

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

MANAGEMENT REPORT Q2'23



MESSAGE FROM MANAGEMENT

This quarter, NTS completed 6 years of history as a private natural gas transport company with tangible actions that reinforce its commitment with the development of the transport sector, as the conclusion of GASIG, a pipeline that will enable the injection of 18 MM m³ / day of natural gas from the pre-salt – Route 3. Simultaneously, consolidated itself as the protagonist of a proposal for the development of the sector that may involve investments in more than 300km of new pipelines and doubling of the current compression capacity.

In this regard, NTS consolidated the success of the construction of GASIG obtaining the Operating License (LO) in July. Since then, the pipeline that connects the natural gas processing and treatment unit (GASLUB) to the GASDUC III pipeline awaits the Operating Authorization (AO) and public call, under ANP Management, which will consolidate the readiness to operate. The works of the GASIG were executed in a period of 6 months with financial execution materially below what was originally planned.

NTS goes forward by identifying investment needs and solutions for the sector's development, seeking to anticipate and project gas supply scenarios and their impacts on existing flows and resources. In this sense, NTS obtained recognition from ECOMP Japeri (RJ) as a strategic project for the State of Rio de Janeiro and concluded the basic engineering for the Reduction Pressure Station, ERP of São José dos Campos (SP). The progress of its investment proposal for the development of gas infrastructure, presented to the regulator and relevant agents in the sector in 2022, signs the efforts invested with relevant public entities to look for consensus around the risks and solutions for strengthening the gas infrastructure transportation of natural gas to obtain full regulatory and environmental approvals.

As part of its expansion agenda and aiming to enable new sources of natural gas to the market, NTS signed, in June 2023, a Memorandum of Understanding (MoU) with Gás Verde, committing itself to carry out the necessary investment studies to promote the first injection of biomethane in a network of transport gas in the country. The agreement aims to study the injection of up to 120.000 cubic meters of gas per day in the Company's pipeline network.

Also, continuing the integrity and operational safety program for its assets, NTS invested approximately R\$56 million in the 1st semester of 2023. Within ESG initiatives, the Company completed the greenhouse gas inventory (GHG).

In the commercial agenda, NTS ended the 1st semester with 11 master contracts signed with important players in the sector, including Gerdau, Shell, Galp, Vibra and Compass, allowing these companies to hire the gas transport service. Also, during this period, NTS closed several extraordinary contracts with firm guarantee in the daily, monthly and annual terms with some of these companies with maturity dates until the end of 2023 for contracts in the annual basis.

Within the financial area, EBITDA totaled R\$ 1,743 million, up by 11,8% when compared to the R\$1,560 million recorded in the 2nd quarter of 2022, mainly due to inflation adjustments applied on gas transportation contracts (GTAs).

In addition to the financial results, NTS was certified, for the 3rd time in row, as a Great Place to Work (GPTW) company, reinforcing the importance of its principles and values to promote a safe and healthy work environment, where diversity and inclusion become a priority for the business strategy.

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

Erick Portela Pettendorfer

Chief Executive Officer

Alex Monteiro

Chief Finance and Investor Relations Officer

ECONOMIC AND FINANCIAL PERFORMANCE

The Management's Report of Nova Transportadora do Sudeste S.A. - NTS ("NTS" or "Company") for the second quarter of 2023 ("Q2'23"), considering the period ended June 30, 2023, compared to the second quarter of 2022 ("Q2'22") and the first half of 2023 ("H1 23") and 2022 ("H1 22"), includes the following highlights:

In thousands of reais	Q2'23	Q2'22	Δ	H1 23	H2 22	Δ
Net Operating Income	1,868,970	1,679,609	11.3%	3,647,686	3,342,576	9.1%
Cost of Services	(243,483)	(194,608)	25.1%	(472,806)	(393,193)	20.2%
Gross Profit	1,625,487	1,485,001	9.5%	3,174,880	2,949,383	7.6%
Operating Income (Expenses), net	7,134	(31,040)	-123.0%	(11,564)	(41,744)	-72.3%
Operating Income	1,632,621	1,453,961	12.3%	3,163,316	2,907,639	8.8%
Net Financial Results	(381,818)	(324,403)	17.7%	(793,429)	(426,509)	86.0%
Income Before Taxes	1,250,803	1,129,558	10.7%	2,369,887	2,481,130	-4.5%
Total Income Tax	(423,135)	(386,448)	9.5%	(799,743)	(842,622)	-5.1%
Net Income (for the period)	827,668	743,110	11.4%	1,570,144	1,638,508	-4.2%

1. NET OPERATING REVENUE

NTS recorded a Net Operating Revenue of R\$ 1,869 million in Q2'23, up by 11.3% from Q2'22. The variation between the periods is partially explained by macroeconomic facts, given the annual weighted indexation (IGPM index) of the 5 Gas Transportation Agreements (GTAs) was approximately 6%, responsible for generating the majority part of revenue.

In H1'23, NTS also recognized extraordinary revenues from transport service contracts, as well as a provision arising from the ongoing negotiation between NTS and Petrobras regarding the last readjustment of tariffs in December 2022

When compared to the same period in 2022 (H1'22), Net Operating Revenue of H1'23 increased 9.1%, achieving R\$ 3,647 million, due to inflation applied on to the readjustment of contract and balancing revenues, but with no impact on the result, once it is a "pass through" concept.

In addition, variations in the average volume transported have no material impact on revenues, since the GTAs guarantees the TSO (transmission system operator) predictability and stability of its revenue, since the revenue is calculated based on contracted transport capacity by NTS' customers.

In thousands of reais	Q2'23	Q2'22	Δ	H1 23	H1 22	Δ
Net Operating Income	1,868,970	1,679,609	11.3%	3,647,686	3,342,576	9.1%
Net Operating Income	1,832,476	1,679,609	152,867	3,583,433	3,342,576	240,857
Net Gas Balance ¹	36,494	--	36,494	64,253	--	64,253

¹ Amount considered net of 9.25% rate due to PIS/COFINS tax

2. COST OF SERVICES

Costs of Services totaled R\$ 243.5 million, corresponding to 13.0% on net revenue, compared to R\$ 194.6 million on Q2'22, or 11.6% of net revenue. The variance of R\$ 48.9 million is mainly explained by expenses with gas balance, which represents an increase of R\$ 33.0 million referring to this service. However, the cost incurred is fully passed on to the system, as mentioned in the previous topic.

The other components of the Cost of Services that advanced in Q2'22 represents R\$ 16 million and can be explained by:

- (i) R\$ 5 million: commissioning of new investments done by the Company.
- (ii) R\$ 4 million: return on administrative expenses at the operational bases and higher expenses with travel and training, as result of on-site attendance return.
- (iii) R\$ 3 million: higher expense with GUS (gas consumed in system) as result of higher volume transported.
- (iv) R\$ 2 million: Congonhas and Mantiqueira compression services due to contractual adjustments and new contract of property security
- (v) R\$ 1 million: hiring of specialized and technical labor to compose the company's staff throughout 2022, also reflecting the conclusion of the insourcing of operational activities.
- (vi) R\$ 1 million: costs with operating services, maintenance, and acquisition of spare parts.

In H1'23, was an increase in cost of services of approximately 20.2% in a total amount of R\$ 473 million compared to R\$ 393 million on H1'22, and the main variations can be explained by the topics mentioned above.

In thousands of reais	Q1'23	Q2'22	Δ	H1 23	H1 22	Δ
Total of Cost of services	(243,483)	(194,608)	25.1%	(472,806)	(393,193)	20.2%
Cost of Services	(210,443)	(194,608)	(15,835)	(415,693)	(393,193)	(22,500)
Gas Balance	(33,040)	--	(33,040)	(57,113)	--	(57,113)
% On Net Revenues	-13.0%	-11.6%	-1.4 pp	-13.0%	-11.8%	-1.2 pp

3. GROSS PROFIT

Gross Profit totaled R\$ 1,625 million on Q2'23 with expansion of 9.5% when compared with Q2'22, in line with the macroeconomic impacts.

In H1'23, the total amount was R\$ 3,175 million, compared to R\$ 2,949 million in H1'22, a nominal increase of R\$ 225 million or up by 7.6% over H1'22, mainly due to revenue increases.

In thousands of reais	Q2'23	Q2'22	Δ	H1 23	H1 22	Δ
Gross Profit	1,625,487	1,485,001	9.5%	3,174,880	2,949,383	7.6%
Gross Margin %	87.0%	88.4%	-1.4 pp	87.0%	88.2%	-1.2 pp

4. OPERATING EXPENSES

In Q2'23, Operating Expenses totaled R\$ 7.1 million positives (including extraordinary tax credits), which represents in the total 0.4% of net revenues or 2.2 pp better when compared to Q2'22.

This quarter, NTS recorded revenues from the recovery of retroactive tax credits in the amount of R\$ 21.6 million and indemnities received in the total of R\$ 4 million from part of Income Taxes and PIS/COFINS credits.

Also, the variation was positively impacted by a reduction in General and Administrative Expenses with payroll, legal and accounting services, and consulting services. In addition, expenses with provisions reached R\$ 0.4 million in the period versus R\$ 11.7 million in Q2'22.

In H1'23, Operating Expenses amounted to R\$ 11.6 million, a reduction of 69.6% when compared with the same period of 2022, impacted by the same effects related above.

In thousands of reais	Q2'23	Q2'22	Δ	H1 23	H1 22	Δ
Total	7,134	(31,040)	-123%	(11,564)	(41,744)	-72.3%
% on net revenue	0.4%	-1.8%	+2.2 pp	-0.3%	-1.2%	+0.9 pp
Operating Income / (Expenses)	25,459	--	--	25,459	--	--
% on net revenue	1.4%	--	+1.4 pp	0.7%	--	+0.7 pp
General and Administrative Expenses	(18,325)	(31,040)	-41.0%	(37,023)	(41,744)	-11.3%
% on net revenue	-1.0%	-1.8%	+0.6 pp	-1.0%	-1.2%	+0.2 pp

5. OPERATING INCOME

In Q2'23, Operating Income totaled R\$ 1,633 million in the quarter, achieving an operating margin at 87.4%, slightly higher than the margin of 86.6% in the same quarter of previous year, reflecting a higher Operational Revenue.

In H1'23 year-to-date operating profit reached R\$ 3,163 million, representing 8.8% or R\$ 256 million higher due to the improvement in gross profit among the periods compared.

In thousands of reais	Q2'23	Q2'22	Δ	H1 23	H1 22	Δ
Operating Income	1,632,621	1,453,961	12.3%	3,163,316	2,907,639	8.8%
% on net revenue	87.4%	86.6%	+0.8 pp	86.7%	87.0%	-0.3 pp

6. FINANCIAL RESULT

Net Financial Result in the period was negative by R\$ 381.8 million, compared to the negative R\$ 324.4 million from Q2'22.

The variation is explained by two main drivers:

- (i) Gross Debt rose by about R\$ 5 billion in Q2'22, resulting from the merger of Nova Infraestrutura Gasodutos Participações S.A. ("NISA") and in accordance with an obligation constituted in a debt instrument issued by NISA in 2021 and 2022 and guaranteed by NTS.
- (ii) Interest rates (CDI) increasing, given 100% of Company's loans are indexed to the CDI rate.

Both debentures and commercial papers have their remuneration based on the CDI, while the final cost of loans in foreign currency via derivatives is indexed to the CDI.

Net Financial Result in Q2'22 was negative by R\$ 793.4 million, compared to also negative R\$ 426.5 million in H1'22, mainly impacted by the explanations mentioned above and the lower volume of cash position due to higher distribution of dividends and the reduction of paid-in capital in H1'23.

Financial Expenses for Q2'23 also include R\$21 million related to monetary adjustments on dividends declared in 4th quarter of 2022, at the SELIC rate applied in the period between December 31, 2022, and the date of the effective payment of dividends in April of this year.

In thousands of reais	Q2'23	Q2'22	Δ	H1 23	H1 22	Δ
Net Financial Result	(381,818)	(324,403)	17.7%	(793,429)	(426,509)	86.0%
Finance Income	67,223	77,438	-13.2%	141,345	137,684	2.7%
Finance Expenses	(449,041)	(401,841)	11.7%	(934,774)	(564,193)	65.7%

7. INCOME BEFORE TAXES

Income Before Taxes totaled R\$ 1,251 million on 2nd quarter of 2023, a higher result than the one recorded in the comparative quarter due to the variation in NTS' revenues.

In 1H'23, pre-tax income decreased 4,5% compared to H1'22, indicating a nominal loss of R\$ 111,2 million in H1'23 mainly due to a negative impact of Net Financial Result.

In thousands of reais	Q2'23	Q2'22	Δ	H1 23	H1 22	Δ
Income Before Taxes	1,250,803	1,129,558	10.7%	2,369,887	2,481,130	-4.5%
% on net revenue	66.9%	67.3%	-0.4 pp	65.0%	74.2%	-9.2 pp

8. INCOME TAX AND SOCIAL CONTRIBUTION

Current and Deferred Taxes and Social Contributions totaled R\$ 423.1 million in Q2'23, compared to the total of R\$ 386.4 million in Q2'22. The rate decreased 0.4 percentage point, reaching 33.8% in Q2'23, remaining basically unchanged among the years analyzed.

In H1'23, Current and Deferred Taxes and Social Contributions totaled R\$ 799.7 million. The effective rate decreased 0.3 percentage point, reaching 33.7% in the semester.

In thousands of reais	Q2'23	Q2'23	Δ	H1 23	H1 22	Δ
Total Income Tax and Social Contribution	(423,135)	(386,448)	9.5%	(799,743)	(842,622)	-5.1%
% on Income Before Taxes	-33.8%	-34.2%	-0.4 pp	-33.7%	-34.0%	+0.2 pp
Current Income Tax and Social Contribution	(436,692)	(408,426)	6.9%	(854,394)	(881,614)	-3.1%
% on income before taxes	-34.9%	-36.2%	1.3 pp	-36.1%	-35.5%	- 0.6 pp
Deferred Income Tax and Social Contribution	13,557	21,978	-38.3%	54,651	38,992	40.2%
% on income before taxes	1.1%	1.9%	-0.8 pp	2.3%	1.6%	0.7 pp

9. NET INCOME

Net Income was R\$ 827.7 million in Q2'23 compared to R\$ 743.1 million recorded in Q2'22. In H1'23, Net Income retreated 6.3% and reached R\$ 1,570 million, when compared to H1'22. The variation was mainly due to the financial result previously analyzed.

In thousands of reais	Q2'23	Q2'22	Δ	H1 23	H1 22	Δ
Net Income	827,668	743,110	11.4%	1,570,144	1,638,508	-4.2%
% Net Income margin	44.3 %	44.2%	+0.1 pp	43.0%	49.0%	-6.0 pp

10. EBITDA

In Q2'23, the Company achieved an EBITDA of R\$ 1,743 million, against the amount of R\$ 1,560 million from the comparative period in 2022. The margin increased by +0.4 percentage points, 93.3% versus 92.9% in Q2'22.

In thousands of reais	Q2'23	Q2' 22	Δ	H1 23	H1 22	Δ
Net Income	827,668	743,110	11.4%	1,570,144	1,638,508	-4.2%
Income Tax and Social Contribution	423,135	386,448	9.5%	799,743	842,622	-5.1%
Financial Result	381,818	324,403	17.7%	793,429	426,509	86.0%
Depreciation and Amortization	110,375	105,611	4.5%	219,707	210,777	4.2%
EBITDA	1,742,996	1,559,573	11.8%	3,383,023	3,118,416	8.5%
% EBITDA margin	93.3 %	92.9%	+0.4 pp	92.7%	93.3%	-0.5 pp

11. EQUITY PERFORMANCE

On June 30th, 2023, PP&E, net of depreciation, totaled R\$ 7.6 billion, very close to the value registered on December 31, 2022.

NTS closed the 1st semester with a Gross Debt of R\$ 11.4 billion, lower than the figure reported at the end of 2022 by about R\$ 0.8 million, especially due to redemption of 3rd debenture issuance. Cash position also reflected in a reduction in the period.

At the Extraordinary General Meeting (AGE) held on January 12th, 2023, the Company approved the reduction of the Capital Stock in the amount of R\$ 300.6 million through the distribution of capital to the shareholders, proportionally to their respective shares in the capital stock duly reflected in its financial statements after ANP approval.

In thousands of reais	06/30/2023	12/31/2022	Δ
Indebtedness			
Gross Debt	11,398,444	12,217,500	-6.7%
Derivative financial instruments, net (Cash)	516,200	167,100	208.9%
	(1,686,925)	(2,294,317)	-26.5%
Net Debt	10,277,719	10,090,283	1.4%

12. DIVIDENDS AND INTEREST ON EQUITY

On March 2023, the Company distributed R\$ 830.1 million in dividends and R\$ 21.3 million in monetary adjustment over dividends declared.

13. INDEPENDENT AUDITORS

Independent external auditors are hired exclusively for external auditing whose Engagement was approved by the Company's Board of Directors.

In a meeting held on April 5th, 2023, the Company's Board of Directors approved the hiring of Deloitte Touche Tohmatsu Auditores Independentes Ltda., which replaced Ernst & Young Auditores Independentes S.A. ("EY").

The Company clarifies that the decision to replace the independent auditor is based on the imminence of the legal obligation of rotation set in Article 31 of RCVM 23, and that EY agreed with the change mentioned herein.

14. RATING

NTS has a long-term national corporate rating and a rating for the Company's second debenture issuance of "AAA (bra)", with a stable outlook, issued by Fitch Ratings in January 2023, the rating was reaffirmed by Fitch Ratings. The Fitch report is available at <https://ri.ntsbrasil.com>

15. SUBSEQUENT EVENTS – JUNE 30, 2023

At extraordinary meeting of the Company's Board of Directors, held on July 20, 2023, the interim distribution of dividends in the amount of R\$ 1,530,372 was approved unanimously and without reservations. The amount was considered based on the Company's profit account, calculated in the 1st semester of 2023, ended on June 30, 2023.

The distribution was accomplished based on a favorable opinion of the Fiscal Council and the dividends were effectively paid to shareholders on July 26, 2023, pursuant to the approval.

(Convenience Translation into English from the
Original Previously Issued in Portuguese)

Nova Transportadora do Sudeste S.A.

Interim Financial Information
for the Three- and Six-month Periods
Ended June 30, 2023

Deloitte Touche Tohmatsu Auditores Independentes Ltda.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Nova Transportadora do Sudeste S.A.

Introduction

We have reviewed the accompanying interim financial information of Nova Transportadora do Sudeste S.A. ("Company"), included in the Interim Financial Information Form (ITR), for the quarter ended June 30, 2023, which comprises the balance sheet as at June 30, 2023 and the related statements of income and of comprehensive income for the three- and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the interim financial information in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and International Standards on Review of Interim Financial Information (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 the standards on auditing 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 on the interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

Other matters

Statement of value added

The interim financial information referred to above includes the statement of value added (DVA) for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. This statement was subject to review procedures performed together with the review of ITR to reach a conclusion on whether it is reconciled with the interim financial information and the accounting records, as applicable, and if its form and content are consistent with the criteria set forth by technical pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that it was not prepared, in all material respects, in accordance with such technical pronouncement and consistently with the interim financial information taken as a whole.


Audit and review of the corresponding figures

The balance sheet as at December 31, 2022, presented for comparison purposes, was audited by other independent auditors, who issued an unmodified audit report dated March 16, 2023. The Company's interim financial information for the three- and six-month periods ended June 30, 2022, presented for comparison purposes, was reviewed by other independent auditors, who issued an unmodified review report dated August 12, 2022.

Convenience translation

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, August 11, 2023


DELOITTE TOUCHE TOHMATSU
Auditores Independentes Ltda.


Marcelo de Figueiredo Seixas
Engagement Partner

(Convenience Translation into English from the Original Previously Issued in Portuguese)

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

BALANCE SHEETS

JUNE 30, 2023 AND DECEMBER 31, 2022

(in thousands of reais)

ASSETS	Note	06/30/2023	12/31/2022	LIABILITIES	Note	30/06/2023	31/12/2022
CURRENT				CURRENT			
Cash and cash equivalents	5	1,686,925	2,294,317	Suppliers	10	610,024	613,179
Trade Receivables	6	1,406,076	1,322,706	Taxes payable	13.1	84,458	73,225
Recoverable Taxes	13.1	21,839	6,259	Payroll and charges payable		20,849	23,888
Other accounts receivable	7	-	165,233	Debentures/financing payable	11	329,808	302,456
Prepaid expenses		12,326	18,503	Derivative financial instruments	21	342,294	376,490
Advances		1,347	1,625	Income tax and social contr. Payable	13.1	634,906	1,140,754
Gas inventory		30,200	30,200	Other liabilities		14,987	74
Others		6,366	713			2,037,326	2,530,066
		<u>3,165,079</u>	<u>3,839,556</u>				
				NON-CURRENT			
NON-CURRENT				Debentures/financing payable	11	11,068,636	11,915,044
Derivative financial instruments	21	-	209,390	Derivative financial instruments	21	173,906	-
Other accounts receivable	7	186,276	-	Provision for contractual transfer	14.1	89,170	80,372
Restricted bank deposits	8	13,510	16,570	Provisions for environmental compensation	14.2	40,066	38,617
Judicial deposits	20.2	18,303	17,034	Provision with environmental constraints	14.3	26,770	30,267
Recoverable taxes	13.1	16,150	5,069	Provision for legal contingencies	20.1	29,587	27,437
Consumables inventory		-	7,639	Provision for intersection crossing		22,658	19,858
Others		240	244	Deferred taxes	13.2	1,258,729	1,333,248
		<u>234,479</u>	<u>255,946</u>	Other liabilities		5,047	2,923
						<u>12,714,569</u>	<u>13,447,766</u>
				EQUITY			
PROPERTY, PLANT & EQUIPMENT	9	<u>7,611,596</u>	<u>7,740,725</u>	Share capital	15.1	501,000	508,712
		<u>7,611,596</u>	<u>7,740,725</u>	Capital reserve	15.2	431,546	708,824
				Profit reserve	15.3	292,194	1,098,145
				Accumulated profits		1,530,372	-
				Other comprehensive income	15.5	(228,755)	(190,188)
				Equity valuation adjustment	15.4	(6,267,098)	(6,267,098)
						<u>(3,740,741)</u>	<u>(4,141,605)</u>
TOTAL ASSETS		<u><u>11,011,154</u></u>	<u><u>11,836,227</u></u>	TOTAL LIABILITIES		<u><u>11,011,154</u></u>	<u><u>11,836,227</u></u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

INCOME STATEMENTS FOR THE PERIOD ENDING JUNE 30, 2023
PERIODS OF THREE AND SIX MONTHS ENDED ON JUNE 30, 2023 AND 2022
(in thousands of reais)

	Note	Period of 3 months ended on		Period of 6 months ended on	
		06/30/2023	06/30/2022	06/30/2023	06/30/2022
NET REVENUE	16	1,868,970	1,679,609	3,647,686	3,342,576
Cost of services provided	17	(243,483)	(194,608)	(472,806)	(393,193)
GROSS PROFIT		<u>1,625,487</u>	<u>1,485,001</u>	<u>3,174,880</u>	<u>2,949,383</u>
GENERAL AND ADMINISTRATIVE EXPENSES	18	(18,325)	(31,040)	(37,023)	(41,744)
OTHERS OPERATING INCOME/EXPENSES		25,459	-	25,459	-
OPERATIONAL EXPENSES		7,134	(31,040)	(11,564)	(41,744)
OPERATING PROFIT		<u>1,632,621</u>	<u>1,453,961</u>	<u>3,163,316</u>	<u>2,907,639</u>
FINANCIAL INCOME	19	67,223	77,438	141,345	137,684
Financial expenses	19	(449,041)	(401,841)	(934,774)	(564,193)
Net financial result		<u>(381,818)</u>	<u>(324,403)</u>	<u>(793,429)</u>	<u>(426,509)</u>
PROFI BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		<u>1,250,803</u>	<u>1,129,558</u>	<u>2,369,887</u>	<u>2,481,130</u>
Current income tax and social contribution	13.3	(436,692)	(408,426)	(854,394)	(881,614)
Deferred income tax and social contribution	13.2	13,557	21,978	54,651	38,992
Net income for the period		<u>827,668</u>	<u>743,110</u>	<u>1,570,144</u>	<u>1,638,508</u>
BASIC AND DILUTED INCOME PER SHARE (IN BRL)	15	0.36	0.32	0.68	0.71

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

STATEMENTS OF COMPREHENSIVE INCOME

PERIODS OF THREE AND SIX MONTHS ENDED ON JUNE 30, 2023 AND 2022

(in thousands of reais)

	Period of 3 months ended on		Period of 6 months ended on	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
NET INCOME FOR THE PERIOD	827,668	743,110	1,570,144	1,638,508
Other comprehensive income	(21,014)	(144,971)	(38,567)	(144,971)
Cash flow hedge result	(31,840)	(219,654)	(58,435)	(219,654)
Deferred IR/CS without res. cash flow hedge	10,826	74,683	19,868	74,683
COMPREHENSIVE INCOME FOR THE YEAR	<u>806,654</u>	<u>598,139</u>	<u>1,531,577</u>	<u>1,493,537</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

STATEMENTS OF CHANGE IN EQUITY
SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2023
(in thousands of reais)

	Capital reserve		Profit reserves			Accumulated profits (losses)	Equity valuation adjustment	Other comprehensive income	Total
	Share capital	Capital transaction	Legal	Tax incentive reserve	Proposed additional		Transactions with shareholders	Cash flow hedge reserve	
BALANCES ON DECEMBER 31, 2021	508,712	1,192,463	38,368	131,366	594,274	-	-	-	2,465,183
Net income for the period	-	-	-	-	-	1,638,508	-	-	1,638,508
NISA merger impacts (line-by-line):									
Elimination of equity interest held in NTS	-	(927,904)	-	-	-	-	-	-	(927,904)
Accumulated profits and legal reserve of the merged	-	-	15,612	-	-	142,018	-	-	157,630
Tax benefit arising from the incorporation of NISA	-	444,265	-	-	-	-	-	-	444,265
Equity valuation adjustments of the merged company	-	-	-	-	-	-	(6,267,098)	-	(6,267,098)
Approved dividends	-	-	-	-	(594,274)	-	-	-	(594,274)
Subsidies - Tax incentives	-	-	-	43,052	-	43,052	-	-	-
Other Comprehensive Results:									
Cash flow hedge result	-	-	-	-	-	-	-	(219,654)	(219,654)
Deferred IR/CS without res. Cash flow hedge	-	-	-	-	-	-	-	74,683	74,683
BALANCES ON JUNE 30, 2022	508,712	708,824	53,980	174,418	-	1,737,474	(6,267,098)	(144,971)	(3,228,661)

	Note	Capital reserve		Profit reserves			Accumulated profits (losses)	Equity Valuation Adjustment	Other comprehensive income	Total
		Share capital	Capital transaction	Legal	Tax incentive reserve	Dividends		Transactions with shareholders	Cash flow hedge reserve	
BALANCES ON DECEMBER 31, 2022		508,712	708,824	53,981	214,054	830,110	-	(6,267,098)	190,188	(4,141,605)
Net income for the period		-	-	-	-	-	1,570,144	-	-	1,570,144
Subsidies - Tax incentives	15.3	-	-	-	39,772	-	(39,772)	-	-	-
Incorporation of capital reserve	15.2/15.3	292,891	(277,278)	(15,613)	-	-	-	-	-	-
Dividends paid		-	-	-	-	830,110	-	-	-	(830,110)
Capital reduction	15.1	(300,603)	-	-	-	-	-	-	-	(300,603)
Other comprehensive results:										
Cash flow hedge result	15.5	-	-	-	-	-	-	-	(58,435)	(58,435)
Deferred income tax on cash flow hedge adjust	15.5	-	-	-	-	-	-	-	19,868	19,868
BALANCES ON JUNE 30, 2023		501,000	431,546	38,368	253,826	-	1,530,372	(6,267,098)	(228,755)	(3,740,741)

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

CASH FLOW STATEMENTS
SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2023
(in thousands of reais)

	Period of 6 months ended on	
	06/30/2023	06/30/2022
OPERATIONAL ACTIVITIES		
Net income for the period	1,570,144	1,638,508
Non-cash income and expense adjustments:		
Deferred income tax and social contribution	(54,651)	(38,992)
Provision for loss with Accounts Receivable	19,930	-
Interest expense on debentures and financing	867,568	502,903
Depreciation and amortization	237,299	229,058
Provision for bonuses, vacations and 13 th	16,089	13,947
Others	23,362	10,936
	<u>2,679,741</u>	<u>2,356,360</u>
CHANGES IN ASSETS AND LIABILITIES		
Accounts receivable from customers	(103,300)	(131,419)
Recoverable taxes	(26,661)	(4,581)
Other accounts receivable	(21,043)	(34,979)
Judicial deposits	(1,269)	-
Other assets	11,505	7,821
Suppliers and other accounts payable	(3,155)	6,243
Taxes payable	865,627	877,849
Earnings and charges payable	(19,128)	(17,748)
Income tax and social contribution paid	(1,360,242)	(1,262,146)
Provision with environmental constraints	(3,497)	(2,528)
Provision for legal contingencies	430	-
Deferred taxes	(54)	-
Gas inventory	-	(30,200)
Other liabilities	30,083	14,510
	<u>2,049,037</u>	<u>1,779,182</u>
NET CASH FLOW FROM OPERATING ACTIVITIES		
	<u>2,049,037</u>	<u>1,779,182</u>
INVESTMENT ACTIVITIES		
Acquisition of fixed assets	(108,170)	(211,380)
	<u>(108,170)</u>	<u>(211,380)</u>
CASH FLOW APPLIED TO INVESTMENT ACTIVITIES		
	<u>(108,170)</u>	<u>(211,380)</u>
FINANCING ACTIVITIES		
Principal payment debentures and financing	(580,000)	(60,000)
Payment of interest on financing	(47,628)	(3,239)
Payment of interest on debentures	(572,094)	(348,864)
Cash generated in the incorporation of NISA	-	12,684
IR Exchange payment	(8,123)	-
Cost with early redemption of debentures	(8,690)	-
Capital reduction	(300,603)	-
Swap payment	(179,369)	-
Payment of dividends and IOE	(851,752)	(785,817)
	<u>(2,548,259)</u>	<u>(1,185,236)</u>
CASH FLOW APPLIED TO FINANCING ACTIVITIES		
	<u>(2,548,259)</u>	<u>(1,185,236)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(607,392)	382,566
VARIATION IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the beginning of the period	<u>2,294,317</u>	<u>2,235,391</u>
Cash and cash equivalents at the end of the period	<u>1,686,925</u>	<u>2,617,957</u>
	<u>(607,392)</u>	<u>382,566</u>

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

ADDED VALUE STATEMENT
SIX-MONTH PERIODS ENDED JUNE 30, 2022 AND 2023
(in thousands of reais)

	Period of 6 months ended on	
	06/30/2023	06/30/2022
ADDED VALUE TO DISTRIBUTE		
REVENUES	4,181,044	3,877,110
Services and other income	4,181,044	3,877,110
INPUTS PURCHASED FROM THIRD PARTIES	(218,332)	(140,363)
Energy materials, energy, third-party services and others	(218,332)	(140,363)
GROSS VALUE ADDED	3,962,712	3,736,747
Depreciation	(219,707)	(210,777)
NET VALUE ADDED BY THE ENTITY	3,743,005	3,525,970
ADDED VALUE RECEIVED IN TRANSFER	166,804	144,688
Income from investments - includes monetary and exchange variations	141,345	137,688
Other recipes	25,459	7,004
TOTAL VALUE ADDED TO DISTRIBUTE	3,909,809	3,670,658
DISTRIBUTION OF VALUE ADDED		
Guys	49,117	46,871
Direct remuneration	33,178	32,734
Benefits	13,405	11,883
FGTS	2,534	2,254
TAXES, FEES AND CONTRIBUTIONS	1,345,526	1,390,545
Federal	1,184,357	1,212,977
State	161,161	174,535
Municipal	8	3,033
REMUNERATION OF THIRD-PARTY CAPITAL	945,022	594,734
Interest, fines, monetary and exchange variations	930,410	557,703
Donations and sponsorships	-	(150)
Suppliers - non-operational services	12,250	26,718
Other remuneration of third-party capital	2,362	10,463
REMUNERATION OF EQUITY CAPITAL	1,570,144	1,638,508
Accumulated profits	1,570,144	1,638,508
TOTAL DISTRIBUTION OF VALUE ADDED	3,909,809	3,670,658

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

(Convenience Translation into English from the Original Previously Issued in Portuguese)

NOVA TRANSPORTADORA DO SUDESTE S.A. - NTS

NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE THREE- AND SIX-MONTHS PERIOD ENDING ON JUNE 30, 2023

(In thousands of Brazilian reais R\$, unless otherwise noted)

1. THE COMPANY AND ITS OPERATIONS

Nova Transportadora do Sudeste S.A. - NTS (“NTS” or “Company”) was incorporated on January 15, 2002, with the objective of building, installing, operating and maintenance gas pipelines in the southeast region of Brazil, including a network of gas pipelines that extend between the states of São Paulo, Minas Gerais and Rio de Janeiro.

Currently, the Company's Principal activity is the transport of natural gas, not subject to seasonality.

Transport gas pipelines correspond to pipelines, whether or not they are 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 complements and components, under the terms of ANP regulation.

The Principal activity carried out by the Company is subject to a Union monopoly, and the Company holds operating authorizations issued by the National Agency of Petroleum, Natural Gas and Biofuels (“ANP”).

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

On April 4, 2017, the sale of NTS was completed with the acquisition by the FIP of 90% of the shares in NTS and with the subsequent sale by the FIP, on the same date, of 7.65% of its shares in NTS to Itaúsa SA (“ITAUSA”).

On April 30, 2021, the purchase of all the shares held by Petrobras, corresponding to 10% of the Company's capital stock, was completed by Nova Infraestrutura Gasodutos Participações SA (“NISA”), a company whose shareholders are the controlling shareholders of Company, FIP and ITAÚSA. On December 16, 2021, the shareholders FIP and ITAUSA made a net asset contribution to NISA via the transfer of 741,916,697 (seven hundred and forty-one million, nine hundred and sixteen thousand, six hundred and ninety-seven) shares, corresponding to 32, 09% of the Company's total shares.

1.1. On April 12, 2022, the merger of NISA by the Company ("Merger") was approved. The Merger was preceded by the preparation of an appraisal report on the value of NISA's book equity, prepared by an independent specialist based on the accounting balances of March 31, 2022, and allowed the rationalization of the corporate structure, and, consequently, consolidation and reduction of expenses. In addition, the Merger was an obligation of NISA, assumed in the deeds of the 1st and 2nd issue of simple debentures, non-convertible into shares, of the unsecured type, in a single series, for public distribution, with restricted distribution efforts, guaranteed by the Company by means of guarantee. With the completion of the Merger, the Company succeeded NISA, universally and without interruption, in all assets, rights, claims, faculties, powers, immunities, quotas, exceptions, duties, obligations, subjections, encumbrances and responsibilities owned by NISA, equity or non-equity, NISA being extinguished by operation of law, so that all shares issued by the Company and held by NISA were canceled and reissued, in equal numbers, to FIP and Itaúsa shareholders, in proportion to their interest in the Company's capital stock. All of the Company's shares are now held directly by Itaúsa and FIP, in the proportion of 8.5% and 91.5% of the shares representing the Company's capital stock, respectively. so that all shares issued by the Company and held by NISA were canceled and reissued, in equal numbers, to FIP and Itaúsa shareholders, in proportion to their holdings in the Company's capital stock. All of the Company's shares are now held directly by Itaúsa and FIP, in the proportion of 8.5% and 91.5% of the shares representing the Company's capital stock, respectively. so that all shares issued by the Company and held by NISA were canceled and reissued, in equal numbers, to FIP and Itaúsa shareholders, in proportion to their holdings in the Company's capital stock. All of the Company's shares are now held directly by Itaúsa and FIP, in the proportion of 8.5% and 91.5% of the shares representing the Company's capital stock, respectively.

1.2. Approval of the New Gas Law

On April 8, 2021, Law 14,134, the so-called "New Gas Law", was sanctioned by the President of the Republic. The law introduces innovations related to the activities carried out by NTS, among which: (i) establishment of an authorization regime for all natural gas transport activities, with no term of validity; (ii) new rules for operation and balancing in gas pipelines and natural gas transport systems; and (iii) determination of rules of independence and autonomy of natural gas transporters in relation to agents that carry out competitive activities in the natural gas industry. It also brings provisions to ensure the rights of carriers in current transport service contracts.

1.3. Acquisition of gas volume for storage of the transmission network ("Linepack")

On March 17, 2022, the Company's Board of Directors approved the acquisition process of 40,000 m³ (forty million) of gas volume to form the reference stock of the Company's transport network ("Linepack"), necessary to enable the transport operation with multiple loaders. Such approval was backed by the decision given by the National Agency of Petroleum, Natural Gas and Biofuels - ANP, which, through Official Letter No. 17/2022/SIM/ANP-RJ of February 25, 2022, approved the acquisition of said volume as well such as the inclusion of this investment in the Company's gas transportation tariffs, after technical and economic analysis of the data presented.

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

1.4. Signature of the Agreement for the Reduction of Flexibility of Use by Petrobras and amendment to the Transport Service Contracts

Pursuant to commitments assumed by Petrobras with the Administrative Council for Economic Defense (CADE), within the scope of the Term of Commitment to Cessation of Practice (TCC), entered into on July 8, 2019, the Company and Petrobras signed on September 30, 2022, the Agreement for the Reduction of Flexibility and amendments to the 5 existing Transport Service Contracts, with the aim of, among other aspects, formalizing the limitation of Petrobras' flexibility in such contracts, so that, under the terms assumed within the scope of the TCC, enable NTS to offer firm capacity to the market, under the entry and exit regime, under the supervision of the ANP. This instrument makes it possible for other agents to access the NTS transport system on an isonomic basis with Petrobras, thus reinforcing the Company's readiness to operate in a multi-customer environment and making part of its network's firm capacity available to new shippers. In this mechanism, there is no impact on the Company's operating profit, since all revenue generated is passed on to Petrobras, which holds the originally contracted capacity.

Due to the signing of the Agreement, the Transport Service Agreements were amended to incorporate their effects in addition to other updates, the Principal ones of which are detailed below: a) formalize the mechanism for the tariff calculation corresponding to the transfer of the amounts invested by the Company in the acquisition of the gas inventory, necessary for the operation of its transport infrastructures in the entry and exit regime; b) Allow the Company to have the option of acquiring Gas for System Use (GUS) from Petrobras or third parties, with the associated costs being recovered from shippers by the Company through a specific charge; c) add new balancing rules and correction of imbalances.

2. BASIS FOR PRESENTATION OF QUARTERLY INFORMATION

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

This quarterly information is presented with the relevant changes that occurred in the period, without the repetition of certain explanatory notes previously disclosed, which in the Management's understanding provide a comprehensive view of the Company's equity and financial position and the performance of its operations. Therefore, such accounting information should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2022.

Additionally, the Company considered the guidelines emanating from Technical Guideline OCPC 07, when preparing its quarterly information. In this way, the relevant information specific to the quarterly information is being evidenced, and corresponds to that used by Management in its management.

This quarterly information was approved by the Fiscal Council on August 7, 2023 and the Board of Directors on August 11, 2023.

The functional currency of NTS is the Real, as it is the currency of its economic operating environment.

3. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The accounting policies and calculation methods used in the preparation of this quarterly information are the same adopted in the preparation of the Company's annual financial statements for the year ended December 31, 2022 issued on March 16, 2023.

4. RELEVANT ESTIMATES AND JUDGMENT

The quarterly information presented was prepared based on several valuation bases used in accounting estimates. The accounting estimates involved in preparing the quarterly information were based on objective and subjective factors, based on Management's judgment to determine the appropriate amount to be recorded in the quarterly information. Significant items subject to these estimates and assumptions include the selection of useful lives of fixed assets and their recoverability in operations, valuation of assets, financial liabilities, derivative financial instruments at fair value and the present value adjustment method, as well as the analysis of other risks for determination of other provisions, including for contingencies.

With regard to uncertain tax treatments, provided for in IFRIC 23/ICPC 22 regarding income tax and social contribution, Management evaluates the probability of acceptance and decisions of higher courts of last resort. Management evaluated the Principal tax treatments adopted in the open periods subject to questioning by the tax authorities and concluded that there is no significant impact to be recorded in the quarterly information.

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

For more information on relevant estimates, see explanatory note 5 to the financial statements as of December 31, 2022.

5. CASH AND CASH EQUIVALENTS

	<u>06/30/2023</u>	<u>12/31/2022</u>
Cash and banks	28	225
Short-term financial investments (a)	1,686,897	2,294,092
	<u>1,686,925</u>	<u>2,294,317</u>

Financial investments are made in fixed income investment funds, with daily liquidity, have remuneration associated with the CDI and are readily convertible into a known amount of cash. Cash management has managed to obtain remuneration higher than the CDI.

- a) Among the investments made, the Company has a position in an exclusive investment fund, whose composition is summarized below.

	<u>06/30/2023</u>	<u>12/31/2022</u>
Shares of other fixed income investment funds	198,983	440,691
CBD	29,509	118,473
Financial letters	192,069	102,235
Others	4,947	78
Total	<u>425,508</u>	<u>661,478</u>

According to the Fund's statute/mandate, the resources can be redeemed with daily liquidity considering the quota on the redemption date.

6. TRADE RECEIVABLES

	<u>06/30/2023</u>	<u>12/31/2022</u>
Petróleo Brasileiro SA - Petrobras	1,396,950	1,317,955
GALP Energia Brasil SA	9,110	4,744
Shell	16	5
Gerdau	-	2
	<u>1,406,076</u>	<u>1,322,706</u>

The Company's receivables arise from Gas Transport Agreements (GTAs) signed with Petrobras and interruptible Gas Transport Agreements signed with GALP and Shell, effective until December 31, 2023. June 2023, the Company has a provision for loss of R\$19,930 recognized, corresponding to the December 2022 billing portion still under discussion with Petrobras.

7. OTHER ACCOUNTS RECEIVABLE

The balance of R\$186,276 on June 30, 2023 (R\$165,233 on December 31, 2022) refers to: i) expenses incurred by the Company in the scope of activities Management and Remediation of Cracks due to Stress Corrosion (SCC) in amount of R\$173,813 (R\$153,973 on December 31, 2022); and ii) Lease Class in the amount of R\$12,463 (R\$11,260 on December 31, 2022). These amounts must be reimbursed by Petróleo Brasileiro SA - Petrobras as part of the remaining obligations agreed between the buyer and the seller for the sale of the Company. Said balance is not being monetarily restated.

As described in Note 20.3 C, the Company responded to the arbitration request received and filed a counterclaim to include the SCC costs in the scope of the arbitration and, for this reason, opted to reclassify the balance to non-current.

8. RESTRICTED BANK DEPOSITS

The balance of R\$13,510 on June 30, 2023 (R\$16,570 on December 31, 2022) refers to savings accounts held with Banco do Brasil to cover environmental compensation related to the construction of the gas pipelines GASAN II, GASPAL II and ECOMP of Guararema in the State of São Paulo, and which will be used as requested by environmental agencies. Such deposits must remain linked to a savings account and follow the provisions of Federal Law No. 9,985/2000, which constituted the National System of Conservation Units - SNUC.

Pursuant to the provisions of Official Letter CCA/SE 097/2022, issued by the Department of Infrastructure and Environment of the State of São Paulo, on January 6, 2023, the Company transferred R\$3,471 to the Special Expense Fund for Biodiversity Preservation and Natural Resources - FPBRN, for the payment of certain Environmental Compensation obligations due to CETESB, provided for in the 1st Addendum and Withdrawal to the Environmental Compensation Commitment Term, signed on November 25, 2022.

9. PROPERTY, PLANT & EQUIPMENT

Description	Balance on December 31, 2022*			Movement in the period				Balance On June 30, 2023		
	Cost	Acumula-te depreciation	Balance	Additions	Write-offs	Transfer	deprec.	Cost	Accumulated depreciation	Balance
Assets under construction	542,369	503	542,872	84,179	-	28,659	503	655,207	-	655,207
Improvement in third-party assets	10,238	(2,684)	7,554	-	-	-	(336)	10,238	(3,020)	7,218
Environmental constraints	145,409	(47,145)	98,264	-	-	-	(2,746)	145,409	(49,891)	95,518
Equipment and other goods	12,020,747	(4,972,403)	7,048,344	-	-	(28,659)	(233,714)	11,992,088	(5,206,117)	6,785,971
Spare materials and equipment	43,691	-	43,691	23,991	-	-	-	67,682	-	67,682
	<u>12,762,454</u>	<u>(5,021,729)</u>	<u>7,740,725</u>	<u>108,170</u>	<u>-</u>	<u>-</u>	<u>(237,299)</u>	<u>12,870,624</u>	<u>(5,259,028)</u>	<u>7,611,596</u>

Description	Balance on December 31, 2021			Movement in 2022				Balance on December 31, 2022		
	Cost	Accumulated depreciation	Balance	Additions	Write-offs	Transfer	deprec.	Cost	Accumulated depreciation	Balance
Assets under construction	362,518	-	362,518	410,435	-	(230,584)	503	542,369	503	542,872
Improvement in third-party assets	5,153	(2,043)	3,110	-	-	5,085	(641)	10,238	(2,684)	7,554
Environmental constraints	145,409	(41,653)	103,756	-	-	-	(5,492)	145,409	(47,145)	98,264
Equipment and other goods	11,794,644	(4,516,594)	7,278,050	604	-	225,499	(455,809)	12,020,747	(4,971,403)	7,048,344
Spare materials and equipment	24,051	-	24,051	19,640	-	-	-	43,691	-	43,691
	<u>12,331,775</u>	<u>(4,560,290)</u>	<u>7,771,485</u>	<u>430,679</u>	<u>-</u>	<u>-</u>	<u>(461,439)</u>	<u>12,762,454</u>	<u>(5,021,729)</u>	<u>7,740,725</u>

The balance of assets under construction is made up of costs with construction, maintenance and repair of pipelines (as long as they are related to the replacement of parts and equipment or in compliance with regulatory requirements that increase the useful life of the asset), compression stations/services, delivery points and with the Corrosion Stress Correction Management Plan or Gas Pipeline Crack (SCC).

In 2022, the Company began the construction and assembly of the Itaboraí-Guapimirim natural gas transport pipeline (GASIG), which will be approximately 11 KM long, 24 inches in diameter and have a capacity of 18.2 MM m³/day, and whose construction was granted by the ANP in favor of the Company, through SIM-ANP Authorization No. 150. The construction and assembly stage of the pipeline was completed in January 2023 and in July of this year the Operation License (LO) was obtained, enabling the pipeline, which connects the natural gas processing and treatment unit (GASLUB) to the GASDUC pipeline III, to come into operation. It should be noted that the start of the operation is subject to obtaining the Operation Authorization (AO) from the ANP, as well as carrying out the Public Call process for signing the corresponding transport contracts.

Capitalized borrowing costs

During the six-month period ended June 30, 2023 and the year ended As of December 31, 2022, there was no capitalization of interest on financing for construction projects on the Company's property, plant and equipment.

Useful life assigned to assets

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, as shown below:

- Buildings and improvements - from 16 to 30 years old
- Improvements in third-party assets - 10 to 30 years
- Gas pipelines, equipment and other items - up to 30 years
- Environmental constraints - up to 30 years

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

The NTS gas pipeline network is made up of the following sections:

GASTAU

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

GASDUC III

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

GASPAJ

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

MALHAS SUDESTE

The Sudeste Network is made up of five gas pipelines and two branches:

GASAN

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

GASCAR

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

GASPAL

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

GASVOL

The REDUC-ESVOL Gas Pipeline (GASVOL), 95 km long and 18 inches in diameter, starts in the municipality of Duque de Caxias/RJ and ends in the municipality of Volta Redonda/RJ, also having a branch of 5, 5 km long within the municipality of Volta Redonda/RJ.

GASBEL I

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

Campos Elíseos Branch 16"

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

MALHAS SUDESTE II

The Sudeste II Network is made up of the following gas pipelines:

GASJAP

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

GASAN II

The RECAP-RPBC Gas Pipeline (GASAN II), 39 km long and 22 inches in diameter, starts in the municipality of Mauá/SP and ends in the municipality of São Bernardo do Campo, allowing for expansion, together with GASPAL II, of the natural gas transport capacity of the Guararema-RPBC system.

GASPAL II

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

GASBEL II

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

Impairment

Management annually reviews events or changes in the economic, operational or technological circumstances of its assets to assess whether there are prior indications of deterioration or impairment. No indications of impairment of property, plant and equipment were identified during the six-month period ended on June 30, 2023 and year ended on December 31, 2022.

10. SUPPLIERS

Supplier	06/30/2023	12/31/2022
Petróleo Brasileiro SA - Petrobras	529,876	441,502
Petróleo Transportes SA - Transpetro	10,104	27,999
Solar Turbines	1,013	9,351
Upetec - Construction and Technology	4,823	-
Worley Engenharia	2001	2,441
Enerflex Energia Ltda	3,647	-
SAP Brazil	2,186	-
STN Developments and Constructions	1,403	1,393
Alvaro Aguiar	3,589	3,090
Spiecapag Intech Construction	2,085	2,305
Sant Mac Principaltenance Tecnicas Ltda	1,767	-
Solo Network Brazil SA	1,114	-
Luiz Antonio Torres Urdaneta - EPP	1,092	-
Caterpillar Brasil Ltda	1,056	-
Other Suppliers	44,268	125,099
	610,024	613,179

11. DEBENTURES AND FINANCING

Operation/Instrument	indexer	Coin	Amount raised	Start	Maturity	Principal	Fees	Funding cost	06/30/2023	12/31/2022
Commercial Notes	CDI +1.90%	R\$	(1,500,000)	mar-22	mar-32	1,500,000	58,784	(12,732)	1,546,052	1,545,338
Debentures_1st issue NISA	CDI +1.99%	R\$	(1,547,187)	apr-21	apr-28	967,187	25,260	(6,363)	986,084	1,580,574
Debentures_2nd issue NISA	CDI +1.90%	R\$	(1,500,000)	mar-22	mar-32	1,500,000	58,784	(12,732)	1,546,052	1,545,338
Debentures_5th issue - 1st series	CDI + 1.30%	R\$	(1,000,000)	Oct-22	Sep-27	1,000,000	42,817	(425)	1,042,392	1,032,479
Debentures_5th issue - 2nd series	CDI + 1.60%	R\$	(1,500,000)	Oct-22	Sep-29	1,500,000	65,602	(643)	1,564,959	1,549,791
Debentures_5th issue - 3rd series	CDI + 1.85%	R\$	(1,000,000)	Oct-22	Sep-32	1,000,000	44,499	(10,023)	1,034,476	1,023,698
Scotia Bank loan (a)	USD/BRL + 2.08%	US\$	(300,000)	apr-22	apr-27	1,457,520	7,405	-	1,464,925	1,573,353
Scotia Bank loan(2) (a)	USD/BRL + 3.63%	US\$	(170,000)	Aug-22	Aug-25	825,928	10,159	-	836,087	897,919
MUFG loan (a)/(b)	USD/BRL +2.98%	US\$	(59,000)	apr-22	apr-27	286,646	2,085	-	288,731	310,042
CITI Loan (a)	USD/BRL + 2.3%	US\$	(90,000)	apr-22	apr-27	437,256	2,458	-	439,714	472,263
SMBC loan (a)	USD +4.34%	US\$	(50,000)	sep-22	sep-25	242,920	3,336	-	246,256	264,470
BNP loan (a)	USD + 4.89%	US\$	(80,000)	Oct-22	Sep-25	388,672	14,044	-	402,716	422,235
						<u>11,106,129</u>	<u>335,233</u>	<u>(42,918)</u>	<u>11,398,444</u>	<u>12,217,500</u>
Current									329,808	302,456
Non-Current									<u>11,068,636</u>	<u>11,915,044</u>
Total									<u>11,398,444</u>	<u>12,217,500</u>

(a) Derivative financial instruments (swap) were contracted with financial institutions together with the loans (debt in foreign currency + swap for reais at CDI). The terms and conditions of the loans and derivatives are configured as a combined operation, with the economic result being a debt remunerated based on the CDI rate and in Reais on the Company's balance sheet. The contracting of derivatives is in line with the Company's financial risk management strategy, the objective of which is to substantially eliminate cash flow volatility attributable to exposure to exchange variation on debts denominated in foreign currency. For this reason, the Company adopted cash flow hedge accounting, as per explanatory notes, 15.5 and 21 (b).

(b) The charges on the loan signed with the MUFG were 2.89% pa until March 31, 2023 and 2.98% pa, from 04/01/2023 until maturity.

11.1. Debentures

First Issuance of Simple Debentures, Non-Convertible into Shares, of the Unsecured Type, with Personal Guarantee, in a Single Series, for Public Distribution, with Restricted Distribution Efforts by NISA, as amended for the Third Issuance of Simple Debentures, Non-Convertible into Shares, by Unsecured, in a Single Series, for Public Distribution, with Restricted Distribution Efforts of NTS, on May 10, 2022, due to the Merger (“3rd Issue of Debentures”).

On April 27, 2021, NISA entered into a Private Deed Instrument for the 3rd Issue of Debentures in the total amount of R\$1,547,187, with maturity in 07 (seven) years, that is, April 27, 2028. The debentures bear interest of 100% of the accumulated variation of the CDI Rate, plus a spread equivalent to 1.99% per annum, semi-annual interest payments in April and October, do not have intermediate amortizations and renegotiation clauses debt relief or automatic renewal.

According to the terms of the deed of the 3rd Issuance of Debentures, NISA had an obligation to be reverse merged by the Company within a maximum period of 13 months from the date of completion of the sale transaction (May 2022), under penalty of early maturity of the obligations contained in the deed. The reverse merger was concluded on April 12, 2022, when from then on the Company became the universal successor of NISA in relation to the terms and conditions of these debentures, with the second amendment to the deed of the 3rd Issue of Debentures being signed on May 10, 2022, to formally reflect the necessary changes to the deed, as well as the loss of validity of the guarantee granted by NTS, so that the debentures no longer have any guarantee.

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

- (a) Financial ratio resulting from the quotient of dividing the Net Financial Debt by EBITDA, must be equal to or less than 4.5, based on the Company's Consolidated Financial Statements for the immediately preceding 12 months disclosed at the time of raising new funds through issuance of debt instruments; and
- (b) Financial ratio resulting from the quotient of dividing EBITDA by Net Financial Expense which must be equal to or greater than and calculated based on the Company's Consolidated Financial Statements for the immediately preceding 12 months disclosed.
 - a) 1.0 time, upon distribution of proceeds to shareholders (dividends, interest on equity or any other profit distribution); It is
 - b) 1.1 times, when raising new funds through the issuance of debt instruments.

On June 13, 2023, a partial early redemption offer of 580,000 debentures was carried out *of the Company's third issue of debentures (originally issued by Nova Infraestrutura Gasodutos Participações SA)*, equivalent to the amount of BRL580,000, with consequent cancellation of such debentures. The Offer was previously approved by the Company's Board of Directors, through the Board of Directors' Meeting held on May 23, 2023.

The offer was pursuant to clause 5.3 of the deed of the 3rd issue of debentures and applicable legislation, and was formally communicated to the fiduciary agent, disclosed to debenture holders and the market, as well as subsequently communicated to B3 for adjustments of applicable positions.

The amount paid by the Company totaled R\$599,302, of which: a) R\$580,000 was equivalent to the nominal unit value of the debentures, plus b) R\$10,632 as corresponding pro rata remuneration and c) R\$8,670 was equivalent to the early redemption premium of 0.30% per year, calculated on a pro rata basis.

At the close of the quarterly information ended June 30, 2023, the Company calculated the ratios and concluded that the restrictive clauses were being complied with.

Second Issuance of Simple Debentures, Non-Convertible into Shares, of the Unsecured Type, with Personal Guarantee, in a Single Series, for Public Distribution, with NISA Restricted Distribution Efforts, as amended for the Fourth Issuance of Simple, Non-Convertible Debentures, of the Type Unsecured, in a Single Series, for Public Distribution, with Restricted Distribution Efforts by NTS, on May 10, 2022, due to the Merger ("4th Issue of Debentures").

On March 15, 2022, NISA's Board of Directors approved the execution of a Private Deed Instrument for the 4th issue of debentures in the amount of R\$1,500,000, maturing in March 2032. The debentures bear interest of 100% of the accumulated variation of the CDI Rate, plus a spread equivalent to 1.90% per annum, semi-annual interest payments in March and September, with intermediate amortizations in 3 (three) annual installments, in the 8th, 9th and 10th years, without debt renegotiation clauses or automatic renewal. The debentures were paid up on March 24, 2022 and with the conclusion of the reverse merger of NISA by the Company, on April 12, 2022, the Company became the universal successor of NISA in relation to the terms and conditions of the debentures.

The debentures have a restrictive clause that requires the Company to comply with the financial index resulting from the quotient of dividing the Net Financial Debt by the EBITDA, which must be equal to or less than 4.0 times, calculated semiannually based on the Company's Consolidated Financial Statements related to the immediately preceding 12 months disclosed.

At the close of the quarterly information ended June 30, 2023, the Company calculated the ratio and concluded that the restrictive clause was being complied with.

First Issue of Book-Registered Commercial Notes, in Single Series, for Public Distribution, with NISA Restricted Distribution Efforts, as amended to First Issue of Book-Registered Commercial Notes, in Single Series, for Public Distribution, with Restricted Distribution Efforts of NTS, on May 10, 2022, due to the Merger ("1st Issue of Commercial Notes").

On March 15, 2022, NISA's Board of Directors approved the 1st issue of Book-entry Commercial Notes, in the total amount of BRL1,500,000 ("Commercial Notes"), with maturity in March 2032.

The Commercial Notes bear interest of 100% of the accumulated variation of the CDI Rate, plus a spread equivalent to 1.90% per annum, semiannual interest payments in March and September, with intermediate amortizations in 3 (three) annual installments, on the 8th, 9th and 10th years, without debt renegotiation clauses or automatic renewal.

The Commercial Notes were paid in on March 24, 2022 and with the completion of the Merger, on April 12, 2022, the Company became the universal successor of NISA in relation to the terms and conditions of the Commercial Notes, with the first amendment to term of issue of the 1st Issue of Commercial Notes was signed on May 10, 2022, to formally reflect the necessary changes in the term of issue and the loss of validity of the guarantee granted by NTS, so that the commercial notes no longer have any guarantee.

The Commercial Notes have a restrictive clause that requires the Company to comply with the financial index resulting from the quotient of dividing the Net Financial Debt by the EBITDA, which must be equal to or less than 4.0 times, calculated semiannually based on the Company's Consolidated Financial Statements relating to the immediately preceding 12 months disclosed.

At the close of the quarterly information ended June 30, 2023, the Company calculated the ratio and concluded that the restrictive clause was being complied with.

Fifth Issue of Simple Debentures, Non-Convertible into Shares, Unsecured, in 3 (Three) Series, for Public Distribution, with Restricted Distribution Efforts, by NTS ("5th Issue of Debentures").

In an Extraordinary Meeting of the Company's Board of Directors held on September 9, 2022, the issue, by the Company, of simple debentures, non-convertible into shares, of the unsecured type, in 3 (three) series, for public distribution, with restricted distribution efforts, in the total amount of R\$3.5 billion due on September 13, 2027 (Series 1), September 13, 2029 (Series 2), and September 13, 2032 (Series 3). The debentures bear interest of 100% of the accumulated variation of the CDI rate, plus a spread equivalent to 1.30% per year, 1.60% per year and 1.85% per year, respectively. The debentures are issued on September 13, 2022 and were paid in on October 6, 2022.

The debentures have a restrictive clause that requires the Company to comply with the financial index resulting from the quotient of dividing the Net Financial Debt by the EBITDA, which must be equal to or less than 4.0 times, calculated semiannually based on the Company's Consolidated Financial Statements related to the immediately preceding 12 months disclosed.

At the close of the quarterly information ended June 30, 2023, the Company calculated the ratio and concluded that the restrictive clause was being complied with.

11.2. Loans in foreign currency under Law 4,131/1962, obtained by NISA, subsequently merged into NTS in April 12, 2022

On April 1, 2022, NISA concluded the raising of US\$ 449 million, through loan agreements in foreign currency, under the terms of Law No. 4,131/62, as approved at NISA's Extraordinary General Meeting, held on December 2021, being

- a) US\$ 300 million, entered into with the Bank of Nova Scotia, with interest of 2.0783% pa, paid semi-annually;
- b) US\$ 90 million, signed with Citibank, NA, with interest of 2.2999% pa, paid quarterly; It is
- c) US\$ 59 million, signed with MUFG Bank. Ltd, with interest for the period between April 1, 2022 and March 31, 2023 equivalent to 2.8875% pa, and 2.9750% pa from April 1, 2023 until maturity, both paid semi-annually.

To protect against foreign exchange exposure, NISA contracted derivative operations (currency swaps), whose principal and interest values replicate the amount of principal and interest on the loans. All loan agreements have amortizations with equal annual installments in the 4th and 5th years, without debt renegotiation clauses or automatic renewal.

With the completion of the Merger, on April 12, 2022, the Company became the universal successor of NISA in relation to the terms and conditions of these loans.

Said loans have a restrictive clause that requires the Company to comply with the financial index resulting from the quotient of dividing the Net Financial Debt by EBITDA, which must be equal to or less than 4.0 times, calculated semiannually based on the Company's Consolidated Financial Statements related to immediately preceding 12 months disclosed.

At the close of the quarterly information ended June 30, 2023, the Company calculated the ratio and concluded that the restrictive clause was being complied with.

11.3. Loans in foreign currency pursuant to Law 4,131/1962, obtained by NTS in 2022.

In an Extraordinary Meeting of the Board of Directors of the Company held on August 16, 2022, the Company approved the raising of financing through the contracting of loan(s) in foreign currency, which could total the amount of up to US\$ 300 million, in the terms of Law nº 4.131/62, having been hired:

- a) US\$ 170 million, through a loan agreement entered into with the Bank of Nova Scotia on August 19, 2022, with interest of 3.63% pa, paid semi-annually; It is
- b) US\$ 50 million, through a loan agreement entered into with Sumitomo Mitsui Banking Corporation (SMBC), with interest of 4.34% pa, paid semi-annually.
- c) US\$ 80 million, through a loan agreement signed with BNP Paribas (BNP), with interest of 4.89% pa, paid annually.

To protect against foreign exchange exposure, the Company contracted derivative operations (currency swap), whose principal and interest amounts replicate the amount of principal and interest on the loans. All loan agreements have amortizations at maturity, with no debt renegotiation clauses or automatic renewal.

Said loans have a restrictive clause that requires the Company to comply with the financial index resulting from the quotient of dividing the Net Financial Debt by EBITDA, which must be equal to or less than 4.0 times, calculated semiannually based on the Company's Consolidated Financial Statements related to immediately preceding 12 months disclosed.

At the closing of the quarterly information ended on June 30, 2023, the Company calculated the ratio and concluded that all restrictive clauses, provided for in the aforementioned contracts, were being complied with.

Scale of payments and amortization of funding costs

Year	Principal	Funding cost
2023	-	3,183
2024	-	5,457
2025	1,457,520	5,457
2026	1,590,711	5,457
2027	1,590,711	5,432
After 2028	6,467,187	17,934

12. TRANSACTIONS WITH RELATED PARTIES

a) Operations with key management personnel

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

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

	<u>06/30/2023</u>	<u>06/30/2022</u>
Management fees	7,444	5,322
Short term benefits	502	429
	<u>7,946</u>	<u>5,751</u>

13. TAXES

13.1. Current taxes

	<u>Current assets</u>		<u>Non-Current Assets</u>		<u>Current Liabilities</u>	
	<u>06/30/2023</u>	<u>12/31/2022</u>	<u>06/30/2023</u>	<u>12/31/2022</u>	<u>06/30/2023</u>	<u>12/31/2022</u>
Income tax	84	-	3,813	3,936	(458,121)	(814,038)
Social contribution	-	-	499	828	(176,785)	(326,716)
PIS/COFINS (a)	21,746	6,053	11,582	-	(50,425)	(48,278)
ICMS	-	-	-	-	(26,713)	(21,986)
ISS	-	-	306	305	(1,120)	(201)
IRRF	9	206	-	-	(1,055)	(255)
Others	-	-	-	-	(5,145)	(2,505)
	<u>21.839</u>	<u>6,259</u>	<u>16,150</u>	<u>5,069</u>	<u>(719,364)</u>	<u>(1,213,979)</u>

- (a) The credits of PIS and COFINS recorded in the long term correspond to the amounts recognized due to the final and unappealable decision of the court action favoring the Company, which recognized the right to exclude the ISS of the PIS and COFINS calculation basis.

13.2. Deferred taxes

a) Composition of income tax and social contribution

	<u>Base on 06/30/2023</u>	<u>Deferred IR and CSLL balance to 34%</u>	<u>Base on 12/31/2022</u>	<u>Deferred IR and CSLL balance to 34%</u>
Active deferred tax				
Provision for PIS/COFINS loss	65,606	22,306	56,807	19,314
Clandestine Derivation Provision	1,559	530	1,559	530
Provision for contingencies and others	48,632	16,535	42,358	14,402
Band sharing provision	15,215	5,173	14,664	4,986
Provision - expenses with environmental compensation	40,065	13,622	38,617	13,130
provision for bonus	9,409	3,199	17,132	5,825
Tax benefit arising from the merger recognized in Equity (a)	1,225,033	416,511	1,262,535	429,262
Result of Cash Flow Hedge (allocated to ORA)	346,600	117,844	288,164	97,976
Provision for loss Billing Dec'22	19,930	6,776	-	-
Effects of the Currency Swap arising from the incorporation of NISA	91,308	31,045	70,472	23,960
	<u>1,863,357</u>	<u>633,541</u>	<u>1,792,308</u>	<u>609,385</u>
deferred tax liability				
Property, plant and equipment - Corporate x tax depreciation rate difference (b)	(5,528,709)	(1,879,761)	(5,676,836)	(1,930,124)
Lei do Bem - technological development and innovation	(50,036)	(12,509)	(50,036)	(12,509)
	<u>(5,578,745)</u>	<u>(1,892,270)</u>	<u>(5,726,872)</u>	<u>(1,942,633)</u>
Net deferred tax balance	<u>(3,715,388)</u>	<u>(1,258,729)</u>	<u>(3,934,564)</u>	<u>(1,333,248)</u>

- (a) Details of the transaction, whose initial recognition was made directly against shareholders' equity, are described in Note 15.2 (b). Amortization of goodwill and capital gains for tax purposes began in June 2022.
- (b) Deferred tax liabilities on property, plant and equipment refer to the difference between the tax and corporate depreciation of the gas pipeline network and other Company facilities.

b) Changes in deferred income tax and social contribution assets and liabilities for the period ended June 30, 2023:

	Deferred IR and CSLL balance 12/31/2022	Others comprehensiv e results	Result	Deferred IR and CSLL balance 06/30/2023
active deferred tax				
Provision for PIS/COFINS loss	19,314	-	2,992	22,306
Clandestine Derivation Provision	530	-	-	530
Provision for contingencies and others	14,402	-	2,133	16,535
Lane crossing provision	4,986	-	187	5,173
Provision - expenses with environmental compensation	13,130	-	492	13,622
provision for bônus	5,825	-	(2,626)	3,199
Tax benefit arising from the merger recognized in Equity (a)	429,262	-	(12,751)	416,511
Income from cash flow hedge (Other Comprehensive Income)	97,976	19,868	-	117,844
Provision for loss of revenue Dec'22	-		6,776	6,776
Effects of the currency swap arising from the incorporation of NISA	23,960	-	7,085	31,045
	<u>609,385</u>	<u>19,868</u>	<u>4,288</u>	<u>633,541</u>
deferred tax liability				
Property, plant and equipment - Difference of corporate x tax depreciation rate	(1,930,124)	-	50,363	(1,879,761)
Lei do Bem - technological development and innovation	(12,509)	-	-	(12,509)
	<u>(1,942,633)</u>	<u>-</u>	<u>50,363</u>	<u>(1,892,270)</u>
Net deferred tax balance	<u>(1,333,248)</u>	<u>19,868</u>	<u>54,651</u>	<u>(1,258,729)</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026 +</u>
Recoverability of deferred tax asset	83,260	965,355	999,122	(1,414,196)
	633,541			

13.3. Tax assessment of income tax and social contribution

	06/30/2023	06/30/2022
Profit before income tax and social contribution	2,369,887	2,481,130
Adjustments for calculating the effective rate:		
(Exclusions)/Net Permanent Additions	(6,446)	12,085
(Exclusions)/Net temporary additions	160,739	114,683
temporary additions	<u>212,626</u>	<u>141,268</u>
(+) Tax depreciation x corporate	148,128	89,617
(+) Provision for contingency	-	11,744
(+) Exchange Variation	-	15,715
(+) Provision for bonuses	7,996	8,288
(+) Environmental provision	1,449	2,127
(+) Provision for contractual transfer	5,228	10,237
(+) Environmental condition	1,395	1,395
(+) Lane crossing	551	1,220
(+) Swap Effects	21,935	-
(+) Provision for loss of accounts receivable	19,930	-
(+) Other	<u>6,014</u>	<u>925</u>

	<u>06/30/2023</u>	<u>06/30/2022</u>
(Exclusions) Temporary	(51,887)	(26,585)
(-) Tax depreciation x corporate	-	-
(-) bonus	(16,561)	(15,218)
(-) Environmental condition	(1,394)	(1,395)
(-) Provision for contractual transfer	<u>3,570</u>	<u>(3,668)</u>
(-) Amortization of tax benefit arising from merger	<u>(37,502)</u>	<u>(6,304)</u>
(-) Others	-	-
Basis for calculating income tax and adjusted social contribution	2,524,180	2,607,898
Income tax and social contribution	(858,221)	(886,674)
Discount on sponsorships made (Rouanet Law)	-	5,060
Others	3,827	-
Current income tax and social contribution	(854,394)	(881,614)
Deferred income tax and social contribution	<u>54,651</u>	<u>38,992</u>
	<u>(799,743)</u>	<u>(842,622)</u>
Effective IR and CS rate	33.75%	33.96%

14. PROVISION FOR CONTRACTUAL TRANSFER, ENVIRONMENTAL COMPENSATION AND ENVIRONMENTAL CONDITIONS

14.1. Provision for contractual transfer

The Company recognized a provision of BRL89,170 (BRL80,372 on December 31, 2022) to transfer recovered tax credits to its majority carrier and resulting from a final and unappealable lawsuit in favor of the Company. For recording the provision, Management considered the interpretation and legal analysis of the terms and conditions set forth in the existing gas transport contracts, having concluded by recording the event in non-current as a result of ongoing negotiations with the shipper to carry out the transfer are at an early stage.

Management will evaluate the developments and future reclassification to current, considering the emergence of future facts that justify such measure, as well as any settlement terms agreed between the parties.

14.2. Provision for environmental compensation

Refers to accrued amounts, in the amount of R\$40,066 (R\$38,617 on December 31, 2022), based on Federal Law No. 9,985/2000, which established the National System of Conservation Units - SNUC, whose purpose objective to ensure the preservation of nature and sustainable development from natural resources and which will be spent according to the deliberation of the Environment Foundation - FATMA and the Public Prosecutor's Office.

14.3. Provision with environmental constraints

The recorded balance, in the amount of R\$26,770 (R\$30,267 on December 31, 2022), refers to environmental conditions required by the environmental control, monitoring and inspection bodies, at the federal and state levels, as a result of the issuance of prior licenses for installation and operation of undertakings and construction of the Company's gas pipeline network, pursuant to Resolution 237/1997 of the National Council for the Environment - CONAMA.

The Company deals with events related to these conditions in accordance with the principles of ICPC12 - Change in Liabilities for Decommissioning, Restoration and Other Similar Liabilities - and recognizes the corresponding portion in property, plant and equipment (initial measurement and future remeasurement). Expenses executed in compliance with the conditions are deducted from the amount of the provision and the corresponding property, plant and equipment is being amortized, using the straight-line method, based on the rePrincipaling useful life of the gas pipelines to which the conditions are linked.

15. EQUITY

15.1. Share capital

At the Company's Extraordinary General Meeting held on January 12, 2023, the shareholders approved the increase in the Company's capital stock, in the amount of R\$292,890, upon capitalization of a portion: a) of the capital reserve; b) special goodwill reserve and c) the legal reserve, resulting in capital equivalent to R\$801,603, through an increase in the nominal value of the Company's shares to R\$0.35 per share.

On the same date, the Company's shareholders approved the capital reduction, pursuant to article 173 of Law 6,404/76, in the amount of R\$300,603, upon restitution of capital to shareholders, in national currency, proportionally to their respective holdings in the capital stock, and with the reduction of the nominal value of shares to R\$0.22 per share, without cancellation of shares and maintaining the number of shares of the Company and the shareholding percentage unchanged. The effective reduction and the payment of said refund to the shareholders was conditioned to the fulfillment of certain suspensive conditions, namely (i) publication of the extract of the minutes that resolved on the reduction, pursuant to art. 135, paragraph 1 of Law 6,404/76, which was carried out on January 13, 2023 in the Diário Comercial; (ii) the expiration of the legal period of 60 days, counted from the publication mentioned in item (i), without there having been opposition from unsecured creditors or, if there has been opposition, upon proof of payment and/or judicial deposit of amounts due to such creditors, as established in art. 174, § 2 of Law 6,404/76, and this period ended on March 13, 2023; and (iii) prior approval by the National Petroleum, Biofuels and Natural Gas Agency - ANP, pursuant to art. 4, § 3 of Law No. 14.134/21, which took place on May 25, 2023. And fulfilled to the precedent conditions above, the capital reduction was carried out, resulting in a remaining share capital of R\$501,000, fully subscribed and paid up, composed of 2,312,328,578 shares (two billion, three hundred and twelve million, three hundred and twenty-eight thousand, five hundred and seventy-eight).

15.2. Capital Reserve

a) Capital transactions

Refers to transactions with shareholders, as owners, and the recognition of gains in unusual operations to undo financial leasing between companies of the same economic group.

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

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

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

b) Tax benefit resulting from the incorporation of NISA

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

The recognition of the tax benefit was preceded by the preparation of the Assessment Report on the Allocation of the Fair Value of Assets and Liabilities Assumed on the Price Paid, prepared by an independent specialist and usually known as the PPA Report ("Purchase Price Allocation"), the result of which indicated that of the R\$1,306,661 overprice paid in relation to the book value of the interest acquired by NISA in the Company, R\$1,298,183 was equivalent to capital gain and R\$8,478 to goodwill, both calculated for tax amortization purposes, with consequent tax benefit.

In compliance with the requirements set forth in § 3 of art. 20 of Decree-Law No. 1,598, of December 26, 1977, the summary of the Report was filed at the Registry of Deeds and Documents, on April 11, 2022, to comply with the deadline to do so within 13 months after completion of the operation, as provided in this same legislation.

The amount of the tax benefit of R\$444,265 corresponds to the application of the combined corporate rate of income tax and social contribution of 34%, applied on goodwill and capital gains for tax purposes of R\$1,306,661.

The Company assessed the operation in the light of ICPC 22 - Uncertainty about Treatment of Taxes on Income - and concluded by recording the tax benefit calculated on goodwill and capital gains presented in the PPA Report, since it considers it likely that the tax authority accepts the treatment given for this operation, or otherwise understands that success in any administrative and/or legal dispute involving the issue is likely.

At the Company's Extraordinary General Meeting held on January 12, 2023, the shareholders approved the increase in the Company's capital stock, in the amount of R\$292,890, of which R\$277,278 from the Capital Reserve, through the capitalization of a portion: of the capital reserve and of the special goodwill reserve. Upon completion of the operation, the Company's Capital Reserve corresponds to R\$431,546.

15.3. Profit reserves

a) Legal reserve

Constituted up to the limit of 20% of the share capital, through the appropriation of 5% of the net income for the year, in accordance with article 193 of the Brazilian Corporate Law. This reserve can only be used to absorb losses or increase capital stock.

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

The Company recognized BRL15,612 corresponding to the balance of the Legal Reserve that was registered in NISA's books, as part of its reverse merger process by the Company described in Note 1.

At the Company's Extraordinary General Meeting held on January 12, 2023, the shareholders approved the increase in the Company's capital stock, in the amount of R\$292,890, of which R\$15,612 of the legal reserve. Upon completion of the operation, the Company's Legal Reserve corresponds to R\$38,367.

b) Dividends and Interest on Equity

On March 16, 2023, the Company's Management approved the total distribution of R\$830,106 in interim dividends, referring to the fourth quarter of 2022 (R\$594,274 for the first half-ended June 30, 2022). On the same date, the Company's Management approved the payment of R\$21,646 corresponding to the monetary restatement on dividends for the fourth quarter of 2022, at the SELIC rate applied in the period between December 31, 2022 and the date of effective payment of dividends in March, having recognized this effect within the financial result of the current period (18,113 for the semester ended June 30, 2022).

c) Tax incentive reserve

NTS constituted a profit reserve on tax incentives in the amount of R\$39,772 in the six-month period ended June 30, 2023, accumulating a total of R\$253,826 (R\$214,054 on December 31, 2022) resulting from an investment subsidy related to the appropriation of ICMS credit arising from the option for the ICMS Agreement 106/96 which grants credit of 20% of the ICMS amount due to companies providing transport services. These credits were accounted for in income for the year and allocated monthly to the tax incentive reserve, being excluded from the calculation of the dividend calculation base.

d) Earnings for the period per share

Calculation of basic and diluted earnings per share for the six-month period ended June 30, 2023 and 2022, as shown below:

	Period of 3 months ended on June 30,		Period of 6 months ended on June 30	
	Jun/23	Jun/22	jun-23	jun-22
Net Income for the period (in thousands of Reais)	827,668	743,110	1,570,144	1,638,508
Total shares issued	2,312,328,578	2,312,328,578	2,312,328,578	2,312,328,578
Basic and diluted earnings per share in Reais	0.36	0.38	0.68	0.71

15.4. Equity Valuation Adjustment

a) Transaction with shareholders

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

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

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

15.5. Other comprehensive income

a) Cash Flow Hedge Reserve

The amount of R\$228,755 (R\$190,188 on December 31, 2022) refers to the effective portion of the net change in the fair value of cash flow hedge financial instruments, as per note 21 (b).

	<u>06/30/2023</u>	<u>12/31/2022</u>
Opening balance	(190,188)	-
Swap result before adjustment to fair value	(289,950)	121,362
(-) Swap result at fair value (cfme NE 21 (b))	(348,385)	(166,801)
(-) Cash flow hedge result	(58,435)	(288,164)
(+) Deferred IR/CS without res. cash flow hedge	19,868	97,976
Result of cash flow hedge, net of taxes	<u>(228,755)</u>	<u>(190,188)</u>

16. NET REVENUE

	<u>Period of 3 months ended on</u>		<u>Period of 6 months ended on</u>	
	<u>06/30/2023</u>	<u>06/30/2022</u>	<u>06/30/2023</u>	<u>06/30/2022</u>
Gross revenue from services	2,116,494	2,044,868	4,131,289	4,074,395
Charges for services	(277,157)	(266,072)	(533,358)	(534,534)
balancing gas	40,214	-	70,802	-
Tariff Adjustment	(10,581)	(99,187)	(21,047)	(197,285)
	<u>1,868,970</u>	<u>1,679,609</u>	<u>3,647,686</u>	<u>3,342,576</u>

17. COST OF SERVICES PROVIDED

	Period of 3 months ended on		Period of 6 months ended on	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Depreciation and amortization	(110,375)	(105,611)	(219,707)	(210,777)
Contracted services, freight, rent and general charges	(8,325)	(6,737)	(14,560)	(12,698)
Operation and maintenance	(11,547)	(11,043)	(22,023)	(24,165)
right of way	(33,133)	(33,979)	(68,238)	(68,678)
Electricity	(3,099)	(5,009)	(6,327)	(11,898)
Insurance	(6,286)	(5,175)	(11,959)	(10,223)
ICMS on the gas used in the system	(3,539)	(461)	(6,532)	(3,085)
Environmental costs	(1,057)	(1,043)	(2,283)	(1,198)
Consulting services	(5,990)	(3,914)	(9,280)	(8,840)
Trainings and seminars	(320)	(237)	(762)	(462)
Cost with staff	(16,811)	(15,654)	(33,126)	(29,168)
balancing gas	(33,040)	-	(57,113)	-
Other Costs	(9,961)	(5,745)	(20,896)	(12,001)
	<u>(243,483)</u>	<u>(194,608)</u>	<u>(472,806)</u>	<u>(393,193)</u>

18. GENERAL AND ADMINISTRATIVE EXPENSES

	Period of 3 months ended on		Period of 6 months ended on	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Personnel expenses	(11,326)	(12,169)	(21,716)	(20,432)
legal advice	(1,188)	(1,433)	(1,910)	(2,081)
audit	(584)	(362)	(726)	(543)
Accounting advice	(541)	(463)	(981)	(994)
Consultancy	(733)	(1,035)	(1,483)	(1,314)
Sponsorships	-	16	-	150
(Provision)/Contingency reversal	(430)	(11,744)	(2,981)	(11,744)
License Principaltenance	(493)	(634)	(1,266)	(1,055)
Recruitment and selection	(520)	(388)	(827)	(760)
rents and fees	(251)	(331)	(638)	(561)
Contracted services	(111)	(100)	(132)	(210)
Office and other expenses	(2,148)	(2,397)	(4,363)	(2,200)
	<u>(18,325)</u>	<u>(31,040)</u>	<u>(37,023)</u>	<u>(41,744)</u>

19. NET FINANCIAL RESULT

	Period of 3 months ended on		Period of 6 months ended on	
	06/30/2023	06/30/2022	06/30/2023	06/30/2022
Income from financial investments	58,248	74,225	131,599	131,874
Restatement	8,785	3,000	9,381	5,403
Other financial income	190	213	365	407
Total Financial Income	<u>67.223</u>	<u>77,438</u>	<u>141.345</u>	<u>137,684</u>
Financial expenses				
Interest on financing, taxes and charges (a)	(418,058)	(362,029)	(860,502)	(503,622)
Taxes on financial result	(10,700)	(3,640)	(12,487)	(6,490)
Fines and interest	(209)	(528)	(249)	(578)
Monetary update	(19,108)	(34,580)	(59,951)	(52,632)
Other financial expenses	(964)	(1,065)	(1,585)	(871)
Total financial expenses	<u>(449.041)</u>	<u>(401,841)</u>	<u>(934,774)</u>	<u>(564,193)</u>
Net Financial Result	<u>(381,818)</u>	<u>(324,403)</u>	<u>(793.429)</u>	<u>(426,509)</u>

(a) The Company contracted derivative financial instruments (swap) with the purpose of protecting against exchange rate risk and converting charges into Reais into CDI in relation to debts contracted in foreign currency. For this reason, the financial charges of the Company's debts and financing are presented in this explanatory note net of the effects of the protections contracted in the swaps. Further details on these derivative instruments are described in notes 11, 15.5 and 21 b) and f).

20. LEGAL PROCEEDINGS AND CONTINGENCIES

20.1. Accrued lawsuits

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

	Civil	Labor	Tax	regulatory	Total
		(a)			
Balances on December 31, 2022	<u>(35)</u>	<u>(22,714)</u>	<u>(4,688)</u>	-	<u>(27,437)</u>
new causes	-	-	(1,720)	(430)	(2,150)
Balances on June 30, 2023	<u>(35)</u>	<u>(22,714)</u>	<u>(6,408)</u>	<u>(430)</u>	<u>(29,587)</u>

The provisioned amounts are as follows:

(a) The Principal provisioned amount refers to labor claims related to the incidence of labor and social security charges on past events, the outcome of which may result in future cash disbursements.

20.2. Judicial deposits

	06/30/2023	12/31/2022
Non-current assets		
Labor	9	9
tax	18,276	17,007
Several	18	18
	<u>18,303</u>	<u>17,034</u>

20.3. Judicial proceedings not provisioned

Judicial proceedings that constitute present obligations whose outflow of resources is not probable or where a sufficiently reliable estimate of their amounts cannot be made, are not recognized, however they are disclosed. Causes classified as remote are not disclosed in this quarterly information.

The estimated contingent liabilities for the lawsuits on June 30, 2023 and December 31, 2022 for which the likelihood of loss is considered possible are presented below:

	<u>Civil</u>	<u>Labor</u>	<u>Tax</u>	<u>Environmental</u>	<u>Total</u>
Balances on December 31, 2022	(75,784)	(399)	(330,118)	(63,526)	(469,827)
New causes	(702)	(209)	-	-	(911)
Monetary update	-	(13)	(19,498)	(2,322)	(21,833)
Classification change	51,531	99	7,262	-	58,892
Balances on June 30, 2023	<u>(24,955)</u>	<u>(522)</u>	<u>(342,354)</u>	<u>(65,848)</u>	<u>(433,679)</u>

(a) Tax Causes

The Principal administrative tax claims refer to various administrative proceedings filed by the RFB and are related to the contestation of tax credits used by NTS and not approved by the tax authority, as well as tax assessments. The Principal causes total BRL342,354 (BRL330,118 on December 31, 2022).

(b) Environmental Causes

Environmental causes refer to environmental compensation processes under discussion between environmental agencies and NTS involving the following topics: (i) the maximum percentage that can be applied to calculate environmental compensation within the scope of licensing related to GASCAR; (ii) the index applicable for the purposes of monetary correction of the environmental compensation due under the licenses related to GASCAR, GASTAU, GASPAJ and GASBEL II; and (iii) the base date for the application of monetary correction in the case of environmental compensation within the scope of the GASTAU licensing.

(c) Civil Causes

In November 2022, arbitration was requested against the majority shareholder of the Company and against the Company, whose information is protected by confidentiality, regarding the sharing of infrastructures resulting from the sale of control of the Company in April 2017. A counterclaim was filed requesting reimbursement of expenses incurred by the Company in the remediation of assets owned by it, also resulting from the transfer of control. There is a contractual provision with the claimant in the sense that, upon the initiation of arbitration, the Company has the right to execute guarantee for reimbursement of the disputed portion before the court's decision, being able to exercise it if and when it deems convenient. The Company awaits the appreciation of the response and counterclaim request.

The movement in the period, which represented a write-off of R\$51,531 compared to the position on December 31, 2022, refers to the reduction in the value at risk associated with the arbitration procedure, which corresponds to the difference between the amount claimed by the counterparty of the arbitration procedure and the amount recognized by the Company in its financial statements.

21. FINANCIAL INSTRUMENTS

The Company held operations with financial instruments. These instruments are managed through operational strategies and internal controls to ensure liquidity, profitability and security. The control policy consists of permanent monitoring of contracted conditions versus prevailing market conditions.

On June 30, 2023, the Company had 6 derivative financial instruments to mitigate the exchange risk and exposure to pre-fixed interest rates associated with debt raised in foreign currency. The results are consistent with the policies and strategies defined by the Company's Management. Additionally, during the years, the Company did not make investments of a speculative nature.

a) Liquidity risk

The Company uses its resources to meet its operational obligations and to pay creditors. The sources of funds added to the Company's financial position on June 30, 2023 are sufficient to settle its short-term obligations. The liquidity risk is managed by the Company, investing its cash in Fixed Income, with liquidity not exceeding 90 days and renegotiating (when necessary) the maturity of its debts.

	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026+</u>	<u>Total</u>
Financial Debts (a)	335,233	-	1,457,520	9,648,609	11,441,362
Derivative financial instruments (b)	191,307	283,312	182,963	(142,394)	515,188
Suppliers	<u>610,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>610,024</u>
Total	<u>1,136,564</u>	<u>283,312</u>	<u>1,640,483</u>	<u>9,506,215</u>	<u>12,566,574</u>

(a) Debt projections consider the probable scenario of NE 21(d), disregarding the effect of the respective funding costs.

(b) Derivative financial instruments correspond to the net balance between assets and liabilities of derivatives contracted for the purpose of hedging debts contracted in foreign currency, as detailed in section b) of this Explanatory Note. In other words, the projection in the table above does not include derivatives contracted with hedging purposes for other purposes.

b) Exchange rate risk

It arises from the possibility of fluctuations in foreign currency exchange rates involving certain loans and financing of the Company and is used to refinance debts and acquire equipment or services and contract financial instruments. Considering that the amount of R\$515,188 corresponds to the net position of the supplier swap balance.

The Company's policy is to eliminate market risks, avoiding assuming positions exposed to fluctuations in market values and operating only instruments that allow risk control. As of June 30, 2023, as described in Note 1 and as a result of the reverse merger of NISA, the Company holds debts denominated in US Dollars, whose amounts raised amount to US\$749,000, and for which operations of derivatives (currency swap), whose term, principal and interest amounts replicate the principal and interest amounts of the loans.

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

Institution	Description	Operation/Fee	Maturity	Reference value (notional)	06/30/2023	12/31/2022
	Swap (exchange)					
Scotland Bank	asset position	USD/BRL + 2.45%	Apr/2027	US\$ 300,000	1,322,975	1,463,258
	liabilities position	CDI + 1.35%	Apr/2027	R\$ 1,421,250	<u>(1,521,100)</u>	<u>(1,534,453)</u>
				MTM Swap	<u>(198,125)</u>	<u>(71,195)</u>
Scotia Bank (2)	asset position	USD/BRL + 4.27%	Aug/2025	US\$ 170,000	801,898	893,426
	liabilities position	CDI + 1.13%	Aug/2025	R\$ 880,090	<u>(938,796)</u>	<u>(941,996)</u>
				MTM Swap	<u>(136,898)</u>	<u>(48,570)</u>
MUFG (a)	asset position	USD/BRL + 3.40%	Apr/2027	US\$ 59,000	268,844	293,345
	liabilities position	CDI + 1.35%	Apr/2027	R\$ 279,512	<u>(299,150)</u>	<u>(301,776)</u>
				MTM Swap	<u>(30,306)</u>	<u>(8,431)</u>
CITI	asset position	USD/BRL + 2.71%	Apr/2027	US\$ 90,000	400,777	442,312
	liabilities position	112.7% of the CDI	Apr/2027	R\$ 426,375	<u>(456,491)</u>	<u>(462,796)</u>
				MTM Swap	<u>(55,714)</u>	<u>(20,484)</u>
SMBC	asset position	USD/BRL + 4.96%	Sept/2025	US\$ 50,000	239,515	266,709
	liabilities position	CDI + 1.13%	Sept/2025	R\$ 260,000	<u>(266,048)</u>	<u>(277,654)</u>
				MTM Swap	<u>(26,533)</u>	<u>(10,945)</u>
BNP	asset position	UDS + 5.75%	Sept/2025	US\$ 80,000	399,210	433,584
	liabilities position	CDI + 1.13%	Sept/2025	R\$ 416,440	<u>(466,822)</u>	<u>(440,760)</u>
				MTM Swap	<u>(67,612)</u>	<u>(7,176)</u>
					<u>(515,188)</u>	<u>(166,801)</u>

(a) The charges for the liability position of the swap with the MUFG are 3.30% pa until March 31, 2023 and 3.40% pa, from 04/01/2023 until maturity.

	Assets		Liabilities		Net Position	
	06/30/2023	12/31/2022	06/30/2023	12/31/2022	06/30/2023	12/31/2022
Current (*)	-	-	(342,294)	(376,490)	(342,294)	(376,490)
Non-Current	-	209,390	(173,906)	-	(173,906)	209,390
Total	-	209,390	(516,200)	(376,490)	(516,200)	(167,100)

(*) Balance incorporates, in addition to the derivatives associated with the debts presented in the previous table, a derivative instrument for exchange rate protection in contracts with suppliers.

c) Credit risk

As part of the Share Purchase and Sale Agreement signed between the Company's shareholders, Petrobras entered into a Escrow Account Management Agreement with Banco Bradesco SA aimed at diversifying NTS's credit risk in relation to the Gas Transport Agreements (GTAs) that it holds with Petrobras and so that the Company does not depend exclusively on its Principal customer to obtain its revenues.

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

Additionally, in March 2022, Petrobras presented 5 (five) letters of bank guarantee, effective for 2 years, starting on 03/30/2022, as agreed in each of the GTAs, corresponding to the period of 150 days multiplied by the sum of the capacity, entrance and exit tariffs, up to the limit of R\$2,885,931.

d) Sensitivity Analysis

On June 30, 2023, Management carried out a sensitivity analysis for financial instruments with interest rate risk, considering that the exposure is the value of debentures and financing, described in Note 11, and financial investments, exposed to the CDI variation.

Instruments	Exhibition	Risk	Probable (*)
<u>financial asset</u>			
Cash and cash equivalents	1,686,925	CDI drop	230,265
<u>Financial Liabilities</u>			
Debentures and loans (a) & (b)	11,614,923	CDI discharge	(1,644,205)

(*) Projected scenarios for 12 months.

- (a) The value of debentures and loans and interest to be incurred/projected financial charges do not consider the costs of raising debt.
- (b) The balances of these debts consider the hedging effects of the corresponding Swaps, which aim to eliminate the risk of exchange rate exposure, as well as the conversion of the risk of exposure to fixed rates in foreign currency to the CDI. For this reason, Management understands that the risk of exposure to foreign currency is not relevant in view of the Company's equity and financial position.

The "Probable" scenario was calculated considering a CDI rate of 13.65%, applicable to the floating portion of the interest rate on debts and the balance of cash and cash equivalents on June 30, 2023.

e) Fair value estimate:

The table below shows the carrying and fair values of the Company's financial instruments and other assets and liabilities, as well as their measurement level. On June 30, 2023 and December 31, 2022.

Financial assets (current and non-current)		Level	06/30/2023		12/31/2022	
			Value accounting	Fair value	Value accounting	Fair value
			3,292,787	3,292,787	4,008,216	4,008,216
Cash and cash equivalents	Fair value through profit or loss	2	1,686,925	1,686,925	2,294,317	2,294,317
Trade Receivables	amortized cost		1,406,076	1,406,076	1,322,706	1,322,706
Other accounts receivable	amortized cost		186,276	186,276	165,233	165,233
Restricted Bank Deposits	amortized cost		13,510	13,510	16,570	16,570
Derivative Financial Instruments	Fair value through other comprehensive income (a)	2	-	-	209,390	209,390
Financial liabilities (current and non-current)		Level	06/30/2023		12/31/2022	
			Accounting Value	Fair value	Value accounting	Fair value
Measured at amortized cost			12,524,668	13,768,255	13,207,169	14,063,320
Suppliers	amortized cost		610,024	610,024	613,179	613,179
Debentures and financing	amortized cost		11,398,444	12,642,031	12,217,500	13,073,651
Derivative Financial Instruments	Fair value through other comprehensive income (a)	2	516,200	516,200	376,490	376,490

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

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

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

The Company understands that the fair value of accounts receivable and trade payables, as most of their maturities are in the short term, are substantially similar to those that would be obtained if they were traded in the market. However, since there is no active market for these instruments, differences may exist if they are settled early.

- f) Changes in cash flow liabilities from financing activities

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

Financing, Derivatives, Dividends, Interest on Equity and Capital Reduction	Balance on December 31, 2022	Cash Changes				non-cash changes					Balance on June 30, 2023	
		Principal	Interests	Funding Cost	Early redemption cost	Dividends, JSCP and capital reductions approved	Interests	Exchange Variation	Fund raising cost	Fair Value Adjustment		Early redemption cost
business notes	(1,545,338)	-	112,342	-	-	-	(112,342)	-	(714)	-	-	(1,546,052)
Debentures_2nd issue	-	-	-	-	-	-	-	-	-	-	-	-
Debentures_1st issue NISA (3rd issue NTS)	(1,580,574)	580,000	127,230	-	8,691	-	(112,082)	-	(658)	-	(8,691)	(986,084)
Debentures_2nd issue NISA (4th issue NTS)	(1,545,338)	-	112,342	-	-	-	(112,342)	-	(714)	-	-	(1,546,052)
Debentures_5th issue (1st series)	(1,032,479)	-	61,639	-	-	-	(71,502)	-	(50)	-	-	(1,042,392)
Debentures_5th issue (2nd series)	(1,549,791)	-	94,459	-	-	-	(109,576)	-	(51)	-	-	(1,564,959)
Debentures_5th issue (3rd series)	(1,023,698)	-	64,082	20	-	-	(74,339)	-	(541)	-	-	(1,034,476)
Santander loan (CCB)	-	-	-	-	-	-	-	-	-	-	-	-
Scotia Bank loan	(1,573,353)	-	16,014	-	-	-	(15,376)	107,790	-	-	-	(1,464,925)
Scotia Loan (2) Bank	(897,919)	-	16,119	-	-	-	(15,368)	61,081	-	-	-	(836,087)
MUFG Loan	(310,042)	-	4,376	-	-	-	(4,263)	21,198	-	-	-	(288,731)
CITI Loan	(472,263)	-	5,456	-	-	-	(5,244)	32,337	-	-	-	(439,714)
SMBC Loan	(264,470)	-	5,663	-	-	-	(5,416)	17,967	-	-	-	(246,256)
BNP Loan	(422,235)	-	-	-	-	-	(9,224)	28,743	-	-	-	(402,716)
Derivative Financial Instrument	(166,801)	-	179,196	-	-	-	(200,032)	(269,116)	-	(58,435)	-	(515,188)
IR Exchange	-	-	8,123	-	-	-	(8,123)	-	-	-	-	-
Dividends, JSCP and Capital Reduction	-	1,152,355	-	-	-	(1,152,355)	-	-	-	-	-	-
	<u>(12,384,301)</u>	<u>1,732,355</u>	<u>807,041</u>	<u>20</u>	<u>8,691</u>	<u>(1,152,355)</u>	<u>(855,229)</u>	<u>-</u>	<u>(2,728)</u>	<u>(58,435)</u>	<u>(8,691)</u>	<u>(11,913,632)</u>

(1) Corresponds to the net position of Derivative Financial Instruments described in note 21. b) and excludes the position of derivatives contracted for purposes other than hedging the effects of debts. On June 30, 2023, the balance of these derivatives totals R\$515 (R\$167 on December 31, 2022).

22. COMMITMENTS

a) Contractual commitments

The table below shows the future minimum annual payments, related to the contractual commitments assumed by the Company, for the date of June 30, 2023:

Class of Contracts	2023	2024	2025	2026	2027	Total
office rental	1,489	3,067	2,486	1,211	717	8,970
Telecom & Printers	190	-	-	-	-	190
Rental of vehicles and machines	-	-	-	-	-	-
Compression services	8,618	17,959	17,925	17,925	17,925	80,352
Use and sharing of gas pipeline lanes	44,853	93,474	93,294	93,294	93,294	418,209
Total	<u>55,150</u>	<u>114,500</u>	<u>113,705</u>	<u>112,430</u>	<u>111,936</u>	<u>507,721</u>

b) Guarantees

On June 30, 2023, the Company had seven rental surety insurance policies to cover the guarantees required in its lease agreements, which totaled R\$3,624 in indemnifiable limit, distributed as follows:

Local	Limit Compensable
Flamengo Beach, 22nd floor, Flamengo, Rio de Janeiro, RJ	1,696
Flamengo Beach, 23rd floor, Flamengo, Rio de Janeiro, RJ	1,687
Rod. Washington Luiz, 2500, Bl. B Rooms 703 to 707, Duque de Caxias, RJ	60
Rua Adelelmo Piva, 36, Jardim Vista Alegre, Paulínia, SP	50
Est. Hélio Rosa dos Santos, 1000, rooms 105 and 205, Imboassica, Macaé, RJ	39
Rua Messia Assú, nº 293, Itararé, São Vicente, SP	58
BR 040 Highway, KM 800, rooms nº 20, 21 and 22, Matias Barbosa, MG	34

23. INSURANCE

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

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

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

Type of insurance	Beginning of validity	Completion of validity	Roof
Operational risks and lost profits	10/03/2022	10/03/2023	1,500,000
general liability	10/03/2022	10/03/2023	400,000
Environmental risks	10/03/2022	10/03/2023	300,000
D&O civil liability	10/03/2022	10/03/2023	300,000
Professional civil liability (E&O)	10/03/2022	10/03/2023	15,000
Data protection and resp. cybernetics (Cyber)	10/03/2022	10/03/2023	35,000
Corporate Fraud (Crime)	10/03/2022	10/03/2023	5,000
Comprehensive Business (Office)	11/27/2022	11/27/2023	19,000
Risks Engineering Works GASIG	05/12/2022	07/31/2024	130,829
Civil Liability Works GASIG	05/12/2022	07/31/2023	50,000
Total			<u>2,754,829</u>

Insurance premiums paid in connection with insurance policies are recorded in assets as prepaid expenses and are appropriated proportionally to income over the term of the policies.

The following table summarizes the amounts recorded on the base date June 30, 2023 as prepaid expenses:

Description	06/30/2023	12/31/2022
Operating Risks and Business Interruption	4,628	11,933
General Liability	761	2,284
Environmental Risks	342	1,025
Civil Liability D&O	216	647
Civil Responsibility Works	(11)	43
Engineering Risks	28	206
corporate insurance	338	1,013
Other - insurance	<u>1,005</u>	<u>1,352</u>
total insurance	<u>7,307</u>	<u>18,503</u>
Other prepaid expenses	<u>5,019</u>	<u>-</u>
Total	<u><u>12,326</u></u>	<u><u>18,503</u></u>

24. SUBSEQUENT EVENTS

In an extraordinary meeting of the Board of Directors of the Company, held on July 20, 2023, the interim distribution of dividends in the amount of R\$1,530,372 was approved, unanimously and without reservations, to the account of the Company's profit, calculated in the first half of 2023, ended June 30, 2023.

The distribution was carried out based on the favorable opinion of the Fiscal Council and the dividends were effectively paid to shareholders on July 26, 2023, pursuant to the approval.