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Company Information / Capital Composition

Number of shares (Units)	Last fiscal year 12/31/2020
Paid-in capital	
Common	815,927,740
Preferred	0
Total	815,927,740
Treasury shares	
Common	0
Preferred	0
Total	0

Parent company Financial Statements / Balance Sheet - Assets (In thousands of Reais)

Account Code	Account Description	Last year 12/31/2020	Year before last 12/31/2019
1	Total assets	23,855,172	21,435,772
1.01	Current assets	3,371,565	3,941,494
1.01.01	Cash and cash equivalents	1,924,589	2,590,507
1.01.03	Accounts receivable	1,054,957	944,496
1.01.03.01	Trade accounts receivable	692,801	643,570
1.01.03.02	Other accounts receivable	362,156	300,926
1.01.03.02.01	Dividends receivable	362,156	300,926
1.01.04	Inventories	17,314	15,435
1.01.06	Taxes recoverable	86,218	120,317
1.01.06.01	Current taxes recoverable	86,218	120,317
1.01.06.01.01	Income tax and social contribution credits	86,218	120,317
1.01.08	Other current assets	288,487	270,739
1.01.08.03	Other	288,487	270,739
1.01.08.03.01	Unrealized gains on hedge operations	11,689	114,550
1.01.08.03.02	Restricted deposits	161,860	838
1.01.08.03.03	Renegotiation of hydrological risk to appropriate	13,016	13,016
1.01.08.03.05	Marketable securities	6,830	0
1.01.08.03.06	Other current assets	90,515	137,506
1.01.08.03.07	Non-current assets held for sale	4,577	4,829
1.02	Non-current assets	20,483,607	17,494,278
1.02.01	Long term assets	1,267,201	547,318
1.02.01.10	Other non-current assets	1,267,201	547,318
1.02.01.10.04	Unrealized gains on hedge operations	714,101	311,577
1.02.01.10.05	Marketable securities	332,389	0
1.02.01.10.06	Restricted deposits	0	10,388
1.02.01.10.07	Judicial deposits	80,888	100,833
1.02.01.10.08	Renegotiation of hydrological risk to appropriate	77,273	90,289
1.02.01.10.09	Right to use lease	23,568	28,281
1.02.01.10.10	Other non-current assets	38,982	5,950
1.02.02	Investments	14,355,322	12,825,104
1.02.02.01	Equity interest	14,355,322	12,825,104
1.02.02.01.02	Interest on subsidiaries	11,679,177	9,632,663
1.02.02.01.03	Interest in joint ventures	2,676,145	3,192,441
1.02.03	Property, plant and equipment	3,825,549	4,072,139
1.02.03.01	Property, plant and equipment in operation	3,689,483	3,964,689
1.02.03.03	Construction in progress	136,066	107,450
1.02.04	Intangible assets	1,035,535	49,717

Parent Company Financial Statements / Balance Sheet - Liabilities (In thousands of Reais)

Account Code	Account Description	Last year 12/31/2020	Year before last 12/31/2019
2	Total liabilities	23,855,172	21,435,772
2.01	Current liabilities	3,428,701	4,185,153
2.01.01	Social and labor obligations	100,980	83,943
2.01.01.02	Labor obligations	100,980	83,943
2.01.02	Suppliers	141,257	149,361
2.01.02.01	Domestic suppliers	141,257	149,361
2.01.03	Tax Liabilities	45,618	52,788
2.01.03.01	Federal tax liabilities	45,618	52,788
2.01.03.01.01	Income tax and social contribution payable	45,618	52,788
2.01.04	Loans and financing	1,345,502	2,281,577
2.01.04.01	Loans and financing	1,117,804	1,263,400
2.01.04.01.01	In local currency	48,606	91,884
2.01.04.01.02	In foreign currency	1,069,198	1,171,516
2.01.04.02	Debentures	227,698	1,018,177
2.01.05	Other liabilities	1,749,063	1,567,132
2.01.05.02	Other	1,749,063	1,567,132
2.01.05.02.01	Dividends and interest on equity payable	1,381,504	1,195,925
2.01.05.02.04	Concessions payable	222,474	139,008
2.01.05.02.05	Other tax and regulatory liabilities	40,547	48,036
2.01.05.02.06	Lease payable	5,876	6,222
2.01.05.02.07	Other current liabilities	98,662	177,941
2.01.06	Provisions	46,281	50,352
2.01.06.01	Tax, social security, labor and civil Provisions	3,293	7,537
2.01.06.01.01	Fiscal provisions	90	150
2.01.06.01.02	Social security and labor provisions	2,795	1,056
2.01.06.01.04	Civil provisions	408	6,331
2.01.06.02	Other provisions	42,988	42,815
2.01.06.02.04	Retirement benefits obligations	42,988	42,815
2.02	Non-current liabilities	12,686,942	10,255,465
2.02.01	Loans and financing	7,463,963	6,149,951
2.02.01.01	Loans and financing	4,165,848	2,882,714
2.02.01.01.01	In local currency	62,138	107,699
2.02.01.01.02	In foreign currency	4,103,710	2,775,015
2.02.01.02	Debentures	3,298,115	3,267,237
2.02.02	Other liabilities	3,898,173	3,184,820
2.02.02.02	Other	3,898,173	3,184,820
2.02.02.02.03	Concessions payable	3,733,291	3,042,295
2.02.02.02.04	Lease payable	8,417	11,853
2.02.02.02.05	Other non-current liabilities	156,465	130,672
2.02.03	Deferred taxes	828,239	468,526
2.02.03.01	Deferred income tax and social contribution	828,239	468,526
2.02.04	Provisions	496,567	452,168
2.02.04.01	Tax, social security, labor and civil provisions	89,511	88,664
2.02.04.01.01	Tax provisions	5,013	6,617
2.02.04.01.02	Social security and labor provisions	10,190	13,923
2.02.04.01.04	Civil provisions	74,308	68,124

Parent Company Financial Statements / Balance Sheet - Liabilities (In thousands of Reais)

Account Code	Account Description	Last year 12/31/2020	Year before last 12/31/2019
2.02.04.02	Other provisions	407,056	363,504
2.02.04.02.04	Retirement benefits obligations	407,056	363,504
2.03	Shareholders' equity	7,739,529	6,995,154
2.03.01	Paid-in capital stock	4,902,648	4,902,648
2.03.04	Profit reserves	3,546,496	2,123,245
2.03.04.01	Legal reserve	936,880	797,025
2.03.04.05	Retained earnings reserve	1,766,086	177,673
2.03.04.07	Tax incentive reserve	233,936	198,803
2.03.04.10	Additional dividends proposed	609,594	949,744
2.03.06	Assets valuation adjustments	230,981	260,324
2.03.08	Other comprehensive income	-940,596	-291,063

Parent Company Financial Statements / Income Statement (In thousands of Reais)

Account Code	Account description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
3.01	Revenue from sales of goods and/or services	3,951,537	4,733,631
3.02	Cost of products and/or services sold	-547,051	-2,198,012
3.02.01	Energy purchases	-529,351	-1,052,585
3.02.02	Transactions in the short-term energy market	-91,297	-197,245
3.02.03	Charges for the use of and connection to the power grid	-337,744	-325,522
3.02.05	Other operating costs	-526,631	-593,774
3.02.06	Renegotiation of hydrological risk	967,681	0
3.02.07	Cost of services rendered	-29,709	-28,886
3.03	Gross profit	3,404,486	2,535,619
3.04	Operating expenses/income	1,252,222	1,023,311
3.04.01	Selling expenses	-16,568	-14,782
3.04.02	General and administrative expenses	-235,438	-211,190
3.04.05	Other operating expenses	-44,775	-5,781
3.04.05.01	Provision for impairment of assets	-40,828	-4,900
3.04.05.02	Other operating expenses, net	-3,947	-881
3.04.06	Equity income	1,549,003	1,255,064
3.04.06.01	Equity	1,552,344	1,258,405
3.04.06.02	Goodwill amortization	-3,341	-3,341
3.05	Income before financial result and taxes	4,656,708	3,558,930
3.06	Financial result	-1,372,394	-933,602
3.06.01	Financial income	151,940	65,045
3.06.02	Financial expenses	-1,524,334	-998,647
3.07	Income before income taxes	3,284,314	2,625,328
3.08	Income tax and social contribution	-487,223	-315,403
3.08.01	Current	-113,762	-243,972
3.08.02	Deferred	-373,461	-71,431
3.09	Net income from continuing operations	2,797,091	2,309,925
3.11	Net income for the period	2,797,091	2,309,925
3.99	Earnings per share (R$ /share)		
3.99.01	Basic earnings per share		
3.99.01.01	ON	3.42811	2.83104
3.99.02	Diluted earnings per share		
3.99.02.01	ON	3.42811	2.83104

Parent Company Financial Statements / Comprehensive Income Statement (In thousands of Reais)

Account Code	Account description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
4.01	Net income for the period	2,797,091	2,309,925
4.02	Other comprehensive income	-649,533	-312,593
4.02.01	Remeasurement of retirement obligations	-46,600	-87,233
4.02.03	Deferred income tax and social contribution – retirement obligations	15,844	29,659
4.02.04	Equity income of retirement obligations	81	0
4.02.05	Unrealized gains generated in the year	6,162	0
4.02.06	Deferred income and social contribution – unrealized gains generated in the year	-2,096	0
4.02.07	Equity income of cash flow hedge gains (losses) of subsidiaries, net of deferred taxes	3,403	-3,956
4.02.08	Equity income of cash flow hedge losses joint venture, net of deferred taxes	-626,327	-151,833
4.02.09	Changes in interest in joint venture	0	-99,230
4.03	Comprehensive income for the period	2,147,558	1,997,332

Parent Company Financial Statements / Cash Flow Statement – Indirect Method (In thousands of Reais)

Account Code	Account Description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
6.01	Net cash from operating activities	2,140,234	1,949,377
6.01.01	Cash generated from operations	2,495,165	2,647,500
6.01.01.01	Income before income taxes	3,284,314	2,625,328
6.01.01.02	Equity interest income	-1,549,003	-1,255,064
6.01.01.03	Depreciation and amortization	300,491	296,829
6.01.01.04	Hydrological risk renegotiation	-967,681	0
6.01.01.05	Provision for impairment of assets	40,828	4,900
6.01.01.06	Monetary variation	757,253	275,160
6.01.01.07	Interest	631,248	700,099
6.01.01.10	Other	-2,285	248
6.01.02	Changes in assets and liabilities	-354,931	-698,123
6.01.02.01	Trade accounts receivable	-37,479	-99,138
6.01.02.02	Income tax and social contribution credit	34,099	-31,463
6.01.02.04	Inventories	-1,880	2,352
6.01.02.05	Restricted and judicial deposits	23,659	3,055
6.01.02.06	Renegotiation of hydrological risk to recognize	13,016	13,017
6.01.02.07	Other assets	-71	158,586
6.01.02.08	Suppliers	-7,421	-128,055
6.01.02.09	Other tax and regulatory obligations	-16,282	-6,743
6.01.02.10	Labor obligations	17,037	-7,046
6.01.02.11	Retirement benefits obligations	-30,407	-29,251
6.01.02.12	Payment of interest on debt, net of hedge	-263,089	-305,081
6.01.02.13	Payment of income tax and social contribution	-25,791	-287,511
6.01.02.14	Other liabilities	-60,322	19,155
6.02	Net cash from investing activities	-1,120,687	-1,810,874
6.02.01	Dividends received from subsidiaries and joint ventures	1,043,029	614,534
6.02.02	Capital increase in subsidiaries and joint ventures	-1,421,977	-3,296,626
6.02.03	Acquisition of investment	-327,168	-680,612
6.02.04	Capital decrease in subsidiaries	0	1,645,461
6.02.05	Investment in property, plant and equipment and intangible assets	-74,571	-93,631
6.02.07	Acquisition of marketable securities	-340,000	0
6.03	Net cash from financing activities	-1,685,465	1,169,609
6.03.01	New loans and financing	1,132,476	1,127,997
6.03.02	Issue of debentures	0	4,064,987
6.03.03	Loans and financing paid, net of hedge	-307,946	-147,822
6.03.04	Debentures paid, net of hedge	-964,993	-1,535,006
6.03.05	Payment of concession installments	-147,242	-73,356
6.03.06	Payment of dividends and interest on equity	-1,241,098	-2,260,725
6.03.07	Deposits linked to debt service	-150,445	59
6.03.08	Lease payment	-6,217	-6,525
6.05	Increase (decrease) in cash and cash equivalents	-665,918	1,308,112
6.05.01	Opening balance of cash and cash equivalents	2,590,507	1,282,395
6.05.02	Closing balance of cash and cash equivalents	1,924,589	2,590,507

Parent Company Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2020 to 12/31/2020 (In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity
5.01	Opening balances	4,902,648	0	2,123,245	0	-30,739	6,995,154
5.03	Adjusted opening balances	4,902,648	0	2,123,245	0	-30,739	6,995,154
5.04	Capital transactions with partners	0	0	609,594	-2,012,777	0	-1,403,183
5.04.12	Dividends and IOE not claimed	0	0	0	3,978	0	3,978
5.04.18	Interim dividends	0	0	0	-1,232,161	0	-1,232,161
5.04.19	Interest in equity (IOE)	0	0	0	-175,000	0	-175,000
5.04.20	Proposed additional dividends	0	0	609,594	-609,594	0	0
5.05	Other comprehensive income	0	0	0	2,797,091	-649,533	2,147,558
5.05.01	Net income for the period	0	0	0	2,797,091	0	2,797,091
5.05.02	Other comprehensive income	0	0	0	0	-649,533	-649,533
5.05.02.07	Remeasurement of retirement obligations	0	0	0	0	-30,675	-30,675
5.05.02.08	Fair value of cash flow hedge	0	0	0	0	7,469	7,469
5.05.02.09	Interest in joint venture	0	0	0	0	-626,327	-626,327
5.06	Internal changes in shareholders' equity	0	0	813,657	-784,314	-29,343	0
5.06.09	Legal reserve	0	0	139,855	-139,855	0	0
5.06.10	Tax incentive reserve	0	0	35,133	-35,133	0	0
5.06.11	Retained earnings reserve	0	0	638,669	-638,669	0	0
5.06.12	Realization of deemed cost	0	0	0	29,343	-29,343	0
5.07	Closing balances	4,902,648	0	3,546,496	0	-709,615	7,739,529

Parent Company Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2019 to 12/31/2019

(In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity
5.01	Opening balances	4,902,648	0	1,106,277	0	307,261	6,316,186
5.03	Adjusted opening balances	4,902,648	0	1,106,277	0	307,261	6,316,186
5.04	Capital transactions with partners	0	0	873,041	-2,191,405	0	-1,318,364
5.04.07	Interest on equity	0	0	0	-354,000	0	-354,000
5.04.08	Additional dividends for 2018 credited	0	0	-76,703	0	0	-76,703
5.04.09	Dividends and IOE not claimed	0	0	0	5,738	0	5,738
5.04.10	Interim dividends	0	0	0	-893,399	0	-893,399
5.04.11	Proposed additional dividends	0	0	949,744	-949,744	0	0
5.05	Total comprehensive income	0	0	0	2,309,925	-312,593	1,997,332
5.05.01	Net income for the period	0	0	0	2,309,925	0	2,309,925
5.05.02	Other comprehensive income	0	0	0	0	-312,593	-312,593
5.05.02.06	Remeasurement of retirement obligations	0	0	0	0	-57,574	-57,574
5.05.02.07	Fair value of cash flow hedge	0	0	0	0	-3,956	-3,956
5.05.02.08	Interest in joint venture	0	0	0	0	-251,063	-251,063
5.06	Internal changes in shareholders' equity	0	0	143,927	-118,520	-25,407	0
5.06.04	Legal reserve	0	0	115,496	-115,496	0	0
5.06.05	Tax incentive reserve	0	0	28,431	-28,431	0	0
5.06.06	Realization of deemed cost	0	0	0	25,407	-25,407	0
5.07	Closing balances	4,902,648	0	2,123,245	0	-30,739	6,995,154

Parent Company Financial Statements / Value Added Statement (In thousands of Reais)

Account Code	Account Description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
7.01	Revenues	4,388,720	5,258,821
7.01.01	Sale of products and services	4,342,326	5,259,702
7.01.02	Other revenues	46,394	-881
7.01.02.01	Favorable outcome on lawsuit	50,341	0
7.01.02.02	Other	-3,947	-881
7.02	Raw material acquired from third parties	-192,123	-1,757,360
7.02.01	Cost of products and services sold	-643,522	-1,271,432
7.02.02	Materials, energy, third parties services and other	-124,157	-114,961
7.02.04	Other	575,556	-370,967
7.02.04.02	Charges for the use of and connection to the power grid	-337,744	-325,522
7.02.04.03	Provision for impairment of assets	-40,828	-4,900
7.02.04.04	Renegotiation of hydrological risk	967,681	0
7.02.04.05	Other	-13,553	-40,545
7.03	Gross added value	4,196,597	3,501,461
7.04	Retentions	-300,491	-296,829
7.04.01	Depreciation, amortization and depletion	-300,491	-296,829
7.05	Net added value generated	3,896,106	3,204,632
7.06	Added value received in transfer	1,700,943	1,320,109
7.06.01	Equity income	1,549,003	1,255,064
7.06.02	Financial income	151,940	65,045
7.07	Total added value to distribute	5,597,049	4,524,741
7.08	Distribution of added value	5,597,049	4,524,741
7.08.01	Labor	228,541	209,906
7.08.01.01	Direct remuneration	146,988	131,889
7.08.01.02	Benefits	38,674	43,973
7.08.01.03	F.G.T.S. - workers' severance fund	10,913	11,295
7.08.01.04	Other	31,966	22,749
7.08.01.04.01	Profit sharing	31,966	22,749
7.08.02	Taxes, duties and contributions	946,264	855,164
7.08.02.01	Federal	918,386	826,778
7.08.02.02	State	23,812	24,327
7.08.02.03	Municipal	4,066	4,059
7.08.03	Third parties capital remuneration	595,942	541,170
7.08.03.01	Interest	559,250	531,665
7.08.03.02	Rentals	1,416	1,944
7.08.03.03	Other	35,276	7,561
7.08.03.03.02	Other financial expenses	35,276	7,561
7.08.04	Remuneration of own capital	2,016,755	2,197,143
7.08.04.01	Interest on equity	175,000	354,000
7.08.04.02	Dividends	1,841,755	1,843,143
7.08.05	Other	1,809,547	721,358
7.08.05.01	Sectorial charges	107,507	150,307
7.08.05.02	Charges on concessions payable	921,704	458,269
7.08.05.04	Legal reserve	139,855	115,496
7.08.05.05	Tax incentive reserve	35,133	28,431

Parent Company Financial Statements / Value Added Statement
(In thousands of Reais)

Account Code	Account Description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
7.08.05.06	Retained earnings reserve	638,669	0
7.08.05.07	Realization of deemed cost	-29,343	-25,407
7.08.05.08	Dividends and IOE not claimed	-3,978	-5,738

Consolidated Financial Statements / Balance Sheet - Assets (In thousands of Reais)

Account Code	Account Description	Last year 12/31/2020	Year before last 12/31/2019
1	Total assets	35,186,248	30,135,578
1.01	Current assets	7,733,297	6,745,671
1.01.01	Cash and cash equivalents	4,538,946	3,870,261
1.01.03	Accounts receivable	1,755,601	1,451,227
1.01.03.01	Trade accounts receivable	1,723,101	1,451,227
1.01.03.02	Other accounts receivable	32,500	0
1.01.03.02.01	Dividends receivable	32,500	0
1.01.04	Inventories	189,428	220,964
1.01.06	Taxes recoverable	140,785	166,833
1.01.06.01	Current taxes recoverable	140,785	166,833
1.01.06.01.01	Income tax and social contribution credits	140,785	166,833
1.01.08	Other current assets	1,108,537	1,036,386
1.01.08.03	Other	1,108,537	1,036,386
1.01.08.03.01	Unrealized hedge gains	14,475	115,131
1.01.08.03.02	Unrealized trading gains	320,309	288,771
1.01.08.03.03	Restricted deposits	174,048	4,856
1.01.08.03.04	Renegotiation of hydrological risk to appropriate	15,089	15,089
1.01.08.03.05	Concession financial asset	305,626	296,232
1.01.08.03.07	Other current assets	274,413	311,478
1.01.08.03.08	Non-current assets held for sale	4,577	4,829
1.02	Non-current assets	27,452,951	23,389,907
1.02.01	Long term assets	6,976,062	3,814,007
1.02.01.10	Other non-current assets	6,976,062	3,814,007
1.02.01.10.03	Unrealized hedge gains	719,380	311,577
1.02.01.10.04	Unrealized trading gains	54,385	42,695
1.02.01.10.05	Restricted deposits	235,819	381,064
1.02.01.10.06	Judicial deposits	82,539	102,878
1.02.01.10.07	Renegotiation of hydrological risk to appropriate	100,597	115,686
1.02.01.10.08	Concession financial asset	2,499,170	2,411,942
1.02.01.10.09	Agreement asset	2,961,419	217,611
1.02.01.10.10	Right of use of leases	147,002	161,866
1.02.01.10.11	Other non-current assets	175,751	68,688
1.02.02	Investments	2,425,062	2,948,920
1.02.02.01	Ownership interest	2,425,062	2,948,920
1.02.02.01.04	Interest in joint venture	2,425,062	2,948,920
1.02.03	Property, plant and equipment	15,537,837	15,330,211
1.02.03.01	Property, plant and equipment in operation	14,032,290	14,907,812
1.02.03.03	Construction in progress	1,505,547	422,399
1.02.04	Intangible assets	2,513,990	1,296,769

Consolidated Financial Statements / Balance sheet - Liabilities (In thousands of Reais)

Account Code	Account Description	Last year 12/31/2020	Year before last 12/31/2019
2	Total liabilities	35,186,248	30,135,578
2.01	Current liabilities	5,380,926	5,979,644
2.01.01	Social and labor obligations	130,097	106,005
2.01.01.02	Labor obligations	130,097	106,005
2.01.02	Suppliers	861,752	765,020
2.01.02.01	Domestic suppliers	861,752	765,020
2.01.03	Tax liabilities	198,541	176,395
2.01.03.01	Federal tax liabilities	198,541	176,395
2.01.03.01.01	Income tax and social contribution payable	198,541	176,395
2.01.04	Loans and financing	1,825,003	2,842,160
2.01.04.01	Loans and financing	1,375,627	1,637,691
2.01.04.01.01	In local currency	306,429	466,175
2.01.04.01.02	In foreign currency	1,069,198	1,171,516
2.01.04.02	Debentures	449,376	1,204,469
2.01.05	Other liabilities	2,307,307	2,038,576
2.01.05.02	Other	2,307,307	2,038,576
2.01.05.02.01	Dividends and interest on equity payable	1,385,056	1,197,924
2.01.05.02.04	Lease payable	19,144	19,824
2.01.05.02.05	Concessions payable	228,865	145,136
2.01.05.02.06	Other tax and regulatory liabilities	113,901	104,855
2.01.05.02.07	Unrealized trading losses	321,654	258,305
2.01.05.02.08	Other current liabilities	238,687	312,532
2.01.06	Provisions	58,226	51,488
2.01.06.01	Tax, social security, labor and civil provisions	15,159	8,579
2.01.06.01.01	Tax provisions	192	327
2.01.06.01.02	Social security and labor provisions	2,795	1,056
2.01.06.01.04	Civil provisions	12,172	7,196
2.01.06.02	Other provisions	43,067	42,909
2.01.06.02.04	Retirement benefits obligations	43,067	42,909
2.02	Non-current liabilities	22,063,324	17,157,114
2.02.01	Loans and financing	14,939,052	11,920,898
2.02.01.01	Loans and financing	9,825,881	7,181,363
2.02.01.01.01	In local currency	5,722,171	4,406,348
2.02.01.01.02	In foreign currency	4,103,710	2,775,015
2.02.01.02	Debentures	5,113,171	4,739,535
2.02.02	Other liabilities	4,887,359	3,642,194
2.02.02.02	Other	4,887,359	3,642,194
2.02.02.02.03	Concessions payable	3,783,453	3,091,354
2.02.02.02.04	Unrealized trading losses	36,405	20,644
2.02.02.02.05	Redeemable preferred shares	482,088	0
2.02.02.02.06	Lease payable	104,828	114,483
2.02.02.02.07	Other non-current liabilities	480,585	415,713
2.02.03	Deferred taxes	1,523,222	941,468
2.02.03.01	Deferred income tax and social contribution	1,523,222	941,468
2.02.04	Provisions	713,691	652,554
2.02.04.01	Tax, social security, labor and civil provisions	305,845	288,301

Consolidated Financial Statements / Balance sheet - Liabilities
(In thousands of Reais)

Account Code	Account Description	Last year 12/31/2020	Year before last 12/31/2019
2.02.04.01.01	Tax provisions	5,475	6,773
2.02.04.01.02	Social security and labor provisions	11,231	14,320
2.02.04.01.04	Civil provisions	89,063	79,894
2.02.04.01.05	Provision for divestment	200,076	187,314
2.02.04.02	Other provisions	407,846	364,253
2.02.04.02.04	Retirement benefits obligations	407,846	364,253
2.03	Consolidated shareholders' equity	7,741,998	6,998,820
2.03.01	Paid-in capital stock	4,902,648	4,902,648
2.03.04	Profit reserves	3,546,496	2,123,245
2.03.04.01	Legal reserve	936,880	797,025
2.03.04.05	Retained earnings reserve	1,766,086	177,673
2.03.04.07	Tax incentive reserve	233,936	198,803
2.03.04.10	Additional dividend proposed	609,594	949,744
2.03.06	Assets valuation adjustments	230,981	260,324
2.03.08	Other comprehensive income	-940,596	-291,063
2.03.09	Non-controlling interest	2,469	3,666

Consolidated Financial Statements / Income Statement (In thousands of Reais)

Account Code	Account description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
3.01	Revenue from sales of goods and/or services	12,259,159	9,804,478
3.02	Cost of products and/or services sold	-6,795,857	-5,652,963
3.02.01	Energy purchases	-2,583,053	-2,666,211
3.02.02	Transactions in the short-term energy market	-310,767	-427,677
3.02.03	Charges for the use of and connection to the power grid	-560,335	-513,740
3.02.05	Operating costs	-4,279,593	-2,016,402
3.02.06	Renegotiation of hydrological risk	967,681	0
3.02.07	Cost of services rendered	-29,790	-28,933
3.03	Gross profit	5,463,302	4,151,515
3.04	Operating expenses/income	106,261	143,383
3.04.01	Selling expenses	-25,369	-26,566
3.04.02	General and administrative expenses	-251,999	-226,670
3.04.04	Other operating income	-4,667	320,405
3.04.04.02	Other operating expenses, net	-4,667	320,405
3.04.05	Other operating expenses	-98,755	-4,900
3.04.05.01	Provision for impairment of assets	-98,755	-4,900
3.04.06	Equity income (loss)	487,051	81,114
3.05	Income before financial result and taxes	5,569,563	4,294,898
3.06	Financial result	-1,882,435	-1,206,961
3.06.01	Financial income	254,804	147,151
3.06.02	Financial expenses	-2,137,239	-1,354,112
3.07	Income before income taxes	3,687,128	3,087,937
3.08	Income tax and social contribution	-889,860	-776,838
3.08.01	Current	-411,793	-555,024
3.08.02	Deferred	-478,067	-221,814
3.09	Net income from continuing operations	2,797,268	2,311,099
3.11	Consolidated net income for the period	2,797,268	2,311,099
3.11.01	Attributable to the partners of the parent company	2,797,091	2,309,925
3.11.02	Attributable to non-controlling partners	177	1,174
3.99	Earnings per share (R$ /share)		
3.99.01	Basic earnings per share		
3.99.01.01	ON	3.42811	2.83104
3.99.02	Diluted earnings per share		
3.99.02.01	ON	3.42811	2.83104

Consolidated Financial Statements / Comprehensive Income Statement (In thousands of Reais)

Account Code	Account description	Last year 1/1/2020 to 12/31/2020	Year Before Last 1/1/2019 to 12/31/2019
4.01	Consolidated net income for the period	2,797,268	2,311,099
4.02	Other comprehensive income	-649,533	-312,593
4.02.01	Remeasurement of retirement obligations	-46,477	-87,233
4.02.03	Deferred income tax and social contribution – retirement obligations	15,802	29,659
4.02.03	Unrealized gains from cash flow hedge operations in the year	10,130	1,024
4.02.04	Deferred income tax and social contribution - Unrealized gains from cash flow hedge operations in the year	-2,661	-214
4.02.05	Cash flow hedge originated in the year Realized losses in cash flow hedge operations originated in the year	0	-4,766
4.02.06	Equity income of cash flow hedge losses joint venture, net of deferred taxes	-626,327	-151,833
4.02.07	Change in interest in joint venture	0	-99,230
4.03	Consolidated comprehensive income for the period	2,147,735	1,998,506
4.03.01	Attributed to the parent company's shareholders	2,147,558	1,997,332
4.03.02	Attributed to non-controlling shareholders	177	1,174

Consolidated Financial Statements / Cash Flow Statement - Indirect Method
(In thousands of Reais)

Account Code	Account Description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
6.01	Net cash from operating activities	1,342,251	3,621,266
6.01.01	Cash generated from operations	4,699,848	4,768,427
6.01.01.01	Income tax before income	3,687,128	3,087,937
6.01.01.02	Equity interest income	-487,051	-81,114
6.01.01.03	Depreciation and amortization	914,975	863,343
6.01.01.04	Renegotiation of hydrological risk	-967,681	0
6.01.01.05	Provision for impairment of asset	98,755	4,900
6.01.01.06	Monetary variation	925,309	320,045
6.01.01.07	Interest	1,055,304	970,559
6.01.01.09	Remuneration of concession financial asset	-381,745	-382,735
6.01.01.10	Remuneration of contract asset	-189,720	-14,549
6.01.01.11	Unrealized trading (gains) losses	35,882	-9,328
6.01.01.13	Other	8,692	9,369
6.01.02	Changes in assets and liabilities	-2,461,622	-78,821
6.01.02.01	Trade accounts receivable	-284,980	-247,000
6.01.02.02	Income tax and social contribution credit	26,078	-67,056
6.01.02.04	Inventories	31,537	-92,101
6.01.02.05	Restricted and judicial deposits	-27,466	3,318
6.01.02.06	Renegotiation of hydrological risk to recognize	15,089	15,090
6.01.02.07	Concession financial asset	285,123	269,671
6.01.02.08	Contract asset	-2,398,290	-155,364
6.01.02.09	Other assets	-16,122	-3,581
6.01.02.11	Suppliers	-26,261	65,601
6.01.02.12	Other tax and regulatory obligations	27,705	-3,561
6.01.02.13	Labor obligations	24,092	6,433
6.01.02.14	Retirement benefits obligations	-30,424	-29,432
6.01.02.16	Other liabilities	-87,703	159,161
6.01.03	Other	-895,975	-1,068,340
6.01.03.01	Payment of income tax and social contribution	-290,488	-488,606
6.01.03.02	Payment of interest on debt, net of hedge	-605,487	-579,734
6.02	Net cash from investing activities	-996,938	-4,229,792
6.02.01	Dividends received from subsidiaries and joint ventures	679,250	351,000
6.02.02	Capital increase in subsidiaries and joint ventures	0	-2,789,257
6.02.03	Acquisition of investment	-327,168	-680,612
6.02.04	Acquisition of property, plant and equipment and intangible assets	-1,020,131	-1,165,832
6.02.05	Receipt of indemnifications due to breach of agreements	0	71,886
6.02.06	Fair value of rights of projects acquired	-328,889	-16,977
6.03	Net cash from financing activities	323,372	2,062,995
6.03.01	New loans and financing	3,313,779	2,664,545
6.03.02	Issue of debentures	1,009,284	4,064,987
6.03.03	Preferred shares issued	476,757	0

Consolidated Financial Statements / Cash Flow Statement - Indirect Method
(In thousands of Reais)

Account Code	Account Description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
6.03.04	Loans and financing paid, net of hedge	-1,437,609	-459,381
6.03.05	Debentures paid, net of hedge	-1,671,209	-1,713,612
6.03.06	Payment of concession installments	-153,879	-79,755
6.03.07	Payment of dividends and interest on equity	-1,240,918	-2,260,825
6.03.08	Lease payment	-20,362	-16,743
6.03.09	Deposits linked to debt service	35,419	-132,399
6.03.10	Other	12,110	-3,822
6.05	Increase (decrease) in cash and cash equivalents	668,685	1,454,469
6.05.01	Opening balance of cash and cash equivalents	3,870,261	2,415,792
6.05.02	Closing balance of cash and cash equivalents	4,538,946	3,870,261

Consolidated Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2020 to 12/31/2020 (In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity	Interest of Non-Controlling Shareholders	Consolidated Shareholders' Equity
5.01	Opening balances	4,902,648	0	2,123,245	0	-30,739	6,995,154	3,666	6,998,820
5.03	Adjusted opening balances	4,902,648	0	2,123,245	0	-30,739	6,995,154	3,666	6,998,820
5.04	Capital transactions with partners	0	0	609,594	-2,012,777	0	-1,403,183	-1,374	-1,404,557
5.04.12	Dividends and IOE not claimed	0	0	0	3,978	0	3,978	0	3,978
5.04.17	Interim dividends	0	0	0	-1,232,161	0	-1,232,161	-1,356	-1,233,517
5.04.18	Minimum mandatory dividends	0	0	0	0	0	0	-18	-18
5.04.19	Interest on equity (IOE)	0	0	0	-175,000	0	-175,000	0	-175,000
5.04.20	Proposed additional dividends	0	0	609,594	-609,594	0	0	0	0
5.05	Total comprehensive income	0	0	0	2,797,091	-649,533	2,147,558	177	2,147,735
5.05.01	Net income for the period	0	0	0	2,797,091	0	2,797,091	177	2,797,268
5.05.02	Total comprehensive income	0	0	0	0	-649,533	-649,533	0	-649,533
5.05.02.06	Remeasurement of retirement obligations	0	0	0	0	-30,675	-30,675	0	-30,675
5.05.02.07	Fair value of cash flow hedge	0	0	0	0	7,469	7,469	0	7,469
5.05.02.08	Interest in joint venture	0	0	0	0	-626,327	-626,327	0	-626,327
5.06	Internal changes in shareholders' equity	0	0	813,657	-784,314	-29,343	0	0	0
5.06.09	Legal reserve	0	0	139,855	-139,855	0	0	0	0
5.06.10	Tax incentive reserve	0	0	35,133	-35,133	0	0	0	0
5.06.11	Retained earnings reserve	0	0	638,669	-638,669	0	0	0	0
5.06.12	Realization of deemed cost	0	0	0	29,343	-29,343	0	0	0
5.07	Closing balances	4,902,648	0	3,546,496	0	-709,615	7,739,529	2,469	7,741,998

Consolidated Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2019 to 12/31/2019 (In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Loss)	Other Comprehensive Income	Shareholders' Equity	Interest of Non-Controlling Shareholders	Consolidated Shareholders' Equity
5.01	Opening balances	4,902,648	0	1,106,277	0	307,261	6,316,186	4,391	6,320,577
5.03	Adjusted opening balances	4,902,648	0	1,106,277	0	307,261	6,316,186	4,391	6,320,577
5.04	Capital transactions with partners	0	0	873,041	-2,191,405	0	-1,318,364	-1,899	-1,320,263
5.04.07	Interest on equity	0	0	0	-354,000	0	-354,000	0	-354,000
5.04.08	Additional dividends for 2018 credited	0	0	-76,703	0	0	-76,703	0	-76,703
5.04.09	Dividends and IOE not claimed	0	0	0	5,738	0	5,738	0	5,738
5.04.10	Interim dividends	0	0	0	-893,399	0	-893,399	-1,899	-895,298
5.04.11	Proposed additional dividends	0	0	949,744	-949,744	0	0	0	0
5.05	Total comprehensive income	0	0	0	2,309,925	-312,593	1,997,332	1,174	1,998,506
5.05.01	Net income for the period	0	0	0	2,309,925	0	2,309,925	1,174	2,311,099
5.05.02	Other comprehensive income	0	0	0	0	-312,593	-312,593	0	-312,593
5.05.02.06	Remeasurement of retirement obligations	0	0	0	0	-57,574	-57,574	0	-57,574
5.05.02.07	Fair value hedge of cash flow	0	0	0	0	-3,956	-3,956	0	-3,956
5.05.02.08	Interest in joint venture	0	0	0	0	-251,063	-251,063	0	-251,063
5.06	Internal changes in shareholders' equity	0	0	143,927	-118,520	-25,407	0	0	0
5.06.04	Legal reserve	0	0	115,496	-115,496	0	0	0	0
5.06.05	Tax incentive reserve	0	0	28,431	-28,431	0	0	0	0
5.06.06	Realization of deemed cost	0	0	0	25,407	-25,407	0	0	0
5.07	Closing balances	4,902,648	0	2,123,245	0	-30,739	6,995,154	3,666	6,998,820

Consolidated Financial Statements / Value Added Statement (In thousands of Reais)

Account Code	Account Description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
7.01	Revenues	14,280,607	12,309,251
7.01.01	Sale of products and services	10,253,752	10,235,886
7.01.02	Other income	4,026,855	2,073,365
7.01.02.01	Transmission infrastructure construction revenue	2,365,578	155,364
7.01.02.02	Generation construction revenue	1,010,930	1,144,106
7.01.02.03	Remuneration of concession financial asset	381,745	382,735
7.01.02.04	Remuneration of contract asset	189,720	14,549
7.01.02.05	Unrealized gains from trading operations	0	23,489
7.01.02.06	Favorable outcome on lawsuit	83,549	0
7.01.02.07	Other (expenses) revenues	-4,667	353,122
7.02	Raw material acquired from third parties	-6,663,346	-5,472,427
7.02.01	Cost of products and services sold	-3,186,997	-3,333,834
7.02.02	Materials, energy, third parties services and other	-440,317	-357,872
7.02.04	Other	-3,036,032	-1,780,721
7.02.04.02	Charges for the use of and connection to the power grid	-560,335	-513,740
7.02.04.03	Costs with construction of plants	-955,273	-992,175
7.02.04.04	Transmission infrastructure construction costs	-2,309,454	-151,334
7.02.04.05	Provision for impairment of assets	-98,755	-4,900
7.02.04.06	Renegotiation of hydrological risk	967,681	0
7.02.04.08	Other	-79,896	-118,572
7.03	Gross added value	7,617,261	6,836,824
7.04	Retentions	-914,975	-863,343
7.04.01	Depreciation, amortization and depletion	-914,975	-863,343
7.05	Net added value generated	6,702,286	5,973,481
7.06	Added value received in transfer	741,855	228,265
7.06.01	Equity income (loss)	487,051	81,114
7.06.02	Financial income	254,804	147,151
7.07	Total added value to distribute	7,444,141	6,201,746
7.08	Distribution of added value	7,444,141	6,201,746
7.08.01	Labor	361,756	332,905
7.08.01.01	Direct remuneration	229,016	210,009
7.08.01.02	Benefits	64,891	67,222
7.08.01.03	F.G.T.S. - workers' severance fund	19,614	20,560
7.08.01.04	Other	48,235	35,114
7.08.01.04.01	Profit sharing	48,235	35,114
7.08.02	Taxes, duties and contributions	1,931,590	1,847,352
7.08.02.01	Federal	1,882,086	1,808,008
7.08.02.02	State	44,470	34,680
7.08.02.03	Municipal	5,034	4,664
7.08.03	Third parties capital remuneration	1,260,763	1,047,959
7.08.03.01	Interest	1,148,486	847,460
7.08.03.02	Rentals	7,496	11,285
7.08.03.03	Other	104,781	189,214
7.08.03.03.01	Capitalized interest and monetary variation	55,657	151,931

Consolidated Financial Statements / Value Added Statement
(In thousands of Reais)

Account Code	Account Description	Last year 1/1/2020 to 12/31/2020	Year before last 1/1/2019 to 12/31/2019
7.08.03.03.02	Other financial expenses	49,124	37,283
7.08.04	Remuneration of own capital	2,016,755	2,197,143
7.08.04.01	Interest on equity	175,000	354,000
7.08.04.02	Dividends	1,841,755	1,843,143
7.08.05	Other	1,873,277	776,387
7.08.05.01	Sectorial charges	163,057	196,655
7.08.04.02	Charges on concessions payable	929,707	465,776
7.08.05.04	Legal reserve	139,855	115,496
7.08.05.05	Tax incentive reserve	35,133	28,431
7.08.05.06	Retained earnings reserve	638,669	0
7.08.05.07	Realization of deemed cost	-29,343	-25,407
7.08.05.08	Dividends and interest on equity not claimed	-3,978	-5,738
7.08.05.10	Non-controlling shareholder	177	1,174



Management Report and Financial Statements

Fiscal years

2020 and 2019

ENGIE Brasil Energia S.A.

CNPJ: 02.474.103/0001-19
NIRE: 42 3 0002438-4
R. Paschoal Apóstolo Pitsica, 5064
Agronômica - Florianópolis – SC
CEP 88025-255

Management Report

Dear Shareholders,

The Management of ENGIE Brasil Energia S.A. ("ENGIE Brasil Energia", "EBE" or "Company") is pleased to submit for your examination the Management Report and the corresponding Financial Statements for fiscal years 2019 and 2018 in accordance with international as well as accounting practices adopted in Brazil. The Management Report is accompanied by the reports of the Independent Auditors and the Fiscal Council for the year ending 12.31.2019. The data shown in the Management Report is stated in millions of Reais and is on a consolidated basis, unless otherwise stated.

This document complies with the requirements of Law 6,404/76 and is in line with the recommendations of CVM Guidance Opinion 15 of 12.28.1987 of the Brazilian Securities and Exchange Commission (CVM) and the Accounting Manual of the National Electric Energy Agency (Aneel). While the Report is directed primarily at the Company's shareholders, it can be accessed by the public at large from the ENGIE Brasil Energia's, CVM's and B3's websites. It is also published in the press of the city and the state in which the Company's head offices are located - Santa Catarina - pursuant to Brazilian legislation.

Complementary to the information published in this document, the Company also publishes, at the end of April, his Sustainability Report, with a more comprehensive content, according to the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB) frameworks.

MESSAGE FROM THE MANAGEMENT

It was April 2020 when we released our latest Sustainability Report. Surrounded by uncertainty stemming from the recently declared pandemic, we were trying, as we reported at the time, to understand risks, predict impacts, and adapt our activities. Back then, all of our efforts were focused on guaranteeing the supply of electric energy – which is essential to society – while protecting people, guaranteeing the health of our teams and support to the communities in which the Company operates.

Based on these pledges, we stood shoulder to shoulder to face the crisis and its developments. We reached yearend 2020 with net revenues in excess of R$ 12 billion, up 25% from 2019, R$ 6.5 billion in EBITDA and net income of R$ 2.8 billion, in each case up more than 20% YoY. The factors contributing to the numbers' evolution include hydrological risk renegotiation, the contribution from TAG and the Transmission segment, and a combination of changes in volume of energy sold and average net selling price. Beyond these, we realize that our results reflect a collective effort to overcome hardship, which is expressed in the exemplary commitment of our employees, in the support from our Board of Directors and our controlling shareholder, and the collaborative chain that formed within the Company and without.

We thereby proved the effectiveness of strategic actions structured over the past few years to make ENGIE Brasil Energia more and more resilient and connected with the future. In one illustrative case, the digitalization process, which has been intensive since 2015, was crucial for us to be able to place approximately 70% of employees in work-from-home regime in just two days. Similarly, the remote operation of a large portion of our generation plant helped reduce risks and keep up plant performance. This was only possible because we already had appropriate systems and tools in place, as well as skilled teams willing to adjust routines and processes.

The pursuit of solutions for the electric energy industry's delicate situation, given the sharp drop in consumption and a potential increase in defaulting that distribution companies, added to the need for urgent steps to be taken. Together with other players, we discussed alternatives to support the more sensitive links in the chain, working towards solutions to give breathing room to the companies hit hardest by the crisis. Once again, the union of the industry's players led to balanced decisions that prevented an even more violent shock to the country's production and confirmed the regulatory maturity of the Brazilian electric energy industry's players.

With funding raised on the marketplace, we stuck to our financial discipline and the delivery of results to execute the investment plans drawn for 2020. We continued implementation of three major projects: the Campo Largo II Wind Power Complex, in the Northeast, and the Novo Estado and Gralha Azul Transmission Systems, respectively in the North and South of Brazil. Although we did face pandemic-related restrictions – and, in the case of Gralha Azul, environmental licensing-related legal issues that led to a temporary construction stoppage –, we reached yearend with our plans adjusted to ensure the least impact possible on schedules.

The field teams' sharp pace – as they maintained operational excellence while faithfully adopting contingency measures to control the risk of contagion – was matched by our people in the administrative and business areas. In addition to supporting implementation and operation activities, they found room to innovate, benefitting various stakeholder groups. Our Clients in the Free Energy Market, for example, now have available E-conomiza, a solution intended to facilitate small and medium-sized businesses' migration to the free contracting environment, and the Energy Place, a digital relationship platform that enables managing contracts as well as making short-term energy purchases – all done online on a swift and secure medium.

We created tools for our employees to foster connection – not just for business purposes, but above all to enable them to connect with one another. Among the highlights, the socialization and mental health programs included a series of online events, outreach campaigns and psychological support. Added to the sanitary protocols put into place, these actions guided our teams as to the gradual, voluntary and safe return to working at the Company's facilities. They also supported learning about new working formats that will probably stay with us going forward.

For the communities where ENGIE Brasil Energia is present, we offered different support models. The health crisis demanded prioritizing immediate assistance to those most vulnerable, providing the basics to face the loss of jobs and income, and to help healthcare institutions improve the conditions of their service to the population. These two vectors drive our social responsibility efforts during the pandemic, defining the allocation of more than R$ 7 million. Some of the funds came from the Solidary Campaign, which enjoyed healthy support from our employees reinforcing community engagement as an essential trait of the Company's culture.

We remain dedicated to building the future. The global shock that the pandemic caused raised the warning for an equally global dilemma with which we have a direct connection: climate change – which tents to cause economic, social and environmental impacts on a scale at least as challenging as the one endured in 2020. The prospects underscore the urgency of decarbonization, a component of ENGIE's business strategy – and an absolute necessity to ensure prosperity in the long run. Knowing this, we continue to prioritize investments in generating energy from renewable sources. In 2021, we begin construction of phase one of the Santo Agostinho Wind Complex, in the state of Rio Grande do Norte, which will add 434 MW to the Company's installed capacity, to be dedicated to the Free Energy Market.

On another front, we will move ahead with plans to decarbonize our assets. The process of submitting the Pampa Sul Thermal Power Plant, in the state of Rio Grande do Sul, to prospective buyers will resume. As for the Jorge Lacerda Thermal Power Complex, in the state of Santa Catarina, we have formed a dedicated Working Group that will focus on assessing strategies for the asset. The study includes an in-depth review of socio-economic implications, based on a dialogue with all stakeholders. We are confident that sharing the challenges that the shift involves will lead to equally collaborative solutions over the coming years.

We know that transformations needed for the energy transition will continue to require the energy industry to adapt, mobilizing agents in the public and private sectors. In 2020, we made important regulatory gains, such as Provisional Measure 998, which created the conditions to move ahead with the modernization of the Brazilian electric industry, making it more sustainable and competitive, and Law 14052, which put an end to the short-term market's paralysis by providing a definitive solution to the problems caused to large hydro generators during the hydric crisis of the early 2010s. These two examples reinforce sector's regulatory safety, which becomes more modern every year. Improvements are also expected in the evolution of discussions on the New Gas Law, which has huge potential to add to the industry's dynamics and improve integration between gas and electric energy.

Making the environment more favorable for business will be key to the Brazilian economy's recovery, clearing the path towards growth. ENGIE Brasil Energia has complete confidence in the country's potential for sustainable development and, as we proved in this atypical year of 2020, is ready to contribute to overcoming the challenges facing the future with integrity, courage and responsibility.

Good reading!

Maurício Stolle Bähr
Chairman of the Board of Directors

Eduardo Antonio Gori Sattamini
Chief Executive and Investor Relations Officer

AWARDS AND RECOGNITIONS RECEIVED IN 2020

- **Component of 2021's Corporate Sustainability Index (ISE) of B3** – for the 16th consecutive year, from the advent of the ISE**.**

- **Component of 2021's Carbon Efficient Index (ICO2) of B3** for the first time.

- For the second year in a row, Best Company in the Energy Sector, **Época Negócios 360º Award,** sponsored by **Editora Globo's Época Negócios magazine**.
- Winner of the **Transparency Trophy of the National Association of Finance, Administration and Accounting Executives (Anefac)** – category "companies with net revenues up to R$ 8 billion", for the 11th time.
- Best Company in the Energy Industry in the **As Melhores da Dinheiro Award**, hosted by Istoé Dinheiro magazine.
- **Expressão Ecology Awards** – private-sector clean energies category – hosted for the 27th time by publishers Editora Expressão, with the project "Lages Co-Generation Unit: an example of the transformative potential of the circular economy and of renewable energy generation".
- Ranked by the **Institutional Investor magazine** (Electric & Other Utilities – Latin America), as follows:
    - ENGIE Brasil Energia: 1st winners index overall;
    - Best CEO: 1st place overall and sell side;
    - Best CFO: 2nd place overall and sell side;
    - Best IR Companies: 1st place overall and sell side;
    - Best IR professional: 1st place overall and buy side;
    - Best Analyst Day: 1st place overall and sell side;
    - Best ESG: 1st place overall, sell side and buy side.

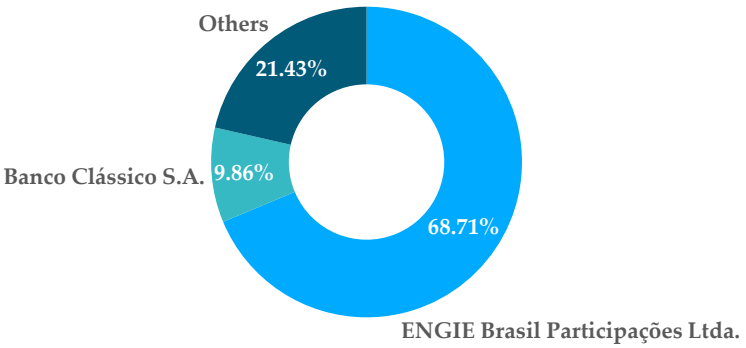
- Highlight of the **ALAS20 (Agenda Líderes Sustentables 2020)**, a Latin-American initiative that reviews sustainable development and corporate governance-related practices. Among Brazilian companies, ENGIE Brasil Energia was recognized as follows:
    - "Investor relations leaders" category: 4th place.
    - "Sustainability leaders" category": 3rd place.
    - "Corporate governance leaders" category: 3rd place.

Management Report/Economic-Financial Performance

THE COMPANY

Present in Brazil for 21 years, ENGIE Brasil Energia acts as an energy infrastructure operator whose activities break down into centralized and distributed generation, sales, trading, and transmission. In 2019, it also began to operate in the natural gas transportation sector after acquiring a stake in Transportadora Associada de Gás (TAG). Taken together, all projects directly operate in 21 Brazilian states.

Shareholding structure



At the end of 2020, the Company´s capital stock amounted R$ 4,903 million, a total of 815,927,740 common shares trading regularly on B3. The Company is also present in the United States over-the-counter market, where Level I American Depositary Receipts (ADRs) are traded under the EGIEY symbol at a ratio of one ADR for every common share.

Operating segments of ENGIE Brasil Energia

TRANSMISSION (under construction)
~ **2,800 km** of transmission lines
6 new substations

CENTRALIZED GENERATION
60 operated power plants
8,710.5 MW own installed capacity
6.2% of Brazil´s installed capacity

TRADING
Beginning of operations in 2018
5,893 GWh of energy sold, which corresponds to **13.5%** of the total commercialized

DISTRIBUTED SOLAR GENERATION
2,598 photovoltaic systems installed since 2016, which corresponds to a **53.8 MWp** of installed capacity

GAS TRANSPORTATION
32.5% EBE equity stake in the Company
4,500 km of gas pipelines in operation in the Southeast, Northeast and North regions
47% of the Brazil's gas transmission capacity

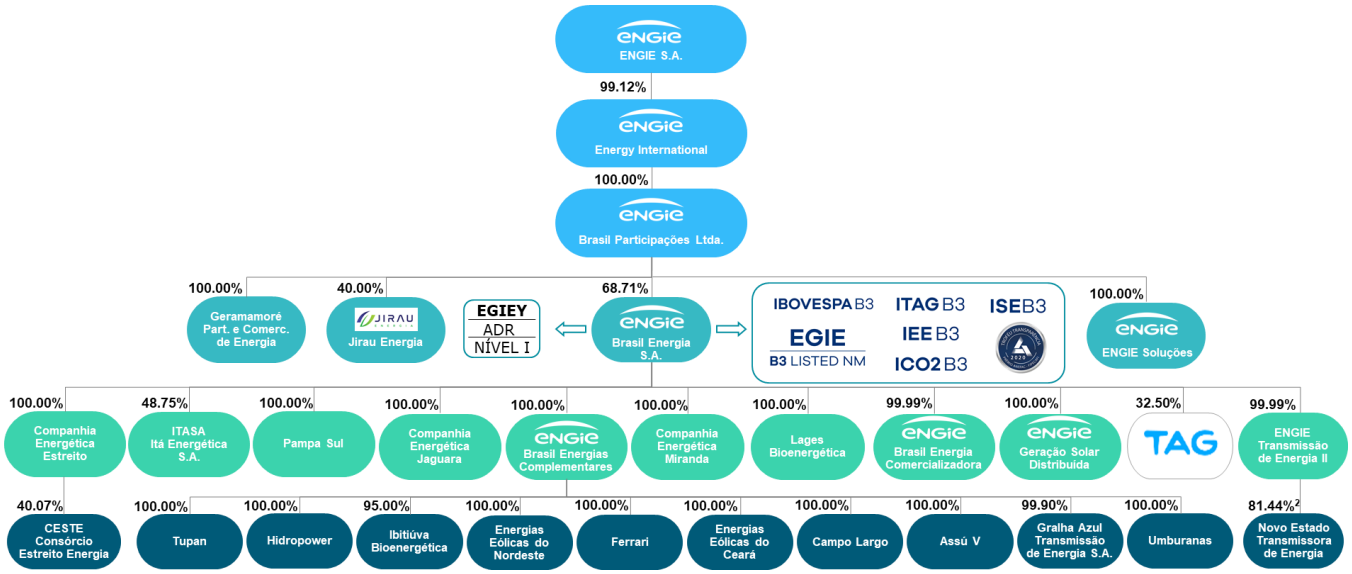
MISSION: Provide innovative and sustainable solutions in energy.
VISION: Transform people's relationship with energy aiming at a sustainable world.
VALUES: Professionalism, sense of partnership, team work, creation of value, respect for the environment, ethics.

Management Report/Economic-Financial Performance

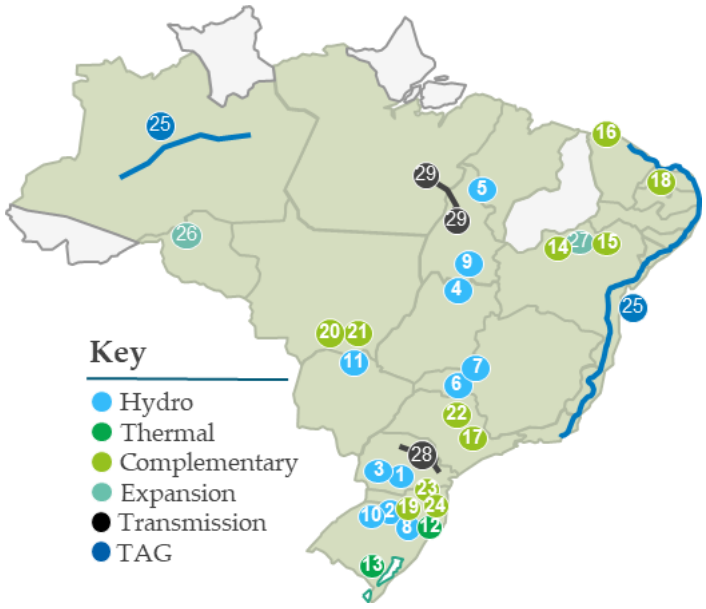
As the following infographic shows, ENGIE Brasil Energia controls subsidiaries and also maintains stakes in plant concession consortia in its generator complex. In 2019, the main corporate changes were the increased equity stake in TAG, from 29.25% to 32.5% and the inclusion of Novo Estado Transmissora de Energia.

** Simplified structure*

Corporate structure* (as at 12.31.2020)



Assets portfolio (as at 12.31.2020)



Assets breakdown (as at 12.31.2020)

Management Report/Economic-Financial Performance

	Hydroelectric power plants	Total installed capacity (MW)	Total physical guarantee (aMW)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (aMW)	Expiration of concession/ authorization[1]
1	Salto Santiago	1,420.0	733.3	100%	1,420.0	733.3	09.27.2028
2	Itá	1,450.0	740.5	69.0%	1,126.9	564.7	10.16.2030
3	Salto Osório	1,078.0	502.6	100%	1,078.0	502.6	09.27.2028
4	Cana Brava	450.0	260.8	100%	450.0	260.8	08.26.2033
5	Estreito	1,087.0	641.1	40.1%	435.6	256.9	11.26.2037
6	Jaguara	424.0	341.0	100%	424.0	341.0	12.28.2047
7	Miranda	408.0	198.2	100%	408.0	198.2	12.28.2047
8	Machadinho	1,140.0	547.1	19.3%	403.9	165.3	07.14.2032
9	São Salvador	243.2	148.2	100%	243.2	148.2	04.22.2037
10	Passo Fundo	226.0	113.1	100%	226.0	113.1	09.27.2028
11	Ponte de Pedra	176.1	133.6	100%	176.1	133.6	09.30.2034
	Total	8,102.3	4,359.5		6,391.7	3,417.7	
	Thermoelectric power plants	Total installed capacity (MW)	Total physical guarantee (aMW)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (aMW)	Expiration of concession/ authorization
12[2]	Jorge Lacerda Complex	857.0	649.9	100%	857.0	649.9	09.27.2028
13	Pampa Sul	345.0	323.5	100%	345.0	323.5	03.30.2050
	Total	1,202.0	973.4		1,202.0	973.4	
	Complementary power plants	Total installed capacity (MW)	Total physical guarantee (aMW)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (aMW)	Expiration of concession/ authorization
14[3]	Umburanas Complex - Phase I (Wind)	360.0	213.3	100%	360.0	213.3	08.03.2050
15[4]	Campo Largo Complex (Wind)	326.7	166.5	100%	326.7	166.5	08.03.2050
16[5]	Trairi Complex (Wind)	212.6	100.8	100%	212.6	100.8	02.04.2045
17	Ferrari (Biomass)	80.5	35.6	100%	80.5	35.6	07.26.2042
18	Assu V (Solar)	30.0	9.2	100%	30.0	9.2	07.06.2051
19	Lages (Biomass)	28.0	16.5	100%	28.0	16.5	10.28.2032
20	Rondonópolis (SHP)	26.6	14.0	100%	26.6	14.0	12.18.2032
21	José G. da Rocha (SHP)	24.4	11.9	100%	24.4	11.9	12.18.2032
22	Ibitiúva (Biomass)	33.0	17.3	69.3%	22.9	12.0	04.05.2030
23	Nova Aurora R&D (Solar)	3.0	not applicable	100%	3.0	not applicable	not applicable
24	Tubarão R&D (Wind)	2.1	not applicable	100%	2.1	not applicable	not applicable
	Total	1,126.9	585.1		1,116.8	579.8	
	General total	10,431.2	5,918.0		8,710.5	4,970.9	

	Gas Pipelines	Size	Owner-ship	Compression stations	Expiration of concession/ authorization
25	Transportadora Associada de Gás (TAG)	4,500 km	32.5%	11	From 2039 to 2041

	Expansion - Generation	Total installed capacity (MW)	Total physical guarantee (aMW)	Owner-ship	Own installed capacity (MW)	Own physical guarantee (aMW)	Expiration of concession/ authorization
26[6]	Jirau (Hydro)	3,750.0	2,212.6	40%	1,500.0	884.6	08.13.2043
27	Campo Largo II (Wind)	361.2	192.5	100%	361.2	192.5	12.10.2054

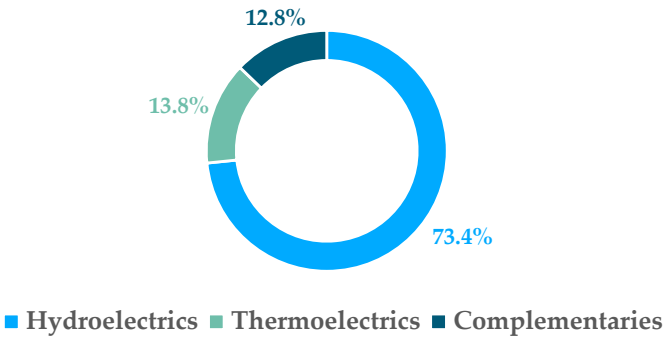
	Expansion - Transmission	Size	Owner-ship	Substation	Expiration of concession/ authorization
28	Gralha Azul	1,000 km	100%	5	03.2048
29	Novo Estado	1,800 km	100%	1	03.2048

(1) Does not consider the extension of concessions of certain plants, resulting from adherence to the renegotiation of the hydrological risk referred to in Law No. 14.052/2020.
(2) Complex made up of 3 plants.
(3) Complex made up of 18 wind farms.
(4) Complex made up of 11 wind farms.
(5) Complex made up of 8 wind farms.
(6) The transfer of the 40% stake of ENGIE Brasil Part. in Jirau HPP to the Company should be examined timely.

Centralized generation

At 12.31.2020, ENGIE Brasil Energia operated a generation complex with an installed capacity of 10,431.2 MW, composed of 60 plants – 11 hydroelectric plants, four conventional thermoelectric plants and 45 complementary plants: two Small Hydroelectric Plants (SHP), 38 wind plants, three biomass and two solar photovoltaic. Of these ventures, 56 are wholly owned by the Company – in the others, it participates in consortia that own the concession or grant. Thus, the total installed capacity at the end of 2019 was 8.710,5 MW, in a matrix formed predominantly by renewable sources (86.2% of total).

ENGIE Brasil Energia energy matrix – proprietary installed capacity



Due to the Company's commitment to decarbonizing its portfolio, the study of alternatives for the Jorge Lacerda Thermal Power Complex (SC) and the Pampa Sul Thermal Power Plant (RS) remained underway, including so-far inconclusive market probes. As concerns the Jorge Lacerda Thermal Power Complex, a Working Group made up of employees from several areas has been formed to better articulate the process alongside with authorities, trade partners and the community. Sale or return to the Union may be considered, but the base case's working hypothesis is the asset's gradual demobilization – to take place from December 2021 to December 2025. The Pampa Sul Thermal Power Plant, by its turn, will see intensified market probes in 2021 – a process that had been going on at a restrained pace this far due to construction works on and operational tests of the asset.

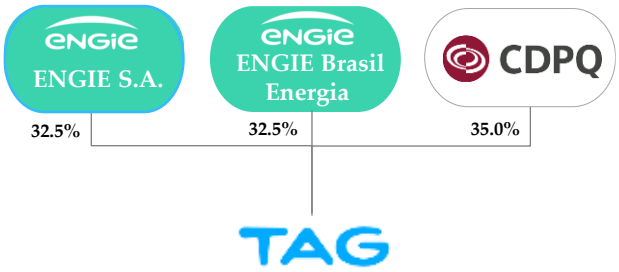
Gas transportation

Transportadora Associada de Gás S.A. – TAG (TAG) is the largest natural gas transportation operation in Brazil, with an infrastructure of 4,500 km of high pressure gas pipelines extending along the country's southeastern and northeastern seaboards as well as a further section of line between Urucu and Manaus, in the state of Amazonas, crossing 10 Brazilian states and 181 municipalities.

The gas pipeline network has several interconnection points, among them, 10 gas distributors, 13 active gas entry points (including two Liquefied Natural Gas (LNG) terminals) and a further 90 gas exit points as well as 11 compressor stations for supplying refineries, fertilizer plants and thermoelectric power plants.

Jointly with the existing partners, a subsidiary of ENGIE S.A. and Caísse de Dépôt et Placement du Quebec (CDPQ), in July EBE acquired the remaining 10% minority stake still in the hands of Petrobras and worth R$ 1,006.7 million, so that the Company now holds a total of 32.5% of TAG's shares.

Corporate structure -



ENGIE Brasil Energia's presence into the natural gas segment in Brazil is in line with the Group`s global strategy of being a leader in the energy transition. This requires large scale and sophisticated infrastructure such as TAG`s gas pipelines, contributing to the diversification and decarbonization of the Brazilian energy mix.

TAG is significantly contracted – around 99% - for an average term of approximately 10 years through current agreements with Petróleo Brasileiro S.A. (Petrobras).

TAG contracts breakdown

Gas pipelines	Size (km)	Contract maturity	Authorization term expiration date	Volumes contracted (Mm³/day)	% Projected of Net Operating Revenue*	Readjustment index
Gasene	1,400	Nov/33	Mar/39	30.3	41.5%	IGPM/CPI/FX
Malha NE	2,000	Dec/25	Mar/39	21.6	22.0%	IGPM
Pilar-Ipojuca	200	Nov/31	Nov/41	15	6.0%	IGPM
Urucu-Coari-Manaus	800	Nov/30	Nov/40	6.7	30.5%	IGPM/IPCA
Lagoa Parda-Vitória	100	Under negotiation	Mar/39	0.7	0.0%	IGPM
Total	**4,500.00**			**74.3**	**100.0%**	

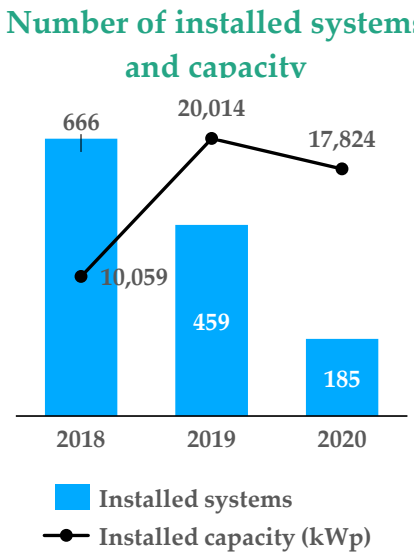
**Differences in the representativeness of revenues between contracts may occur.*

Distributed Solar Generation

The Company has operated in the distributed generation market since 2016 through ENGIE Geração Solar Distribuida S.A. ("EGSD"). The presence in the distributed solar generation segment is a strategic move, contributing to a more dynamic energy matrix and closer to the final consumer.

Thus, the solution offered to the market by the Company is complete: from the feasibility assessment to the maintenance of the installed system, including the design of the project, the interface with the concessionaire and the monitoring of performance. In 2020, stood out the remote generation projects, in which EGSD performs investments and rents the deployed infrastructure for customers (asset-based projects).

Focused on the B2B segment, this type of contracting corresponded to 92% of the power sold in the year, strengthening the Company's relationship with large companies - which helps to consolidate the Group's strategy. Since the beginning of its operations, EGSD has reached the mark of 2,598 deployed systems, totaling 53.8 MWp of installed capacity.



CORPORATE GOVERNANCE

ENGIE Brasil Energia conducts its business based on ethics and integrity, striving to ensure the rights of shareholders and the transparency of its actions, and consequently, the mitigation of risks and sustainable growth. For this reason, we operate in line with the best governance practices, such as those defined in the Brazilian Corporate Governance Code, and we integrate the Novo Mercado - B3 listing segment composed of companies with superior transparent corporate rules and with enhanced minority investor rights.

Over the course of 2020, we continued to work on adapting to the changes in Novo Mercado regulations. In this sense, the Board of Directors called the Audit Committee – made up of three members, two of whom are independent – to convene in May to advise the Directors on matters associated with risk management, ethics, internal controls, compliance and internal and external auditing, as suggested by the latest Novo Mercado guidelines.

In addition, ENGIE Brasil's ISO 37001 certification has been ratified. The certification reviews requirements and provides guidance on the establishment, implementation, maintenance, review and improvement of the corporate anti-bribery management system.

The Company publishes its annual Report on the Brazilian Corporate Governance Code. The document discloses information on what governance principles and practices prescribed in the Code that ENGIE Brasil Energia subscribes – those that it does not, are justified under the "comply or explain" principle. The Report is available on our Website – www.engie.com.br/investidores/governanca-corporativa/. It is worth emphasizing that the Code supports the continued evolution of our corporate governance practices and undergoes regular review by the Board of Directors as a means to monitor practices and enable reflection on them.

Policies and management guidelines

Our values and organizational culture are enshrined in codes and policies which when validated by the Board of Directors, provide guidance for conducting the businesses and the relationship with the different stakeholders with which we interact.

The policies and codes which we share with our value chain and which therefore are made public through our website, are:

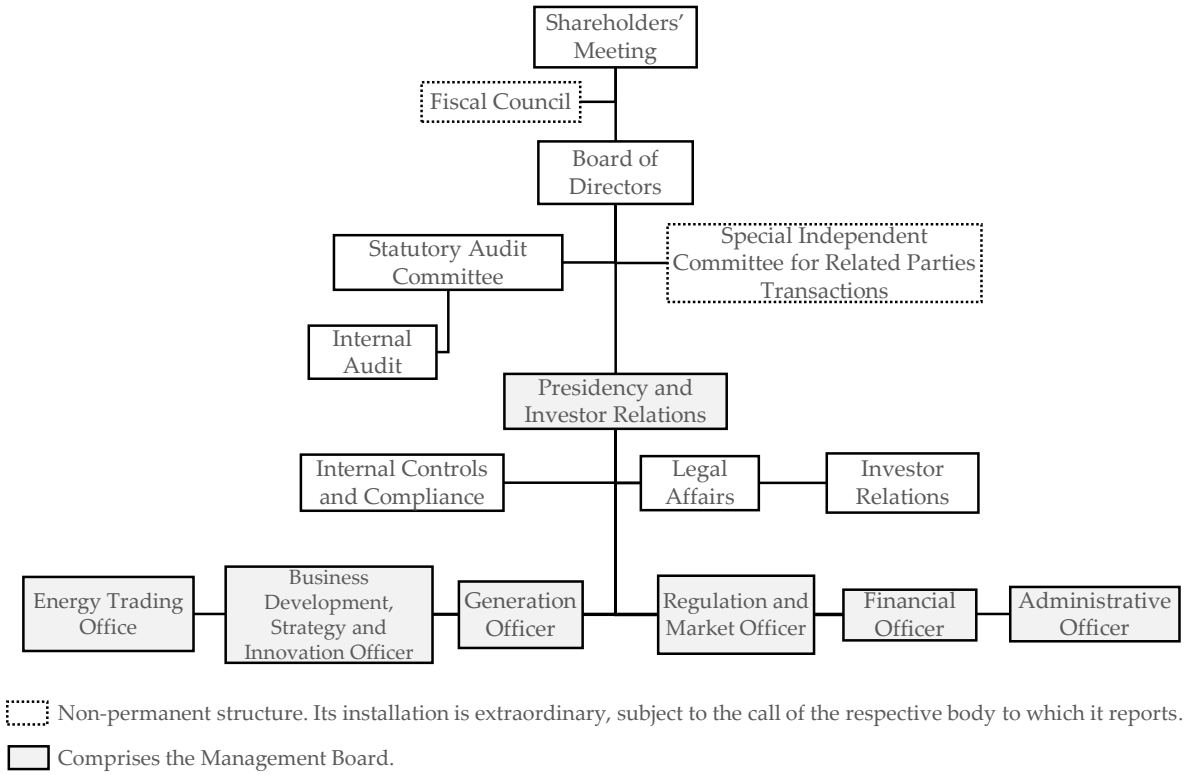
- *Ethics Code and Practical Guide to Ethics:* a series of fundamental principles to be followed by all who directly or indirectly are involved in actions of responsibility at the Company.
- *Policy for Combating Corruption and Bribery:* establishes the commitment to comply with all the laws for prevention of corruption and bribery in the conducting of the businesses.
- *Sustainable Management Policy*: expresses the Company's guidelines with respect to quality, energy management, environment, climate change, occupational health and safety, social responsibility and stakeholder engagement.
- *Human Rights Policy:* establishes commitments and guidelines focusing on the Company's projects, operations and value chain.
- *Investments and Derivatives Policy:* establishes the criteria for investing available resources in the financial market and limits on the use of derivatives.
- *Trading and Disclosure Policy:* lays down practices for disclosure and the use of corporate information as well as for the trading of securities issued by ENGIE Brasil Energia, such as shares and debentures.
- *Risks and Opportunities Management Policy*: aims to maintain and enhance the Company's value, reputation and internal motivation, encouraging the taking of legally reasonable risks that are deemed acceptable and economically viable.
- *Policies for the Appointment, Compensation and Evaluation of Directors, Officers and Committee Members:* these were published in 2019 and aim to add transparency to the Company's top-management activities and procedures.
- *Personal Data Privacy and Protection Policy*: In line with Law No. 13.709/2018, also referred to as the General Data Protection Law ("Lei Geral de Proteção de Dados" – LGPD) and European Regulation EU 2016/679, the Policy stablishes principles, standards and responsibilities governing the safe use and storage of individual or corporate information to which the Company may have access based on its interactions.

All the mentioned policies can be accessed through https://www.engie.com.br/en/investors/corporate-governance/bylaws-codes-and-polices/.

Management structure

The General Shareholders' Meeting is the most senior deliberative body in ENGIE Brasil Energia's governance structure, followed by the Board of Directors and the Management Board.

Management Organization Chart (as at 12.31.2020)



Board of Directors

ENGIE Brasil Energia's Board of Directors has the duty of establishing policies, strategies and general guidelines for conducting the business. Thus, the analysis of aspects and impacts related to sustainability in the economic, environmental and social spheres are also the responsibility of the directors, who meet regularly to analyze performance, oversee administrative acts and provide guidance to the Management Board. In line with best governance practices, none of the Directors has an executive role at the Company. In line with best governance practices, no Director serves in the Company in an executive capacity. The incumbent Board of Directors was sworn in on April 28, 2020, for a two-year term. In line with our pledges to increased diversity at every level, for the first time two women were elected as Directors. In addition, the number of Independent Directors was increased from two to three.

Board of Directors (as at 12.31.2020)

Members	Alternates
Maurício Stolle Bähr *Chairman*	***Gustavo Henrique Labanca Novo***
Paulo Jorge Tavares Almirante *Vice Chairman*	Raphael Vincent Philippe Barreau
Adir Flávio Sviderskei *Employee Representative*	Rubens José Nascimento *Employee Representative*
Dirk Achiel Marc Beeuwsaert	Gil de Methodio Maranhão Neto
Karin Koogan Breitman *Independent member*	Manoel Arlindo Zaroni Torres *Independent member*
Manoel Eduardo Lima Lopes *Independent and representative of minority shareholders*	Raquel da Fonseca Cantarino *Independent and representative of minority shareholders*
Paulo de Resende Salgado ***Independent member***	Antonio Alberto Gouvêa Vieira *Independent member*
Richard Jacques Dumas	Leonardo Augusto Serpa
Simone Cristina de Paola Barbieri	Pierre Jean Bernard Guiollot

Fiscal Council

The Fiscal Council is a non-management collegiate body. It is independent from all other bodies and its purpose is to represent shareholders by means of its oversight function, monitoring the actions of the managers, and to verify fulfillment of their legal and statutory duties. The Council's purview includes issuing an opinion on the Management's Annual Report, the Accounting Statements, and the proposals of management bodies to be submitted to the General Meeting and concerned with equity capital changes, the issue of debentures or warrants, investment plans or capital budgets, the distribution of dividends, or corporate transformations, takeovers, mergers or spin-offs. The annual convening of the body is contingent upon demand from shareholders pursuant to the Corporations Law.

Fiscal Council (as at 12.31.2020)

Members	Alternates
Waltamir Barreiros	Manuel Eduardo Bouzan de Almeida
Carlos Guerreiro Pinto	Vespasiano Pinto Salerno
Milre Felix Neto *Representative of minority shareholders*	Anderson Paiva Martins *Representative of minority shareholders*

Audit Committee

The Audit Committee is a permanent advisory body to the Board of Directors, and has the following duties: to provide opinions on the retainer and dismissal of independent auditing services; to review the financial statements; to monitor internal audit and internal controls area activities; to analyze and monitor risk exposures, and to monitor corporate policies and recommend corrections or improvements thereto to Management. The Committee shall be made up of a minimum of three members, all of which shall be appointed by the Board of Directors, and at least one of whom must be an independent Directors and at least one other must have recognized experience in corporate accounting matters. The incumbent Audit Committee was sworn in on May 14, 2020, for a two-year term of office.

Audit Committee (as at 12.31.2020)

Members
Paulo de Resende Salgado *Independent member of the Board of Directors and e Coordinator of Audit Committee*
Manoel Eduardo Lima Lopes *Independent member of the Board of Directors*
Carla Carvalho de Carvalho

Internal Audit

An independent and objective activity of a consultative nature, focused on timely reviews to add to and protect the Company's value, improving upon its operations. Structurally, it stands as an Organizational Unit reporting to the Board of Directors via the Audit Committee, as well as to the Chief Executive Officer of ENGIE Brasil Energia. Both the appointment and the removal of the Internal Audit Manager must be submitted to review and resolution by the Audit Committee.

Management Board

The Management Board works on a collegiate basis, adopting a matrix approach to all matters within its purview, being nominated by the Board of Directors and elected by the General Meeting. In addition to the Chief Executive Officer, upon whom it is incumbent to coordinate and provide guidance to the remaining members of the Management Board, the other six officers execute the strategies outlined by the Board of Directors.

In 2020, Luciana Moura Nabarrete, formerly the Manager of the Information Technology and Digitalization Organizational Unit, took over as Administrative Director from Júlio César Lunardi – who was appointed to address the Jorge Lacerda Thermal Power Complex project. Luciana thereby became the first female member of the Management Board, reinforcing the Company's pledge to increased diversity across its entire workforce.

Management Board (as at 12.31.2020)

Name	Position
Eduardo Antonio Gori Sattamini	Chief Executive and Investor Relations Officer
Gabriel Mann dos Santos	Energy Commercialization Officer
Guilherme Slovinski Ferrari	Business Development, Strategy and Innovation Officer
José Luiz Jansson Laydner	Generation Officer
Luciana Moura Nabarrete	Administrative Officer
Marcelo Cardoso Malta	Financial Officer
Marcos Keller Amboni	Regulation and Market Officer

Subsequent to the facts reported herein, a General Meeting held in January 2021 approved the split of the Generation Area into two: the Operations Area ("Diretoria de Operação" – DO), in charge of management, engineering, operation and maintenance activities associated with generation and transmission assets, to be led by José Luis Jansson Laydner, and the Implementation Area ("Diretoria de Implantação" – DI), dedicated to projects under implementation and led by Márcio Daian Neves, who previously served as Manager of the Gralha Azul Transmission System (under construction).

Ethics and Integrity

In line with the principle of integrity, the Code of Ethics and the Anti-Corruption and Bribery Policy define the guidelines for the relations established between ENGIE Brasil Energia and the various stakeholders with which it interacts. In addition, managers and employees are provided with guides with specific approaches, such as the Gift and Hospitality Procedure, the Guide to Relationship with Business Consultants, the Guide to Ethics in Supplier Relationships and the recently launched Privacy and Data Protection Policy Personal.

To strengthen the compliance culture, we also rely on regular practices for the prevention and verification of risk situations and inappropriate facts, such as due diligence processes, audits, training and awareness actions, contractual provisions and an internal activities control program of the Company. In 2020, all employees underwent training and recycling in ethical precepts, subdivided into four tracks of knowledge: (i) Our Group, Our Ethics, (ii) Protection of Personal Data and Privacy and Personal Data Policy, (iii) Fraud, Corruption and Zero Tolerance and (iv) Human Rights. A fifth track, on Competition Law, was offered on a non-mandatory basis.

Ethics-related doubts or whistleblowing

The Company has, since 2019, an external channel for reporting or whistleblowing on ethics-related matters, complementing the existing internal channels. Access takes place at the Website https://www.canalintegro.com.br/engiebrasil or by telephone at (+55) 0800 580 2586 (toll-free). Every situation reported is kept completely confidential, with guaranteed non-retaliation. Regardless of the channel used, reports are investigated by ENGIE Brasil Energia's Ethics Forum.

STRATEGY

ENGIE Brasil Energia strives to respond dynamically to energy transition-related challenges and opportunities, essential to consolidate the low-carbon economy. The Company is attuned to the local and global impacts that industry transformation has been having on the activities and perceived value of businesses in this sector as well as the attempts to stay ahead of the process in Brazil. Recognized as a large energy infrastructures operator in Brazil and worldwide, the Company has a head start in spearheading this transformation.

Based on this premise, the corporate strategy can be summarized in three fundamental pillars, which complement each other in pursuit of the corporate objectives:

Expansion and diversification
- Growth through acquisitions (capturing opportunities with results in the short run)
- Organic growth (constructivist vision for long-term results)

Commercial and portfolio-management dynamism
- Proper balance of terms, prices, and market risk management.
- Closeness with customers by means of custom offerings for different demand profiles and consolidating partnerships

Innovation and carbon neutral transition (3Ds)
- Decarbonization
- Decentralization
- Digitalization

Competitive advantages

ENGIE Brasil Energia's competitiveness relies on a combination of operations essentiality, industry expertise, financial soundness, market dynamism, and best management practices. We emphasize, next, the main developments from and benefits of these aspects:

- *Key sector:* energy sector is considered strategic to the development of the country, since energy constitutes a fundamental input for production and for a great number of society's daily activities. This guarantees greater predictability of revenue and investments with projects readily attracting finance.
- *Leadership:* the Company is the largest private sector energy producer in Brazil and its parent company is the largest independent producer in the world, which reinforces its potential for leveraging business opportunities.
- *Commercial intelligence*: ENGIE Brasil Energia maintains high contracting levels in the long term, reducing exposure to short-term market fluctuations. In addition, its sales portfolio is balanced between free customers, different sectors, and regulated customers (distribution companies).
- *Cash-flow predictability:* commercial agreements, be they for energy or gas transportation, are pegged to indices and long-term. The hydro generation based, which diversifies with supplementary sources, adds safety and predictability.

- *High degree of operational performance:* the power generating units the Company operates, show a high level of uptime and reliability. Contributing to this result are NBR ISO 9001 (management of quality), NBR ISO 14001 (management of the environment) and OSHAS 18001 (occupational health and safety management) certification, which most of the plants possess. In recent years, we have invested in the remote operation and preventive maintenance of the projects, which increase the level of standardization and optimize operational costs.
- *Stable financial performance:* the association of strong cash generation, high average EBITDA margin, consistent net income and the absence of currency exposure all contribute to the financial stability of the Company and its consequent resilience under less than favorable macroeconomic scenarios.
- *Differentiated risk classification:* Fitch Ratings has assigned a Long-Term National Company Rating of 'AAA (bra)' and on the global scale, 'BB(bra)', one notch above Brazilian sovereign rating. The ratings are directly related to the capture of attractive credit lines, increasing our competitiveness in the development of new projects.
- *Best practices of governance and sustainability:* just as with the Management Board, the Board of Directors is made up of experienced professionals with a broad-based knowledge of the sector, prepared to take decisions covering the interests of the shareholders and other stakeholders involved. Thus, economic, social and environmental aspects are indissolubly part of the decision-making process.

Expansion and diversification

The combination of highly selective investment projects, the capacity to raise funds at competitive costs, superior skills in planning and strict execution inevitably means that expansion is one of the central pillars to the Company's business strategy. In this way, the Company grows, maintaining high rates of return while accepting risks which are appropriate to the profile of the organization.

Trend in proprietary installed capacity (in MW)



Jirau Hydroelectric Power Plant

Energia Sustentável do Brasil S.A. – which would be renamed Jirau Energia in January 2021 – is responsible for the maintenance, operation and sale of energy generated by the Jirau Hydroelectric Power Plant, located in the Madeira River, in the city of Porto Velho, state of Rondônia. Since November 2016, Jirau HPP has 50 generating units in operation, representing a total installed capacity of 3,750 MW.

In May 2017, ENGIE Brasil Participações (EBP) announced the engagement of Banco Itaú BBA S.A. to provide financial advisory services for an economic-financial study for the preparation of a proposal for the eventual transfer to ENGIE Brasil Energia (EBE) of EBP's stakes of 40% in ESBR Participações S.A. (ESBRpar) – holder of 100% of the capital stock of Jirau Energia – and the 100% participation in Geramamoré Participações e Comercializadora de Energia Ltda. Assessment of the transfer has been put on hold, awaiting more favorable conditions for the discussions to resume

The accumulated recorded generation for the year was 1,721.8 MWa, 10.6% below the 1,926.4 MWa for 2019, with FID (Uptime Factor) of 99.7%.

Campo Largo Wind Complex II

Throughout 2020, the Company continued its implementation activities of the phase II of Campo Largo Wind Complex, located in the municipalities of Umburanas and Sento Sé, approximately 420 km distant from the state capital, Salvador. Campo Largo II represents 361.2 MW of installed capacity and 192.5 MWa of assured energy with investments of about R$ 1.6 billion.

The Project will enjoy the benefits of the synergies with existing structures such as the substation and transmission line, installed by the Company to support both the Campo Largo and Umburanas – Phase I wind complexes with a total of 686.7 MW of installed capacity. With the installation of the second phase of Campo Largo, ENGIE Brasil Energia's total installed wind capacity will surpass the mark of 1 gigawatt (GW) in the region. Power output from Campo Largo II will be sold entirely in the Free Contracting Environment (ACL).

All the installation licenses for the eleven wind farms comprising the project have been issued thus allowing activities to proceed in all areas of the project. Requests for operating licenses for the first wind farms have already been filed. The agreement for financing the project was signed with the BNDES on April 27, 2020.

The following represents continuing work in progress during the fourth quarter 2020: civil works; the installation of the medium voltage networks connecting up the wind turbines with the collector substation; and the manufacture, delivery and assembly of the wind turbines. Work on the expansion of the collector substation was completed and the commissioning of the wind turbines initiated. By the end of 4Q20, 72.4% of the work had been completed. Authorization has already been granted for test operating the first wind turbines. The first wind farms are expected to start commercial operation in February 2021 while the last for the third quarter of 2021.

Santo Agostinho Wind Complex – Phase I

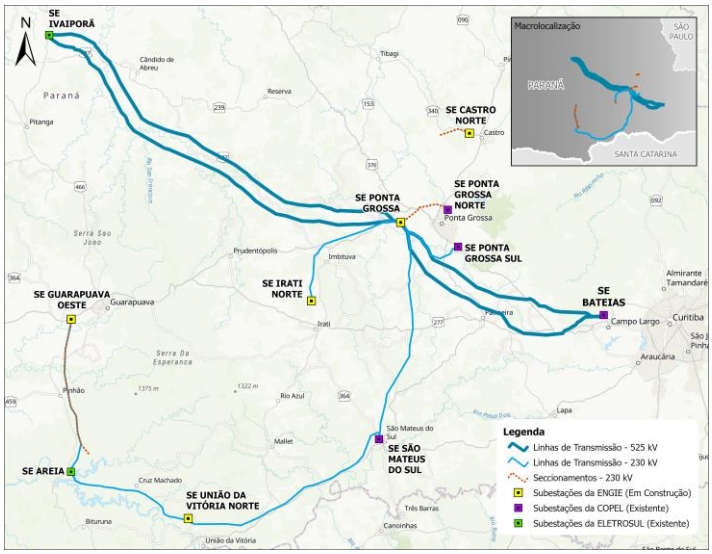
With 434 MW in total installed capacity, phase one of the wind complex lies in the municipalities of Lajes and Pedro Avelino, distant approximately 120 km from the city of Natal, the state capital of Rio Grande do Norte. In June 2016, Rio Grande do Norte environmental authority Instituto de Desenvolvimento Sustentável e Meio Ambiente (Idema) issued the preliminary license, declaring the project to be environmentally viable. The application for installation license was submitted to the Idema in June 2020.

Subsequent to the facts reported herein, in January 2021, ENGIE signed an agreement with Siemens Gamesa for the supply of wind turbines, allowing the initial phase of the Santo Agostinho Wind Complex to proceed. This phase, at an estimated investment of approximately R$ 2.2 billion and responsible for creating about a thousand jobs in the region, involves the supply of a total installed capacity of 434 MW to clients in the free market.

Gralha Azul Transmission System

On December 15, 2017, the Company made a successful bid for Lot 1 of Aneel Transmission Auction 02 for a stretch of about 1,000 kilometers in the state of Paraná (PR), marking EBE's debut into the energy transmission sector in Brazil. The project also includes the installation of five new substations and expansion of another five existing ones. The concession term for the public utility transmission service, including the licensing, the construction, assembly and the operation and maintenance of the transmission line installations will be 30 years as from signature date of the concession agreement, with a maximum cut-off date for entry into operation set for March 9, 2023.

Location – Gralha Azul (Paraná)



The project's financing contract was signed with the Brazilian Development Bank (BNDES) on March 30, 2020.

On October 15, 2020, the Company was informed of a preliminary Federal Court ruling issued under a Class Action ("Ação Civil Pública" – ACP), suspending the environmental licenses for transmission lines on the Ivaiporã – Ponta Grossa C1 and C2 stretch and the Ponta Grossa – Bateias C1 and C2 stretch. On the following day, ENGIE Brasil Energia was given notice under a second ACP, now filed by the Federal Prosecutor's Office and the Paraná State Prosecutor's Office to suspend the works in their entirety, as well as all licenses and permits issued by the Instituto Água e Terra (IAT), the authority responsible for the licensing process.

It is worth emphasizing, for context, the responses of both the Federal environmental authority Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais (Ibama) and the IAT on the appropriateness of the project's environmental licensing. In full compliance with the applicable law, the project includes execution of 17 environmental programs intended to mitigate, control and compensate environmental impacts caused by the works. The programs cover plant life, and wildlife monitoring and seed recovery, archeological identification and monitoring, environmental education, construction oversight, social communication, recovery of degraded areas, and environmental management, among other aspects. The Company has been using additional efforts to reduce suppression of endemic and threatened species and this, when unavoidable, is done in a controlled and responsible manner to minimize this impact as well.

The actions put into place to preserve the largest possible number of species along the entire length pf the Transmission System include diversions from the route in sensitive areas such as Private Natural Heritage Reserves (RPPN) and Integral Protection Conservation Units, the heightening of transmission towers and the use of drones for the cable payout process as well as the installation of self-supported towers in areas of indigenous vegetation. All effort taken have ensured that only 2,2% of the project's transmission line and substation areas of influence were impacted.

Worthy of note is that all impacts arising from the project including brush clearance are subject to environmental compensations and reforestation with initiatives exceeding the requirements enshrined in the legislation. In addition to these compensatory measures, there are those of a voluntary nature, developed in accordance with the Company's sustainability policies. These measures include the donation of 3.5 thousand native tree seedlings, the support for projects which conserve the fauna and flora and replanting double the area effectively deforested as prescribed in the Brush Suppression Authorizations rather than simply observing the obligation of restoring the area effectively degraded. In addition, under the project, three araucarias trees are planted for every one that is felled, totaling, by yearend, 2.8 thousand araucaria saplings planted.

As a result of the Company's efforts to demonstrate the robustness of the project's environmental licensing process, in addition to voluntary compensating measures, the injunction issued by the Federal Court (mentioned above) was lifted on December 9, 2020, thereby enabling resuming implementation activities.

By the end of the year, the overall implementation of the Gralha Azul Transmission System was 75% complete with civil work and electro-mechanical assembly of the transmission lines and substations meeting the schedule established in the federal concession agreement. The estimated month for completion of the project within a reduced timeframe remains as September 2021, 18 months ahead of schedule in relation to final delivery date.

The outlook for a reduction in investment value against the figure indicated by Aneel remains at approximately 15%, thus rendering feasible the provision of a cheaper transmission tariff for consumers nationwide and more especially consumers in the state of Paraná.

Novo Estado Transmission System

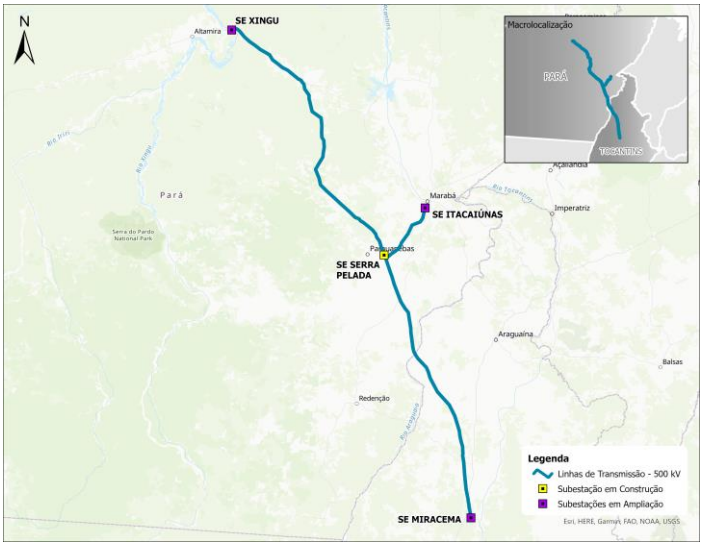
In December 2019, through its subsidiary, ENGIE Transmissão de Energia Participações S.A., the Company signed a purchase and sale agreement for the purchase of stock, the issue of Sterlite Novo Estado Energia S.A., held by Sterlite Brasil Participações S.A., as the successful bidder for Lot 3 of Aneel Transmission Auction 002/2017, held in December 2017. The operation closed on March 3, 2020 and on May 29, 2020, the First Amendment Instrument to the respective Concession Agreement was signed, consolidating transfer of ownership.

The object of the concession is the construction, operation and maintenance of approximately 1,800 kilometers of transmission lines, a new substation and upgrades to a further three existing substations in the states of Pará and Tocantins, for a term of 30 years. The installation license of the project has been issued by the Brazilian Institute of the Environment and Renewable Natural Resources (Ibama).

The leading contractors began mobilizing on March 16, 2020, construction beginning in April with activities at the construction sites. On May 18, a start was made on the civil work itself.

On June 26, 2020, a project financing agreement was signed with the BNDES. Subsequently, on August 19, 2020, a financing agreement was signed with the Banco da Amazônia S.A. (BASA), for the funding of part of the installation of the project.

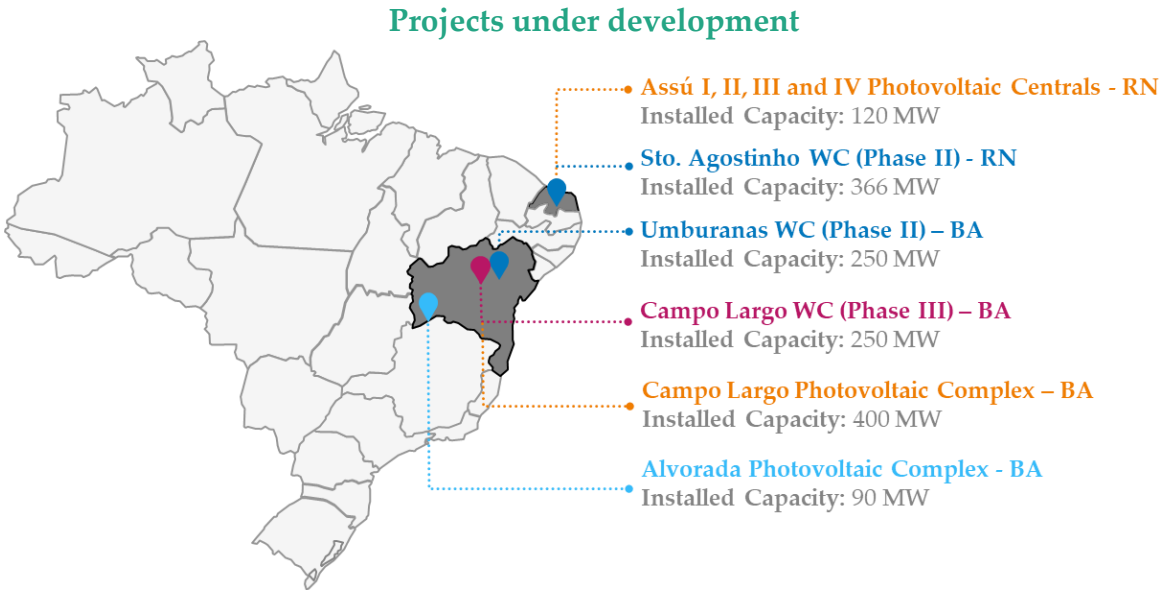
Location – Novo Estado (Pará and



By the end of the year, a workforce of more than 6,000 has been mobilized for the construction work. 60% of the towers' foundations have been completed and 16% of them have already been fully assembled. In the fourth quarter, transmission line cable slinging operations began in both the Xingu - Serra Pelada TL and the Serra Pelada – Miracema TL sections. Civil work on the Serra Pelada substation is at an advanced stage of execution – the overall level of completion being 36% while substation expansion is at the civil works phase. The cutoff date for the transmission systems to go into operation is March 9, 2023, but the Company's forecast is to reduce this period to December 2021.

Projects under development

Currently, the Company maintains in its portfolio several projects under development, as shown below:

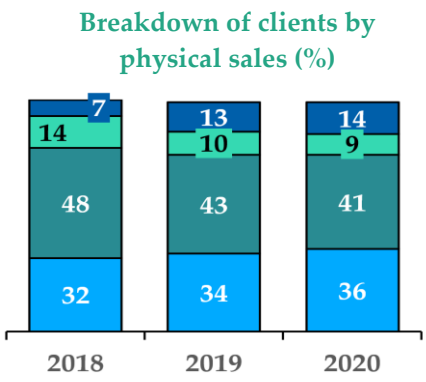


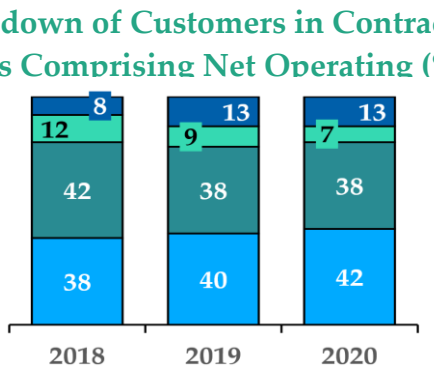
Commercial and portfolio-management dynamism

The Company trades energy both on the Regulated Contracting Environment (ACR), through Aneel-sponsored auctions, and on the Free Contracting Environment (ACL), entering into contracts directly with business firms or energy traders.

Our energy trading management strategy on the free market is based on two important distinctions: management of the energy portfolio and the chosen sales dynamics. Together, they enable superior results because few players share our characteristics – which emerge from the fact that we are one of the largest energy generators in Brazil, with the weight to offer competitive short- and long-term offerings, agility, and the dynamics of a private-sector global player, attuned to the market's opportunities and needs.

In the year under analysis, free consumers represented 41.5% of physical sales and 37.6% of net operating revenues (excluding CCEE and other revenues), down 1.6 p.p. and 0.7 p.p., respectively compared with 2019.



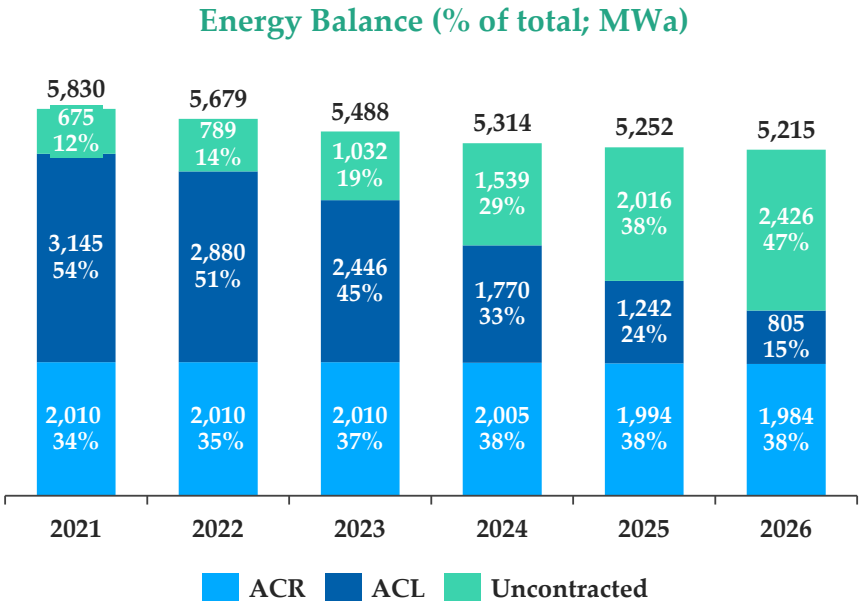




Management Report/Economic-Financial Performance

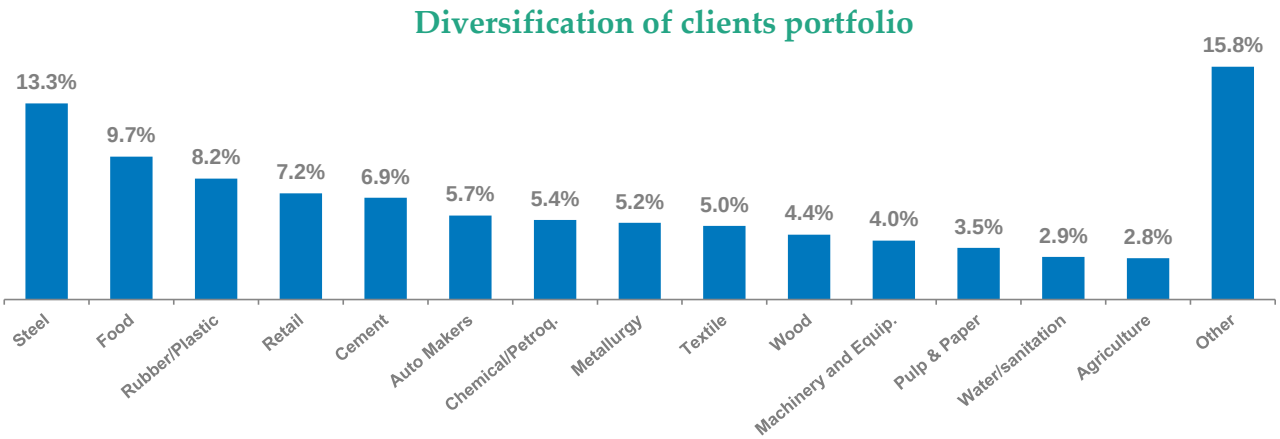
The reduction in the participation of free consumers in physical sales and in net operating revenues for the periods under analysis was largely due to decreased consumption on the part of industrial clients affected by the COVID-19 pandemic. However, this decrease was partially offset by migrations between trading company and free consumer profiles. Overall, the impact on net operating revenue was partially attenuated by new agreements at average prices higher than the average FOR current or terminated agreements.

Based on proprietary selling capacity data and energy sale agreements in force on December 31, 2020, the Figure summarizes the Company's energy balance.



Management of the energy portfolio allows the Company to minimize short-term exposure risk, thereby avoiding payment of high prices when there is a shortage of hydroelectric generation – as has often been the case in recent years.

Within the context of trading dynamics, we have formed a diverse portfolio of customers made up of companies of different sizes and in different industries, mitigating the potential impacts of negative circumstances for certain segments, reducing the risk of revenue losses.



Thus, the Company is a leader in the commercialization of energy in the Free Market, adapting itself to different scenarios to capture the opportunities generated by the expansion of this market and the new relationship modalities. In all, contracts were signed with 720 free customers in 2020, up 15.9% compared to 2019, when there were 621. According to the last satisfaction survey carried out with this group, in the last quarter of 2020, 92.5% of customers said they were satisfied or very satisfied with ENGIE Brasil Energia.

In addition to energy from renewable sources, the Company also has other related offers, such as distributed solar generation products and services and carbon emissions neutralization, offsetting and reduction solutions. A recent example of the latter was the partnership with cosmetics manufacturer Natura for the sale of carbon credits that will offset 100 tons of greenhouse gases emitted. Another important milestone was the confirmation by the United Nations Organization (UNO) that the carbon credits project of the Campo Largo II Wind Power Complex (361.2 MW) has been registered as a Clean Development Mechanism ("Mecanismo de Desenvolvimento Limpo" – MDL). The project is under construction and will contribute an annual average of 790 thousand tons of CO_2e in Greenhouse Gas emissions reduction. This is ENGIE's 23rd MDL project globally, and ENGIE Brasil Energia's 10th.

Looking to innovate in service to the Free Market, in July 2020, we released E-conomiza, a solution intended for companies that wish to reduce their energy costs by means of a simplified migration to the free environment. The offering focuses on small and medium-sized organizations spending a minimum R$ 40 thousand per month in energy – with the possibility of adding together the loads of different units to reach this level. Entry into contract with the Company allows these firms to facilitate their migration process, as the Company will represent them before the Electric Energy Trading Board ("Câmara de Comercialização de Energia Elétrica" – CCEE).

On a different front, adding the Free Market's potential for expansion and the increasing digitalization of the business, in November 2020 we released Energy Place, an online digital platform for consumers (both clients and non-clients), managers and consultancy firms. In addition to running energy e-commerce, the tool was developed to provide information and consumption histories, and to serve as a fully digital relationship and service channel. The platform is one of the links making up the multi-annual project to improve the commercial strategy, called Go To Market and which has been highlighted in previous reports.

Commercial and sectoral actions to face the pandemic

Every industry in the economy has been directly or indirectly affected by the COVID-19 pandemic to some degree, leading some Free Market customers to seek contract renegotiations. Applications were reviewed on a case-by-case basis, taking into account the size of the impacts they endured, commercial ties, the principle of good faith between contracting parties, and compliance with the agreements made. In all cases, there was no reduction to previously contracted prices, but rather postponement of the settlement of a portion of the amounts owed at market interest rates. As for distribution companies, the electric energy industry's players, including Aneel, worked together to draw a short-term bailout plan for these organizations, preventing defaulting from contaminating the remainder of the industry chain – the initiative culminated in Provisional Measure 950, regulated by Decree No. 10.350, of May 18, 2020.

Innovation and carbon neutral transition

Essential to the continuity of the business and the capture of opportunities, innovation in products, services and processes has increasingly gained connection with the corporate strategy. This is due to the fact that it blends in with the highly dynamic context of the energy transition and the expansion of the free energy market, which require new solutions to meet society's demands.

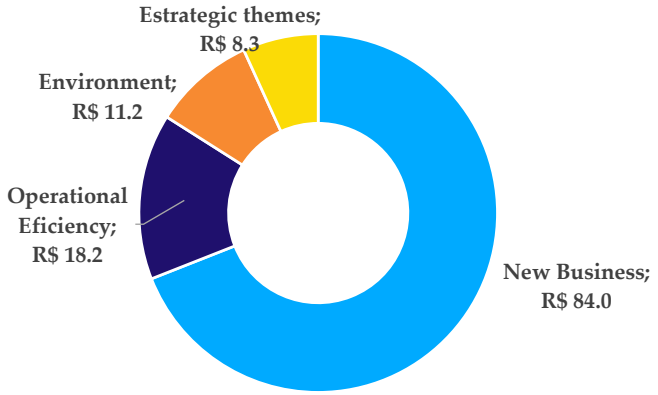
To create an environment conducive to innovation where employees can play an active role in building the Company's future, we concerned ourselves with the creation of platforms and the provision of the tools needed to disseminate an ever more innovative culture.

We showcase, next, the main innovation fronts on which the Company is active:

R&D

The Research and Development (R&D) program is an important link in our innovation-promotion strategy. Aligned to open innovation culture, R&D is conducted on the basis of partnerships with companies, universities and research institutes, pursuant to Law 9.991/2000, which requires energy companies to invest 1% of its annual net revenues in R&D. Throughout 2020, R$ 56.7 million was invested in the Program, according to the following distribution:

R&D ENGIE: investments in ongoing projects/2020 (R$ million)



- R$ 22.7 million to the National Science and Technology Development Fund (FNDCT);
- R$ 11.3 million to the Ministry of Mines and Energy (MME) as funding for the Empresa de Pesquisa Energética (EPE); and
- R$ 22.7 million to investment in new or ongoing R&D Projects.

R$ 28.2 million were allocated in the year to the 13 projects underway. The total portfolio of investment in ongoing projects adds up to R$ 121.7 million, as the figure next shows.

A highlight among the research projects had in 2020 the development and certification of the first large domestic wind turbine, at 4.2 MW. The project is being conducted in partnership with WEG – a Brazilian company specializing in the manufacture of electric motors, transformers and generators – and with cooperation from Centrais Elétricas de Santa Catarina (Celesc).

The prototype is the first unit in a line of machines at nominal power ratings from 4.0 MW to 4.4 MW, depending on wind characteristics at the installation site. IT is the Brazilian electric industry's largest R&D project ever in terms of scope, length, budget and staffing. World-class technologies are being developed, such as a generator with permanent magnets in the external rotor configuration, layout, and the cooling of the elevator transformer. In this way, ENGIE, WEG and Celesc aim to develop a product that can compete globally with other large wind turbine manufacturers. The lower cost and improved quality of this R&D project have already guaranteed sale of an early batch of 43 wind turbines, where ENGIE will enjoy proceeds in the form of royalties per unit sold.

ENGIE Lab

As a global company that aims to add value to and integrate with local skills, ENGIE began a movement towards the internationalization of its R&D+Innovation Labs, the ENGIE Labs, fostering development projects in areas with which its business has synergies. The 11th ENGIE Lab opened in Brazil in 2019, a venue for open-disruptive innovation, incubation, and venture capital funding.

It also develops innovative solutions in the areas of systems, equipment, hardware, software, business processes and models, pilots and end-to-end projects, in partnership with different company profiles, from startups, through large companies, to members of the ENGIE Group.

LinkLab

ENGIE Brasil Energia is a member of the Santa Catarina Technology Association's (ACATE) LinkLab, a program intended to join together large concerns and startup companies to leverage synergies in the development of innovative projects. In 2020, we launched seven internal challenges in search of creative solutions for their resolution. A total 88 startup companies submitted suggestions, from which we expect to select those with the most potential for proof-of-concept development.

Inove Program

Mechanism to stimulate internal innovation, "Inove" is the incentive program aimed at operational and process improvements, which generate both cost reductions and increased safety and efficiency. In the 2020 edition, the Program rewarded 92 employees, with prizes that totaled approximately R$ 200 thousand for their innovative initiatives. The 42 approved ideas have an expected financial return estimated at R$ 22 million.

RISK AND OPPORTUNITIES MANAGEMENT

Risk analysis is a permanent exercise at the Company, involving, in addition to directors and officers, all employees, especially those dedicated to management functions. The Risk Management Forum, transversal and multidisciplinary, contributes to strengthen this dynamic. The analysis is guided by the Risk and Opportunity Management Policy, approved by the Board of Directors, and comprises the identification and classification of risks regarding the probability of occurrence and the significance in terms of financial, strategic and operational impact.

This assessment is carried out systematically, permeating all activities, based on three core principles:

- Creation and maintenance of value, reputation and internal motivation.
- Encouraging a certain degree of risk taking, deemed reasonable relative to legal, economic and social aspects.
- Assurance of conformity of actions with legal and regulatory obligations as well as with ENGIE Brasil Energia's values.

Results of this joint evaluation are registered in the Risks and Business Opportunities Matrix, an internal document which serves as guidance to the Company. The analyzes and risks are categorized as follows:

- Tax risk: adverse developments in the tax legislation, with potential impact on our results
- Industrial safety risk: damage to asset integrity, to the environment, and/or to occupational health and safety stemming from the Company's operating activities.
- Project installation risk: the occurrence of events during the development or installation of projects which can result in delays in the construction work schedule, additional installation costs and/or inefficiencies in project operation.
- Regulatory risk: an adverse evolution of the regulations governing the electric energy industry. These regulations, which the Federal Government historically influences, may impact, for example, the modes, terms and conditions of electric energy sale agreements in force, production levels, sectoral charges, and the relationships between industry players.
- Cybersecurity risk: lacking or faulty planning, management or security in connection with resources and services in the areas of Information and Communication Technology (ICT), Automation Technology (AT), and the Internet of Things (IoT), that may have a negative impact on the Company's continued operations and image.
- Market risk: The supply of and demand for electricity can deviate from forecast so affecting energy prices and volume.
- Commercial counterparty risk: the risk of a commercial counterparty with which EBE has energy purchase or sale operations failing to fully honor their obligations, with impact over revenues.
- Risk of Non-Compliance with the Personal Data Privacy Law (LGPD): The use of digital technologies for relationships between companies and individuals through the collection of personal information has been increasing to customize and improve service levels and the consumer experience. Lacking or faulty planning, management or security of these resources may lead to the unauthorized disclosure of such personal information, leaving the Company exposed to regulatory risk in connection with private information security.
- Operationalization of the strategy risk: adversity in the process of ENGIE's strategic repositioning around its three basic pillars: digitalization, decentralization and decarbonization, due to the external and internal contexts (transformation of people and culture, digital transformation, business transformation, etc.).

- Ethics and compliance risk: Noncompliance, whether internal or with outside collusion, with values and principles pursuant to the Code of Ethics may lead to cases of corruption, fraudulent use of the Company's property, interference in bidding processes, and disregard of human rights. Failure to comply with the standards and regulations applicable to the Company's activities.

OPERATIONAL PERFORMANCE

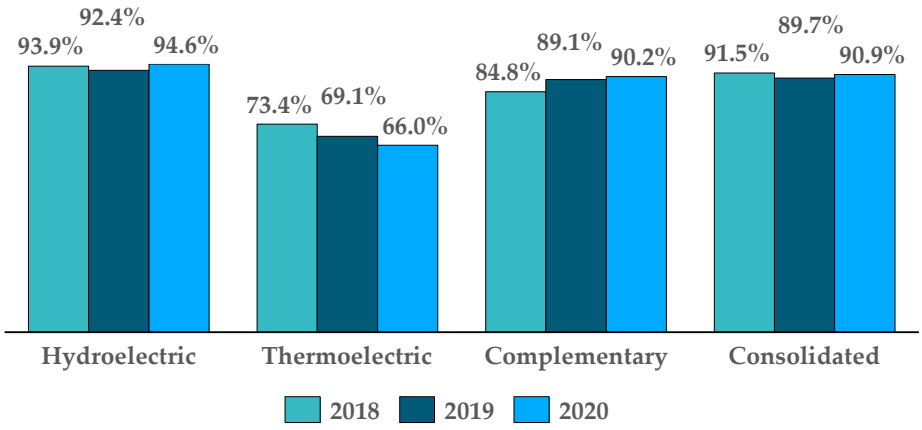
In addition to abiding by corporate policies in every activity, the Company's operational evolution is based on the strictness of the controls forming its Integrated Management System (SIG), a platform that consolidates information and performance indicators.

In 2020, out of the 60 plants in operation, 12 were certified according to NBR ISO 9001 (quality), NBR ISO 14001 (environment) and NBR OHSAS 18001 (Occupational Health and Safety) standards. In addition, the Jorge Lacerda Thermoelectric Complex is NBR ISO 50001 certified with respect to Energy Efficiency. Consequently, the percentage of certified installed capacity is 77.9%.

Out of the 10,431.2 MW operated by the Company, 52.4% (5,467,6 MW) are done remotely, by the Generation Operation Center (COG), located at ENGIE's Florianópolis (SC) headquarters. In this model, sophisticated technological resources, which allow real-time monitoring and ensure system reliability, increase the operational efficiency of the generating complex. In all, 47 of the 60 plants in the generator park are operated via COG, among them the Machadinho Hydroelectric Plant, which started remote operation in 2020, the first in a consortium to be managed remotely.

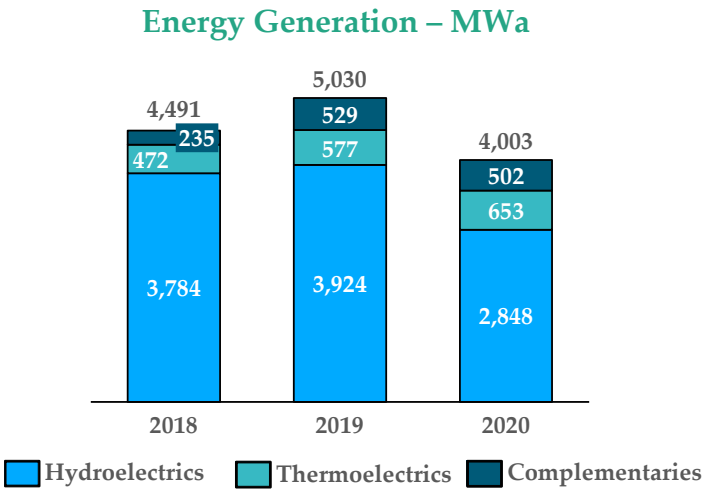
During the year, excluding scheduled shutdowns, plants operated by ENGIE Brasil Energia achieved an uptime ratio of 96.4%, 99.7% in the case of the hydroelectric plants, 76.9% for the thermoelectric power plants and 93.5% for plants powered from complementary sources — incorporating SHPs, biomass, wind and photovoltaics.

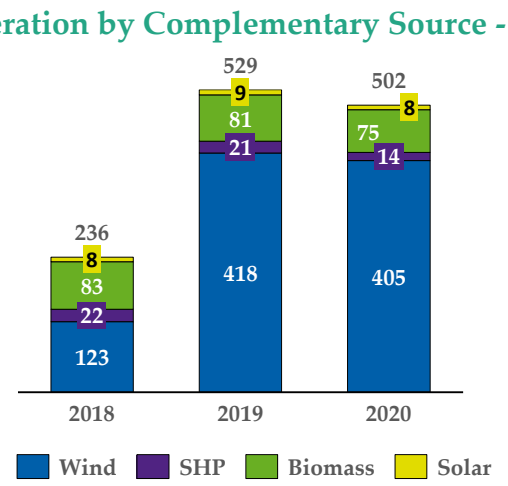
Uptime operating, considering scheduled shutdowns



If all programmed stoppages are taken into consideration, internal overall uptime for the full 12 months of 2020 was 90.9%, that is, 94.6% for the hydroelectric plants, 66.0% for the thermoelectric plants and 90.2% in the case of plants fired from complementary energy sources. On a year-on-year comparative basis, global internal uptime was 1.1 p.p. higher, comprising increases of 2.2 p.p. and 1.1 p.p. at the hydro and complementary plants, respectively, and a reduction in the case of thermoelectric uptime of 3.1 p.p. The reduction in availability at the thermoelectric power plants during 2020 against 2019, is due principally to unscheduled outages, in turn reflecting greater exposure to faults in continuous operations. The increase in hydroelectric and complementary energy sourced plants on the other hand was due to shorter time spans required for executing the work.

Related to electricity output from plants operated by ENGIE Brasil Energia, overall, the COVID-19 pandemic provoked a significant reduction in the National Interconnected System's load factor. Similarly, this fed through to global production at ENGIE of approximately 35,163 GWh (4,003 MWa), 20,4% down on 2019, when the total was 44,058 GWh (5,030 MWa). In 2020, only thermoelectric output was higher relative to the preceding year, 13.2% up on 2019. In the case of hydroelectric and complementary operations, the decrease was 27.4% and 5.0%, respectively.

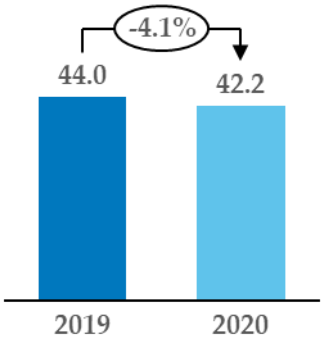




In this context, it is worth pointing out that an increase in the Company's hydroelectric generation does not necessarily reflect an improvement in economic-financial performance. Conversely, a reduction in this type of generation does not inevitably imply a deterioration in economic-financial performance due to the adoption of the Energy Reallocation Mechanism (MRE), which defrays the risks of hydro generation among its participants.

As to the Company's thermal generation, its increase might reduce (as a function of the Company's level of contracting) exposure to the Price for the Settlement of Differences (PLD), the opposite being the case when there is a decrease, all other variables being equal.

Average volume of gas transmitted



Related to gas transportation, the Transportadora Associada de Gás - TAG receives natural gas daily at gathering points along its pipeline network and delivers it to the carrier Petrobras at entry points known as city gates, in return being remunerated for the transportation service, comprising a portion for the effective transportation of the natural gas molecule and also a charge for unutilized capacity (ship-or-pay).

For the year as a whole, transmitted gas volumes were 42.2 million m3/day (44.0 million m3/day in 2019).

Modernizations

In 2020, we proceeded with the modernization of the Salto Osório Hydroelectric Plant, a large project that began in November 2017. The first modernized generating unit is scheduled for delivery in the first quarter of 2021 and full completion is expected in 2023. In addition to upgrading operating attributes, the modernization will improve efficiency, with a physical guarantee increment estimated at 13.9 MWa.

The modernization agreement for the Jaguara Hydroelectric Plant, by its turn, was executed in late 2020 with the purchase of a new generator for Generating Unit #01. Manufacture of the part is expected to conclude in 2021, so that field deployment will take place the year after. Entry into an agreement for the modernization of the Miranda Hydroelectric Plant's instrumentation and control systems (including speed regulator, generator voltage regulator and oversight system) is expected in the first quarter of 2021.

ECONOMIC-FINANCIAL MANAGEMENT

Macroeconomic scenario

The pandemic caused a global economic downturn that Brazil experienced since March 2020, leading to an estimated 4.4% drop in the country's GDP, according to the Central Bank of Brazil's Focus Report of late December – official numbers should be announced in the first quarter of 2021. GDP was up 1.1% in 2019.

Although the retraction was smaller than expected by a majority of analysts mid-year, recovery was uneven across segments – generally, according to the Applied Economics Research Institute (IPEA), manufacturing and retail reached yearend operating at average levels above the pre-crisis period, whereas services lagged significantly below.

In the context, accumulated inflation has been 4.52% according to the National Consumer Prices Index – Comprehensive (IPCA) as published by the Brazilian Geography and Statistics Institute (IBGE). The IPCA was 4.31% in 2019. As for the jobs market, the effects of the recovery were modest until the fourth quarter, with unemployment at 13.1%, close to the historic ceiling according to the IBGE.

The financial market experienced a series of sharp oscillations on several global indices because of the uncertainties caused by the pandemic. These were mitigated, even if temporarily, by government stimulus and bailout packages, in addition to positive prospects associated with COVID-19 vaccines. Once again, the Brazilian funds rate (SELIC) reached yearend at its lowest level on record, at 2.0% p.a., while the US Dollar (Ptax) exceeded R$ 5.19 – it was trading at R$ 4.03 at yearend 2019.

Electricity power industry

According to data from the Energy Research Company ("Empresa de Pesquisa Energética" – EPE), net energy consumption in Brazil was down 1.6% in 2020, at 474.231 GWh – after increasing by 1.4% in 2019. Residential consumption was up 4.1%, commercial was down 10.5%, and industrial lost 1.1%. Other classes were down 2.3%. In the breakdown by region, the North and Center-West reported increases of 4.8% and 1.2%, respectively. The other regions were down, the Northeast by 2.4%, the South by 1.2% and the Southeast by 2.8%, for the worst performance nationally.

Free market consumption was up 13.1% in 2020, exceeding recent years' records – growth was 1.9% in 2019 and 6.3% in 2018. Consumption on the captive market was down 2.3% in 2020 from 2019.

Influence of the hydrological scenario on the sector

The 2020 hydrological scenario – which supplied 56,7 GWa of Natural Affluent Energy on the SIN – was the fourth worst in two decades, and only surpassed by 2019, 2017 and 2014.

At yearend, the situation was most critical in the Southeast, with the lowest reservoir level in 20 years (16.4% of maximum volume in December). This implied a resolution for using extra thermal assets (outside the merit order) in the last quarter of 2020. On the other hand, the storage in the Northeast was the highest in recent history, reaching 90% of maximum volume mid-year – due to a combination of satisfactory rainfall and changes in the policy for the use of São Francisco River basin reservoirs.

Under impact from the pandemic, demand for energy was down 1 GW in terms of annual average load compared with 2019. This is down 3 GW from previous estimates according to forecasts for 2020.

Therefore, the average Differences Settlement Price ("Preço de Liquidação de Diferenças" – PLD) in 2020 was R$ 177/MWh. Closely associated with the effects of load reduction, energy surplus supply vis-à-vis demand left the year's average price R$ 48/MWh lower than in 2019.

According to CCEE data, the GSF in 2020 was 80.5%, down from 81.0% in 2019.

Economic-financial performance

	Result by segment – 2020 x 2019 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
2020						
Net operating revenue	8,539.1	2,555.3	1,083.9	80.9	-	12,259.2
Operational costs	(3,328.6)	(2,274.3)	(1,111.5)	(81.5)	-	(6,795.9)
Gross income (loss)	**5,210.5**	**281.0**	**(27.6)**	**(0.6)**	**-**	**5,463.3**
Selling, general and administrative expenses	(267.8)	(1.1)	(3.1)	(5.4)	-	(277.4)
Other operating expenses, net	(4.7)	-	-	-	-	(4.7)
Impairment	(98.8)	-	-	-	-	(98.8)
Equity income	-	-	-	-	487.1	487.1
Income (loss) before financial results and taxes	**4,839.2**	**279.9**	**(30.7)**	**(6.0)**	**487.1**	**5,569.5**
2019						
Net operating revenue	8,427.7	169.9	1,109.0	97.9	-	9,804.5
Operational costs	(4,294.1)	(151.5)	(1,111.4)	(96.0)	-	(5,653.0)
Gross income (loss)	**4,133.6**	**18.4**	**(2.4)**	**1.9**	**-**	**4,151.5**
Selling, general and administrative expenses	(243.2)	-	(2.9)	(7.1)	-	(253.2)
Other operating expenses, net	320.4	-	-	-	-	320.4
Impairment	(4.9)	-	-	-	-	(4.9)
Equity income	-	-	-	-	81.1	81.1
Income (loss) before financial results and taxes	**4,205.9**	**18.4**	**(5.3)**	**(5.2)**	**81.1**	**4,294.9**
Variation						
Net operating revenue	111.4	2,385.4	(25.1)	(17.0)	-	2,454.7
Operational costs	965.5	(2,122.8)	(0.1)	14.5	-	(1,142.9)
Gross income (loss)	**1,076.9**	**262.6**	**(25.2)**	**(2.5)**	**-**	**1,311.8**
Selling, general and administrative expenses	(24.6)	(1.1)	(0.2)	1.7	-	(24.2)
Other operating expenses, net	(325.1)	-	-	-	-	(325.1)
Impairment	(93.9)	-	-	-	-	(93.9)
Equity income	-	-	-	-	406.0	406.0
Income (loss) before financial results and taxes	**633.3**	**261.5**	**(25.4)**	**(0.8)**	**406.0**	**1,274.6**

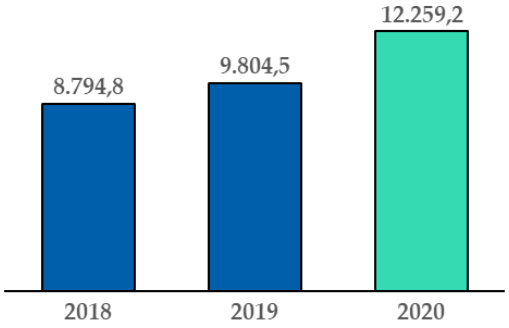
The Company's financial result and taxes are not allocated by segment since Management administers the cash flow on a consolidated and corporate basis.

Net operating revenue

	Operating revenue by segment – 2020 x 2019 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2020					
Distribution companies	3,541.4	-	-	-	3,541.4
Free consumers	3,161.4	-	-	-	3,161.4
Construction revenue	-	2,365.6	-	-	2,365.6
Energy trading operations	-	-	1,067.3	-	1,067.3
Trading companies	608.5	-	-	-	608.5
Remuneration of concession financial assets	381.6	189.7	-	-	571.3
Transactions in the short-term market	535.5	-	16.6	-	552.1
Services rendered revenue	121.6	-	-	-	121.6
Gain of lawsuit	83.5	-	-	-	83.5
Insurance claim receivable	40.0	-	-	-	40.0
Energy export	30.5	-	-	-	30.5
Other revenues	35.1	-	-	80.9	116.0
Net operating revenue	**8,539.1**	**2,555.3**	**1,083.9**	**80.9**	**12,259.2**
2019					
Distribution companies	3,292.7	-	-	-	3,292.7
Free consumers	3,164.1	-	-	-	3,164.1
Construction revenue	-	155.4	-	-	155.4
Energy trading operations	-	-	1,078.4	-	1,078.4
Trading companies	728.0	-	-	-	728.0
Remuneration of concession financial assets	382.7	14.5	-	-	397.2
Transactions in the short-term market	699.1	-	7.1	-	706.2
Services rendered revenue	116.0	-	-	-	116.0
Insurance claim receivable	11.2	-	-	-	11.2
Unrealized gains on trading operations	-	-	23.5	-	23.5
Other revenues	33.9	-	-	97.9	131.8
Net operating revenue	**8,427.7**	**169.9**	**1,109.0**	**97.9**	**9,804.5**
Variation					
Distribution companies	248.7	-	-	-	248.7
Free consumers	(2.7)	-	-	-	(2.7)
Construction revenue	-	2,210.2	-	-	2,210.2
Energy trading operations	-	-	(11.1)	-	(11.1)
Trading companies	(119.5)	-	-	-	(119.5)
Remuneration of concession financial assets	(1.1)	175.2	-	-	174.1
Transactions in the short-term market	(163.6)	-	9.5	-	(154.1)
Services rendered revenue	5.6	-	-	-	5.6
Gain of lawsuit	83.5	-	-	-	83.5
Insurance claim receivable	28.8	-	-	-	28.8
Energy export	30.5	-	-	-	30.5
Unrealized gains on trading operations	-	-	(23.5)	-	(23.5)
Other revenues	1.2	-	-	(17.0)	(15.8)
Net operating revenue	**111.4**	**2,385.4**	**(25.1)**	**(17.0)**	**2,454.7**

On a year-on-year comparative basis, net operating revenue rose from R$ 9,804.5 million in 2019 to R$ 12,259.2 million in 2020, or an increase of R$ 2,454.7 million (25.0%).

Net operating revenue (R$ million)



Generation and energy sales from the portfolio: increase of R$ 111.4 million (1.3%), mainly driven, by the following positive effects: (i) R$ 126.5 million increase in revenue from energy sales contracts in regulated and free markets, as result of a combination of variations in energy volumes sold and the net average selling price; (ii) R$ 83.5 million non-recurring from tax claw backs; (iii) R$ 30.5 million from the export of energy in 3Q20; and (iv) R$ 28,8 million relative to indemnification for interruption to business and a corresponding claim and the collection of a contractual fine for downtime. These effects were partially attenuated by:(v) a decrease of R$ 163.6 million in transactions across the short-term market, principally the CCEE.

Transmission: an increase of R$ 2,385.4 million, largely due to advancing construction work on the Gralha Azul and Novo Estado transmission systems.

Trading: reduction of R$ 25.1 million (2.3%) mainly due to the negative result from marking to market of future sales and the decline in revenues from operations executed, partially offset by growth in transactions realized in the short-term market.

Solar panels: a decrease of R$ 17.0 million (17.4%) in the sale and installation of solar panels due to weaker demand, principally a reflection of the COVID-19 pandemic.

The results of the transmission and trading segments will be commented on "Operating result of the energy transmission segment" and "Operating result of the energy trading segment".

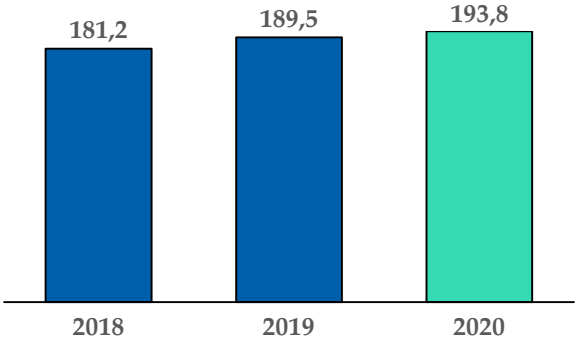
Comments on variation in net operating revenue

➢ Generation and Sales of Energy from the Portfolio

Net average selling price

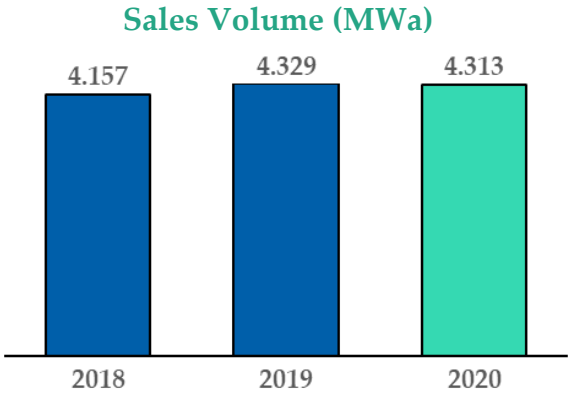
Average energy selling prices, net of charges on revenue, reached R$ 193.78/MWh in 2020, 2.3% higher than reported in 2019 of R$ 189.45/MWh.

Net average selling price (R$/MWh)*



Price increase was mainly driven by monetary restatement of current agreements, as well as by the electric energy export agreement in the third quarter of 20 and by the entry into commercial operations of Pampa Sul in June 2019 and commanding an average price higher than the average for existing agreements. These effects were partially offset by new agreements with trading companies and free consumers at prices lower than the average of terminated agreements due principally to a weaker economy following the onset of COVID-19.

Sales volume



In 2020, energy sales volumes were 37,889 GWh (4,313 MWa), against 37,925 GWh (4,329 MWa) reported in 2019, a decrease of 36 GWh (16 MWa) or 0.4%.

The decrease in sales volumes is the result in the main of a reduction in energy consumption on the part of industrial clients due to a slower economy following the onset of the pandemic and also to contracts terminating in 2019 within the scope of the Electric Energy Commercializing Agreement in the Regulated Contracting Environment (CCEAR) and the effects of the Surplus and Deficit Compensation Mechanism (MCSD). These effects were partially attenuated by the reduced impact of reimbursements under contracts within the scope of the regulated environment and in the context of an annual comparison, the entry into operations of Pampa Sul at the end of June 2019.

Revenue from Sale of Electric Energy

- Distribution companies

In 2020, revenue was R$ 3,541.4 million, R$ 248.7 million (7.6%) up relative to fiscal year 2019, when revenues were R$ 3,292.7 million. This increase is explained as follows: (i) R$ 149.3 million — increase of 660 GWh (71 MWa) in sales volume; and (ii) R$ 99.4 million — an increase of 3.0% in the net average selling price.

The increases in net average selling prices were largely due to monetary restatement of prevailing agreements. In addition, in the case of the annual comparison, there was a positive impact from the average selling prices of energy generated by Pampa Sul, superior to the average for existing agreements, partially offset by lower average prices of energy sales agreements signed with Umburanas – Phase I.

The growth in sales volumes is principally the result of the lower impact of the reimbursements under the regulated environment agreements between comparable quarters. On an annual comparative basis, in addition there was the entry into operations of Pampa Sul which also contributed significantly to the increase. These effects were partially attenuated by the termination of an existing auction agreement at the end of 2019.

- Free consumers

In 2020, revenues were R$ 3,161.4 million, an amount of R$ 2.7 million (0.1%) down on the R$ 3,164.1 million reported in 2019. This decrease is related to the following: (i) R$ 110.1 million — a reduction of 633 GWh (79 MWa) in energy sales volume; and (ii) R$ 107.4 million — increase of 3.4% in net average selling price.

The reduction in sales volume is again a reflection of the COVID-19 pandemic and the uncertainties surrounding the eventual recovery of the economy. This in turn has had an impact on demand with corresponding decreases in consumption on the part of industrial clients in the context of flexibility clauses enshrined in the agreements. As a result, all energy volumes not sold to free consumers had to be settled through the CCEE. However, this decrease was partially attenuated by migration from the trading company to free consumer profile.
Increase in prices is mainly due to monetary restatement of existing agreements.

- Trading companies

In 2020, revenues were R$ 608.5 million, R$ 119.5 million (16.4%) lower than recorded in 2019 at R$ 728.0 million. This reduction was the result of the combination of the following aspects: (i) R$ 108.9 million — a decline of 15.0% in net average selling price; and (ii) R$ 10.6 million — a reduction of 70 GWh (9 MWa) in energy sales volume.
Price reductions occurred largely due to new agreements at prices lower than those of existing or maturing agreements given the reduction in overall market prices during 2020 although this effect was partially attenuated by monetary restatement of existing agreements.
The decreases in volumes between the periods analyzed are due principally to migration on the part of some clients - previously buying energy through trading companies - to the free consumer profile, evidenced by comparing fiscal years 2019 and 2020.

In addition, worthy of mention is that both pricing tendencies and the reduced energy sales volume suffered the effects of COVID-19 on the market.

- Exports

From July to August 2020, the Company exported energy to Argentina. Revenue from exports was R$ 30.5 million, energy volumes transacted being 7 GWh (1 MWa).

➢ Remuneration of Concession Financial Assets

Financial concession assets represent the present value of future cash flows of the portion of energy allocated to the Regulated Contracting Environment (ACR) by the Jaguara and Miranda hydroelectric Power Plants, equivalent to 70% of the physical guarantee of these plants. These assets are remunerated at the internal rate of return and according to the Amplified Consumer Price Index (IPCA).
Remuneration from financial concession assets decrease R$ 1.1 million (0.3%) from R$ 382.7 million in 2019 to R$ 381.6 million in 2020. The reduction is largely due to the monthly curve in the variation of the IPCA, which posted periods of deflation in 2020 albeit registering a sharp acceleration in fourth quarter. In 2019, the monthly curve in the variation of the IPCA saw constant increases.

➢ Transactions in the short-term energy market

In 2020, in comparison with the last year, there was a decrease of R$ 163.6 million (23.4%) in revenue from short-term transactions from R$ 699.1 million in 2019 to R$ 535.5 million in 2020. Additional explanations are to be found under the heading "Details of short-term operations".

➢ Revenue from services rendered

Further to the Jaguara and Miranda hydroelectric power plants, for energy sold through the ACR, also as part of the Annual Generation Revenue (RAG), the companies receive a payment known as the Generation Asset Management (GAG), to cover the costs of the operation and maintenance in addition to expenditures with improvements and investments during the concession period. There was an increase of R$ 5.6 million (4.8%) in the value of the GAG, from R$ 116.0 million in 2019 to R$ 121.6 million in 2020, largely reflecting monetary restatement of the amounts in question.

➢ A successful legal action – tax claw back

On May 18, 2020, the Company received a favorable ruling for which there is no appeal giving it the right to claw back, either by compensation or reimbursement, federal tax credits, restated at the Selic funds rate. In the light of this event, the Company booked a total of R$ 83.5 million in 2020, following a revision of the estimates incorporated in the income statements during the year. The amount in question was restated monetarily, with an impact of R$ 76.3 million on the financial result for 2020.

➢ Insurance Claim Receivable

The Company booked R$ 40.0 million of an insurance claim for 2020, an increase of R$ 28.8 million (257.1%) to the R$ 11.2 million already booked in 2019. The amounts involved in both periods related largely to an indemnity for compensation for the negative impacts arising from the interruption to business at the Salto Osório Hydroelectric Power Plant together with the collection of a contractual fine for downtime at the plants in the Trairi Wind Complex.

Solar panel

Revenue from the sale and installation of solar panels through the subsidiary ENGIE Geração Solar Distribuída S.A. (EGSD), between the years under analysis, decreased R$ 17.0 million (17.4%) from R$ 97.9 million in 2019 to R$ 80.9 million in 2020. The decline reflects slower commercial activities due to the pandemic.

Management Report/Economic-Financial Performance

Operational costs

	Costs by segment – 2020 x 2019 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2020					
Electric power purchases	1,478.9	-	1,068.3	-	2,547.2
Construction costs	-	2,274.3	-	-	2,274.3
Depreciation and amortization	893.8	-	-	-	893.8
Charges for the use of and connection to the power grid	560.3	-	-	-	560.3
Materials and third-party services	339.3	-	-	18.4	357.7
Transactions in the short-term market	303.5	-	7.3	-	310.8
Personnel	273.5	-	-	8.0	281.5
Fuel for generation	204.1	-	-	-	204.1
Insurance	89.0	-	-	-	89.0
Royalties	84.5	-	-	-	84.5
Cost of selling solar panels	-	-	-	54.4	54.4
Unrealized losses on trading operations	-	-	35.9	-	35.9
Hydrological risk renegotiation	(967.7)	-	-	-	(967.7)
Other operational costs, net	69.4	-	-	0.7	70.1
Operational costs	**3,328.6**	**2,274.3**	**1,111.5**	**81.5**	**6,795.9**
2019					
Electric power purchases	1,561.5	-	1,090.5	-	2,652.0
Construction costs	-	151.3	-	-	151.3
Depreciation and amortization	844.3	-	-	0.1	844.4
Charges for the use of and connection to the power grid	513.7	-	-	-	513.7
Materials and third-party services	277.6	-	-	16.1	293.7
Transactions in the short-term market	421.0	-	6.7	-	427.7
Personnel	254.7	-	-	10.1	264.8
Fuel for generation	173.0	-	-	-	173.0
Insurance	65.6	-	-	-	65.6
Royalties	131.6	-	-	-	131.6
Cost of selling solar panels	-	-	-	70.8	70.8
Unrealized losses on trading operations	-	-	14.2	-	14.2
Other operational costs, net	51.1	0.2	-	(1.1)	50.2
Operational costs	**4,294.1**	**151.5**	**1,111.4**	**96.0**	**5,653.0**
Variation					
Electric power purchases	(82.6)	-	(22.2)	-	(104.8)
Construction costs	-	2,123.0	-	-	2,123.0
Depreciation and amortization	49.5	-	-	(0.1)	49.4
Charges for the use of and connection to the power grid	46.6	-	-	-	46.6
Materials and third-party services	61.7	-	-	2.3	64.0
Transactions in the short-term market	(117.5)	-	0.6	-	(116.9)
Personnel	18.8	-	-	(2.1)	16.7
Fuel for generation	31.1	-	-	-	31.1
Insurance	23.4	-	-	-	23.4
Royalties	(47.1)	-	-	-	(47.1)
Cost of selling solar panels	-	-	-	(16.4)	(16.4)
Unrealized losses on trading operations	-	-	21.7	-	21.7
Hydrological risk renegotiation	(967.7)	-	-	-	(967.7)
Other operational costs, net	18.3	(0.2)	-	1.8	19.9
Operational costs	**(965.5)**	**2,122.8**	**0.1**	**(14.5)**	**1,142.9**

In 2020, operational costs reached R$ 6,795.9 million, exceeding by R$ 1,142.9 million (20.2%) the costs of 2019 of R$ 5,653.0 million. This variation reflects the following factors: (i) an increase of R$ 2,122.8 million of costs in the transmission segment; (ii) a decrease of R$ 965.5 million (22.5%) in the generation and energy sales portfolio segment; (iii) reduction of R$ 14.5 million (15.1%) in solar panel sales and installation costs; and (iv) an increase of R$ 0.1 million in costs of energy trading operations.
With respect to the variation in item (ii), particular note should be taken of the recovery of past energy costs with renegotiation of hydrological risk under Law 14.052/2020, regulated by Aneel Normative Resolution 895/2020, amounting to R$ 967.7 million.

Such variations were essentially due to the following main components:

Comments on variations in operational costs

- Generation and energy sales from the portfolio

Energy purchases: On an annualized comparison basis, there was a reduction of R$ 82.6 million (5.3%) in these operations, a function of the following events: (i) R$ 119.0 million — decrease of 7.6% in the net average price of energy purchases; and (ii) R$ 36.4 million — an additional 212 GWh (24 MWa) in purchase volumes.
The decrease in average purchase price was largely a reflection of the reduction in the Differences Settlement Price (PLD), given that the PLD is used as a parameter for setting the short-term price, as well as the economic downturn in the wake of the pandemic as already cited under Sales Volume.
The increased purchase volume is mainly the result of the strategic allocation of the Company's resources with a view to optimizing energy allocation as well as lower rainfall for the period.
Depreciation and amortization: On the annual comparison, there was an increase of R$ 49.5 million (5.9%), of which R$ 65.5 million reflects the entry of Pampa Sul and Umburanas – Phase I into commercial operations, attenuated of the end of the useful life of programmed revisions on the Jorge Lacerda Thermoelectric Power Plant and the postponement of the next revision, originally scheduled for the second half of 2020.
Charges for use of and connection to the electricity grid: increase of R$ 46.6 million (9,1%), mainly due to the annual readjustment of transmission and distribution tariffs and the entry into commercial operation of Pampa Sul e Umburanas - Phase I, responsible for R$ 19.0 million of the total variation.
Material and third-party services: increase of R$ 61.7 million (22.2%), largely as result of increases in generator complex operational and maintenance contracts (R$ 11.7 million in 2020, compared to 2019). Additionally, between 2019 and 2020, maintenance costs involving new contracts with the entry into operations of Pampa Sul and Umburanas – Phase I, were R$ 48.4 million. Finally, there was an increase in costs with replacement materials and consumption, mainly related to the activities of prevention to COVID-19 (R$ 6.1 million in 2020).
Transactions in the short-term energy market: On a full 2019 x 2020 year comparison, costs were R$ 117.5 million lower (27.9%). More explanations on these operations and variations are to be found under the specific item.

Personnel: an increase of R$ 18.8 million (7.4%) comparing 2020 with 2019, mainly due to new hiring, especially in Pampa Sul and Umburanas – Phase I plants, and annual staff remuneration adjustments. In addition, provisions for participation in the results and bonus payouts were higher in comparison with 2019. These effects were partially attenuated by reductions in expenses with medical accreditation and reimbursement of medical and health plan expenses.

Fuels for generation: There was an increase of R$ 31.1 million (18.0%) between 2019 and 2020, motivated, substantially, by the increase in the consumption of proprietary coal, in the amount of R$ 75.4 million, partially mitigated by the effect positive result of the impacts caused by the revaluation by Aneel regarding the excess amount of coal in previous years. Additional proprietary coal consumption is a reflection of the greater volumes of energy generated by the Company's thermoelectric power plants between comparative periods.

Insurance: increase of R$ 23.4 million (35.7%) on a full 2019 x 2020 year comparison, mainly due to the increase of the premium on renewal of the operational risks policy in June 2020 and by the increase in insurance premium for the Jorge Lacerda Thermoelectric Plant, as a result of a reevaluation of risks. Additionally, R$ 13.4 million reflects the entry into commercial operations of Pampa Sul and Umburanas – Phase I.

Financial compensation for use of water resources (Royalties): On a full 2019 x 2020 year comparison, there was a decrease of R$ 47.1 million (35.8%), due largely to lower generation at the hydroelectric plants, partially attenuated by the annual readjustment.

Renegotiation of the hydrological risk: on December 15, 2020, the Company's Management approved the adherence of the plants with electric energy generation concessions to the renegotiation of the hydrological risk under Law 14.052/2020 and regulated by Aneel Normative Resolution 895/2020. The legislation provides for compensation to be granted to the hydroelectric plants participants in the Risk Reallocation Mechanism (MRE) for the effects caused by the generators denominated the structural elements, and relating to the anticipation of the physical guarantee and the restrictions on the entry into operations of the transmission installations necessary for the transportation of the offtake of energy and, retroactively, for generation outside the order of merit and importation. As compensation, the generators have the right to an extended concession term for up to seven years. Given this, an intangible asset was recognized, corresponding to the right of extension of the concession offset against the item "Recovery of energy costs – Renegotiation of hydrological risk" in the income statement for R$ 967.7 million. Additionally, the Company clarifies that it has not booked the effect of the right to extension of the concession for the Itá and Machadinho consortia since approval had not been given by all the consortia members at the close of 2020 as called for in the legislation. Approval by the other members of the consortia is expected in 2021.

Solar panels

In the annual comparison, there was a decrease of R$ 14.5 million (15.1%), mainly due to the slowdown in commercial activities, due to the COVID-19 pandemic.

Operational result from the energy transmission segment

The Company has primary responsibility for the construction and installation of the infrastructure pertaining to the Gralha Azul transmission concession – work on the installation of which began in the second half of 2018 - and Novo Estado, as from the acquisition of 100% of the shares in Novo Estado Transmissora de Energia S.A. in March 2020 and is exposed to the risks and benefits of these constructions. Consequently, based on prevailing accounting practices, the Company books revenue over the course of the implementation of the transmission infrastructure for an amount corresponding to the construction costs plus a gross residual margin to cover the costs related to construction management. Expenditures incurred in the construction are recognized in the cost of the transmission infrastructure. The Annual Allowed Revenue (RAP) is received once the transmission system goes into commercial operations. Thus, only resources generated from the operational activity are received from then onwards.

Gross operational profit from the energy transmission segment recorded an increase of R$ 262.6 million on a full 2019 x 2020 year comparison, due principally to the initial construction work on Novo Estado and progress made on construction work of the Gralha Azul Transmission System. Additionally, remuneration revenue from transmission infrastructure was also impacted by the variation in IPCA.

In 2020, the Company booked a net gain for efficiency in the implementation of transmission infrastructure of R$ 35.2 million.

Operational result of the energy trading segment

The Company operates in the energy trading market, obtaining results through the variation in prices and within pre-established risk limits. Energy trading operations are transacted in an active market and for accounting purposes, these transactions meet the definition of financial instruments at fair value, since there is no commitment to match buying and selling operations. There is thus the corresponding flexibility to manage contracts and obtain results from market price variations.

On an annualized basis, the gross result reported a reduction of R$ 25.2 million from a loss of R$ 2.4 million in 2019 to a loss of R$ 27.6 million in 2020, largely due to the negative effect of marking to market of R$ 45.2 million. This effect was partially compensated by: (i) R$ 11.1 million positive effect from executed transactions; and (ii) R$ 8.9 million reflecting the positive result of transactions in the short-term energy market.

Details of short-term operations

Short-term operations are classified as energy purchase or sale operations, the principal objective being the management of exposure on the CCEE. Consequently, the price of these operations is characterized by the linkage with the Price for Settlement of Differences (PLD). This item also includes the transactions conducted through the CCEE, given their volatile and seasonal nature, therefore, short-term, of the results originating from accounting movement in the CCEE. Additionally, the long and short positions are settled at the PLD, thus, similar to the short-term operations described above.

In relation to the transactions conducted through the CCEE, the various monthly credit or debit

entries to the account of a Board agent are summarized in a single billing as a receivable or a payable. This therefore requires an entry to either an income or an expense item. In this context, it is worth pointing out that due to adjustments in the Company's portfolio management strategy, changes have been taking place in the profile of the mentioned billings. Such fluctuations complicate the direct comparison of the elements comprising each billing for the periods being analyzed - the reason for including this specific topic. The strategy allows us to analyze the fluctuations of the principal elements involved in spite of allocation being either to an income or expenses account according to the credit or debit nature of the billing to which they relate.

Generically, these elements are revenues or expenses arising, for example, (i) from the application of the Energy Reallocation Mechanism (MRE); (ii) from the Generation Scaling Factor (GSF), triggered when generation of plants, part of the MRE, is greater or smaller (Secondary Energy) than the allocated energy; (iii) from the so-called "submarket risk"; (iv) dispatch driven by the Risk Aversion Curve (CAR); (v) the application of System Service Charges (ESS), resulting in dispatch which diverges from the thermal plants order of merit; and (vi) naturally, exposure (a short or long position in the monthly accounting) and settled at the PLD.

For the 12-month period of 2020, the net result, arising from short-term transactions, was positive at R$ 241.3 million, a decrease of R$ 37.2 million in relation to the also positive result of R$ 278.5 million in 2019, a R$ 46.1 million reduction in the result of transactions in the generation and energy sales from the portfolio segment and an increase of R$ 8.9 million in the result of energy trading transactions.

This reduction is basically a reflection of the combination of the following events: (i) an increase in the negative impact of the MRE Adjustment Factor (GSF) — already deducted for the effects of renegotiation of the hydrological risk, due to reduced hydro generation in 4Q20 when compared to 4Q19; (ii) MRE expenses given the lower hydroelectric generation in 2020; and (iii) the negative effect stemming from the difference of prices between the North/Northeast and Southeast/Central-West submarkets. These events were attenuated by the following factors: (iv) increase of the financial impact of short-term operations and the long position in the CCEE; and (v) greater dispatch of the Jorge Lacerda thermoelectric power plant between the analyzed periods due to the lower hydroelectric generation.

Average PLD in R$/MWh	2020	2019	12M Avg. (%)
South	184.42	227.10	(18.8%)
Southeast/Center-West	177.00	227.10	(22.1%)
Northeast	134.42	166.73	(19.4%)

In December 2019, Aneel stipulated maximum and minimum PLD limits for 2020 at R$ 559.75/MWh and R$ 39.68/MWh, respectively. The following table shows the average PLD amounts for those submarkets in which the Company operates (in MWh).

Selling, general and administrative expenses

On an annualized basis, selling, general and administrative expenses rose R$ 24.2 million (9.6%) between 2019 and 2020, from R$ 253.2 million in 2019 to R$ 277.4 million in 2020. This increase was due to a combination of the following: (i) an increase of R$ 24.6 million (10.1%) of the generation and energy sales from the Company's portfolio segment, mainly driven by the following effects: (i.i) R$ 28.6 million in payroll expenses; and (i.ii) R$ 8.8 million in expenses with outsourced materials and services, more particularly in the area of acquisition of general IT services as already mentioned. These effects were partially attenuated by a reduction in the booking of R$ 10.2 million in provisions for civil contingencies in 2019. Additionally, there was a reduction of R$ 0.4 million in other segments in which the Company operates.

Other operating (expenses) revenues, net

Other net operating revenues (expenses) reported a negative effect of R$ 325.1 million (101.5%) between 2019 and 2020. In 2020, the Company booking other operating expenses, net in the amount of R$ 4.7 million, while in 2019, the Company booked other operating revenues, net of R$ 320.4 million. This variation is largely explained by the booking in 3Q19, of other non-recurring operating revenues totaling R$ 321.0 million from indemnifications received for non-compliance with contractual conditions on the part of the supplier responsible for the construction of Pampa Sul, principally related to the delay in concluding the work. The value received is stipulated in contract and was calculated on the basis of the product between the number of days delay in delivering the work and a set daily amount. This amount was calculated to compensate the Company for the loss of earnings due to the delay in delivering the work.

Provisioning for asset impairment

When comparing the two fiscal years there was a variation of R$ 93.9 million of impairment, as result, mainly, (i) to the Jorge Lacerda Thermoelectric Power Plant, units 1 and 2, due to the possibility to deactivate these units and scheduled for December 2021, in line with the Company's decarbonization strategy; and (ii) R$ 40.8 million relating to the amounts of the "Mais valia from the acquisition of investments" and "Goodwill from future expected profitability", originating from the acquisition of EGSD, in view of the possibility of non-recovering of these values. It is worth underscoring that Jorge Lacerda's units 1 and 2 have a net physical guarantee of 32 MWa and a Unit Variable Cost (UVC) of R$ 270.48, and for this reason the plant is dispatched on demand and for short periods. Consequently, the plant's eventual decommissioning will not have any significant actual or future impact on the Company.

Equity income – gas transportation

On June 13, 2019, the jointly controlled Aliança Transportadora de Gás S.A. (Aliança) acquired a 90% corporate control in Transportadora Associada de Gás S.A. (TAG). The Company had a 32.5% direct corporate stake in the jointly controlled company, Aliança, and therefore a 29.25% indirect corporate stake in TAG. On September 2, 2019, TAG incorporated Aliança and as from this date, the Company holds a 29.25% direct corporate stake in TAG.
On July 20, 2020, the Company acquired from Petrobras an additional shareholding participation in TAG of 3.25% of the total 10% which Petrobras still held. Consequently, the Company now

enjoys a direct 32.5% corporate stake in TAG.

The equity income result at TAG for 2020 and 2019 consists of the following items:

	2020				2019		
DRE – in R$ M	12M20	01/01 to 07/19/2020 (29.25%)	07/20 to 12/31/2020 (32.5%)	Company's share	12M19	06/13 to 12/31/2020 (29.25%)	Company's share
Aliança (32.5%)							
General and administrative expenses	-	-	-	-	(325.4)	-	(105.8)
Amortization of mais-valia	-	-	-	-	*(178.7)*	-	*(58.1)*
Development expenses for the TAG acquisition project	-	-	-	-	*(137.5)*	-	*(44.7)*
Others	-	-	-	-	*(9.2)*	-	*(3.0)*
Loss before financial result and taxes	**-**	**-**	**-**	**-**	**(325.4)**	**-**	**(105.8)**
Financial result	-	-	-	-	(326.3)	-	(106.0)
Loss before taxes	**-**	**-**	**-**	**-**	**(651.7)**	**-**	**(211.8)**
Income tax and social contribution	-	-	-	-	62.8	-	20.4
Aliança's net loss	**-**	**-**	**-**	**-**	**(588.9)**	**-**	**(191.4)**
TAG							
Net operational revenue	6,003.8	3,094.0	2,909.8	1,850.7	5,194.5	2,915.7	852.8
Costs of services provided	(2,243.5)	(1,211.7)	(1,031.8)	(689.7)	(1,506.1)	(1,002.1)	(293.1)
Gross income	**3,760.3**	**1,882.3**	**1,878.0**	**1,161.0**	**3,688.4**	**1,913.6**	**559.7**
General and administrative expenses	(140.1)	(80.5)	(59.6)	(42.9)	(206.1)	(133.7)	(39.1)
Income before financial result and taxes	**3,620.2**	**1,801.8**	**1,818.4**	**1,118.0**	**3,482.3**	**1,779.9**	**520.6**
Financial result	(1,445.0)	(714.7)	(730.3)	(446.3)	(597.9)	(546.6)	(159.9)
Income before taxes	**2,175.2**	**1,087.1**	**1,088.1**	**671.6**	**2,884.4**	**1,233.3**	**360.7**
Income tax and social contribution	(580.8)	(129.2)	(451.6)	(184.6)	(772.9)	(301.6)	(88.2)
TAG's net income	**1,594.4**	**957.9**	**636.5**	**487.1**	**2,111.5**	**931.7**	**272.5**
Impact on EBE's equity income				**487.1**			**81.1**

The comparison between the effects impacting the equity income result for 2019 and 2020 is of limited value since TAG's equity income result for 2019 covers just 6 months' result. Again, for a large part of the second half of 2020, the Company's shareholding stake in TAG was 32.5%, higher than the 29.25% in previous period to the acquisition of the additional stake.

We show the following table for reconciling TAG's net income with its EBITDA:

	2020	2019	
	TAG	Aliança	TAG
EBITDA – in R$ million	100%	100%	100%
Income (loss) before financial results and taxes	**3,620.2**	**(325.4)**	**3,482.3**
Depreciation and amortization	628.0	-	665.2
Amortization of *mais-valia*	906.5	178.7	295.3
EBITDA	**5,154.7**	**(146.7)**	**4,442.8**

Balance Sheet

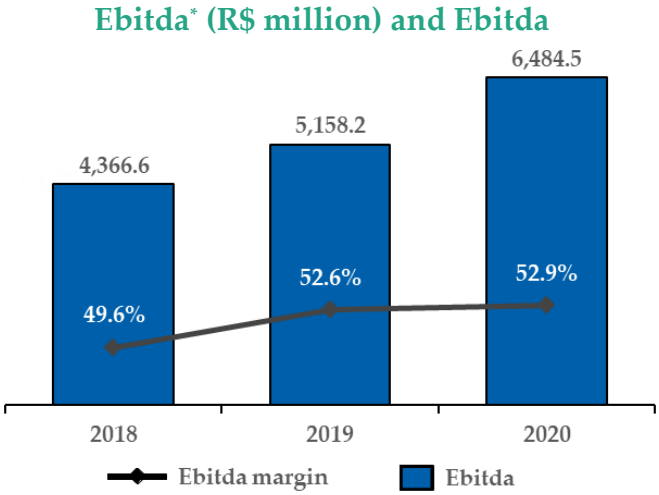
TAG's principal asset and liability groups as at December 31, 2020 and 2019 were as follows:

Balance Sheet - TAG	12/31/2020	12/31/2019
ASSETS		
Current assets	**2,220.3**	**1,832.5**
Cash and cash equivalents	436.6	340.9
Unrealized gains on hedging transactions	18.6	-
Other current assets	1,765.1	1,491.6
Non current assets	**35,659.5**	**34,830.0**
Restricted deposits	202.6	-
Unrealized gains on hedging transactions	29.1	-
Other non-current assets	3,523.9	1,715.0
Property, plant and equipment	29,184.9	30,616.6
Intangible	2,719.0	2,498.4
Total	**37,879.8**	**36,662.5**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**3,874.3**	**2,797.4**
Loans,financing and debentures	3,250.0	2,341.8
Unrealized losses on hedging transactions	298.0	427.3
Other current liabilities	326.3	28.3
Non-current liabilities	**27,078.1**	**24,037.0**
Loans, financing and debentures	22,519.1	21,250.8
Unrealized losses on hedging transactions	910.2	-
Other non-current liabilities	3,648.8	2,786.2
Shareholders' equity	**6,927.4**	**9,828.1**
Total	**37,879.8**	**36,662.5**

EBITDA and EBITDA margin

	EBITDA by segment – 2020 x 2019 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
2020						
Income (loss) before financial results and taxes	4,839.2	279.9	(30.7)	(6.0)	487.1	5,569.5
Depreciation and amortization	914.0	-	-	1.0	-	915.0
EBITDA	**5,753.2**	**279.9**	**(30.7)**	**(5.0)**	**487.1**	**6,484.5**
EBITDA Margin	**67.4%**	**11.0%**	**(2.8%)**	**(6.2%)**	**-**	**52.9%**
2019						
Income (loss) before financial results and taxes	4,205.9	18.4	(5.3)	(5.2)	81.1	4,294.9
Depreciation and amortization	862.5	-	-	0.8	-	863.3
EBITDA	**5,068.4**	**18.4**	**(5.3)**	**(4.4)**	**81.1**	**5,158.2**
EBITDA Margin	**60.1%**	**10.8%**	**(0.5%)**	**(4.5%)**	**-**	**52.6%**
Variation						
Income (loss) before financial results and taxes	633.3	261.5	(25.4)	(0.8)	406.0	1,274.6
Depreciation and amortization	51.5	-	-	0.2	-	51.7
EBITDA	**684.8**	**261.5**	**(25.4)**	**(0.6)**	**406.0**	**1,326.3**
EBITDA Margin	**7.3 p.p.**	**0.2 p.p.**	**(2.3 p.p.)**	**(1.7 p.p.)**	**-**	**0.3 p.p.**

Management Report/Economic-Financial Performance



** Ebitda: net income + income tax and social contribution and financial expenses, net + depreciation and amortization.*

On a full 2019 x 2020 year comparison, EBITDA increased R$ 1,326.3 million (25.7%) from R$ 5,158.2 million in 2019 to R$ 6,484.5 million in 2020, a combination of the following positive effects: (i) R$ 684.8 million (13.5%) in the generation and electric energy sales portfolio segment of the Company; (ii) R$ 261.5 million from the energy transmission segment; and (iii) R$ 406.0 million due to a higher result from the corporate stake in the jointly controlled subsidiary – TAG. These positive effects were counterbalanced by the following negative effects: (iv) R$ 25.4 million from the energy trading segment – of which R$ 45.2 million are a result of the effects of marking to market, albeit partly attenuated by the positive impact of R$ 19.8 million originating from executed transactions and from operating expenses; and (iv) R$ 0.6 million (13.6%) from the solar panel segment.

The generation segment, the variation of which is shown in item (i) above was affected by non-recurring events booked in the comparative years in the amount of R$ 636.3 million with respect to the following events: (i) an additional R$ 967.7 million in recovered energy costs in the light of the renegotiation of the hydrological risk in 2020; (ii) R$ 83.5 million gain from the successful legal action in 2020; (iii) the negative effect of R$ 321.0 million of other operating revenues from indemnifications received for non-compliance with contractual conditions from the supplier responsible for the construction of Pampa Sul and booked in 2019; and (iv) R$ 93.9 million arising from the increase in asset impairment between compared years.

Excluding these effects, EBITDA for this segment in 2020 would have declined from R$ 5,753.2 million to R$ 4,800.8 million and in 2019 from R$ 5,068.4 million to R$ 4,752.3 million. With this on a 2019 x 2020 comparative bases, EBITDA for this segment would have reported an increase of R$ 48.5 million (1.0%), mainly a reflection of the following positive effects: (i) R$ 126.5 million, result of the combination of variations in energy volume sold and the average net selling price (ii) R$ 82.6 million reduction in energy purchases; (iii) R$ 47.1 million decrease in royalty payments; and (iv) R$ 28.8 million in indemnification for interruption to business. These effects were partially offset by the following negative effects: (v) R$ 61.7 million increase in the costs of outsourced materials and services; (vi) R$ 46.6 million from the increase in charges for the use of the network; (vii) R$ 46.1 million in the result from transactions conducted on the short-term market; (viii) R$ 31.1 million in higher own fuel consumption; (ix) R$ 24.6 million in increased selling, general and administrative expenses; (x) R$ 18.8 million in increased payroll overheads; and (xi) R$ 7.6 million of other revenues, costs and operating expenses.

Generation EBITDA margin

The EBITDA margin for the generation segment recorded an increase of 7.3 p.p. from 60.1% in 2019 to 67.4% in 2020.

Excluding non-recurring effects previously mentioned and booked in 2019 and 2020, the segment's EBITDA would have shown an increase of R$ 48.5 million (1.0%). The EBITDA margin in 2020 and 2019 would have been 56.8% and 56.4%, respectively, reflecting in an additional 0.4 p.p. between the full fiscal years compared herein.

Consolidated EBITDA Margin

The consolidated EBITDA margin registered an increase of 0.3 p.p. from 52.6% in 2019 to 52.9% in 2020. Excluding the non-recurring effects already mentioned the consolidated EBITDA would have posted an increase of R$ 690.0 million (14.3%) between the years 2020 and 2019. The EBITDA margin on the same comparable basis would have shown a decrease of 4.0 p.p.

It should be pointed out that the consolidated EBITDA margin is partially reduced by the effects of energy trading operations, booking of revenue and costs for the construction of the transmission lines and the operations transacted by the EGSD subsidiary, where margins are characteristically inferior to those of the company's other operations.

The following table reconciles net income with EBITDA:

(In millions of R$)	2018	2019	2020	Change 2020 x 2019
Net income	2,315.4	2,311.1	2,797.3	21.0%
(+) Income tax and social contribution	652.4	776.8	889.8	14.5%
(+) Net financial result	699.3	1,207.0	1,882.4	56.0%
(+) Depreciation and amortization	660.2	863.3	915.0	6.0%
EBITDA	**4,327.3**	**5,158.2**	**6,484.5**	**25.7%**

Financial result

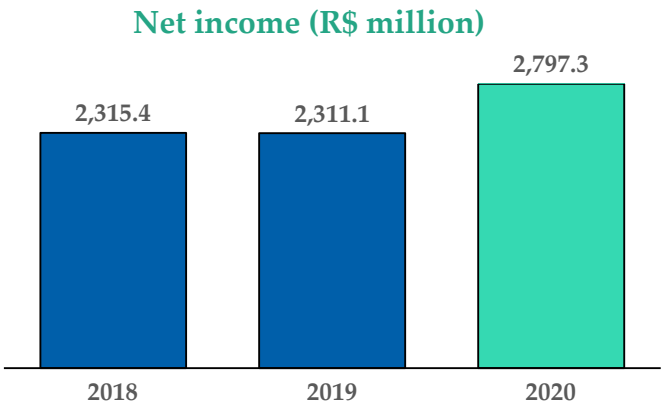
Financial income: On a 2019 x 2020 comparative basis, financial revenue increased by R$ 107.7 million (73.2%) from R$ 147.1 million in 2019 to R$ 254.8 million in 2020. This variation is essentially due to the following factors: (i) a non-recurring increase in interest on tax and social contribution payments of R$ 76.3 million, relating to the financial restatement on the tax claw back following a successful legal action; (ii) an increase of R$ 39.9 million of monetary restatement principally due to: (ii.i) R$ 29.4 million, reflecting the conclusion by the regulator of the effects of Aneel resolution, indicating a reduction in reimbursement for mineral coal acquired with resources drawn from the Energy Development Account (CDE) due to the generator unit's energy efficiency and (ii.ii) R$ 10.0 million, due to the impacts resulting from monetary variation from recovery of past coal acquisition costs; and (iii) a reduction of R$ 6.4 million in revenues from financial investments due to the decline in interest rates between compared years.

Financial expenses: On an annualized comparative basis, expenses increased from R$ 1,354.1 million in 2019 to R$ 2,137.2 million in 2020, that is, by R$ 783.1 million (57.8%), a result of a combination of the same effects in the foregoing item, principally in the form of: (i) increases of R$ 463.9 million interest and monetary restatement on concession grants payable; and (ii) increase of R$ 292.5 million in interest, monetary restatement and on adjustments to the fair value of debt.

Income Tax and Social Contribution

Income Tax (IT) and Social Contribution (CSLL) increased R$ 113.0 million from R$ 776.8 million in 2019 to R$ 889.8 million in 2020, largely due to the fiscal effects on non-recurring items booked in 2020 with respect to the renegotiation agreement on hydrological risk, a successful outcome to a legal action and the asset impairment, mentioned above as well as the booking in 2019 of indemnities received for non-compliance with contractual conditions by the supplier responsible for the construction of Pampa Sul in view of late delivery of the work. The other contributory non-recurring item was asset impairment. The effective rate of IT and CSLL in 2020 was 24.1%, 1.1 p.p less than the amount reported in 2019, of 25.2%.
If these effects are excluded, there was a decrease of R$ 129.3 million, reflecting: (i) a reduction in pre IT/CSLL profits between the periods under review; and (ii) greater benefits accruing from tax incentives in 2020.

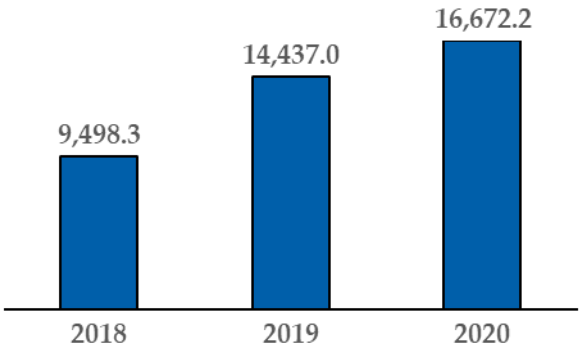
Net income



On a 2019 X 2020 comparison basis, net income increased from R$ 2,311.1 million in 2019 to R$ 2,797.3 million, that is an increase of R$ 486.2 million or 21.0%. This positive effect is due to the following impacts: (i) an increase of R$ 1,326.3 million in EBITDA; (ii) increase of R$ 675.4 million of net financial expenses; (iii) a further R$ 113.0 million in income tax and social contribution; and (iv) an additional R$ 51.7 million of depreciation and amortization. Excluding non-recurring items which impacted the periods (renegotiation of hydrological risk, asset impairment, and successful legal action in 2020 and indemnity payments received for non-compliance with contractual conditions plus asset impairment in 2019), net profit in 2020 would have been R$ 15.9 million (0.8%) higher.

Debt

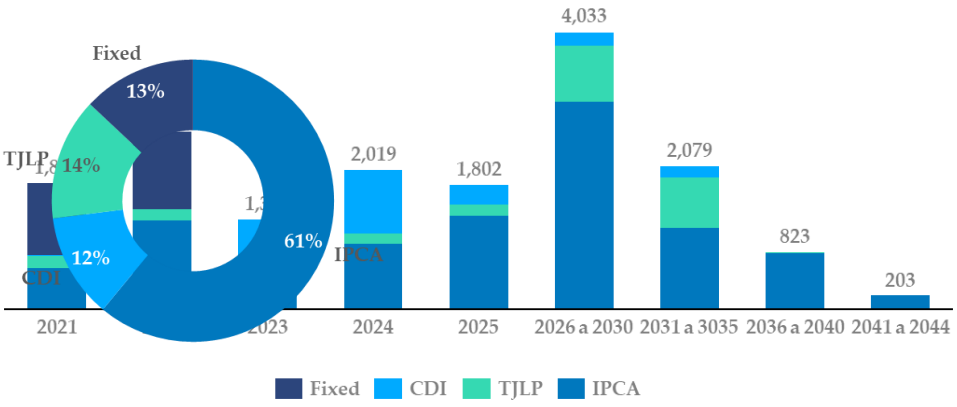
Total debt (R$ million)



As of December 31, 2020, total consolidated gross debt, representing principally loans, financing, debentures and redeemable preferred shares, net of hedging operations, totaled R$ 16,672.2 million — an increase of 15.5% (R$ 2,235.5 million) compared to the position as at December 31, 2019.

The variation in the Company's debt is related essentially to a combination of the following events during 2020: (i) drawdowns from the Brazilian Development Bank (BNDES) and on-lending banks amounting R$ 2,181.3 million, largely for the construction of the Campo Largo II Wind Power Complex and the Novo Estado and Gralha Azul transmission systems; (ii) raising of loans via Law 4131 for R$ 1,132.4 million from overseas financial institutions, totally protected by hedge operations, and allocated for the formation of working capital and for the financing of Company's business plan; (iii) a debentures issue for R$ 1,009.3 million, for financing the implementation of transmission projects and for allocation to Pampa Sul; (iv) injection of R$ 476.8 million from the subscription of preferred shares of Novo Estado Participações S.A.; (v) generation of R$ 1,150.0 million in charges to be paid and monetary restatement; and (vi) R$ 3,714.3 million in amortizations of loans, financing and debentures.

Maturity Term Loans (R$ million)



Debt breakdown

The average weighted nominal cost of debt at the end of 2020 was 7.6% (7.6% at the end of 2019).

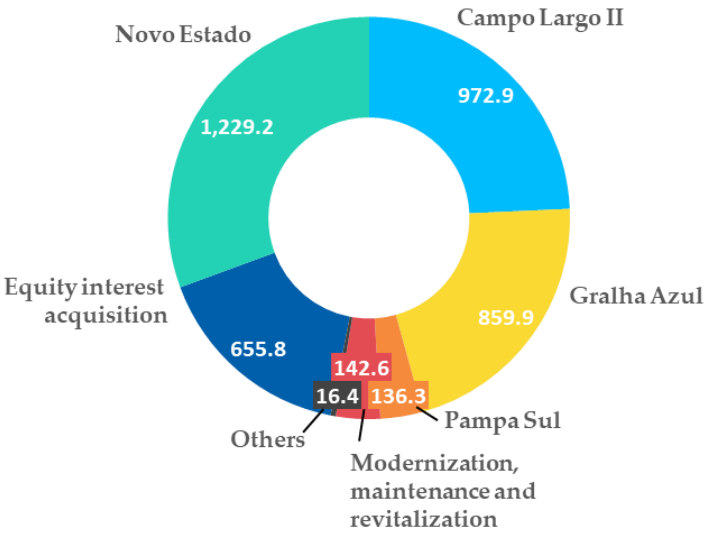
On December 31, 2020, the Company's net debt (total debt less result of derivatives operations, deposits earmarked to the guarantee of debt servicing and cash and cash equivalents) was R$ 11,786.4 million, as increase of 15.6% compared with the end of 2020.

Net Debt (R$ million)

	2018	2019	2020	Change 2020 x 2019
Gross debt	9,720.2	14,763.1	17,246.1	16.8%
Result of derivatives operations	(222.0)	(326.3)	(573.9)	75.9%
Deposits earmarked for the payment of debt	(226.2)	(374.7)	(346.9)	-7.4%
Cash and cash equivalents	(2,415.8)	(3,870.3)	(4,538.9)	17.3%
Total net debt	**6,856.3**	**10,191.8**	**11,786.4**	**15.6%**
Net debt x EBITDA	**1.6x**	**2.0x**	**1.8x**	

Capital Expenditures

Capital expenditures (R$ million)



In 2020, the Company invested R$ 4,013.1 million, of which (i) R$ 655.8 million were used for the acquisition of corporate stakes: R$ 328.6 million for the acquisition of a 100% corporate holding in Novo Estado Energia S.A. and R$ 327.2 million for the acquisition of an additional 3.25% in Transportadora Associada de Gás S.A. (TAG); (ii) R$ 3,214.7 million applied in the construction of new projects as follows: (ii.i) R$ 1,229.2 million for the Novo Estado Transmissora de Energia transmission line; (ii.ii) R$ 972.9 million in the Campo Largo II Wind Power Complex; (ii.iii) R$ 859.9 million invested in the Gralha Azul Transmission Line; (ii.iv) R$ 136.3 million in the Pampa Sul Thermoelectric Power Plant and (ii.v) R$ 16.4 million in other investments; (iii) R$ 142,6 million were allocated to generator complex maintenance, revitalization and modernization projects, of which, R$ 9.9 million invested in the modernization of the Salto Osório Hydroelectric Power Plant.

Credit of Dividends and Interest on Equity Capital

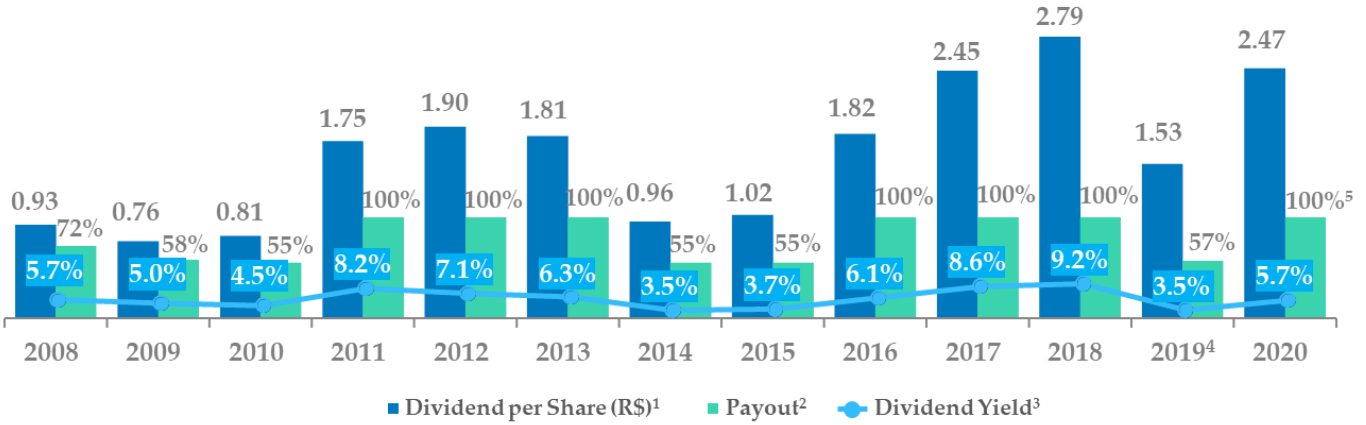
At meetings held on July 30, 2020, and December 15, 2020, the Company's Board of Directors approved the distribution of interim dividends in the respective amounts of R$ 677,689, equivalent to R$ 0.8305737385 per share, and R$ 554,472, equivalent to R$ 0.6795603315 per share. The shares were trading ex- interim dividends from August 10, 2020 and December 21, 2020, respectively. The total interim dividends approved equals 100% of the adjusted net earnings of the first half of 2020. In addition, the December 15, 2020, meeting also approved paying interest on shareholders' equity for fiscal year 2020 in the amount of R$ 175.0 million (R$ 0.2144797773 per share).

The Meeting of the Board of Directors of February 11, 2021, approved the proposed complementary dividends for fiscal year 2020, in the amount of R$ 609.6 million (R$ 0.7471177357 per share). All proceeds require ratification by the Annual General Meeting, which will determine payment terms.

Even in the face of the challenges raised by the COVID-1 pandemic and investments made in

2020, the total proposed proceeds for the fiscal year reached R$ 2,016.8 million (R$ 2.4717315830 per share), equivalent to 100% of payable net earnings (excluding hydrological risk renegotiation).

History of dividend distribution (payout)



(1) For the purposes of comparability between fiscal years, an adjustment in dividend per share was made in the light of the share bonus approved on December 07, 2018

(2) Considers the annual payable net income.

(3) Based on volume-weighted closing price of ON shares in the period.

(4) Figures for 2019 were resubmitted in the light of the AGM's decision on the retention of interim dividends for fiscal year 2019.

(5) Payout equivalent to 100% of the distributable adjusted net income (ex-hydrological risk negotiation).

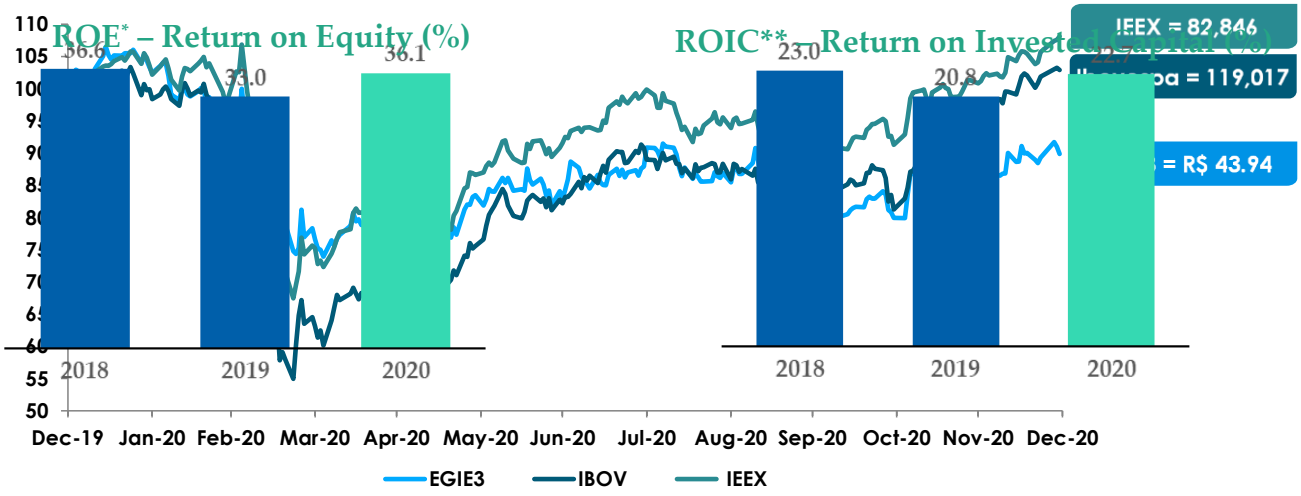
Capital markets and performance of shares

The Company's shares are traded on the Brazilian stock exchange (B3) under the EGIE3 (100% common shares) symbol. In addition, the Company has a Level I American Depositary Receipts (ADRs) Program, the securities for which are traded on the United States Over-The-Counter (OTC) market under the EGIEY symbol at a ratio of one ADR to every one common share.

ENGIE Brasil Energia's registered a devaluation of 10.1%, while IEEX and the Ibovespa posted growth of 8.1% and 2.9%, respectively. Average daily volumes traded were R$ 81.1 million, a growth of 35.1% compared with 2019 when trading turnover was R$ 60.0 million.

On the last trading day in December 2020, the closing price of the Company's shares was R$ 43.94/share, translating into a market capitalization of R$ 35.9 billion.

EGIE3 vs. Ibovespa vs. IEEX (Base 100 – 31.12.2019)



** ROE: net equity for the past 4 quarters /shareholders' equity.*

*** ROIC: effective tax rate x EBIT / invested capital (invested capital: debt - cash and cash equivalents - deposits earmarked for debt servicing + SE).*

Ratings

In 2020, Fitch Ratings reaffirmed the Company's National Long-Term Rating at 'AAA(bra)', stable outlook, and its international rating at 'BB', stable outlook, one level above the sovereign rating.

Fitch Ratings Agency	Classification
Domestic Rating	AAA(bra)
International Rating – Issues in Reais	BBB-
International Rating – Foreign Currency issues	BB
Sixth debenture issue Rating, due 2024	AAA(bra)
Seventh debenture issue, due 2026	AAA(bra)

SOCIO-ENVIRONMENTAL MANAGEMENT

Sustainability lies at the heart of the Company's strategy, so that business performance is anchored on respect for people and the planed, a pledge reflected in ENGIE's non-financial objectives – which drive corporate strategy beyond economic aspects.

In this sense, in addition to working to expedite the transition to a low-carbon economy – in its own operations as well as for customers and in the communities where it operates – the Company endeavors to handle socio-environmental matters responsibly and proactively, in full compliance with the law and carrying out voluntary actions to contribute to sustainable development.

In its operating assets as well as in projects under implementation, socio-environmental management includes practices to ensure conservation of the environment, worker health and safety, and support to local communities.

Environmental management

Legal compliance at every level is a key commitment for ENGIE in the pursuit of its activities in Brazil and abroad. This commitment incudes full compliance with the environmental law, so that projects – both undergoing implementation and in operation – undergo strict reviews as to their impacts on the ecosystem.

These reviews are supported by in-depth studies conducted by experts on each topic, and duly validated by the relevant environmental authorities – which is necessary to secure and maintain the required licenses. To supplement its activities to ensure legal compliance, the Company carries out a series of voluntary initiatives focusing on conservation of natural resources and minimizing impacts on the environment and communities.

As a means to attain the corporate environmental objectives and targets, the Integrated Management System (Sistema Integrado de Gestão – SIG) tracks several performance and compliance indicators, such greenhouse gas emissions, water and effluents management, solid waste, and plant life and wildlife handling. To continuously improve performance, we establish annual targets for every project, given the most relevant aspects in terms of impact and resource usage.

As a fruit of this effort, the following operating licenses (LO) were renewed in 2020:

- Mundaú Wind Farm, part of the Trairi Wind Complex, renewed on 11.20.2020 for a six-year period;
- Tubarão Wind Farm, renewed on 04.23.2020 for a four-year period;
- Santa Mônica Wind Farm, part of the Trairi Wind Complex, renewed on 09.02.2020 for a 10-year period;
- Outtake, Adduction and Treatment of water for Industrial Supply at the Lages Co-Generation Unit, renewed on 04.20.2020 for a four-year period;
- 138 kV Transmission line of the José Gelazio da Rocha SHP, renewed on 07.21.2020 for a five-year period;
- Pampa Sul Thermal Power Plant, renewed on 02.04.2020 for a five-year period.

Also on this topic, 2020 highlights include submission of the Environmental Plan for Conservation and Usage of the Areas Adjacent to the Reservoir ("Plano Ambiental de Conservação e Uso do Entorno do Reservatório" – Pacuera) of the Cana Brava Hydroelectric Plant, in Goiás, and approval by the Federal environmental authority (Ibama) of Plans for the Itá Hydroelectric Plant, in Santa Catarina, submitted to the authority in 2019. These plans are developed in collaboration with local communities and provide short-, medium- and long-run guidance, guidelines, actions and activities to explain standards and rules to users of the areas adjoining the reservoirs.

Some of the voluntary programs that the Company has deployed in the areas where it operates include:

- *Headwaters Protection Program*: conducted in partnership with governmental and third-sector organizations, it promotes the conservation of natural resources and contributes to improving the quality of the water that communities consume. Since the program's launch, 2,040 headwaters have been protected – 133 of them in 2020 alone – in the catchment areas of 14 Company-operated plants.

- *Seedlings donation and planting:* ENGIE Brasil Energia keeps eight sapling nurseries that help maintain the biomes of the regions where they stand by raising native species seedlings, donations to the community, and planting by the Company itself. All told, more than 360 thousand saplings were planted or donated in 2020. These include 2.8 thousand araucaria in Paraná, as part of compensation measures associated with the implementation of the Gralha Azul Transmission Project. In addition to contributing to biodiversity conservation, the plan is also educational because some of the donations take place at events held in schools and other community venues.

- *Biodiversity Matrix Project*: its main purposes are targeting the allocation of investments in the area, aligning environmental conditions with priority conservation efforts, improving performance indicators, and leveraging positive impacts on threatened environmental attributes. In 2020, the results of in-depth environmental studies held on pilot projects enabled deployment of strategic actions for biodiversity conservation in the regions where they occur.

Social Responsibility and community relations

As partners in the pursuit of sustainable development, the communities of the regions where the Company operates stand as priority stakeholders for ENGIE Brasil Energia. As a result, the company keeps dialogue channels open and supports several community initiatives, allocating social investments to the following main strategic areas: access to culture and sports, protection of children and teenagers, income generation, and social inclusiveness.

In projects undergoing implementation, and based on engagement of local communities and guidance from licensing authorities, the Company also fosters skills-building and productive activities, particular emphasis being due on support to association and cooperativism, and improving the socio-economic conditions of the most underserved social groups.

In 2020, the Company invested R$ 22.6 million in community development projects not associated with project implementation. These investments break down into own and incentivized funds, as the table next shows, to enhance positive impact on communities.

Investments in social responsibility (in thousands of R$)

Source	2018	2019	2020	Change 2020 x 2019
Non-incentivized investments	3,497.0	4,034.6	7,504.2	86.0%
Investments through the Infancy and Adolescence Fund - FIA	1,837.0	2,609.0	1,868.4	-28.4%
Investments under the Culture Incentive Law – Rouanet Law	8,798.0	9,375.0	7,264.6	-22.5%
Investments under the Sport Incentive Law	1,610.0	2,490.0	1,418.5	-43.0%
Investments under the National Support Program for Oncological Care - PRONON	1,597.0	2,535.0	1,661.0	-34.5%
Investments under the National Care Support Program for People with Special Needs - PRONAS/PCD	1,607.4	2,546.0	1,436.3	-43.6%
Investments through the Municipal Fund for the Elderly	1,430.9	2,286.0	1,480.9	-35.2%
TOTAL	**20,377.3**	**25,875.6**	**22,633.9**	**-12.5%**

One of Company's main community relations efforts concerns the Culture and Sustainability Centers – designed, implemented and maintained since 2011 with EBE sponsorship, using both incentivized and own funds. These venues foster cultural and educational initiatives in the communities neighboring the Company's operations, providing community socialization opportunities and access to artistic manifestations such as drama, music, dance and cinema – so seldom found in smaller countryside towns. Six centers have been implemented thus far, the latest of which opened in the city of Minaçu (GO) in August 2019, near the Cana Brava Hydroelectric Plant. Two more centers have been approved by the Ministry of Citizenship and the Bureau of Culture for construction start – as they rely on tax benefits from the latter. They are the Trairi Culture Center (CE) and the Saudade do Iguaçu Culture Center (PR). Another center awaits the Bureau's approval in Itá (SC).

Another important tool for community outreach and the dissemination of the sustainability culture is the Visitations Program. The Company partners with other entities to maintain structured visitation routines at the plants that form its generation complex, introducing the projects' operations and the socio-environmental projects carried out in the surrounding areas. The program is supplemented by presentations at schools and in other community environments, focusing on the same topic and emphasizing environmental education.

The program involved approximately 33 thousand in 2020, markedly lower than in previous years, due to activities suspended because of the COVID-19 pandemic.

Support to volunteering

ENGIE Brasil Energia has since 2018 held the "Energia Voluntária" campaign, which encourages employees to donate from their Income Tax bills to social projects such as culture centers, day-care centers, orphanages, hospitals, or homes for the elderly. The Company provides consulting support to enable the donations. Another important face of the initiative lies in engaging donors with beneficiary projects and their social causes. The 2020 Campaign involved 52 employees, generating donations of approximately R$ 100 thousand.

In the same vein, the Company held three campaigns to encourage employees to donate to entities from around the Company's operations that lent assistance those most affected by COVID-19, with particular support to the purchase of staples, PPEs, and personal hygiene and cleaning products. In the first campaign, the Company matched the amount donated by employees. Two more rounds where held where the Company tripled amounts collected from its teams. The campaigns raised R$ 563 thousand, considering 1,528 donations from employees and the stake of ENGIE Brasil Energia.

Facing the pandemic

Recognizing its social role, ENGIE Brasil Energia carried out a series of actions in support of communities to face the COVID-19 pandemic and its effects, allocating R$ 7.1 million to initiatives thus intended. In the early days of the health crisis, the focus was on immediate support to healthcare institutions as a means to improve their conditions to serve the population, via the donation of hospital equipment and materials. Then, support turned to underserved households, which benefitted from foodstuffs donations and more structure jobs and income-generation projects.

In parallel with solidary action, ENGIE remained connected with research institutions dedicated to the development of solutions for COVID-19 prevention and diagnosis. One of the main efforts on this front was setting up an emergency fund for Fundação Instituto Oswaldo Cruz (Fiocruz) to increase test production. ENGIE Brasil Energia joined forces with five other companies in the electric energy industry for an initial allotment of R$ 9 million to the fund – of which the Company provided R$ 1.5 million. Another highlight was the "Estímulo 2020" Program, a movement to provide skills and financial support for small entrepreneurs to maintain their activities during the pandemic, with R$ 1.0 million in financial support from ENGIE Brasil Energia.

To demonstrate engagement with support to communities, and inspired in similar steps taken by the officers of ENGIE S.A. in France, all of the Company's Directors appointed by the controlling shareholder agreed to waive their compensation for June, July and August, 2020. The respective amounts were incorporated into the Solidary Campaign held for the employees, and allocated to assist healthcare institutions and underserved persons.

Neighborhood Women ("Mulheres do Nosso Bairro")

The Mulheres do Nosso Bairro project, which the Company launched in October 2020, aims to support the women in local communities to overcome the negative effects of the pandemic. In line with ENGIE Brasil Energia's pledge to foster gender equality, the initiative is based on the realization, as reported in UN studies, that women were the hardest bit by the health crisis – they make up 70% of the fighting front (social work and healthcare jobs) and hold the largest share of grey-market jobs, which here hit hard in the period and enjoy little social protection.

The project's initiatives include fostering entrepreneurship, free online skills-building courses, information on support networks, sensitization and awareness-building actions against domestic violence, and support to health during pregnancy. The project launched with a R$ 770 thousand injection of funds and covers more than 100 municipalities in 13 Brazilian states.

On another of the initiative's drivers, the 1st edition of the Call for Projects ended in December 2020, recognizing 28 female entrepreneurs who will receive a total of R$ 500 thousand to develop their businesses, generating a positive impact on their households and communities.

People management

At ENGIE Brasil Energia, human capital stands as a key asset for business development. In line with the purpose of expediting the energy transition and contributing to the construction of a more sustainable future, our employees have access to programs and platforms for personal and professional development with ethics and to enable quality of life, recognition and satisfaction. In 2020, faced with the COVID-19 pandemic, people management had additional challenges to address that it overcame based on the absolute pledge to ensure the physical and mental health of employees and their families.

At yearend, ENGIE Brasil Energia's workforce was made up of 1,538 employees – also including the employees of projects where the Company holds a 100% equity stake – broken down as follows:

Direct payroll numbers on 12.31.2020, by gender and functional category

Employees by gender and functional category	Men	% of men	Women	% of women	Total	% of total
Managerial	255	21%	37	12%	292	19%
Analysts, engineers and specialists	343	28%	148	48%	491	32%
Operators, technicians	634	51%	121	40%	755	49%
Total	**1,232**		**306**		**1,538**	

In addition, the Company also had 47 interns and an additional 143 workers were employed at entities jointly owned by the Company (108 at TAG, 31 at Companhia Energética Estreito and 4 at Itá Energética).

To determine the adequacy of the programs developed for employees, the Company regularly holds organizational climate surveys. In 2020, 92% of employees completed their questionnaires. Highlights from this survey cycle include:

- 95% recommended ENGIE Brasil Energia as a good place to work
- 92% feel pride in being associated to the Company
- 97% believe that ENGIE Brasil Energia is an environmentally responsible company
- 98% believe that the Company is a socially responsible entity
- 89% believe that management supports diversity and inclusion in ENGIE

As set forth in the Sustainable Management Policy, the physical and psychic integrity, professionalism, training and competence of the employees are priorities for ENGIE Brasil Energia. The same care taken with direct employees is also dispensed to the service providers – the latter's agreements include clauses to this effect, also prioritizing the occupational health and safety of subcontractors and outsourced entities. No fatal accidents took place in 2020, and annual Health and Safety indicators performed within the desired standards.

Work related accidents except EGSD

Direct employees	
Number of hours exposed to risk	2,420,548
Number of work-related and commuting accidents with and without time off work	4
Number of lost days – work related accidents with time off work	15
Number of fatal accidents	0

Employees of contracted companies	
Number of hours exposed to risk	17,660,961
Number of work related and commuting accidents with and without time off work	103
Number of fatal accidents	0

Work related accidents EGSD

Direct employees	
Number of hours exposed to risk	174,088
Number of work-related and commuting accidents with and without time off work	0
Number of lost days – work related accidents with time off work	0
Number of fatal accidents	0

Employees of contracted companies	
Number of hours exposed to risk	97,396
Number of work related and commuting accidents with and without time off work	0
Number of fatal accidents	0

Occupational Health and Safety Indicators except EGSD

Indicator	2018	2019	2020	Goal 2020*
Frequency Rate (FR) – direct employees	0.970	0.000	0.413	None
Severity Rate (SR) - direct employees	0.000	0.000	0.006	≤ 0.020
Frequency Rate (FR) – direct employees + long-term service providers	1.390	1.720	0.621	≤ 0.800
Frequency Rate (FR) – short-term service providers + work under construction	1.640	0.630	0.787	≤ 2.400

Occupational Health and Safety Indicators EGSD

Indicator	2019	2020	Goal 2020	Goal 2021
Frequency Rate (FR) – direct employees	4.650	0.000	≤ 4.63	≤ 3.50

Severity Rate (SR) - direct employees	0.302	0.000	**≤ 0.069**	None

Fighting COVID-19

As soon as the World Health Organization (WHO) declared the pandemic, the Company deployed a Crisis Committee on March 13, 2020, made up of the Management Board and professionals from different areas and regions. To evaluate impacts and measures to be adopted – both reactive and proactive – the group began to interact systematically, casting a holistic and diverse eye on problems and solutions.

As concerns employees, one of the earliest measures recommended by the Committee and endorsed by top management was to adopt a work-from-home regime for employees whose jobs were appropriate for execution in such a format – beginning on March 17, as a means to reduce the exposure of a significant portion of our staff. It is worth emphasizing that we were able to implement this measure quickly, with no need for significant technology adaptations, because of the digitalization efforts and investments that the Company has been making for years as one of its corporate strategy's pillars.

As for employees for whom remote work was not viable, such as those directly involved in operations and essential maintenance, we established plans for different degrees of mitigation, contingency, confinement and isolation. In addition, we took additional precautions – such as physical distancing between workers and more frequent cleaning of equipment and facilities – to maintain the supply of electric energy, which is a socially essential service.

Recognizing the psychosocial impacts of this, where the Company's response time was short, but the adaptation period for all workers and their families to the new reality might be lengthy, the Company constantly sought to instruct, monitor and motivate its employees by means of several initiatives. To this end, a healthcare channel was made available to fully support employees and their family members – confidentially, free of charge, and available 24 hours a day, seven days a week, by e-mail or telephone.

On a different front, employees got weekly questionnaires to determine their levels of anxiety, satisfaction and engagement. The results were shared with everyone and discussed collectively and openly for the exchange of impressions and suggestions among colleagues, together with content and lectures intended to mitigate recurring issues.

Gradually, and more intensely in the latter half of the year, the Company reestablished employees' return to on-site work – those in high-risk groups continue to work remotely or remain on leave. At yearend, employees were working on-site by rotation, so that a maximum 30% of the facilities were in use – and maintaining every distancing precaution and rigorous hygiene. COVID tests were administered fortnightly to employees and service providers – a total 59 thousand tests were run in the year.

Management Report/Economic-Financial Performance

Social Balance

1 – Calculation basis	2020 (R$ thousand)				2019 (R$ thousand)			
Net Revenues (NR)	12,259,159				9,804,478			
Operating Income (OI)	3,687,128				3,087,937			
Gross Payroll (GPR)	206,622				194,608			
Total Value Added (TVA)	7,444,141				6,201,746			
2 – Internal social indicators	**R$ thousand**	**% over GPR**	**% over NR**	**% over TVA**	**R$ thousand**	**% over GPR**	**% over NR**	**% over TVA**
Meals	27,632	13.37	0.23	0.37	19,011	9.77	0.19	0.31
Compulsory social charges	84,860	41.07	0.69	1.14	76,673	39.40	0.78	1.24
Private pension	44,784	21.67	0.37	0.60	38,635	19.85	0.39	0.62
Health	23,992	11.61	0.20	0.32	19,379	9.96	0.20	0.31
Occupational health and safety	15,867	7.68	0.13	0.21	6,917	3.55	0.07	0.11
Education	435	0.21	0.00	0.01	424	0.22	0.00	0.01
Culture	22	0.01	0.00	0.00	28	0.01	0.00	0.00
Professional training and development	2,344	1.13	0.02	0.03	5,725	2.94	0.06	0.09
Daycare or daycare assistance	409	0.20	0.00	0.01	413	0.21	0.00	0.01
Sport	511	0.25	0.00	0.01	560	0.29	0.01	0.01
Profit-sharing	66,511	32.19	0.54	0.89	49,669	25.52	0.51	0.80
Transportation	6,560	3.17	0.05	0.09	6,242	3.21	0.06	0.10
Others	1,452	0.70	0.01	0.02	1,522	0.78	0.02	0.02
Total – internal social indicators	**275,379**	**133.28**	**2.25**	**3.70**	**225,198**	**115.72**	**2.30**	**3.63**
3 – External social indicators	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**
Education	14	0.01	-	-	50	0.03	-	-
Culture	11,101	5.37	0.09	0.15	11,539	5.93	0.12	0.19
Health and sanitation	4,284	2.07	0.03	0.06	5,312	2.73	0.05	0.09
Sports	1,482	0.72	0.01	0.02	2,515	1.29	0.03	0.04
Others	5,478	2.65	0.04	0.07	6,604	3.39	0.07	0.11
Total contributions to society	**22,359**	**10.82**	**0.18**	**0.30**	**26,020**	**13.37**	**0.27**	**0.42**
Taxes (excluding social charges)	2,134,548	1,033.07	17.41	28.67	2,081,252	1,069.46	21.23	33.56
Total – external social indicators	**2,156,907**	**1,043.89**	**17.59**	**28.97**	**2,107,272**	**1,082.83**	**21.49**	**33.98**
4 – Environmental indicators	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**	**R$ thousand**	**% over OI**	**% over NR**	**% over TVA**
4.1 – Investments related to the production/operation of the company								
Liabilities and environmental contingencies	13,608	6.59	0.11	0.18	12,476	6.41	0.13	0.20
Technological and industrial development program	27,264	13.20	0.22	0.37	12,033	6.18	0.12	0.19
Sector indicator					-	-	-	-
Others	2,322	1.12	0.02	0.03	2,233	1.15	0.02	0.04
Total investment related to the operation/production of the company	**43,194**	**1.17**	**0.35**	**0.58**	**26,742**	**0.87**	**0.27**	**0.43**
4.2 – Investment in external programs and/or projects								
Environmental education projects in communities	1,330	0.04	0.01	0.02	945	0.03	0.01	0.02
Preservation and/or revitalization of degraded environments	4,540	0.12	0.04	0.06	4,604	0.15	0.05	0.07
Others	4,365	0.12	0.04	0.06	4,502	0.15	0.05	0.07
Total investments in external programs and/or projects	**10,235**	**0.28**	**0.08**	**0.14**	**10,051**	**0.33**	**0.10**	**0.16**
Total environmental investment (4.1 + 4.2)	**53,429**	**1.45**	**0.44**	**0.72**	**36,793**	**1.19**	**0.38**	**0.59**
Distribution of environmental investment	**R$ thousand**		**% over total**		**R$ thousand**		**% over total**	
Total investment in environmental prevention activities	22,862		42.79		11,507		31.27	
Total investment in environmental maintenance activities	28,873		54.04		23,665		64.32	
Total investment in environmental compensation activities	1,694		3.17		1,621		4.41	
Number of environmental, administrative and legal claims filed against the company:	35				45			
Total fines and indemnifications judicially or administratively determined for environmental matters:	9,3				-			

Management Report/Economic-Financial Performance

5 – Workforce indicators	2020 (in units)	2019 (in units)
Number of employees at the end of the period	1,538	1,398
Number of new hires in the period	272	140
Number of dismissals in the period	132	79
Number of interns	47	49
Number of employees by age group:		
Less than 30	255	251
From 30 to 50	1,066	929
Over50	217	218
Number and percentage of women working at the Company	306 (19,9%)	267 (19,1%)
Percentage of management positions held by women	12.7%	13.2%
Number and percentage of men working at the Company	1.232 (80,1%)	1.131 (80,9%)
Percentage of management positions held by men	87.3%	86.8%
Number of blacks working at the company	N.d.	N.d.
Percentage of management positions held by blacks	N.d.	N.d.
Number of handicapped or special-needs employees	53	44
Proportion between the highest salary paid by the company and the average salary of the other employees	17%	17%

6 – Relevant corporate citizenship information	2020	2019
Total on-the-job accidents	ENGIE: 4 Service provider: 103	ENGIE: 7 Service provider: 55
The social and environmental projects implemented by the company were decided upon by:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
The risk and security standards in the workplace were decided upon by:	( ) Directors and management	( ) Directors and management
	( ) All staff	( ) All staff
	(X) All staff + CIPA	(X) All staff + CIPA
With regard to labor unions, right for collective bargaining and internal representation of workers, the company:	( ) Does not get involved	( ) Does not get involved
	(X) Follows ILO rules	(X) Follows ILO rules
	( ) Encourages and follows ILO	( ) Encourages and follows ILO
Private pension arrangements contemplate:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
Profit-sharing contemplates:	( ) Directors	( ) Directors
	( ) Directors and management	( ) Directors and management
	(X) All staff	(X) All staff
Regarding the selection of suppliers, the same ethical and social and environmental responsibility standards adopted by the company:	( ) Are not considered	( ) Are not considered
	( ) Are suggested	( ) Are suggested
	(X) Are required	(X) Are required
Regarding the participation of employees in volunteer activities, the company:	( ) Does not get involved	( ) Does not get involved
	(X) Supports	(X) Supports
	( ) Organizes and encourages	( ) Organizes and encourages
Total number of consumer complaints and criticism:	To the company: 0	To the company: 0
	To Procon: N.A.	To Procon: N.A.

Total value added for distribution (R$ thousand):		7,444,141		6,201,746
Distribution of Value Added:	**R$ thousand**	**% over total**	**R$ thousand**	**% over total**
Government	3,024,354	40.6%	2,509,783	40.5%
Employees	361,756	4.9%	332,905	5.4%
Shareholders	2,622,280	35.2%	1,217,429	19.6%
Third Parties	1,260,763	16.9%	1,047,959	16.9%
Retained	174,988	2.4%	1,093,670	17.6%

7 – Other information	2020	2019
Water consumption (water withdrawn from the source - water returned)	9,871,120.28 m^3	8,613,378.12 m^3
Electric energy consumption	76.0 GWh	167.92 GWh
Annual amount of waste produced (evacuated)	2,556,216.47 ton	2,620,375.90 ton
Annual amount of waste recovered	2,121,417.59 ton	2,056,567.79 ton

ADDITIONAL INFORMATION

Sustainability Report

Complementary information and details on the Company's socio-environmental activities as well as issues relating to the creation of value for stakeholders will be included in ENGIE Brasil Energia's Sustainability Report, to be published at the end of April 2021.

Exploitation of children, forced and compulsory labor, and anti-discriminatory policy

ENGIE Brasil Energia does not permit, under any circumstances, the exploitation of children, or forced or compulsory labor, and reserves the right not to engage the services of, or have a commercial relationship with, entities that adopt such practices. The Company is committed to informing the responsible authorities of any cases of which it may become cognizant.

Respect is one of ENGIE Brasil Energia's main ethical principles. On the issue of human rights, the Company is alert to sensitive situations that may compromise the performance of its activities, such as its relationship with resettled members of the community.

Again, in this context, every one of ENGIE Brasil Energia's employees must ensure that he or she does not practice any discrimination, in words or deeds, particularly with respect to age, gender, ethnic, social or cultural origins, political or labor union-related opinions, personal lifestyle choices, particularities or physical disabilities.

All these principles and the conduct expected from the Company's employees, suppliers and partners are available in ENGIE Brasil Energia's Human Rights Policy and Code of Ethics, made widely available to all stakeholders on its website.

Identification of those responsible for the socio-environmental data and means of contact

The coordinator of the Sustainability Forum is the person responsible for socioenvironmental information and contact can be made by e-mail: comitesustentabilidade.brenergia@engie.com

Independent Auditors

In accordance with Article 2 of CVM Instruction 381/03, ENGIE Brasil Energia states that in 2020 Touche Tohmatsu Auditores Independentes, the independent auditors of the Company and its subsidiaries, provided services unrelated to the independent audit.

On 10.16.2020, the Company's direct subsidiary Pampa Sul secured a comfort letter for the issuance of debt instruments from its independent auditors – Deloitte. The service was rendered over the course of 2020. The fees amounted to R$ 440 thousand, and represent 24.2% of the external audit service fees retained in 2020.

The Company's policies for the contracting of independent auditors services are to ensure there are no conflicts of interest and loss of independence or objectivity and are enshrined in the principles which preserve the independence of the auditor: (i) the auditor must not audit their own work; (ii) the auditor must not exercise any managerial functions on behalf of their client; and (iii) the auditor must not promote the interests of his client.

Statement from the Management Board

The Management Board states that in compliance with Article 25, Paragraph 1, items V and VI of CVM Instruction 480/2009, it has reviewed, discussed and agreed with the Financial Statements contained in this Report, and the opinions expressed in the Independent Auditor's report.

The Management

ENGIE BRASIL ENERGIA S.A.
CNPJ N° 02.474.103/0001-19 | NIRE N° 42 3 0002438-4
NOTES TO THE FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020 AND 2019
(In thousands of Reais or other currencies, unless otherwise indicated)

NOTE 1 – OPERATIONS

ENGIE Brasil Energia S.A. ("Company" or "ENGIE Brasil Energia" or "ENGIE") is an independent utility concessionaire and a publicly held corporation with its registered headquarters in the municipality of Florianópolis, state of Santa Catarina, Brazil. The core business and main operating activity of the Company and its subsidiaries is the generation and sale of electricity, regulated by the Brazilian Electricity Regulatory Agency (Aneel), which is linked to the Ministry of Mines and Energy (MME). The Company, through its subsidiaries and joint ventures, also operates in the electricity trading, solar panels, gas transportation, and energy transmission segments. For more information, see Note 38 – Segment Information.

The shares of the Company are listed in the New Market segment of B3 S.A. – Brasil, Bolsa, Balcão (B3) under the ticker EGIE3. ENGIE Brasil Energia also trades Level 1 American Depositary Receipts (ADR) in the U.S. Over-the-Counter market under the ticker EGIEY, in the proportion of one ADR for each common share.

The Company is controlled by ENGIE Brasil Participações Ltda. ("ENGIE Participações"), a company established in Brazil and controlled by International Power S.A., headquartered in Belgium. International Power is a subsidiary of International Power Ltd., a company headquartered in the United Kingdom, which is part of the economic group ENGIE group, headquartered in France.

ENGIE Brasil Energia is part of the largest independent energy producer in Brazil, accounting for approximately 6.2%[1] of the country's installed capacity. At 12.31.2020, its installed capacity, including its stakes in energy generation consortiums, was 8,710.5 MW. Out of this total, 73.4% arises from hydroelectric power plants, 13.8% from thermal power plants and 12.8% from complementary energy (wind, solar, biomass and small hydroelectric power plants). Physical guarantee for sale averaged was 4,970.9 MW, of which 377.4 average MW are related to the portion of 70% of physical guarantee of the Jaguara and Miranda Hydroelectric Power Plants, which were allocated to the Regulated Contracting Environment (ACR) in the Physical Guarantee Quota System.

On 12.31.2020, the Company's generation facilities in operation consisted of 60 plants, of which 11 hydroelectric power plants (HPP), 4 conventional thermal power plants (TPP), 38 wind farms, 3 biomass plants, 2 photovoltaic solar power plants and 2 small hydroelectric power plants (SHPP).

[1] The non-financial information herein, such as MW, average MW, installed power and others has not been audited by the independent auditors.

Notes to the Financial Statements

The main corporate and operational events occurred in 2020 are as follows:

a) Debts

Debts contracted by the Company and its subsidiaries in 2020 are shown below.

Company	Contracting date	Debt	Amount contracted	Notes
Parent company:				
ENGIE Brasil Energia	03.25.2020	foreign currency pursuant to Federal Law 4,131/1962, and respective swap to CDI	USD 125 million	19
ENGIE Brasil Energia	09.09.2020	foreign currency pursuant to Federal Law 4,131/1962, and respective swap to CDI	USD 94 million	19
Subsidiaries:				
NEP[1]	03.02.2020	1st issue of debentures - CVM Instruction 476/2009	R$ 500 million	20
Gralha Azul[2]	03.30.2020	BNDES[3]	R$ 1,481 million	19
Conjunto Eólico Campo Largo II	04.27.2020	BNDES	R$ 1,243 million	19
Novo Estado[4]	06.22.2020	BNDES	R$ 1,710 million	19
Novo Estado	08.19.2020	BASA[5]	R$ 800 million	19
NEP	09.01.2020	redeemable preferred shares	R$ 500 million	21
Pampa Sul[6]	09.23.2020	1st issue of debentures - CVM Instruction 476/2009	R$ 340 million	7 and 20
Pampa Sul	11.16.2020	2nd issue of debentures - CVM Instruction 400/2003	R$ 582 million	20

(1) Novo Estado Participações S.A.
(2) Gralha Azul Transmissão de Energia S.A.
(3) Brazilian Development Bank.
(4) Novo Estado Transmissora de Energia S.A.
(5) Banco da Amazônia S.A.
(6) Usina Termelétrica Pampa Sul S.A.

The redeemable preferred shares were issued by NEP to settle the debentures issued by it, on 9.2.2020.

On 10.9.2020, the debt of the direct subsidiary Companhia Energética Estreito (CEE) was prepaid to BNDES and onlending banks in the total amount of R$ 847 million. For the prepayment, part of the funds came from an advance for future capital increase of the parent company ENGIE Brasil Energia, in the amount of R$ 449 million, obtained from loans in foreign currency under the method envisaged in Law 4,131/1962, in the amount of USD 94 million, and the respective swap to CDI operation, as mentioned in the table above. The remaining funds came from cash and cash equivalents of the direct subsidiary CEE.

Moreover, the debentures related to the 1st issue of Pampa Sul, in the amount of R$ 340 million, were acquired by ENGIE Brasil Energia and are presented, under the parent company, as "Marketable securities."

b) Acquisition of Novo Estado Transmissora de Energia S.A. ("Novo Estado")

On 3.3.2020, after complying with all precedent conditions set forth in the purchase and sale agreement, the Company concluded the acquisition of 100% of the Novo Estado shares. The acquisition price was R$ 372 million. For more information, see Note 16 – Intangible assets.

Novo Estado owns the concession of Lot 3 of Aneel Transmission Auction 002/2017 held in December 2017. The purpose of the concession is the construction, operation and maintenance of approximately 1,800 kilometers of transmission lines, a new substation and the expansion of three other existing substations in the states of Pará and Tocantins for 30 years. The deadline for the operational startup of the transmission line is 3.9.2023, whose Permitted Annual Revenue (RAP) is R$ 313 million.

c) Reaffirmation and changes in the rating of the Company and subsidiaries

The following table shows the ratings assigned by rating agencies during 2020:

Company	Risk Agency	Rating	Classification	Date
ENGIE Brasil Energia	Fitch Ratings	long-term national rating	'AAA(bra)' with stable outlook	03.12.2020
ENGIE Brasil Energia	Fitch Ratings	long-term international rating in foreign currency	'BB' with stable outlook	03.12.2020
ENGIE Brasil Energia	Fitch Ratings	long-term national rating – 6th, 7th and 9th issues of debentures	'AAA(bra)' with stable outlook	03.12.2020
ENGIE Brasil Energia	Fitch Ratings	long-term international rating in local currency	'BBB-' with stable outlook	03.12.2020
ENGIE Brasil Energia	Fitch Ratings	long-term international rating in foreign currency	'BB' with negative outlook -	05.07.2020
ENGIE Brasil Energia	Fitch Ratings	long-term international rating in local currency	'BBB-' with negative outlook -	05.07.2020
Pampa Sul	Fitch Ratings	long-term national rating – 1st and 2nd issues of debentures	'AAA(bra)' with stable outlook	09.17.2020
Pampa Sul	S&P	national scale rating – 1st and 2nd issues of debentures	'brAAA' with stable outlook	11.06.2020

According to Fitch, the revision of Brazil's sovereign rating outlook from stable to negative, on 5.7.2020, reflects the deterioration of the economic and tax outlook for Brazil and the negative risks of both, given the renewed political uncertainty, including tensions between the Executive and Legislative Branches, as well as uncertainties about the duration and intensity of the new coronavirus pandemic.

d) Acquisition of additional interest in Transportadora Associada de Gás ("TAG")

On 5.14.2020, the Board of Directors of the Company approved its participation in the process of acquiring 10% of the capital stock of TAG, held by Petrobras, in partnership with another investor from the ENGIE Group and third parties that make up the Investor Group. On 7.20.2020, the Company announced the acquisition of additional interest of 3.25% in TAG, of the 10% still held by Petrobras, for R$ 327 million. For more information, see Note 14 – Investments.

e) Recovery of federal taxes

On 5.18.2020, the Company obtained favorable final and unappealable decisions giving it the right to be reimbursed, through offset or refund, the federal tax credits, duly adjusted by the Selic rate, in the amounts of R$ 96 million in parent company and R$ 160 million in consolidated. For more information, see Note 13 – Other assets.

f) Renegotiation of hydrological risk – Federal Law 14,052

The conditions for the agreement relating to the new renegotiation of hydrological risk were established by Federal Law 14,052, approved on 9.8.2020, and regulated by Aneel Normative Resolution 895/2020, issued on 12.1.2020. The law establishes compensation for owners of hydroelectric power plants included in the Energy Relocation Mechanism (MRE) for effects caused by structuring generation projects, related to the anticipation of physical guarantee and the restrictions in the operational startup of transmission facilities required for energy distribution and, retroactively, for generation outside the order of merit and import.

As compensation, the generating companies were entitled to extend their concession periods up to seven years, considering only the energy portion that was not renegotiated in 2015.

According to Aneel's calendar, the National System Operator (ONS) and the Energy Research Company (EPE) had ten days from the publication of the above resolution to send to the Electric Energy Trading Chamber (CCEE) the input data required to calculate the compensation amounts. CCEE will have another 90 days to submit the results to Aneel, which must publish the amounts within 30 days after receipt. The period for adhesion by generating companies is 60 days from the publication of calculations by Aneel.

On 12.15.2020, the Board of Directors approved the adhesion of the Company's plants that hold power generation concession to the renegotiation of hydrological risk envisaged in Federal Law 14,052/2020. As such, intangible assets amounting to R$ 968 million were recognized in the 4th quarter of 2020, corresponding to the right to extend the concession, as a corresponding entry to "Operating costs – Renegotiation of hydrological risk" in the income statement. More details are presented in Note 16 – Intangible assets.

g) Status of Gralha Azul project

On October 15, 2020, in a Public-Interest Civil Action filed by three Non-Governmental Organizations (NGOs), the indirect subsidiary Gralha Azul was notified by the Federal Courts suspending two environmental licenses for the project and the removal of vegetation of these groups, relating to the 525 Kv line. On 12.9.2020, the Superior Court of Justice (STJ) granted the suspension of injunction and the judgment filed by the Federal Government and the State Government of Paraná, and on 12.10.2020 the STJ granted the suspension of injunction and judgment filed by the Company, thereby suspending the injunction and enabling the resumption and continuity of construction works immediately.

In addition, on 10.16.2020, the Federal Prosecution Office and the State Prosecution Office of Paraná filed a second public-interest civil action which is pending in connection with the above action, in the same Federal Court. An injunction was requested for this second action, which has not been analyzed yet by the Federal Court. The Company is devoting all efforts to demonstrate to the Judicial Authorities its compliance with all the legal procedures and its commitment to and respect for the environment, thus maintaining the legitimate continuity of the activities for implementing the transmission lines. Until the reporting date, no Injunction had been granted by the Courts, so the construction works continue normally.

On 12.31.2020, there was no significant change in budget and schedule of works on account of the above facts and the estimated date for the commercial startup remains unchanged.

Note that the Company currently has 17 environmental programs to reduce, control and offset environmental impacts. All possible additional measures have been adopted to reduce the removal of native and endangered species, which, when inevitable, is carried out in a controlled and responsible manner, minimizing the environmental impacts in the region.

Some examples of actions that have been taken to preserve the highest number of species along the Transmission System are the deviation from sensitive areas, such as Private Natural Heritage Reserves (RPPN) and Full Protection Conservation Units, the elevation of towers and use of drones to lay cables, as well as the use of self-supporting towers exclusively in native vegetation areas. Thanks to all these efforts, only 4% of the areas with lines and sub-stations that are part of the project have been impacted.

Note that all impacts of the project, including the removal of vegetation, will be matched by environmental compensation and reforestation, with initiatives that go beyond the requirements of the laws in force. In addition to these compensatory measures, the Company adopts voluntary measures in line with its sustainability policies, such as the donation of 3,000 tree seedlings of native species, support for projects aimed at the conservation of flora and fauna, and the planting of three Brazilian pine trees for each felled tree.

h) Jorge Lacerda Thermal Power Plant (CTJL)

As a result of the Company's decarbonization strategy, a special work group was formed to study the alternatives for CTJL. The study includes an indepth evaluation of socio-economic implications based on dialogue with all stakeholders. Based on the scenarios being studied, the Company recognized impairment of R$ 58 million related to 1 and 2 units of UTLA, given the possibility of stoppage of these units.

i) Impacts of the new coronavirus pandemic

On 3.11.2020, the World Health Organization (WHO) declared the spread of COVID-19, the disease caused by the new coronavirus, as a pandemic, which forced countries to take measures to prevent infections, protect lives and minimize the impacts of the disease.

Due to the pandemic, restrictive measures were adopted to maintain physical distancing, close down commercial establishments and shutdown industrial plants. These measures led to a slowdown in the supply chain and significantly affected the global economy.

On 3.13.2020, the Company set up a Crisis Management Committee to coordinate efforts and preventive actions. At the end of the 3rd quarter of 2020, the Company disclosed to its employees the possibility of returning gradually to the Headquarters, providing them with resources such as an app to reserve the dates, handbook with guidelines for accessing the facilities, periodical examinations to detect COVID-19, disposable masks, hand sanitizer, and others.

In 2020, the Company did not observe any material impacts of the pandemic on its individual and consolidated financial statements, since its operations are authorized by federal agencies to continue operating for being considered essential for the country. In addition, provided the pandemic situation does not worsen and the economic activity are resumed to pre-pandemic levels, the Company does not estimate significant effects in its results that could compromise the operational capacity and implementation of its projects. Below are the main items that are being monitored by the Company.

i.1) Demand for electricity

The restrictions on circulation and on commercial and industrial activities and services impact electricity consumption. However, a large portion of the energy consumption expected is established in agreements signed prior to the COVID-19 pandemic. As shown in Note 40 – Long-term commitments, there were no significant changes in the contracting percentages compared to those presented in previous years by the Company.

In the Free Contracting Environment (ACL), the Company assessed individual negotiations with its clients to propose alternatives related to contractual adjustment during the entire effective term, especially the postponement of deadlines of bills of clients affected significantly by the pandemic, upon payment of interest rates equivalent to those practiced in the market. ACL agreements in general include a flexibility range related to the amount contracted, allowing the sharing of risk in variation in consumption up to a previously established limit. Due to the pandemic, some segments reduced consumption and, consequently, the monthly contractual amounts were reduced within the contracted range. Significant portion of this reduction was partially offset with the settlement of this energy in CCEE. In relation to the Regulated Contracting Environment (ACR), no contractual clauses have been amended.

i.2) Construction of new plants and transmission lines

Decree 10,282, of 3.20.2020, regulated Law 13,979, of 2.6.2020, defining essential public services and activities, which included electricity generation and distribution. In addition, Decree 10,329, of 4.28.2020, extended the concept of essential activities to engineering works related to the Brazilian Electricity System. These decrees were favorable to the Company as they guarantee the continuity of construction works on the Gralha Azul and Novo Estado Transmission Systems. Due to the local political issues associated with the COVID-19 pandemic, Municipal Decrees were issued establishing periodic stoppages in the construction works on the Campo Largo II Wind Power Complex.

In 2020, the construction of Campo Largo II Wind Power Complex was suspended from 3.25.2020 to 4.20.2020, from 5.9.2020 to 5.18.2020 and from 5.22.2020 to 7.8.2020, when ENGIE Brasil Energia was authorized to resume activities limiting workforce to 25% at the peak of works, increasing gradually up to 75% with the construction of new temporary structures in order to adapt to COVID-19 pandemic in the first 2 months. No significant impacts are expected on the terms and on project costs due to said stoppage.

i.3) Postponement of energy generation and transmission auctions

On 3.30.2020, the Ministry of Mines and Energy (MME) published Decree 134/2020 indefinitely postponing the energy generation and transmission auctions scheduled for 2020. The transmission auction was carried out on 12.17.2020. On 12.8.2020, the Decree 435/2020 cancelled the generation auctions that would be held in 2020. This Decree also establishes an estimated calendar for generation auctions in 2021, 2022 and 2023. The Company has generation projects in its portfolio that may have the conditions to participate in these auctions.

i.4) Level of default

The Company is monitoring the realization of its balance of trade accounts receivable, as well as the risk associated with each client. The amounts due on the base date of these financial statements are shown in Note 5 - Trade accounts receivable. So far there was no significant increase in the level of Company's defaults.

It is important to note that the long-term agreements with distributors, including those related to the regulated market (CCEAR), have a mechanism to constitute guarantees, which minimizes the credit risk. With the same objective, the Company demands guarantees for free consumers, energy traders and generation companies. For counterparties that wish to offer another type of guarantee, the Company's credit area analyzes the case and establishes, in accordance with its Credit Policy, the guarantees that will be demanded from them.

i.5) Temporary suspension of debt service

In March 2020, BNDES approved social and economic measures to mitigate the effects of the COVID-19 pandemic, including the possibility of temporarily suspending for up to six months in 2020 the installments payments (principal and interest) of loans borrowed from it. This measure is called standstill.

In view of the conditions offered by BNDES, the Company found it prudent to adopt this measure for the subsidiaries of Energias Eólicas do Ceará and for the direct subsidiary Pampa Sul, which was approved, effective immediately, on 4.28.2020. Therefore, the suspension of payments for six consecutive months between May and October 2020 was ratified.

Adhesion to BNDES's standstill provided additional cash of approximately R$78 million, diluting this amount for the entire remaining period of the loans contracted from BNDES.

i.6) Taxes

Due to the pandemic, the Federal Government published Decrees ME 139 of 4.3.2020, and 245, of 6.15.2020, postponing the payment of PIS and Cofins (cumulative and non-cumulative), as shown below. The deadlines for payment of corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) remain unchanged.

Taxes and periods	Initial deadline	Deadline after Decrees
PIS and Cofins for March 2020	April 2020	August 2020
PIS and Cofins for April 2020	May 2020	October 2020
PIS and Cofins for May 2020	June 2020	November 2020

In addition, the Company adopted the flexibilization of FGTS contribution permitted by Provisional Presidential Decree 927 of 3.22.2020, and the deferral of the social contribution, envisaged in Decrees 150 and 245 of 4.7.2020 and 6.15.2020, respectively, as shown below.

Taxes and periods	Initial deadline	Deadline after Decrees
FGTS for April 2020	May 2020	6 installments from July to December 2020
FGTS for May 2020	June 2020	6 installments from July to December 2020
Social contribution for March 2020	April 2020	July 2020
Social contribution for April 2020	May 2020	October 2020
Social contribution for May 2020	June 2020	November 2020

i.7) Impairment of long-term assets

The Company assessed the indicators of asset depreciation due to the pandemic and concluded there was no evidence that the costs registered are higher than their recovery amounts. The Company adopted measures that postponed the realization of cash potentially in the short term, with no material effects being identified in the medium and long term.

i.8) Resolution on allocation of net income from 2019

Due to the worsening COVID-19 pandemic and its possible impacts on the Brazilian economy, the energy sector and the Company, the Management deemed it necessary to reassess the facts and assumptions used to allocate the net income from fiscal year 2019. As such, on 4.16.2020, the Company informed its shareholders and the market of the approval, by the Board of Directors, of the updated proposal for the allocation of net income from 2019, proposing the retention of the amount previously approved as supplementary dividends in 2019, in the amount of R$ 950 million, based on the capital budget. This retention is aimed at being one of the sources of funds to be directly invested in the maintenance of the generation facilities and in other projects. The resolution was approved at the Annual Shareholders Meeting held on 4.28.2020.

NOTE 2 – PRESENTATION OF FINANCIAL STATEMENTS

a) Preparation basis

The financial statements were elaborated considering the historical costs based on value, adjusted to reflect the fair value of certain financial instruments, when applicable. These financial statements provide the relevant information, which is consistent with that used by the Management in its activities.

The Company is presenting one package, containing these individual and consolidated financial statements.

The consolidated financial statement were prepared and are being presented in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and the Brazilian accounting practices, which comprise the rules of the Brazilian Securities and Exchange Commission (CVM) and the pronouncements, interpretations and guidelines issued by the Accounting Pronouncements Committee (CPC) and approved by the Federal Accounting Council (CFC) and the CVM.

The individual financial statements of the parent Company were prepared in accordance with the accounting practices adopted in Brazil, which are convergent with the IFRS standards, except for the recording of the joint venture Itá Energética S.A. (Itasa) which, under Brazilian rules, is recognized by the equity method, whereas, according to IFRS, it stipulates that assets, liabilities and profit or loss are recognized in proportion to its share in the joint venture.

b) Functional currency and presentation currency

The Company's functional currency is the Brazilian real, which is the main currency in the Company's business and operational environment. The financial information is stated in thousands of reais, unless otherwise stated.

c) Operational continuity

The Management evaluated the Company's capacity to continue operating normally and concluded that it has the resources to continue its businesses in the future. In addition, it is not aware of any uncertainty that could give rise to doubts about its capacity to continue operating. As such, as per CPC 26 – *Apresentação das demonstrações contábeis*, these parent company and consolidated financial statements were prepared based on the presumption of continuity.

d) Use of estimates and judgments

Preparation of the financial statements requires the use of estimates and assumptions for recording transactions affecting assets, liabilities, revenues and expenses, as well as disclosing information in the financial statements. The assumptions are based on information available on the date of the financial statements, as well as experience from past and/or current events, also considering assumptions related to future events. These estimates are periodically revised, and results may differ from those initially estimated. Material estimates and assumptions requiring stricter judgment are disclosed in Note 3 - Summary of the Main Accounting Practices.

e) Fair value measurement

The Company measures some financial instruments and non-financial assets at their fair value, i.e., at the price that would be received for the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market players on the date of measurement.

The fair value is calculated by using assessment techniques appropriate for the circumstances and for which sufficient data is available, in order to minimize the use of non-observable data.

Assets and liabilities whose fair amounts are measured and disclosed in the financial statements are classified according to the fair value hierarchy described below:

- Level 1: Prices quoted (not adjusted) in asset or liability markets identical to those to which the Company may have access on the date of measurement;

- Level 2: Assessment techniques for which the measurement of the fair value is obtained directly or indirectly through information other than the quoted prices (level 1); and

- Level 3: Assessment techniques for which the information used for measuring the fair value is not available in the market (non-observable).

f) Information by segment

A business segment is an identifiable component of the Company aimed at providing an individual product or service or a group of related products or services, and which is subject to risks and benefits that can be differentiated from other business segments.

Currently, the Company's operating activities are concentrated in the following segments: (i) energy generation and sale; (ii) energy trading; (iii) energy transmission; (iv) sale, operation and maintenance of generators and solar panels; and (v) gas transportation.

The Company presents information by segment, consistent with the internal report provided to the principal operational decision-making body - the Board of Executive Officers. Based on the internal report, the Board of Executive Officers evaluates the performance of various segments and decides on the allocation of resources to each business segment identified.

The results by segment include items directly attributable to the segment, as well as those that can be reasonably allocated. The financial result and income tax of the Company are not allocated by segment, since Management manages the Company's cash flow at the corporate level.

g) Net earnings per share – basic and diluted

There is no difference between the net earnings per share – basic and diluted – as there was no issue of shares with diluting effects in the presented years.

h) Consolidation basis

The consolidated financial statements include information of ENGIE Brasil Energia and its subsidiaries and joint operations, all of which headquartered in Brazil, with their accounting practices being consistent with those adopted by the Company.

The dates of the financial statements for the subsidiaries and joint venture used for consolidation and equity accounting coincide with those of the Company. The companies consolidated with ENGIE Brasil Energia are:

Notes to the Financial Statements

	Investor	Operating segment	Equity interest (%) 12.31.2020	Equity interest (%) 12.31.2019
Direct wholly owned subsidiaries				
ENGIE Brasil Energia Comercializadora Ltda. (“EBC”)	ENGIE	Generation	99.99	99.99
ENGIE Comercializadora Varejista de Energia Ltda. (“ECV”)	ENGIE	Generation	99.99	99.99
Companhia Energética Estreito (“CEE”)	ENGIE	Generation	99.99	99.99
Lages Bioenergética Ltda. (“Lages”)	ENGIE	Generation	99.99	99.99
ENGIE Brasil Energias Complementares Participações Ltda. (“ECP”)[1]	ENGIE	Generation	99.99	99.99
Companhia Energética Jaguara (“Jaguara”)	ENGIE	Generation	99.99	99.99
Companhia Energética Miranda (“Miranda”)	ENGIE	Generation	99.99	99.99
Diamante Geração de Energia Ltda. (“Diamante”)	ENGIE	Generation	99.99	99.99
Usina Termelétrica Pampa Sul S.A. (“Pampa Sul”)	ENGIE	Generation	99.99	99.99
Usina Termelétrica Norte Catarinense Ltda. (“Norte Catarinense”)	ENGIE	Generation	99.99	99.99
ENGIE Geração Solar Distribuída S.A. (“EGSD”)	ENGIE	Solar Panels	99.99	99.99
ENGIE Trading Comercializadora de Energia Ltda. (“ENGIE Trading”)	ENGIE	Trading	99.99	99.99
ENGIE Transmissão de Energia Participações II S.A. (“ETP II”)[1]	ENGIE	Transmission	99.99	-
ENGIE Comercializadora de Gás Ltda ("ECG")	ENGIE	Gas	99.90	-
Joint ventures				
Itá Energética S.A. (“Itasa”)	ENGIE	Generation	48.75	48.75
Indirect subsidiaries				
Tupan Energia Elétrica Ltda. (“Tupan”)	ECP	Generation	99.99	99.99
Hidropower Energia S.A. (“Hidropower”)	ECP	Generation	99.99	99.99
Ibitiúva Bioenergética S.A. (“Ibitiúva”)	ECP	Generation	95.00	95.00
Ferrari Termoelétrica S.A. (“Ferrari”)	ECP	Generation	99.99	99.99
Energias Eólicas do Nordeste S.A. (“EEN”)[1] and subsidiaries[2]	ECP	Generation	99.99	99.99
Energias Eólicas do Ceará S.A. (“EEC”)[1] and subsidiaries[2]	ECP	Generation	99.99	99.99
CLWP Brasil Participações S.A. (“CLWP Br”)[1] and subsidiaries[2]	ECP	Generation	99.99	99.99
CLWP Brasil II Participações S.A. (“CLWP Br II”)[1] and subsidiaries[2]	ECP	Generation	99.99	99.99
Umburanas Participações S.A,[1] and subsidiaries[2]	ECP	Generation	99.99	99.99
Santo Agostinho Participações Ltda. [1] and subsidiaries[2]	ECP	Generation	99.99	99.99
Conjunto Eólico Santo Agostinho - Fase II[2]	ECP	Generation	99.99	99.99
Central Fotovoltaica Assú I, II, III, IV e V (“Assú”)[2]	ECP	Generation	99.99	99.99
Alvorada Participações Ltda. (“Alvorada”)[1] and subsidiaries[2]	ECP	Generation	99.99	99.99
Gralha Azul Transmissão de Energia S.A. (“Gralha Azul”)	ECP	Transmission	99.99	99.99
NPW Brasil II Gestão Imobiliária Ltda. (“NPW”)	ECP	Generation	99.99	99.99
Novo Estado Participações S.A,[3] ("NEP")[1] and subsidiary[2]	ETP II	Transmission	99.99	99.99
ENGIE Transmissão de Energia Participações III S.A. (“ETP III”)[1]	ETP II	Transmission	99.99	-
ENGIE Transmissão de Energia Participações IV S.A. (“ETP IV”)[1]	ETP II	Transmission	99.99	-

(1) Holding company.
(2) For more information, see Note 14 – Investments.
(3) New name of ENGIE Transmissão de Energia Participações S.A, which was merged with ENGIE Transmissão de Energia Participações II S.A.

The consolidation of the balance sheet accounts and income statement occurs with the sum of assets, liabilities, and consolidated income statement, according to their respective accounting natures, adjusted through the elimination of transactions made between the consolidated companies.

Assets, liabilities, revenues and expenses of the joint operation Itasa are recognized in the consolidated financial statements in proportion to the Company's interest.

The indirect subsidiary Ibitiúva is fully consolidated. The 5% non-controlling interest held in that company is presented separately in the balance sheets and in the consolidated statements of income.

In addition, on 12.31.2020, the Company held 32.50% (29.25% on 12.31.2019) interest in the joint venture TAG. For more information, see Note 14 – Investments.

i) Added-Value Statement

The Company prepared the Added-Value Statement (DVA) in accordance with CPC 09 – Statements of Value Added. Under international standards, the presentation of these statements is not mandatory and, consequently, these statements are presented as supplementary information, without prejudice to the financial statements. The purpose of these statements is to provide information on the wealth generated by the Company and how it was distributed.

j) EmpresasNet system

Note that in the "Statement of Changes in Shareholders' Equity" table of the EmpresasNet System of the CVM, the equity valuation adjustment, though not corresponding to "Other Comprehensive Income," is presented in the column with this indication because there is not a more appropriate option to present said transaction in the standard statement of CVM.

k) Approval of the financial statements

These financial statements were approved at the Board of Directors Meeting held on 2.11.2021.

NOTE 3 – SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The main accounting practices adopted in the Parent company and consolidated financial statements have been applied by the Company consistently between the years presented.

a) Financial instruments

a.1) Financial assets

While analyzing the financial assets for classification, the Company evaluates the following aspects: (i) the business model for management of financial assets; and (ii) the characteristics of contractual cash flows of the financial asset.

a.1.1) Cash and cash equivalents

Consist of cash, bank deposits, and short-term marketable securities with immediate liquidity, without any significant risk of change of value. These financial investments are maintained with the purpose of meeting short-term cash commitments, and measured at the fair value on the financial statements date. The fair value variation is recorded in the profit or loss when obtained.

a.1.2) Trade accounts receivable

These are recognized when the receipt of consideration is unconditional, i.e., if only time lapse is required for its receipt. These are initially recorded at fair value of the consideration to be received, and subsequently measured at amortized cost, deducted from expected impairment losses. These expected losses are determined based on the history of impairment losses, adjusted based on recent observable data to reflect current and future effects and conditions, when applicable.

a.1.3) Marketable securities

These include investments in debentures and are initially and subsequently recognized at fair value through profit or loss. Gains or losses resulting from variations in their fair value are recognized in the Company's results.

a.1.5) Concession financial asset

Corresponds to the unconditional right to receive cash through the Return of the Grant Bonus (RBO), in order to recover the investment made to acquire concessions for hydroelectric power plants granted by the Federal Government. Initially recorded at the present value of guaranteed future cash flows and, subsequently, at amortized cost based on the rate used to calculate present value. Financial assets of concessions are remunerated at the internal rate of return and the variation in the IPCA index.

a.2) Financial liabilities

a.2.1) Loans, financing and debentures

These are initially accounted for at fair value, net of any transaction costs incurred, and subsequently measured at the amortized cost using the effective interest rate method, except loans and debentures to which the Company applied hedge accounting rules, which are subsequently measured at fair value through profit or loss.

a.2.2) Redeemable preferred shares

Refer to redeemable preferred shares classified as financial liabilities in accordance with the nature and characteristics of these shares, which determine the payment of priority and cumulative dividends and the scheduled or mandatory redemption of shares at the discretion of their holders. Redeemable preferred shares are initially recognized at fair value, net of costs incurred in issues, and later are measured at amortized cost using the effective interest method.

a.2.3) Concessions payable

Corresponds to the contractual financial obligations of payments for the grants for consideration of concessions of hydroelectric power plants. These were initially recorded at the present value of concession installments payable over the term of the concession, and subsequently at the amortized cost based on the interest rate used for calculating the present value.

In order to accurately reflect in shareholders' equity the granted concession and the related obligation, amounts corresponding to concessions were recorded in property, plant and equipment with a corresponding entry in liabilities.

a.3) Derivative financial instruments

Identified when: (i) their values are affected by rate or price fluctuations; (ii) there is no initial investment; and (iii) settlement is on a future date.

Derivative financial instruments held by the Company correspond to hedging operations against exposure to risks related to exchange variation and interest rates of debts and future commitments, which are recognized in accordance with the standards applicable to hedge accounting, as mentioned below. Moreover, the Company carries out energy trading operations to capitalize on price variations in the market.

Derivative financial instruments are recognized as asset and/or liability in the balance sheet and measured at fair value. Gains or losses resulting from changes in their fair value are recognized as financial income (loss), except when the derivative qualifies for and is designated for hedge accounting.

a.3.1) Hedge accounting

At the start of the hedge operation, the Company prepares a formal documentation describing the objectives and strategies of the risk hedging and the relationship between the underlying hedge transaction and the hedge instrument used to provide the expected protection.

The following hedge operations of the Company qualify for hedge accounting:

Fair value hedge

Hedge operations to protect the Company's loans and debentures from foreign exchange and interest rate variations result from short positions tied to the IPCA or CDI rate variation, i.e. non-fixed components, therefore designated as "fair value hedge." In these transactions, any gains or losses arising from fair value measurement variations of loans and debentures and hedge operations are recognized as financial income (loss).

Cash flow hedge

The Company designated as cash flow hedges: (i) hedge against exposure to foreign currencies of financial commitments for acquisition of assets and loans; and (ii) hedge against exposure to the loans abroad and fair value hedge, changing the short position for fixed components (fixed rate). In these transactions, for the highly effective portion of the hedge, gains and losses arising from changes in the instrument's fair value are recognized as shareholders' equity, under "Other comprehensive income (loss)", and transferred to profit or loss or assets when the hedged object is finally realized. The ineffective portion of the hedge instrument, if any, is recorded as profit or loss for the period.

b) Inventories

These are assessed at the lower value between the average weighted cost of acquisition and the net realization value and include the transfer of gains and losses from cash flow hedge recorded under net equity that qualify as inventory acquisition.

c) Judicial deposits

Are initially registered at the total amount deposited, plus any interest obtained until the date of the financial statements, which are recognized in the financial result.

d) Contract asset

Concession agreements define the public energy transmission service as the service provided upon construction (implementation of infrastructure) and operation & maintenance (O&M) of transmission facilities. Based on that, the performance obligations in these concession agreements were defined: (i) construction and improvements; and (ii) operation and maintenance (O&M). Accordingly, the Company allocates revenue from this agreement – Annual Permitted Revenue (RAP) – to each of these performance obligations, considering the estimated costs for each of them plus a profitability margin.

The transmission contract asset corresponds to the consideration of the revenue for construction of the transmission infrastructure during the course of installation of the transmission line. The consideration associated with the contract asset is received through the RAP allocated to the performance obligation related to the construction and improvements and depends on the conclusion of such installation and subsequent operation and maintenance of said infrastructure. Contract assets are remunerated at the remuneration rate and the IPCA variation.

The recognition of revenue from construction of transmission infrastructure considers the costs effectively incurred in the works, plus the construction margin calculated for the project, with gains or losses (construction efficiencies or inefficiencies) identified during the construction phase promptly booked when incurred, under the cost line.

The construction margin is measured by the proportion estimated for the "management and/or monitoring of the construction" in relation to the "Capex of the Project," both defined in the respective business plans. The proposed margins, which are net of applicable charges, are sufficient to cover the costs of managing the construction.

Additionally, upon initial measurement of the contract asset, the Company estimates, where applicable, the use of mechanism named "Variable Portion" on the RAP to be received. This mechanism allows RAP to be increased or reduced depending on the performance of the transmission system.

e) Non-current assets held for sale

Assets are classified as held-for-sale when their book value is recoverable particularly through their sale and not through their continuous use. These assets are measured by the lowest between their book value and their fair value, net of selling expenses, and are presented separately in the balance sheet.

f) Investments

f.1) Investments in directly or indirect subsidiaries

Investments in subsidiaries are those in which the Company is exposed to or has rights to the variable returns resulting from its involvement with the entity and is capable of interfering in these returns through its power over such entity.

These investments are evaluated using the equity method in the Parent company financial statements, and fully consolidated for purposes of presentation of the consolidated financial statements.

f.2) Investments in joint arrangements

Joint arrangements are those in which the Company and one or more investors hold shared control over operating and financial activities of the entity. These may be classified as joint operations or joint ventures, depending on the contractual rights and obligations of investors.

The Company holds joint operations in Itasa and in consortiums. The investment in joint operations in entities with their own legal personality, as occurs in Itasa, is recognized through the equity method in the parent company. In the consolidated statements, assets, liabilities, revenues and expenses of said joint operation are recognized in proportion to the interest in the business. Regarding interest in consortia (entities without their own legal personality), assets, liabilities, revenue and expenses are recognized directly in the financial statements of the consortium member, based on the respective interest held in the consortium.

Investments in joint ventures are initially booked at cost and subsequently recognized through the equity method. The Company has interest in a joint venture related to the shared control of TAG. The results of joint ventures are recognized under "Equity" in the individual and consolidated income statements, while changes in other comprehensive income are presented as part of other comprehensive income of the Company.

The Company is currently assessing whether there is objective evidence that the investment in the joint venture suffered impairment loss, which is the difference between the recoverable amount of the joint venture and its book value. The premium related to joint ventures is included in the book value of the investment and hence is not amortized or separately tested for impairment loss of assets.

f.3) "Goodwill" and business combination in investment acquisition

In the parent company, the difference between the amount paid and the book value of the shareholders' equity of acquired companies is recognized in the investment as (i) surplus, when the economic ground is substantially related to the fair value of net assets from the acquired subsidiary; and (ii) goodwill, when the amount paid exceeds the fair value of net assets and this difference represents the expected future value creation.

Business combination is a method used for recognizing acquisitions of control in the consolidated statements. This method requires identifiable assets acquired and liabilities assumed to be measured at their fair values. Goodwill from the business combination, which is registered under intangible assets, is tested for impairment every year.

g) Property, plant and equipment

g.1) Measurement

The assets that compound the property, plant and equipment are recorded at acquisition or construction cost. The interests and other financial charges arising from loans, financing and debentures related to the constructions in progress are calculated as the cost of the respective fixed asset, just like the gains and losses from cash flow hedge recorded as equity, which qualify as property, plant and equipment. The present value of the cost expected for demobilization of an asset after its use, when applicable, is included in the cost of the respective asset.

The costs of property, plant and equipment are deducted from accumulated depreciations and provisions for asset impairment, when applicable.

The assets, or set of assets, that had accounting values significantly different from their fair values on the date of adoption of new accounting practices in Brazil, on 1.1.2009, started to have their fair value taken as deemed cost in assets.

The components of certain assets that are regularly replaced during the economic useful life of the asset are recognized as separate assets and then depreciated for the expected period for the substitution. The costs incurred in small regular maintenance activities and also routine activities are recognized in the profit or loss, when incurred.

In the consolidated statements, the Company recognizes the fair values of intangible assets arising from the concession of or authorization to use public assets, acquired in a business combination, as a single asset in the group of property, plant and equipment. This procedure was adopted in view of the impossibility of these fixed and intangible assets to be sold or transferred separately and to the similar durations of said rights and useful lives of the assets.

g.2) Depreciation

Depreciation of fully operating assets is calculated by the linear method, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated useful life of the assets, except for the initial investments in generation assets, whose plants have public utility concession. These investments are depreciated based on the useful lives defined by Aneel, limited to the period of concession of the power plants.

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

h) Intangible assets

Are registered at acquisition cost or at the fair value of the intangible assets acquired in a business combination. In addition, the Company recognized intangible assets arising from the right to extend the concession, in view of the adhesion to the renegotiation of hydrological risk to compensate the Company for costs incurred in the past, as provided for in Federal Law 14,052/2020, regulated by Aneel Resolution 895/2020, at fair value, which is equivalent to the amount defined and made available by Aneel. This right was recognized when it became virtually certain, as a corresponding entry to "Operating costs – Renegotiation of hydrological risk."

Intangible assets with definite life are amortized at the linear method, based on the defined useful life considering commercial contracts or contracts of concession and authorization. Intangible assets with undefined useful life are not amortized, but tested annually for any impairment loss.

i) Assessment of the recovery value of property, plant and equipment and intangible assets – Impairment

The Company appraises, at least on an annual basis, the assets comprising its property, plant and equipment and its intangible assets, in order to identify evidences that could lead to impairment losses from the respective units generating cash or intangibles, or also when events or significant change indicate that their book values may not be recoverable. If identified that the book value of the asset exceeds its recoverable value, then this provision for impairment loss is recognized in the profit or loss of the year.

The recoverable value of an asset is the larger value between its current value in use and the sale fair value, net of necessary costs to sell the asset. The value in use corresponds to the discounted cash flows – before tax – generated by the use of the asset during its useful life.

j) Provisions

Are recognized when there is a present, court-ordered or not formalized obligation resulting from a past event, in which there shall probably be an outflow of resources for the settlement and that this obligation can be reasonable estimated. The updating of the provision through time is recognized in the item of financial expenses.

k) Retirement benefits obligations

Actuarial commitments to defined retirement benefit plans are recognized at the present value of the estimated liabilities, net of the amount of assets guaranteeing the plan.

The present value of the commitments is calculated based on an actuarial appraisal elaborated annually by independent actuarial, based on the Projected Unit Credit Method. The method considers each period of employment as a generator of an additional benefit unit, and the units are accumulated to build up the final obligation. Net assets are substantially composed of investments comprising the benefits plan portfolio, which are valued at their fair value.

Changes in the net defined benefit are recognized when incurred as follows: (i) cost of service and net interest, in profit or loss for the year; and (ii) annual remeasurements of retirement benefit obligations, net of the assets of the plans, under "Other comprehensive income".

The Company also maintains defined contribution plans, whose contributions are recognized in profit or loss when incurred.

l) Income tax and social contribution

Segmented in the balance sheet and the result as current and deferred taxes.

l.1) Current income tax and social contribution

Are individually calculated by each entity according to the rates in force in the financial statement period and recorded at the net amount in the balance sheet, when the taxes correspond to the same tax entities and will be paid at the net amount.

The tax benefit of reduction of income tax for projects built in a tax-incentive region, is recognized as an offsetting account of income tax and transferred from the "Retained earnings" account to the "Tax incentive reserve", in shareholders' equity.

l.2) Deferred income tax and social contribution

Are calculated with the application of the effective rates forecasted for the years in which there is an expectation of realizing or demanding temporary differences - differences between the book value of liabilities and assets and their tax base – or offsetting tax losses, and social contribution tax loss carryforwards, when applicable. These deferred taxes are fully presented in the non-current group, on a net basis, regardless of the expectations of realization and enforceability of the amounts that give rise to them.

Deferred income tax and social contribution are recognized in accordance with the transaction that gave rise to the deferred tax, whether in profit or loss, in comprehensive income or directly in net equity.

m) Lease agreements

The Company assesses, on the start date of the agreement, if such agreement is or contains a lease and whether the single approach of recognition and measurement, except for short-term leases and assets of low individual value.

m.1) Rights of use of leases The rights of use of leases, initially, comprise lease liabilities plus advance payments. These assets are depreciated based on the term of the lease agreements and assessed in terms of impairment loss. In addition, they are adjusted by any new remeasurement of lease assets.

m.2) Leases payable

Leases payable are initially measured at present value of future payment flows, discounted by the incremental financing rate, since the implicit interest rate of the lease cannot be easily determined. The flow of future payments comprises variable payments that depend on an index or rate.

Subsequently, the lease liability is measured at amortized cost using the effective interest method and remeasured (with corresponding adjustment in related right of use) when there is any change, modification in the lease term, change in future payments triggered, for example, by monetary adjustments, or change in the assessment of a call option of the underlying asset.

The variable lease payments that do not depend on an index or rate are recognized as expenses in the period in which they are made. In addition, the Company applies exemption from short-term lease recognition, that is, leases of assets whose lease term is 12 months or less at the start date, and assets of low individual value, which are recognized as expense throughout the lease duration.

n) Other assets and liabilities current and non-current

Other assets are recorded at acquisition cost, deducted from the impairment provision, when applicable. Other obligations are recorded at the known or calculable values with the addition, when applicable, of the corresponding interest and monetary readjustments incurred.

o) Distribution of dividends and interest on equity

The dividends and interest on equity are recognized as liabilities in the following moments: (i) interim dividends – when approved by the Board of Directors; (ii) interest on equity – on the date when credit is paid to the shareholders; and (iii) additional dividends as proposed at the end of the year – on approval at a General Meeting (AGO).

p) Related party transactions

Transactions for the purchase and sale of energy, services and issue and purchase of financial instruments are carried out under conditions and durations agreed between the parties and registered according to contractual terms and conditions, which are restated at their contractual charges.

q) Revenue from contracts with customers

Revenue is measured based on the consideration established in contracts with customers, at the fair value of consideration received or to be received, less all applicable taxes.

Revenue is recognized in accordance with the following stages: (i) identification of the rights and commitments established in the customer contract; (ii) identification of the contracted performance obligations; (iii) definition of the transaction price; (iv) pricing of the performance obligations; and (v) recognition when (or to the extent that) performance obligations are met. Revenue is only recognized when there is no significant uncertainty regarding its realization.

Revenue is recognized in accordance with the contracts signed, the performance obligation of which is met on a monthly basis, given that the customer simultaneously receives and consumes the benefits supplied by the Company and, consequently, the consideration amount reflects the fair value receivable when the energy is effectively delivered to the customer.

Information regarding the nature and time of compliance with the performance obligations established in contracts with customers is provided below, including significant payment conditions and related revenue recognition policies.

q.1) Electricity supply, provision and export

The Company recognizes revenue from electricity supply, provision and export at the fair value of consideration, through the delivery of electricity during a certain period. The energy volume delivered to the buyer is determined on a monthly basis. Customers obtain control of electricity the moment they consume it. The bills are issued on a monthly basis and usually paid within 30 days from their issue date.

Revenue is recognized based on the sold energy, with prices established in the supply and provision contracts. The Company can sell the energy produced in two environments: (i) the Free Contracting Environment (ACL), where electricity is traded based on free negotiation of prices and conditions between the parties, through bilateral contracts; and (ii) the Regulated Contracting Environment (ACR), where electricity is sold to distributors.

q.2) Transactions in the short-term market

The Company recognizes revenue at the fair value of consideration receivable at the time when the short-term market transactions occur. Energy price in these transactions is linked to the Differences Settlement Price (PLD).

q.3) Trading operations

Energy trading operations take place in the active market, and for the purposes of accounting measurement, comply with the definition of financial instruments at fair value.

The Company recognizes revenue upon delivery of energy to the customer, at the fair value of the consideration. Unrealized net gains from the mark-to-market (difference between contracted and market prices) of outstanding net contracted operations on the date of the financial statements are also recognized as revenue.

q.4) Service revenue

For energy sold in the ACR, HEPs Jaguara and Miranda receive, as part of the Annual Generation Revenue (RAG), the portion related to the Management of Generation Assets (GAG), which is allocated for remunerating Plant operation and maintenance services and aims to shutdowns. The Company recognizes revenue at the fair value of the consideration to be received every month, to the extent that the performance obligation to keep the Plant in operation is met.

q.5) Revenue from construction of transmission infrastructure

Revenue from construction of transmission infrastructure is recognized in accordance with ICPC 01 (R1) - Service Concession Arrangements (IFRIC 12) and CPC 47, to the extent that all performance obligations are met over time. This revenue corresponds to construction costs plus residual gross margin to cover construction management costs. This construction spending is recognized at cost.

r) Application of judgments and critical accounting practices

Critical accounting practices are those important to present the financial conditions and also the results, and require more difficult, subjective or complex judgments made by Management, often as a result of the need of making estimates that have an impact on questions that are inherently uncertain. As the number of variables and assumptions that affect the possible future solution of such uncertainties increases, these judgments become even more subjective and more complex.

In the preparation of financial statements, the Company adopted certain assumptions arising from the historical experience and other factors which are considered reasonable and relevant. Even though these estimates and assumptions are reviewed by the Company in the normal course of business, the statement of its financial conditions and the results of the operations often require the use of judgments in relation to the book value of its assets and liabilities.

Effective results can be different from those estimated due to variables, assumptions or different conditions. In order to provide understanding of how the Company prepares its judgments about future events, including variables and assumptions used in the estimates, comments were included about each critical accounting practice as described below:

r.1) Derivative financial instruments

Derivative financial instruments are recognized at their fair values in the financial statements. Determining the fair value of the Company's derivatives requires the use of valuation methodologies that can be complex and involve the use of future estimates for exchange, inflation, long-term interest rates and energy prices.

The main notes related to this exercise of judgments and critical accounting practices are: Note 18 – Management of risks and financial instruments; Note 19 – Loans and financing; and Note 20 – Debentures.

r.2) Useful life of property, plant and equipment

The Company hereby recognizes the depreciation of its property, plant and equipment, based on the annual rates established by Aneel, which are practiced by the companies of the Brazilian electrical sector and represent the estimated useful lives of the assets. The initial investments in generation assets whose power plants hold public service concessions are depreciated based on the useful lives defined by Aneel, limited to the time frame for concession of the power plants. However, the real useful lives may vary based on the technological updates made to the assets of each generation unit. The useful lives of fixed assets also affect the impairment tests of property, plant and equipment, when these are necessary.
The main note related to this exercise of judgments and critical accounting practices is: Note 15 – Property, plant and equipment.

r.3) Long-term assets impairment test

There are specific rules for test the long-term assets impairment, particularly property, plant and equipment. At the end of the year, the Company conducts an analysis to assess if there is any evidence that the total value of the long-lived assets may not be recovered. In uncommon situations, if this evidence is identified, then the Company proceeds to the impairment of these assets. These tests involve a few variables and uncertainties regarding cash flow forecasts for the valuation of assets in use and definition of the market value of assets held for sale.

The main notes related to this exercise of judgments and critical accounting practices are: Note 14 – Investments and Note 15 – Property, plant and equipment.

r.4) Retirement benefits obligations

The Company recognizes its obligations in relation to benefits plans for employees and related costs, net of plan assets, adopting the following practices: (i) the future obligations arising from the pension benefit plans are discounted to present value, based on the interest rates on Federal Government bonds with average duration similar to those expected for the payment of the future forecasted commitments; and (ii) the assets of the pension plans are assessed at fair value on the date of the financial statements.

In actuarial calculations, the actuarial consultants also use subjective factors, such as mortality tables, inflation estimates and forecasts of salary growth, resignation, and staff turnover.

The actuarial assumptions used by the Company may be different from the real results, due to changes in the economic or market conditions, regulatory events, court decisions, or shorter or longer life periods of the participants. However, the Company and its actuaries use assumptions consistent with the internal and external analysis carried out for the definition of the estimates. The sensitivity analysis of discount rates is disclosed in Note 28 - Retirement Benefit Obligations.

r.5) Provisions

- Provisions for civil, tax and labor risks

The Company is a party in various lawsuits and administrative proceedings, for which provisions are constituted when it is likely that funds will be used to settle a contingency and when such funds can be reasonably estimated. The significant contingent liabilities which have been assessed as possible and remote risk are not recorded. When relevant, the proceedings which have been evaluated as possible risk are disclosed in the explanatory note.

The probability of outflow of funds is based on an appraisal and a qualification of the risks. This appraisal is supported by the judgment and experience of the Management, together with its legal advisors, considering cases of jurisprudence, decisions taken at lower and higher levels, and other applicable aspects. Risk assessments and estimated amounts may differ from those effectively incurred by the Company.

- Provision for demobilization of generation assets

Costs with the demobilization of generation assets are recorded in the provision based on estimates and assumptions related to discount rates and the present value of expected costs of demobilization and removal of assets by the end of the term of authorization for the plants and are recognized as a corresponding entry to the costs of the respective asset. The provision is revised annually and any estimate adjustments are recognized as a corresponding entry to the cost of the asset.

The main note related to this exercise of judgments and critical accounting practices is: Note 27 - Provisions.

r.6) Estimated incremental rate of leases

The implicit interest rate of current leases is not readily identifiable, which is why the Company considers the incremental rate on loans to measure lease liabilities. The incremental rate is the interest rate the Company would have to pay to take out loans, for a similar term, to obtain the funds necessary for acquiring assets at amounts similar to the right of use asset in a similar economic scenario. The Company calculates the incremental rate using observable data, when available.

The main note related to this exercise of judgments and critical accounting practices is: Note 22 – Lease operations.

s) New standards, amendments a and interpretations

The International Accounting Standards Board (IASB) and the Accounting Pronouncements Committee (CPC) issued revisions of existing standards, applicable from 1.1.2020. The following table shows the revisions applicable to and adopted by the Company and their respective impacts:

Notes to the Financial Statements

Revision and Standards affected	IASB Correlation	Publication date (Brazil)	Applicable starting	Accounting impacts
Revision of Technical Pronouncements No. 14				
Technical Pronouncement CPC 00 (R2) – Conceptual Framework for Financial Reporting	Conceptual Framework	12.10.2019	01.01.2020	No significant impacts
IASB annual changes – Cycle of improvements 2017-2019	Sundry	12.10. 2019	01.01.2020	No significant impacts
Revision of Technical Pronouncements No. 15				
Technical Pronouncement CPC 48 – Financial Instruments	IFRS 9	03.06. 2020	01.01.2020	No significant impacts
Revision of Technical Pronouncements No. 16				
Technical Pronouncement CPC 06 (R2) – Leases	IFRS 16	07.07.2020	01.01.2020	No significant impacts

t) New standards, amendments and interpretations not yet in force

As of 1.1.2021, the following pronouncements will be in force, which were not adopted in advance by the Company:

Revision and Standards affected	IASB Correlation	Publication status	Applicable starting	Accounting impacts
Draft of Revision of Technical pronouncements No. 17				
Technical Pronouncements CPC 06 (R2) - Leases and CPC 48 – Financial Instruments.	IFRS 16 and 9	02.11.2021	01.01.2021	No significant impacts

NOTE 4 – CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Cash and bank deposits	**3,201**	**2,200**	**54,948**	**90,893**
Marketable securities:				
Exclusive investment fund				
Repurchase transactions backed by federal bonds	1,921,332	2,588,144	4,450,369	3,746,004
Other marketable securities	56	163	33,629	33,364
	1,921,388	**2,588,307**	**4,483,998**	**3,779,368**
	1,924,589	**2,590,507**	**4,538,946**	**3,870,261**

The Company's financial investments are held for payment of short-term cash liabilities, mainly concentrated in the exclusive fund Energy Renda Fixa Fundo de Investimento Exclusivo (FIE), which is managed by Banco Santander. The fund has a policy of allocating its equity to very-low-risk assets and on 12.31.2020, 100% of its portfolio had assets with the Brazilian Government risk, all with daily liquidity.

The average yield of the Fund in 2020 and 2019 was around 98.7% and 99.3% of the CDI (the reference rate of Interbank Deposit Certificates), respectively.

NOTE 5 – TRADE ACCOUNTS RECEIVABLE

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Transactions within the CCEE	291,692	136,334	586,290	344,953
Distributors	254,929	276,984	482,900	428,598
Free Consumers	33,469	34,464	405,317	360,538
Trading operations	-	-	105,220	139,299
Traders	118,891	201,663	75,858	92,546
Others	-	305	88,854	91,490
Estimated losses with doubtful accounts	(6,180)	(6,180)	(21,338)	(6,197)
Current assets	**692,801**	**643,570**	**1,723,101**	**1,451,227**
Free Consumers	1,454	-	15,405	-
Distributors	748	748	761	761
Non-current assets[1]	**2,202**	**748**	**16,166**	**761**
	695,003	**644,318**	**1,739,267**	**1,451,988**

(1) The amounts refer to trade accounts receivable in the long term are presented as part of "Other non-current assets."

The average term for receiving amounts relative to electricity sold through agreements is approximately 30 days, as from the first day of month subsequent to the sale, whereas the term of amounts settled within the Electricity Trading Chamber (CCEE) is approximately 45 days. Despite the increase in defaults at CCEE due to the legal imbroglio surrounding the Generating Scaling Factor (GSF) since 2015, the Company has been constantly managing its portfolio in order to mitigate this situation. This default tends to be balanced out after the adhesion of the players to the renegotiation of hydrological risk established by Federal Law 14,052/2020.

The breakdown of overdue accounts receivable recorded under current assets is as follows:

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Overdue up to 30 days	-	-	1,701	4,318
Overdue more than 30 days	6,188	7,044	27,900	14,815
With estimated losses recognized	*6,180*	*6,180*	*21,338*	*6,197*
Other	*8*	*864*	*6,562*	*8,618*
	6,188	**7,044**	**29,601**	**19,133**

The Company recognized R$ 15 million of estimated losses on doubtful accounts in the fiscal year ended 12.31.2020. In 2020 and 2019, no trade accounts receivable were written off on account of losses verified. The change in balances, related to estimated losses on doubtful accounts, is as follows:

	Parent Company	Consolidated
Balances at 12.31.2019 and 12.31.2018	**(6,180)**	**(6,197)**
Provision	-	(15,141)
Balances at 12.31.2020	**(6,180)**	**(21,338)**

In addition to the aforementioned amounts receivable, the Company also has amounts to be received for transactions carried out in the Wholesale Electricity Market (MAE), currently referred to as CCEE,

between the years 2000 and 2002, the amounts of which are fully hedged by the provision for estimated losses on doubtful accounts.

The nature and amounts of these transactions are:

(i) R$ 110,598 – corresponds to credits from transactions made within the MAE between September 2000 and September 2002, which were not received due to lawsuits filed by certain debtor agents that disagree with the interpretation given by that organization, in relation to the provisions of the General Agreement of the Electrical Segment. The estimated losses were recognized due to uncertainty in relation to the receipt of the values regarding the aforementioned transactions.

(ii) R$ 12,388 – refers, substantially, to debts by defaulting agents in the first financial settlement made by MAE, on 12.30.2002, regarding the transactions made within the scope of that market. Such amounts are being the objects of bilateral negotiations for a long time. However, due to uncertainties regarding payment, the Company has set some cash aside as allowance for doubtful accounts, regardless of any legal action applicable to the case.

In 2020, the Company renegotiated R$ 7 million from the provision through agreement with the client.

NOTE 6 – INVENTORIES

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Supplies	16,077	14,344	97,972	83,766
Advances to suppliers	723	1,015	57,163	86,518
Inputs for energy production	-	-	26,231	47,675
Other	514	76	8,062	3,005
	17,314	**15,435**	**189,428**	**220,964**

In 2019 and 2020, the subsidiary Pampa Sul advanced R$ 79,903 and R$5 0,048, respectively, amounting to R$ 129,951, to a coal supplier due to compliance with the contractual commitment of acquisition of a minimum monthly quota of 106,000 tons. The balance on 12.31.2020 was R$ 47,723 (R$ 38,949 on 12.31.2019), to be realized when the purchase of coal exceeds the minimum monthly quota. The Company expects to fully pay the advance by the end of 2021.

In addition, the subsidiary EGSD made advance payments to suppliers for acquisition of solar panels, whose balance at 12.31.2020 was R$ 5,995 (R$ 46,246 at 12.31.2019).

NOTE 7 – MARKETABLE SECURITIES

On 9.23.2020, the Company acquired debentures issued by its direct subsidiary Pampa Sul, in the total amount of R$ 340,000, which were issued to optimize the subsidiary's capital structure. The debentures acquired are non-convertible, have security interest, including additional personal guarantee, and were issued under CVM Instruction 476/2009. The Company intends to trade these debentures in the secondary market after 2.24.2021, the lock-up period for trading of debentures, and when this market presents favorable conditions for the operation. The changes in marketable securities, in the parent company, are as follows:

	Parent Company

Notes to the Financial Statements

	Current	Non-current	Total
Acquisition	-	340,000	340,000
Interest [1]	5,144	1,304	6,448
Inflation adjustment[1]	145	9,114	9,259
Transfer	2,558	(2,558)	-
Fair value adjustment	(1,017)	(15,471)	(16,488)
Balance at 12.31. 2020	**6,830**	**332,389**	**339,219**

(1) The information presented includes PIS and Cofins.

The settlement of marketable securities presented in non-current assets is as follows:

	Parent Company
2022	6,802
2023	8,045
2024	15,562
2025	15,412
2026	16,420
2027 to 2031	110,272
2032 to 2036	159,876
Marketable securities	**332,389**

The main contracting conditions were:

	Conditions					Balances at
	Remuneration	Charges	Principal	Maturity	Guarantee	12.31.2020
1st Issue – 1st Series	IPCA + 6.25% p.a.	Semiannually	Semiannually	04.2028	Security interest	101,285
1st Issue – 2nd Series	IPCA + 7.50% p.a.	Semiannually	Semiannually	10.2036	Security interest	237,934

NOTE 8 – RESTRICTED DEPOSITS

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Financing guarantees	161,052	-	161,052	-
Guarantees for negative balance at CCEE	1	31	12,189	4,049
Reinvestment deposits	807	807	807	807
Current assets	**161,860**	**838**	**174,048**	**4,856**
Financing guarantees	-	10,388	185,801	374,676
Contractual commitment guarantees	-	-	43,778	-
Others	-	-	6,240	6,388
Non-current assets	**-**	**10,388**	**235,819**	**381,064**
	161,860	**11,226**	**409,867**	**385,920**

- Financing guarantees

Financing guarantees registered under current assets are related to the swap settlement with

Scotiabank on 12.28.2020. This guarantee will be used to pay a portion of the principal and interest on the foreign currency loan in April 2021. For more information on this settlement, see Note 18 – Management of risks and financial instruments.

In addition, the financing guarantees registered under non-current assets are aimed paying the debt owed to BNDES and onlending banks, as well as for operation and maintenance, as established in the agreements. They are mostly constituted for the amount equivalent to 3 months of debt service and contractual operating and maintenance expenses.

- Contractual commitment guarantees

Deposits in the amount of R$ 43,778 were recognized as consolidated non-current assets, which were made to guarantee compliance with certain contractual commitments undertaken by the seller of Novo Estado. These deposits will be released: (i) in the first anniversary of the closing date, up to the limit of 2% of the base purchase price established in the share purchase agreement; and (ii) the balance, 30 months after the closing date or at the start of commercial operation, whichever occurs first.

NOTE 9 – HYDROLOGICAL RISK RENEGOTIATION TO BE RECOGNIZED

a) Breakdown

	Amortization period	Parent Company		Consolidated	
		12.31.2020	12.31.2019	12.31.2020	12.31.2019
Itá HPP	2029	33,464	37,519	33,464	37,519
Cana Brava HPP	2029	26,061	29,220	26,061	29,220
Estreito HPP	2033	-	-	25,397	27,470
São Salvador HPP	2033	14,606	15,799	14,606	15,799
Machadinho HPP	2029	8,370	9,385	8,370	9,385
Ponte de Pedra HPP	2023	7,788	11,382	7,788	11,382
		90,289	**103,305**	**115,686**	**130,775**
Classification in the balance sheet					
Current assets		13,016	13,016	15,089	15,089
Non-current assets		77,273	90,289	100,597	115,686
		90,289	**103,305**	**115,686**	**130,775**

In December 2015, Aneel approved the renegotiation of hydrological risk relating to the Company's plants whose energy was being sold in the ACR. As a condition for adhering to said agreement, the Company formally withdrew from any legal dispute with Aneel that prevented the direct application of mechanism to reduce the physical guarantee, called Generation Scaling Factor (SGF)

The renegotiation rules established options to choose the hydrological risk level to be assumed by generators who, in turn, assumed the commitment to pay a risk premium defined by Aneel during the term of the energy sale agreement within ACR. Based on the new risk level defined in the renegotiation, GSF for 2015 was recalculated, which resulted in an overpayment in relation to the

calculated amount, which is being offset by "risk premiums" due by the Company and calculated at present value.

The changes in balances are as follows:

	Parent Company	Consolidated
Balances at 12.31.2018	**116,322**	**145,865**
Amortization of the "risk premium"	(13,017)	(15,090)
Balances at 12.31.2019	**103,305**	**130,775**
Amortization of the "risk premium"	(13,016)	(15,089)
Balances at 12.31.2020	**90,289**	**115,686**

b) Expected realization of non-current assets

	Parent Company	Consolidated
2022	13,016	15,090
2023	10,021	12,094
2024	9,422	11,495
2025	9,422	11,495
2026	9,422	11,495
2027 to 2031	24,479	34,845
2032 to 2033	1,491	4,083
	77,273	**100,597**

NOTE 10 – JUDICIAL DEPOSITS

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Tax and social security	50,816	70,913	51,409	71,495
Civil	23,982	23,176	24,948	24,330
Labor	6,090	6,744	6,182	7,053
	80,888	**100,833**	**82,539**	**102,878**

Of the total amount of judicial deposits, R$ 26,540 (R$ 29,471 at 12.31.2019), in the parent company and consolidated, are directly related to probable-risk contingencies recognized as provision in the Company's liabilities.

NOTE 11 – CONCESSION FINANCIAL ASSET

a) Breakdown

	Consolidated					
	12.31.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Jaguara HPP	189,612	1,550,501	1,740,113	183,783	1,496,385	1,680,168
Miranda HPP	116,014	948,669	1,064,683	112,449	915,557	1,028,006
	305,626	**2,499,170**	**2,804,796**	**296,232**	**2,411,942**	**2,708,174**

On 9.27.2017, the Company won the Auction for Non-Extended Concessions for the concession of the Jaguara and Miranda Hydroelectric Power Plants for 30 years starting 11.10.2017. The bonus for the concession grant was paid in a single installment on 11.30.2017.

As part of the Auction process, the Government guarantees the Company's right to sell 70% of the physical guarantee of its plants in the Physical Guarantee Quota System, thus ensuring the unconditional right to receive cash during the concession period with no demand, market and hydrological risks. As such, the amount paid for the concession grant corresponding to the present value of future cash flows, calculated based on the reference discount rate on the date of initial recognition (6.9%), to be received for the sale of energy in the ACR, was recognized as financial asset.

Changes in financial assets were as follows:

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
Balances at 12.31.2018	**1,610,025**	**985,085**	**2,595,110**
Amounts received	(167,303)	(102,368)	(269,671)
Interest	153,638	94,001	247,639
Inflation adjustment	83,808	51,288	135,096
Balances at 12.31.2019	**1,680,168**	**1,028,006**	**2,708,174**
Amounts received	(176,889)	(108,234)	(285,123)
Interest	153,085	93,663	246,748
Inflation adjustment	83,749	51,248	134,997
Balances at 12.31.2020	**1,740,113**	**1,064,683**	**2,804,796**

b) Realization profile of the concession financial asset presented under non-current assets

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
2022	159,905	97,836	257,741
2023	144,657	88,507	233,164
2024	130,830	80,047	210,877
2025	118,352	72,413	190,765
2026	107,067	65,508	172,575
2027 to 2031	400,243	244,888	645,131
2032 to 2047	489,447	299,470	788,917
	1,550,501	**948,669**	**2,499,170**

NOTE 12 – CONTRACT ASSET

The indirect subsidiaries Gralha Azul Transmissora de Energia S.A. ("Gralha Azul") and Novo Estado Transmissora de Energia S. A. ("Novo Estado") are primary responsible for the construction and installation of infrastructure related to the transmission concession of Gralha Azul and Novo Estado Transmission Systems, respectively. The term of these public transmission service concessions, including construction, assembly, operation and maintenance of transmission facilities, is 30 years from the date of signing of the concession agreement (3.8.2018), and the deadline for commercial startup is 3.9.2023.

a) Gralha Azul

On December 15, 2017, the Company, through its indirect subsidiary Gralha Azul, won Lot 1 of Transmission Auction 002/2017 held by Aneel, located in Paraná state, which totals approximately 1,000 km of transmission lines. The RAP submitted by the Company was R$ 231,725, a discount of 34.8% from the maximum revenue determined by Aneel, of R$ 355,407. The project's Capex is R$ 1.7 billion and there is no significant difference between the Capex of the Business Plan and the Management's estimate for the conclusion of the project.

b) Novo Estado

In March 2020, the Company acquired 100% of the shares of Novo Estado, which holds the concession of Lot 3 won at Transmission Auction 002/2017, located in Pará and Tocantins states, totaling approximately 1,800 km of transmission lines. The RAP of this concession is R$ 313,100, a discount of 35.73% from the maximum revenue determined by Aneel, of R$ 488,145. The project's Capex is R$ 3.0 billion and there is no significant difference between the Capex of the Business Plan and the Management's estimate for the conclusion of the project.

c) Gain (loss) due to efficiency (inefficiency) in the installation of transmission infrastructure.

During the construction works and energization of the project, positive or negative impacts are expected due to events such as: (i) delays and additional costs due to environmental issues; (ii) change in costs of commodities, since cables and structures are acquired directly by the Company; (iii) Additional costs of land easements and negotiations; (iv) unexpected earthmoving works; and (v) anticipation of energization terms. Changes in the project that affect its productivity must be recognized directly in profit or loss.

Notes to the Financial Statements

In the current fiscal year, the Company recognized net gain due to the efficiency in the installation of transmission infrastructure amounting to R$35,231.

d) Assumptions made

Assumptions	Novo Estado	Gralha Azul
Construction margin	2.24%	2.66%
Operation and maintenance margin	55.55%	37.39%
Remuneration rate	7.02%	10.49%
Annual RAP, net of charges (nominal value)	313,100	231,725
Annual RAP – Construction (nominal value)	270,416	207,222
Adjustment index of contracts	IPCA	IPCA
Construction cost incurred until 12.31.2020	1,417,651	1,226,399
Estimated commercial startup	12.2021	09.2021
Date of next Periodic Tariff Review	03.2023	03.2023
Duration of the concession contract	03.2048	03.2048

e) Changes in balance

The concession contract assets are presented under non-current assets and their changes are shown below:

	Consolidated		
	Novo Estado	Gralha Azul	Total
Balance at 12.31.2018	**-**	**47,698**	**47,698**
Transmission infrastructure construction cost	-	151,334	151,334
Transmission infrastructure construction margin	-	4,030	4,030
Interest	-	10,292	10,292
Inflation adjustment	-	4,257	4,257
Balance at 12.31.2019	**-**	**217,611**	**217,611**
Acquisition of subsidiary	153,279	-	153,279
Transmission infrastructure construction cost	1,279,753	1,029,701	2,309,454
Transmission infrastructure construction margin	28,703	27,421	56,124
Gain (loss) due to efficiency (inefficiency) in construction	38,740	(3,509)	35,231
Interest	31,817	49,774	81,591
Inflation adjustment	61,571	46,558	108,129
Balances at 12.31.2020	**1,593,863**	**1,367,556**	**2,961,419**

NOTE 13 – OTHER ASSETS

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Tax credits recoverable	36,039	2,179	179,286	114,415
Fuels to reimburse	-	-	58,462	52,533
Deferred tax asset	-	-	47,642	13,543
Prepaid expenses	11,298	16,957	39,258	38,823
Divestments and services in course	26,452	29,740	29,827	38,322
Trade accounts receivables	2,202	748	16,166	761
Advances to employees	3,173	4,930	5,769	6,608
Other amounts receivable	50,333	88,902	73,754	115,161
	129,497	**143,456**	**450,164**	**380,166**
Classification in balance sheet				
Current assets	90,515	137,506	274,413	311,478
Non-current assets	38,982	5,950	175,751	68,688
	129,497	**143,456**	**450,164**	**380,166**

a) Tax credits recoverable

Mainly corresponds to PIS and Cofins dues stemming from (i) the acquisition of machinery and equipment and expenses with construction of Plants; and (ii) the recognition of federal credits due to favorable outcome in a lawsuit in 2020, totaling R$ 96,430 and R$ 159,927, in the parent company and consolidated, respectively.

Regarding item (ii), the Company and its subsidiary EBC filed a writ of mandamus in 2007 for, among others, recognizing the right to receive federal taxes unduly paid, through offset by other taxes levied by the Federal Revenue Service, duly adjusted by the Selic rate.

On 5.18.2020, the final and unappealable decision in favor of the Company and its subsidiary was given on the writ of mandamus. Considering the results entirely favorable to ENGIE Brasil Energia and EBC, the companies recognized the tax credit, with a corresponding entry under net operating income, in the amounts of R$ 50,341 in the parent company and R$ 83,549 in consolidated, corresponding to the portion of gain related to the principal, and under financial income, in the amounts, net of PIS and Cofins, of R$ 46,089 in the parent company and R$ 76,378 in the consolidated, related to inflation adjustment based on the Selic rate. The credits of ENGIE Brasil Energia were already approved by the Federal Revenue Service of Brazil, while EBC's credits are in the process of approval. As a result, the Company has on 12.31.2020, recoverable amount of R$ 31,434 in the parent company and R$ 96,408 in consolidated.

b) Fuel to be reimbursed

Refers to amounts receivable from the reimbursement of fuel consumed for thermal power generation at the CTLJ, which are reimbursed by CCEE. The amounts eligible for reimbursement correspond to the limit of 2,400,000 tons per annum, discounting the percentage indicated every year by the regulatory body regarding the Plant's availability and efficiency indices.

NOTE 14 – INVESTMENTS

a) Breakdown

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Interest on subsidiaries:				
Measured at the equity method				
Equity in earnings of subsidiaries	14,124,862	12,649,936	2,251,408	2,874,727
Goodwill from investment acquisition	56,806	82,453	-	-
Goodwill from expected future profitability	173,654	92,715	173,654	74,193
	14,355,322	**12,825,104**	**2,425,062**	**2,948,920**

b) Changes in investments evaluated through the equity method

	Balance at 12.31.2019	Capital increase / acquisition of investment	Allocation of goodwill	Capital decrease	Equity in earnings of subsidiaries	Dividends	Other comprehensive income	Balances at 12.31.2020
Subsidiaries								
ECP	**3,363,152**	502,407	-	-	282,035	(88,517)	1,618	**4,060,695**
Pampa Sul	**2,393,128**	-	-	-	23,504	(2,105)	(7)	**2,414,520**
CEE	**1,136,237**	449,000	-	-	184,452	(34,125)	-	**1,735,564**
Jaguara	**1,008,227**	-	-	-	137,277	(13,041)	-	**1,132,463**
Miranda	**670,909**	-	-	-	101,503	(9,643)	-	**762,769**
Diamante	**515,644**	-	-	-	190,866	(141,322)	88	**565,276**
ETP II	**-**	422,384	-	-	84,033	(16,401)	-	**490,016**
EBC	**296,194**	-	-	-	90,656	(85,000)	-	**301,850**
EGSD	**66,954**	20,700	-	-	(6,844)	-	1,785	**82,595**
Lages	**30,530**	-	-	-	(4,166)	-	-	**26,364**
ENGIE Trading	**22,175**	31,000	-	-	(27,499)	-	-	**25,676**
ECV	**24,948**	-	-	-	(3,954)	-	-	**20,994**
NEP	**1**	163,705	-	(167,219)	3,513	-	-	**-**
Other	**3,589**	-	-	-	-	-	-	**3,589**
Under shared control								
Itasa	**243,521**	-	-	-	9,917	(2,355)	-	**251,083**
Joint venture								
TAG[1]	**2,874,727**	327,168	(99,461)	-	487,051	(711,750)	(626,327)	**2,251,408**
	12,649,936	**1,916,364**	**(99,461)**	**(167,219)**	**1,552,344**	**(1,104,259)**	**(622,843)**	**14,124,862**

(1) TAG is a joint venture, therefore it is not consolidated by the Company.

	Balances at 12.31.2018	Capital increase / acquisition of investment	Allocation of goodwill	Capital decrease	Equity in earnings of subsidiaries	Dividends	Other comprehensive income	Balances at 12.31.2019
Subsidiaries								
ECP	**4,062,592**	427,834	-	(1,420,000)	292,726	-	-	**3,363,152**
Pampa Sul	**2,360,677**	50,156	-	(225,461)	227,756	(15,604)	(4,396)	**2,393,128**
CEE	**1,111,608**	-	-	-	183,125	(158,496)	-	**1,136,237**
Jaguara	**1,004,678**	-	-	-	160,769	(157,220)	-	**1,008,227**
Miranda	**691,350**	-	-	-	90,854	(111,295)	-	**670,909**
Diamante	**646,556**	-	-	(146,307)	72,551	(57,156)	-	**515,644**
EBC	**210,019**	-	-	-	116,175	(30,000)	-	**296,194**
EGSD	**40,695**	29,379	-	-	(3,560)	-	440	**66,954**
Lages	**37,871**	-	-	-	8,015	(15,356)	-	**30,530**
ENGIE Trading	**5,000**	-	-	-	17,175	-	-	**22,175**
ECV	**19,238**	-	-	-	5,710	-	-	**24,948**
Other	**3,590**	-	-	-	-	-	-	**3,590**
Under shared control								
Itasa	**242,547**	-	-	-	5,995	(5,021)	-	**243,521**
Joint venture								
TAG	**-**	3,469,869	(74,193)	-	81,114	(351,000)	(251,063)	**2,874,727**
	10,436,421	**3,977,238**	**(74,193)**	**(1,791,768)**	**1,258,405**	**(901,148)**	**(255,019)**	**12,649,936**

b.1) Information on main subsidiaries

Key information about the subsidiaries, which also have their fiscal year ended on December 31, is shown below:

	12.31.2020						
	Capital	Assets	Liabilities	Adjusted shareholders' equity	Net revenue	Adjusted net income (loss)	Interest (%)
ECP	2,862,883	8,918,840	5,018,692	4,063,164	2,021,701	282,212	**99.99**
Pampa Sul	1,956,692	4,130,744	2,005,375	2,414,520	618,309	23,504	**99.99**
CEE	1,369,380	1,989,842	254,278	1,735,564	515,104	184,452	**99.99**
Jaguara	854,409	2,426,885	1,294,422	1,132,463	486,027	137,277	**99.99**
Miranda	582,663	1,516,335	753,566	762,769	289,354	101,503	**99.99**
Diamante	638,940	845,885	280,609	565,276	868,685	190,866	**99.99**
ETP II	422,384	2,006,358	1,531,321	490,016	1,101,579	84,033	**99.99**
EBC[1]	10,038	874,148	572,298	301,850	4,551,392	90,656	**99.99**
EGSD	58,990	135,045	52,450	82,595	80,908	(6,844)	**99.99**
Lages	30,530	34,001	7,637	26,364	42,089	(4,166)	**99.99**
ENGIE Trading	36,000	379,826	354,150	25,676	402,761	(27,499)	**99.99**
ECV	23,970	69,814	48,820	20,994	366,070	(3,954)	**99.99**

(1) In 2020, the subsidiary EBC had increased its capital by R $5,838 through transfer of income reserve.

Notes to the Financial Statements

	12.31.2019						
	Capital and AFCI[1]	Assets	Liabilities	Adjusted shareholders' equity	Net revenue	Adjusted net income (loss)	Interest (%)
ECP	2,360,476	6,651,195	3,437,891	3,366,818	1,006,341	293,900	**99.99**
Pampa Sul	1,956,692	3,286,422	1,181,076	2,393,128	219,027	227,756	**99.99**
CEE	920,380	2,244,465	1,108,228	1,136,237	515,054	183,125	**99.99**
Jaguara	854,409	2,354,079	1,345,852	1,008,227	451,054	160,769	**99.99**
Miranda	582,663	1,485,078	814,169	670,909	293,104	90,854	**99.99**
Diamante	638,940	774,980	259,336	515,644	620,319	72,551	**99.99**
EBC	4,200	1,115,447	819,253	296,194	4,970,262	116,175	**99.99**
EGSD	38,290	185,458	118,504	66,954	97,926	(3,560)	**99.99**
Lages	30,530	37,991	7,461	30,530	36,138	8,015	**99.99**
ENGIE Trading	5,000	97,507	75,332	22,175	71,672	17,175	**99.99**
ECV	23,970	55,105	30,157	24,948	331,806	5,710	**99.99**

(1) Advance for future capital increase.

Non-controlling shareholder

The non-controlling interest of Ibitiúva in 2020 in the shareholders' equity and the net income of ECP presented above is R$ 2,469 and R$ 177 (R$ 3,666 and R$ 1,174 in 2019), respectively.

Capitalized amounts

ENGIE Brasil Energia took out loans and debentures to finance the construction of the Campo Largo, Umburanas Phase I and Campo Largo II Wind Power Complexes and the Assú V Photovoltaic Power Plant, investments that are part of ECP, and of the Pampa Sul Thermal Power Plant. The interest on these debts is capitalized during the construction period of the Plants in the consolidated financial statements and recognized using the equity method in the parent company's financial statements. After the commercial startup, the amounts capitalized are amortized in the period corresponding to the amortization of property, plant and equipment. The Campo Largo II Wind Power Complex is in the construction phase and hence interest on debt has not been amortized yet.

The total amounts capitalized in the direct subsidiaries ECP and Pampa Sul until 12.31.2020 were R$ 163,016 and R$ 289,151 (R$ 153,514 and R$ 287,782 in 2019), respectively. In 2020, capitalized interest in these subsidiaries were R$ 9,502 and R$ 1,369 (R$ 8,091 and R$ 60,311 in 2019), respectively.

In 2020, ETP II issued redeemable preferred shares and the cost of this issue was paid by its parent company ENGIE Brasil Energia, in the amount of R$ 14,979. This cost was capitalized in the consolidated financial statements and recognized in equity income (loss) in the parent company financial statements and will be amortized on a straight line basis until the redemption of shares. In the table above, "Information on main subsidiaries", the amounts under "Adjusted shareholders' equity" and "Adjusted net income (loss)" include the items described above.

c) Goodwill from investment acquisition – Parent company

This item records goodwill (concession rights) paid in the acquisition of the direct subsidiary CEE, whose economic grounds are the rights over the concession granted by Aneel for the use of public assets in the generation of electricity. The "goodwill" is amortized through the straight-line method over the duration of the concession of the Plant, since the economic benefits will occur over the course of this period. In 2020 and 2019, the amortized amount was R$ 3,341.

Moreover, in 2019, the Company had maintained the goodwill on brand and non-competition rights paid for the acquisition of the direct subsidiary EGSD, in the amount of R$ 22,306. In 2020, based on the present value of the cash flow projections obtained through economic and financial evaluations, the Company recognized impairment of this goodwill in view of non-expectation of future profitability.

d) Goodwill on expected future profitability

In 2019 and 2020, the Company registered goodwill on expected future profitability in the acquisition of its joint venture TAG, in the amount of R$ 74,193 and R$ 99,461, respectively. Additionally, in 2020 the Company recognized the impairment of goodwill in the direct subsidiary EGSD, in the amount of R$ 18,522, due to the non-expectation of future profitability in view of the present value of cash flow projections of the subsidiary.

e) Information on subsidiaries

e.1) Subsidiaries

e.1.1) Usina Termelétrica Pampa Sul S.A. ("Pampa Sul")

Pampa Sul holds the Pampa Sul Thermal Power Plant, located in the municipality of Candiota, state of Rio Grande do Sul, with installed capacity of 345.0 MW. Thermal Power Plant Pampa Sul started operations in June 2019. In November 2014, Pampa Sul sold, in an auction held by Aneel, 294.5 average MW for a period of 25 years.

e.1.2) Companhia Energética Estreito ("CEE")

CEE has a 40.07% share in the Estreito Energia Consortium (Ceste) and leads the consortium, which was created for the implementation and exploitation of the Estreito Hydroelectric Power Plant, situated on the Tocantins River, between the Brazilian states of Tocantins and Maranhão. The Company's share of the Plant's installed capacity is 435.6 MW. In 2020, a capital increase of R$ 449,000 was approved by the parent company ENGIE Brasil Energia for the purpose of repaying the subsidiary's loan to BNDES.

e.1.3) Companhia Energética Jaguara ("Jaguara")

Jaguara is the owner of the Jaguara Hydroelectric Power Plant, located in the city of Rifaina, São Paulo, with installed capacity of 424.0 MW. The Plant's concession for power generation under the regime of quotas was acquired by ENGIE Brasil Energia at the Auction of non-Extended Concessions held by Aneel on 9.27.2017.

e.1.4) Companhia Energética Miranda ("Miranda")

Miranda is the owner of the Miranda Hydroelectric Power Plant, located in the city of Indianópolis, Minas Gerais, with installed capacity of 408.0 MW. The Plant's concession for power generation under the regime of quotas was acquired by ENGIE Brasil Energia at the aforementioned auction.

e.1.5) Diamante Geração de Energia Ltda. ("Diamante")

Located in the city of Capivari de Baixo, state of Santa Catarina, it consists of the Jorge Lacerda Thermal Power Complex, which is formed by seven generator groups within three plants: Jorge Lacerda A, with two generation units of 50 MW and two of 66 MW each, Jorge Lacerda B, with two units of 131 MW each, and Jorge Lacerda C, with a generator unit of 363 MW, totaling 857 MW.

e.1.6) ENGIE Transmissão de Energia Participações II S.A. ("ETP II")

ETP II is the indirect parent company of Novo Estado, which is responsible for the construction, operation and maintenance of approximately 1,800 kilometers of transmission lines, a new substation and the expansion of three other existing substations in the states of Pará and Tocantins. In 2020 approval was given to the capital increase of R$ 167,219 in ETP II through the transfer of 63,706,000 registered common shares with no par value of NEP. Capital increases totaling R$ 255,165 were also made to enable the construction of the Novo Estado Transmission System.

e.1.7) ENGIE Brasil Energia Comercializadora Ltda. ("EBC")

EBC's main purpose is electricity trading, which includes the purchase, sale, import and export of electricity, as well as the intermediation of any of these operations, and all measures and execution of commercial agreements arising from such activities. The Company's sales in the ACL are normally concentrated in this subsidiary.

e.1.8) ENGIE Geração Solar Distribuída S.A. ("EGSD")

The corporate purpose of EGSD is to develop, sell in retail or wholesale, operate and maintain photovoltaic solar generators and panels with installed capacity below 5.0 MW.

e.1.9) Lages Bioenergética Ltda. ("Lages")

Lages is a thermal power plant located in the municipality of Lages, state of Santa Catarina, which makes use of a 28.0 MW steam turbogenerator powered by wood residue.

e.1.10) ENGIE Trading Comercializadora de Energia Ltda. ("ENGIE Trading")

ENGIE Trading's corporate purpose is trading of electricity, both wholesale and retail, including the purchase, sale, import and export of electricity, as well as intermediating any of such operations and the performance and execution of commercial actions arising from these activities. The subsidiary was established in 2019 and is the main agent of trading operations, designed to deliver results through the variation in electricity prices, within pre-established risk limits.

e.1.11) ENGIE Comercializadora Varejista de Energia Ltda. ("ENGIE Varejista")

The corporate purpose of ENGIE Varejista, which was authorized by CCEE in December 2017, is the retail sale of electricity, including the purchase, wholesale or retail, and the retail sale and import of electricity. The figure of retail seller was regulated by Aneel in 2015 to reduce the complexity of adhesion and facilitate the development of the ACL.

e.1.12) ENGIE Brasil Energias Complementares Participações Ltda. ("ECP")

ECP is a holding company with the objective of participating in the capital of other companies and also concentrating the investments in projects related to complementary energy of the Company. The following table presents financial information for the most significant subsidiaries of ECP for the year ended 12.31.2020.

Notes to the Financial Statements

	Capital	Assets	Liabilities	Shareholders' equity	Net Revenue	Net Income (loss)	Interest (%)
CECL[1]	1,532,763	3,658,910	2,035,083	1,623,827	227,733	26,007	99.99
Gralha Azul	465,021	1,369,379	846,249	523,130	1,153,452	62,172	99.99
CETR[2]	353,855	1,086,372	629,894	456,478	196,105	57,478	99.99
CEUR[3]	297,345	1,732,978	1,360,242	372,736	253,634	42,485	99.99
Assú[4]	126,822	234,254	102,071	132,183	24,143	7,596	99.99
Ferrari	69,440	180,013	60,164	119,849	66,927	39,286	99.99
Tupan	58,879	85,733	877	84,856	34,202	25,985	99.99
Ibitiúva	38,501	105,078	55,704	49,374	34,368	3,538	95.00
Hidropower	33,393	63,783	7,317	56,466	31,137	24,089	99.99
CESA[5]	1,698	10,956	8,757	2,199	-	(436)	99.99
Other	110	10	-	10	-	-	99.99

(1) Campo Largo and Campo Largo II Wind Power Complexes.
(2) Trairí Wind Power Complex.
(3) Umburanas Wind Power Complex.
(4) Assú Photovoltaic Complex.
(5) Santo Agostinho Wind Power Complex.
Further details on installed capacity and physical guarantee are included in Note 15 – Property, plant and equipment.

At 12.31.2020, the effects on ECP's consolidated assets deriving from the allocation of the fair value of the rights linked to authorizations and other rights acquired in the business combination total R$ 330,446 (R$ 345,949 at 12.31.2019).

In 2020 and 2019, the Company made capital increases in the direct subsidiary ECP in the amounts of R$ 502,407 and R$ 427,834, respectively, for the construction of the Campo Largo II Wind Power Complex and the Gralha Azul and Novo Estado Transmission Systems, controlled by the Company's subsidiary.

- Campo Largo and Campo Largo II Wind Power Complexes ("CECL")

CECL is formed by a set of wind power projects, all of which located in the cities of Umburanas and Sento Sé, Bahia, with total installed capacity of 687.9 MW.

CECL is composed of 2 wind power complexes formed by 2 holding companies, Campo Largo and Campo Largo II, to hold interest in 11 SPEs, acquired during 2013 and 2014. During 2018, all the 11 wind farms comprising the Campo Largo Wind Power Complex had their commercial start-up.

Financial information regarding the Campo Largo Wind Complex subsidiaries for the fiscal year ended 12.31.2020 is presented below.

	Capital	Assets	Liabilities	Shareholders' equity	Net Revenue	Net Income	Interest (%)
CLWP I	78,163	192,250	102,178	90,072	23,216	5,325	99.99
CLWP II	78,100	188,886	103,361	85,525	23,260	4,970	99.99
CLWP III	81,543	193,681	107,179	86,502	14,655	(3,138)	99.99
CLWP IV	85,034	195,558	97,722	97,836	19,461	1,840	99.99
CLWP V	81,774	185,166	97,701	87,465	20,517	2,365	99.99
CLWP VI	81,980	184,332	98,137	86,195	20,151	1,699	99.99
CLWP VII	78,499	205,073	108,854	96,219	19,861	1,197	99.99
CLWP XV	80,092	188,956	101,397	87,559	22,356	4,388	99.99
CLWP XVI	76,113	192,884	104,217	88,667	23,039	5,272	99.99
CLWP XVIII	84,803	189,072	95,927	93,145	22,208	4,440	99.99
CLWP XXI	84,660	189,007	99,991	89,016	19,727	1,559	99.99

Further details on installed capacity and physical guarantee are included in Note 15 – Property, plant and equipment.

The wind farms of Campo Largo II Wind Complex started being built in 2019. The park's generation will be 100% allocated to the free market. CLWP IX started test operations in December 2020 and the commercial startup of the entire complex is expected in 2021.

The following table provides financial information for the fiscal year ended 12.31.2020 of the subsidiaries of Campo Largo Wind Power Complex II.

	Capital	Assets	Liabilities	Shareholders' equity	Net revenue	(Loss)	Interest (%)
CLWP VIII	66,698	158,360	92,282	66,078	-	(188)	99.99
CLWP IX	38,991	105,214	67,050	38,164	71	(400)	99.99
CLWP X	68,955	162,832	94,922	67,910	-	(598)	99.99
CLWP XI	34,617	95,878	61,817	34,061	-	(140)	99.99
CLWP XII	69,034	151,411	83,126	68,285	-	(286)	99.99
CLWP XIII	54,410	123,172	69,445	53,727	-	(233)	99.99
CLWP XIV	46,607	111,649	65,877	45,772	-	(398)	99.99
CLWP XVII	50,358	136,952	87,450	49,502	-	(414)	99.99
CLWP XIX	76,574	173,053	97,335	75,718	-	(413)	99.99
CLWP XX	75,976	184,417	109,234	75,183	-	(346)	99.99
CLWP XXII	56,171	147,671	92,146	55,525	-	(191)	99.99

Further details on installed capacity and physical guarantee are included in Note 15 – Property, plant and equipment.

- Trairí Wind Power Complex ("CETR")

CETR is formed by a set of wind power projects with total installed capacity of 216.6 MW, all located in the city of Trairi, Ceará.

The complex is formed by 2 holding companies established to focus the investments on 4 SPEs each. The following table presents financial information on EEN subsidiaries for the fiscal year ended 12.31.2020.

	Capital	Assets	Liabilities	Shareholders' equity	Net revenue	Net income (loss)	Interest (%)
Mundaú	52,128	125,716	63,273	62,443	25,926	9,262	99.99
Fleixeiras I	43,391	126,146	69,510	56,636	30,486	11,691	99.99
Guajiru	40,068	130,681	68,524	62,157	37,451	18,960	99.99
Trairí	36,554	111,526	58,111	53,415	31,991	14,501	99.99
Ouro Verde	54,420	169,688	108,084	61,604	18,620	(1,439)	99.99
Estrela	48,621	174,689	115,985	58,704	20,909	(77)	99.99
Cacimbas	27,984	113,095	69,521	43,574	15,846	2,790	99.99
Santa Mônica	27,830	112,112	69,184	42,928	14,876	1,650	99.99

Further details on installed capacity and physical guarantee are included in Note 15 – Property, plant and equipment.

- Umburanas Wind Complex ("CEUR")

The Umburanas Wind Complex located in the city of Umburanas, Bahia, has installed capacity of 360.0 MW and started operations in early 2019.

The following table provides financial information for the fiscal year ended 12.31.2020 of the companies that are part of CEUR.

	Capital	Assets	Liabilities	Shareholders' equity	Net revenue	Net income	Interest (%)
Umburanas 1	46,256	136,003	100,825	35,178	18,154	2,905	99.99
Umburanas 2	24,809	119,394	94,811	24,583	18,606	4,642	99.99
Umburanas 3	29,532	96,389	74,935	21,454	12,441	943	99.99
Umburanas 5	21,323	80,853	64,650	16,203	11,769	1,945	99.99
Umburanas 6	22,093	94,262	74,962	19,300	14,906	3,612	99.99
Umburanas 8	21,319	117,488	92,184	25,304	17,263	3,277	99.99
Umburanas 9	24,655	81,175	65,416	15,759	11,317	1,409	99.99
Umburanas 10	16,742	95,901	75,619	20,282	13,331	1,918	99.99
Umburanas 11	10,914	70,864	56,164	14,700	9,193	674	99.99
Umburanas 13	14,885	95,305	75,573	19,732	12,220	843	99.99
Umburanas 15	14,913	95,007	75,052	19,955	12,661	1,394	99.99
Umburanas 16	16,076	119,543	93,022	26,521	18,044	4,318	99.99
Umburanas 17	14,607	110,632	86,163	24,469	18,682	4,303	99.99
Umburanas 18	5,435	36,483	28,621	7,862	5,385	968	99.99
Umburanas 19	18,391	123,548	97,493	26,055	18,460	3,232	99.99
Umburanas 21	15,246	108,600	85,692	22,908	16,951	2,297	99.99
Umburanas 23	10,778	73,870	57,587	16,283	11,782	2,476	99.99
Umburanas 25	12,296	83,588	66,037	17,551	12,469	1,532	99.99

Further details on installed capacity and physical guarantee are included in Note 14 – Property, plant and equipment.

- Assú Photovoltaic Power Complex (Assú)

In 2015 and 2016, the direct subsidiary ECP acquired projects to implement five photovoltaic plants in the city of Assú, Rio Grande do Norte. Until 12.31.2020, ECP, through its direct subsidiary Assú V,

executed one of the projects acquired, the Assú V Photovoltaic Plant, whose installed capacity is 30MW and commercial start-up occurred in December 2017.

- Santo Agostinho and Santo Agostinho II Wind Power Complexes ("CESA")

CESA is formed by two wind power projects with total installed capacity of 600.0 MW, all located in the cities of Lajes and Pedro Avelino, Rio Grande do Norte.

The complexes house one holding company (Santo Agostinho Participações Ltda.) formed to concentrate the investments in 14 SPE, whose construction will start in 2021, and the Santo Agostinho II Wind Power Complex, composed of 10 SPE, in the study phase.

e.2) Joint Operation - Itá Energética S.A. ("Itasa")

ENGIE Brasil Energia has joint control over Itasa, with a 48.75% share in the voting and paid-up capital of the company. The Company and Itasa own the exploration rights over the Itá Hydroelectric Power Plant, situated on the Uruguay River, on the border of the Brazilian States of Rio Grande do Sul and Santa Catarina, by means of a consortium in which Itasa has a 60.5% share and ENGIE Brasil Energia has 39.5%.

The main groups, of assets, liabilities and income statement of Itasa, as shown below, are consolidated in ENGIE Brasil Energia's consolidated financial statements proportionally to its equity interest in the capital of this Company, since that Company has its legal personality.

Balance Sheet	12.31.2020	12.31.2019
ASSETS		
Current assets	**140,253**	**82,519**
Cash and cash equivalents	48,919	65,793
Other current assets	91,334	16,726
Non-current assets	**411,480**	**450,764**
Long-term assets	20,807	24,361
Property, plant and equipment	390,667	426,396
Intangible assets	6	7
TOTAL	**551,733**	**533,283**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	31,332	25,763
Non-current liabilities	5,359	7,989
Shareholders' equity	515,042	499,531
TOTAL	**551,733**	**533,283**

Statement of Income	12.31.2020	12.31.2019
Net operating revenue	173,428	163,048
Costs of energy sold	(136,326)	(142,480)
GROSS PROFIT	**37,102**	**20,568**
Operating expenses		
Administrative and general expenses	(5,611)	(3,307)
INCOME BEFORE FINANCIAL INCOME (LOSS) AND TAXES	**31,491**	**17,261**
Financial result	**(757)**	**1,183**
INCOME BEFORE INCOME TAXES	**30,734**	**18,444**
Income tax and social contribution	(10,392)	(6,147)
NET INCOME FOR THE YEAR	**20,342**	**12,297**

e.3) Joint Venture – Transportadora Associada de Gás ("TAG")

On 6.13.2019, all the conditions precedent were met for consummating the acquisition, by Aliança, a joint venture until 9.2.2019, of ownership interest in TAG, representing 90% of the capital stock, owned by Petrobras, as per the agreement for sale and other covenants signed on 4.25.2019.

The Company's direct interest in Aliança was 32.5%. Accordingly, the Company held a 9.25% indirect interest in TAG. Due to the share purchase operation, the Company increased the capital in the joint venture Aliança by R$ 2,789,257. On 9.2.2019, TAG merged with Aliança and, therefore, the Company now holds direct interest in TAG.

Due to the dilution of its shareholding interest in TAG, explained by said merger, the Company recognized R$ 99,230 in "Other comprehensive income" in "Changes in interest in joint venture." In order to reestablish its 29.25% interest in TAG, defined in the purchase and sale agreement, the Company acquired shares amounting to R$ 680,612. The Company, after said merger, recognized the allocation of the goodwill generated from the acquisition of TAG, in the amount of R$ 74,193.

On 7.20.2020, the acquisition agreement was signed for additional ownership interest of 3.25% in TAG, of the 10% still held by Petrobras, for R$ 327,168, of which R$ 227,707 corresponds to capital increase and R$ 99,461 corresponds to goodwill on expected future profitability.

TAG has an infrastructure of gas pipelines spanning approximately 4,500 km, 12 gas compression facilities (6 own and 6 subcontracted) and 91 delivery points.

Notes to the Financial Statements

The main asset and liability groups of TAG on 12.31.2020 and 12.31.2019 were:

Balance Sheet	12.31.2020	12.31.2019
ASSETS		
Current assets	**2,220,358**	**1,832,485**
Cash and cash equivalents	436,623	340,902
Trade accounts receivable	1,556,009	1,259,383
Unrealized gains from hedge operations	18,621	-
Other current assets	209,105	232,200
Non-current assets	**32,304,110**	**33,513,002**
Restricted deposits	202,596	-
Unrealized gains from hedge operations	29,114	-
Other long-term assets	168,641	398,041
Property, plant and equipment	29,184,762	30,616,602
Intangible assets	2,718,997	2,498,359
Total	**34,524,468**	**35,345,487**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**3,874,276**	**2,797,400**
Borrowings, financing and debentures	3,249,964	2,341,762
Unrealized losses from hedge operations	298,041	427,347
Other current liabilities	326,271	28,291
Non-current liabilities	**23,722,784**	**22,719,962**
Borrowings, financing and debentures	21,608,889	21,250,775
Unrealized losses from hedge operations	910,232	-
Deferred income tax and social contribution	1,072,837	1,362,275
Other non-current liabilities	130,826	106,912
Shareholders' equity[1]	**6,927,408**	**9,828,125**
Total	**34,524,468**	**35,345,487**
Company's interest in shareholders' equity[2]	**2,251,408**	**2,874,727**

(1) Unrealized gains from hedge operation in the amount of R$ 764,385 in 2020 and unrealized losses from the hedge operation in the amount of R$ 279,608 in 2019.
(2) Ownership interest of 32.5% on 12.31.2020 and 29.25% on 12.31.2019.

Notes to the Financial Statements

Equity income (loss) of the Company was composed of the following items:

	2020			
	12M20	1.1 to 7.19 (29.25%)	7.20 to 12.31 (32.5%)	*Company's interest*
TAG				
Net operating income	6,003,841	3,094,043	2,909,798	1,850,692
Cost of services rendered	(2,243,513)	(1,211,693)	(1,031,820)	(689,762)
Gross income	**3,760,328**	**1,882,350**	**1,877,978**	**1,160,930**
General, administrative and other expenses	(140,103)	(80,534)	(59,569)	(42,916)
Profit before financial result, interest and taxes	**3,620,225**	**1,801,816**	**1,818,409**	**1,118,014**
Financial result	(1,445,038)	(714,682)	(730,356)	(446,410)
Profit before taxes	**2,175,187**	**1,087,134**	**1,088,053**	**671,604**
Income tax and social contribution	(580,774)	(129,188)	(451,586)	(184,553)
Net income of TAG	**1,594,413**	**957,946**	**636,467**	**487,051**
Impact on ENGIE's equity income				**487,051**

	2019		
	12M19	6.13 to 12.31 (29.25%)	*Company's interest*
Aliança			
General and administrative expenses	(325,409)	-	(105,758)
Amortization of surplus of assets	(178,705)	-	(58,079)
Expenses with TAG acquisition project development	(137,527)	-	(44,696)
Others	(9,177)	-	(2,983)
Loss before financial result, interest and taxes	**(325,409)**	**-**	**(105,758)**
Financial result	(326,320)	-	(106,054)
Loss before taxes	**(651,729)**	**-**	**(211,812)**
Income tax and social contribution	62,803	-	20,411
Net loss of Aliança	**(588,926)**	**-**	**(191,401)**
TAG			
Net operating income	5,194,529	2,915,672	852,834
Cost of services rendered	(1,506,119)	(1,002,079)	(293,108)
Gross income	**3,688,410**	**1,913,593**	**559,726**
General, administrative and other expenses	(205,807)	(133,720)	(39,113)
Profit before financial result, interest and taxes	**3,482,603**	**1,779,873**	**520,613**
Financial result	(597,890)	(546,556)	(159,868)
Profit before taxes	**2,884,713**	**1,233,317**	**360,745**
Income tax and social contribution	(773,129)	(301,642)	(88,230)
Net income of TAG	**2,111,584**	**931,675**	**272,515**
Impact on ENGIE's equity income			**81,114**

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent Company					
		12.31.2020			12.31.2019		
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
In service							
Reservoirs, dams and ducts	3.0%	5,110,695	(3,425,282)	1,685,413	5,109,946	(3,292,039)	1,817,907
Buildings and improvements	3.2%	1,283,888	(854,978)	428,910	1,283,460	(814,894)	468,566
Machinery and equipment	3.5%	4,229,755	(2,617,771)	1,611,984	4,232,160	(2,515,345)	1,716,815
Furniture and fixtures	6.3%	8,775	(4,546)	4,229	8,559	(4,388)	4,171
Vehicles	14.3%	2,233	(1,933)	300	2,150	(1,693)	457
Special obligations		(49,655)	8,302	(41,353)	(49,655)	6,428	(43,227)
		10,585,691	**(6,896,208)**	**3,689,483**	**10,586,620**	**(6,621,931)**	**3,964,689**
In progress							
Reservoirs, dams and ducts		1,809	-	1,809	1,828	-	1,828
Buildings and improvements		1,035	-	1,035	909	-	909
Machinery and equipment		82,577	-	82,577	67,120	-	67,120
Advances to suppliers		29,666	-	29,666	26,280	-	26,280
Acquisitions to be apportioned		20,979	-	20,979	11,313	-	11,313
		136,066	**-**	**136,066**	**107,450**	**-**	**107,450**
		10,721,757	**(6,896,208)**	**3,825,549**	**10,694,070**	**(6,621,931)**	**4,072,139**

Notes to the Financial Statements

		Consolidated					
		12.31.2020			12.31.2019		
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
In service							
Reservoirs, dams and ducts	3.2%	7,287,590	(4,163,724)	3,123,866	7,287,215	(3,961,881)	3,325,334
Buildings and improvements	3.1%	2,187,460	(1,207,346)	980,114	2,186,622	(1,141,959)	1,044,663
Machinery and equipment	4.2%	16,255,557	(6,295,200)	9,960,357	16,321,893	(5,750,245)	10,571,648
Furniture and fixtures	6.3%	15,185	(7,200)	7,985	14,583	(6,703)	7,880
Vehicles	14.3%	5,869	(4,230)	1,639	5,813	(3,968)	1,845
Special obligations		(50,146)	8,475	(41,671)	(50,146)	6,588	(43,558)
		25,701,515	**(11,669,225)**	**14,032,290**	**25,765,980**	**(10,858,168)**	**14,907,812**
In progress							
Reservoirs, dams and ducts		14,848	-	14,848	7,344	-	7,344
Buildings and improvements		68,312	-	68,312	42,005	-	42,005
Machinery and equipment		565,396	-	565,396	166,870	-	166,870
Advances to suppliers		737,400	-	737,400	174,402	-	174,402
Acquisitions to be apportioned		119,591	-	119,591	31,778	-	31,778
		1,505,547	**-**	**1,505,547**	**422,399**	**-**	**422,399**
		27,207,062	**(11,669,225)**	**15,537,837**	**26,188,379**	**(10,858,168)**	**15,330,211**

b) Changes in property, plant and equipment

	Parent Company						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2018	**1,951,125**	**502,521**	**1,752,499**	**3,100**	**124,960**	**(45,698)**	**4,288,507**
Additions	-	-	-	-	69,932	-	69,932
Transfers	(1,788)	5,300	78,859	2,145	(87,442)	-	(2,926)
Write-offs	-	-	(1,718)	(139)	-	574	(1,283)
Depreciation	(131,430)	(39,255)	(112,825)	(478)	-	1,897	(282,091)
Balance at 12.31.2019	**1,817,907**	**468,566**	**1,716,815**	**4,628**	**107,450**	**(43,227)**	**4,072,139**
Additions	-	-	-	-	44,053	-	44,053
Transfers	(999)	272	15,523	641	(15,437)	-	-
Write-offs	-	-	(6,096)	(165)	-	-	(6,261)
Depreciation	(131,495)	(39,928)	(114,258)	(575)	-	1,874	(284,382)
Balance at 12.31.2020	**1,685,413**	**428,910**	**1,611,984**	**4,529**	**136,066**	**(41,353)**	**3,825,549**

	Consolidated						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2018	**3,345,851**	**787,463**	**6,124,855**	**5,880**	**4,417,461**	**(46,043)**	**14,635,467**
Additions	-	-	-	-	1,233,569	-	1,233,569
Additions – Provision for divestment	-	-	-	-	187,314	-	187,314
Indemnifications for nonperformance of contractual obligations	-	-	-	-	(71,886)	-	(71,886)
Capitalized interest and Inflation adjustment	-	-	-	-	151,931	-	151,931
Transfers	188,855	318,091	4,980,961	5,157	(5,495,990)	-	(2,926)
Write-offs	-	-	(2,119)	(139)	-	574	(1,684)
Depreciation	(209,372)	(60,891)	(532,049)	(1,173)	-	1,911	(801,574)
Balance at 12.31.2019	**3,325,334**	**1,044,663**	**10,571,648**	**9,725**	**422,399**	**(43,558)**	**15,330,211**
Additions	-	-	-	-	1,094,465	-	1,094,465
Additions – Provision for divestment	-	-	-	-	2,981	-	2,981
PIS and Cofins credits	-	-	(29,413)	-	-	-	(29,413)
Capitalized interest and Inflation adjustment	-	-	-	-	55,657	-	55,657
Recording of impairment			(57,927)				(57,927)
Transfers	9,848	1,045	57,566	1,496	(69,955)	-	-
Write-offs	-	-	(7,196)	(151)	-	-	(7,347)
Depreciation	(211,316)	(65,594)	(574,321)	(1,446)	-	1,887	(850,790)
Balance at 12.31.2020	**3,123,866**	**980,114**	**9,960,357**	**9,624**	**1,505,547**	**(41,671)**	**15,537,837**

c) Breakdown of property, plant and equipment in consolidated services, by group of power plants

		Parent Company			
		12.31.2020			12.31.2019
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Net amount
Hydroelectric Power Plants	3.2%	10,585,691	(6,896,208)	3,689,483	3,964,689
		10,585,691	**(6,896,208)**	**3,689,483**	**3,964,689**

		Consolidated			
		12.31.2020			12.31.2019
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Net amount
Hydroelectric power plants	3.4%	14,769,740	(8,293,882)	6,475,858	6,786,211
Wind power plants	3.7%	4,636,571	(500,845)	4,135,726	4,419,143
Thermal power plants	5.2%	5,549,914	(2,570,553)	2,979,361	3,231,651
Biomass power plants	4.7%	354,278	(191,998)	162,280	178,172
Solar power plants	3.7%	216,773	(23,921)	192,852	200,229
SHPP	4.0%	174,239	(88,026)	86,213	92,406
		25,701,515	**(11,669,225)**	**14,032,290**	**14,907,812**

d) Depreciation

The useful lives set by Aneel, which correspond to the estimated useful life of assets, for the main groups of assets which make up the generator parks of the Company, are the following:

	Correlation with "a" table	Depreciation (% p.a.)	Average useful life (years)
Reservoirs and dams	Reservoirs, dams and water mains	2.0	50
Buildings and improvements	Buildings and improvements	3.3	30
Generators	Machinery and equipment	3.3	30
Boilers	Machinery and equipment	4.0	25
Hydraulic Turbines	Machinery and equipment	2.5	40
Engine Rooms	Buildings and improvements	2.0	50
Wind Turbines (aerogenerators)	Machinery and equipment	5.0	20
General Equipment	Machinery and equipment / Furniture and fixtures /Vehicles	6.3	16

The amounts of fully depreciated items, which make up the value of the cost and depreciation, at 12.31.2020 and 12.31.2019, were as follows:

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Reservoirs, dams and pipelines	713,316	713,316	713,316	713,316
Buildings and improvements	37,892	24,275	69,322	55,706
Machinery and equipment	940,569	920,791	2,544,028	2,399,441
Furniture and fixtures	1,786	1,649	2,595	2,073
Vehicles	873	894	2,313	2,212
	1,694,436	**1,660,925**	**3,331,574**	**3,172,748**

- Depreciation of assets comprising the Original Project of the Hydroelectric Power Plants under concession

The Management of the Company, solely based on the interpretation of Law 8,987/95 and Decree 2,003/96, considers that there is no guarantee of restitution by the Granting Power of the residual value of the Original Project of the hydroelectric projects at the end of the concession and authorization terms.

Therefore, these assets are depreciated based on the rates determined by Aneel, limited to the concession term, even though the agreements and the law provide the possibility of renewing said concessions and authorizations.

e) Fair value adjustment of property, plant and equipment

In compliance with the guidelines of accounting pronouncements, on 1.1.2009, date of the adoption of the international financial reporting standards (IFRS) and the standards provided by CPC, the Company adopted the fair value as the deemed cost of property, plant and equipment of its plants whose book values differed substantially from their fair value.

The adjustment to the fair value of property, plant and equipment, net of deferred income tax and social contribution was offset by the 'Asset Valuation Adjustments' account under Shareholders' Equity. Depreciation and write-off of said adjustment to assets will not produce any effects on the income tax and social contribution calculation base or on the dividend distribution base.

Consolidated balances of property, plant and equipment at 12.31.2020 and 12.31.2019 include the fair value adjustment, net of depreciation and write-offs, in the amounts of R$ 570,803 and R$ 481,429, respectively. The depreciation and write-offs over the amounts of fair value adjustment in the fiscal year ended at 12.31.2020 was R$ 89,374 (R$ 51,892 at 12.31.2019).

f) Record of the onerous concessions contracted or acquired in a business combination

The Company, for the purpose of preparing the consolidated information, considered as reference to record the onerous concessions and authorizations granted by the Federal Government for the use of public assets to generate electricity, contracted or acquired in a business combination, the IFRS 3 - Business Combination Application Guide, which enables the recognition of the fair value for the concession and the property, plant and equipment as the single asset in the financial statements, when these assets can no longer be sold or transferred separately.

In accordance with this pronouncement, the Company recognized the onerous concession and the authorizations contracted or acquired in a business combination as a single asset in the property, plant and equipment group, broken-down by the nature of the assets proportionally to their cost of acquisition. This procedure has already been adopted by the Company before the adoption of IFRS and CPC became compulsory, in 1.1.2009, and was maintained for transactions after that date in order to maintain the consistency of procedures.

The balance of concessions to use public assets for power generation, in Property, Plant and Equipment, on 12.31.2020 was R$ 515,307 (R$ 549,250 at 12.31.2019) at the parent company, and R$ 599,633 (R$ 638,673 at 12.31.2019) in the consolidated.

g) Appropriation of financial charges

Financial charges linked to loans, financings, debentures and concession payables are capitalized in property, plant and equipment assets in progress during the construction of the power plants and, after the conclusion of construction, transferred to the property, plant and equipment assets in operation.

h) Impairment

At least once a year, the Company evaluates the need to establish a provision for impairment. On 12.31.2020, the Company recognized impairment in the amount of R$ 57,927 in the consolidated due to the expected shutdown of machines 1 and 2 of UTLA of the subsidiary Diamante. This possible shutdown will not cause significant impacts on the Company's results. On 12.31.2019, no evidence was found of property, plant and equipment with reported costs higher than their recovery values.

i) Regulatory agency concessions and authorizations

i.1) Concessions of hydroelectric power plants

Concessions	Concession holder	Installed capacity (MW)	Physical guarantee (avg. MW)	Date of minutes	Expiration
Salto Santiago HPP	ENGIE Brasil Energia	1,420	733	09.1998	09.2028
Salto Osório HPP	ENGIE Brasil Energia	1,078	503	09.1998	09.2028
Passo Fundo HPP	ENGIE Brasil Energia	226	113	09.1998	09.2028
Itá HPP	ENGIE Brasil Energia /Itasa	1,450	741	12.1995	10.2030
Machadinho HPP	ENGIE Brasil Energia	1,140	547	07.1997	07.2032
Cana Brava HPP	ENGIE Brasil Energia	450	261	08.1998	08.2033
Ponte de Pedra HPP	ENGIE Brasil Energia	176	134	10.1999	09.2034
São Salvador HPP	ENGIE Brasil Energia	243	148	04.2002	04.2037
Estreito HPP	CEE	1,087	641	11.2002	11.2037
Jaguara HPP	Jaguara	424	341	11.2017	12.2047
Miranda HPP	Miranda	408	198	11.2017	12.2047

The maturities informed do not consider extensions arising from the renegotiation of hydrological risk explained in Note 16 – Intangible assets, whose adhesion will be formalized in 2021.
Itá Hydroelectric Power Plant has physical guarantee of 740.5 average MW, of which, under the terms of the Consortium Contract, Itasa is entitled to 404.1 average MW and ENGIE Brasil Energia to 336.4 average MW. The Company, directly and indirectly, through Itasa, is entitled to 564.7 average MW of the physical guarantee by the project.

The Company has, directly and indirectly, in the Estreito and Machadinho Hydroelectric Power Plants, respectively, the equivalent to 435.6 MW and 403.9 MW of the Plants' installed capacity, and 256.9 MW average and 165.3 MW average of the Plants' physical guarantees, which correspond to their interest as shareholders or consortium members.

i.2) Authorizations for thermal, small hydroelectric and wind power plants

Authorizations	Authorization holder	Installed capacity (MW)[1]	Physical guarantee (avg. MW)[1]	Date of minutes	Expiration
Thermal power plants (TPP)					
Jorge Lacerda Thermal Complex	Diamante	857	650	09.1998	09.2028
Pampa Sul TPP	Pampa Sul	345	324	03.2015	03.2050
Ibitiúva Bioenergética TPP	Consórcio Andrade[2]	33	17	04.2000	04.2030
Lages Cogeneration Unit	Lages	28	17	10.2002	10.2032
Ferrari TPP	Ferrari Termoelétrica	80	36	07.2007	07.2042
Small Hydro Power Plants (SHPP)					
Rondonópolis SHPP	Tupan	27	14	12.2002	12.2032
Engenheiro José Gelazio da Rocha SHPP	Hidropower	24	12	12.2002	12.2032
Wind Power Plants (WPP)					
Trairí Wind Complex	SPEs do Conjunto	213	102	09.2011 and	09.2041, 01 and 02.2045
Campo Largo WPP III, IV, VI and VII	CLWP Eólicas	119	60	07.2015	07.2050
Campo Largo WPP V and XXI	CLWP Eólicas	59	29	08.2015	08.2050
Campo Largo WPP I, II, XV, XVI and XVIII	CLWP Eólicas	148	80	05.2017	05.2052
Tubarão P&D WPP	ENGIE Brasil Energia	2	N.A.	05.2015	N.A.
Umburanas WPP 1-3,5-6,9-11,13,15-16,18	Umburanas Eólicas	234	142	08.2014	08.2049
Umburanas WPP 8	Umburanas Eólicas	25	15	10.2014	10.2049
Umburanas WPP 17	Umburanas Eólicas	22	13	07.2015	07.2050
Umburanas WPP 19, 21, 23 and 25	Umburanas Eólicas	80	44	08.2015	08.2050
WPP – Under construction					
Campo Largo WPP VIII to XIV, XVII, XIX, XX, XXII	CLWP Eólicas	361	192	12.2019	12.2054
Photovoltaic solar power plants					
Assú V Photovoltaic Complex	Assú V	30	9	06.2016	06.2051
Nova Aurora	ENGIE Brasil Energia	3	N.A.	04.2014	N.A.

(1) For generating plants with capacity equal to or lower than 5 MW, the applicable legal instrument is registration.
(2) Consortium members are: Ibitiúva Bioenergética S.A. (72.9%) and Andrade Açúcar e Álcool S.A. (27.1%).

The Company has 22.9 average MW and 12.0 average MW of the installed capacity and physical guarantee of Ibitiúva Bioenergética Power Plant, respectively, which corresponds to its interest as shareholders or consortium member.

Alegrete Thermal Power Plant had its authorization revoked in February 2014, and there is an ongoing process to return the Plant to the Federal Government.

i.3) Unavailability of assets

The assets and facilities used in the production, transmission, distribution and sale of electricity are linked to those services and cannot be removed, sold, assigned or pledged in mortgage guarantee without the previous and express authorization of the Regulatory Agency. Aneel regulates the release of assets from the concessions of the Public Electricity Service, granting prior authorization to release the property and other fixed assets not usable by the concession when they are destined for sale, and also determining that the sales proceeds less respective charges be deposited in a restricted bank account to be invested in the concession.

j) Demobilization provision

The Company continues to recognize in its property, plant and equipment the provision of costs arising from the demobilization of its wind farms, based on the present value of expected cash flows for meeting the obligation to withdraw the assets related to those farms and to restore the site at the end of the authorization periods.

			Consolidated			
			12.31.2020			12.31.2019
	Discount rate	Amortization period	Cost	Accumulated depreciation	Net amount	Net amount
Campo Largo Wind Power Complex	3.59%	2050 and 2052	56,962	(852)	56,110	56,962
Umburanas Wind Power Complex	3.59%	2049 and 2050	73,504	(1,567)	71,937	73,504
Trairí Wind Power Complex	3.59%	2041 and 2045	56,849	(1,044)	55,805	56,849
Assú V	3.61%	2051	2,981	-	2,981	-
			190,296	**(3,463)**	**186,833**	**187,315**

The real discount rate used to calculate the present value is based on the rates of public securities with maturity similar to the end of authorizations.

NOTE 16 – INTANGIBLE ASSETS

a) Breakdown

		Parent Company					
		12.31.2020			12.31.2019		
	Amortization period	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Right to extend the concession	Until 2037	967,681	-	967,681	-	-	-
Right to use	Until 2034	139,271	(71,417)	67,854	109,428	(59,711)	49,717
		1,106,952	**(71,417)**	**1,035,535**	**109,428**	**(59,711)**	**49,717**

		Consolidated					
		12.31.2020			12.31.2019		
	Amortization period	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Grant bonus							
Jaguara	Until 2047	620,327	(65,324)	555,003	620,327	(44,695)	575,632
Miranda	Until 2047	411,223	(43,304)	367,919	411,223	(29,629)	381,594
		1,031,550	**(108,628)**	**922,922**	**1,031,550**	**(74,324)**	**957,226**
Project rights – under operation							
WPPs in operation	Until 2052	74,153	(8,631)	65,522	74,153	(6,098)	68,055
Assú Solar Power Plant	Until 2051	15,194	(1,414)	13,780	15,194	(943)	14,251
		89,347	**(10,045)**	**79,302**	**89,347**	**(7,041)**	**82,306**
Project rights – under development							
WPPs under construction / development		124,758	-	124,758	124,758	-	124,758
Novo Estado transmission system		236,021	-	236,021	-	-	-
		360,779	**-**	**360,779**	**124,758**	**-**	**124,758**
		450,126	**(10,045)**	**440,081**	**214,105**	**(7,041)**	**207,064**
Right to extend the concession		967,681	-	967,681	-	-	-
Right to use assets	Until 2037	162,746	(76,124)	86,622	133,168	(63,969)	69,199
Energy purchase right	Until 2023	64,561	(48,124)	16,437	64,561	(42,109)	22,452
Premium – Novo Estado		80,247	-	80,247	-	-	-
Brand – EGSD		-	-	-	22,306	-	22,306
Premium – EGSD		-	-	-	18,522	-	18,522
		2,756,911	**(242,921)**	**2,513,990**	**1,484,212**	**(187,443)**	**1,296,769**

a.1) Grant bonus

The difference between the amount paid as bonus for the grant and the amount recorded as concession financial asset, as mentioned in Note 11 – Concession financial asset, represents the right to use the infrastructure of the Jaguara and Miranda Hydroelectric Power Plants to generate and sell energy in ACL. This amount was recognized under intangible assets and is being amortized using the straight-line method over the term of the concession of the Plants.

a.2) Right over projects

Rights over the projects in the table above arise from the fair value of the basic environmental projects, the certification of power generation, wind measurements, preliminary environmental licenses and leasing agreements acquired jointly with the companies, on the acquisition date. The amortization of these rights will start after the wind farms start to operate commercially and will be recognized through the straight-line method over the term of the authorization for use of the assets.

a.3) Novo Estado Transmission System and Goodwill – Novo Estado

The Board of Directors of the Company, at a meeting held on 12.23.2019, approved the acquisition of all the shares of Sterlite Novo Estado Energia S.A. ("Novo Estado"), current Novo Estado Transmissora de Energia S.A. ("Novo Estado"), by Novo Estado Participações S.A. ("NEP"), former ENGIE Transmissão de Energia Participações S.A., Company's indirect subsidiary. On that date, NEP, as buyer, Sterlite Brazil Participações S.A. ("Sterlite Participações") as seller, and Novo Estado, as the consenting-intervening party, signed the stock purchase agreement.

The closing of the transaction was subject to the fulfillment of certain conditions precedent, which include approval of the sale by Aneel, which were fully met on 3.3.2020.

Novo Estado owns the concession of Lot 3 of Aneel Transmission Auction 002/2017, held in December 2017. The purpose of the concession is the construction, operation and maintenance of approximately 1,800 kilometers of transmission lines, a new substation and the expansion of three other existing substations in the states of Pará and Tocantins. All licenses for installation of the project have already been obtained and construction started in the second half of 2020.

The Company assessed the acquisition and concluded that the assets acquired and liabilities assumed constitute a business, as defined by CPC 15 (R1) – Combinação de negócios. The price for acquiring 100% of Novo Estado's shares was up to R$ 410 million, considering the following criteria:

(a) ***Base purchase price:*** on the closing date of the transaction, the base purchase price of R$ 360 million was paid to the seller after deducting the amount deposited in the escrow account (R$ 43 million). More details on this deposit are presented in Note 6 – Restricted Deposits.

(b) ***Adjustment of purchase price:*** corresponds to the result of adjustments resulting from: (i) qualified expenses of the project in the period between the date of signing of the agreement and the closing of the transaction; and (ii) bonus of up to R$ 25 million, associated with hedge operations related to the acquisition of aluminum wire, for protection against exchange variation and aluminum prices. The adjustment was R$ 12 million, which was paid on 6.15.2020; and

(c) ***Bonus - BNDES:*** payment of up to R$ 25 million in the following events: (i) Novo Estado borrows a loan from BNDES at interest within the margin established in the share purchase agreement; or (ii) no financing is contracted until 12.31.2020. The indirect subsidiary Novo Estado signed a financing agreement with BNDES on 6.22.2020, and the financing conditions do not include payment of this bonus.

Considering the transaction closing date and the criteria mentioned above, the purchase price came to R$ 372 million.

The Company engaged an external valuation firm to ascertain the fair value of the assets acquired and liabilities assumed to set the acquisition price. Accordingly, the amount registered in the Company's intangible assets is as follows:

Balance Sheet – Novo Estado	Book value	Present value adjustment	Fair value
Current assets	**1,367**	**-**	**1,367**
Cash and cash equivalents	24	-	24
Deferred insurance expenses	1,234	-	1,234
Other current assets	109	-	109
Non-current assets	**159,521**	**236,021**	**395,542**
Long-term receivables	159,521	-	159,521
Contract asset	*153,279*	-	*153,279*
Other non-current assets	*6,242*	-	*6,242*
Intangible	-	236,021	236,021
Current liabilities	**(19,566)**	**-**	**(19,566)**
Non-current liabilities	**(5,229)**	**(80,247)**	**(85,476)**
Deferred income tax and social contribution[2]	(5,229)	(80,247)	(85,476)
Net assets	**136,093**	**155,774**	**291,867**

(1) The Company recognized R$ 80,247 as deferred income tax and social contribution on fair value adjustment of assets (surplus value).

Additionally, the Company calculated technical goodwill due to the recognition of deferred tax liability of R$ 80,247, as follows:

	Novo Estado
Consideration transferred	372,114
Book value of net assets	(136,093)
Fair value adjustment of net assets	(155,774)
Goodwill	**80,247**

The effects of surplus value and goodwill identified are presented in "Project rights – under development – Novo Estado transmission system" and "Goodwill – Novo Estado" in the table in this Note.

a.4) Right to extend the concession –renegotiation of hydrological risk

On 9.8.2020, Federal Law 14,052 came into effect, which partially amended Federal Law 13,023 of 2015, and established new conditions for renegotiation of hydrological risk of energy generation. Federal Law 14,052 determined that the owners of hydroelectric power plants participating in the MRE may be compensated for effects arising from (i) restrictions to energy distribution due to delay in the operational startup or operational startup under unsatisfactory technical condition of energy transmission facilities dedicated to distribution; and (ii) the difference between the physical guarantee granted in the motorization phase and the effective aggregation amounts of each motorized generating unit on the National Interconnected System (SIN), and that said compensation will be made through an extension of the concession period, limited to 7 years, calculated based on the parameters applied by Aneel.

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On 12.1.2020, Aneel issued Normative Resolution 895 establishing the methodology to calculate the compensation and the procedures for renegotiating the hydrological risk.

To be eligible for the compensations set forth in Federal Law 14,052, the owners of hydroelectric power plants participating in the MRE must: (i) withdraw lawsuits claiming exemption or mitigation of hydrological risks related to MRE; (ii) waive any allegation and/or new lawsuits related to the exemption or mitigation of hydrological risks related to MRE; and (iii) not have renegotiated the hydrological risk.

The Company neither has lawsuits claiming the compensation referred to in item (i) above nor had renegotiated the hydrological risk of the portion of the energy covered by the Federal Law and hence is eligible for the compensation.

At a meeting held on 12.15.2020, the Board of Directors approved the adhesion of the Company to said hydrological risk renegotiation. With this approval, the Company recognized, in 2020, the intangible asset related to the right to extend the concession period of the concessions granted, in the amount of R$ 967,681, as a corresponding entry to "Operating costs - Renegotiation of hydrological risk," representing the fair value of the asset, which is equivalent to the amount defined and made available by Aneel. The asset will be amortized over the period the book value is expected to be recovered.

Moreover, the Company did not recognize the extension rights related to the Consortiums Itá and Machadinho, since there was no approval, in 2020, by all consortium members, to accept the extension of the concession term, which is a condition precedent to receive the compensation set forth in Federal Law 14,052. The approval by consortium members is expected in 2021.

The extension of concession periods and the amounts by plant are:

Plants	Intangible Assets	Estimated concession extension (years)
Salto Santiago	459,796	1.7
Salto Osório	414,338	2.3
Passo Fundo	92,606	2.3
Ponte de Pedra	888	-
Cana Brava	31	-
São Salvador	22	-
	967,681	

Notes to the Financial Statements

b) Changes

	Consolidated						
	Grant bonus	Project rights	Right to use assets	Energy purchase rights	Right to extend concession	Other	Total
Balances on 12.31.2018	**991,529**	**192,963**	**59,057**	**28,468**	**-**	**40,828**	**1,312,845**
Addition	-	-	20,940	-	-	-	20,940
Fair value of acquired project rights	-	16,977	-	-	-	-	16,977
Amortization	(34,303)	(2,876)	(10,798)	(6,016)	-	-	(53,993)
Balances on 12.31.2019	**957,226**	**207,064**	**69,199**	**22,452**	**-**	**40,828**	**1,296,769**
Addition	-	-	29,820	-	967,681	-	997,501
Fair value of acquired project rights	-	236,021	-	-	-	-	236,021
Premium on acquired company	-	-	-	-	-	80,247	80,247
Recording of impairment	-	-	-	-	-	(40,828)	(40,828)
Amortization	(34,304)	(3,004)	(12,397)	(6,015)	-	-	(55,720)
Balances on 12.31.2020	**922,922**	**440,081**	**86,622**	**16,437**	**967,681**	**80,247**	**2,513,990**

c) Asset impairment

At least once a year, the Company evaluates the need to establish a provision for impairment.

On 12.31.2020, the Company recognized impairment of goodwill and surplus from the direct subsidiary EGSD in the amounts of R$ 18,522 and R$ 20,306, respectively. For more information, see Note 14 – Investments.

On 12.31.2019, no evidence was found of other intangible assets with reported costs higher than their recovery values.

NOTE 17 – SUPPLIERS

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Suppliers of property, plant and equipment and intangible assets	5,176	5,859	368,359	264,424
Electricity purchased	78,572	79,403	140,958	119,384
Trading operations	-	-	128,939	120,324
Fossil fuels and biomass	-	-	84,026	61,410
Suppliers of materials and services	25,480	30,195	80,341	139,238
Charges for the use of the power grid	32,029	32,040	59,117	55,184
Transactions in the short-term market	-	1,864	12	5,056
Current liabilities	**141,257**	**149,361**	**861,752**	**765,020**
Suppliers of property, plant and equipment and intangible assets	-	-	11,088	10,869
Suppliers of materials and services	-	-	6,240	6,388
Non-current liabilities [1]	**-**	**-**	**17,328**	**17,257**
	141,257	**149,361**	**879,080**	**782,277**

(1) The amounts related to trade accounts payable in the long term are presented as part of "Other non-current liabilities."

The Company's average payment term is approximately 30 days, and no interest is charged on the balances.

NOTE 18 – RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

In order to conduct more efficiently risk evaluation and monitoring process in its business, the Company has the Risk Management Forum, which is responsible for: (i) internally promote the awareness on risk treatment; (ii) define goals and guidelines for its management; (iii) promote and suggest improvements in its evaluation processes; and (iv) classify and define control procedures.

The Company's business, the financial conditions and the results of operations may be adversely affected by any of the following risk factors:

a) Market risk

The Company and its subsidiaries use financial instruments with the objective of hedging assets and liabilities, minimizing exposure to market risks, mainly in connection with fluctuations in interest rates, price indices and currencies and energy prices in trading operations.

These risks are monitored by the Financial Forum that periodically evaluates the Company's exposure and propose operating strategies, control system and position and credit limits with other market partners. The Company does not perform financial operations in derivatives or any other instruments on a speculative basis, except for energy trading operations, described in item "a.4" below.

The main market risks to which the Company is exposed are as follows:

a.1) Risk related to debts with floating interest rates

This risk is related to the possibility of the Company incurring losses as a result of fluctuations in

interest rates applied to its liabilities, affecting its financial expenses. The Company and its subsidiaries are exposed to floating interest rates linked to TJLP, DI rate, IGP-M and IPCA variations.

With respect to the risk of inflation acceleration, all prevailing electricity sale contracts, have an inflation adjustment clause for the application of IGP-M or IPCA, which represents a natural long-term hedge for debts and obligations indexed at inflation rates and/or linked to inflation acceleration, which is the case of debts linked to CDI.

Regarding the risk of floating interest rates, part of the Company's debt is linked to the TJLP, which usually follows the fluctuation in interest and inflation rates. Therefore, debt pegged to TJLP is usually hedged by the aforementioned adjustments to energy contracts. Note that, for agreements entered into by 12.31.2018, any amount corresponding to the portion of TJLP that exceeds 6% p.a. is added to the principal of the debt, which mitigates the immediate impact on the Company's cash flow, in case of an increase in the TJLP. As of 01.01.2019, the Company has not signed any agreement pegged to the TJLP.

a.2) Risk related to liabilities denominated in foreign currency

The exchange rate risk is associated with the possibility of variation in foreign exchange rates, which affects the financial result and the balances denominated in foreign currencies. The Company's policy to hedge against exchange rate variation risks seeks to achieve a low level of exposure for its liabilities and obligations denominated in foreign currency, which are permanently monitored by the Company's Financial Forum. At 12.31.2020, the Company held no financial obligation denominated in foreign currencies whose exchange variation was not fully hedged against.

Unrealized gains (losses) with hedge operations are as follows:

Notes to the Financial Statements

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Unrealized gains from hedge operations				
Current assets				
Fair value hedge – loans and debentures	6,631	114,550	6,631	114,550
Cash flow hedge – borrowings	5,058	-	5,058	-
Cash flow hedge - obligations	-	-	2,786	581
	11,689	**114,550**	**14,475**	**115,131**
Non-current assets				
Fair value hedge – loans and debentures	711,998	311,577	711,998	311,577
Cash flow hedge – borrowings	2,103	-	2,103	-
Cash flow hedge - obligations	-	-	5,279	-
	714,101	**311,577**	**719,380**	**311,577**
Long positions	**725,790**	**426,127**	**733,855**	**426,708**
Unrealized losses from hedge operations				
Current liabilities				
Fair value hedge – loans and debentures	(4,902)	(2,933)	(19,569)	(8,616)
Cash flow hedge - obligations	-	-	-	(145)
	(4,902)	**(2,933)**	**(19,569)**	**(8,761)**
Non-current liabilities				
Fair value hedge – loans and debentures	(111,396)	(76,932)	(132,311)	(91,169)
Cash flow hedge – borrowings	-	-	(3,661)	-
	(111,396)	**(76,932)**	**(135,972)**	**(91,169)**
Short positions	**(116,298)**	**(79,865)**	**(155,541)**	**(99,930)**
Net positions	**609,492**	**346,262**	**578,314**	**326,778**
Fair value hedge – loans and debentures	602,331	346,262	566,749	326,342
Cash flow hedge – borrowings	7,161	-	7,161	-
	609,492	**346,262**	**573,910**	**326,342**
Cash flow hedge - obligations	-	-	4,404	436
	-	**-**	**4,404**	**436**
Net positions	**609,492**	**346,262**	**578,314**	**326,778**

Hedge operations on loans and debentures

The Company maintains contracts for swap operations with the Brazilian subsidiaries of the same lending financial institutions in U.S. dollars, in order to hedge future payment flows of principal and interest, including any income tax levied thereon, against foreign exchange fluctuation. In addition, direct subsidiaries Jaguara and Miranda contracted swap operations from Banco Itaú BBA to hedge all future payment flows of the principal and interest of 1st series debentures from fluctuations in the DI rate. These operations were designated as fair value hedge instruments.

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On 9.17.2020, derivative instruments were contracted with prime banks, converting to fixed rates the amount of R$ 1,839,275 in debts pegged to CDI maturing in 2021 and 2022. These instruments were designated as cash flow hedges to hedge against the exposure arising from the combination of loans in U.S. dollar, as well as foreign exchange and interest rate swap operations.

Moreover, on 12.22.2020 and 12.28.2020, the Company early settled swap operations linked to loans borrowed from MUFG and Scotiabank, maturing in April 2021. In order to protect all future payments in foreign currency arising from international loans whose swap contracts were settled, the Company contracted Non-Deliverable Forwards (NDF) from MUFG and Scotiabank. These new hedge instruments were designated as cash flow hedge.

Due to the characteristics of said financial instruments, the Company applied the rules of fair value and cash flow hedge accounting to record them, as applicable, based on accounting policies presented in Note 3 – Summary of main accounting practices.

At 12.31.2020, the amounts of loans, debentures and derivatives valued at cost amortized and at fair value are:

Financial instrument	Notional value	Principal maturity	Interest payments	Interest rates[1]	Amortized cost	Fair value adjustment	Book balance
Parent Company:							
MUFG III	US$ 100,000	04.2021	Semiannual	3.998% p.a.	523,599	-	523,599
NDF	R$ 517,750	04.2021	Semiannual	Fixed U.S. dollar rate of R$ 5.1775	(516,713)	(3,393)	(520,106)
Scotiabank II	US$ 100,000	04.2021	Semiannual	3.798% p.a.	522,936	-	522,936
NDF	R$ 342,000	04.2021	Semiannual	Fixed U.S. dollar rate of R$ 5.2850	(526,848)	7,452	(519,396)
HSBC	US$ 135,000	05.2022	Semiannual	7.3706% p.a.	538,326	1,716	540,042
Swap	R$ 533,520	05.2022	Semiannual	3.3977% p.a.	(535,713)	(238)	(535,951)
Scotiabank III	US$ 100,000	05.2022	Semiannual	3.3600% p.a.	521,804	19,071	540,875
Swap	R$ 396,100	05.2022	Semiannual	3.3888% p.a.	(397,727)	(156)	(397,883)
BNP Paribas II	US$ 50,000	05.2022	Semiannual	3.9515% p.a.	260,962	9,023	269,985
Swap	R$ 197,575	05.2022	Semiannual	3.3970% p.a.	(198,379)	(95)	(198,474)
Scotiabank I	US$ 200,000	11.2022	Semiannual	3.3710% p.a.	1,044,353	49,660	1,094,013
Swap	R$ 650,180	11.2022	Semiannual	IPCA + 5.2% p.a.	(739,057)	275	(738,782)
BNP Paribas IV	US$ 100,000	04.2023	Semiannual	2.73% p.a.	522,744	10,471	533,215
Swap	R$ 518,240	04.2023	Semiannual	CDI + 1.33% p.a.	(521,810)	2,495	(519,315)
BNP Paribas III	US$ 125,000	03.2024	Semiannual	2.54% p.a.	653,804	27,092	680,896
Swap	R$ 632,490	03.2024	Semiannual	CDI + 1.70% p.a.	(638,167)	875	(637,292)
MUFG V	US$ 94,500	10.2025	Semiannual	1.8914% p.a. until 10.2021 and 2.0057% p.a. until 10.2025	493,427	(26,080)	467,347
Swap	R$ 500,000	10.2025	Semiannual	CDI + 1.32% p.a.	(503,816)	7,599	(496,217)
Subtotal					**503,725**	**105,767**	**609,492**
Subsidiaries:							
Jaguara							
Itaú BBA	R$ 483,000	06.2023	Semiannual	107.0% of CDI	262,718	1,881.00	264,599

Swap	R$ 483,000	06.2023	Semiannual	IPCA + 4.47% p.a.	(283,760)	(2,816)	(286,576)
Miranda							
Itaú BBA	R$ 299,000	06.2023	Semiannual	107.0% of CDI	162,502	1,165	163,667
Swap	R$ 299,000	06.2023	Semiannual	IPCA + 4.47% p.a.	(175,528)	(1,744)	(177,272)
Subtotal					**(34,068)**	**(1,514)**	**(35,582)**
Position at 12.31.2020					**469,657**	**104,253**	**573,910**

(1) Interest rates include the income tax rate of 15% on remittances abroad.

Net changes in hedge operations on loans and debentures

	Parent Company			Consolidated		
	Current	Non-Current	Total	Current	Non-Current	Total
(Liabilities) Assets at 12.31.2018, net	**(5,020)**	**215,299**	**210,279**	**(1,935)**	**223,885**	**221,950**
Interest	(28,081)	(22,308)	(50,389)	(20,857)	(41,443)	(62,300)
Exchange variation	38,281	86,325	124,606	38,281	86,325	124,606
Fair value adjustment	(280)	30,392	30,112	(2,736)	21,790	19,054
Transfers	75,063	(75,063)	-	70,149	(70,149)	-
Payment of principal	-	-	-	4,905	-	4,905
Repayment of interest	31,654	-	31,654	18,127	-	18,127
Assets at 12.31.2019, net	**111,617**	**234,645**	**346,262**	**105,934**	**220,408**	**326,342**
Interest	67,675	(30,331)	37,344	50,766	(46,681)	4,085
Exchange variation	490,467	409,504	899,971	490,467	409,504	899,971
Fair value adjustment through profit or loss	(18,628)	95,281	76,653	(19,355)	94,515	75,160
Fair value adjustment through other comprehensive income	4,059	2,103	6,162	4,059	2,103	6,162
Transfers	108,497	(108,497)	-	98,059	(98,059)	-
Payment of principal	(678,291)	-	(678,291)	(667,830)	-	(667,830)
Repayment of interest	(78,609)	-	(78,609)	(69,980)	-	(69,980)
Assets (Liabilities) at 12.31.2020, net	**6,787**	**602,705**	**609,492**	**(7,880)**	**581,790**	**573,910**

The change in the fair value adjustment is presented in the table above:

	Parent Company	Consolidated
Balances at 12.31.2018	**(7,160)**	**3,877**
Fair value adjustment recognized in profit or loss	30,112	19,054
Balances at 12.31.2019	**22,952**	**22,931**
Fair value adjustment recognized in profit or loss	76,653	75,160
Fair value adjustment recognized in other comprehensive income	6,162	6,162
Balances at 12.31.2020	**105,767**	**104,253**

a.3) Sensitivity analysis of the exposure to risks related to interest rates and floating rates

The Company presents a sensitivity analysis on its financial instruments exposed to interest rate variation risks and floating rate risks. The probable basic scenario for 2021 was defined using the following assumptions available in the market (Source: Central Bank of Brazil Market Readout).

Risk of variation in interest rates and indices:	Change	Probable Scenario	Sensitivity		
	2020	2021	Probable	Δ + 25% (*)	Management
TJLP	4.6%	4.4%	-0.2% p.p.	1.1% p.p.	0.0% p.p.
CDI	1.9%	3.0%	1.1% p.p.	0.8% p.p.	-0.1% p.p.
IPCA	4.5%	3.3%	-1.2% p.p.	0.8% p.p.	-0.5% p.p.
IGP-M	23.1%	4.6%	-18.5% p.p.	1.2% p.p.	-0.6% p.p.

(*)Variations on probable scenario for 2021.

The probable sensitivity was calculated based on the variation of indices in 2020 and those expected for 2021, and showed any additional impacts in the Company's profit or loss. The other sensitivities shown were calculated based on (i) the variation of 25%; and (ii) Management's estimates of the projected scenario, which correspond to the Managements evaluation of reasonably possible change in interest rates and floating indexes for 2021. Variations that could impact the consolidated result, and consequently the consolidated shareholders' equity in 2021 compared to 2020, if the scenarios materialize are the following:

Notes to the Financial Statements

	Balances at	Sensitivity		
	12.31.2020	Probable	Δ + 25%	Management
Risk of increase (liability)				
Loans and financing				
TJLP	2,390,392	3,560	(24,329)	-
U.S. dollar – with swap to CDI rate	1,681,458	(13,473)	(9,301)	1,771
U.S. dollar – with swap to IPCA rate	1,094,013	14,782	(9,851)	6,134
IPCA	3,634,916	44,261	(31,404)	19,005
Debentures				
IPCA	5,134,281	68,643	(47,480)	42,965
CDI – with swap to IPCA rate	428,266	5,102	(3,529)	2,198
Redeemable preferred shares				
CDI	482,088	(11,131)	(7,730)	1,467
Concessions payable				
IGP-M	3,388,529	626,647	(38,571)	19,600
IPCA	623,789	7,247	4,969	(10,064)
Risk of decrease (asset)				
Concession financial asset				
IPCA	2,804,796	(33,150)	30,722	(47,425)

a.4) Risk related to energy prices in trading operations

The Company operates in the trading market to capitalize on variations in energy prices, within the risk limits and offsets pre-established by Management, in insignificant amounts as a percentage of total results, exposing the Company to market risk.

Equity position and unrealized gains (losses) from energy trading operations

Trading operations take place in the active market and are recognized at fair value through profit or loss, based on the difference between the contracted price and the market price of outstanding contracts on the balance sheet date.

This fair value is mainly estimated in the prices used in the active over-the-counter market, to the extent that such observable market data exist and, to a lesser degree, using the valuation techniques that consider the prices established in the purchase and sale operations and market prices projected by specialist entities, in the period when this information is available. The discount rate used to calculate fair value on 12.31.2020 was 7.1%.

Notes to the Financial Statements

The balance sheets for outstanding trading transactions are presented below.

	Consolidated					
	12.31.2020			12.31.2019		
	Assets	Liabilities	Net gain	Assets	Liabilities	Net gain
Classification in balance sheet						
Current	320,309	(321,654)	(1,345)	288,771	(258,305)	30,466
Non-current	54,385	(36,405)	17,980	42,695	(20,644)	22,051
	374,694	**(358,059)**	**16,635**	**331,466**	**(278,949)**	**52,517**

The variation in the balances for outstanding trading transactions is follows:

	Consolidated
Balances at 12.31.2018	**43,189**
Unrealized gain recognized for the year	23,489
Unrealized loss recognized for the year	(14,161)
Balances at 12.31.2019	**52,517**
Unrealized loss recognized for the year	(35,882)
Balances at 12.31.2020	**16,635**

Sensitivity analysis regarding trading operations

The main risk factor impacting prices in trading operations is the exposure to energy market prices.

In the decision-making process related to trading activities, the Company management uses sensitivity analysis considering the percentiles of historical volatility of energy prices for the product.

Percentiles are measures that divide the sample, by ascending order of data, in 100 parts, each one with an approximately equal percentage, considering, in this case the historical price volatility of each energy product. Therefore, the 25th percentile (P25) and the 75th percentile (P75) determine the lowest 25% and 75% prices observed, respectively.

The sensitivity analyses considering this methodology are shown below:

	Consolidated		
	12.31.2020	P25 Scenario	P75 Scenario
Unrealized gains on trading operations	16,635	(1,224)	1,127

The variation in the discount rate does not significantly impact the fair value determined, given the short duration of the outstanding trading portfolio, which is why no sensitivity analysis was presented.

b) Capital management risk

The Company manages its capital so as to maximize return to investors by optimizing the debt and equity balances, seeking to structure capital and maintaining indebtedness and debt coverage ratios that provide the return to investors.

The Company's capital structure is formed by net indebtedness (loans and debentures – net of hedging effects, financing, redeemable preferred shares, less cash, cash equivalents and escrow deposits linked to debt) and shareholders' equity, which includes capital reserves and profit reserves. The ratio of net debt to shareholders' equity is as follows:

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Debt[1]	8,199,973	8,085,266	16,672,233	14,436,716
(-)Deposits pegged to debt service	(161,052)	(10,388)	(346,853)	(374,676)
(-)Cash and cash equivalents	(1,924,589)	(2,590,507)	(4,538,946)	(3,870,261)
Net debt	**6,114,332**	**5,484,371**	**11,786,434**	**10,191,779**
Shareholders' equity	**7,739,529**	**6,995,154**	**7,741,998**	**6,998,820**
Total debt/Shareholders' equity	**0.8**	**0.8**	**1.5**	**1.5**

(1) Composed of loans and debentures – net of hedge impacts, financing and redeemable preferred shares.

ENGIE Brasil Energia and its subsidiaries have debts that stipulate a gross indebtedness maximum limit, calculated based on EBITDA. The most restrictive limit is the one that limits debts to 3.5 times the net debt on EBITDA.

c) Risk of acceleration of debt maturity

The Company has loan agreements and debentures with covenants, usually applicable to operations of this nature, related to the achievement of financial performance indicators. If the Company fails to comply with any of these clauses, the maturities of its debts may be accelerated. On 12.31.2020, the Company was in compliance with all the covenants of its agreements (Note 19 - Loans and Financing and Note 20 - Debentures).

d) Credit risk

The transactions that are relevant to the Company's business in which there exists credit risk are energy sales, financial investments and hedge operations. The Company's history of losses resulting from difficulties of banks and customers to honor their commitments is practically zero. The Company is the guarantor of certain financing agreements for its subsidiaries to guarantee compliance with the commitments assumed.

d.1) Risks related to energy sale

In long-term agreements entered into with distributors, including relative to the regulated market (CCEAR), the Company minimizes its credit risk through a mechanism for the establishment of guarantees involving customers' receivables.

In order to minimize credit risk in the agreements to sell electricity to free consumers, sellers and generating companies, the Company requires bank guarantee and secured CDB. For counterparties that wish to present another type of guarantee, the Company, through its credit area, analyzes and establishes, in accordance with its Credit Policy, guarantees that should be required from these counterparties.

Credits of all customers are annually revised and its exposure to several economy factors is periodically assessed, so as to maintain the diversification of its portfolio and reduce its exposure to the specific sector risk.

d.2) Risks related to marketable securities

The Company and its subsidiaries' financial investments follow the rule of allocating a minimum of 90% of funds to Federal Public Securities – as final purchase and/or repurchase and resale commitments – and a maximum of 10% of funds to Private Securities – acquisition of CDBs from eligible banks and repurchase and resale commitments backed by debentures issued by lease companies controlled by eligible banks.

The Company uses Fitch Ratings (Fitch), Moody's or Standard & Poor's (S&P) ratings to identify banks eligible to receive funds. They should comply with the following parameters: (i) shareholders' equity of at least R$ 1 billion; and (ii) minimum rating equivalent to AA- (S&P and Fitch) or Aa3 (Moody's) in the domestic ambit.

The Company's available resources are allocated to a Fixed Income Exclusive Investment Fund whose policy is to allocate its equity to very low-risk assets. As of 12.31.2020, this fund had 100% of its portfolio in Brazilian Government credit-risk assets, all of them with floating rates and daily liquidity, linked to Selic variation.

Following the Company's financial planning, this fund will be used in the short-term, substantially reducing the risk of any significant effects on earnings as a result of possible reduction in Brazilian economy's basic interest rate.

d.3) Risks related to hedge operations

The "Investment and Derivatives Policy" imposes strong restrictions to the realization of derivative transactions and determines that exposures be continuously monitored in case this type of transaction is contracted.

As already mentioned previously, the main hedge operations contracted by the Company were swap and NDF operations to hedge against exchange and CDI variation of the payment of principal and interest of U.S. dollar-denominated loans and the 1st series debentures of Jaguara and Miranda adjusted for CDI rate.

In addition to these operations, the Company contracted cash flow hedge for the combined exposure of foreign currency and CDI, in the Parent Company, and payables to suppliers, as described in item a.2 – Risk related to liabilities denominated in foreign currency.

e) Liquidity risk

The management of the Company's liquidity risk is under the responsibility of the Financial Forum, which manages fund raising requirements and short-, medium- and long-term liquidity by permanently monitoring forecasted and actual cash flows.

Notes to the Financial Statements

The Company, in order to ensure the capacity to pay its obligations, uses a minimum cash policy that is annually reviewed based on cash projections and monthly monitored in the Financial Forum meetings. The management of marketable securities focuses on short-term instruments, especially with daily maturities, in order to provide maximum liquidity and to cover disbursements.

The Company's cash generating feature and the low volatility in receipts and payment obligations throughout the months guarantee to the Company the stability of its flows, reducing its liquidity risk.

The following statement presents the estimated settlement profile for the Company's main financial liabilities recorded at 12.31.2020. Amounts were determined based on the estimated undiscounted cash flows, considering estimates of principal amortization and future interest payment, when applicable. For debts with floating interest rates, the amount was obtained based on interest curve at year end.

	Parent Company				
	Up to 1 year	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	141,257	-	-	-	141,257
Post-fixed interest rates:					
Loans and financing[1]	51,063	63,163	-	-	114,226
Debentures	325,208	657,840	1,671,746	1,708,550	4,363,344
Fixed interest rates:					
Loans and financing	1,199,097	2,690,283	1,234,370	-	5,123,750
Concessions payable	232,830	651,569	1,256,209	5,257,821	7,398,429
	1,949,455	**4,062,855**	**4,162,325**	**6,966,371**	**17,141,006**

	Consolidated				
	Up to 1 year	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	861,752	17,328	-	-	879,080
Post-fixed interest rates:					
Loans and financing [1]	508,492	1,161,147	1,209,137	5,970,513	8,849,289
Debentures[1]	2,075,091	60,464	2,424,907	3,261,083	7,821,545
Redeemable preferred shares	-	154,609	170,620	568,809	894,038
Fixed interest rates:					
Loans and financing	1,199,097	2,690,283	1,234,370	-	5,123,750
Concessions payable	239,532	664,987	1,269,627	5,338,889	7,513,035
	4,883,964	**4,748,818**	**6,308,661**	**15,139,294**	**31,080,737**

(1) Net of hedge effects.

The concession financial asset of the Jaguara and Miranda HPPs is not subject to liquidity risk, since it is related to the portion of energy allocated to the ACR, in the Physical Guarantee Quota System, whose payment is guaranteed by the Concession Authority.

f) Hydrological Risk

Most of energy of the National Interconnected System (SIN) is generated by hydroelectric power plants. Since SIN operates in a dispatch system optimized and centralized by ONS, each hydroelectric power plant, including the Company's plants, is subject to changes in hydrological conditions in both the regions where they operate and in other regions across Brazil.

Adverse hydrological conditions, combined with the obligation to deliver physical guarantee, may result in an exposure of the Company to the short-term energy market, which may affect its future financial results. However, most of the Company's hydroelectric generation capacity is included in the MRE, which distributes the hydrological risk across all the plants linked to MRE.

In order to reduce this risk, in December 2015, the Company joined the renegotiation of hydrological risk relating to the Company's plants, whose energy was sold in the ACR. For more information, see Note 9 – Renegotiation of hydrological risk to appropriate.

At 12.31.2020, the physical guarantee of the Company's hydroelectric power plants totaled 3,417.7 average MW. The aforementioned agreement renegotiated 1,344.5 average MW, of which 1,243.7 average MW, approximately 92.5%, are hedged against hydrological risk. The portion of the Jaguara and Miranda Hydroelectric Power Plants allocated to the ACR - 377.4 average MW – is guaranteed by the Concession Authority and is also hedged against this risk. See Note 11 - Concession financial asset.

Regarding the energy portion not renegotiated on that occasion, the generating companies are entitled to extend the generation concession periods for up to seven years, in accordance with Federal Law 14,052, approved on 9.8.2020, and regulated by Aneel Normative Resolution 895/2020, issued on 12.1.2020. More details are presented in Note 16 – Intangible assets

To reduce the exposure to short-term market fluctuations, ENGIE Brasil Energia maintains a large part of its energy portfolio contracted in the long term. In the free market, the Company gradually sells the available energy at attractive prices and also to minimize the risk of exposure to spot prices (PLD). Therefore, the sale is concluded as the market appears to be more inclined to purchases. Additionally, due to the constant deficit of hydroelectric generation in recent years, the Company chose to leave most of its commercial capacity not contracted in the spot market and, when necessary or attractive, to acquire energy from third parties to replenish its own resources.

Notes to the Financial Statements

g) Category and fair value of financial instruments

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Financial assets				
Fair value through profit or loss				
Financial investments	1,921,388	2,588,307	4,483,998	3,779,368
Marketable securities	339,219	-	-	-
Unrealized gains on fair value hedge operations	718,629	426,127	718,629	426,127
Unrealized gains on trading operations	-	-	374,694	331,466
Amortized cost				
Cash and bank deposits	3,201	2,200	54,948	90,893
Trade accounts receivable	695,003	644,318	1,739,267	1,451,988
Restricted deposits	161,860	11,226	409,867	385,920
Fuel reimbursable[1]	-	-	58,462	52,533
Concession financial asset	-	-	2,804,796	2,708,174
Fair value through other comprehensive income				
Unrealized gains on cash flow hedge operations	7,161	-	15,226	581
	3,846,461	**3,672,178**	**10,659,887**	**9,227,050**
Financial liabilities				
Fair value through profit or loss				
Foreign currency	4,126,373	3,946,531	4,126,373	3,946,531
Debentures	-	-	428,266	601,031
Unrealized losses on fair value hedge operations [2]	116,298	79,865	151,880	99,785
Unrealized losses on trading operations	-	-	358,059	278,949
Amortized cost				
Suppliers	141,257	149,361	879,080	782,277
Loans in local currency	110,744	199,583	6,028,600	4,872,523
Loans in foreign currency	1,046,535	-	1,046,535	-
Redeemable preferred shares	-	-	482,088	-
Debentures	3,525,813	4,285,414	5,134,281	5,342,973
Concessions payable	3,955,765	3,181,303	4,012,318	3,236,490
Liabilities linked to investment acquisition[2]	-	-	51,756	8,179
Fuel payable to CDE [2]	-	-	45,206	144,767
Reimbursement to distributors[2]	-	-	203,106	136,887
Fair value through other comprehensive income				
Unrealized losses on cash flow hedge operations [2]	-	-	3,661	145
	13,022,785	**11,842,057**	**22,951,209**	**19,450,537**

(1) Presented under "Other current assets."
(2) Presented under "Other current liabilities" and "Other non-current liabilities."

Financial assets and liabilities measured at fair value through profit or loss are assessed based on observable data (Level 2), except for marketable securities, which are assessed based on the market prices in active markets (Level 1).

h) Market value of financial instruments

In operations involving financial instruments, differences were identified only between amounts presented in the balance sheet and their market values in the financial instruments presented below. These differences occurred mainly because these instruments have long-term settlements and different costs in relation to interest rates currently used for similar contracts. The market values were determined based on future cash flows discounted to present value at rates considered as adequate for operations with similar characteristics.

	Parent Company			
	12.31.2020		12.31.2019	
	Book	Market	Book	Market
Loans and financing in local currency	110,744	107,966	199,583	211,229
Loans in foreign currency	5,172,908	5,172,908	3,946,531	3,946,531
Debentures	3,525,813	3,842,068	4,285,414	4,343,955
Concessions payable	3,955,765	4,301,579	3,181,303	3,168,792
	12,765,230	**13,424,521**	**11,612,831**	**11,670,507**

	Consolidated			
	12.31.2020		12.31.2019	
	Book	Market	Book	Market
Assets				
Concession financial asset	2,804,796	2,778,272	2,708,174	2,615,077
	2,804,796	**2,778,272**	**2,708,174**	**2,615,077**
Liabilities				
Loans and financing in local currency	6,028,600	6,736,194	4,872,523	4,814,931
Loans in foreign currency	5,172,908	5,173,420	3,946,531	3,946,531
Redeemable preferred shares	482,088	504,784	-	-
Debentures	5,562,547	5,860,290	5,944,004	6,633,870
Concessions payable	4,012,318	4,365,227	3,236,490	3,226,023
	21,258,461	**22,639,915**	**17,999,5480**	**18,621,355**

NOTE 19 – LOANS AND FINANCING

a) Breakdown

	Parent Company					
	12.31.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Measured at amortized cost						
BNDES	16,633	30,493	47,126	60,774	47,125	107,899
BNDES onlendings (Banks)[1]	1,533	1,755	3,288	1,533	3,289	4,822
NIB[2]	29,873	29,890	59,763	28,634	57,285	85,919
Charges	567	-	567	943	-	943
	48,606	**62,138**	**110,744**	**91,884**	**107,699**	**199,583**
Foreign currency – with hedge						
Measured at amortized cost						
Scotiabank	519,373	-	519,373	-	-	-
MUFG[3]	519,617	-	519,617	-	-	-
Charges	7,545	-	7,545	-	-	-
	1,046,535	**-**	**1,046,535**	**-**	**-**	**-**
Measured at fair value						
Scotiabank	-	1,627,693	1,627,693	-	1,646,598	1,646,598
BNP Paribas	-	1,475,679	1,475,679	468,617	207,656	676,273
MUFG	-	465,102	465,102	337,823	411,087	748,910
HSBC	-	535,236	535,236	337,348	509,674	847,022
Charges	22,663	-	22,663	27,728	-	27,728
	22,663	**4,103,710**	**4,126,373**	**1,171,516**	**2,775,015**	**3,946,531**
Loans and financing	**1,117,804**	**4,165,848**	**5,283,652**	**1,263,400**	**2,882,714**	**4,146,114**

Balances of loans and financing in the parent company, net of hedge effects, are:

	Parent Company					
	12.31.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,117,804**	**4,165,848**	**5,283,652**	**1,263,400**	**2,882,714**	**4,146,114**
Fair value hedge (swap) effects						
Long position	(6,631)	(711,998)	(718,629)	(114,550)	(311,577)	(426,127)
Short position [1]	4,902	111,396	116,298	2,933	76,932	79,865
Cash flow hedge (swap) effects						
Long position	(5,058)	(2,103)	(7,161)	-	-	-
Loans and financing, net of hedge effects	**1,111,017**	**3,563,143**	**4,674,160**	**1,151,783**	**2,648,069**	**3,799,852**

(1) Hedge short position is presented as part of "Other current liabilities" and "Other non-current liabilities."

Notes to the Financial Statements

	Consolidated					
	12.31.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Measured at amortized cost						
BNDES	251,194	5,606,575	5,857,769	374,965	3,911,805	4,286,770
BNDES onlendings (Banks)	1,533	1,755	3,288	19,003	353,335	372,338
BNB[1]	-	83,951	83,951	-	83,923	83,923
NIB	29,873	29,890	59,763	28,634	57,285	85,919
Other	-	-	-	18,083	-	18,083
Charges	23,829	-	23,829	25,490	-	25,490
	306,429	**5,722,171**	**6,028,600**	**466,175**	**4,406,348**	**4,872,523**
Foreign currency – with hedge						
Measured at amortized cost						
Scotiabank	519,373	-	519,373	-	-	-
MUFG	519,617	-	519,617	-	-	-
Charges	7,545	-	7,545	-	-	-
	1,046,535	**-**	**1,046,535**	**-**	**-**	**-**
Measured at fair value						
Scotiabank	-	1,627,693	1,627,693	-	1,646,598	1,646,598
BNP Paribas	-	1,475,679	1,475,679	468,617	207,656	676,273
MUFG	-	465,102	465,102	337,823	411,087	748,910
HSBC	-	535,236	535,236	337,348	509,674	847,022
Charges	22,663	-	22,663	27,728	-	27,728
	22,663	**4,103,710**	**4,126,373**	**1,171,516**	**2,775,015**	**3,946,531**
Loans and financing	**1,375,627**	**9,825,881**	**11,201,508**	**1,637,691**	**7,181,363**	**8,819,054**

(1) Banco do Nordeste do Brasil S.A.

Balances of loans and financing in the consolidated, net of hedge effects, are:

	Consolidated					
	12.31.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,375,627**	**9,825,881**	**11,201,508**	**1,637,691**	**7,181,363**	**8,819,054**
Fair value hedge (swap) effects						
Long position	(6,631)	(711,998)	(718,629)	(114,550)	(311,577)	(426,127)
Short position[1]	4,902	111,396	116,298	2,933	76,932	79,865
Cash flow hedge (swap) effects						
Long position	(5,058)	(2,103)	(7,161)	-	-	-
Loans and financing, net of hedge effects	**1,368,840**	**9,223,176**	**10,592,016**	**1,526,074**	**6,946,718**	**8,472,792**

(1) Hedge short position is presented as part of the items "Other current liabilities" and "Other non-current liabilities."

Notes to the Financial Statements

b) Changes in loans and financing

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2018	**142,536**	**2,840,909**	**2,983,445**	**454,513**	**5,854,915**	**6,309,428**
Additions	543	1,127,454	1,127,997	98,108	2,566,437	2,664,545
Interest	170,908	-	170,908	338,335	-	338,335
Inflation adjustments	1,138	2,579	3,717	676	16,833	17,509
Capitalized interest and Inflation adjustments	-	-	-	113,663	-	113,663
Exchange variations	32,691	91,915	124,606	32,691	91,915	124,606
Fair value adjustment	7,829	15,838	23,667	7,829	15,838	23,667
Transfers	1,195,981	(1,195,981)	-	1,364,575	(1,364,575)	-
Payment of principal	(147,822)	-	(147,822)	(459,381)	-	(459,381)
Repayment of interest	(140,404)	-	(140,404)	(313,318)	-	(313,318)
Balances at 12.31.2019	**1,263,400**	**2,882,714**	**4,146,114**	**1,637,691**	**7,181,363**	**8,819,054**
Additions	-	1,132,476	1,132,476	9,273	3,304,506	3,313,779
Interest	210,876	-	210,876	499,185	-	499,185
Inflation adjustments	1,256	1,713	2,969	(10,347)	102,037	91,690
Capitalized interest and Inflation adjustments	-	-	-	53,976	-	53,976
Exchange variations	208,487	691,484	899,971	208,487	691,484	899,971
Fair value adjustment	(16,206)	87,314	71,108	(16,206)	87,314	71,108
Transfers	629,853	(629,853)	-	1,540,823	(1,540,823)	-
Payment of principal	(986,237)	-	(986,237)	(2,115,900)	-	(2,115,900)
Repayment of interest	(193,625)	-	(193,625)	(431,355)	-	(431,355)
Balances at 12.31.2020	**1,117,804**	**4,165,848**	**5,283,652**	**1,375,627**	**9,825,881**	**11,201,508**

c) Main transactions in 2020

c.1) Financing in domestic currency

- New financing

In April 2020, the Company, through the indirect subsidiaries making up the Campo Largo Wind Complex – Phase II, contracted financing from the BNDES in the amount of R$ 1,243,000. Up to 12.31.2020, R$ 861,933 was released (R$ 855,196 net of funding costs). The funds were used to finance the construction of wind generating plants at the Campo Largo Wind Complex – Phase II.

In March and June 2020, the Company, through the indirect subsidiaries Gralha Azul and Novo Estado, contracted financing from BNDES in the amounts of R$ 1,480,617 and R$ 1,710,000, respectively. Up to 12.31.2020, R$ 601,790 (R$ 583,052 net of funding costs) and R$ 755,000 (R$ 741,939 net of funding costs) were released, respectively. The funds were used to finance the construction of transmission lines.

In August 2020, the Company, through its indirect subsidiary Novo Estado, contracted a loan from Banco da Amazônia S.A. (BASA), in the amount of R$ 800,000, to replace the portion (for the same amount) of the loan taken from BNDES. The Company is in the phase of meeting the conditions with BASA to enable the first release of funds of said loan, which will be used to finance the construction of transmission lines.

- Prepayment of loan

In October 2020, the direct subsidiary CEE prepaid the loan from BNDES and Onlending Banks, in the total amount of R$ 847,383, of which R$ 834,374 referred to the principal and R$ 13,009 to interest and commissions. The original maturity was September 2029.

c.2) Loans in foreign currency with hedge

- New loans in foreign currency

On 3.25.2020, the Company contracted loan from overseas financial institution - BNP Paribas – amounting to US$ 125 million, equivalent to R$ 632,490, and, at the same time, contracted hedge operation (swap) with the Brazilian subsidiary of the same financial institution in which the loan was contracted, to protect all future cash flows. This loan was taken to preserve cash in view of the COVID-19 pandemic, to raise the working capital and to finance the implementation of the Company's business plan.

On 4.14.2020, the Company rolled over a loan taken on 4.5.2018 from BNP Paribas, maturing in April 2020. The transaction was for US$ 100 million, equivalent to R$ 518,240 on 4.13.2020. At the same time, the Company contracted a swap with the Brazilian subsidiary of the same institution. The purpose of the rollover of the debt was to preserve the cash position in light of the COVID-19 pandemic, ensure working capital availability and finance the implementation of the Company's business plan.

On 9.9.2020, the Company took a loan from an overseas financial institution, MUFG Bank LTD. (new name of Bank of Tokyo), in the amount of US$ 94.5 million, equivalent to R$ 500,000 (R$ 499,986 net of funding costs), and simultaneously contracted a swap with the Brazilian subsidiary of the same institution to protect all future cash flows. This loan was taken to strengthen the working capital and to finance the implementation of the Company's business plan.

- Contracting of cash flow hedge

The Company has swap agreements with Brazilian subsidiaries of the same financial institutions from which it borrowed loans in U.S. dollar in order to protect future payments of principal and interest against exchange rate variations. These operations were designated as fair value hedge instruments, converting the loan in U.S. dollar to the Brazilian real and the fixed rate to a floating rate (CDI).

On 9.17.2020, derivative instruments were contracted from prime banks, converting to fixed rates the positions previously held under the CDI rate. These instruments were designated as cash flow hedges, with the hedge object being the exposure arising from the combination of loans in U.S. dollar and foreign exchange swap and interest rate operations.

- Early settlement of swaps linked to loans in foreign currency and contracting of Non-Deliverable Forwards (NDF)

On 12.22.2020 and 12.28.2020, the Company early settled swap operations linked to loans taken from MUFG and Scotiabank, maturing on 4.23.2021 and 4.27,2021, respectively. Additionally, the Company contracted Non-Deliverable Forwards from MUFG and Scotiabank to protect all future payments in foreign currency arising from international loans whose swap contracts were settled. These new instruments were designated as cash flow hedge and hence the loans were measured at amortized cost.

Notes to the Financial Statements

d) Breakdown of borrowings and financing by index and currency

	Parent Company				Consolidated			
	12.31.2020	%	12.31.2019	%	12.31.2020	%	12.31.2019	%
Local currency								
TJLP	47,272	0.9	108,250	2.6	2,390,392	21.3	3,446,892	39.1
IPCA	60,180	1.1	86,506	2.1	3,634,916	32.5	1,402,369	15.9
Not indexed (fixed rate)	3,292	0.1	4,827	0.1	3,292	0.0	23,262	0.2
	110,744	**2.1**	**199,583**	**4.8**	**6,028,600**	**53.8**	**4,872,523**	**55.2**
Foreign currency – with hedge								
U.S. dollar – with swap for fixed rate	1,350,902	25.6	-	-	1,350,902	12.1	-	-
U.S. dollar – with swap for CDI	1,681,458	31.8	3,115,217	75.1	1,681,458	15.0	3,115,217	35.4
U.S. dollar – with swap for IPCA	1,094,013	20.7	831,314	20.1	1,094,013	9.8	831,314	9.4
U.S. dollar – with NDF[1] for fixed U.S. dollar rate	1,046,535	19.8	-	-	1,046,535	9.3	-	-
	5,172,908	**97.9**	**3,946,531**	**95.2**	**5,172,908**	**46.2**	**3,946,531**	**44.8**
Loans and financing	**5,283,652**	**100.0**	**4,146,114**	**100.0**	**11,201,508**	**100.0**	**8,819,054**	**100.0**

(1) Non-Deliverable Forward (Forward currency contract without physical delivery).

e) Interest rates and foreign currency variation

	2020	2019
TJLP	4.6%	6.2%
CDI	1.9%	5.9%
IPCA	4.5%	4.3%
U.S. dollar	28.9%	4.0%

f) Maturity of loans and financing under non-current liabilities

	Parent Company	Consolidated
2022	2,469,617	2,742,345
2023	533,990	849,537
2024	912,052	1,256,593
2025	250,189	597,644
2026	-	350,586
2027 to 2031	-	1,750,816
2032 to 2036	-	1,522,286
2037 to 2038	-	619,919
2041 to 2044	-	136,155
Loans and financing	**4,165,848**	**9,825,881**

Notes to the Financial Statements

g) Main contracted loan conditions

Company/Bank	Interest	Payment Conditions		Balances at 12.31.2020
		Maturity	Principal and interest	
Parent Company:				
Local currency				
NIB	IPCA + 3.55% p.a.	10.2022	Principal: Monthly Interest: Quarterly	60,180
BNDES – Usina São Salvador	TJLP + 2.7% p.a. [a]	10.2023	Monthly	47,272
BNDES onlending (Banks) [b]	3.68% p.a.	11.2024	Monthly	3,292
Foreign currency (USD)				
MUFG III	3.998% p.a. with NDF of fixed U.S. dollar rate of R$5.1775	04.2021	Principal: 04.2021 Interest: Semiannually starting 04.2019	523,599
Scotiabank II	3.798% p.a. with NDF of fixed U.S. dollar rate of R$5.2850	04.2021	Principal: 04.2021 Interest: Semiannually starting 10.2018	522,936
HSBC	7.3706% p.a. with swap to 3.3977% p.a.	05.2022	Principal: 05.2022 Interest: Semiannually	540,042
Scotiabank III	3.3600% p.a. with swap to 3.3888% p.a.	05.2022	Principal: 05.2022 Interest: Semiannually	540,875
BNP Paribas II	3.9515% p.a. with swap to 3.3970% p.a.	05.2022	Principal: 05,2022 Interest: Semiannually	269,985
Scotiabank I	3.3710% p.a. with swap to IPCA + 5.2% p.a.	11.2022	Principal: 11.2022 Interest: Semiannually	1,094,013
BNP Paribas IV	2.7300% p.a. with swap to CDI + 1.33% p.a.	04.2023	Principal: 04.2023 Interest: Semiannually	533,215
BNP Paribas III	2.5400% p.a. with swap to CDI + 1.70% p.a.	03.2024	Principal: 03.2024 Interest: Semiannually	680,896
MUFG V	1.8914% p.a. until 10.2021 and 2.0057% p.a. until 10.2025 both with swap to CDI + 1.32% p.a.	10.2025	Principal: 50% in 10.2024 and 50% in 10.2025 Interest: Semiannually	467,347
Subsidiaries:				
Ibitiúva				
BNDES (Subcredit A and C)	TJLP + 2.05% p.a. [a]	01.2021	Monthly	311
Ferrari				
BNDES Expansion	TJLP + 1.76% p.a. [a]	07.2032	Monthly	54,167
Trairí Wind Power Complex [c]				
BNDES – Social Credit	TJLP [a]	07.2033	Monthly	1,156
BNDES	TJLP + 2.51% [a]	07.2029	Monthly	205,938
BNDES	TJLP + 2.18% [a]	05.2033	Monthly	283,503
Assú V				
BNB	IPCA + 1.7624% p.a.	07.2038	Principal: Monthly starting 08.2023 Interest: Quarterly up to 07.2023; Monthly starting 08.2023.	86,905
Campo Largo Wind Power Complex				
BNDES	TJLP + 2.52% p.a. [a]	06.2035	Monthly	454,568
BNDES	TJLP + 1.82% p.a. [a]	06.2035	Monthly	529,431
Pampa Sul				
BNDES	TJLP + 3.09% p.a. [a]	01.2036	Monthly	814,046
Umburanas Wind Power Complex – Phase I				
BNDES	IPCA + 3.91% p.a.	12.2038	Monthly	1,216,148
Gralha Azul				
BNDES	IPCA + 3.83% p.a.	03.2044	Monthly, starting October 2023	611,313
Campo Largo Wind Power Complex II				
BNDES	IPCA + 4.23% p.a.	12.2039	Monthly, starting September 2021	884,304

Novo Estado				
BNDES	IPCA + 4.67% p.a.	05.2044	Monthly, starting November 2022	776,066

(a) The amount corresponding to the TJLP installment that exceeds 6% p.a. is incorporated into the principal.
(b) The banks are the following: Itaú Unibanco, Itaú BBA, Bradesco, Santander and Votorantim.
(c) Financing of the Trairí Wind Complex, composed of the following companies: Trairí, Mundaú, Guajiru, Fleixeiras I, Santa Mônica, Cacimbas, Estrela e Ouro Verde.

For more information on hedge instruments, see Note 18 – Management of risks and financial instruments.

h) Guarantees

Guarantees are described below, except for foreign currency loans that do not have any.

h.1) BNDES and BNDES onlending (Banks)

- **Financing of thermal power projects:** (a) assignment of rights arising from authorization; (b) assignment of credit rights arising from electricity purchase and sale agreements; (c) pledge of all shares; (d) pledge of machinery and equipment related to the project; (e) mortgage of urban land it owns for implementation of project; (f) reserve account in an amount equivalent to three months of debt service; and (g) reserve account in an amount equivalent to three months of operating and maintenance contract expenses.

- **Financing of São Salvador Hydroelectric Power Plant:** bank guarantee.

- **Financing of Biomass and Wind Farm Projects:** (a) pledge of assets and equipment related to projects, (b) pledge of total shares representing subsidiaries' capital; (c) receivables and reserve accounts; (d) assignment of rights resulting from authorization; and (e) corporate surety of ENGIE Brasil Energia or the Company's subsidiary (ENGIE Brasil Energias Complementares Participações Ltda).

- **Financing of transmission project:** (a) pledge of total shares of the subsidiaries; (b) receivables and reserve accounts; (c) assignment of rights resulting from concession; and (d) corporate surety of ENGIE Brasil Energia or bank surety.

h.2) Banco do Nordeste do Brasil (BNB)

- Financing of photovoltaic solar project: (a) bank surety; and (b) reserve account with minimum amount equivalent to 4.09% of the total outstanding balance of the loan.

h.3) Nordic Investment Bank (NIB)

The Company contracted a guarantee in U.S. dollar in the amount of R$ 58,919, maturing in 2021. This obligation to deliver guarantee began in February 2018, when Fitch Rating downgraded Brazil's sovereign rating, thus impacting the Company's long-term foreign currency rating. This loan from NIB was contracted in December 2012 to finance the construction of the Trairí Wind Complex.

Notes to the Financial Statements

i) Contract commitments (covenants)

Debt	Covenants	Measurement on 12.31.2020
Parent company:		
NIB	(i) Parent company: Total debt /EBITDA ≤ 4.5 (ii) Consolidated: Total debt /EBITDA ≤ 4.5 (iii) Parent company and Consolidated: EBITDA/ financial expenses ≥ 2.0	(i) 1.65 (ii) 2.57 (iii) 3.25 and 3.03
HSBC, Scotiabank, MUFG and BNP Paribas	(i) Consolidated: EBITDA/financial expenses ≥ 2.0 (ii) Consolidated: Gross debt /EBITDA ≤ 4.5	(i) 3.03 (ii) 2.57
BNDES Ferrari Expansion (Obligation of the Intervening Party)	Net debt/EBITDA ≤ 3.5	1.82
Subsidiaries:		
BNDES and BNB	(i) Debt service coverage ratio [1] ≥ 1.1 or ≥ 1.2 or ≥ 1.3 depending on the subsidiary (ii) Total debt ratio ≤ 0.80	All indices presented met the limits established.

(1) Debt service coverage rate: Activity cash generation/ Debt service.

The financial commitments established in the loan and financing agreements are being fulfilled by the Company and its subsidiaries. Covenants are calculated annually, as established in these contracts.

NOTE 20 – DEBENTURES

a) Breakdown

	Parent Company					
	12.31.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
ENGIE – 5th issue	-	224,744	224,744	-	214,994	214,994
ENGIE – 6th issue	96,385	600,320	696,705	-	665,444	665,444
ENGIE – 7th issue	-	801,775	801,775	-	765,013	765,013
ENGIE – 8th issue	-	-	-	956,829	-	956,829
ENGIE – 9th issue	-	1,671,276	1,671,276	-	1,597,535	1,597,535
Charges	131,313	-	131,313	61,348	24,251	85,599
Debentures	**227,698**	**3,298,115**	**3,525,813**	**1,018,177**	**3,267,237**	**4,285,414**

Notes to the Financial Statements

	Consolidated					
	12.31.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Measured at amortized cost						
ENGIE – 5th issue	-	224,744	224,744	-	214,994	214,994
ENGIE – 6th issue	96,385	600,320	696,705	-	665,444	665,444
ENGIE – 7th issue	-	801,775	801,775	-	765,013	765,013
ENGIE – 8th issue	-	-	-	956,829	-	956,829
ENGIE – 9th issue	-	1,671,276	1,671,276	-	1,597,535	1,597,535
Jaguara – 1st issue	27,035	644,094	671,129	13,307	642,428	655,735
Miranda – 1st issue	6,061	405,629	411,690	5,052	394,082	399,134
Pampa Sul – 2nd issue	10,871	507,778	518,649	-	-	-
Charges	138,313	-	138,313	64,037	24,251	88,288
	278,665	**4,855,616**	**5,134,281**	**1,039,225**	**4,303,747**	**5,342,972**
Measured at fair value						
Jaguara – 1st issue	105,239	159,125	264,364	101,403	269,224	370,627
Miranda – 1st issue	65,091	98,430	163,521	62,727	166,564	229,291
Charges	381	-	381	1,114	-	1,114
	170,711	**257,555**	**428,266**	**165,244**	**435,788**	**601,032**
Debentures	**449,376**	**5,113,171**	**5,562,547**	**1,204,469**	**4,739,535**	**5,944,004**
Hedge (swap) effects						
Short position [1]	14,667	20,915	35,582	5,683	14,237	19,920
Debentures, net of hedge effects	**464,043**	**5,134,086**	**5,598,129**	**1,210,152**	**4,753,772**	**5,963,924**

(1) Hedge short position is presented as part of the items "Other current liabilities" and "Other non-current liabilities."

Notes to the Financial Statements

b) Changes in debentures

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2018	**36,882**	**1,580,252**	**1,617,134**	**210,369**	**3,200,437**	**3,410,806**
Issue of debentures	-	4,064,987	4,064,987	-	4,064,987	4,064,987
Interest rates	166,414	24,035	190,449	265,976	24,035	290,011
Inflation adjustments	1,907	78,966	80,873	2,661	100,871	103,532
Capitalized interest and Inflation adjustments	-	-	-	21,188	17,080	38,268
Fair value adjustment	-	-	-	(8,438)	1,834	(6,604)
Transfers	2,481,003	(2,481,003)	-	2,669,709	(2,669,709)	-
Payment of principal	(1,535,006)	-	(1,535,006)	(1,708,707)	-	(1,708,707)
Payment of interest	(133,023)	-	(133,023)	(248,289)	-	(248,289)
Balances at 12.31.2019	**1,018,177**	**3,267,237**	**4,285,414**	**1,204,469**	**4,739,535**	**5,944,004**
Issue of debentures	-	-	-	509,824	499,460	1,009,284
Interest rates	172,250	32,464	204,714	279,120	32,466	311,586
Inflation adjustments	7,469	141,282	148,751	9,508	194,779	204,287
Fair value adjustment	-	-	-	6,545	(8,299)	(1,754)
Transfers	142,868	(142,868)	-	344,770	(344,770)	-
Payment of principal	(964,993)	-	(964,993)	(1,660,748)	-	(1,660,748)
Payment of interest	(148,073)	-	(148,073)	(244,112)	-	(244,112)
Balances at 12.31.2020	**227,698**	**3,298,115**	**3,525,813**	**449,376**	**5,113,171**	**5,562,547**

c) Main transactions in 2020

c.1) 1st issue of debentures of the subsidiary NEP

On 3.2.2020, the Company settled the unsecured, non-convertible debentures of the indirect subsidiary NEP (1st issue) in a single series, in accordance with CVM Instruction 476/2009, totaling R$ 500,000 (R$ 499,110, net of funding costs). The debentures were issued to raise working capital and finance the construction of the transmission line. On 9.2.2020, these debentures were prepaid.

c.2) 2nd issue of debentures of the subsidiary Pampa Sul

On 11.16.2020, the Company settled the 2nd issue of non-convertible debentures of the direct subsidiary Pampa Sul, in accordance with CVM Instruction 400/2003, totaling R$ 582,000 (R$ 512,487, net of funding costs). The debentures were issued to optimize the capital structure of Pampa Sul.

Notes to the Financial Statements

d) Breakdown of debentures by index

	Parent Company				Consolidated			
	12.31.2020	%	12.31.2019	%	12.31.2020	%	12.31.2019	%
IPCA	3,525,813	100.0	3,308,181	77.2	5,134,281	92.3	4,365,740	73.4
CDI	-	-	977,233	22.8	-	-	977,233	16.4
CDI – with swap for IPCA	-	-	-	-	428,266	7.7	601,031	10.2
Debentures	**3,525,813**	**100.0**	**4,285,414**	**100.0**	**5,562,547**	**100.0**	**5,944,004**	**100.0**

e) Maturities of debentures recorded under non-current liabilities

	Parent Company	Consolidated
2022	165,242	385,723
2023	163,939	404,978
2024	489,241	754,312
2025	917,799	1,167,347
2026	717,645	982,983
2027 to 2031	844,249	1,136,935
2032 to 2036	-	280,893
Debentures	**3,298,115**	**5,113,171**

Notes to the Financial Statements

f) Main conditions contracted

			Payment Conditions				
	Quantity	Remuneration	Charges	Principal	Maturity	Guarantee	Balances at 12.31.2020
Parent Company:							
5th Issue – Single series	165,000	IPCA + 6.3% p.a.	Annually in December	3 annual installments as of 12.2022	12.2024	Without guarantee	225,348
6th Issue – Series 1	246,600	IPCA + 6.2621% p.a.	Annually in July	3 annual installments as of 07.2021	07.2023	Without guarantee	295,267
6th Issue – Series 2	353,400	IPCA + 6.2515% p.a.	Annually in July	3 annual installments as of 07.2024	07.2026	Without guarantee	421,539
7th Issue – Series 1	515,353	IPCA + 5.6579% p.a.	Annually starting 07.2019	2 annual installments as of 07.2024	07.2025	Without guarantee	568,405
7th Issue – Series 2	231,257	IPCA + 5.9033% p.a.	Annually starting 07.2019	3 annual installments as of 07.2026	07.2028	Without guarantee	254,742
9th Issue – Series 1	576,095	IPCA + 3.7000% p.a.	Annually starting 07.2021	2 annual installments as of 07.2025	07.2026	Without guarantee	633,691
9th Issue – Series 2	539,678	IPCA + 3.9000% p.a.	Annually starting 07.2021	3 annual installments as of 07.2027	07.2029	Without guarantee	594,833
9th Issue – Series 3	378,827	IPCA + 3.6000% p.a.	Semiannually starting 07.2021	2 annual installments as of 07.2025	07.2026	Without guarantee	416,132
9th Issue – Series 4	105,400	IPCA + 3.7000% p.a.	Semiannually starting 07.2021	3 annual installments as of 07.2027	07.2029	Without guarantee	115,856
Subsidiaries:							
Jaguara							
1st Issue – Series 1	483,000	107% p.a. on Δ DI rate with swap for IPCA + 4.47% p.a.	Semiannually starting 12.2018	9 semiannual installments as of 06.2019	06.2023	Security interest	264,599
1st Issue – Series 2	634,000	IPCA + 6.4962% p.a.	Semiannually starting 12.2018	15 semiannual installments as of 06.2020	06.2027	Security interest	673,006
Miranda							
1st Issue – Series 1	299,000	107% p.a. on Δ DI rate with swap for IPCA + 4.47% p.a.	Semiannually starting 12.2018	9 semiannual installments as of 06.2019	06.2023	Security interest	163,667
1st Issue – Series 2	386,000	IPCA + 6.4962% p.a.	Semiannually starting 12.2018	15 semiannual installments as of 06.2020	06.2027	Security interest	412,841
Pampa Sul							
2nd Issue – Series 1	150,000	IPCA + 4.50% p.a.	Semiannually starting 10.2021	14 semiannual installments as of 10.2021	04.2028	Security interest	142,459
2nd Issue – Series 2	432,000	IPCA + 5.75% p.a.	Semiannually starting 10.2021	17 semiannual installments as of 10.2028	10.2036	Security interest	380,162

g) Contractual covenants

	Debt	Covenants	Measured on 12.31.2020
Parent Company	5th, 6th, 7th and 9th issues	(i) Consolidated: EBITDA/ financial expenses ≥ 2.0 (ii) Consolidated: Gross debt/EBITDA ≤ 4.5	(i) 3.03 (ii) 2.57
Subsidiaries			
Jaguara	1st issue	Individual: ICSD[1] ≥ 1.10	1.29
Miranda	1st issue	Individual: ICSD ≥ 1.10	1.20
Pampa Sul	2nd issue	Individual: ICSD ≥ 1.10[2]	4.99

(1) Debt Service Coverage Ratio.
(2) Greater or equal to 1.1 for early maturity and greater or equal to 1.2 for distribution of any funds to shareholders, except minimum statutory dividends.

The covenants are being fully met by the Company and its subsidiaries.

NOTE 21 - REDEEMABLE PREFERRED SHARES

At a meeting held on 8.21.2020, the Board of Directors of the Company approved the issue of redeemable preferred shares of the indirect subsidiary NEP, all book-entry shares with no par value and without voting rights, with priority to receive fixed dividends, in the total amount of R$ 500,000 (R$ 476,757, net of issue costs). The issue was on 9.1.2020. The shares entitle their holders to receive the dividends declared and distributed by NEP as a priority and in a cumulative manner. Starting from the half year immediately after the start of operations of the Transmission System, dividends will be distributed half-yearly, and NEP is not obliged to distribute dividends before this event.

The number of redeemable preferred shares is 95,446,379, subdivided into 12 classes, with different redemption terms, with the redemption of the last class being on 10.31.2034. The issue and redemption amounts per share are shown below:

	Issue amount per share	Capitalized amount by share	Capital reserve amount per share
Novo Estado Participações S.A.	5.2385	2.6192	2.6192

The changes in redeemable preferred shares in the period are as follows:

	Consolidated – Non-current
New	476,757
Interest	5,331
Balance at 12.31.2020	**482,088**

For corporate effects in the indirect subsidiary NEP, the total issue amount was allocated partially as paid-in capital, totaling R$ 250,000, and partially as capital reserve, amounting to R$ 250,000. For accounting purposes, in accordance with the accounting practices adopted in Brazil, this transaction was considered a financial instrument and, therefore, the total issue amount was registered as a non-current liability. There are no special rights between preferred and common shares other than the priority in receipt of any payment of proceeds or distributions by NEP.

a) Maturities of redeemable preferred shares registered under non-current liabilities

	Consolidated
2023	44,560
2024	39,775
2025	39,775
2026	39,775
2027	39,775
2028 to 2032	198,877
2033 to 2034	79,551
Redeemable preferred shares	**482,088**

NOTE 22 – LEASE OPERATIONS

On 1.1.2019, the Company recognized a right-of-use asset and lease liability resulting from the adoption of changes in CPC 06 (R2).

a) Right of use of leases

		Parent Company					
		12.31.2020			12.31.2019		
	Depreciation period	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings							
Headquarters - ENGIE Brasil Energia	Until 2025	33,250	(9,715)	23,535	33,145	(4,910)	28,235
Other	-	60	(27)	33	60	(14)	46
		33,310	**(9,742)**	**23,568**	**33,205**	**(4,924)**	**28,281**

		Consolidated					
		12.31.2020			12.31.2019		
	Depreciation period	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings							
Headquarters - ENGIE Brasil Energia	Until 2025	33,250	(9,715)	23,535	33,145	(4,910)	28,235
Headquarters - EGSD	Until 2025	1,759	(442)	1,317	1,759	(182)	1,577
Land							
Campo Largo Wind Power Complexes	Until 2063	53,169	(2,332)	50,837	51,664	(1,148)	50,516
Trairí Wind Power Complex	Until 2047	26,596	(2,821)	23,775	27,480	(1,421)	26,059
Santo Agostinho Wind Power Complex	Until 2040	5,144	(278)	4,866	2,777	(129)	2,648
Umburanas Wind Power Complex	Until 2057	38,524	(1,329)	37,195	47,906	(106)	47,800
Assú Photovoltaic Complex	Until 2043	5,393	(400)	4,993	4,739	(194)	4,545
Other	-	778	(294)	484	623	(137)	486
		164,613	**(17,611)**	**147,002**	**170,093**	**(8,227)**	**161,866**

Notes to the Financial Statements

The change in right of use is presented below:

	Parent Company	Consolidated
First-time adoption	33,145	119,805
New	60	50,288
Depreciation	(4,924)	(8,227)
Balances at 12.31.2019	**28,281**	**161,866**
New	-	2,522
Remeasurement	105	(8,002)
Depreciation	(4,818)	(9,384)
Balances at 12.31.2020	**23,568**	**147,002**

The right of use of leases, upon the first-time adoption of CPC 06 (R2) in 2019, was measured considering the cost of lease liability plus lease advances made until the date of adoption of the accounting pronouncement, which totaled R$ 11,306 and R$ 30,618, in the parent company and consolidated, respectively.

b) Leases payable

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
First-time adoption	6,208	15,631	21,839	14,240	74,947	89,187
New	11	49	60	6,312	43,976	50,288
Interest	2,701	-	2,701	11,575	-	11,575
Transfers	3,827	(3,827)	-	4,440	(4,440)	-
Amortizations	(6,525)	-	(6,525)	(16,743)	-	(16,743)
Balances at 12.31.2019	**6,222**	**11,853**	**18,075**	**19,824**	**114,483**	**134,307**
New	-	-	-	269	2,253	2,522
Remeasurement	(564)	669	105	(1,357)	(6,645)	(8,002)
Interest	2,330	-	2,330	15,507	-	15,507
Transfers	4,105	(4,105)	-	5,263	(5,263)	-
Amortizations	(6,217)	-	(6,217)	(20,362)	-	(20,362)
Balances at 12.31.2020	**5,876**	**8,417**	**14,293**	**19,144**	**104,828**	**123,972**

Leases payable were measured at present value of future payment flows. The average discount rates used to calculate the present value were 8.2% and 10.2% for the headquarters building and the land in which the wind farms and photovoltaic solar facilities are established or will be built, respectively, and represent the incremental financing rate.

c) Recoverable PIS and Cofins

The rental agreements of ENGIE's headquarters and lease of lands of the Campo Largo, Campo Largo II and Umburanas – Phase I Wind Complexes and are subject to PIS and Cofins recovery in 2020 and, therefore, have a potential right of recoverable PIS and Cofins embedded in the payment of leases, in accordance with the terms set forth for payment in which the taxable income method is established for these companies.

Notes to the Financial Statements

For the coming years, rental agreements of the Headquarters – ENGIE and lease agreements of Campo Largo II Wind Power Complex may have PIS and Cofins recoverable in the amounts of R$ 778 and R$ 1,476, respectively.

The recognition of PIS and Cofins to be recovered was booked as an offset to depreciation on the right to use leases and interest expense of lease liabilities, in the results for the period. The following table shows the reconciliation of amounts recognized in these items:

	Parent Company				Consolidated			
	12.31.2020		12.31.2019		12.31.2020		12.31.2019	
	Interest	Depreciation	Interest	Depreciation	Interest	Depreciation	Interest	Depreciation
Gross amounts	2,330	4,818	2,701	4,924	15,507	9,384	11,575	8,227
PIS and Cofins credited	(91)	(415)	(124)	(416)	(791)	(594)	(293)	(451)
Capitalized amounts	-	-	-	-	(1,356)	(325)	-	-
Net amounts in profit or loss	**2,239**	**4,403**	**2,577**	**4,508**	**13,360**	**8,465**	**11,282**	**7,776**

d) Maturities of leases payable recorded under non-current liabilities

	Parent Company			Consolidated		
	Amounts not discounted	Embedded interest	Balance of lease liability	Amounts not discounted	Embedded interest	Balance of lease liability
2022	4,965	(769)	4,196	16,400	(2,604)	13,796
2023	5,531	(1,310)	4,221	17,150	(4,253)	12,897
2024	-	-	-	13,540	(5,683)	7,857
2025	-	-	-	13,518	(6,401)	7,117
2026	-	-	-	12,032	(5,583)	6,449
2027 to 2031	-	-	-	61,795	(37,559)	24,236
2032 to 2036	-	-	-	58,557	(44,943)	13,614
After 2037	-	-	-	243,376	(224,514)	18,862
Leases payable	**10,496**	**(2,079)**	**8,417**	**436,368**	**(331,540)**	**104,828**

e) Payment for leases of variable rentals, low-value individual and short-term assets

In the twelve-month period ended 12.31.2020, the Company recognized the amount of R$ 1,416 (R$ 1,944 at 12.31.2019) and R$ 7,496 (R$ 11,285 at 12.31.2019), in the parent company and consolidated, respectively, related to costs and expenses related to the payments of short-term and variable rentals and assets with low individual value, as exempted by CPC 06 (R2).

f) Analysis of inflation impact on lease agreements

The Company, pursuant to CPC 06 (R2), when measuring and remeasuring its lease liabilities and the right to use of leases, used the discounted cash flow technique without considering projected inflation in the flows to be discounted, in view of the barrier imposed by the accounting standard.

As such, in order to comply with CVM instructions, the comparative balances of lease liabilities, right to use of leases, financial expenses and depreciation expenses for 2020 are presented.

	Parent	Consolidated

	Company	
Lease liability – closing balance		
As presented under IFRS 16	14,293	123,972
With effect from inflation	18,245	185,367
	27.65%	**49.52%**
Right of use of leases, net – closing balance		
As presented under IFRS 16	23,568	147,002
With effect from inflation	26,989	207,142
	14.52%	**40.91%**
Financial expenses		
As presented under IFRS 16	2,330	15,507
With effect from inflation	2,432	16,185
	4.38%	**4.37%**
Depreciation expenses		
As presented under IFRS 16	4,818	9,384
With effect from inflation	5,029	9,779
	4.38%	**4.21%**

NOTE 23 – CONCESSIONS PAYABLE

a) Breakdown

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Cana Brava Hydroelectric Power Plant	1,947,523	1,440,918	1,947,523	1,440,918
Ponte de Pedra Hydroelectric Power Plant	1,441,006	1,184,801	1,441,006	1,184,801
São Salvador Hydroelectric Power Plant	567,236	555,584	567,236	555,584
Estreito Hydroelectric Power Plant	-	-	56,553	55,187
	3,955,765	**3,181,303**	**4,012,318**	**3,236,490**
Classification in the balance sheet				
Current liabilities	222,474	139,008	228,865	145,136
Non-current liabilities	3,733,291	3,042,295	3,783,453	3,091,354
	3,955,765	**3,181,303**	**4,012,318**	**3,236,490**

The Company has onerous concession agreements with the Federal Government to Use the Public Asset (UBP) to generate electricity in the power plants listed in the table above. The features of the businesses and the agreements show the condition and the intention of the parties to execute them in full.

Considering that contractual amounts are stated at future prices, the Company adjusted them to present value based on reference discount rates on the date the obligation assumed, namely: Cana Brava, São Salvador and Estreito – 10% p.a. and Ponte de Pedra – 8.3% p.a.

b) Original contracted amounts

Notes to the Financial Statements

Original amount, adjusted at annual General Market Price Index (IGP-M) (Cana Brava and Ponte de Pedra) and IPCA (Estreito and São Salvador) variation are paid in monthly installments equivalent to 1/12 of respective annual amount, as follows:

	Original value		Restated amount	
Plants and payment years	Annual Payment	Total payment	Annual Payment	Total payment
Cana Brava Hydroelectric power plant				
Until 07.31.2023	680	1,757	3,856	10,641
De 08.01.2023 a 07.31.2033	61,280	612,800	386,163	3,861,631
		614,557		**3,872,272**
Ponte de Pedra Hydroelectric power plant				
Until 11.30.2034	31,109	**432,939**	161,840	**2,397,714**
São Salvador Hydroelectric power plant				
Until 04.30.2037	20,000	**328,333**	67,134	**1,128,443**
Estreito Hydroelectric power plant				
Until 01.31.2038	1,960	**33,487**	6,702	**114,606**

c) Changes

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2018	**79,051**	**2,717,339**	**2,796,390**	**84,931**	**2,765,538**	**2,850,469**
Interest	-	267,096	267,096	-	272,339	272,339
Inflation adjustments	-	191,173	191,173	-	193,437	193,437
Transfers	133,313	(133,313)	-	139,960	(139,960)	-
Amortizations	(73,356)	-	(73,356)	(79,755)	-	(79,755)
Balances at 12.31.2019	**139,008**	**3,042,295**	**3,181,303**	**145,136**	**3,091,354**	**3,236,490**
Interest	-	309,146	309,146	-	314,462	314,462
Inflation adjustments	-	612,558	612,558	-	615,245	615,245
Transfers	230,708	(230,708)	-	237,608	(237,608)	-
Amortizations	(147,242)	-	(147,242)	(153,879)	-	(153,879)
Balances at 12.31.2020	**222,474**	**3,733,291**	**3,955,765**	**228,865**	**3,783,453**	**4,012,318**

d) Maturities of concessions payable disclosed in non-current liabilities

	Parent Company	Consolidated
2022	216,359	222,177
2023	320,382	325,672
2024	455,392	460,199
2025	415,870	420,240
2026	379,807	383,780
2027 to 2031	1,458,731	1,473,787
2032 to 2036	480,658	490,004
2037 to 2038	6,092	7,594
Concessions payable	**3,733,291**	**3,783,453**

The payments of concessions payable indexed to IGP-M and IPCA are covered by sale agreements with the same indexes, at amounts higher than the balance of concessions payable. Accordingly, the strong oscillation in IGP-M during the year will be recovered with revenues.

NOTE 24 – INCOME TAX AND SOCIAL CONTRIBUTION PAYABLE

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Income tax	25,847	52,058	132,757	141,268
Social contribution	19,771	730	65,784	35,144
	45,618	**52,788**	**198,541**	**176,412**
(-) Taxes to offset	-	-	-	(17)
	45,618	**52,788**	**198,541**	**176,395**

On 12.31.2020, the Company presents the amounts of R$ 86,218 and R$ 140,785 (R$ 120,317 and R$ 166,833 on 12.31.2019) for the parent company and consolidated, respectively, related to income tax and social contribution recoverable, expected to be recovered in 2021.

NOTE 25 – OTHER TAX AND REGULATORY OBLIGATIONS

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
PIS and Cofins	23,113	23,943	41,331	38,177
ICMS	1,463	1,731	35,205	28,065
Royalties	12,709	19,206	18,795	26,515
ISSQN	421	651	8,139	3,653
INSS	1,124	643	6,623	4,978
Inspection rate	1,118	1,122	2,316	1,907
Other	2,360	2,208	3,684	3,133
	42,308	**49,504**	**116,093**	**106,428**
(-) Federal and state rates to offset	(1,761)	(1,468)	(2,192)	(1,573)
	40,547	**48,036**	**113,901**	**104,855**

NOTE 26 – LABOR LIABILITIES

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Provision for profit sharing and bonuses	66,422	54,871	88,284	71,914
Provision for vacation	27,848	24,454	32,244	27,631
Payroll	6,710	4,421	9,569	6,263
Provision for voluntary termination expenses	-	197	-	197
	100,980	**83,943**	**130,097**	**106,005**

To supplement fixed salary payment, the Company maintains a variable remuneration system, of annual periodicity, comprised of two programs: (i) Profit Sharing Program – applicable to all employees of the Company and linked to results obtained; and (ii) Manager Bonus Program – applicable to all employees classified as managers and linked to the results in their areas and individual performance.

NOTE 27 – PROVISIONS

Provisions are recognized by the Company in amounts considered sufficient to settle the respective liabilities, when according to the legal counsels and Management, they involve probable risk of future disbursement.

Notes to the Financial Statements

a) Breakdown

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Civil				
Expropriations and administrative easement	46,962	46,062	52,900	48,565
Environmental	13,608	12,476	13,608	12,476
Retirement benefits	2,550	2,995	2,550	2,995
Sundry lawsuits	11,596	12,922	32,177	23,054
	74,716	**74,455**	**101,235**	**87,090**
Tax	**5,103**	**6,767**	**5,667**	**7,100**
Labor	**12,985**	**14,979**	**14,026**	**15,376**
Divestment of generation assets	**-**	**-**	**200,076**	**187,314**
	92,804	**96,201**	**321,004**	**296,880**
Classification in the balance sheet				
Current liabilities	3,293	7,537	15,159	8,579
Non-current liabilities	89,511	88,664	305,845	288,301
	92,804	**96,201**	**321,004**	**296,880**

a.1) Expropriations and administrative easements

The Company is defendant in lawsuits filed by individuals and legal persons regarding expropriation processes of areas that are necessary for the formation of the reservoirs of some plants and establishment of administrative services of properties where connection lines and projects will be constructed.

a.1) Demobilization of generation assets

Encompass the present value of estimated costs regarding the demobilization of generation assets. For more information, see Note 15 - Property, Plant and Equipment.

Notes to the Financial Statements

b) Change in provisions

	Parent Company			
	Civil	Tax	Labor	Total
Balance at 12.31.2018	**68,825**	**7,070**	**13,622**	**89,517**
Additions	507	56	400	963
Restatements	5,127	219	1,296	6,642
Payments	(4)	(578)	-	(582)
Reversals from revision	-	-	(339)	(339)
Balance at 12.31.2019	**74,455**	**6,767**	**14,979**	**96,201**
Additions	1,700	646	2,937	5,283
Restatements	6,738	107	1,166	8,011
Payments	(2,903)	(2,323)	(1)	(5,227)
Reversals from revision	(5,274)	(94)	(6,096)	(11,464)
Balance at 12.31.2020	**74,716**	**5,103**	**12,985**	**92,804**

	Consolidated				
	Civil	Tax	Labor	Divestment	Total
Balance at 12.31.2018	**76,187**	**7,400**	**14,273**	**-**	**97,860**
Additions	5,338	57	420	187,314	193,129
Restatements	5,569	221	1,296	-	7,086
Payments	(4)	(578)	(274)	-	(856)
Reversals from revision	-	-	(339)	-	(339)
Balance at 12.31.2019	**87,090**	**7,100**	**15,376**	**187,314**	**296,880**
Additions	16,597	951	3,573	2,981	24,102
Restatements	8,316	108	1,175	9,781	19,380
Payments	(3,614)	(2,323)	(2)	-	(5,939)
Reversals from revision	(7,154)	(169)	(6,096)	-	(13,419)
Balance at 12.31.2020	**101,235**	**5,667**	**14,026**	**200,076**	**321,004**

c) Possible and remote risks

The Company is also a party to lawsuits that, in the opinion of the legal counsels and its Management, do not represent a probable risk of future disbursement, for which reason the amounts related to those lawsuits are not provisioned for.

Notes to the Financial Statements

c.1) Possible risks

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Tax and social security	**674,021**	**767,016**	**674,761**	**847,990**
PIS/Cofins on fuel reimbursement	514,732	491,724	514,732	491,724
Voluntary confession	46,361	51,255	46,361	51,255
Compensation of tax loss carryforwards in the succession	28,925	28,967	28,925	28,967
Recovery of PIS and Cofins taxes	27,339	138,990	27,339	138,990
Use of the Income Tax Loss and the Negative Social Contribution Base	18,473	18,234	18,473	18,234
ICMS	-	16,871	-	83,132
Other	38,191	20,975	38,931	35,688
Civil	**22,927**	**83,956**	**41,098**	**98,903**
Labor	**15,195**	**15,165**	**16,756**	**16,323**
	712,143	**866,137**	**732,615**	**963,216**

c.1.1) Tax risks

The main tax-related risks evaluated by the Company and its legal counsel as having a possible risk are the following:

- PIS/Cofins on fuel reimbursements

On 12.14.2018, a Notice of Deficiency was issued against the Company for the non-payment of PIS and Cofins taxes should apply to the amounts transferred by Eletrobras as reimbursement for fuels used in energy generation operations at the Company's thermal power plants between January 2014 and December 2016, based on the principal argument that the funds received from Eletrobras are essentially revenue in order to subsidize costs. Said reimbursements are based on the government's incentive to purchasing fossil fuels used in thermal power plants.

In accordance with Federal Law no. 10,438/02, the federal government created a public fund called Energy Development Account (CDE) to promote competitiveness among plants using coal as fuel, therefore limiting the scope of the erstwhile Fuel Consumption Account (CCC) public fund to isolated systems.

The CDE public fund mentioned in the notice of deficiency is formed as follows: (i) in its bills, the distribution company charges end consumers for the amounts related to electricity consumption, which are subject to PIS and Cofins taxes, and transfers these amounts to the agency responsible for the management of CDE; (ii) generation companies using fossil fuels acquire such fuels and store the physical inventories on behalf of the agency responsible for the management, the legal owner of these assets; and (iii) the agency responsible for the management reimburses generation companies for the amounts related to the fuel consumed.

Based on the CDE mechanism, on 1.15.2019 the Company filed a Voluntary Appeal to the notice of deficiency through its external advisors, arguing that: (i) the Company is not the legal owner of the fuels; (ii) the reimbursement does not have characteristics of subsidy for costs, since it is financed by energy end consumers, not the government; and (iii) the reimbursed amount does not increase the Company's revenue, and there is jurisprudence in superior courts determining that PIS and Cofins taxes should only be levied on inflows that effectively increase wealth. As such, the Company

understands that the reimbursements addressed in the notice of deficiency are not subject to PIS and Cofins.

On 01.24.2020, the Company was informed of the unfavorable decision on the Appeal filed with CARF. However, in the Company's opinion, the procedures adopted are in accordance with the accounting rules and tax laws and hence it filed a special appeal with the Administrative Council of Tax Appeals (CARF).

Lastly, the position of the Company and its lawyers is that the progress of the case at CARF, even if the outcome is unfavorable in the administrative sphere, does not alter the assessment of favorable success, i.e., the Company's opinion is that it has solid arguments to extinguish this improper surcharge of PIS and Cofins at higher spheres.

- Voluntary confession

The mechanism called "voluntary confession" allows the payment of overdue taxes without the application of a late payment penalty, provided it is made before any administrative procedure or inspection measure. Once the RFB accepts the payments after the deadline without the corresponding late payment penalty, the Company submits administrative, and when necessary, legal challenges.

- Compensation of tax loss carryforwards in the succession

The Company used CSLL tax loss carryforwards arising from the merger of a company on 4.29.1998, or after the amendment to the tax legislation introduced in 2001, prohibiting the use of tax loss carryforwards from mergers, consolidations or spin-offs of companies.

As the merger took place before said Provisional Measure (MP) prohibited the use of taxes, when it was still possible to use the social contribution tax loss carryforwards from the former company, the Company understands that the new rule does not apply to the merger brought in effect. The amounts were added to its equity, as the successor company, ensuring the right to use said amounts.

In June 2008, the Company obtained a favorable decision of the Judgment Office of Florianópolis, regarding the portion of the tax deficiency notice regarding the use of the social contribution tax loss carryforwards in the calendar year 2003, originated from a merger.

The lawsuit is pending decision of the CARF, issued by the Brazilian Federal Revenue Service, and with voluntary appeal from the Company exclusively focusing on the non-levy of interest in arrears.

- Recovery of PIS and Cofins taxes

In 1998, Law no 9,718 was published, extending the PIS and Cofins calculation basis that, so far, only levied on the companies' gross revenues. The Company challenged in court the constitutionality of said Law, obtaining a favorable decision on 9.1.2006, which enabled its settling the contributions, calculated on several revenues resulting from the gross revenues for the period assessed from February of 1999 to November of 2002, for PIS, and February of 1999 to January of 2004, for Cofins.

The main amount included in the calculation base of PIS and Cofins regards the accounting caption named Fuel Consumption Account (CCC), which accounted for the reimbursement of the consumption of fossil fuel acquired for thermal energy generation with funds from CCC. In 2016, Aneel amended the Electricity Sector Accounting Manual (MCSE) to reflect the offset in a rectifying account of operating costs and no longer as revenue.

As a result of the recognition, by Aneel, that the accounting procedure adopted until then was inadequate, the Company also offset the amounts of taxes overpaid in 2004 and 2005.

In relation to the period from February 2004 to December 2005, the RFB issued 44 tax deficiency notices, which correspond to a portion of the offset amount, claiming that the consumption of fossil fuel under the CCC is considered as revenue by nature. The Company submitted a statement of discontentment with all proceedings, which was deemed invalid by the respective authorities. Consequently, the Company filed a voluntary appeal against the decisions.

Of the 44 proceedings submitted to the CARF, only one was favorable for the Company. Of the 43 proceedings remaining at CARF and with the Upper Chamber of Tax Appeals (CSRF), 11 were decided, with an unfavorable ruling against the Company. After this decision, the Management of ENGIE Brasil Energia filed a request for analysis of Special Appeal at CSRF, which was also denied. As a result, the risk of these claims was classified as possible.

Due to the final and unappealable denial of the Special Appeals in the administrative sphere, on 11.18.2015 the Company filed a suit for the declaration of non-existence of tax–legal relationship against the National Treasury, relating to the 11 tax liabilities constituted by the Federal Revenue Service (RFB), as a result of the non-ratification of offset of PIS and Cofins taxes paid in excess.

In the 3rd quarter of 2020, CARF recognized the nullity of the non-ratified rulings on decisions of part of the offset proceedings issued by the RFB against the Company. The National Treasury, however, filed a Motion for Clarification against CARF's decisions, which is awaiting the decision of the Council.

The Company understands that these facts change the risks of these proceedings from possible to remote, amounting to R$ 113,125, for the parent company and consolidated.

- Use of the Income Tax Loss and the Negative Social Contribution Base above the 30% limit in the calculation basis for the Merger of Companhia Energética São Salvador (CESS)

On 10.27.2017, the Company was notified in a proceeding related to the use, above the 30% limit, of the income tax loss and negative social contribution based accrued in calendar year 2013 in the CESS merger process.

Federal tax authorities issued a notice of deficiency for considering that ENGIE Brasil Energia is responsible by succession, as envisaged in Article 2017, Item III and 209 of the Income Tax Regulation (RIR).

The Company understands that, in the event of termination of activities, the limit imposed on the use of income tax loss and negative base ceases to exist. Furthermore, within the 30% limit, as required by tax authorities, taxation would be more onerous and would impact the company's equity and not equity addition.

On 11.27.2017, the Company filed an objection demonstrating the nullity of the notices of deficiency, since serious errors were made by the Federal Tax Authorities in calculating the Income Tax and Social Contribution amounts, thus invalidating the tax entries.

However, the Federal Revenue Trial Office (DRJ) of Florianópolis analyzed the objection and maintained the notice (decision received on 4.18.2018). After receiving the DRJ decision, the Company filed a Voluntary Appeal with CARF on 5.10.2018. The appeal is pending judgment.

- Value-Added Tax on Operations of Sale, Interstate and Intermunicipal Transport Services and Communication Services (ICMS)

The Company and its direct subsidiary EBC were notified by the São Paulo State Revenue Office (FESP), claiming that the invoices of electricity sold to free consumers are issued in the month following the taxable event. The tax authority understands that this practice postpones for one month the collection of the tax due to the state. The measurement of the electricity used by the client is carried out by the distribution company to which the client is connected by the eighth day of the month following the supply. Therefore, only after the consumption the consumed energy can be billed to the client. As a result, the procedure adopted by the Company and by EBC would be deemed compliant with the usual practices of the Brazilian power sector, against the interpretation of the tax authorities of the state of São Paulo.

In 2019, a suit filed by ENGIE Brasil Energia against FESP obtained the final and unappealable decision, which canceled the tax-deficiency notices. After that, decisions cancelling the respective tax foreclosures were announced, pending the judgment of appeal against loss of the suit. In the 1st quarter of 2020, EBC's suits were judged in favor of the Company. Motions to stay execution obtained the final and unappealable decisions, with the consequent annulment of tax foreclosure by FESP, as well as the action for annulment filed by EBC.

Considering the results fully favorable to the Company and its subsidiary, there is no risk regarding this issue and hence the amount of R$ 16,871 and R$ 83,132, for parent company and consolidated, respectively, earlier considered as risk of possible loss were annulled and the suits were concluded.

c.1.2) Civil risks

The main civil risk assessed by the Company and its legal counsel as possible is the following:

- Environmental

These lawsuits are divided as follows: (i) lawsuits requiring the installation of a lock, fish ladder and "lair out" in a certain plant; (ii) eight lawsuits requiring reforesting and the establishment of a Permanent Conservation Area (APP) of one hundred meters around the reservoirs of two hydroelectric power plants; and (iii) other lawsuits related to alleged damage caused by the filling of a plant's reservoir, disposal of ashes by in allegedly inadequate areas, influence of the plant's operation in a river, construction of a wind farm, the deactivation of a ore supplier of one of the Company's plant, and the process of environmental licensing of two small hydroelectric power plants (SHPP).

In 2020, in the actions requesting reforestation and delimitation of a Permanent Preservation Area (APP) of 100 meters around the reservoirs of two plants, the decisions rendered ruled out any pecuniary liability. In the action related to the construction of a wind farm, the final and unappealable decision was favorable to the Company.

The amount related to these actions, whose risk of loss is assessed as possible, on 12.31.2020 was R$ 1,086 (R$ 53,768 at 12.31.2018), in the parent company and consolidated.

c.2) Remote risks

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Tax and social security[1]	367,666	255,863	478,700	269,914
Civil	95,003	91,294	95,153	91,429
Labor	144,950	136,031	153,536	146,266
	607,619	**483,188**	**727,389**	**507,609**

(1) The increase in tax and social security risks, on 12.31.2020, was due to the reclassification of lawsuits described in item c.1 – Recovery of PIS and Cofins taxes.

NOTE 28 – RETIREMENT BENEFITS OBLIGATIONS

The Company and its subsidiaries offer complementary pension plans for its employees through PREVIG - Sociedade de Previdência Complementar. The foundation is a nonprofit closed pension entity, sponsored by the Company, as its Founder, and by other ENGIE companies in Brazil. The benefit plans managed by PREVIG are: Defined Contribution (CD) and Defined Benefit (BD), the latter closed for new adhesions.

In 2019, employees of the parent company were transferred to the subsidiaries Pampa Sul and Diamante. However, the amounts of the retirement benefits obligations of these subsidiaries are not significant and hence only the consolidated changes and balances are presented herein.

The Company and its subsidiaries also sponsor the BD plan of ELOS, also closed for new adhesions. The participants in this plan are mainly retirees that were entitled to benefits until 12.23.1997, the date of spin-off of Eletrosul, and creation of Gerasul, current ENGIE Brasil Energia, as well as participants that opted for the proportional benefit deferred until that date, who did not migrate to PREVIG. The plans managed by the Company have the following main characteristics:

a) Defined Benefit Plan (BD)

BD plan uses the financial system for capitalization of retirements, pension plans and aid benefits. The Plan's costs are covered by contributions made by members and sponsor, and the Company's contribution is twice the contribution of its participants. Benefits provided for in the Plan are as follows: (i) retirement per length of work, disability and age supplement; (ii) special retirement and former combatant retirement supplement; (iii) pension supplement; (iv) inmate pension supplement; (v) annual bonus; and (vi) funeral allowance.

At PREVIG, this Plan had 7 active members at 12.31.2020 and 12.31.2019. At ELOS, the plan had 1 active participant on 12.31.2020 and 12.31.2019. On the same date, PREVIG had 427 (429 at 12.31.2019) retired employees and pension holders enjoying benefits, while ELOS had 2,035 (2,064 at 12.31.2019).

b) Settled Proportional Supplementary Benefit Plan (BSPS)

The Company and its subsidiaries also maintain a defined contribution plan (CD) at PREVIG, denominated "Prevflex", created in 2005. ENGIE Brasil Energia employees, on the date of creation, could choose to remain in the defined benefit (BD) plan or to transfer to Prevflex (CD).

However, members that comply with some pre-conditions established upon Prevflex creation had the option of maintaining existing reserves in the BD Plan up to that date and, from then on, making direct contributions to the CD Plan. This plan was called "BSPS", and is closed for new membership. However, in case they chose to transfer their reserves directly to the CD Plan, they were entitled to a special contribution, which was accepted by 94% of members.

On 12.31.2020, this Plan had 11 active participants (14 on 12.31.2019) and 80 retired employees and pension holders enjoying benefits (77 on 12.31.2019).

c) Breakdown of obligations with retirement benefits

	Consolidated					
	12.31.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Contracted obligations	23,232	165,481	188,713	17,746	159,267	177,013
Current contributions and service costs	21	-	21	19	-	19
Uncontracted deficit	19,814	242,365	262,179	25,144	204,986	230,130
Recorded actuarial liability	**43,067**	**407,846**	**450,913**	**42,909**	**364,253**	**407,162**

Retirement benefits obligations recognized in the balance sheet are partially covered by contracted obligations and/or obligations acknowledged through an instrument for the acknowledgment of debt and agreement entered into by the Company with respective Foundations.

Contracted amounts presented in non-current liabilities are expected to be settled as follows:

	ELOS	PREVIG	Total
2022	18,444	2,415	20,859
2023	19,545	1,649	21,194
2024	16,178	256	16,434
2025	17,138	-	17,138.00
2026	18,155	-	18,155.00
2027 to 2031	68,568	-	68,568
2032	3,133	-	3,133
	161,161	**4,320**	**165,481**

Notes to the Financial Statements

d) Statement of retirement benefit obligations, net

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC*	Total
12.31.2019					
Present value of obligations	1,530,565	439,568	84,097	3,339	2,057,569
Fair value of assets	(1,154,301)	(412,753)	(95,135)	-	(1,662,189)
Actuarial Evaluation	**376,264**	**26,815**	**(11,038)**	**3,339**	**395,380**
Surplus of contracted obligations	-	-	11,782	-	11,782
Liabilities recorded at 12.31.2019	**376,264**	**26,815**	**744**	**3,339**	**407,162**
12.31.2020					
Present value of obligations	1,512,131	398,652	75,886	3,668	1,990,337
Fair value of assets	(1,087,371)	(376,616)	(89,337)	-	(1,553,324)
Actuarial Evaluation	**424,760**	**22,036**	**(13,451)**	**3,668**	**437,013**
Surplus of contracted obligations	-	-	13,900	-	13,900
Liabilities recorded at 12.31.2020	**424,760**	**22,036**	**449**	**3,668**	**450,913**

(*) Confidentiality bonus

e) Breakdown of plan assets per investment nature, as of 12.31.2020

	Plans		
	ELOS BD	PREVIG BD	PREVIG BSPS
Fixed income	89.9%	98.4%	99.9%
Loans	2.3%	1.6%	-
Real estate	2.5%	-	-
Other	5.3%	-	0.1%
	100.0%	**100.0%**	**100.0%**
Change in assets' market value	9.1%	10.1%	8.4%

Fixed income assets are mainly comprised of Federal Public Securities, substantially, National Treasury Notes (NTN).

Notes to the Financial Statements

f) Changes in actuarial liabilities

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Liabilities recorded at 12.31.2018	**296,685**	**17,800**	**994**	**3,655**	**319,134**
Current contribution and cost of service	842	(1,824)	2,114	(587)	545
Payment of contracted obligations	(24,354)	(1,616)	(2,451)	-	(28,421)
Interest on actuarial liabilities/assets, net	26,850	1,502	79	240	28,671
Losses (Gains) from remeasuring liabilities, net:					
Adjustment by demographic experience	(21,793)	(3,173)	(4,101)	(258)	(29,325)
Changes in financial assumptions	251,555	77,693	15,096	289	344,633
Return on asset higher than the rate of discount	(141,263)	(63,567)	(8,601)	-	(213,431)
Changes to the limits of surplus and deficit	-	-	(2,386)	-	(2,386)
Risk Sharing – Balancing of deficit plan	(12,258)	-	-	-	(12,258)
	76,241	**10,953**	**8**	**31**	**87,233**
Liabilities recorded at 12.31.2019	**376,264**	**26,815**	**744**	**3,339**	**407,162**
Current contribution and cost of service	74	(2,119)	2,190	208	353
Payment of contracted obligations	(25,743)	(1,669)	(2,538)	-	(29,950)
Interest on actuarial liabilities/assets, net	24,917	1,725	39	190	26,871
Losses (Gains) from remeasuring liabilities, net					
Adjustment by demographic experience	26,342	(1,239)	(948)	(237)	23,918
Change in salary increase assumption	-	-	-	415	415
Changes in financial assumptions	(64,077)	(40,383)	(8,186)	(247)	(112,893)
Return on asset lower than the rate of discount	95,610	38,906	7,851	-	142,367
Changes to the limits of surplus and deficit	-	-	1,297	-	1,297
Risk Sharing – Balancing of deficit plan	(8,627)	-	-	-	(8,627)
	49,248	**(2,716)**	**14**	**(69)**	**46,477**
Liabilities recorded at 12.31.2020	**424,760**	**22,036**	**449**	**3,668**	**450,913**

g) Net expenses to be recognized as profit or loss over the course of 2021

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Interest on liabilities, net of assets	27,257	1,515	21	232	29,025
Current cost of service	-	39	-	299	338
Net expenses	**27,257**	**1,554**	**21**	**531**	**29,363**

Notes to the Financial Statements

h) Actuarial assumptions adopted

Assumptions	12.31.2020	12.31.2019
Rate of discount and of implicit return (p.a.)		
Plan ELOS BD	6.6%	6.9%
Plan PREVIG BD	7.6%	6.9%
Plan PREVIG BSPS	7.7%	7.0%
GC	7.2%	6.5%
Duration, in years		
Plan ELOS BD	9.54	9.18
Plan PREVIG BD	11.06	10.00
Plan PREVIG BSPS	12.02	10.65
GC	8.37	5.96
Inflation	3.4%	3.7%
Future salary growth (p.a.)	3.4%	3.7%
Benefit growth (p.a.)	3.4%	3.7%
Capacity factor on ELOS BD, PREVIG BSPS and PREVIG BD benefits	98.0%	98.0%
Capacity factor (on wages and ELOS BD, PREVIG BSPS and PREVIG BD benefits)	100.0%	100.0%
Capacity factor (wages and salaries) GC	100.0%	100.0%

Hypothesis	12.31.2020 and 12.31.2019
Mortality Table (assets)	
BD ELOS Plan	AT 2000 Basic (unisex, 34% for women and 66.00% for men)
BD and BSPS PREVIG Plan and GC	AT-2000 (men, at 10%)
Mortality Table of Disabled	AT-1983 (IAM) Men
Table of Start of Disability	Light Average
Turnover Table	Null
% of active employees married at the time of retirement	
BD and BSPS PREVIG Plan	85
Age of Retirement	First date to comply with all requirements
Age difference between participant and spouse	
BSPS PREVIG Plan	Wives are 4 years younger than husbands
BD PREVIG Plan	Wives are 5 years younger than husbands

The assumption of household composition ("Average Household") is adopted specifically for projections related to active participants, whereas projects related to participants assisted by the plan (retirees and pension holders) consider information in the record base ("Actual Household").

The assumption of household composition was not adopted for the ELOS BD Plan, since all commitments with participants were considered the information in the record base ("Actual Household"), including for the two active participants, who are members of the Deferred Proportional Benefit (BPD) plan and may already choose to receive the benefit.

i) Sensitivity analysis

	Plans			
	ELOS BD	PREVIG BD	PREVIG BSPS	GC
Effect in the present value of obligations				
Increase of 0.1 p.p. in the discount rate	(12,418)	(3,677)	(785)	(27)
Reduction of 0.1 p.p. in the discount rate	12,611	3,742	799	28

j) Confidentiality Bonus benefit

Refers to the payment of remuneration to manager-level employees upon the termination of their employment.

k) Defined Contribution Plan (CD)

In addition to the BD and BSPS Plan, PREVIG manages the CD Plan whose benefits are supported by contributions of participants and the sponsoring entity. The Company's contribution corresponds to the same amount of its employees' basic contribution, limited to a limit, in accordance with the plan's regulations. The net worth of the CD Plan on 12.31.2020 amounted to R$ 952,520 (R$ 852,596 on 12.31.2019). In 2020, the Company made contributions to the plan in the amount of R$ 13,232 (R$ 11,262 in 2019).

NOTE 29 – DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution assets and liabilities, are presented net, as follows:

a) Breakdown

	Parent Company				
	12.31.2020				12.31.2019
Description of credits	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Hydrological risk renegotiation	967,681	241,920	87,091	329,011	-
Accelerated depreciation	920,732	230,183	82,866	313,049	285,505
Unrealized gains on hedge operations	680,535	170,134	61,248	231,382	127,016
Property, plant and equipment deemed cost (fair value)	591,921	147,980	53,273	201,253	228,325
Unrealized sale at MAE (currently CCEE)	100,309	25,077	9,028	34,105	36,535
Capitalized financial charges	59,509	14,877	5,356	20,233	21,024
Other	43,006	10,752	3,870	14,622	15,056
		840,923	**302,732**	**1,143,655**	**713,461**
Assets:					
Retirement benefits obligations	261,332	65,333	23,520	88,853	77,958
Unrealized losses on hedge operations	161,647	40,412	14,548	54,960	15,916
Fair value adjustment in business combinations	123,035	30,759	11,073	41,832	39,191
Estimated losses with doubtful accounts	122,017	30,504	10,982	41,486	43,917
Provision for asset impairment	90,876	22,719	8,179	30,898	17,050
Civil, tax and labor provisions	86,868	21,717	7,818	29,535	30,022
Other	89,961	22,490	5,362	27,852	20,881
		233,934	**81,482**	**315,416**	**244,935**
Net total		**606,989**	**221,250**	**828,239**	**468,526**

Notes to the Financial Statements

	Consolidated				
	12.31.2020				12.31.2019
Description of credits	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Revenue from installation of transmission infrastructure	2,708,505	677,126	243,765	920,891	68,658
Accelerated depreciation	1,422,335	355,584	128,010	483,594	382,002
Interest on concession financial asset	1,370,481	342,620	123,343	465,963	262,159
Hydrological risk renegotiation	967,681	241,920	87,091	329,011	-
Capitalized financial charges	789,315	197,329	71,038	268,367	255,576
Unrealized gains on hedge operations	688,053	172,013	61,925	233,938	127,016
Property, plant and equipment deemed cost (fair value)	591,921	147,980	53,273	201,253	228,325
Intangible asset on the bonus paid for grant	263,207	65,802	23,689	89,491	61,230
Fair value of rights of project acquired	236,021	59,005	21,242	80,247	-
Unrealized sale at MAE (currently CCEE)	100,309	25,077	9,028	34,105	36,535
Other	79,577	19,619	7,162	26,781	50,272
		2,304,075	**829,566**	**3,133,641**	**1,471,773**
Assets:					
Construction costs of transmission infrastructure	2,631,072	657,768	236,796	894,564	66,877
Revenue from Return of Grant Bonus (RBO)	873,963	218,491	78,657	297,148	200,017
Retirement benefits obligations	262,200	65,550	23,598	89,148	78,245
Income Tax Loss and Negative Social Contribution Base	224,134	56,034	20,172	76,206	848
Unrealized losses on hedge operations	197,229	49,307	17,751	67,058	24,457
Provision for asset impairment	148,803	37,201	13,392	50,593	17,050
Estimated losses with doubtful accounts	137,175	34,294	12,346	46,640	44,552
Fair value adjustment in business combinations	123,035	30,759	11,073	41,832	39,191
Civil, tax and labor provisions	109,816	27,454	9,883	37,337	33,633
Other	177,264	44,316	13,219	57,535	38,978
		1,221,174	**436,887**	**1,658,061**	**543,848**
Net amount		**1,082,901**	**392,679**	**1,475,580**	**927,925**
Classification in the balance sheet					
Liabilities		1,117,930	405,292	1,523,222	941,468
Assets[1]		(35,029)	(12,613)	(47,642)	(13,543)
Total		**1,082,901**	**392,679**	**1,475,580**	**927,925**

(1) Amount presented under "Other non-current assets".

b) Change in deferred income tax and social contribution, net

	Parent Company	Consolidated
Balance at 12.31.2018	**426,754**	**735,556**
Taxes deferred in profit or loss	71,431	221,814
Taxes deferred in other comprehensive income	(29,659)	(29,445)
Balance at 12.31.2019	**468,526**	**927,925**
Taxes deferred in profit or loss	373,461	478,067
Deferred taxes on surplus of acquired company	-	80,247
Deferred taxes of acquired company	-	2,482
Taxes deferred in other comprehensive income	(13,748)	(13,141)
Balance at 12.31.2020	**828,239**	**1,475,580**

c) Expected realization and required payments

The Company's Management prepares a forecast of future taxable income, considering its discounts at present value, demonstrating its capacity to realize tax credits in the fiscal years specified. Based on the technical study of taxable income forecasts, the Company expects to recover tax credits in the following fiscal years:

	Parent Company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
2021	34,706	30,354	105,701	94,509
2022	41,372	228,253	128,584	321,898
2023	56,139	75,195	144,024	166,274
2024	17,134	57,988	95,598	143,752
2025	15,623	58,210	71,603	140,494
2026 to 2028	86,328	178,695	257,496	403,841
2029 to 2031	25,751	372,338	171,181	607,964
2032 to 2034	23,055	85,209	142,219	267,099
After 2035	15,308	57,413	541,655	987,810
	315,416	**1,143,655**	**1,658,061**	**3,133,641**

NOTE 30 – OTHER LIABILITIES

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Reimbursement to distributors	-	-	203,106	136,887
Unrealized losses in hedge operations	116,298	79,865	155,541	99,930
Fuels –Aneel Resolution 801/2017	78,348	118,465	78,348	118,465
Liabilities linked to acquisition of investments	-	-	51,756	8,179
Fuel payable to CDE[1]	-	-	45,206	144,767
Advances from clients	4,175	9,293	32,663	54,427
Trade accounts payable	-	-	17,328	17,257
Other accounts payable	56,306	100,990	135,324	148,333
	255,127	**308,613**	**719,272**	**728,245**
Classification in balance sheet				
Current liabilities	98,662	177,941	238,687	312,532
Non-current liabilities	156,465	130,672	480,585	415,713
	255,127	**308,613**	**719,272**	**728,245**

(1) Energy Development Account.

a) Reimbursement to distributors

The Company has liabilities amounting to R$ 203,106 (R$ 136,887 on 12.31.2019), related to the reimbursement mechanism envisaged in the electricity agreements signed in the Regulated Contracting Environment (ACR) of plants of the Trairí, Campo Largo and Umburanas - Phase I Wind Complexes, Assú V and Pampa Sul. Of this amount, R$ 78,254 was recognized in 2020, with the revenues earned by the distributors as a corresponding entry.

b) Fuels – Aneel Resolution no. 801/2017

Corresponds mainly to the amounts payable because of the application of Aneel Resolution 801/2017, which revoked Aneel resolution 500/2012, in 2016. Such resolution envisages a reduction in the reimbursement of mineral coal acquired with funds from the CDE due to the energy efficiency of the generating unit. On August 19, 2020, Aneel issued Technical Note 143/2020 establishing that the amount payable was R$ 74,598, calculated on the base date of May 2020. Therefore, in the 3rd quarter of 2020, the Company reversed a part of the estimate, amounting to R$ 43,895, it maintained under "Fuels Aneel Resolution 801/2017."

c) Fuel payable to CDE

On 12.19.2017, Aneel issued a Normative Resolution, in effect from 1.1.2018, which established rules for the reimbursement of the fuel costs for domestic coal thermal power generation, intermediated by the Energy Development Account (CDE).

The resolution determined the mandatory acquisition, on 1.1.2018, of charcoal belonging to CDE under the management of the Jorge Lacerda Thermal Power Complex on the base date of 12.31.2016 for payment in five years from the acquisition. However, due to the Technical Note 143/2020 issued by Aneel on 8.19.2020, the quantity of charcoal to be acquired by the Company will be lower than that established in 2017. Hence, in the 4th quarter of 2020, the net amount payable to Aneel declined R$55,141, as shown below:

	Consolidated
Balances at 12.31.2018	**180,959**
Payment	(46,194)
Inflation adjustment	5,720
Receipt	4,282
Balances at 12.31.2019	**144,767**
Payment	(48,887)
Inflation adjustment	4,467
Adjustment Technical Note 143/2020	(11,260)
Recording of asset	(43,881)
Balances at 12.31.2020	**45,206**

NOTE 31 – SHAREHOLDERS' EQUITY

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 7,000,000, by resolution of Board of Directors, regardless of any amendment to its bylaws. Under the B3's New Market listing regulations, the Company cannot issue preferred shares or founder shares.

The Company has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance in the years ended 12.31.2020 and 12.31.2019.

b) Subscribed and paid-in capital

At 12.31.2020 and 12.31.2019, the Company's fully subscribed and paid-in capital was R$ 4,902,648, represented by 815,927,740 registered common shares without par value.

The book value of the share in Reais, at 12.31.2020, is R$ 9.49 (R$ 8.57 for each share at 12.31.2019).

The Company's ownership structure at 12.31.2020 and 12.31.2019 was as follows:

Shareholders	Tranche of common shares	% of capital
ENGIE Brasil Participações Ltda.	560,640,791	68.71%
Banco Clássico S.A.	80,464,085	9.86%
Other shareholders	174,822,864	21.43%
	815,927,740	**100.00%**

As of 12.31.2020 and 12.31.2019, the Board of Directors, the Board of Executive Officers and the Audit Board held 53,870 and 490,673 shares issued by the Company, respectively.

c) Profit reserves

The item Profit reserves is broken down as follows:

	Parent Company / Consolidated	
	12.31.2020	12.31.2019
Legal reserve	936,880	797,025
Tax incentive reserve	233,936	198,803
Retained earnings reserve	1,766,086	177,673
	2,936,902	**1,173,501**

c.1) Legal reserve

Of net income for the year, 5% are allocated, before any other destination, to establish the legal reserve, which will not exceed 20% of the Company's capital. Said reserve is intended to ensure capital integrity and may only be used to offset losses or increase capital.

c.2) Tax incentive reserves

This reserve is established by allocating the portion of net income that is equivalent to tax benefit granted by Amazon Region Development Authority (Sudam) and by the Northeast Development Superintendence (Sudene). This benefit corresponds to a 75% reduction in income tax calculated on earnings from exploration of activities developed by the plants entitled to the benefit – Ponte de Pedra and São Salvador Plants, based on Article 626 of Decree no. 9,580/2018, as shown below:

	12.31.2020	12.31.2019
Exploration profit	**256,567**	**176,238**
Nominal income tax (15%)	38,485	26,436
Additional of income tax	8,359	11,472
Income tax calculated	**46,844**	**37,908**
Tax incentive (%)	75%	75%
Tax incentive	**35,133**	**28,431**

c.3) Retained earnings reserve

This reserve was established based on capital budget and was intended to finance the implementation of new plants, maintenance of production plants and possible acquisition of interest in other companies. Moreover, on 12.31.2020, the Company's Management is proposing the allocation of R$ 638,669 from the net income from 2020 to the retained earnings reserve, which refers to the renegotiation of the hydrological risk.

d) Asset valuation adjustments

d.1) Deemed cost

As provided for in accounting practices, the Company recognized the adjustment to fair value of property, plant and equipment on the date of first-time adoption of CPCs in 1.1.2009. Contra entry to said adjustment, net of deferred income tax and social contribution, was recognized under caption "Equity evaluation adjustments", in shareholders' equity. Realization of this reserve is recorded as a contra entry to account "Accumulated earnings" to the extent that depreciation or write-off of property, plant and equipment fair value adjustment are recognized in the Company's profit or loss.

d.2) Other comprehensive income

The account records variations of the fair value, net of deferred income tax and social contribution, of the following transactions: (i) obligations with the retirement benefits of defined benefit plans sponsored by the Company; and (ii) cash flow hedges of future commitments in foreign currency signed by the joint venture TAG and Santo Agostinho Wind Power Complex, indirect subsidiary; (iii) cash flow hedge on loans in foreign currency and combined exposure; and (iv) the effects from change in interest due to the merger of Aliança with the joint venture TAG.

e) Non-controlling interest

Refers to the equivalent of 5% shareholding held by third parties in the capital of indirect subsidiary Ibitiúva.

f) Basic and diluted earnings per share

	Parent Company and Consolidated	
	12.31.2020	12.31.2019
Net income in the year	2,797,091	2,309,925
Number of common shares	815,927,740	815,927,740
Basic and diluted earnings per share – in R$	**3.42811**	**2.83104**

The Company does not have shares with dilution effects in the fiscal years presented, for which reason there is no difference between the basic and diluted earnings per share.

NOTE 32 – DIVIDENDS AND INTEREST ON EQUITY

a) Calculation

	12.31.2020	12.31.2019
Adjusted dividend calculation basis		
Net income for the year attributable to controlling shareholders	2,797,091	2,309,925
Legal reserve	(139,855)	(115,496)
Tax incentive reserve	(35,133)	(28,431)
Retained earnings reserve	(638,669)	-
Realization of deemed cost of property, plant and equipment	29,343	25,407
Dividends and interest on equity not claimed	3,978	5,738
Net income for the year adjusted for dividends and interest on equity purposes	**2,016,755**	**2,197,143**
Proposed dividends / interest on equity		
Interim dividends for the first half of the year	1,232,161	893,399
Interest on equity, net of withholding income tax	149,343	302,525
Additional dividends proposed	609,594	949,744
Subtotal	**1,991,098**	**2,145,668**
Withholding income tax on interest on equity	25,657	51,475
Total annual dividends and interest on equity	**2,016,755**	**2,197,143**

b) Changes in dividends and interest on equity payable[2]

	Parent Company	Consolidated
Balance at 12.31.2018	**2,195,779**	**2,195,879**
Dividends and interest on equity approved	1,324,102	1,326,101
Dividends and interest on equity paid	(2,260,725)	(2,260,825)
Transfer of unclaimed dividends and interest on equity	(11,756)	(11,756)
Balance at 12.31.2019	**1,247,400**	**1,249,399**
Dividends and interest on equity approved	1,407,161	1,408,534
Dividends and interest on equity paid	(1,241,098)	(1,240,918)
Transfer of unclaimed dividends and interest on equity	(6,302)	(6,302)
Balance at 12.31.2020	**1,407,161**	**1,410,713**

c) Dividend policy

The dividends policy established in the Company's Bylaws provides for a minimum mandatory dividend of 30% of net income for the year, adjusted pursuant to the terms of the Brazilian Corporation Law, and establishes the intention of paying, at every calendar year, dividends and/or Interest on equity at an amount not lower than the equivalent of 55% of adjusted net income, in half-annual installments.

[2] The amounts include income withholding income tax on interest on equity, which are reported in line "Income Tax and Social Contribution Payable".

d) Dividends and interest on equity for fiscal year 2019

The Company submitted for approval by the Board of Directors, at the meeting held on 2.18.2020, a proposal for the payment of additional dividends on the net income from fiscal year 2020, in the amount of R$ 949,744 (R$ 1.1640046498 per share).

Due to the worsening coronavirus pandemic (COVID-19) and its possible impacts on the Brazilian economy, the energy sector and the Company, the Management deemed it necessary to reassess the facts and assumptions used to allocate the net income from fiscal year 2019. As such, on 4.16.2020, the Company informed its shareholders and the market of the approval, by the Board of Directors, of the updated proposal for the allocation of net income from 2019, proposing the retention of the amount previously approved as supplementary dividends in 2019, based on the capital budget. The resolution was approved at the Annual Shareholders Meeting held on 4.28.2020.

On 1.29.2020, the Company paid interim dividends for the 1st half of 2019 in the amount of R$ 893,399, corresponding to R$ 1.0949497919 per share. On 7.1.2020 interest on equity for the period from 1.1.2019 to 12.31.2019 was paid, in the gross amount of R$ 354,000, corresponding to R$ 0.4338619496 per share.

e) Distributions made and proposal related to net income from fiscal year 2020

e.1) Interim dividends for the first half of the year

At meetings held on 7.30.2020 and 12.15.2020, the Board of Directors approved the distribution of interim dividends in the amounts of R$677,689, corresponding to R$0.8305737385 per share, and R$554,472, corresponding to R$0.6795603315 per share, respectively. The shares were traded ex-interim dividends starting from 8.10.020 and 12.21.2020, respectively. Total interim dividends approved are equivalent to 100% of adjusted net income from the 1st half of 2020 and the payment will be made on 1.29.2021.

e.2) Interest on equity

In a meeting held on 12.15.2020, the Company's Board of Directors approved interest on equity from 1.1.2020 to 12.31.2020 in the gross amount of R$ 175,000, corresponding to R$ 0.2144797773 per share.

Credits of the Company's interest on equity were recognized from at 12.31.2020 based on shareholding position on 12.31.2020. The Company's shares were negotiated ex-Interest on equity beginning as of 12.21.2020, which will be paid on 4.5.2021.

e.3) Proposed additional dividends

The Company submitted to the Board of Directors, for approval in the meeting held on 2.11.2021, the proposal for payment of additional dividends on net income for fiscal year 2020, in the amount of R$ 609,594 (R$ 0.7471177357 per share).

The amount of dividends that is higher than minimum mandatory value established by the law or other legal instrument, and that is not yet approved by Shareholders Meeting, is presented and segregated in shareholders' equity. Thus, these dividends are presented in the shareholders' equity account denominated "Proposed additional dividends" until approval by the Annual Shareholders Meeting (AGO).

NOTE 33 – RECONCILIATION OF NET OPERATING REVENUE

The following table presents the reconciliation between gross operating income and net operating revenue reported in the income statement.

	Parent Company		Consolidated	
	2020	2019	2020	2019
Gross operating income				
Electricity distributors	2,344,965	2,505,483	3,927,735	3,643,439
Free consumers	377,803	400,603	3,510,039	3,512,960
Trading operations	-	-	1,194,395	1,196,138
Electricity traders	1,276,385	2,004,473	682,260	809,430
Transactions in the short-term market	243,569	270,708	593,857	777,138
Services rendered	67,264	59,941	162,417	157,013
Export	-	-	30,759	-
Other revenues	32,340	18,494	152,290	139,768
	4,342,326	**5,259,702**	**10,253,752**	**10,235,886**
Deductions from operating income				
PIS and Cofins	(386,077)	(472,692)	(918,746)	(931,886)
ICMS	(31,687)	(19,526)	(53,175)	(43,766)
ISSQN	(19,971)	(3,114)	(39,733)	(28,774)
Research and development	(3,395)	(30,739)	(3,429)	(3,119)
IPI	-	-	(102)	-
	(441,130)	**(526,071)**	**(1,015,185)**	**(1,007,545)**
Other				
Transmission infrastructure construction revenue	-	-	2,365,578	155,364
Interest on concession and contract financial asset	-	-	381,745	382,735
Remuneration from contract asset	-	-	189,720	14,549
Unrealized gains on trading operations	-	-	-	23,489
Favorable outcome in lawsuit	50,341	-	83,549	-
	50,341	**-**	**3,020,592**	**576,137**
Net operating revenue	**3,951,537**	**4,733,631**	**12,259,159**	**9,804,478**

As of 12.31.2020 and 12.31.2019, the Company did not have any client individually accounting for more than 5% of its consolidated net operating revenue.

NOTE 34 – DETAIL OF OPERATING EXPENSES BY NATURE

a) Energy purchase

	Parent Company		Consolidated	
	2020	2019	2020	2019
Energy purchases				
Energy purchase for portfolio management	529,351	1,052,585	1,478,829	1,561,442
Trading operations	-	-	1,068,341	1,090,608
Unrealized losses on trading operations	-	-	35,883	14,161
	529,351	**1,052,585**	**2,583,053**	**2,666,211**
Transactions in the short-term energy market				
Purchases in the short-term market	91,297	197,245	303,474	421,021
Trading operations	-	-	7,293	6,656
	91,297	**197,245**	**310,767**	**427,677**

b) Other operating costs and costs of services rendered:

	Parent Company				Consolidated			
	Operating costs		Services		Operating costs		Services	
	2020	2019	2020	2019	2020	2019	2020	2019
Transmission infrastructure construction cost	-	-	-	-	2,309,454	151,334	-	-
Gain due to efficiency in construction, net	-	-	-	-	(35,231)	-	-	-
Depreciation and amortization	280,530	279,202	-	-	893,821	844,390	-	-
Third party materials and services	49,378	52,839	4,164	4,661	353,514	288,993	4,164	4,661
Personnel	106,363	102,588	22,557	20,705	258,840	244,030	22,638	20,752
Fuels	927	-	-	-	204,135	172,962	-	-
Insurance	19,129	18,375	2,723	2,452	86,227	63,158	2,723	2,452
Royalties	62,404	106,090	-	-	84,488	131,606	-	-
Costs of sale of solar panels	-	-	-	-	54,410	70,800	-	-
Other operating costs	7,900	34,680	265	1,068	69,935	49,129	265	1,068
	526,631	**593,774**	**29,709**	**28,886**	**4,279,593**	**2,016,402**	**29,790**	**28,933**

Share-based payment

ENGIE Brasil Energia does not have a specific share-based payment program. However, its indirect parent company ENGIE, headquartered in France, offers its management the Long-Tern Incentive Plan ("LTI") based on phantom shares. The purpose of LTI is to motivate and reward key executives of the Company for achieving results in the medium and long term and ensuring that the overall rewards package is competitive.

LTI establishes that the duration of the plan is four years and their values are related to the achievement of certain financial indicators of the ENGIE group. Due to global economic background, throughout the years, a reduction occurred in market value of these stock options and performance shares, which will possibly influence the exercise of options and the possibility of obtaining the benefit of performance shares on maturities.

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These programs' costs are irrelevant and fully paid by the ENGIE group, and ENGIE Brasil Energia is not responsible for any disbursement related to them.

c) Selling, general and administrative expenses

	Parent Company				Consolidated			
	Selling		General and administrative		Selling		General and administrative	
	2020	2019	2020	2019	2020	2019	2020	2019
Personnel and management	11,964	10,996	124,053	112,561	11,964	10,996	128,632	117,659
Third party materials and services	845	425	69,770	57,036	4,548	1,805	78,091	62,413
Depreciation and amortization	71	38	19,890	17,589	95	62	21,059	18,891
Contributions and donations	2,626	2,865	7,796	4,602	6,787	6,521	8,688	5,744
Pension funds	-	-	6,933	7,416	-	-	6,933	7,416
Rentals	149	43	48	633	149	43	112	931
(Reversal) recording of provisions, net	-	-	(2,067)	11	-	5,096	(1,531)	1,032
Other	913	415	9,015	11,342	1,826	2,043	10,015	12,584
	16,568	**14,782**	**235,438**	**211,190**	**25,369**	**26,566**	**251,999**	**226,670**

NOTE 35 – FINANCIAL RESULT

	Parent Company		Consolidated	
	2020	2019	2020	2019
Financial income				
Income from marketable securities	57,069	43,382	102,124	99,841
Income from restricted deposits	222	532	7,683	16,322
Interest and Inflation adjustment on				
Favorable outcome in lawsuit	46,089	-	76,378	-
Fuels	29,173	-	39,166	-
Accounts receivable	15,641	14,550	22,132	23,808
Court deposits	3,681	4,155	3,875	4,256
Marketable securities	14,976	-	-	-
Market value adjustment and marketable securities	(16,488)	-	-	-
Other financial income	1,577	2,426	3,446	2,924
	151,940	**65,045**	**254,804**	**147,151**
Financial expenses				
Interest and Inflation adjustment on:				
Concessions payable	921,704	458,269	929,707	465,776
Debentures	353,465	271,322	515,873	393,543
Loans and financing	213,845	174,625	590,875	355,844
Fair value hedge on loans	(37,344)	50,389	(4,085)	62,300
Retirement benefit obligations	26,818	28,671	26,871	28,671
Provisions	8,011	6,642	19,380	7,086
Leases	2,239	2,577	13,360	11,282
Redeemable preferred shares	-	-	5,331	-
Other	9,545	2,001	32,535	10,488
Exchange variation on:				
Loans	899,971	124,606	899,971	124,606
Fair value hedge on loans	(899,971)	(124,606)	(899,971)	(124,606)
Fair value adjustment	(5,545)	(6,445)	(5,806)	(1,991)
Other financial expenses	31,596	10,596	13,198	21,113
	1,524,334	**998,647**	**2,137,239**	**1,354,112**
Financial expenses, net	**1,372,394**	**933,602**	**1,882,435**	**1,206,961**

NOTE 36 – INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

	Parent Company					
	2020			2019		
	IR	CSLL	Total	IR	CSLL	Total
Income before taxes	**3,284,314**	**3,284,314**	**3,284,314**	**2,625,328**	**2,625,328**	**2,625,328**
Standard rates	25%	9%	34%	25%	9%	34%
Tax expense at standard rates	**(821,079)**	**(295,588)**	**(1,116,667)**	**(656,332)**	**(236,280)**	**(892,612)**
Permanent differences						
Equity in net income of subsidiaries	388,086	139,711	527,797	314,601	113,256	427,857
Interest on equity	43,750	15,750	59,500	88,500	31,860	120,360
Tax incentives	37,807	-	37,807	30,314	-	30,314
Other	4,166	174	4,340	(1,254)	(68)	(1,322)
	(347,270)	**(139,953)**	**(487,223)**	**(224,171)**	**(91,232)**	**(315,403)**
Breakdown of taxes in the income statement						
Current	(72,472)	(41,290)	(113,762)	(171,460)	(72,512)	(243,972)
Deferred	(274,798)	(98,663)	(373,461)	(52,711)	(18,720)	(71,431)
	(347,270)	**(139,953)**	**(487,223)**	**(224,171)**	**(91,232)**	**(315,403)**
Effective rate	**10.60%**	**4.30%**	**14.80%**	**8.50%**	**3.50%**	**12.00%**

	Consolidated					
	2020			2019		
	IR	CSLL	Total	IR	CSLL	Total
Income before taxes	**3,687,128**	**3,687,128**	**3,687,128**	**3,087,937**	**3,087,937**	**3,087,937**
Standard rates	25%	9%	34%	25%	9%	34%
Tax expense at standard rates	**(921,782)**	**(331,842)**	**(1,253,624)**	**(771,984)**	**(277,914)**	**(1,049,898)**
Permanent differences						
Equity income	121,763	43,835	165,598	20,279	7,300	27,579
Interest on equity	43,750	15,750	59,500	88,500	31,860	120,360
Tax incentives	76,154	-	76,154	68,993	-	68,993
Variation between the calculation base of taxable and presumptive profit tax regimes	36,158	11,384	47,542	46,720	15,757	62,477
Other	12,482	2,488	14,970	(4,894)	(1,455)	(6,349)
	(631,475)	**(258,385)**	**(889,860)**	**(552,386)**	**(224,452)**	**(776,838)**
Breakdown of taxes in the income statement						
Current	(279,742)	(132,051)	(411,793)	(389,112)	(165,912)	(555,024)
Deferred	(351,733)	(126,334)	(478,067)	(163,274)	(58,540)	(221,814)
	(631,475)	**(258,385)**	**(889,860)**	**(552,386)**	**(224,452)**	**(776,838)**
Effective rate	**17.10%**	**7.00%**	**24.10%**	**17.90%**	**7.30%**	**25.20%**

NOTE 37 – TRANSACTIONS WITH RELATED PARTIES

a) Amounts recognized in balance sheet accounts – Parent Company

	ASSETS				LIABILITIES		
	Accounts receivable		Marketable securities	Dividends Energy	Supplier		IOE[2] / dividends
	Energy	Services and other			Other	Outros	
12.31.2020							
EBC	118,891	-	-	42,500	3,123	-	-
Itasa	-	1,822	-	2,355	47,690	-	-
Jaguara	-	1,189	-	140,833	15,926	-	-
Miranda	-	838	-	56,343	8,918	-	-
Diamante	-	864	-	30,000	-	-	-
ECP and subsidiaries	-	947	-	-	-	-	-
ENGIE Participações	-	1,305	-	-	-	139	948,852
Geramamoré[1]	-	264	-	-	-	-	-
Pampa Sul	5,864	113	355,707	2,103	-	-	-
TAG	-	71	-	32,500	-	-	-
CEE	-	-	-	34,125	-	-	-
ETP II	-	-	-	16,401	-	-	-
Other	-	6,469	-	4,996	1,293	387	-
Total	**124,755**	**13,882**	**355,707**	**362,156**	**76,950**	**526**	**948,852**
12.31.2019							
EBC	187,639	14,856	-	-	14,334	37	-
Itasa	-	1,774	-	-	10,083	-	-
Jaguara	5,412	591	-	167,792	14,926	-	-
Miranda	1,184	463	-	106,701	11,664	-	-
Diamante	-	-	-	-	-	-	-
ECP and subsidiaries	2,169	12,304	-	5,834	-	-	-
ENGIE Participações	-	5,561	-	-	-	-	820,629
Geramamoré[1]	-	193	-	-	-	-	-
Pampa Sul	1,599	8,659	-	15,604	-	154	-
TAG	-	31	-	-	-	-	-
Other	-	2,606	-	4,995	4,344	379	-
Total	**198,003**	**47,038**	**-**	**300,926**	**55,351**	**570**	**820,629**

(1) Geramamoré Participações e Comercializadora de Energia Ltda.

(2) Interest on equity.

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b) Amounts recognized in the income statement – Parent Company

	Revenue			Financial income	Cost	Cost and Expense
	Sale of energy	O&M Services	Administrative services		Energy purchase	Third party services
12.31.2020						
EBC	1,115,509	-	427	-	39,604	36
ECV	26,593	-	142	-	-	-
ENGIE Trading	16,218	-	427	-	38,646	-
Pampa Sul	108,142	-	427	15,706	-	-
Jaguara	5,444	-	413	-	149,328	-
Miranda	460	-	413	-	77,897	-
ECP and subsidiaries	-	-	5,665	-	-	-
Diamante	27,923	-	9,761	-	81,827	-
Itasa	-	20,172	-	-	113,792	-
Ceste	-	21,836	-	-	-	-
CEE	-	-	427	-	-	-
ESBR[1]	-	-	-	-	15,189	-
Other	-	-	2,699	-	-	7,124
Total	**1,300,289**	**42,008**	**20,801**	**15,706**	**516,283**	**7,160**
12.31.2019						
EBC	1,615,586	-	409	-	117,197	-
ECV	54,624	-	136	-	63,233	-
Pampa Sul	42,515	-	409	-	7,082	-
Jaguara	31,591	-	204	-	135,537	-
Miranda	25,404	-	204	-	89,849	-
ECP and subsidiaries	11,444	-	4,090	-	21,425	-
Diamante	8,431	-	5,028	-	209,896	-
Itasa	-	18,895	-	-	106,888	-
Ceste	-	21,142	812	-	-	-
CEE	-	-	409	-	-	-
ESBR[1]	-	-	-	-	15,008	-
Other	-	-	4,746	-	-	7,240
Total	**1,789,595**	**40,037**	**16,447**	**-**	**766,115**	**7,240**

(1) Energia Sustentável do Brasil.

The transactions with related parties include mainly: (i) energy purchase and sale; (ii) operation and maintenance services of power plants; (iii) rendering of administrative services; (iv) guarantees granted to third parties; and (v) issue of non-convertible debentures.

c) Future commitments

Long-term agreements executed between related parties are presented in the following table, under market conditions, and whose recognition in the income statement will occur in future accrual periods over contract periods.

c.1) Purchase and sale of electricity

Seller	Buyer	Maturity	Annual adjustment index	Adjustment base date	Future commitment Base 12.31.2020
CECL	EBV	2036 to 2039	IPCA	January	6,642,171
EBV	EBC	2036	IPCA	January and September	4,120,123
CEUR	EBV	2036	IPCA	January	2,413,797
Jaguara	ENGIE	2028	IPCA	January	896,804
CETR	EBC	2032 and 2037	IPCA	January and December	823,320
Itasa	ENGIE	2030	Dollar variation + U.S. Inflation	October	660,950
ENGIE Trading	EBC	2021 to 2026	n/a[1]	n/a[1]	608,573
Miranda	ENGIE	2028	IPCA	January	524,389
Itasa	ENGIE	2030	IGP-M	January	502,208
Diamante	EBC	2021	IPCA	June	468,704
ESBR	ENGIE	2042	IPCA	September	325,183
EBC	CEE	2041	IPCA	October	224,983
CEUR	EBC	2038	IPCA	January and December	191,045
CECL	EBC	2038	IPCA	January and December	144,297
EBC	ENGIE Trading	2023	IPCA	May	113,901
Lages	EBC	2023	IPCA	August	75,147
Ferrari	EBC	2029	IPCA	July	73,727
EBC	CECL	2038	IPCA	January	33,637
Geramamoré	ENGIE Trading	2021	IPCA	January	28,251
EBC	CEUR	2038	IPCA	January	19,664
EBC	CETR	2037	IPCA	January	17,767
EBC	ENGIE	2025	IGP-M	February	2,600
ENGIE Trading	EBV	2024	IPCA	December	1,550
ENGIE Trading	ENGIE	2021, 2022 and 2025	IPCA	July and August	1,075

(1) 12-month supply agreement.

In accordance with the Company's commercial policy, sales to free consumers are carried out preferably through direct subsidiary EBC.

c.2) Operation and maintenance

The Company conducts operation and maintenance activities at its subsidiaries' plants whenever they do not outsource these services. The negotiated prices are based on the Company's costs with personnel directly involved in the execution of these activities.

Related party	Maturity	Annual adjustment index	Future commitment Base 12.31.2020
Itasa	10.16.2030	IGP-M	245,394
Ceste	5.1.2025	INPC (80%) and IPCA (20%)	133,344

c.3) Administrative and financial services

ENGIE Brasil Energia provides those services necessary to the administrative and financial activities of the direct and indirect subsidiaries. The contracted values are defined based on the last billing of subsidiaries and annually adjusted at INPC. The amount annually contracted from its subsidiaries is R$ 18,346 (R$ 11,332 at 12.31.2019).

d) Guarantees

The Company intermediates financial and debenture agreements entered into by its direct and indirect subsidiaries. The main guarantees are the following:

Bank	Type of guarantee	Amount of debt at 12.31.2020
BNDES and BNDES Onlending (Banks)	Pledge of all the shares held by the Company's subsidiary (ENGIE Brasil Energias Complementares Participações Ltda) issued by the following companies: Ibitiúva, Ferrari, Fleixeiras, Guajiru, Mundaú, Trairi, Cacimbas, Estrela, Ouro Verde, Santa Mônica, CLWP I, CLWP II, CLWP III, CLWP IV, CLWP V, CLWP VI, CLWP VII, CLWP VIII, CLWP IX, CLWP X, CLWP XI, CLWP XII, CLWP XIII, CLWP XIV, CLWP XV, CLWP XVI, CLWP XVII, CLWP XVIII, CLWP XIX, CLWP XX, CLWP XXI, CLWP XXII, Umburanas 1, Umburanas 2, Umburanas 3, Umburanas 5, Umburanas 6, Umburanas 8, Umburanas 9, Umburanas 10, Umburanas 11, Umburanas 13, Umburanas 15, Umburanas 16, Umburanas 18, Umburanas 17, Umburanas 19, Umburanas 21, Umburanas 23, Umburanas 25 and Gralha Azul	4,324,579
	Pledge of all the shares held by the Company's subsidiary (Novo Estado Participações S.A.) issued by Novo Estado Transmissora.	788,941
BNDES and Debentures	Pledge of all the shares held by the Company issued by Pampa Sul, Jaguara and Miranda.	3,319,146

In addition to share pledge, the Company is guarantor of obligations assumed in the financing agreements until the financial completion of operations contracted by the abovementioned companies, except for contracts signed by the companies composing the Umburanas Wind Power Complex – Phase I, in which ENGIE Brasil Energias Complementares Participações Ltda. is the guarantor. Moreover, the Company assigned credit rights of the Energy Trading Agreements in the Regulated Market (CCEAR) entered into in the Aneel Generation Auction 002/2006, within the scope of financing for Campo Largo Wind Power Complex and Trairí Wind Power Complex.

e) Sureties and guarantees

- Construction of projects and modernization of plants

The Company is guarantor to the construction of the Campo Largo II Wind Power Complex, Gralha Azul and Novo Estado projects, as well as the modernization of the São Salvador plant. On 12.31.2020, these guarantees totaled R$ 362,285, maturing as follows: R$ 72,240 in 2021, R$ 239,865 in 2023 and R$ 50,180 in 2024.

- Energy purchase

The Company is the guarantor of and jointly liable for energy purchase transactions of certain subsidiaries, in the amount of R$ 273,807 at 12.31.2020. The guarantees' maturities are scheduled as follows: R$ 137,537 in 2021, R$ 40,132 in 2022, R$ 17,084 in 2023, R$ 51,796 in 2024, R$ 1,389 in 2028 and R$ 25,869 in 2029.

- Charges for the use of and connection to the power grid and O&M

The Company is guarantor of the issue of guarantees related to the electricity network and connection charges (CUST, CCT and CUSD) and O&M contracts, totaling R$ 77,607. The amount of R$ 55,644 will mature in 2021 and the amount of R$ 23,963 is conditioned on the termination of the agreement, which is indefinite.

- Loans

The Company has a guarantee in foreign currency at an amount equivalent to R$ 58,919, with maturity in 2021, in compliance with the loan agreement with Nordic Investment Banking (NIB). Said obligation of delivering the guarantee started in February 2018, when Fitch Rating downgraded Brazil's sovereign rating, which affected the Company's long-term rating in foreign currency. This loan from NIB was contracted in December 2012 for constructing the Trairí Wind Complex.

Moreover, the Company has a bank-issued guarantee to cover obligations of the financing agreement for the construction of Assú V Photovoltaic Plant. On 12.31.2020, this guarantee totaled R$ 88,061, with maturity in 2021.

f) Remuneration of key management personnel

The remuneration of key Management personnel, composed of the Board of Executive Officers established by the Bylaws, Board of Directors and Audit Board, was approved at the AESM held on 4.28.2020 and is presented below:

	2020	2019
Fixed compensation	11,653	10,002
Variable compensation	2,393	6,242
Payroll charges	2,903	2,764
Other	1,534	1,456
	18,483	**20,464**

The Management does not receive share-based compensation from ENGIE Brasil Energia.

NOTE 38 – INFORMATION BY SEGMENT

The Company's operating segments reflect its management and organizational structure and monitoring of results, summarized as follows:

Notes to the Financial Statements

- Generation: it is the Company's core business and includes generation and sale of the electricity in the portfolio. The Parent Company only conducts activities related to this operating segment.
- Transmission: the Company has primary responsibility for the construction and installation of infrastructure related to the transmission concession of Gralha Azul and Novo Estado Transmission Systems, whose implementations started in the second half of 2018 and the first half of 2019, respectively, and is exposed to the risks and benefits of this construction. This segment has not started operating yet and depends on the progress of construction work and which will be conducted by the subsidiaries Gralha Azul and Novo Estado.
- Trading: this segment delivers results through variation in energy prices, within previously established risk limits. The activities of this segment are conducted by ENGIE Trading and EBC.
- Solar panels: manufacture, wholesale and retail sale, and operation and maintenance of solar panels conducted by the subsidiary EGSD, whose control was acquired in August 2018, date on which it started to be consolidated by the Company.
- Gas transportation: The Company also operates in the gas markets through its joint venture TAG since June 2019.

The amounts reported by each business segment result from the combination of subsidiaries and business units defined within each segment, as well as the annulment of transactions between segments.

The Company's financial result is not allocated by segment because Management manages cash flows at the corporate level. The Board of Executive Officers is responsible for managing operations and does not use balance sheet by segments to take decisions and analyze the results of each segment. For this reason, the balance sheet is not presented by segment.

The Company reviews regularly information related to the joint venture TAG, based on its proportional share in revenue, profits, assets and liabilities, to take decisions regarding the resources to be allocated to the segment and to evaluate its performance. However, as required by CPC 19 (R2), the Company's interest in the joint venture is recorded in the individual and consolidated financial statements using the equity method of accounting.

The information by segment refers to 2020 and 2019 and is presented in a consolidated manner in the tables below:

Notes to the Financial Statements

	12.31.2020					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**8,539,040**	**2,555,298**	**1,083,913**	**80,908**	**-**	**12,259,159**
Operating costs	(3,328,472)	(2,274,335)	(1,111,517)	(81,533)	-	(6,795,857)
GROSS PROFIT (LOSS)	**5,210,568**	**280,963**	**(27,604)**	**(625)**	**-**	**5,463,302**
Operating income (expenses)						
Selling, general and administrative expenses	(267,761)	(1,109)	(3,084)	(5,414)	-	(277,368)
Provision for impairment of assets	(98,755)	-	-	-	-	(98,755)
Other operating income, net	(4,667)	-	-	-	-	(4,667)
	(371,183)	**(1,109)**	**(3,084)**	**(5,414)**	**-**	**(380,790)**
Equity income	**-**	**-**	**-**	**-**	**487,051**	**487,051**
PROFIT (LOSS) BEFORE FINANCIAL AND TAX RESULTS	**4,839,385**	**279,854**	**(30,688)**	**(6,039)**	**487,051**	**5,569,563**

	12.31.2019					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**8,427,655**	**169,913**	**1,108,984**	**97,926**	**-**	**9,804,478**
Operating costs	(4,294,067)	(151,489)	(1,111,425)	(95,982)	-	(5,652,963)
GROSS PROFIT	**4,133,588**	**18,424**	**(2,441)**	**1,944**	**-**	**4,151,515**
Operating income (expenses)						
Selling, general and administrative expenses	(243,216)	-	(2,902)	(7,118)	-	(253,236)
Provision for impairment of assets	(4,900)	-	-	-	-	(4,900)
Other operating expenses, net	320,405	-	-	-	-	320,405
	72,289	**-**	**(2,902)**	**(7,118)**	**-**	**62,269**
Equity income	**-**	**-**	**-**	**-**	**81,114**	**81,114**
PROFIT BEFORE FINANCIAL AND TAX RESULTS	**4,205,877**	**18,424**	**(5,343)**	**(5,174)**	**81,114**	**4,294,898**

NOTE 39 – INSURANCE

a) Operating and lost profit risks

The Company is covered by the international insurance policy for Property Damage and Business Interruption (PDBI) of the corporate insurance program of its parent company ENGIE. The PDBI policy is valid until 5.31.2021 and the risk coverage amount is R$ 13,941,216 in the parent company and R$ 32,952,360 in the consolidated statements, namely:

	Parent Company		Consolidated	
Type of plant	Material damages	Loss of profit	Material damages	Loss of profit
Hydroelectric power plants	10,196,817	3,691,411	14,773,163	4,260,113
Thermal power plants	-	-	5,051,842	2,112,556
Complementary plants (wind, solar, biomass and SHPP)	49,291	3,697	5,480,601	1,274,085
	10,246,108	**3,695,108**	**25,305,606**	**7,646,754**

The maximum combined limit of indemnification for material damages and loss of profits is R$ 3,760,260 per event.

b) Engineering risks

The Company has an insurance policy for Campo Largo II Wind Power Complex whose cap is R$ 1,393,182.

In 2020, insurance policies were contracted for Gralha Azul and Novo Estado Transmission Systems, whose caps for pecuniary damages are R$ 1,000,000 and R$ 500,000, respectively.

c) Other coverages

The Company has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, political violence and terrorism extended to its subsidiaries, as well as group life insurance for its employees and officers.

d) Insurance indemnifications

In May 2019, there was an accident at a generation unit of the Jaguara Hydroelectric Power Plant and the unit remained unavailable until February 2020. The Company and the insurer are currently negotiating the loss of profits arising from this accident. Moreover, in April and July 2020, accidents occurred in CLWP III and Usina Lages Bioenergética, respectively, resulting in exposure to loss of profits and pecuniary damages. The Company and the insurers are currently negotiating the coverages of these accidents.

NOTE 40 – LONG-TERM COMMITMENTS

The Company has the following long-term commitments that are considered relevant:

	Parent Company						
	2021	2022	2023	2024	2025	2026 and later	Total
Contracts for the Use of the Transmission System	344,109	344,109	344,109	344,109	344,109	1,527,779	3,248,324
Contracts for connection	9,061	9,061	9,061	9,061	9,061	58,425	103,730
Hydrological risk renegotiation	-	-	7,553	4,532	4,532	71,015	87,632
Modernization of UHSO[1]	55,416	21,742	203	-	-	-	77,361
Contracts for the Use of Distribution System	3,254	3,254	3,254	3,254	3,254	8,949	25,219
Operation and maintenance contracts	1,444	728	-	-	-	-	2,172
Balances at 12.31.2020	**413,284**	**378,894**	**364,180**	**360,956**	**360,956**	**1,666,168**	**3,544,438**

	Consolidated						
	2021	2022	2023	2024	2025	2026 and later	Total
Contracts for the Use of the Transmission System	571,549	571,549	571,549	571,549	571,549	5,099,578	7,957,323
Purchase of coal at Pampa Sul and Diamante	880,306	157,474	146,370	163,488	157,474	1,193,234	2,698,346
Transmission System– Novo Estado	1,366,413	-	-	-	-	-	1,366,413
Contracts for the Usage of Distribution System	36,061	36,061	36,061	36,061	36,061	687,922	868,227
Transmission System – Gralha Azul	729,889	48,257	-	-	-	-	778,146
Operation and maintenance contracts	88,844	74,411	64,394	59,564	59,564	268,532	615,309
Campo Largo Wind Power Complex II	605,869	-	-	-	-	-	605,869
Contracts for connection	25,648	14,811	12,120	12,120	12,120	67,485	144,304
Hydrological risk renegotiation	-	-	7,553	4,532	4,532	160,746	177,363
Modernization of UHSO[1]	55,416	21,742	203	-	-	-	77,361
Modernization of Jaguara HPP	15,403	11,202	-	-	-	-	26,605
Balances at 12.31.2020	**4,375,398**	**935,507**	**838,250**	**847,314**	**841,300**	**7,477,497**	**15,315,266**

(1) UHSO – Salto Osório Hydroelectric Power Plant

a) Contracts for the Use of the Transmission System (CUST)

For the use of the transmission system and basic network, the Company and its subsidiaries CEE, Itasa, Jaguara, Diamante and Pampa Sul and the Trairí Wind Power Complex, the Campo Largo Wind Power Complex, the Campo Largo Wind Power Complex I and the Umburanas Wind Power Complex – Phase I maintain contracts with ONS. Contracts are valid up to the termination of power plants concessions or authorizations.

b) Purchase of coal at Pampa Sul and Diamante

The Company, through its subsidiaries Pampa Sul and Diamante, has coal purchase agreements effective until 2029 and which can be renewed for 15 years, until 2044, and until 2027, respectively.

c) Transmission System – Novo Estado

The Company, through its indirect subsidiary Novo Estado, has construction agreements for the Novo Estado Transmission System, located in the states of Pará and Tocantins, with transmission lines spanning approximately 1,800 km.

d) Contracts for the Use of Distribution System (CUSD)

For plants that are not directly connected to the basic network, contracts for the use of the distribution system are maintained with electricity distributors of the regions where these plants are installed. Contracts are normally valid up to the Company's power plants concessions or authorizations termination dates.

e) Transmission System – Gralha Azul

The Company, through its indirect subsidiary Gralha Azul, has construction agreements for the Gralha Azul Transmission System, located in the state of Paraná, with transmission lines spanning approximately 1,000 km.

f) Operation and maintenance contracts

The Company, its subsidiary Diamante, Ferrari, Jaguara, Miranda and the Wind Power Complexes of Trairí, Campo Largo and Umburanas – Phase I have contracts for operation and maintenance with third parties.

g) Campo Largo Wind Power Complex Wind Power Complex II

The Campo Largo II Wind Power Complex started construction work in the second half of 2019. The Complex's installed capacity will be 361.2 MW distributed in 11 SPE. The facilities' generation is allocated 100% to the free market. The first turbines should become operational in the first half of 2021.

h) Contracts for connection

The Company and its subsidiaries CEE, Diamante, Pampa and the Trairí Wind Power Complex have contracts for connection with transmission companies. The contracts are valid up to termination of the concessions and authorization of the Company's power plants linked to these contracts.

i) Hydrological risk renegotiation

In December 2015, the Company joined the renegotiation of hydrological risk of plants whose energy was sold in regulated market. This renegotiation was made through the transfer of hydrological risk to the consumer, with the payment of risk premium by the Company.

Based on the risk level defined in the renegotiation, GSF for 2015 was recalculated, which resulted in an overpayment that is being offset by risk premiums due by the Company, calculated at present value. After said compensation, the Company will start making the payment.

j) Modernization of the Salto Osório Hydroelectric Power Plant (UHSO)

The Company maintains contracts with suppliers for the modernization of the Salto Osório Hydroelectric Power Plant. The Agreement was signed on 11.20.2017 and will result in an increase in the commercial capacity of the Plant by 13.9 average MW.

k) Modernization of Jaguara Hydroelectric Power Plant (Jaguara)

On 12.21.2020, the Company signed an agreement for modernizing the generator at UHJA's generating unit 1, which, combined with the modernization of turbine scheduled for the coming years, will enable the Plant to ramp up capacity.

l) Bilateral contracts for purchase and sale of electricity

According to data on physical guarantee and prevailing purchase and sale contracts, the Company's energy balance shows that current capacity has the following contracting levels for the next six years:

	Average MW					
	2021	2022	2023	2024	2025	2026
Own funds	4,851	4,905	4,907	4,905	4,903	4,902
Purchases	979	774	581	409	349	313
Total availability	5,830	5,679	5,488	5,314	5,252	5,215
Contracted availability	5,155	4,890	4,456	3,775	3,236	2,789
Distributors	*40.8%*	*43.5%*	*48.7%*	*59.2%*	*67.1%*	*80.8%*
Traders	*13.6%*	*10.3%*	*8.8%*	*5.7%*	*4.5%*	*3.6%*
Free clients	*45.6%*	*46.2%*	*42.5%*	*35.1%*	*28.4%*	*15.6%*
Contracted %	**88.42%**	**86.11%**	**81.20%**	**71.04%**	**61.61%**	**53.48%**

NOTE 41 – ADDITIONAL CASH FLOW INFORMATION

The following complementary cash low transactions were as follows:

	Parent Company		Consolidated	
	12.31.2020	12.31.2019	12.31.2020	12.31.2019
Dividends from subsidiaries	1,104,259	901,148	711,750	-
Fair value of project rights acquired	-	-	236,021	-
Interest on equity paid	175,000	354,000	175,000	354,000
Capital increase in investees through transfer of shares	167,219	-	167,219	-
Net assets of subsidiaries acquired	-	-	136,093	-
Suppliers of property, plant and equipment and intangible assets	(683)	(2,259)	104,154	88,677
Goodwill	-	-	80,247	-
Capitalized interest, inflation adjustment and depreciation	-	-	55,657	151,931
Measuring of obligations with retirement benefits	46,600	87,233	46,477	87,233
Dividends and interest on equity not claimed	3,978	5,738	3,978	5,738
Provisions for expropriations without cash effect in transmission construction	-	-	2,519	-
PIS and Cofins credit on property, plant and equipment	-	-	(29,413)	-
Income tax and social contribution credit	(72,427)	(41,903)	(76,282)	(24,682)
Offset of suppliers with capital reduction and dividends from subsidiaries	-	193,462	-	-
First-time adoption - IFRS 16/CPC 06 (R2)	-	21,899	-	139,475
Transfer of property, plant and equipment to other non-current assets	-	(2,926)	-	(2,926)

NOTE 42 – SUBSEQUENT EVENTS

a) Proposed additional dividends

Notes to the Financial Statements

At a meeting held on 2.11.2021, the Company's Board of Directors submitted to ASM the proposal for payment of additional dividends on adjusted income from the fiscal year ended 12.31.2020, in the amount of R$ 609,594, or R$ 0.7471177357 per share. The proposal shall be ratified by the Annual Shareholders Meeting, which will also set the dividend payment terms.

b) Start of deployment of Santo Agostinho Wind Power Plant and Campo Largo II Wind Power Complex

On 1.15.2021, the Company informed its shareholders and the market that it signed an agreement for the supply of aerogenerators to the Santo Agostinho Wind Power Plant ("CESA"), which will enable it to start deployment of the first phase of CESA, whose installed capacity will be 434 MW. The commercial startup is scheduled for March 2023 and the energy produced will be fully allocated to the Free Contracting Environment (ACL).

In addition, Plants IX, X, XIV and XVII of the Campo Largo II Wind Power Complex started test operations by this reporting date.

COMMENTS ON BUSINES PROJECTIONS

Identification of projections

a. Purpose of projection

Investments in equity interest, maintenance, revitalization and expansion of the generation facilities.

The Company's investment statements segregate values in two groups:

- Investments financed with own capital, including acquisitions, and
- Investments financed with debts, including debts assumed in the acquisitions.

Both projection models are included in item "d" below.

The projections made are estimates deemed reasonable by the Company, which usually depend on future events, thus cannot be regarded as a promise to perform by the Company and its managers.

b. Period projected and projection term

ENGIE Brasil Energia quarterly discloses to the market its investment projections for the current year and the two subsequent years, valid until its realization or replacement by another projection.

c. Prospect assumptions, indicating which ones can be influenced by the Company's management

The Company's projections for investment are mainly based on the following assumptions:

- Schedule for maintenance of the generating units;
- Diagnosis of equipment;
- Regulatory obligations; and
- Strategic initiatives.

The amounts informed, projected and actual, do not consider interest on construction (interest on loan capital).

The Management can influence all assumptions, except for the regulatory obligations that are beyond its control.

In case of a significant change in the foregoing assumptions, the projections can be reviewed.

d. Value of the indicators that are the subject matter of the projection

The estimated and actual amounts for the last two fiscal years are presented in the tables below. These amounts are expressed in millions of Brazilian real and do not include interest on financing that were capitalized during the construction of the plants.

d.1. Year of 2019

Investments made in 2019:

Description	Actual 2019
Financed with debt	5,180
Financed with own capital[1]	(277)
Total	**4,903**

In 2019, the Company invested R$ 4,903 million, as follows: (i) R$ 3,470 million was allocated to the acquisition of ownership interest in Aliança Transportadora de Gás S.A ("Aliança"), acquirer of 90% of ownership interest in Transportadora Associada de Gás S.A. ("TAG"); (ii) R$ 1,240 million was invested in the construction of new projects, of which: R$ 377 million in the Pampa Sul Thermal Power Plant, R$ 374 million in Umburanas – Wind Complex - Phase I, R$ 228 million in Campo Largo II Wind Power Complex, R$ 170 million in Gralha Azul Transmission System and R$ 91 million in Campo Largo Wind Power Complex; (iii) R$ 138 million was allocated to maintenance and renovation projects of the generation facilities; and (iv) R$ 55 million was allocated for modernization of Salto Santiago and Salto Osório Hydroelectric Power Plants.

Summary of changes between estimated and actual investments in 2019:

The changes in relation to estimates disclosed for 2019 at the end of 2018 and the investments made this year, in the amount of R$ 3,144 million, were mainly due to the combination of the following events: (i) borrowings for the acquisition of ownership interest in Aliança, acquirer of 90% of ownership interest in TAG; (ii) postponement of financial schedule of Campo Largo II Wind Power Complex and Gralha Azul Transmission System; and (iii) costs lower than expected with the development of the Umburanas Wind Complex - Phase I and the maintenance of generation facilities.

Estimates for 2020, 2021 and 2022 (disclosed at the end of 2019):

Description \ Projection period	2020	2021	2022
Financed with debt	2,981	516	40
Financed with own capital[1]	(520)	614	207
Total	**2,461**	**1,130**	**247**

Summary of changes in estimates for 2020 and 2021:

[1] The negative amounts presented under "Financed with own capital" refer to the reimbursement using third-party funds of the own capital initially invested, due to a change in the schedule of release of financing facilities.

Comments on Business Projections

The changes in projections for 2020 and 2021, in the amount of R$ 429 million, were mainly due to the combination of the following events: (ii) postponement of financial schedule of Campo Largo II Wind Power Complex, Gralha Azul Energy Transmission System, Pampa Sul Thermal Power Plant and modernization of Salto Osório Hydroelectric Power Plant; (ii) increase in estimated costs with maintenance of the generation facilities; and (iii) change in estimated borrowings from third parties for Pampa Sul Thermal Power Plant and Gralha Azul Transmission System.

d.2 Year of 2020

Investments made in 2020:

Description	Actual 2020
Financed with debt	3,641
Financed with own capital	372
Total	**4,013**

In 2020, the Company invested R$ 4,013 million, of which (i) R$ 656 million to acquire ownership interest: R$ 329 million for 100% ownership interest in Novo Estado Transmissora de Energia S.A., a project being implemented in Pará and Tocantins, and R$ 327 million for 3.25% ownership interest in Transportadora Associada de Gás S.A. ("TAG"); (ii) R$ 3,214 million was invested in the construction of new projects, of which: R$ 1,229 million in the Novo Estado Transmission System, R$ 973 million in Campo Largo II Wind Power Complex, R$ 860 million in the Gralha Azul Transmission System, R$ 136 million in Pampa Sul Thermal Power Plant and R$ 16 million in other investments; (iii) R$ 133 million was allocated to maintenance and renovation projects in the generation facilities; and (iv) R$ 10 million was allocated for modernizing the Salto Osório Hydroelectric Power Plant.

Summary of changes between estimated and actual investments in 2020:

The variations between the estimated investments for 2020 disclosed at the end of 2019 and the investments made in the year, in the amount of R$ 1,552 million, are mainly due to the combination of the following events: (i) acquisition of ownership interest in Novo Estado Transmissora de Energia S.A. and TAG; (ii) payments for the development of the Novo Estado Transmission System; (ii) postponement of financial schedule of Campo Largo II Wind Power Complex, Gralha Azul Transmission System and modernization of the Salto Osório Hydroelectric Power Plant; and (iv) costs lower than estimated for the maintenance of generation facilities.

Comments on Business Projections

Estimate for the years 2021, 2022 and 2023:

Description \ Projection period	2021	2022	2023
Financed with debt	3,271	935	397
Financed with own capital	245	633	357
Total	**3,516**	**1,568**	**754**

Summary of changes in estimates for 2021 and 2022:

The changes in estimates for 2021 and 2022, in the amount of R$ 3,707 million, were mainly due to the combination of the following events: (i) construction costs of the Novo Estado Transmission System and the Santo Agostinho Wind Complex, not envisaged in the projection for 2019; (ii) postponement of financial schedule of Campo Largo II Wind Power Complex, Gralha Azul Transmission System and modernization of Salto Osório Hydroelectric Power Plant; and (ii) increase in estimated costs with the maintenance of generation facilities.

CAPITAL BUDGET PROPOSAL

In thousands of Brazilian real

	Estimate			
Sources of funds	**2021**	**2022**	**2023**	**Total**
Retained earnings from fiscal year 2020 (Article 196 of the Brazilian Corporations Law)	638,669	-	-	638,669
Debt and internal cash generation	2,877,896	1,567,961	753,692	5,199,549
Total	**3,516,565**	**1,567,961**	**753,692**	**5,838,218**
Investments				
Campo Largo II Wind Power Complex	369,130	-	-	369,130
Gralha Azul Transmission System	716,020	52,624	-	768,644
Novo Estado Transmission System	1,796,824	-	-	1,796,824
Santo Agostinho Wind Complex	359,155	1,327,245	564,026	2,250,426
Modernization of Salto Osorio	60,179	10,119	278	70,576
Maintenance of production facilities	215,257	177,973	189,388	582,618
Total investments	**3,516,565**	**1,567,961**	**753,692**	**5,838,218**

Other Relevant Information

There is no other information considered relevant by the Company.

INDEPENDENT AUDITOR'S REPORT ON INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders, Directors and Managers of

Engie Brasil Energia S.A.

Opinion

We have examined the individual and consolidated financial statements of Engie Brasil Energia S.A. and subsidiaries ("Company"), identified as parent company and consolidated, respectively, which comprise the balance sheets as of December 31, 2020, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended December 31, 2020, as well as the corresponding notes, including a summary of the main accounting policies.

Opinion on individual financial statements

In our opinion, the individual financial statements referred to above present fairly, in all material respects, the equity and financial position of Engie Brasil Energia S.A. on December 31, 2020, as well as its operating performance and cash flows for the year ended on that date, in accordance with the accounting practices adopted in Brazil.

Opinion on consolidated financial statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated equity and financial position of Engie Brasil Energia S.A. and subsidiaries on December 31, 2020, as well as its consolidated operating performance and consolidated cash flows for the year ended on that date, in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

Our audit was conducted in accordance with Brazilian and international standards on auditing. In accordance with said standards, our responsibilities are described in the next section, namely "Responsibilities of the auditor for the audit of the individual and consolidated financial statements." We are independent in relation to the Company, in accordance with the relevant ethical principles set forth in the Code of Ethics for Professional Accountants and in the professional standards issued by the Brazilian Federal Accounting Council (CFC) and we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence we obtained is sufficient and adequate to substantiate our opinion.

Main audit issues

"Main audit issues" are those that, in our professional judgment, were most significant in our audit of the current year. These issues were addressed within the scope of our audit of the individual and consolidated financial statements as a whole and in forming our opinion on said financial statements and, therefore, we do not express a separate opinion on said issues.

Revenue recognition

As detailed in Note 3.q and 33 to the individual and consolidated financial statements, the Company's revenue originates substantially from the supply of electricity. This issue was considered significant for our audit, due to the volume and specific characteristics of power supply contracts, processes that support their recognition, dependency on systems and respective internal controls.

Our audit procedures on revenue recognition included, among others: (i) appraisal of the design and implementation of the Company's internal control activities related to the Management process to measure the revenue from the supply and sale of electricity to be recognized according to accounting requirements and contractual terms; (ii) involvement of our specialists in Information Technology to evaluate the systems and the computerized environment used to register said amounts; (iii) tests of energy supply and sale contracts, by sampling, considering their specific characteristics and accounting record; (iv) test of subsequent receipt of invoices, by sampling; (v) test on unbilled revenues, evaluating the Management's estimation process; and (vi) evaluation to know if the disclosures made by the Management in the individual and consolidated financial statements are adequate.

After these procedures were conducted, deficiencies were identified in the internal controls related to the revision of the calculation of revenue billed, which altered our assessment of the nature, period and extent of our substantive procedures initially planned.

Based on the audit procedures described above and the audit evidence obtained, we consider that the processing, recording and recognition of revenue made by the Company, as well as their respective disclosures, are adequate, in the context of the individual and consolidated financial statements taken as a whole.

Provisions (for litigation)

As disclosed in Notes 3.r.5 and 27 to the individual and consolidated financial statements, the Company is the defendant in several lawsuits related to civil, tax and labor issues, which involve large amounts. This matter was considered relevant for our audit, given that, while determining the amounts to be booked to meet these risks, as well as the amounts of possible and remote risks disclosed in the individual and consolidated financial statements, the Management, with assistance from its legal advisors, applies a high level of judgment that requires the use of technical knowledge and the Company's history, analysis of case law and individual analysis of the lawsuits.

To answer this main audit issue, our procedures included: (i) appraisal of the design and implementation of relevant internal controls on contingencies, specifically for

determining the provisions for said risks; (ii) tests, with help from our specialists in Information Technology, on the computerized system used by Management to control and evaluate the provisions; (iii) executing integrity and precision tests on the database used by Management to prepare estimates on the possibility of loss on lawsuits; (iv) independent confirmation with external legal counsel and attorneys responsible for the lawsuits regarding the classification of loss risk, the phase and the amount involved; (v) challenging the assumptions and judgements used by Management in preparing these estimates; and (vi) evaluation to know if the disclosures made by the Management in the individual and consolidated financial statements are adequate.

After these procedures were conducted, deficiencies were identified in the internal control related to the evaluation of prognostics and estimates of losses of external advisors, which altered our assessment of the nature, period and extent of our substantive procedures initially planned.

Based on the audit procedures described above, we consider that the measurement of the provision for litigation made by the Company, as well as the respective disclosures, are adequate in the context of the individual and consolidated financial statements taken as a whole.

Right to extend the concession – Renegotiation of hydrological risk

As described in Note 16.a.4 to the parent company and consolidated financial statements, in September 2020, Federal Law 14,052 came into effect, establishing new conditions for renegotiating the hydrological risk of energy generation in order to compensate the owners of hydroelectric power plants participating in the Mechanism of Energy Reallocation (ERM) for effects from external factors that worsened the Generation Scaling Factor (GSF) in recent years. The compensation will be made through an extension of the concession period and is conditioned on the withdrawal of lawsuits and waiver of any allegation claiming any right related to the exemption or mitigation of hydrological risks related to MRE.

This matter was considered a main matter in our audit, since: (i) the amount involved in the renegotiation of hydrological risk was relevant for the audit; (ii) the measurement of fair value of the asset involves the application of significant valuation methodologies and assumptions, which are complex and require a high level of judgment from the Company and its specialists, such as discount rates, projections of sale prices, projections of future cost of operations of plants, among other assumptions; (iii) the matter required intense and frequent involvement of experienced members in the audit team and its technical experts, the Company management, as well as several players from the energy industry.

Our main audit procedures included, among others: (i) the evaluation of accounting policies used by the Company to recognize and measure the right to extend the concession; (ii) the evaluation of Federal Law 14,052/2020 and Normative Resolution 895/2020 issued by the regulating agency that formalize the right and regulation of the right to extend the concession and analysis of the documentation supporting the operation; (iii) the evaluation of the main assumptions and methodologies used by the Company to properly measure and recognize the fair value of the asset of right to extend the concession recognized; and (d) evaluating if the disclosures made by the

Management in the financial statements are adequate.

Based on the audit procedures conducted while testing the recognition of fair value of the right to extend the concession, we considered that the recognition of the intangible asset related to the renegotiation of hydrological risk, as well as the respective disclosures, are adequate in the context of the individual and consolidated financial statements taken as a whole.

Other topics

Statements of value added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2020, prepared under the responsibility of the Company's management and presented as additional information for IFRS purposes, were audited together with the financial statements of the Company. In forming our opinion, we assessed whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content are in accordance with the criteria set forth in technical pronouncement CPC 09 – Statement of Value Added. In our opinion, the statements of value added were presented fairly, in all material respects, in accordance with the criteria set forth in this technical pronouncement and are consistent with the individual and consolidated financial statements taken as a whole.

Other information that accompanies the individual and consolidated financial statements and the auditor's report

The Company's Management is responsible for such other information that makes up the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and hence we did not express any audit judgment on this report.

With regard to the audit of individual and consolidated financial statements, our responsibility is to read the Management Report and verify if it is substantially inconsistent with the financial statements or with the knowledge we gained from the audit or otherwise appears to be materially misstated. If, based on the work performed, we conclude that there is material misstatement in the Management Report, we are required to communicate the fact. We have nothing to report in this regard.

Responsibilities of Management and governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for internal controls it determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for evaluating the Company's ability to continue as a going concern, disclosing, as applicable, the issues related to its ability to continue as a going concern and the use of this accounting base to prepare financial statements, unless Management intends to liquidate the Company and its subsidiaries or close down their operations, or if it does not have any realistic alternative to prevent the closing down of operations.

People in charge of governance at the Company and its subsidiaries are those responsible for supervising the process of preparing the financial statements.

Responsibilities of the auditor for the audit of individual and consolidated financial statements

Our objective is to obtain reasonable assurance that the individual and consolidated financial statements, taken as a whole, are free of material misstatements, whether caused by error or fraud, and to issue an audit report with our opinion. Reasonable assurance is a high level of security but not a guarantee that an audit performed in accordance with the Brazilian and international audit standards always detect a material misstatement. Misstatements may result from fraud or error and are considered relevant when, individually or taken together, they can influence, within a reasonable perspective, the economic decisions made by users based on said financial statements.

As part of the audit performed in accordance with Brazilian and international audit standards, we exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- We identified and assessed the risks of material misstatement in the individual and consolidated financial statements, whether caused by fraud or error, we planned and carried out audit procedures in response to such risks, and obtained adequate and sufficient audit evidence to support our opinion. The risk of non-detection of material misstatement resulting from fraud is higher than that arising out of error, since fraud may involve the bypassing of internal controls, collusion, forgery, omission or intentional misrepresentations.

- We gained an understanding of internal controls that are significant for the audit so that we can plan appropriate audit procedures for the circumstances, but, not with the aim of expressing an opinion on the effectiveness of the internal controls of the Company and its subsidiaries.

- We evaluated the adequacy of accounting policies used and the reasonableness of accounting estimates and respective disclosures made by management.

- We issued an opinion on the appropriateness of the use by Management of the going concern basis of accounting and, based on the audit evidence obtained, if there is material uncertainty regarding events or conditions that might raise significant doubts about the Company's and its subsidiaries' ability to continue as a going concern. If we come to the conclusion that there is material uncertainty, we must draw attention in our audit report to the respective disclosures in the individual and consolidated financial statements or, if the disclosures are inappropriate, include a modification to our opinion. Our conclusions are based on the audit evidences obtained until the date of our report. However, future events or conditions may impair the ability of the Company and its subsidiaries to continue as a going concern.

- We assessed the general presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the corresponding transactions and the events in a manner compatible with the aim of a fair presentation.

- We obtained appropriate and sufficient audit evidence regarding the financial information of the entities or business activities of the Group to express an opinion

on the individual and consolidated financial statements. We are responsible for the directing, supervising and performing the audit of the group and, consequently, for the audit opinion.

We communicated with those in charge of governance regarding, among other aspects, the planned scope, the time of audit and the significant audit findings, including any significant deficiencies in the internal controls identified during our work.

We also provided those in charge of governance with a declaration of our compliance with relevant ethical requirements, including those applicable to independence, and we reported all relationships or issues that could significantly affect our independence, including the respective safeguards, when applicable.

Of the issues that we discussed with those in charge of governance, we determined the most significant ones in the audit of the financial statements of the current year and, as such, constitute the main audit issues. We described these issues in our audit report, unless any law or regulation prohibits disclosure of the issue to the public, or when, in extremely rare circumstances, we determine that the issue should not be mentioned in our report because the adverse consequences of such disclosure might reasonably overcome the benefits of its communication for public interest.

Joinville, February 11, 2021

DELOITTE TOUCHE TOHMATSU
Auditores Independentes
CRC 2SP 011.609/O-8 "F" SC

Fernando de Souza Leite
Accountant
CRC 1PR 050.422/O-3

Opinions and Statements / Opinion of Fiscal Council or Equivalent Body

The undersigned members of the Fiscal Council of ENGIE Brasil Energia S.A., in the performance of their legal and statutory duties, examined the Annual Management Report and the Financial Statements consisting of the balance sheet as of December 31, 2020 and the statements of income, comprehensive income, changes in shareholders' equity, cash flows, and value added for the fiscal year ended that date, the respective notes to the financial statements, as well as the proposal for the allocation of net income from the year to legal reserve, tax incentive reserve, retained earnings reserve, dividends and interest on equity.

They also examined the capital budget totaling R$ 5,838,217,986.25, allocated to the three subsequent years, that is 2021, 2022 and 2023, in the amounts of R$ 3,516,564,564.61, R$ 1,567,961,176.44 and R$ 753,692,245.20, respectively, which was prepared in compliance with the legal requirements and will be used directly in the maintenance of production facilities and investments in new projects, which requires the constitution of a retained earnings reserve in the amount of R$ 638,669,403.00 proposed by the Company's Board of Directors.

Based on the examinations made and considering the unqualified report of independent auditors, Deloitte Touche Tohmatsu, issued on February 11, 2021, as well as the information and clarifications received from management's representatives during the year, the members of the Fiscal Council expressly believe that the documents analyzed, as well as the proposal for the allocation of net income from the year presented by the Board of Directors meet the conditions to be approved by the shareholders at the next Annual Shareholders Meeting of the Company.

Florianópolis, February 11, 2021.

Waltamir Barreiros

Chairman of Fiscal Council

Carlos Guerreiro Pinto

Member of Fiscal Council

Milre Felix Neto

Member of Fiscal Council

Opinions and Statements / Summarized Statement of the Audit Committee (statutory, as provided for in specific CVM regulation)

1. Introduction

The Statutory Audit Committee (“SAC”) was created as a part of ENGIE's corporate governance, to attend of the revision to Engie's Bylaws (33rd General Shareholders' Meeting - item 1.1), which adapted ENGIE to the rules of the Regulamento do Novo Mercado B3 regarding the installation of the Statutory Audit Committee (Art. 22).

The SAC was established at the Company's Board of Directors 'Meeting number 193, held on December 6, 2019. In this meeting the By Law of SAC were approved. On May 14, 2020, at the Company's Board of Directors' Meeting number 202, the members of the SAC were appointed.

The SAC is a permanent statutory body, directly linked to the Board of Directors of ENGIE Brasil Energia S/A (“ENGIE”), being governed by the rules provided for in Brazilian legislation and requirements included in its Internal Regulation. SAC reports the matters dealt with in its meetings, as well as its manifestations, to the ENGIE Board of Directors, according to the minutes of the meetings filed at the Company.

The members of ENGIE's Executive Board are invited to participate in SAC meetings that involve topics related to them or themes submitted by them for consideration by the SAC and indicate the participation of the managers of the areas responsible for the matters to be addressed. The managers appointed by ENGIE are also invited to attend all SAC meetings.

Deloitte Touche Tohmatsu Auditores Independentes (DTT) is the company responsible for examining and issuing the independent auditors' report on the financial statements and for issuing the special reports on quarterly reviews (ITR’s) of the ENGIE Conglomerate during the period of this report.

SAC is currently composed of ENGIE's Board of Directors, Economist Paulo de Resende Salgado (SAC Coordinator) and Accountant Manoel Eduardo Lima Lopes, and Lawyer Carla Carvalho de Carvalho. These members meet the independence criteria established by current legislation and by the conditions of the Instituto Brasileiro de Governança Corporativa (IBGC).

2. Summary of activities in 2020

In the period from May 15 to December 31, 2020, the SAC carried out 12 (twelve) meetings and 2 (two) meetings in the year 2021 (until the date of assessment of the financial statements for the year 2020), involving the Board of Directors members, Executives Directors, Internal and Independent Auditors of the ENGIE Conglomerate, as well as the Managers of the Departments: Risk, Accounting, Tax, Legal, Ethics, Internal Controls and Compliance. SAC also held 2 (two) meetings with the Board of Directors.

Among the activities carried out in this exercise, we highlight the following items:

1. Discussion and evaluation of the independence policies of the independent auditors, covering in particular the following matters: (i) the planning and execution of the audit work on the quarterly financial statements for the 2020 fiscal year of the ENGIE Conglomerate; (ii) to know the natures and extensions of the main selected audit procedures and the concepts of materiality adopted; (iii) the risk analysis of audits performed by them; (iv) the conclusions of the audit examinations, having taken note of the content of the independent auditors' report on the examinations of the financial statements for the year ended December 31, 2020, and was satisfied with the information and clarifications provided. Information was also obtained to ensure the independence of the auditors and the absence of conflicts of interest in works other than audits of the financial statements.

2. Monitoring of the process of preparing the financial statements and quarterly information, through meetings with the Management and independent auditors, addressing the main accounting practices adopted, the accounting estimates made, as well as the presentation of the equity and financial situations, of the financial results, cash flows and added values and notes to the financial statements.

3. Supervision of the Annual Internal Audit Plan, its execution, reports issued, knowledge of the points raised and recommendations, as well as the actions made by Management.

4. Follow-up of the Internal Controls Program and the Risk Matrix.

5. Knowledge of ENGIE Conglomerate decisions regarding the General Data Protection Law.

6. Monitoring of events developed by the corporate tax department.

7. Checking of judicial and administrative proceedings involving assets and liabilities in progress.

Opinions and Statements / Summarized Statement of the Audit Committee (statutory, as provided for in specific CVM regulation)

8. Monitoring ENGIE's ethical reporting channel.

Rio de Janeiro, February 11, 2021.

Paulo de Resende Salgado

Coordinator of the Statutory Audit Committee

Carla Carvalho de Carvalho

Member of the Statutory Audit Committee

Manoel Eduardo Lima Lopes

Member of the Statutory Audit Committee

Opinions and Statements / Opinion or Summarized Statement, if any, of the Audit Committee (statutory or not)

In accordance with the current legislation, the members of the SAC, in the exercise of their legal duties and responsibilities, as provided for in the CVM rules, Regulamento do Novo Mercado B3 and the By Law of Audit Committee, proceeded to analyze the individual and consolidated financial statements, accompanied of the report of the independent auditors and of the management report for the year ended December 31, 2020 and considering the information provided by the Company's Management and by the professionals of Deloitte Touche Tohmatsu Auditores Independentes, unanimously advise to recommend its approval by the Board of Directors and forwarding to the Annual Shareholders' Meeting for deliberation by the shareholders.

This Opinion, after being read and found to be complying, will be signed by the members of the Statutory Audit Committee, through DocuSign.

Rio de Janeiro, February 11, 2021.

Paulo de Resende Salgado

Coordinator of the Statutory Audit Committee

Carla Carvalho de Carvalho

Member of the Statutory Audit Committee

Manoel Eduardo Lima Lopes

Member of the Statutory Audit Committee

Opinions and Statements / Statement of the Executive Officers on the Financial Statements

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Quarterly Information (parent company and consolidated) and also agrees with the opinion of the independent auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

Eduardo Antonio Gori Sattamini

Chief Executive and Investor Relations Officer

Marcelo Cardoso Malta

Chief Financial Officer

Gabriel Mann dos Santos

Chief Energy Commercialization Officer

Guilherme Slovinski Ferrari

Chief Business Development, Strategy and Innovation Officer

José Luiz Jansson Laydner

Chief Operation Officer

Marcos Keller Amboni

Chief Regulation and Market Officer

Luciana Moura Nabarrete

Chief Administrative Officer

Márcio Daian Neves

Chief Implementation Officer

Florianópolis, February 11, 2021.

Opinions and Statements / Statement of the Executive Officers on the Independent Auditors' Report

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Financial Statements (parent company and consolidated) and, also agrees with the opinion of the independent auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

Eduardo Antonio Gori Sattamini

Chief Executive and Investor Relations Officer

Marcelo Cardoso Malta

Chief Financial Officer

Gabriel Mann dos Santos

Chief Energy Commercialization Officer

Guilherme Slovinski Ferrari

Chief Business Development, Strategy and Innovation Officer

José Luiz Jansson Laydner

Chief Operation Officer

Marcos Keller Amboni

Chief Regulation and Market Officer

Luciana Moura Nabarrete

Chief Administrative Officer

Márcio Daian Neves

Chief Implementation Officer

Florianópolis, February 11, 2021.