

NOVA TRANSPORTADORA DO SUDESTE S.A. -  
NTS

MANAGEMENT REPORT Q3'21



## MESSAGE FROM MANAGEMENT

The third quarter of 2021 marked the consolidation of intense work to prepare NTS for its operational transition, which posed additional challenges, requiring adaption to restrictions imposed by the pandemic. On July 28, we successfully concluded the internalization of the gas pipeline operation, which is now conducted within our own Operational Control Room, using better practices and automated processes. After 3 years of planning, investments, 150+ new hires to integrate our team, capacity building and certifications, we celebrate the results achieved, which translated into a safe transition for our teams without operational incidents or impact on our customers.

Our operational performance in the first 100 days included our preparation for the scheduled maintenance downtime of the UTGCA (Gas Treatment Unit owned by Petrobras and located in the municipality of Caraguatatuba - SP), period in which we carried out maintenance and pipeline integrity inspections. During the scheduled downtime, our volume of transported gas reached a record of 55.4MM m<sup>3</sup>/day. Once again, ensuring stable and reliable gas transport within a sensitive context, due to the high demand for thermal energy generation.

As for the financial highlights for the third quarter of 2021 (Q3'21), EBITDA rose 21%, totaling R\$1.3 billion in the period, against R\$1.1 billion in Q3'20. The EBITDA margin was 91% in the quarter, and the macroeconomic effects represent the main impact, as well as cost reduction, reflecting the results of the internalized operations. The inflation index known as IGP-M applicable to our transportation contracts and, therefore, on revenue, was approximately 19% higher than the same period of 2020, and the increase in the CDI rate, in turn, had a negative impact on debenture interest expenses and a R\$44 million impact on our financial result. Net income totaled R\$769 million in Q3'21, up by about 20% over Q3'20. The strong operating cash generation of R\$1.3 billion measured by EBITDA in the period allowed us to distribute interim dividends and interest on equity worth R\$763 million to shareholders in the quarter.

Our investments totaled around R\$80 million in Q3'21, amounting to R\$125 million in the 9 months ended September. The funds were chiefly used for gas pipeline O&M (operation and maintenance) activities, asset integrity, completion of the operational transition, compliance with environmental constraints, as well as the start of entry/exit model adjustment projects.

We also released the 2020 Sustainability Report in the quarter, prepared under the guidelines of the Global Reporting Initiative (GRI). We carried out engagement activities in this quarter with our teams in an effort to constantly pursue a more diverse and inclusive workplace environment, focusing on the inclusion of people with disabilities. We reinforced the culture of safety and, in September, we held the Internal Week for the Prevention of Occupational Accidents – SIPAT. For the fourth consecutive year, we received the Valor 1000 Award in the Transportation and Logistics segment by the Valor Econômico newspaper, reaffirming the quality of our work.

Donations worth of R\$6 million to fight COVID-19 in 9M21. These actions mainly aimed at fighting hunger and providing logistical and structural support to municipal vaccination campaigns through a partnership with the “Unidos pela Vacina” initiative. We continue monitoring the impacts of the pandemic, and should this pace of evolution remain, as of

January 2022, we look forward to resuming in-person work for the entire team, as we expect that everyone will be completely vaccinated by November. All sanitary protocols for in-person work continue effective to preserve health and ensure a safe work environment for everyone.

In the coming months, we will remain focused on activities to ensure operational stability, asset integrity and the development of the new gas market, adjusting processes and assets to enable operations under the multi-client model.

We appreciate the trust of our shareholders, and the dedication and support received by the executive officers and employees for the achievements and deliveries of this quarter.

Wong Loon

Chief Executive and  
Operations Officer

Alex Monteiro

Chief Financial and  
Investor Relations Officer

## ECONOMIC AND FINANCIAL PERFORMANCE

The Management's Report of Nova Transportadora do Sudeste S.A. - NTS ("NTS" or "Company") for the third quarter of 2021 ("Q3'21"), considering the period ended September 30<sup>th</sup>, 2021 ("9M21"), compared to the third quarter of 2020 ("Q3'20") and to the nine-month period ended on September 30<sup>th</sup>, 2020 ("9M20") includes the following highlights:

<i>In thousands of reais</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
<b>Net Operating Revenue</b>	<b>1,441,635</b>	<b>1,161,735</b>	<b>24.1%</b>	<b>4,275,545</b>	<b>3,456,744</b>	<b>23.7%</b>
Cost of services	(214,707)	(213,329)	0.6%	(679,835)	(599,250)	13.4%
<b>Gross Profit</b>	<b>1,226,928</b>	<b>948,406</b>	<b>29.4%</b>	<b>3,595,710</b>	<b>2,857,494</b>	<b>25.8%</b>
Operating expenses, net	(16,568)	36,329	-145.6%	(45,603)	6,704	-780.2%
<b>Operating Profit</b>	<b>1,210,360</b>	<b>984,735</b>	<b>22.9%</b>	<b>3,550,107</b>	<b>2,864,198</b>	<b>23.9%</b>
Net financial results	(54,708)	(16,318)	235.3%	(119,161)	(100,306)	18.8%
<b>Income Before Taxes</b>	<b>1,155,652</b>	<b>968,417</b>	<b>19.3%</b>	<b>3,430,946</b>	<b>2,763,892</b>	<b>24.1%</b>
Total Income Tax and Social Contribution	(387,148)	(325,374)	19.0%	(1,147,825)	(918,101)	25.0%
<b>Net Income for the period</b>	<b>768,503</b>	<b>643,043</b>	<b>19.5%</b>	<b>2,283,121</b>	<b>1,845,791</b>	<b>23.7%</b>

### 1. NET OPERATING REVENUE

The net operating revenue (NOR) totaled R\$1,441.6 million in Q3'21, up by 24.1% over the R\$1,161.7 million recorded in Q3'20. The annual IGP-M weighted index of the five transportation agreements (GTAs) was approximately 24%, and these agreements generate 100% of the Company's revenue.

NOR totaled R\$4,275.5 million in 9M21, a YoY increase of 23.7%, also resulting from the above-mentioned inflation variation.

Variations in the average transported volume significantly impact revenue, as the GTAs have a ship-or-pay clause calculated based on contracted transport capacity regardless of the handled volume, ensuring transporters' revenue predictability and stability. The increase in the average volume transported in Q3'21 is due to: i) resulting from the economic recovery after the recession during the pandemic in 2020, and ii) arising from higher demand from thermal power plants during the long drought and water crisis in 2021.

<i>In thousands of reais</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
<b>Net Operating Revenue</b>	<b>1,441,635</b>	<b>1,161,735</b>	<b>24.1%</b>	<b>4,275,545</b>	<b>3,456,744</b>	<b>23.7%</b>

### 2. COST OF SERVICES

The cost of services totaled R\$214.7 million in Q3'21, accounting for 14.9% of net revenue, or a growth of 3.5 percentage points, compared to the R\$213.3 million recorded in Q3'20, which accounted for 18.4% of net revenue, a reduction in costs of around 3.5 percentage points between comparative quarters.

The main year-over-year change was the significant decrease of R\$17.9 million in Operation & Maintenance (O&M) costs, due to the internalization of the operation and the termination of the contract with Transpetro.

This decrease was partially offset by i) a R\$2.5 million upturn in personnel costs, due to the increase in the number of Company employees in the technical and operational areas; ii) higher right-of-way costs, of approximately R\$3.4 million, chiefly due to macroeconomic adjustments (restatement by the IGP-M); iii) higher consulting costs, of R\$3.2 million; and iv) an increase of R\$1.6 million in the ICMS of gas used in the system (GUS), due to the higher volume transported between Q3'21 and Q3'20. Depreciation accounted for an increase of R\$2.8 million in Q3'21 costs.

Costs increased by 13.4% in 9M21, totaling R\$679.8 million, compared to the R\$599.3 million reported in 9M20. However, compared to net revenue, costs fell and improved by 1.4 percentage points, and both indicators accounted for 15.9% and 17.3%, respectively. The impacts verified in the quarter extend to the factors that contributed to the reduction in O&M costs observed in 9M21, of R\$12.3 million, which was offset by higher personnel costs, of R\$15.3 million, right-of-way, of R\$11.6 million, ICMS of GUS, of R\$6.1 million, and training, of R\$6.5 million. Depreciation accounted for an increase of R\$29.5 million in 9M21.

<i>In thousands of reais</i>	Q3'21	Q3'20	Var.	9M21	9M20	Var.
<b>Cost of services</b>	<b>(214,707)</b>	<b>(213,329)</b>	<b>0.6%</b>	<b>(679,835)</b>	<b>(599,250)</b>	<b>13.4%</b>
% on net revenues	-14.9	-18.4	3.5 pp	-15.9	-17.3	1.4 pp

### 3. GROSS PROFIT

Gross profit totaled R\$1,226.9 million in Q3'21, up by approximately 29.4% over Q3'20. The gross margin increased by 3.5 percentage points, accompanying the increase of revenues and the stability of costs in the period, although, registering a reduction in relation to net revenue, according to previous analyses.

The gross profit totaled R\$3,595.7 million in 9M21, 25.8% higher YoY and in line with the changes in revenue and costs. The gross margin, of approximately 84%, slightly increased by 1.4 pp YoY, mainly due to macroeconomic impacts on revenue in the period.

<i>In thousands of reais</i>	Q3'21	Q3'20	Var.	9M21	9M20	Var.
<b>Gross Profit</b>	<b>1,226,928</b>	<b>948,406</b>	<b>29.4%</b>	<b>3,595,710</b>	<b>2,857,494</b>	<b>25.8%</b>
Gross Margin %	85.1	81.6	3.5 pp	84.1	82.7	1.4 pp

### 4. OPERATING REVENUES AND EXPENSES

The other operating revenues and expenses were negative by R\$16.6 million in Q3'21, a quite different result from the positive R\$36.3 million recorded in Q3'21, due to tax credits from previous years that totaled R\$53.3 million. The credits recorded in 2020 were mainly

from the exclusion of ICMS from the PIS and COFINS tax base, after a final and unappealable decision in favor of NTS and impacted Q3'20 results.

General and administrative expenses were flat YoY in Q3'21, totaling around R\$16 million, due to the increase with legal advisory, audit, and consulting expenses, of approximately R\$1.1 million, higher recruitment and hiring costs, of R\$0.5 million, partially offset by lower donations and sponsorships, which totaled R\$0.9 million in Q3'21. Moreover, the non-recurring expense from the reversal of a provision in Q3'20 totaled R\$1.0 million.

The general and administrative expenses also remained flat YoY in 9M21, totaling around R\$46 million in both periods. The main changes were the increases in personnel expenses, of R\$1.5 million, legal advisory and audit expenses, of R\$1.1 million, and recruitment costs, of R\$0.7 million, partially offset by the lower expenses with sponsorships, of R\$3.3 million. Regarding the sponsorships, it is worth noting the change in the period in which we call notice for the selection of projects supported through Incentive Laws in 2021. The notice was concluded in 2021 and the payments started in Q2'21.

<i>In thousands of Reais</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
<b>Operating revenues (expenses), net</b>	<b>(16,568)</b>	<b>36,329</b>	<b>-145.6%</b>	<b>(45,603)</b>	<b>6,704</b>	<b>-780.2%</b>
% on net revenue	-1.1	3.1	-4.3 pp	-1.1	0.2	-1.3 pp
<b>General and administratives expenses</b>	<b>(16,568)</b>	<b>(16,980)</b>	<b>-2.4%</b>	<b>(45,603)</b>	<b>(46,605)</b>	<b>-2.1%</b>
% on net revenue	-1.1	-1.5	0.3 pp	-1.1	-1.3	0.3 pp
<b>Other revenues (expenses), net</b>	<b>--</b>	<b>53,309</b>	<b>--</b>	<b>--</b>	<b>53,309</b>	<b>--</b>
% on net revenue	--	4.6	-4.6 pp	--	1.5	-1.5 pp

## 5. OPERATING PROFIT

The operating profit totaled R\$1,210.4 million in Q3'21, with an operating margin of 84.0% of net revenue, virtually flat over the 84.8% recorded in Q3'20. The Q3'20 operating profit was mainly benefitted by the recording of the aforementioned tax credits.

The accumulated operating profit reached R\$3,550.1 million in 9M21, approximately 24% more than in Q3'20, reflecting the growth of gross profit.

<i>In thousands of reais</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
<b>Operating Profit</b>	<b>1,210,360</b>	<b>984,735</b>	<b>22.9%</b>	<b>3,550,107</b>	<b>2,864,198</b>	<b>23.9%</b>
% on net revenue	84.0	84.8	-0.8 pp	83.0	82.9	0.2 pp

## 6. NET FINANCIAL RESULTS

The net financial expense totaled R\$54.7 million in Q3'21, strongly impacted by higher interest expenses with debentures that yield 109% of the CDI rate. The average CDI rate was 4.9% and 2.0% in Q3'21 and Q3'20, respectively.

Financial revenue was 31.1% over Q3'20, also reflecting the increase in the CDI rate, and higher availability of remunerated cash at the end of Q3'21 (R\$1,463.6 million on September 30, 2021), compared to the R\$1,375.6 million recorded on September 30, 2020. It is worth noting that in Q3'20, the financial revenue included R\$9.6 million from the monetary restatement of PIS and COFINS credits from previous periods that affected operating revenues and expenses, as mentioned in item 4 of this report.

In July, we amended the existing debt with Banco Santander, in the amount of R\$ 60.0 million, with an improvement in the spread (from 1.98% to 1.45%) and extension of maturity to the third quarter of 2023.

The net financial result was negative by R\$119.2 million in 9M21, compared to the R\$100.3 million reported in 9M20, also reflecting the variation of the CDI rate mentioned above, mainly on financial expenses, which increased by approximately R\$19.2 million in the period. The CDI rate averaged 3.4% and 3.1% in 9M21 and 9M20, respectively. Considering that interest is amortized every six months in April, it is also worth noting the average recorded between May-September 2021 and 2020, of 4.3 and 2.3%, respectively.

NTS does not have any relevant exposure to foreign currency.

<i>In thousands of reais</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
<b>Net Financial Results</b>	<b>(54,708)</b>	<b>(16,318)</b>	<b>235.3%</b>	<b>(119,161)</b>	<b>(100,306)</b>	<b>18.8%</b>
Financial revenue	21,785	16,616	31.1%	37,876	37,484	1.0%
Financial expenses	(76,493)	(32,934)	132.3%	(157,037)	(137,790)	14.0%

## 7. INCOME BEFORE TAXES

Profit before taxes totaled R\$1,155.7 million in Q3'21, as a result of the growth in operating profit combined with the worse performance of the financial result. This result is 19.3% higher than in Q3'20 and corresponds to 80.2% of net revenue, a decrease of 3.2 percentage points in this indicator.

The variation was 24.1% in 9M21, flat (+0.3 pp) when compared to the net revenue of the period.

<i>In thousands of reais</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
<b>Income before Taxes</b>	<b>1,155,652</b>	<b>968,417</b>	<b>19.3%</b>	<b>3,430,946</b>	<b>2,763,892</b>	<b>24.1%</b>
% on net revenue	80.2	83.4	-3.2 pp	80.2	80.0	0.3 pp

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

In Q3'21, the current and deferred taxes (IRPJ/CSLL) totaled R\$387.1 million, vs. the R\$325.4 million recorded in Q3'20.

Current and deferred taxes and contributions totaled R\$1,147.8 million in 9M21, vs. R\$918.1 million recorded in 9M20, in line with the growth of the taxable result. The effective rate slightly increased by 0.3 percentage points, to 33.5% in 9M21, mainly due to and is especially due to adjustments related to the 2020 tax base (provisions) reflected in the 2021 IRPJ (ECF) declaration.

<i>In thousands of reais</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
<b>Total income tax and social contribution</b>	<b>(387,148)</b>	<b>(325,374)</b>	<b>19.0%</b>	<b>(1,147,825)</b>	<b>(918,101)</b>	<b>25.0%</b>
% on income before taxes	-33.5	-33.6	0.1 pp	-33.5	-33.2	-0.2 pp
<b>Current income tax and social contribution</b>	<b>(313,786)</b>	<b>(234,529)</b>	<b>33.8%</b>	<b>(873,719)</b>	<b>(624,161)</b>	<b>40.0%</b>
% on income before taxes	-27.2	-24.2	-2.9 pp	-25.5	-22.6	-2.9 pp
<b>Deferred income tax and social contribution</b>	<b>(73,362)</b>	<b>(90,845)</b>	<b>-19.2%</b>	<b>(274,106)</b>	<b>(293,940)</b>	<b>-6.7%</b>
% on income before taxes	-6.3	-9.4	3.0 pp	-8.0	-10.6	2.6 pp

## 9. NET INCOME

Net income totaled R\$768.5 million in Q3'21, up by 19.5% over the R\$643.0 million recorded in Q3'20.

Net income increased by 23.7% in 9M21, to R\$2,283.1 million, with a net margin of 53.4%, flat over 9M20, as a result of i) the macroeconomic impact over the operating revenue and financial result in 2021; ii) the increase in costs was not proportional to the growth of revenue in 2021; iii) the non-recurring result from the recognition of tax credits in 2020.

<i>In thousands of reais</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
<b>Net income for the period</b>	<b>768,503</b>	<b>643,043</b>	<b>19.5%</b>	<b>2,283,121</b>	<b>1,845,791</b>	<b>23.7%</b>
% on net revenue	53.3	55.4	-2.0 pp	53.4	53.4	0.0 pp

## 10. EBITDA

EBITDA totaled R\$1,313.9 million in Q3'21, higher than the R\$1,085.5 million recorded in Q3'20. The EBITDA margin fell by 2.3 p.p., to 91.1% vs. 93.4% in Q3'20, mainly benefiting from the recognition of tax credits back then.

The EBITDA margin also had a slight negative variation of -0.7 pp in 9M21, reaching 90.3% vs. 91.0% in 9M20. We also highlight the impact of depreciation in 9M21, given that until April 2020 it was offset by PIS/COFINS tax credits from previous periods on the fixed asset base.



<b>EBITDA Reconciliation</b> <i>(In thousands of reais)</i>	<b>Q3'21</b>	<b>Q3'20</b>	<b>Var.</b>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
Net Income	768,503	643,043	19.5%	2,283,121	1,845,791	23.7%
Income Tax and Social Contribution	387,148	325,374	19.0%	1,147,825	918,101	25.0%
Net Financial Results	54,708	16,318	235.3%	119,161	100,306	18.8%
Depreciation	103,554	100,750	2.8%	310,707	281,227	10.5%
<b>EBITDA</b>	<b>1,313,914</b>	<b>1,085,485</b>	<b>21.0%</b>	<b>3,860,814</b>	<b>3,145,425</b>	<b>22.7%</b>
EBITDA Margin %	91.1	93.4	-2.3 pp	90.3	91.0	-0.7 pp

## 11. BALANCE SHEET EVOLUTION

On September 30<sup>th</sup>, 2021, PP&E totaled R\$7.8 billion versus R\$8.0 billion on December 31<sup>st</sup>, 2020, a 2.8% reduction due to depreciation.

The gross debt ended the quarter at R\$5.4 billion, in line with the balance on December 31<sup>st</sup>, 2020. Net indebtedness totaled R\$3.9 billion on September 30<sup>th</sup>, 2021, down by 9.8% from the R\$4.3 billion recorded on December 31<sup>st</sup>, 2020, mainly due to the R\$509.4 million increase in the cash balance. Even after the payment of dividends in September, this increase was due to a higher volume of restricted cash to meet financial expenses.

In 9M21, NTS created a profit reserve on tax incentives, of R\$52.9 million, which totaled R\$111.1 million on September 30<sup>th</sup>, 2021, resulting from an investment subsidy related to the appropriation of ICMS credit arising from ICMS Agreement 106/96, which grants a 20% credit on due ICMS to companies that provide transport services. The credits are recorded in the income statement of the year and monthly allocated to the tax incentive reserve, being excluded from the dividend tax base.

<b>Indebtedness</b> <i>(In thousands of reais)</i>	<b>9M21</b>	<b>9M20</b>	<b>Var.</b>
Gross Debt	5,362,261	5,312,541	1.6%
Cash	1,463,565	1,375,594	53.4%
<b>Net Debt</b>	<b>3,898,696</b>	<b>3,936,947</b>	<b>-9.8%</b>

## 12. DIVIDENDS AND INTEREST ON EQUITY

Approximately R\$762.9 million was distributed to shareholders in Q3'21, of which R\$741.8 million as interim dividends (R\$0.321 per share) and R\$21.1 million as interest on equity (R\$0.009 per share), after an opinion issued by the Fiscal Council and approval by the Board of Directors in August.

Until September 30, 2021, R\$1,898.0 million was paid to shareholders as interim dividends, and R\$63.3 million as interest on equity, totaling R\$1,961.3. In 9M21, R\$2,307.0 million was paid to shareholders as dividends and interest on equity, including an installment of R\$345.8 million as proposed dividends for 2020, and R\$6.4 million as interest on equity also for 2020.

### **13. INDEPENDENT AUDITORS**

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

### **14. RATING**

NTS has a "AAA(bra)" long-term national corporate rating and a "AAA(bra)" stable outlook on the Company's second issue of debentures, issued by Fitch Ratings.

In May 2021, the agency issued non-rating action commentary, reporting that the abovementioned ratings were not affected by the guarantee provided by the Company to the first NISA's debentures issuance, a shareholder of NTS.

The Fitch report is available at <https://ri.ntsbrasil.com>

### **15. OTHER RELEVANT INFORMATION**

On April 30<sup>th</sup> the sale by Petrobras of its 10% share on Company's share capital to NISA was concluded, with funds raised by NISA through the issuance of simple debentures, non-convertible, on single series, for public distribution, with restricted efforts, whereby NTS granted corporate guarantee as a surety for the total debt amount represented by such debentures and other monetary obligations, as per the Indenture, as amended.

The debentures issued by NISA bear interest equivalent to the accumulated variation of the CDI rate plus spread of 1.99%, semi-annual interest payments in April and October maturing on April 27, 2028, with no intermediary amortization, debt renegotiation or automatic renewal clauses. On September 30<sup>th</sup>, 2021 NISA total debt is R\$ 1,579.9 million.

## **Quarterly Information - ITR**

### **Nova Transportadora do Sudeste S.A. - NTS**

As of September 30, 2021

Including the Independent Auditors' Review Report

# **Nova Transportadora do Sudeste S.A. - NTS**

## Quarterly Information - ITR

As of September 30, 2021

### Table of Contents

Independent auditor's review on Interim Financial Information .....	1
Quarterly Information	
Statements of financial position.....	3
Income statement .....	5
Statement of comprehensive income .....	6
Statements of changes in equity .....	7
Cash flow statements.....	8
Value added statements .....	9
Notes to the Quarterly Information .....	10



Centro Empresarial PB 370  
Praia de Botafogo, 370  
6º ao 10º andar - Botafogo  
22250-040 - Rio de Janeiro - RJ - Brazil  
Phone: +55 21 3263-7000  
ey.com.br

**A free translation from Portuguese into English of Independent auditor's review report on interim financial information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and in accordance with Accounting Pronouncement NBC TG 21 Interim Financial Reporting and IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).**

---

## **Independent auditor's review report on Interim Financial Information**

To  
Management and Shareholders of  
**Nova Transportadora do Sudeste S.A. - NTS**  
Rio de Janeiro - RJ

### **Introduction**

We have reviewed the accompanying interim financial information, contained in the Quarterly Information Form (ITR) of Nova Transportadora do Sudeste S.A. ("Company") for the quarter ended September 30, 2021, comprising the statement of financial position as of September 30, 2021 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, 2021, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall interim financial information.

Rio de Janeiro, November 11, 2021.

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

Statements of financial position  
September 30, 2021 and December 31, 2020  
(In thousands of reais)

<b>Assets</b>	<b>Note</b>	<b>09/30/2021</b>	<b>12/31/2020</b>
<b>Current</b>			
Cash and cash equivalents	5	1,463,565	954,089
Accounts receivable	6	1,110,968	961,240
Taxes recoverable	12.1	197	47,341
Other accounts receivable	13	167,580	120,262
Prepaid expenses		1,031	11,757
Advances		9,024	4,089
Other		638	155
		<b>2,753,003</b>	<b>2,098,933</b>
<b>Noncurrent</b>			
Restricted bank deposits	7	15,542	15,387
Court deposits	20.2	17,269	16,674
Inventory held by third parties		-	5,548
Taxes recoverable	12,1	71,654	66,730
Other		345	359
PP&E	8	7,774,720	7,996,353
		<b>7,879,530</b>	<b>8,101,051</b>
<b>Total assets</b>		<b>10,632,533</b>	<b>10,199,984</b>

The notes are an integral part of the quarterly information.

## Nova Transportadora do Sudeste S.A - NTS

Statements of financial position  
September 30, 2021 and December 31, 2020  
(In thousands of reais)

Liabilities	Note:	<b>09/30/2021</b>	12/31/2020
Current			
Trade accounts payable	9	348,945	310,714
Taxes payable	12,1	66,931	67,731
Payroll and charges payable		26,835	24,422
Debentures and financing	10	102,732	78,438
Dividends and interest on equity	15,3	-	6,291
Income tax and social contribution payable	12,1	625,040	570,059
		<b>1,170,483</b>	<b>1,057,655</b>
Noncurrent			
Debentures and financing	10	5,259,529	5,197,242
Provisions for environmental compensation	14,1	35,139	32,636
Provision for environmental constraints	14,2	38,041	45,986
Provision for legal contingencies	20,1	4,258	4,258
Provision for intersection crossings		21,245	15,421
Deferred taxes	12,2	1,976,453	1,702,347
Other liabilities		1,367	869
		<b>7,336,032</b>	<b>6,998,759</b>
Equity			
Share capital	15,1	508,712	508,712
Capital reserve	15,2	1,192,463	1,192,463
Profit reserve	15,3	149,458	442,395
Accrued profit		275,385	-
		<b>2,126,018</b>	<b>2,143,570</b>
Total liabilities and equity		<b>10,632,533</b>	<b>10,199,984</b>

The notes are an integral part of the quarterly information.



## Nova Transportadora do Sudeste S.A - NTS

### Income statement

Three and nine-month periods ended September 30, 2021 and 2020  
(In thousands of Reais, unless otherwise stated)

	Note	Three-month period ended		Nine-month period ended	
		09/30/2021	09/30/2020	09/30/2021	09/30/2020
<b>Net Revenue</b>	<b>16</b>	1,441,635	1,161,735	4,275,545	3,456,744
<b>Cost of services</b>	<b>17</b>	(214,707)	(213,329)	(679,835)	(599,250)
General and administrative expenses	18	(16,568)	(16,980)	(45,603)	(46,605)
Other net operating (expenses) income		-	53,309	-	53,309
<b>Operating revenue (expenses)</b>		<b>(16,568)</b>	36,329	<b>(45,603)</b>	6,704
		<b>1,210,360</b>	984,735	<b>3,550,107</b>	2,864,198
<b>Operating profit</b>					
Financial income	19	21,785	16,616	37,876	37,484
Financial expenses	19	(76,493)	(32,934)	(157,037)	(137,790)
<b>Net financial result</b>		<b>(54,708)</b>	(16,318)	<b>(119,161)</b>	(100,306)
<b>Profit before income and social contribution taxes</b>		<b>1,155,651</b>	968,417	<b>3,430,946</b>	2,763,892
Current income tax and social contribution	12.3	(313,786)	(234,529)	(873,719)	(624,161)
Deferred income tax and social contribution	12.2	(73,362)	(90,845)	(274,106)	(293,940)
<b>Net income for the period</b>		<b>768,503</b>	643,043	<b>2,283,121</b>	1,845,791
<b>Basic and diluted earnings per share (in R\$)</b>		<b>0.33</b>	0.28	<b>0.99</b>	0.80

The notes are an integral part of the quarterly information.

## Nova Transportadora do Sudeste S.A - NTS

### Statements of comprehensive income

Three and nine-month periods ended September 30, 2021 and 2020  
(In thousands of reais)

	Three-month period ended		Nine-month period ended	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Net income for the period	<b>768,503</b>	643,043	<b>2,283,121</b>	1,845,791
Other comprehensive income	-	-	-	-
<b>Comprehensive income for the period</b>	<b>768,503</b>	643,043	<b>2,283,121</b>	1,845,791

The notes are an integral part of the quarterly information.

## Nova Transportadora do Sudeste S.A - NTS

### Statements of changes in equity

Nine-month periods ended September 30, 2021 and 2020  
(In thousands of reais)

	Capital reserve		Profit reserves				Total
	Share capital	Capital transaction	Legal	Tax Incentive Reserve	Proposed dividends	Accrued profit	
Balances on December 31, 2019	<b>994,301</b>	<b>1,360,199</b>	<b>38,368</b>	-	<b>248,003</b>	-	<b>2,640,871</b>
Net income for the period	-	-	-	-	-	1,845,791	1,845,791
Interest on equity	-	-	-	-	-	(80,162)	(80,162)
Approved dividends	-	-	-	-	(248,003)	(1,471,325)	(1,719,328)
Subsidies - Tax incentives	-	-	-	41,701	-	(41,701)	-
Incorporation of Capital Reserve	167,736	(167,736)	-	-	-	-	-
Balance as of September 30, 2020	<b>1,162,037</b>	<b>1,192,463</b>	<b>38,368</b>	<b>41,701</b>	-	<b>252,603</b>	<b>2,687,172</b>

	Capital reserve		Profit reserves				Total
	Share capital	Capital transaction	Legal	Tax Incentive Reserve	Proposed dividends	Accrued profit	
Balances on December 31, 2020	<b>508,712</b>	<b>1,192,463</b>	<b>38,368</b>	<b>58,212</b>	<b>345,815</b>	-	<b>2,143,570</b>
Net income for the period	-	-	-	-	-	2,283,121	2,283,121
Interest on equity	-	-	-	-	-	(56,818)	(56,818)
Approved dividends	-	-	-	-	(345,815)	(1,898,040)	(2,243,855)
Grants - Tax incentives	-	-	-	52,878	-	(52,878)	-
Balance as of September 30, 2021	<b>508,712</b>	<b>1,192,463</b>	<b>38,368</b>	<b>111,090</b>	-	<b>275,385</b>	<b>2,126,018</b>

The notes are an integral part of the quarterly information.

## Nova Transportadora do Sudeste S.A - NTS

### Cash flow statements

Nine-month periods ended September 30, 2021 and 2020

(In thousands of reais)

	<u>09/30/2021</u>	<u>09/30/2020</u>
Operating activities		
Net income for the period	2,283,121	1,845,791
Adjustments to expenses and income, non-cash:		
Deferred income tax and social contribution	274,106	293,940
Interest expense on debentures and financing	145,445	131,282
Depreciation and amortization	338,193	327,792
Provisions for bonus, annual leave and 13° salary	16,589	13,198
Other	(750)	(1,402)
	<u>3,056,704</u>	<u>2,610,601</u>
Changes in assets and liabilities:		
Accounts receivables	(149,728)	(35,749)
Taxes recoverable	42,220	(62,644)
Other accounts receivable	(47,318)	10,185
Other assets	10,870	(35,873)
Trade accounts payable and other accounts payable	38,231	(6,151)
Payroll expenses and charges payable	(14,176)	(10,696)
Taxes payable	872,919	686,643
Income tax and social contribution paid	(818,738)	(619,781)
Provision for environmental constraints	(4,515)	(5,912)
Other liabilities	8,826	14,112
Net cash flow generated by operating activities	<u>2,995,295</u>	<u>2,544,735</u>
Investing activities:		
Acquisition of PP&E	(119,990)	(94,929)
Cash flow used in investing activities	<u>(119,990)</u>	<u>(94,929)</u>
Financing activities:		
Bank loans	-	60,000
Payment of interest on financing	(2,366)	-
Payment of interest on Debentures	(56,497)	(119,864)
Payment of dividends and interest on equity	(2,306,964)	(1,810,322)
Cash flow used in financing activities	<u>(2,365,827)</u>	<u>(1,870,186)</u>
Increase (reduction) in cash and cash equivalents	<u>509,476</u>	<u>579,620</u>
Changes in cash and cash equivalents		
Cash and cash equivalents at the beginning of the period	954,089	795,974
Cash and cash equivalents at the end of the period	<u>1,463,565</u>	<u>1,375,594</u>
	<u>509,476</u>	<u>579,620</u>

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

## Nova Transportadora do Sudeste S.A - NTS

### Value added statements

Nine-month periods ended September 30, 2021 and 2020

(In thousands of reais)

	<u>09/30/2021</u>	<u>09/30/2020</u>
Added value to be distributed		
Revenues	<u>4,965,675</u>	<u>4,024,710</u>
Services and other revenues	<u>4,965,675</u>	<u>4,024,710</u>
Inputs purchased from third parties	<u>(301,452)</u>	<u>(286,951)</u>
Services rendered, electricity, third-party services and other	<u>(301,452)</u>	<u>(286,951)</u>
Gross added value	<u>4,664,223</u>	<u>3,737,759</u>
Depreciation and amortization	(310,707)	(281,227)
Net added value by the company	<u>4,353,516</u>	<u>3,456,532</u>
Added value received in transfer	<u>37,876</u>	<u>90,739</u>
Investment income - includes monetary and exchange variations	37,876	37,430
Recovery of PIS/COFINS – Excludes ICMS from the tax base	-	52,400
Recovery of PIS and COFINS – APV	-	909
Total added value to be distributed	<u>4,391,392</u>	<u>3,547,271</u>
Added value distribution		
Personnel	<u>63,185</u>	<u>38,358</u>
Direct compensation	<u>41,474</u>	29,552
Benefits	<u>19,031</u>	6,997
FGTS	<u>2,680</u>	1,809
Taxes, fees and contributions	<u>1,848,362</u>	<u>1,493,612</u>
Federal	1,617,916	1,315,964
State	214,868	168,586
Municipal	15,578	9,062
Remuneration on third-party capital	<u>196,724</u>	<u>169,510</u>
Interest, fines, monetary and exchange variations	154,697	135,808
Donations and sponsorships	8,949	12,229
Trade accounts payable – non-operational services	39,916	24,923
Other third-party capital remuneration	(6,838)	(3,450)
Remuneration on equity	<u>2,283,121</u>	<u>1,845,791</u>
Interest on equity	56,818	80,162
Dividends paid	1,898,040	1,471,325
Retained profits for the period	328,263	294,304
Total added value distributed	<u>4,391,392</u>	<u>3,547,271</u>

The notes are an integral part of the quarterly information.

## **Nova Transportadora do Sudeste S.A. - NTS**

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### **1. Operating context**

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

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

Transport pipelines correspond to pipelines, whether or not part of a natural gas transport system, intended for the movement of natural gas or the connection of supply sources, according to the criteria established in the New Gas Law mentioned below, and may include supplements and components, under the terms of the regulation of the National Petroleum, Natural Gas and Biofuel Agency (“ANP”).

The activity performed by the Company is subject to a Federal Government monopoly, and the Company holds operating authorizations issued by the National Petroleum, Natural Gas and Biofuel Agency (“ANP”).

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

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

On April 30, 2021, the acquisition of all the shares held by Petrobras, corresponding to 10% of the Company’s share capital, by Nova Infraestrutura Gasodutos Participações S.A. (“NISA”), a company whose current controlling shareholders are FIP and ITAÚSA, was concluded. Based on this transaction, the Company’s shareholding structure as of September 30, 2021, is as follows: FIP, directly and indirectly holding 82.35% and 91.5% of the shares, respectively; NISA, directly holding 10% of the shares; and ITAÚSA, directly and indirectly holding 7.65% and 8.5% of the shares, respectively.

#### **1.2. Approval of the New Gas Law**

On April 8, 2021, the Brazilian President approved Law 14.134, known as “New Gas Law”. The Law introduces new improvements related to NTS’s activities, among which: (i) establishment of an authorization regime for all natural gas transportation activities, with no expiration date; (ii) new rules for pipeline operation and balancing and

## **Nova Transportadora do Sudeste S.A. - NTS**

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### **1. Operating context\_Continuation**

#### **1.2. Approval of the New Gas Law**

natural gas transportation systems; and (iii) establishment of independence and autonomy regulations for natural gas transportation companies regarding agents performing competitive activities in the natural gas industry. It also includes provisions to ensure the rights of transporters in current transportation service contracts, including those related to protecting the revenue currently received by transporters to comply with the new entry-exit capacity contracting regime.

The Company is analyzing the amendments to the new law, but does not expect significant impacts in the year ending December 31, 2021.

#### **1.3. Impacts from COVID-19**

We spared no effort to adapt and remain focused on our objectives for this year, even in the uncertain scenario caused by the COVID-19 pandemic. Set up in March 2020, the Crisis Committee has continuously monitored the effects caused by the COVID-19 pandemic on operations. The transportation of natural gas is considered an essential service, and we maintained our operations without interruptions and material impacts. Our revenues were not impacted since all of our gas transportation contracts are conducted as ship-or-pay, i.e. there is a commitment to pay for the contracted transportation capacity, regardless of its use.

Since June 2020, some field operations were resumed following all necessary safety protocols. Corporate employees are working remotely, due to the worsening of the pandemic in the last few months. The Company, supported by the Crisis Committee, has guided its decisions in line with the recommendations of the sanitary and health authorities and always valuing the safety of its employees and collaborators.

### **2. Basis of presentation of the quarterly information**

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

This quarterly information is presented with the relevant changes that occurred in the period, without the repetition of certain previously disclosed notes, which, according to the management's opinion, provide a comprehensive view of the Company's equity and financial position and the performance of its operations. Therefore, the accounting information

## **Nova Transportadora do Sudeste S.A. - NTS**

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### **2. Basis of presentation of the quarterly information\_Continued**

should be read together with the Company's annual financial statements for the year ended December 31, 2020.

Additionally, the Company considered the guidelines issued by OCPC 07 Technical Guidance when preparing this quarterly information. Therefore, relevant information specific to the quarterly information is being disclosed and corresponds to the information used by Management in their daily attributions.

This quarterly information was approved by the Fiscal Council on November 04, 2021 and by the Board of Directors on November 11, 2021.

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

### **3. Summary of significant accounting policies**

The accounting policies and calculation methods used in the preparation of this quarterly information are the same as those used in the preparation of the Company's annual financial statements for the fiscal year ended December 31, 2020, issued on March 19, 2021.

### **4. Significant estimates and judgments**

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

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

For more information on relevant estimates, see note 5 to the financial statements of December 31, 2020.



## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
Nine-month period ended September 30, 2021.  
(In thousands of Reais, unless otherwise stated)

### 5. Cash and cash equivalents

	<u>09/30/2021</u>	<u>12/31/2020</u>
Cash and banks	164	732
Short-term investments	<u>1,463,401</u>	<u>953,357</u>
	<u><b>1,463,565</b></u>	<u><b>954,089</b></u>

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

The current remuneration of the Company's short-term investments is equivalent to approximately 102% of the CDI rate. The Company investments were allocated to Bank Deposit Certificates (CDBs) remunerated by reference to the Interbank Deposit Certificate (CDI).

### 6. Accounts receivable

	<u>09/30/2021</u>	<u>12/31/2020</u>
Petróleo Brasileiro S.A – Petrobras	<u>1,110,968</u>	<u>961,240</u>
	<u><b>1,110,968</b></u>	<u><b>961,240</b></u>

The Company's receivables arise from Gas Transportation Agreements (GTAs) entered into with Petrobras. There were no overdue amounts receivable on September 30, 2021 and December 31, 2020, and there are no expected losses associated with these receivables.

### 7. Restricted bank deposits

The balance of R\$15,542 on September 30, 2021 (R\$15,387 on December 31, 2020), refers to a savings account held with Banco do Brasil to cover environmental compensations related to the construction of gas pipelines GASAN II, GASPAL II and ECOMP in Guararema, in the state of São Paulo, and will be used as required by environmental bodies. Such deposits should be linked to savings accounts and follow the provisions of Federal Law 9,985/2000, which constituted the National System of Units of Conservation – SNUC.

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
 Nine-month period ended September 30, 2021.  
 (In thousands of Reais, unless otherwise stated)

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

Description	Balance as of December 31, 2020			Changes in 2021				Balance as of September 30, 2021		
	Cost	Accumulated depreciation	Balance	Additions	Write-offs	Transfers	Depreciation	Cost	Accumulated depreciation	Balance
Construction in progress	213,922	-	213,922	96,865	-	(11,703)	-	299,084	-	299,084
Improvement in third-party assets	5,153	(1,559)	3,594	-	-	-	(363)	5,153	(1,922)	3,231
Environmental constraints	148,839	(36,329)	112,510	-	(3,430)	-	(3,951)	145,409	(40,280)	105,129
Equipment and other assets	11,737,819	(4,071,492)	7,666,327	923	-	11,703	(333,879)	11,750,445	(4,405,371)	7,345,074
Fixed Assets in progress	-	-	-	22,202	-	-	-	22,202	-	22,202
	<b>12,105,733</b>	<b>(4,109,380)</b>	<b>7,996,353</b>	<b>119,990</b>	<b>(3,430)</b>	<b>-</b>	<b>(338,193)</b>	<b>12,222,293</b>	<b>(4,447,573)</b>	<b>7,774,720</b>

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

## **Nova Transportadora do Sudeste S.A. - NTS**

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### **8. Property, Plant and Equipment (PP&E)\_Continued**

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

#### Capitalized borrowing costs

During the nine-month period ended September 30, 2021 and the fiscal year ended December 31, 2020 there was no capitalization of interest on financing for construction projects in the Company's PP&E.

#### Useful life of assets

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

Buildings and improvements – from 16 to 30 years

Improvement in third-party assets – 10 to 30 years

Gas pipelines, equipment, and other items – up to 30 years

Environmental constraints – up to 30 years

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

NTS's gas pipelines network comprises the following extensions:

#### GASTAU

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

#### GASDUC III

Cabiúnas-REDUC Gas Pipeline (GASDUC III), which is 180 km long and 38 inches in diameter, is the gas pipeline with the greatest diameter in South America and has the highest transportation capacity (40 million m<sup>3</sup>/day) among the Brazilian gas pipelines.

## **Nova Transportadora do Sudeste S.A. - NTS**

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### **8. Property, Plant and Equipment (PP&E)\_Continued**

#### GASPAJ

Paulínia-Jacutinga Gas Pipeline (GASPAJ), which is 93 km long and 14 inches in diameter, has the purpose of meeting the natural gas demand of the South region of the state of Minas Gerais. The gas pipeline originates in the city of Paulínia/SP, where gas pipelines Paulínia-

Jacutinga, Campinas-Rio (GASCAR), REPLAN-Guararema of Gas Pipeline Bolívia Brasil (GASBOL) interconnect and where the Point of Delivery REPLAN is located.

#### SOUTHEAST NETWORK

The Southeast Network comprises five gas pipelines and two branches:

#### *GASAN*

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

#### *GASCAR*

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

#### *GASPAL*

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

#### *GASVOL*

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

## **Nova Transportadora do Sudeste S.A. - NTS**

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### **8. Property, Plant and Equipment (PP&E)\_Continued**

#### *GASBEL I*

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

#### *Campos Elíseos Branch (16 inches)*

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

#### SOUTHEAST NETWORK II

The Southeast Network II comprises the following gas pipelines:

#### *GASJAP*

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

#### *GASAN II*

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

#### *GASPAL II*

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

#### *GASBEL II*

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

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
Nine-month period ended September 30, 2021.  
(In thousands of Reais, unless otherwise stated)

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

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

#### Impairment of assets

Management annually reviews events or changes in economic, operating, or technological circumstances of its assets to assess whether there are any preliminary indications of deterioration or impairment. No PP&E impairment indicators were identified for the nine-month period ended September 30, 2021 and the fiscal year ended December 31, 2020.

### 9. Trade accounts payable

	<u>09/30/2021</u>	<u>12/31/2020</u>
Petróleo Brasileiro S.A - Petrobras	267,532	212,680
Petróleo Transportes S.A - Transpetro	29,528	47,157
Intech Engenharia Ltda.	2,673	685
Solar Turbines Internati	3,166	-
Álvaro Engenharia	1,651	-
Emerson Process Manegment	1,162	-
Exterran Serviços de Óleo e Gás	473	-
Enerflex/Geogás	1,083	1,022
Worley Engenharia	877	1,231
Tokio Marine Seguradora	-	7,690
Chubb Seguros Brasil S.A	-	1,370
Schneider Electric	2,068	1,648
Rosenbra Engenharia Brasil Ltda	17,401	5,179
Industec	-	3,225
Conaut Controles	-	1,522
Macaetec Instrumentos	-	1,001
Consultants and other contracted services	7,047	3,294
Other trade payables	14,283	23,010
	<u>348,944</u>	<u>310,714</u>

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### 10. Debentures and financing

	Interest Rate	Maturity	09/30/2021	12/31/2020
<b>Current</b>				
Charges - 2 <sup>nd</sup> issue debentures	109% of CDI	2023	104,680	19,510
Charges – CCB	CDI + 1.98%	2021	-	875
Funding costs	-	-	(1,948)	(1,947)
Principal - CCB	CDI + 1.98%	2021	-	60,000
<b>Total current</b>			<b>102,732</b>	<b>78,438</b>
<b>Noncurrent</b>				
Principal - 2 <sup>nd</sup> issue debentures	109% of CDI	2023	5,200,000	5,200,000
Principal - CCB	CDI + 1.45%		60,000	-
Charges – CCB	CDI + 1.45%		827	-
Funding costs	-	-	(1,298)	(2,758)
<b>Total noncurrent</b>			<b>5,259,529</b>	<b>5,197,242</b>
<b>Total</b>			<b>5,362,261</b>	<b>5,275,680</b>

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

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

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

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

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### 10. Debentures and financing\_Continued

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

The debentures have covenants that require the Company to comply with the following financial ratios, calculated every quarter:

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

At the reporting date of the quarterly information for the period ended September 30, 2021, the Company verified both indexes and concluded that the covenants were complied with.

#### Payments and amortization schedule of funding costs

<u>Year</u>	<u>Principal</u>	<u>Funding Costs</u>
2021	-	487
2022	-	1,947
2023	5,260,000	812
	<u>5,260,000</u>	<u>3,246</u>

### 11. Transactions with related parties

#### a) Operations between legal entities

	<u>Petrobras</u>	<u>Transpetro</u>	<u>09/30/2021*</u>
Result			
Revenue from services	2,174,388	-	2,174,388
Cost with operation and maintenance of gas pipes	-	(135,634)	(135,634)
Other operating costs	(28,814)	-	(28,814)
	<u>2,145,574</u>	<u>(135,634)</u>	<u>2,009,940</u>



## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### 11. Transactions with related parties\_Continued

\*As described in note 1, on April 30, 2021, the acquisition of all the shares held by Petrobras, corresponding to 10% of the Company's share capital, by Nova Infraestrutura Gasodutos Participações S.A. ("NISA"), was concluded. Thus, any existing transactions between the Company and Petrobras and its subsidiaries are no longer considered related-party transactions, and the transactions reported in this table correspond to the period between January 1 and April 30, 2021.

	<u>Petrobras</u>	<u>Transpetro</u>	<u>09/30/2020</u>
<b>Result</b>			
Gross revenue from services	4,024,709	-	4,024,709
Cost with operation and maintenance of gas pipes	-	(196,376)	(196,376)
Other operating costs/expenses	(575,008)	-	(575,008)
	<u><b>3,449,701</b></u>	<u><b>(196,376)</b></u>	<u><b>3,253,325</b></u>

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

#### b) Operations with key management personnel

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

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

	<u>09/30/2021</u>	<u>09/30/2020</u>
Management compensation	7,393	6,401
Short-term benefits	381	605
	<u><b>7,774</b></u>	<u><b>7,006</b></u>

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### 11. Transactions with related parties\_Continued

#### c) Guarantees with related parties

On April 30, Petrobras completed the sale of the 10% interest held in the Company to NISA, with funds obtained by NISA through the issue of simple debentures, not convertible into shares, in a single series, for public distribution with restricted distribution efforts, and NTS granted a personal guarantee in the form of suretyship for the total amount of the debt represented by said debentures and other monetary obligations, under the respective Indenture, as amended.

The debentures issued by NISA yield interest corresponding to the accumulated variation of the CDI rate, plus a spread of 1.99%, payment of interest every six months, in April and October and maturing on April 27, 2028, with no interim amortizations nor debt renegotiation or automatic renewal clauses. Also according to the terms of the Debentures Deed, there is an obligation constituted by NISA to be reversely incorporated by the Company within a maximum period of 13 months from the date of completion of the sale operation (May 2022), under penalty of early maturity in case of default.

On September 30, the total amount of NISA's debt was R\$1,579,940, of which R\$40,103 corresponds to interest and R\$1,539,837 to principal, both net of the funding costs linked to the transaction.

## 12. Taxes

### 12.1. Current taxes

	Current Assets		Noncurrent Assets		Current Liabilities	
	09/30/2021	12/31/2020	09/30/2021	12/31/2020	09/30/2021	12/31/2020
Income tax	-	-	1,494	-	(448,332)	(402,568)
Social contribution	-	-	711	-	(176,708)	(167,491)
PIS/COFINS	197	47,335	8,803	8,727	(36,446)	(37,934)
Recoverable PIS/COFINS (a)	-	-	60,646	58,003	-	-
ICMS	-	-	-	-	(23,586)	(24,792)
Tax on service (ISS)	-	-	-	-	(3,891)	(1,104)
Withholding income tax (IRRF)	-	-	-	-	(982)	(1,508)
Other	-	6	-	-	(2,026)	(2,393)
	<b>197</b>	<b>47,341</b>	<b>71,654</b>	<b>66,730</b>	<b>(691,971)</b>	<b>(637,790)</b>

- a) In 2018, the Company filed a lawsuit challenging the constitutionality of including the Tax on Circulation of Merchandise\_ICMS in the PIS and COFINS calculation basis. In 2020, the lawsuit had a final favorable outcome for NTS, allowing the exclusion of ICMS from the PIS and COFINS calculation basis prospectively, as well as the retroactive recovery of the

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
 Nine-month period ended September 30, 2021.  
 (In thousands of Reais, unless otherwise stated)

### 12. Taxes\_Continued

#### 12.1. Current taxes\_Continued

amounts collected in excess (limited to the last 5 years counted from the date the lawsuit was filed), restated based on Selic interest rate. The Company recorded tax credits of R\$60,646, of which R\$48,618 corresponded to the principal amount and R\$12,028 related to SELIC interest.

#### 12.2. Deferred taxes

##### Breakdown of deferred income tax and social contribution

	Base date 09/30/2021	Deferred IR and CSLL Balance at 34%	Base date 12/31/2020	Deferred IR and CSLL Balance at 34%
<b>Deferred income tax</b>				
Provision for PIS/COFINS loss	46,000	15,640	54,039	18,373
Provision for Illegal Derivations	3,059	1,040	17,600	5,984
Provision for insurances	1,053	358	1,053	358
Provision for contingencies and other	7,375	2,508	8,008	2,780
Provision for gas pipeline Sharing	20,621	7,011		
Provision - expenses with environmental compensation	35,139	11,947	32,635	11,096
Provision for bonus	15,080	5,127	16,941	5,760
	<b>128,327</b>	<b>43,631</b>	<b>130,276</b>	<b>44,351</b>
<b>Deferred tax liabilities</b>				
PP&E - Difference in corporate vs. tax depreciation	(5,912,797)	(2,010,350)	(5,119,262)	(1,740,549)
Lei do Bem - technological development and innovation	(38,933)	(9,734)	(24,596)	(6,149)
	<b>(5,951,730)</b>	<b>(2,020,084)</b>	<b>(5,143,858)</b>	<b>(1,746,698)</b>
<b>Deferred tax balance, net</b>	<b>(5,823,403)</b>	<b>(1,976,453)</b>	<b>(5,013,582)</b>	<b>(1,702,347)</b>

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

	2021	2022	2023	Total
Recoverability of deferred tax assets	-	-	43,631	43,631

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### 12. Taxes\_Continued

#### 12.3. Reconciliation of income tax and social contribution

	<u>09/30/2021</u>	<u>09/30/2020</u>
Profit before income tax and social contribution	3,430,946	2,763,892
Income tax and social contribution - nominal rate (34%)	<u>(1,166,522)</u>	<u>(939,723)</u>
	<b>2,264,424</b>	1,824,169
Adjustments for calculating the effective rate:		
Permanent net exclusions	(54,924)	(62,655)
Temporary net exclusions	(788,313)	(851,046)
Additions	20,326	55,188
(+ Provision for bonus)	10,234	8,513
(+ Provision for environment)	2,502	433
(+ Environmental constraints)	1,925	2.174-
(+ Sharing of gas pipeline)	5,200	-
(+ Other)	465	44,068
Exclusions	(808,639)	(906,235)
(-) Depreciation (tax x corporate)	(793,535)	(885,457)
(-) Bonus	(12,095)	(12,038)
(-) Provision for environment	(1,925)	(5,886)
(-) Other	(1,084)	(2,854)
Basis for calculating adjusted income tax and social contribution	<u><b>2,587,709</b></u>	<u><b>1,850,192</b></u>
Income tax and social contribution	(877,437)	(624,710)
Sponsorships ( <i>Lei Rouanet</i> ) + Other	3,718	(274)
Current income tax and social contribution	(873,719)	(624,161)
Deferred income tax and social contribution	<u>(274,106)</u>	<u>(293,940)</u>
	<u><b>(1,147,825)</b></u>	<u><b>(918,101)</b></u>
Effective IR and CS rates	<b>33.46%</b>	<b>33.22%</b>

### 13. Other accounts receivable

The balance of R\$167,580 on September 30, 2021 referred to: i) expenses incurred by the Company within the scope of the Management and Remediation of Cracks by Corrosion Under Tension (SCC), totaling R\$142,656 (R\$111,140 on December 31, 2020); and ii) Rentals, totaling R\$24,924 (R\$9,122 on December 31, 2020). These amounts must be reimbursed by Petróleo Brasileiro S.A. – Petrobras over the next 12 months, as part of the remaining obligations agreed between buyer and seller for the sale of the Company. This balance is not being monetarily restated.

## **Nova Transportadora do Sudeste S.A. - NTS**

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### **14. Provision for environmental compensation and environmental constraints**

#### **14.1 Provision for environmental compensation**

Refers to provisions, in the amount of R\$35,139 (R\$32,636 on December 31, 2020), based on Federal Law 9,985/2000, which constituted the National System of Units of Conservation – SNUC, which aims to ensure the preservation of nature and sustainable development of natural resources and will be spent as established by the Environment Foundation - FATMA and the Public Ministry.

#### **14.2 Provision for environmental constraints**

The balance, totaling R\$38,041 (R\$45,986 on December 31, 2020), refers to environmental constraints required by environmental control, monitoring and inspection bodies, at the federal and state levels, due to the issuance of preliminary licenses for the installation and operation of ventures and construction of the Company's gas pipelines network, under the terms of Resolution 237/1997 of the National Environment Council – CONAMA.

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

### **15. Equity**

#### **15.1 Share capital**

The Company's shareholders representing the entire share capital attended the Extraordinary Shareholders' Meeting held on August 31, 2020, and based on the favorable opinion of the Company's Fiscal Council on July 24, 2020, they unanimously approved, without reservations, the incorporation of part of the Company's capital reserve to its capital, in an amount equivalent to R\$167,736, increasing the Company's share capital, from R\$994,301 to R\$1,162,037, by increasing the nominal value of the Company's shares and maintaining the number of shares and percentage of each shareholder's share in the capital unchanged. Immediately following, the shareholders approved the Company's capital reduction, totaling R\$653,325, according to article 173 of Law 6.404/76, as it was considered excessive given the activities performed by the Company. The reduction was carried through capital restitution to shareholders, in national currency, proportionally to their respective holdings in the Company's share capital,

## **Nova Transportadora do Sudeste S.A. - NTS**

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### **15. Equity\_Continued**

and a reduction in the nominal value of the Company's share to twenty-two centavos (R\$0.22), without the cancellation of any shares representing the Company's share capital. After the deadline of 60 days without opposition from creditors, this reduction was executed, with the Company's share capital changing from R\$1,162,037 to R\$508,712, fully subscribed and paid in.

#### **15.2 Capital transactions**

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

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

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

#### **15.3 Profit reserves**

##### a) Legal Reserve

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

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

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
Nine-month period ended September 30, 2021.  
(In thousands of Reais, unless otherwise stated)

### 15. Equity\_Continued

#### 15.3 Income reserves\_Continued

b) Interim dividends

In the period ended September 30, 2021, NTS distributed the total of R\$1,898,040 as interim dividends corresponding to the current year (R\$2,012,245 as of December 31, 2020) and a total of R\$63,281 as interest on equity (R\$105,251 on December 31, 2020). Both the payment of dividends and interest on equity were resolved at meetings of the Company's Fiscal Council and Board of Directors.

c) Dividends and interest on equity paid

On August 26, 2021, the Company's Management approved the total distribution of R\$762,859, of which R\$741,791 referring to interim dividends for the current year, and R\$21,068 referring to interest on equity, paid on September 13, 2021.

On June 10, 2021, the Company's Management approved the total distribution of R\$ 717,526, of which R\$697,153 referring to interim dividends for the current year, and R\$20,373 referring to interest on equity, paid on June 11, 2021.

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

d) Tax incentive reserve

NTS created a profit reserve on tax incentives, totaling R\$52,878 in the nine-month period ended September 30, 2021, totaling R\$111,090 (R\$58,212 on December 31, 2020), resulting from an investment subsidy related to the appropriation of ICMS credit arising from the option for the ICMS Agreement 106/96 that grants credit of 20% on ICMS amount due to companies providing transport services. These credits were recorded in the income statement of the period and allocated monthly to the tax incentive reserve, being excluded from the calculation of the dividend tax base.

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
 Nine-month period ended September 30, 2021.  
 (In thousands of Reais, unless otherwise stated)

### 15. Equity\_Continued

#### 15.3 Income reserves\_Continued

##### e) Earnings per share

The calculation of basic and diluted earnings per share for the nine-month periods ended on September 30, 2021 and 2020, were as follows:

	Three-month period ended		Nine-month period ended	
	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2021</u>	<u>09/30/2020</u>
Net income for the period (in thousands of Reais)	<b>768,503</b>	<b>643,043</b>	<b>2,283,121</b>	<b>1,845,791</b>
Total shares issued	2,312,328,578	2,312,328,578	2,312,328,578	2,312,328,578
<b>Basic and diluted earnings per share - in Reais</b>	<b>0.33</b>	<b>0.28</b>	<b>0.99</b>	<b>0.80</b>

### 16. Net revenue

	Three-month period ended		Nine-month period ended	
	<u>09/30/2021</u>	<u>09/30/2020</u>	<u>09/30/2021</u>	<u>09/30/2020</u>
Gross service revenue	1,761,455	1,422,893	5,218,012	4,219,644
Charges on services	(234,784)	(192,870)	(690,129)	(567,965)
Tariff adjustment	(85,036)	(68,288)	(252,338)	(194,935)
	<b><u>1,441,635</u></b>	<b><u>1,161,735</u></b>	<b><u>4,275,545</u></b>	<b><u>3,456,744</u></b>



## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### 17. Cost of services

	Three-month period ended		Nine-month period ended	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Depreciation and amortization	(103,554)	(100,750)	(310,707)	(281,227)
Contracted services, freight, rentals, and general charges	(6,836)	(5,721)	(19,162)	(16,718)
Operation and maintenance	(48,405)	(66,294)	(184,038)	(196,376)
Right-of-way	(18,628)	(15,207)	(56,324)	(44,742)
Electricity	(6,242)	(5,053)	(18,218)	(14,039)
Insurance coverage	(3,781)	(3,607)	(11,376)	(10,558)
ICMS on gas used in the system	(2,230)	(557)	(9,254)	(3,112)
Environmental costs	(321)	(355)	(2,157)	(365)
Consulting services	(5,206)	(1,983)	(9,697)	(5,283)
Training and seminars	(606)	(1,319)	(7,910)	(1,367)
Personnel costs	(12,597)	(10,113)	(36,102)	(20,837)
Other costs	(6,302)	(2,370)	(14,890)	(4,626)
	<b>(214,708)</b>	<b>(213,329)</b>	<b>(679,835)</b>	<b>(599,250)</b>

### 18. General and administrative expenses

	Three-month period ended		Nine-month period ended	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Personnel expenses	(6,915)	(6,846)	(21,637)	(20,124)
Legal advisory	(1,416)	(718)	(2,192)	(1,227)
Audit	(351)	(170)	(537)	(348)
Accounting advisory services	(327)	(476)	(1,116)	(1,134)
Consulting services	(550)	(332)	(1,115)	(1,416)
Sponsorships	(1,719)	(2,229)	(2,949)	(6,229)
Donation	(1,550)	(1,920)	(6,000)	(6,000)
Costs with tax contingencies	-	(1,036)	(254)	(1,036)
License maintenance	(736)	(508)	(2,348)	(1,700)
Recruitment and hires	(743)	(249)	(1,656)	(1,008)
Rentals and charges	(325)	(305)	(875)	(1,205)
Contracted services	(102)	(557)	(506)	(1,582)
Office expenses and other	(1,834)	(1,634)	(4,418)	(3,596)
	<b>(16,568)</b>	<b>(16,980)</b>	<b>(45,603)</b>	<b>(46,605)</b>

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
 Nine-month period ended September 30, 2021.  
 (In thousands of Reais, unless otherwise stated)

### 19. Net financial result

	Three-month period ended		Nine-month period ended	
	09/30/2021	09/30/2020	09/30/2021	09/30/2020
Financial income	19,732	6,736	33,584	22,891
Monetary restatement	1,775	9,632	3,442	13,095
Other financial income	278	248	850	1,498
<b>Total financial income</b>	<b>21,785</b>	<b>16,616</b>	<b>37,876</b>	<b>37,484</b>
Interest on debentures (including debt service) & financings	(71,556)	(30,300)	(146,253)	(132,083)
Taxes on the financial result	(1,497)	(715)	(2,340)	(1,928)
Fines and interest charges	(167)	(173)	(299)	(263)
Other financial expenses	(3,273)	(1,746)	(8,145)	(3,516)
<b>Total financial expenses</b>	<b>(76,493)</b>	<b>(32,934)</b>	<b>(157,037)</b>	<b>(137,790)</b>
<b>Net financial income (loss)</b>	<b>(54,708)</b>	<b>(16,318)</b>	<b>(119,161)</b>	<b>(100,306)</b>

### 20. Legal proceedings and contingencies

#### 20.1 Accrued legal proceedings

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

The amounts accrued are as follows:

	Labor	Tax	Total
	Legal	Legal	
Balances on December 31, 2020	(3,215)	(1,043)	(4,258)
Write-offs	-	-	-
<b>Balance as of September 30, 2021</b>	<b>(3,215)</b>	<b>(1,043)</b>	<b>(4,258)</b>

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
 Nine-month period ended September 30, 2021.  
 (In thousands of Reais, unless otherwise stated)

### 20. Legal proceedings and contingencies\_Continued

#### 20.2 Court deposits

	<u>09/30/2021</u>	<u>12/31/2020</u>
Noncurrent assets		
Labor	8	8
Tax	17,241	16,647
Other	20	19
	<u>17,269</u>	<u>16,674</u>

#### 20.3 Non-accrued legal proceedings

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

Contingent liabilities estimated for legal proceedings on September 30, 2021 and December 31, 2020, in which the probability of loss is considered possible, are presented below:

	<u>Civil</u>	<u>Labor</u>	<u>Tax</u>		<u>Environmental</u>	<u>Total</u>
	<u>Legal</u>	<u>Legal</u>	<u>Administrative</u>	<u>Legal</u>	<u>Administrative</u>	
<b>Balances on December 31, 2020</b>	<b>(1,149)</b>	-	<b>(104,160)</b>	<b>(13,411)</b>	<b>(54,035)</b>	<b>(172,755)</b>
New lawsuits		(249)	(277,734)			(277,983)
Monetary restatement	(80)	(6)	(5,212)	(807)	(3,743)	(9,848)
Write-offs			3,829			3,829
Change in forecast			71			71
<b>Balance as of September 30, 2021</b>	<b>(1,229)</b>	<b>(255)</b>	<b>(383,206)</b>	<b>(14,218)</b>	<b>(57,778)</b>	<b>456,686</b>

The main administrative tax claims refer to various administrative proceedings filed by the RFB and are related to the challenge of tax credits used by NTS and not approved by the tax authority, as well as tax assessment notices. The main lawsuits total R\$380,764 (R\$90,370 on December 31, 2020). Environmental causes refer to environmental compensation processes under discussion between Environmental Agencies and NTS on the following topics: (i) the maximum percentage that can be applied for the calculation of the environmental compensation under the licensing related to GASCAR; (ii) the index applicable for the purpose of monetary correction of the environmental compensation due under the licensing related to GASCAR, GASTAU, GASP AJ and GASBEL II; and (iii) the base date for the application of the monetary adjustment in the case of environmental compensation under the licensing related to GASTAU.

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
Nine-month period ended September 30, 2021.  
(In thousands of Reais, unless otherwise stated)

### 21. Financial instruments

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

On September 30, 2021, the Company did not have any derivative financial instruments to mitigate risks associated with its financial instruments and, during the years, did not make speculative investments. The results are consistent with the policies and strategies defined by the Company's management.

#### a) Liquidity risk

The Company uses its funds to cover operating liabilities and to pay creditors. The sources of funds plus the Company's financial position on September 30, 2021, are sufficient for the settlement of its short-term liabilities. Liquidity risk is managed by the Company by investing its cash in CDBs with daily liquidity and renegotiating (when necessary) the maturity date of its debts.

	2021	2022	2023	Total
<b>Financial debt</b>	86,571	347,236	5,370,142	5,803,949
<b>Trade accounts payable</b>	348,945	-	-	348,945

#### b) Currency risk

Currency risk arises from the possibility of fluctuations in foreign exchange rates used by the Company for acquiring equipment or services and entering into financial instruments. On September 30, 2021, the Company did not have any financial assets or liabilities denominated in foreign currency or exposed to other currencies.

The Company adopts the policy of eliminating market risks, thus avoiding exposure to market value fluctuations, and operates only with instruments that enable risk control. On September 30, 2021, the Company had contractual commitments with expected future disbursements in

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### 21. Financial instruments\_Continued

foreign currency, however it did not have any relevant financial assets or liabilities denominated in or exposed to any foreign currency.

#### c) Credit risk

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

Receivables pledged as collateral refer to deposits made in the restricted account, arising from the Natural Gas Purchase and Sale Agreement (GSAs) in which Petrobras acts as

seller. Deposits made in this account are intended to guarantee coverage of at least 120% of the Company's expected monthly invoices, due by Petrobras under the GTAs, in addition to any taxes and charges that may be deducted by Banco Bradesco every month.

#### d) Sensitivity analysis

On September 30, 2021, the Company's Management carried out a sensitivity analysis for financial instruments subject to interest rate risk, considering that the exposure is the value of the debentures and financing, as described in Note 10, and financial investments exposed to the CDI variation. The possible and remote scenarios consider a 25% and 50% variation in the expected interest rates on loan balances, net of financial investments, respectively, concerning this same date.

Instruments	Exposure	Risk	Probable (*)	Possible (25% Variation)	Remote (50% Variation)
<b>Financial liabilities</b>					
Debentures and loans (**)	5,362,261	Increase in CDI	(348,329)	(433,569)	(518,186)
<b>Financial assets</b>					
Cash and cash equivalents	1,463,565	Decrease in CDI	90,009	67,507	45,005

(\*) 12-month scenario

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

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
 Nine-month period ended September 30, 2021.  
 (In thousands of Reais, unless otherwise stated)

### 21. Financial instruments\_Continued

The “Probable” scenario was calculated considering a CDI rate of 6.15%, applicable to the floating interest rate portion of the debentures, net of cash and cash equivalents as of September 30, 2021. The “Possible” and “Remote” scenarios consider increases of 25% and 50% of the CDI rate, respectively.

e) Estimate at fair value:

The table below sets forth the book values and fair values of the Company's financial instruments and other assets and liabilities, as well as its measurement level. On September 30, 2021 and December 31, 2020

Financial assets (current and noncurrent)	Level	09/30/2021		12/31/2020	
		Book Value	Fair Value	Book Value	Fair Value
		<b>2,757,655</b>	<b>2,757,655</b>	2,050,978	2,050,978
Cash and cash equivalents	2	<b>1,463,565</b>	<b>1,463,565</b>	954,089	954,089
Accounts receivable	Fair value through profit or loss				
Other accounts receivable	Amortized cost	<b>1,110,968</b>	<b>1,110,968</b>	961,240	961,240
Restricted bank deposits	Amortized cost	<b>167,580</b>	<b>167,580</b>	120,262	120,262
		<b>15,542</b>	<b>15,542</b>	15,387	15,387
<b>Financial liabilities (current and noncurrent)</b>					
		<b>5,711,206</b>	<b>5,711,206</b>	5,586,394	5,586,394
Trade accounts payable	Amortized cost	<b>348,945</b>	<b>348,945</b>	310,714	310,714
Debentures and financing	Amortized cost	<b>5,362,261</b>	<b>5,362,261</b>	5,275,680	5,275,680

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
 Nine-month period ended September 30, 2021.  
 (In thousands of Reais, unless otherwise stated)

### 21. Financial instruments\_Continued

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

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

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

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

#### f) Changes in the cash flow liabilities of financing activities

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

Debentures and Financing	Balance as of December 31, 2020	Cash Changes			Non-Cash Changes			Balance as of September 30, 2021
		Financing activities received (paid)	Interest payment	Funding costs	Approved dividends and interest on equity	Interest expenses	Amortized funding costs	
Debentures – 2 <sup>nd</sup> Issue	5,214,805	-	56,497	-	-	141,667	1,460	<b>5,301,435</b>
CCB	60,876	-	(2,366)	-	-	2,318	-	<b>60,828</b>
Dividends and Interest on Equity	6,291	(2,306,964)	-	-	2,300,673	-	-	-
	<b>5,281,972</b>	<b>(2,306,964)</b>	<b>(58,863)</b>	<b>-</b>	<b>2,300,673</b>	<b>143,985</b>	<b>1,460</b>	<b>5,362,263</b>

## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information  
Nine-month period ended September 30, 2021.  
(In thousands of Reais, unless otherwise stated)

### 22. Commitments

#### a) Contractual obligations

The following table sets forth the annual minimum required, and non-cancelable future payments related to the contractual obligations assumed by the Company as of September 30, 2021:

Type of Contract	2021	2022	2023	2024	2025	Total
Office rental	1,515	4,213	2,429	2,450	2,001	12,608
Telecom and printers	71	274	84	-	-	429
Compression services	4,231	17,617	14,509	13,713	-	50,070
Operation and maintenance	12,174	8,041	-	-	-	20,215
Use and sharing of gas pipelines	84,162	87,713	91,222	94,670	98,267	456,034
<b>Total</b>	<b>102,153</b>	<b>117,858</b>	<b>108,244</b>	<b>110,833</b>	<b>100,268</b>	<b>539,356</b>

#### b) Guarantees

As of September 30, 2021, the Company had eight rental guarantee insurance policies to cover the guarantees required in its lease agreements, which totaled R\$3,527 in coverage limit, distributed as follows:

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



## Nova Transportadora do Sudeste S.A. - NTS

Notes to the Quarterly Information

Nine-month period ended September 30, 2021.

(In thousands of Reais, unless otherwise stated)

### 23. Insurance coverage

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

The Company has several insurance policies, including Operational Risks and Loss of Profit, General Civil Liability, Environmental Risks, D&O Civil Liability, Professional Civil Liability E&O, Property, among others.

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

Type of Insurance	Start of Coverage Period	End of Coverage Period	Coverage Amount
Operational risks and business interruption	10/03/2020	10/03/2021	1,500,000
General civil liability	10/03/2020	10/03/2021	400,000
Environmental risks	10/03/2020	10/03/2021	300,000
D&O civil liability	10/03/2020	10/03/2021	300,000
Professional civil liability (E&O)	10/03/2020	10/03/2021	10,000
Data protection and cyber responsibility	10/03/2020	10/03/2021	15,000
Corporate fraud (crime)	10/03/2020	10/03/2021	5,000
Property (office)	11/27/2020	11/27/2021	11,000
<b>Total</b>			<b>2,541,000</b>

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

The table below summarizes the amounts recorded on September 30, 2021, as prepaid expenses:

Description	09/30/2021	12/31/2020
Operating risks and business interruption	-	7,690
General civil liability	-	1,470
Environmental risks	-	968
D&O civil liability	-	647
Corporate insurance	-	563
Others – insurance	1,031	-
<b>Total</b>	<b>1,031</b>	11,338
Other prepaid expenses	-	419
<b>Total</b>	<b>1,031</b>	<b>11,757</b>