures, financing and swap (including charges and hedging effects of exchange rate variation on debts in foreign currency)	955,687	145,445
Depreciation and Amortization	343,765	338,193
Provision for Bonuses, Vacations and 13 th Salary	20,802	16,589
Others	10,486	(750)
	3,736,289	3,056,704
Variations in Assets and Liabilities		
Trade Receivables	(128,208)	(149,728)
Taxes Recoverable	3,518	42,220
Other Accounts Receivable	(11,927)	(47,318)
Gas Inventory	(30,200)	-
Other Assets	9,734	10,870
Suppliers and Other Payables	22,694	38,231
Taxes Payable	1,154,908	872,919
Earnings and Charges Payable	(19,137)	(14,176)
Current Income Tax and Social Contribution	(1,393,915)	(818,738)
Environmental Provisions	(3,843)	(4,515)
Other Liabilities	17,708	8,826
Net Cash Flow from Operating Activities	3,357,621	2,995,295
Operational Activities		
Acquisition of Property, Plant & Equipment	(291,982)	(119,990)
Cash Flow used in Investing Activities	(291,982)	(119,990)
Financing Activities		
Payment of Debentures	(1,390,799)	-
Payment of Bank Loans (Principal)	(60,000)	-
Payment of Bank Loans (Interest)	(116,243)	(2,366)
Payment of Interest on Debentures	(768,328)	(56,497)
Swap Payments	(10,793)	-
	12,684	-
Cash from NISA's Merger	-	-
Raising New Debt	1,140,090	-
Capital Reduction	-	-
Payment of Dividends and Interest on Shareholders' Equity	(2,858,463)	(2,306,964)
Cash Flow used in Financing Activities	(4,051,852)	(2,365,827)
Increase (Decrease) in Cash and Cash Equivalents	(988,213)	509,476
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	1,249,178	1,463,565
	(986,213)	509,476

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

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

	September 30, 2022	September 30, 2021
Value Added to Distribute		
Revenues	5,842,148	4,965,675
Services and Other Revenues	5,842,148	4,965,675
Inputs Purchased from Third Parties	(202,835)	(301,452)
Services, Energy, Third-Party Services, and Others	(202,835)	(301,452)
Gross Added Value	5,639,313	4,664,223
Depreciation and Amortization	(316,333)	(310,707)
Net Value Added by the Entity	5,322,980	4,353,516
Added Value Received in Transfer	226,761	37,876
Revenue from Investments - includes monetary and exchange variations	222,202	37,876
Other Revenues	4,559	-
Total Value Added to be Distributed	5,549,741	4,391,392
Distribution of value added		
Personnel	69,788	63,185
Direct Compensation	47,692	41,474
Benefits	18,819	19,031
FGTS	3,277	2,680
Taxes, Fees, and Contributions	2,014,046	1,848,362
Federal	1,749,793	1,617,916
State	261,162	214,868
Municipal	3,091	15,578
Third-Party Capital Compensation	1,093,093	196,724
Interest, Fines, Monetary and Exchange Variations	1,031,298	154,697
Donations and Sponsorships	6,566	8,949
Suppliers - Non-Operating Services	45,192	39,916
Other Third-Party Capital Compensation	10,037	(6,838)
Shareholders' Equity Compensation	2,372,814	2,283,121
Interest on Shareholders' Equity	41,439	56,818
Dividends Distributed	2,031,204	1,898,040
Earnings Retained in the Period	300,171	328,263
Total Value-Added Distribution	5,549,741	4,391,392

The notes are part of the quarterly information.

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Nine-Month Period ended September 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.

Currently, the Company's main activity is the transportation of natural gas, 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 ITAÚSA 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

Nine-Month Period ended September 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 September 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
 Nine-Month Period ended September 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 September 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	1,249,178	2,633,959	(1,397,465)	12,684	-	-	(1,384,781)
Trade Receivables	1,297,914	1,265,329	32,585	-	-	-	32,585
Taxes to be Recovered - CP	18,557	202	18,355	-	-	-	18,355
Other Accounts Receivable	169,497	166,962	2,535	-	-	-	2,535
Prepaid Expenses	2,516	12,586	(10,070)	-	-	-	(10,070)
Interest without Shareholders' Equity	-	-	-	662	(662)	-	-
Advances - CP	2,680	14,985	(12,305)	-	-	-	(12,305)
Gas Inventory	30,200	-	30,200	-	-	-	30,200
Others – CP	561	454	107	-	-	-	107
	2,771,103	4,094,477	(1,336,058)	13,346	(662)	-	(1,323,374)
Non-Current							
Derivative Financial Instruments	190,927	-	190,927	-	-	-	190,927
Linked Deposits	16,315	15,854	461	-	-	-	461
Court Deposits	18,068	17,667	401	-	-	-	401
Taxes to be Recovered - LP	3,965	22,339	(23,862)	5,488	-	-	(18,374)
Consumables Inventory	6,519	2,124	4,395	-	-	-	4,395
Investment	-	-	-	1,414,310	(1,414,310)	-	-
Property, Plant & Equipment	7,719,702	7,699,227	20,475	-	-	-	20,475
	7,955,496	7,757,211	192,797	1,419,798	(1,414,310)	-	198,285
Total Assets	10,726,599	11,851,688	(1,143,261)	1,433,144	(1,414,972)	-	(1,125,089)

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
 Nine-Month Period ended September 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 September 30, 2022	NTS March 31, 2022	Excluding NISA	NISA April 12, 2022	Eliminations for Merger	Tax Benefit from the Merger	
Current							
Suppliers	469,306	441,571	25,994	1,741	-	-	27,735
Taxes Payable	77,692	84,076	(6,535)	151	-	-	(6,384)
Payroll and Charges Payable	23,152	32,992	(9,840)	-	-	-	(9,840)
Debentures/Financing Payable - CP	3,938,346	220,413	3,622,055	95,878	-	-	3,717,933
Derivative Financial Instruments	325,321	-	325,321	-	-	-	325,321
Dividends and Interest without Shareholders' Equity	-	7,576	(191,542)	184,628	(662)	-	(7,576)
Income Tax and Social Contribution to Collect	804,632	389,291	288,144	127,197	-	-	415,341
	5,638,449	1,175,919	4,053,597	409,595	(662)	-	4,462,530
Non-Current							
Debentures/Financing Payable - LP	8.133.418	5,199,676	(3,714,941)	6,648,683	-	-	2,933,742
Provision for Contractual Transfer	78.288	74,237	4,051	-	-	-	4,051
Provisions for Environmental Compensation	38,025	37,402	623	-	-	-	623
Provision with Environmental Constraints	31,761	34,757	(2,996)	-	-	-	(2,996)
Provision for Legal Contingencies	24,172	3,264	20,908	-	-	-	20,908
Provision for Intersection Crossing	18,835	15,178	3,657	-	-	-	3,657
Deferred Taxes	1,426,931	1,949,306	(76,039)	(2,071)	-	(444,265)	(522,375)
Other Liabilities	2,925	1,368	1,557	-	-	-	1,557
	9.754.355	7,315,188	(3,763,180)	6,646,612	-	(444,265)	2,439,167
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	249,817	784,544	(550,339)	15,612	-	-	(534,727)
Accumulated Profit	377,717	874,862	(639,162)	625,771	(483,754)	-	(497,145)
Other Comprehensive Income	(244,177)	-	(244,177)	-	-	-	(244,177)
Adjustment from Property Appraisals	(6,267,098)	-	-	(6,267,098)	-	-	(6,267,098)
	(4,666,205)	3,360,581	(1,433,678)	(5,623,063)	(1,414,310)	444,265	(8,026,786)
Total Liabilities	10,726,599	11,851,688	(1,143,261)	1,433,144	(1,414,972)	-	(1,125,089)

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Nine-Month Period ended September 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. 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.

1.4. Access to capital markets and funding sources

On September 30, 2022, the Company's current liabilities were in an amount higher than current assets. This situation stems from the classification of debts in current liabilities in the quarter ended on this date. As described in item 3 of Note 24 – Subsequent Events, the Company concluded in October 2022 the early redemption of the remaining balance and consequent cancellation of the debentures of the Second Issue held in 2018, thus restoring the positive condition of its Net Working Capital, after the completion of the operation.

Nova Transportadora do Sudeste S.A - NTS

Notes to the Quarterly Information
Nine-Month Period ended September 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 November 4, 2022 and later by the Board of Directors on November 10, 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
Nine-Month Period ended September 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
Nine-Month Period ended September 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 tax authorities and concluded that there is no significant impact to be recorded in the quarterly information.

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4. Relevant Estimates and Understandings (Continued)

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

	September 30, 2022	December 31, 2021
Cash and Banks	346	1,034
Short-Term Financial Investments	1,248,832	2,234,357
	1,249,178	2,235,391

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

The current compensation of the Company's financial investments is equivalent to around 108% of the CDI. The Company's investments were allocated to Fixed Income with compensation linked to the CDI.

6. Trade Receivable

	September 30, 2022	December 31, 2021
Petróleo Brasileiro S.A – Petrobras	1,293,170	1,169,706
GALP Energia Brasil S.A.	4,744	-
	1,297,914	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 September 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\$169,497 on September 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\$140,113 (R\$111,004 on December 31, 2021); and ii) Lease Class totaling R\$29,384 (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. Restricted Bank Deposits

The balance of R\$16,315 on September 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 September 30, 2022		
	Cost	Deprec. Accum.	Balance	Additions	Write-Offs	Transf.*	Deprec.	Cost	Deprec. Accum.	Balance
Construction in Progress	362,518	-	362,518	275,624		(93,297)		544,845	-	544,845
Improvement in Third-Party Assets	5,153	(2,043)	3,110			5,085	(473)	10,238	(2,516)	7,722
Environmental Constraints	145,409	(41,653)	103,756				(4,119)	145,409	(45,772)	99,637
Equipment and Other Goods	11,794,644	(4,516,594)	7,278,050	478		88,212	(339,173)	11,883,334	(4,855,767)	7,027,567
Property, Plant & Equipment in Progress	24,051	-	24,051	15,880			-	39,931	-	39,931
	12,331,775	(4,560,290)	7,771,485	291,982		-	(343,765)	12,623,757	(4,904,055)	7,719,702

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9. Property, Plant and Equipment (continued)

- The amount of R\$93,297 capitalized in the first half of 2022 refers to building and assembling projects of the Guapimirim Receiving Point (R\$13,338), renovating offices (R\$6,785), replacing a chromatograph (R\$3,252), installing Chromatographs (R\$5,576), SCADA Project (R\$58,444), GASCAR fenced (R\$2,274), Acquisition of cleaning PIGs (R\$1,044) and others (R\$2,584).

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 nine-month period ended September 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)

Useful Lives 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.

MALHA SUDESTE

The Southeast Network includes five gas pipelines and two branches:

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9. Property, Plant and Equipment (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.

MALHA SUDESTE II

The Southeast Network II includes the following gas pipelines:

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9. Property, Plant and Equipment (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 nine-month period ended September 30, 2022 and fiscal year ended December 31, 2021.

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10. Suppliers

Suppliers	September 30, 2022	December 31, 2021
Petróleo Brasileiro S.A - Petrobrás	406,632	315,942
Petróleo Transportes S.A - Transpetro	9,657	45,372
Industec	7,658	-
Consultores e outros serviços contratados	5,325	9,977
Worley Engenharia	3,551	2,452
Fundação Orquestra Sinfônica	2,800	-
Pipeway Engenharia	1,954	-
Intech	1,891	7,352
Brazabe	1,648	-
Alvaro Aguiar	1,598	3,624
Emerson	1,335	709
Enerflex	1,198	2,896
Exterran	1,163	928
Rosenbra Engenharia	1,137	2,355
Aveva	1,022	-
Solar Turbines	969	3,469
Instituto Aromeiazero	722	-
Meio Biótico Consultoria	646	-
Vectra Engenharia	563	-
Morgana Arruda	525	-
Tecflux	523	-
Tokio Marine	-	10,810
Spicecab Intech	-	4,585
Superenge Serviços	-	2,655
Demais Fornecedores	16,789	33,995
	469,306	447,121

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11. Debentures and Financing

Operation/Instrument	Indexer	Currency	Balance Raised	Start	Maturity	Principal	Interest	Cost of Funding	September 30, 2022	December 31, 2021
Commercial Notes	CDI + 1.90%	R\$	(1,500,000)	Mar-22	Mar-32	1,500,000	3,499	(13,803)	1,489,696	-
Debentures_2 nd Issue	109% %CDI	R\$	(5,200,000)	May-18	Apr-23	3,809,201	-	(1,300)	3,807,901	5,279,848
Debentures_1 st Issue_NISA	CDI + 1.99%	R\$	(1,547,187)	Apr-21	Apr-28	1,547,187	99,594	(7,350)	1,639,431	-
Debentures_2 nd Issue_NISA	CDI + 1.90%	R\$	(1,500,000)	Mar-22	Mar-32	1,500,000	3,499	(13,803)	1,489,696	-
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	1,621,980	17,042	-	1,639,022	-
Loan_Scotia Bank (2) (a)	USD/BRL + 3.63%	US\$	(170,000)	ago-22	ago-25	919,122	2,780	-	921,902	-
Loan_MUFG (a) / (b)	USD/BRL + 2.89%	US\$	(59,000)	Apr-22	Apr-27	318,989	4,657	-	323,646	-
Loan_CITI (a)	USD/BRL + 2.3%	US\$	(90,000)	Apr-22	Apr-27	486,594	2,829	-	489,423	-
Loan SMBC	PRE +4.34%	US\$	(50,000)	Set-22	set-25	270,330	717	-	271,047	-
						<u>11,973,403</u>	<u>134,617</u>	<u>(36,256)</u>	<u>12,071,764</u>	<u>5,342,018</u>
							Current		3,938,346	80,659
							Non-Current		8,133,418	5,261,359
							Total		<u>12,071,764</u>	<u>5,342,018</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, 15.5 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. ("Second Debenture Issue").

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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;

On September 9 and September 30, 2022, the Company made two optional early amortizations within the scope of the Second Debentures Issuance, in compliance with the procedure provided for in Clause 7.18 of the Deed of the Second Debentures Issuance, with the consequent cancellation of the corresponding debentures, in the amounts of BRL 1,200,000 and BRL 500,000, respectively. R\$926,423 and R\$464,375 refer to principal and R\$273,576 and R\$35,625 refer to interest, respectively.

At the closing of the quarterly information ended September 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

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12, 2022, when from then on the Company became the universal successor of NISA concerning the terms and conditions of these debentures.

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 September 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.

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

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 September 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.

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

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 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 signed with Bank of Nova Scotia, with compensatory interest of 2.0783% p.a., paid semi-annually; b) US\$90 million signed with Citibank, N.A, with compensatory interest of 2.2999% p.a., paid quarterly; and c) US\$59 million signed with MUFG 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 September 30, 2022, the Company calculated the index and concluded that the restrictive clause was being complied with.

11.5. Loans in Foreign Currency as per Law 4131/1962 obtained by NTS in August 2022

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At an Extraordinary Meeting of the Company's Board of Directors held on August 16, 2022, the Company approved the collection of one or more financing by the Company, through the contracting of loans in foreign currency, which could total the amount of up to US\$ 300 million, pursuant to Law No. 4,131/62, having been contracted:

- a) US\$ 170 million, through a loan agreement signed with Bank of Nova Scotia on August 19, 2022, with interest of 3.63% p.a., paid every six months; and
- b) US\$ 50 million, through a loan agreement signed with Sumitomo Mitsui Banking Corporation (SMBC), with interest of 4.34% p.a., paid every six months.

For protection in relation to foreign exchange exposure, the Company contracted derivative transactions (Foreign Exchange Swap), whose principal and interest amounts replicate the principal amount and interest on the loans. All Contracts have maturities at maturity, with no debt renegotiation clauses or automatic renewal.

The loans have a restrictive clause that imposes on the Company the fulfillment of a financial index resulting from the quotient of the Division of Net Financial Debt by EBITDA, which should be equal to or less than 4.0 times.

At the close of the quarterly information ended September 30, 2022, the Company cleared the index and concluded that all restrictive clauses, contained in the above-mentioned contracts, were being fulfilled.

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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	3,809,201	2,342
2023	--	4,172
2024	--	4,172
2025	1,189,451	4,172
2026	1,213,782	4,172
2027	1,213,782	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>September 30, 2022</u>	<u>September 30, 2021</u>
Management Fees	7,081	7,393
Short Term Benefits	703	381
	<u>7,784</u>	<u>7,774</u>

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13. Taxes

13.1. Current Taxes

	Current Assets		Non-Current Assets		Current Liabilities	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Income Tax	-	-	3,262	1,516	(576,706)	(653,324)
Social Contribution	-	-	703	720	(227,926)	(259,737)
PIS/COFINS	6,124	199	-	-	(46,177)	(44,590)
ICMS	-	-	-	-	(26,900)	(28,225)
ISS	-	-	-	-	(872)	(4,170)
IRRF	-	-	-	-	(891)	(1,548)
Recovery of PIS and Cofins - Exclusion of ICMS from the Calculation Base	12,433	-	-	18,117	-	-
Others	-	-	-	-	(2,852)	(2,389)
	18,557	199	3,965	20,353	(882,324)	(993,983)

13.2. Deferred Taxes

a) Breakdown of Income Tax and Social Contribution

	Based on September 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	54,723	18,606	46,000	15,640
Clandestine Derivation Provision	3,459	1,176	3,059	1,040
Insurance Provision	-	-	1,053	358
Provision for Contingencies and Others	50,561	17,190	15,496	5,269
Lane Sharing Provision	13,511	4,594	13,054	4,438
Provision - Expenses with Environmental Compensation	38,025	12,929	36,373	12,367
Bonus Provision	16,271	5,532	18,869	6,416
Tax Benefit from the Merger recognized in Equity (a)	1,281,446	435,692	-	-
Cash Flow Hedge Result (allocated to ORA)	369,965	125,788	-	-
	1,827,961	621,507	133,904	45,528
Deferred Tax Liability				
Property, Plant and Equipment - Difference between Corporate and Tax Depreciation Rate (b)	(5,741,894)	(1,952,244)	(5,888,572)	(2,002,114)
Lei do Bem - Technological Development and Innovation	(50,036)	(12,509)	(38,933)	(9,734)
Effects arising from Foreign Exchange SWAP	(246,132)	(83,685)	-	-
	(6,038,062)	(2,048,438)	(5,927,505)	(2,011,848)
Net Deferred Tax Balance	(4,210,101)	(1,426,931)	(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 september 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 September 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				2,966	18,606
Clandestine Derivation Provision	1,040				136	1,176
Insurance Provision	358				(358)	-
Provision for Contingencies and Others	5,269				11,922	17,191
Lane Crossing Provision	4,438				156	4,594
Provision - Expenses with Environmental Compensation	12,367				562	12,929
Bonus Provision	6,416				(885)	5,531
Tax Benefit from the Merger recognized in Equity (a)	0		444,265		-	435,692
Cash Flow Hedge Result (Other Comprehensive Income)	0			125,788	-	125,788
Existing Deferred Tax NISA Merger	0	2,072			(2,072)	-
	45,528	2,072	444,265	125,788	3,854	621,507
Deferred Tax Liability						
Property, Plant and Equipment - Difference between Corporate and Tax Depreciation Rate	(2,002,114)				49,870	(1,952,244)
Lei do Bem - Technological Development and Innovation	(9,734)				(2,775)	(12,509)
	(2,011,849)				(83,685)	(83,685)
					(36,590)	(2,048,438)
Net Deferred Tax Balance	(1,966,320)	2,072	444,265	125,788	(32,736)	(1,426,931)

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13. Taxes (Continued)

	2022	2023	2024	2025 +	Total
Deferred Tax Asset Recoverability	6,430	82,688	77,156	455,233	621,507

13.3. Reconciliation of Income Tax and Social Contribution

	September 30, 2022	September 30, 2021
Earnings before Income Tax and Social Contribution	3,563,838	3,430,946
Income Tax and Social Contribution - Nominal Rate (34%)	(1,211,705)	(1,166,522)
	2,352,133	2,264,424
Adjustments to calculate effective rate:		
Net Permanent Additions/(Exclusions)	(41,795)	(54,924)
Temporary Net Additions/(Exclusions)	(88,115)	(788,313)
Temporary Additions	205,262	20,326
(+) Tax Depreciation vs. Corporate	146,678	-
(+) Provision for Contingency	11,744	-
(+) Exchange Variation	15,715	-
(+) Provision for Bonuses	12,620	10,234
(+) Environmental Provision	-	2,502
(+) Provision for Contractual Transfer	12,390	-
(+) Environmental Constraints	2,092	1,925
(+) Lane Crossing	457	5,200
(+) Others	3,566	465
Temporary (Exclusions)	(293,377)	(808,639)
(-) Tax Depreciation vs. Corporate	-	(793,535)
(-) Bonus	(15,218)	(12,095)
(-) Environmental Constraints	(2,092)	(1,925)
(-) Provision for Contractual Transfer	(3,668)	(1,084)
(-) Amortization of Tax Benefit from Merger	(25,214)	-
(-) SWAP gain	(246,132)	-
(-) Others	(1,053)	-
Calculation Base for Adjusted Income Tax and Social Contribution	3,433,928	2,587,709
Income Tax and Social Contribution	(1,161,089)	(877,437)
Discount for Sponsorships (Rouanet Law) + Others	2,800	3,718
Current Income Tax and Social Contribution	(1,158,289)	(873,719)
Deferred Income Tax and Social Contribution	(32,735)	(274,106)
	(1,191,024)	(1,147,825)
Actual Income Tax and Social Contribution Rate	33,42%	33,46%

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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\$78,288 (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\$38,025 (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\$31,761 (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\$64,471 in the nine-month period ended September 30, 2022, accumulating R\$195,837 (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 nine months ended September 30, 2022 and 2021, as shown below:

	Three-Month Period Ended		Nine-Month Periods Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Net Income for the Period (in thousands of Reais)	734,306	768,504	2,372,814	2,283,121
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	1.03	0.99

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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 Adjustment from Property Appraisals

a) Transaction with shareholders

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 Income

a) Cash Flow Hedge Reserve

The amount of R\$244,177 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).

	September 30, 2022	December 31, 2021
Opening Balance	-	-
Swap Result before Adjustment to Fair Value	235,570	-
(-) Swap Result at Fair Value (as per Note 21 (b))	(134,395)	-
(=) Cash Flow Hedge Result	(369,965)	-
(+) Deferred Income Tax/Social Contribution ex-Cash Flow Hedge Result	125,788	-
Cash Flow Hedge Result, Net of Taxes	(244,177)	-

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16. Net Revenue

	Three-Month Period Ended		Nine-Month Periods Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Gross Revenues from Services	2,065,316	1,761,455	6,139,711	5,218,012
Service Charges	(267,821)	(234,784)	(802,355)	(690,129)
Rate Adjustment	(100,278)	(85,036)	(297,563)	(252,338)
	1,697,217	1,441,635	5,039,793	4,275,545

17. Cost of Services

	Three-Month Period Ended		Nine-Month Periods Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Depreciation and Amortization	(105,556)	(103,554)	(316,333)	(310,707)
Services, Freight, Rent and General Charges	(6,639)	(6,836)	(19,337)	(19,162)
Operation and Maintenance	(9,750)	(48,405)	(33,915)	(184,038)
Right of Way	(31,855)	(18,628)	(100,534)	(56,324)
Electric Energy	(3,777)	(6,242)	(15,675)	(18,218)
Insurances	(5,010)	(3,781)	(15,232)	(11,376)
ICMS on the Gas Used in the System	(1,948)	(2,230)	(5,033)	(9,254)
Environmental Costs	(516)	(321)	(1,714)	(2,157)
Consulting Services,	(2,764)	(5,206)	(11,604)	(9,697)
Trainings and Seminars	(517)	(606)	(979)	(7,910)
Cost with Staff	(14,825)	(12,597)	(43,993)	(36,102)
Other Costs	(13,741)	(6,302)	(25,743)	(14,890)
	(196,898)	(214,708)	(590,092)	(679,835)

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18. General and Administrative Expenses

	Three-Month Period Ended		Nine-Month Periods Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Personnel Expenses	(9,262)	(6,915)	(29,694)	(21,637)
Legal Counsel	(1,511)	(1,416)	(3,592)	(2,192)
Audit	(465)	(351)	(1,008)	(537)
Accounting Advisory Services	(408)	(327)	(1,402)	(1,116)
Advisory Services	(1,495)	(550)	(2,809)	(1,115)
Sponsorships	(6,716)	(1,719)	(6,566)	(2,949)
Donation	-	(1,550)	-	(6,000)
Contingency (Provision) / Reversal, Net of (Provisions)/Reversals of Events of a Similar Nature	-	-	(11,744)	(254)
License Maintenance	(1,280)	(736)	(2,335)	(2,348)
Recruitment and Selection	(290)	(743)	(1,050)	(1,656)
Rents and Fees	(323)	(325)	(883)	(875)
Outsourced Services	(181)	(102)	(391)	(506)
Office and Other Expenses	(2,636)	(1,834)	(4,837)	(4,418)
	(24,567)	(16,568)	(66,311)	(45,603)

19. Net Financial Result

	Three-Month Period Ended		Nine-Month Periods Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Financial Revenues				
Revenue from Financial Investments	80,873	19,732	212,747	33,584
Cash Restatement	3,444	1,775	8,846	3,442
Other Financial Revenues	201	278	609	850
Total Financial Revenues	84,518	21,785	222,202	37,876
Financial Expenses				
Interest on Debentures (including debt service) & financing, net of swap hedge, (a)	(456,651)	(71,556)	(960,273)	(146,253)
Taxes on Financial Result	(4,449)	(1,497)	(10,939)	(2,340)
Fines and Interest	(991)	(167)	(1,569)	(299)
Cash Restatement	(15,412)	-	(68,044)	-
Other Financial Expenses	(58)	(3,273)	(929)	(8,145)
Total Financial Expenses	(477,561)	(76,493)	(1,041,754)	(157,037)
Net Financial Earnings (Loss)	(393,043)	(54,708)	(819,552)	(119,161)

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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 Provision for Contingencies

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	(20,908)	-	(20,908)
Balances on September 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>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Non-Current Assets		
Labor	9	9
Tax	18,040	17,440
Others:	19	19
	<u>18,068</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 September 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		(118)	818			700
Cash Restatement	(74)	(15)	(35,633)	(1,460)	(3,494)	(40,676)
Write-Offs	63		141,522			141,585
Balances on September 30, 2022	(1,284)	(397)	(302,359)	(16,175)	(63,323)	(383,538)

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\$275,006 (R\$373,911 on December 31, 2021),

The reduction in the amount of tax claims was due to the successful closure of claims and the review of the amounts reported in the credit and debit administrative processes, in order to maintain alignment with the amounts contained in the Federal Revenue system, which amounts to a reduction of R\$ 48 million. Additionally, there was a partial victory in administrative proceedings, which reduced by approximately 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

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restatement in the environmental compensation within the licensing linked to GASTAU.

File in English has free translation only for consulting purposes and the file in Portuguese shall overcome for all legal purposes.

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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 September 30, 2022, the Company had 5 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 September 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*	134,617	3,809,201	-	-	8,164,202	12,108,020
Derivative Financial Instruments	135,487	309,593	205,866	(22,615)	(493,936)	134,395
Suppliers	469,306	-	-	-	-	469,306
Total	739,410	4,118,794	205,866	(22,615)	7,670,266	12,711,721

- (1) Debt forecasts consider the probable scenario of Note 21(d), disregarding the effect of their funding costs.
- (2) Derivative financial instruments correspond to the net between the balances recorded in assets and liabilities, as detailed in section b) of this Explanatory Note.

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b) Exchange Rate Risk

Arises from the possible fluctuations in foreign currency exchange rates involving certain Company loans and financing and used to debt refinancing and 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 September 30, 2022, as described in Note 1 and as a result of the reverse merger of NISA, the Company has debts denominated in US Dollars, totaling US\$749,000, 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.

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Institution	Description	Operation/Fee	Maturity	Reference Value (Notional)	September 30, 2022	December 31, 2021
	Swap (Foreign Exchange)					
Scotia Bank	Assets Position	USD/BRL + 2,45%	April, 2027	US\$ 300,000	1,482,490	-
	Liabilities Position	CDI + 1,35%	April, 2027	R\$ 1,621,980	(1,575,310)	-
				MTM Swap	(92,820)	-
Scotia Bank	Assets Position	USD/BRL + 4,27%	August, 2027	US\$ 170,000	894,707	-
	Liabilities Position	CDI + 1,13%	August, 2027	R\$ 919,122	(915,572)	-
				MTM Swap	(20,865)	-
MUFG (a)	Assets Position	USD/BRL + 3,30% / 3,40%	April, 2027	US\$ 59,000	306,030	-
	Liabilities Position	CDI + 1,35%	April, 2027	R\$ 318,989	(309,811)	-
				MTM Swap	(3,781)	-
CITI	Assets Position	USD/BRL + 2,71%	April, 2027	US\$ 90,000	446,927	-
	Liabilities Position	112,7% of CDI	April, 2027	R\$ 486,594	(462,038)	-
				MTM Swap	(15,111)	-
SMBC	Assets Position	USD/BRL + 4,96%	September, 2025	(50,000)	268,049	-
	Liabilities Position	CDI + 1,13%	September, 2025	270,330	(269,867)	-
				MTM Swap	(1,818)	-
						-

(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	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021	September30, 2022	December 31, 2021
Current	-	-	(325,321)	-	(325,321)	-
Non-Current	190,927	-	-	-	190,927	-
Total	190,927	-	(325,321)	-	(134,395)	-

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 September 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	1,249,178	CDI Decrease	171	128	85
Financial Liabilities					
<i>Debentures and Loans (a)</i>	<i>11,877,214</i>	<i>CDI Increase</i>	<i>(1,190,033)</i>	<i>(1,445,573)</i>	<i>(1,694,499)</i>
Commercial Notes	1,503,499		(226,562)	(274,181)	(320,718)
Debentures_2 nd Issue	3,809,201		(29,629)	(36,512)	(42,730)
Debentures_1 st Issue_NISA	1,646,781		(235,132)	(284,065)	(331,824)
Debentures_2 nd Issue_NISA	1,503,499		(226,562)	(274,181)	(320,718)
Loan_Scotia Bank (b)	1,520,472		(206,470)	(251,515)	(295,554)
Loan_Scotia Bank (2)	890,358		(125,793)	(153,499)	(180,529)
Loan_MUFG (b)	299,026		(40,606)	(49,465)	(58,126)
Loan_CITI (b)	442,070		(62,099)	(76,773)	(90,911)
Loan SMBC (b)	262,308		(37,180)	(45,382)	(53,389)

(*) 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 13,65%, applicable to the floating portion of the debt interest rate and the balance of cash and cash equivalents on September 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 September 30, 2022 and December 31, 2021,

Financial Assets (Current and Non-Current)	Level	September 30, 2022		December 31, 2021		
		Book Value	Fair Value	Book Value	Fair Value	
		2,923,931	2,923,831	3,578,318	3,578,318	
Cash and Cash Equivalents	Fair Value through Earnings (Expenses)	2	1,249,178	1,249,178	2,235,391	2,235,391
Trade Receivables	Amortized Cost	2	1,297,914	1,297,914	1,169,706	1,169,706
Other Accounts Receivable	Amortized Cost	2	169,497	169,497	157,570	157,570
Restricted Bank Deposits	Amortized Cost	2	16,315	16,315	15,651	15,651
Derivative Financial Instruments	Fair Value through Other Comprehensive Income (a)	2	190,927	190,927	-	-
Financial Liabilities (Current and Non-Current)			12,866,391	12,866,391	5,789,139	5,789,139
Suppliers	Amortized Cost	2	469,306	469,306	447,121	447,121
Debentures and Financing	Amortized Cost	2	12,071,764	12,071,764	5,342,018	5,342,018
Derivative Financial Instruments	Fair Value through Other Comprehensive Income (a)	2	325,321	325,321	-	-

(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						Balance on September 30, 2022	
		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	-	-	(110,263)	1,495,548	-	103,745	-	666	-	-	1,489,696
Debentures_2 nd Issue	5,279,848	(1,390,799)	(570,469)	-	-	487,862	-	1,460	-	-	3,807,902
Debentures_1 st Issue_NISA	-	-	(87,597)	1,619,252	-	107,161	-	614	-	-	1,639,430
Debentures_2 nd Issue_NISA	-	-	(110,263)	1,495,548	-	103,745	-	665	-	-	1,489,695
Loan_Santander (CCB)	62,170	(60,000)	(3,239)	-	-	1,069	-	-	-	-	-
Loan_Scotia Bank	-	-	-	1,410,750	-	17,042	211,230	-	-	-	1,639,022
Loan Scotia Bank (2)	-	880,090	-	-	-	2,780	39,032	-	-	-	921,902
Loan_MUFG	-	-	-	277,448	-	4,657	41,542	-	-	-	323,647
Loan_CITI	-	-	(2,741)	423,225	-	5,570	63,369	-	-	-	489,423
Loan SMBC	-	260,000	-	-	-	717	10,330	-	-	-	271,047
Net Derivative Financial Instrument (3)	-	-	(10,793)	22,793	-	117,933	(365,503)	-	369,965	-	134,395
Dividends and Interest on Shareholders' Equity	7,576	(2,858,463)	-	183,965	2,666,922	-	-	-	-	-	-
	<u>5,349,594</u>	<u>(3,169,172)</u>	<u>(895,365)</u>	<u>6,928,529</u>	<u>2,666,922</u>	<u>952,281</u>	<u>-</u>	<u>3,405</u>	<u>369,965</u>	<u>-</u>	<u>12,206,159</u>

- (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 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 September 30, 2022:

Class of Agreements	2022	2023	2024	2025	2026	Total
Office Rental	647	2,280	2,279	1,809	770	7,785
Telecom & Printers	142	231	-	-	-	373
Rental of vehicles and machines	218	624	624	624	624	2,714
Compression Services	4,453	18,467	18,458	18,458	18,458	78,294
Use and Sharing of Pipeline Lanes	21,607	89,930	89,887	89,887	89,887	381,198
Total	27,067	111,532	111,248	110,778	109,739	470,364

b) Warranties

On September 30, 2022, the Company had eight lease surety insurance policies to cover the guarantees required in its lease agreements totaling R\$3,624 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	1,687
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 September 30, 2022 as advance expenses:

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Description	September 30, 2022	December 31, 2021
Operating Risks and Business Interruption	-	10,810
General Civil Liability	-	2,013
Environmental Risks	-	988
D&O Liability Insurance	-	647
Civil Liability Works	75	0
Engineering Risks	295	0
Corporate Insurance	-	686
Total Insurance	370	15,144
Other Prepaid Expenses	2,146	630
Total	2,516	15,774

24. Subsequent Events

1. Signing of a new loan agreement with BNP Paribas, pursuant to the contracts mentioned in item 11.5 of this ITR, and in the framework of the approval of the Company's Board of Directors on August 16, 2022, mentioned in this same item, in the amount of US\$ 80 million, with interest of 4.89% p.a., paid annually. The contract starts in October 2022 and expires in October 2025. For protection in relation to foreign exchange exposure, the Company contracted derivative sums (Foreign Exchange Swap), whose principal and interest amounts replicate the principal amount and interest on the loan. The Contract has amortization at maturity, without debt renegotiation clauses or automatic renewal.
2. At an Extraordinary Meeting of the Company's Board of Directors held on September 9, 2022, the Company approved the issuance by the Company of simple debentures, not convertible into shares, of the chiropractor species, in three (three) series, for public distribution, with restricted distribution efforts, in the total amount of R\$ 3.5 billion maturing on September 13, 2027 (first series), on September 13, 2029 (2nd grade), and on September 13, 2032 (3rd grade). Debentures have remunerative interest of 100% of the accumulated change in the CDI Rate, plus a spread equivalent to 1.30% per year, 1.60% per year and 1.85% per year, respectively.

The debentures are issued on September 13, 2022 and were paid in on October 6, 2022.

The debentures have a restrictive clause that imposes on the Company the fulfillment of a financial index resulting from the quotient of the Division of Net Financial Debt by EBITDA, which should be equal to or less than 4.0 times.

3. Realization of the total optional early redemption of the existing balance of the Second Issue Debentures of NTS with the consequent cancellation of such debentures, on October 21, 2022, in the total amount of R\$ 3,846 million considering principal, interest and early redemption premium.