ENGIE Brasil Energia S.A.

Quarterly Information 2Q20

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2019

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Company Information / Capital Composition

Number of shares (Units)	Current quarter 6/30/2020
Paid-in capital	
Common	815,927,740
Preferred	0
Total	815,927,740
Treasury shares	
Common	0
Preferred	0
Total	0

Company Information / Profit Distribution in Cash

Event	Approval	Profit Distribution	Commencement of Payment	Type of Share	Class of Share	Profit Distribution per Share (Reais / Share)
Board of Directors Meeting	5/11/2019	Interest on Equity	7/1/2020	Common shares		0.43356
Board of Directors Meeting	5/11/2019	Dividends	1/29/2020	Common shares		1.09495
Board of Directors Meeting	7/30/2020	Dividends		Common shares		0.83057

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

Account Code	Account Description	Current Quarter 6/30/2020	Prior Year 12/31/2019
1	Total assets	22,423,973	21,435,772
1.01	Current assets	4,363,487	3,941,494
1.01.01	Cash and cash equivalents	2,634,965	2,590,507
1.01.03	Accounts receivable	929,493	944,496
1.01.03.01	Trade accounts receivable	634,400	643,570
1.01.03.02	Other accounts receivable	295,093	300,926
1.01.03.02.01	Dividends receivable	295,093	300,926
1.01.04	Inventories	17,326	15,435
1.01.06	Taxes recoverable	119,295	120,317
1.01.06.01	Current taxes recoverable	119,295	120,317
1.01.06.01.01	Income tax and social contribution credits	119,295	120,317
1.01.08	Other current assets	662,408	270,739
1.01.08.03	Other	662,408	270,739
1.01.08.03.01	Unrealized gains on hedge operations	403,130	114,550
1.01.08.03.02	Restricted deposits	838	838
1.01.08.03.03	Renegotiation of hydrological risk to appropriate	13,016	13,016
1.01.08.03.05	Other current assets	240,595	137,506
1.01.08.03.06	Non-current assets held for sale	4,829	4,829
1.02	Non-current assets	18,060,486	17,494,278
1.02.01	Long term assets	1,174,786	547,318
1.02.01.10	Other non-current assets	1,174,786	547,318
1.02.01.10.04	Unrealized gains on hedge operations	844,915	311,577
1.02.01.10.05	Restricted deposits	10,525	10,388
1.02.01.10.06	Judicial deposits	103,716	100,833
1.02.01.10.07	Renegotiation of hydrological risk to appropriate	83,781	90,289
1.02.01.10.08	Right to use lease	25,820	28,281
1.02.01.10.09	Other non-current assets	106,029	5,950
1.02.02	Investments	12,876,534	12,825,104
1.02.02.01	Equity interest	12,876,534	12,825,104
1.02.02.01.02	Interest on subsidiaries	10,581,487	9,632,663
1.02.02.01.03	Interest in joint ventures	2,295,047	3,192,441
1.02.03	Property, plant and equipment	3,950,032	4,072,139
1.02.03.01	Property, plant and equipment in operation	3,831,166	3,964,689
1.02.03.03	Construction in progress	118,866	107,450
1.02.04	Intangible assets	59,134	49,717

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

Account Code	Account Description	Current Quarter 6/30/2020	Prior Year 12/31/2019
2	Total liabilities	22,423,973	21,435,772
2.01	Current liabilities	3,318,971	4,185,153
2.01.01	Social and labor obligations	64,769	83,943
2.01.01.02	Labor obligations	64,769	83,943
2.01.02	Suppliers	129,513	149,361
2.01.02.01	Domestic suppliers	129,513	149,361
2.01.03	Tax Liabilities	45,042	52,788
2.01.03.01	Federal tax liabilities	45,042	52,788
2.01.03.01.01	Income tax and social contribution payable	45,042	52,788
2.01.04	Loans and financing	2,608,513	2,281,577
2.01.04.01	Loans and financing	1,517,790	1,263,400
2.01.04.01.01	In local currency	54,066	91,884
2.01.04.01.02	In foreign currency	1,463,724	1,171,516
2.01.04.02	Debentures	1,090,723	1,018,177
2.01.05	Other liabilities	422,687	1,567,132
2.01.05.02	Other	422,687	1,567,132
2.01.05.02.01	Dividends and interest on equity payable	35,966	1,195,925
2.01.05.02.04	Lease payable	6,222	6,222
2.01.05.02.05	Concessions payable	175,033	139,008
2.01.05.02.06	Other tax and regulatory liabilities	37,972	48,036
2.01.05.02.07	Other current liabilities	167,494	177,941
2.01.06	Provisions	48,447	50,352
2.01.06.01	Tax, social security, labor and civil Provisions	5,632	7,537
2.01.06.01.01	Fiscal provisions	89	150
2.01.06.01.02	Social security and labor provisions	1,689	1,056
2.01.06.01.04	Civil provisions	3,854	6,331
2.01.06.02	Other provisions	42,815	42,815
2.01.06.02.04	Retirement benefits obligations	42,815	42,815
2.02	Non-current liabilities	11,674,437	10,255,465
2.02.01	Loans and financing	7,181,548	6,149,951
2.02.01.01	Loans and financing	3,857,436	2,882,714
2.02.01.01.01	In local currency	84,725	107,699
2.02.01.01.02	In foreign currency	3,772,711	2,775,015
2.02.01.02	Debentures	3,324,112	3,267,237
2.02.02	Other liabilities	3,306,493	3,184,820
2.02.02.02	Other	3,306,493	3,184,820
2.02.02.02.03	Lease payable	9,861	11,853
2.02.02.02.04	Concessions payable	3,175,066	3,042,295
2.02.02.02.05	Other non-current liabilities	121,566	130,672
2.02.03	Deferred taxes	736,525	468,526
2.02.03.01	Deferred income tax and social contribution	736,525	468,526
2.02.04	Provisions	449,871	452,168
2.02.04.01	Tax, social security, labor and civil provisions	87,622	88,664
2.02.04.01.01	Tax provisions	7,335	6,617
2.02.04.01.02	Social security and labor provisions	9,598	13,923
2.02.04.01.04	Civil provisions	70,689	68,124

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

Account Code	Account Description	Current Quarter 6/30/2020	Prior Year 12/31/2019
2.02.04.02	Other provisions	362,249	363,504
2.02.04.02.04	Retirement benefits obligations	362,249	363,504
2.03	Shareholders' equity	7,430,565	6,995,154
2.03.01	Paid-in capital stock	4,902,648	4,902,648
2.03.04	Profit reserves	2,123,245	2,123,245
2.03.04.01	Legal reserve	797,025	797,025
2.03.04.05	Retained earnings reserve	1,127,417	177,673
2.03.04.07	Tax incentive reserve	198,803	198,803
2.03.04.10	Additional dividends proposed	0	949,744
2.03.05	Retained earnings/losses	1,296,024	0
2.03.06	Assets valuation adjustments	245,546	260,324
2.03.08	Other comprehensive income	-1,136,898	-291,063

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

Account Code	Account description	Current quarter 4/1/2020 to 6/30/2020	YTD current year 1/1/2020 to 6/30/2020	Same quarter of previous year 4/1/2019 to 6/30/2019	YTD previous year 1/1/2019 to 6/30/2019
3.01	Revenue from sales of goods and/or services	924,419	2,015,336	1,082,039	2,451,636
3.02	Cost of products and/or services sold	-356,326	-725,098	-501,258	-1,054,053
3.02.01	Energy purchases	-147,273	-272,684	-251,426	-563,234
3.02.02	Transactions in the short-term energy market	-7,150	-37,738	-21,121	-27,503
3.02.03	Charges for the use of and connection to the power grid	-84,254	-167,917	-79,375	-157,999
3.02.04	Other operating costs	-110,353	-232,456	-142,048	-291,771
3.02.05	Cost of services rendered	-7,296	-14,303	-7,288	-13,546
3.03	Gross profit	568,093	1,290,238	580,781	1,397,583
3.04	Operating expenses/income	451,063	638,031	110,579	235,743
3.04.01	Selling expenses	-4,226	-8,188	-4,261	-7,563
3.04.02	General and administrative expenses	-57,254	-109,010	-48,345	-98,285
3.04.05	Other operating expenses	-218	-138	183	-5,088
3.04.05.01	Provision for impairment of assets	0	0	0	-4,900
3.04.05.02	Other operating expenses, net	-218	-138	183	-188
3.04.06	Equity income	512,761	755,367	163,002	346,679
3.04.06.01	Equity	513,597	757,038	163,838	348,350
3.04.06.02	Goodwill amortization	-836	-1,671	-836	-1,671
3.05	Income before financial result and taxes	1,019,156	1,928,269	691,360	1,633,326
3.06	Financial result	-124,714	-383,167	-208,936	-405,813
3.06.01	Financial income	69,732	95,496	22,891	36,350
3.06.02	Financial expenses	-194,446	-478,663	-231,827	-442,163
3.07	Income before income taxes	894,442	1,545,102	482,424	1,227,513
3.08	Income tax and social contribution	-128,732	-267,834	-97,308	-277,213
3.08.01	Current	92	165	-101,899	-280,473
3.08.02	Deferred	-128,824	-267,999	4,591	3,260
3.09	Net income from continuing operations	765,710	1,277,268	385,116	950,300

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

Account Code	Account description	Current quarter 4/1/2020 to 6/30/2020	YTD current year 1/1/2020 to 6/30/2020	Same quarter of previous year 4/1/2019 to 6/30/2019	YTD previous year 1/1/2019 to 6/30/2019
3.11	Net income for the period	765,710	1,277,268	385,116	950,300
3.99	Earnings per share (R$ /share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.93845	1.56542	0.47200	1.16469
3.99.02	Diluted earnings per share				
3.99.02.01	ON	0.93845	1.56542	0.47200	1.16469

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

Account Code	Account description	Current quarter 4/1/2020 to 6/30/2020	YTD current year 1/1/2020 to 6/30/2020	Same quarter of previous year 4/1/2019 to 6/30/2019	YTD previous year 1/1/2019 to 6/30/2019
4.01	Net income for the period	765,710	1,277,268	385,116	950,300
4.02	Other comprehensive income	-80,656	-845,835	-2,848	-708
4.02.01	Equity income in (losses) gains of subsidiaries, net of deferred taxes	-3,951	261	-2,848	-708
4.02.02	Equity income in losses of joint venture, net of deferred taxes	-76,705	-846,096	0	0
4.03	Comprehensive income for the period	685,054	431,433	382,268	949,592

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

Account Code	Account Description	YTD current year 1/1/2020 to 6/30/2020	YTD previous year 1/1/2019 to 6/30/2019
6.01	Net cash from operating activities	1,149,670	1,064,884
6.01.01	Cash generated from operations	1,341,358	1,453,335
6.01.01.01	Income before income taxes	1,545,102	1,227,513
6.01.01.02	Equity interest income	-755,367	-346,679
6.01.01.03	Depreciation and amortization	149,715	146,567
6.01.01.04	Monetary variation	118,359	142,275
6.01.01.05	Interest	301,889	312,294
6.01.01.06	Other	-18,340	-28,635
6.01.02	Changes in assets and liabilities	-191,688	-388,451
6.01.02.01	Trade accounts receivable	69,338	-142,380
6.01.02.02	Inventories	-1,891	3,142
6.01.02.03	Restricted and judicial deposits	-1,017	97
6.01.02.04	Renegotiation of hydrological risk to recognize	6,508	6,509
6.01.02.05	Income tax and social contribution credit	1,022	-3,082
6.01.02.06	Insurance indemnifications receivable	0	71,888
6.01.02.07	Other assets	-195,091	69,624
6.01.02.08	Suppliers	-19,818	-143,175
6.01.02.09	Payment of income tax and social contribution	-2,397	-130,847
6.01.02.10	Payment of interest on debt, net of hedge	-54,072	-82,167
6.01.02.11	Other tax and regulatory obligations	34,302	-12,591
6.01.02.12	Retirement benefits obligations	-14,975	-14,509
6.01.02.13	Other liabilities	-13,597	-10,960
6.02	Net cash from investment activities	-171,384	-3,607,541
6.02.01	Dividends received from subsidiaries	416,100	182,169
6.02.02	Capital increase in subsidiaries and joint ventures	-552,165	-3,916,053
6.02.03	Investment in property, plant and equipment and intangible assets	-35,319	-33,657
6.02.04	Capital decrease in subsidiaries	0	160,000
6.03	Net cash from financing activities	-933,828	1,991,000
6.03.01	New loans and financing	632,490	1,128,003
6.03.02	Issue of debentures	0	2,495,972
6.03.03	Payment of dividends and interest on equity	-1,211,434	-1,535,155
6.03.04	Loans and financing paid, net of hedge	-282,099	-61,221
6.03.05	Payment of concession installments payable	-69,588	-33,390
6.03.06	Lease payment	-3,216	-3,239
6.03.07	Other	19	30
6.05	Increase (decrease) in cash and cash equivalents	44,458	-551,657
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	2,634,965	730,738

Parent Company Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2020 to 6/30/2020 (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	0	3,978	0	3,978
5.04.08	Dividends and interest on equity not claimed	0	0	0	3,978	0	3,978
5.05	Total comprehensive income	0	0	0	1,277,268	-845,835	431,433
5.05.01	Net income for the period	0	0	0	1,277,268	0	1,277,268
5.05.02	Other comprehensive income	0	0	0	0	-845,835	-845,835
5.05.02.06	Fair value hedge of cash flow of subsidiaries and joint ventures	0	0	0	0	-845,835	-845,835
5.06	Internal changes in shareholders' equity	0	0	0	14,778	-14,778	0
5.06.04	Realization of deemed cost	0	0	0	14,778	-14,778	0
5.07	Closing balances	4,902,648	0	2,123,245	1,296,024	-891,352	7,430,565

Parent Company Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2019 to 6/30/2019

(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	-76,703	2,436	0	-74,267
5.04.08	Additional dividends for 2018 credited	0	0	-76,703	0	0	-76,703
5.04.09	Dividends and interest on equity not claimed	0	0	0	2,436	0	2,436
5.05	Total comprehensive income	0	0	0	950,300	-708	949,592
5.05.01	Net income for the period	0	0	0	950,300	0	950,300
5.05.02	Other comprehensive income	0	0	0	0	-708	-708
5.05.02.06	Fair value hedge of cash flow of subsidiaries	0	0	0	0	-708	-708
5.06	Internal changes in shareholders' equity	0	0	20,006	-9,383	-10,623	0
5.06.04	Tax incentive reserve	0	0	20,006	-20,006	0	0
5.06.05	Realization of deemed cost	0	0	0	10,623	-10,623	0
5.07	Closing balances	4,902,648	0	1,049,580	943,353	295,930	7,191,511

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

Account Code	Account Description	YTD current year 1/1/2020 to 6/30/2020	YTD previous year - 1/1/2019 to 6/30/2019
7.01	Revenues	2,238,715	2,724,670
7.01.01	Sale of products and services	2,188,660	2,724,858
7.01.02	Other revenues	50,055	-188
7.01.02.04	Favorable outcome on lawsuit	50,193	0
7.01.02.05	Other revenues	-138	-188
7.02	Raw material acquired from third parties	-543,672	-833,252
7.02.01	Cost of products and services sold	-322,683	-602,508
7.02.02	Materials, energy, third parties services and other	-57,753	-51,782
7.02.04	Other	-163,236	-178,962
7.02.04.02	Charges for the use of and connection to the power grid	-167,917	-157,999
7.02.04.03	Provision for impairment of assets	0	4,900
7.02.04.04	Other	4,681	-25,863
7.03	Gross added value	1,695,043	1,891,418
7.04	Retentions	-149,715	-146,567
7.04.01	Depreciation, amortization and depletion	-149,715	-146,567
7.05	Net added value generated	1,545,328	1,744,851
7.06	Added value received in transfer	850,863	383,029
7.06.01	Equity income	755,367	346,679
7.06.02	Financial income	95,496	36,350
7.07	Total added value to distribute	2,396,191	2,127,880
7.08	Distribution of added value	2,396,191	2,127,880
7.08.01	Labor	111,342	103,268
7.08.01.01	Direct remuneration	70,113	64,677
7.08.01.02	Benefits	20,878	21,790
7.08.01.03	F.G.T.S. - workers' severance fund	6,089	5,649
7.08.01.04	Other	14,262	11,152
7.08.01.04.01	Profit sharing	14,262	11,152
7.08.02	Taxes, duties and contributions	492,558	555,245
7.08.02.01	Federal	480,158	542,305
7.08.02.02	State	10,399	11,105
7.08.02.03	Municipal	2,001	1,835
7.08.03	Third parties capital remuneration	240,631	215,594
7.08.03.01	Interest	236,791	237,555
7.08.03.02	Rentals	414	439
7.08.03.03	Other	3,426	-22,400
7.08.03.03.01	Other financial expenses	3,426	-22,400
7.08.04	Remuneration of own capital	1,296,024	943,353
7.08.04.03	Retained earnings / loss for the period	1,296,024	943,353
7.08.05	Other	255,636	310,420
7.08.05.01	Sectorial charges	36,008	77,278
7.08.05.02	Charges on concessions payable	238,384	226,195
7.08.05.03	Tax incentive reserve	0	20,006
7.08.05.04	Realization of deemed cost	-14,778	-10,623
7.08.05.05	Dividends and interest on equity not claimed	-3,978	-2,436

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

Account Code	Account Description	Current Quarter 6/30/2020	Prior Year 12/31/2019
1	Total assets	32,193,656	30,135,578
1.01	Current assets	8,108,917	6,745,671
1.01.01	Cash and cash equivalents	4,799,482	3,870,261
1.01.03	Accounts receivable	1,465,911	1,451,227
1.01.03.01	Trade accounts receivable	1,465,911	1,451,227
1.01.04	Inventories	264,181	220,964
1.01.06	Taxes recoverable	172,415	166,833
1.01.06.01	Current taxes recoverable	172,415	166,833
1.01.06.01.01	Income tax and social contribution credits	172,415	166,833
1.01.08	Other current assets	1,406,928	1,036,386
1.01.08.03	Other	1,406,928	1,036,386
1.01.08.03.01	Unrealized hedge gains	403,910	115,131
1.01.08.03.02	Unrealized trading gains	268,173	288,771
1.01.08.03.03	Restricted deposits	4,910	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	298,835	296,232
1.01.08.03.06	Insurance indemnifications receivable	0	10,719
1.01.08.03.07	Other current assets	411,182	300,759
1.01.08.03.08	Non-current assets held for sale	4,829	4,829
1.02	Non-current assets	24,084,739	23,389,907
1.02.01	Long term assets	5,189,064	3,814,007
1.02.01.10	Other non-current assets	5,189,064	3,814,007
1.02.01.10.03	Unrealized hedge gains	844,915	311,577
1.02.01.10.04	Unrealized trading gains	76,591	42,695
1.02.01.10.05	Restricted deposits	301,353	381,064
1.02.01.10.06	Judicial deposits	105,379	102,878
1.02.01.10.07	Renegotiation of hydrological risk to appropriate	108,142	115,686
1.02.01.10.08	Concession financial asset	2,403,203	2,411,942
1.02.01.10.09	Agreement asset	960,319	217,611
1.02.01.10.10	Right of use of leases	157,259	161,866
1.02.01.10.11	Other non-current assets	231,903	68,688
1.02.02	Investments	2,045,493	2,948,920
1.02.03	Property, plant and equipment	15,249,837	15,330,211
1.02.03.01	Property, plant and equipment in operation	14,488,244	14,907,812
1.02.03.03	Construction in progress	761,593	422,399
1.02.04	Intangible assets	1,600,345	1,296,769

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

Account Code	Account Description	Current Quarter 6/30/2020	Prior Year 12/31/2019
2	Total liabilities	32,193,656	30,135,578
2.01	Current liabilities	5,520,632	5,979,644
2.01.01	Social and labor obligations	86,169	106,005
2.01.01.02	Labor obligations	86,169	106,005
2.01.02	Suppliers	611,431	765,020
2.01.03	Tax liabilities	190,442	176,395
2.01.03.01	Federal tax liabilities	190,442	176,395
2.01.03.01.01	Income tax and social contribution payable	190,442	176,395
2.01.04	Loans and financing	3,633,739	2,842,160
2.01.04.01	Loans and financing	1,838,010	1,637,691
2.01.04.01.01	In local currency	374,286	466,175
2.01.04.01.02	In foreign currency	1,463,724	1,171,516
2.01.04.02	Debentures	1,795,729	1,204,469
2.01.05	Other liabilities	949,306	2,038,576
2.01.05.02	Other	949,306	2,038,576
2.01.05.02.01	Dividends and interest on equity payable	38,145	1,197,924
2.01.05.02.04	Lease payable	19,989	19,824
2.01.05.02.05	Concessions payable	181,366	145,136
2.01.05.02.06	Other tax and regulatory liabilities	113,481	104,855
2.01.05.02.07	Unrealized trading losses	259,085	258,305
2.01.05.02.08	Other current liabilities	337,240	312,532
2.01.06	Provisions	49,545	51,488
2.01.06.01	Tax, social security, labor and civil provisions	6,636	8,579
2.01.06.01.01	Tax provisions	267	327
2.01.06.01.02	Social security and labor provisions	1,689	1,056
2.01.06.01.04	Civil provisions	4,680	7,196
2.01.06.02	Other provisions	42,909	42,909
2.01.06.02.04	Retirement benefits obligations	42,909	42,909
2.02	Non-current liabilities	19,238,281	17,157,114
2.02.01	Loans and financing	13,355,325	11,920,898
2.02.01.01	Loans and financing	8,654,129	7,181,363
2.02.01.01.01	In local currency	4,881,418	4,406,348
2.02.01.01.02	In foreign currency	3,772,711	2,775,015
2.02.01.02	Debentures	4,701,196	4,739,535
2.02.02	Other liabilities	3,900,548	3,642,194
2.02.02.02	Other	3,900,548	3,642,194
2.02.02.02.03	Lease payable	112,090	114,483
2.02.02.02.04	Concessions payable	3,223,703	3,091,354
2.02.02.02.05	Unrealized trading losses	45,745	20,644
2.02.02.02.06	Other non-current liabilities	519,010	415,713
2.02.03	Deferred taxes	1,330,752	941,468
2.02.03.01	Deferred income tax and social contribution	1,330,752	941,468
2.02.04	Provisions	651,656	652,554
2.02.04.01	Tax, social security, labor and civil provisions	288,592	288,301
2.02.04.01.01	Tax provisions	7,567	6,773
2.02.04.01.02	Social security and labor provisions	10,411	14,320

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

Account Code	Account Description	Current Quarter 6/30/2020	Prior Year 12/31/2019
2.02.04.01.04	Civil provisions	80,903	79,894
2.02.04.01.05	Provision for divestment	189,711	187,314
2.02.04.02	Other provisions	363,064	364,253
2.02.04.02.04	Retirement benefits obligations	363,064	364,253
2.03	Consolidated shareholders' equity	7,434,743	6,998,820
2.03.01	Paid-in capital stock	4,902,648	4,902,648
2.03.04	Profit reserves	2,123,245	2,123,245
2.03.04.01	Legal reserve	797,025	797,025
2.03.04.05	Retained earnings reserve	1,127,417	177,673
2.03.04.07	Tax incentive reserve	198,803	198,803
2.03.04.10	Additional dividend proposed	0	949,744
2.03.05	Retained earnings/losses	1,296,024	0
2.03.06	Assets valuation adjustments	245,546	260,324
2.03.08	Other comprehensive income	-1,136,898	-291,063
2.03.09	Non-controlling interest	4,178	3,666

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

Account Code	Account description	Current quarter 4/1/2020 to 6/30/2020	YTD current year 1/1/2020 to 6/30/2020	Same quarter of previous year 4/1/2019 to 6/30/2019	YTD previous year 1/1/2019 to 6/30/2019
3.01	Revenue from sales of goods and/or services	2,686,515	5,281,109	2,176,479	4,515,238
3.02	Cost of products and/or services sold	-1,582,366	-3,121,340	-1,243,871	-2,501,838
3.02.01	Energy purchases	-587,995	-1,193,416	-639,864	-1,221,882
3.02.02	Transactions in the short-term energy market	-57,383	-175,444	-49,536	-182,848
3.02.03	Charges for the use of and connection to the power grid	-136,367	-277,416	-122,957	-247,054
3.02.04	Operating costs	-793,314	-1,460,738	-424,206	-836,480
3.02.05	Cost of services rendered	-7,307	-14,326	-7,308	-13,574
3.03	Gross profit	1,104,149	2,159,769	932,608	2,013,400
3.04	Operating expenses/income	94,672	135,576	-84,185	-148,336
3.04.01	Selling expenses	-5,941	-11,500	-5,754	-10,518
3.04.02	General and administrative expenses	-60,717	-117,274	-52,015	-106,366
3.04.05	Other operating expenses	-188	-69	393	-4,643
3.04.05.01	Provision for impairment of assets	0	0	0	-4,900
3.04.05.02	Other operating expenses, net	-188	-69	393	257
3.04.06	Equity income (loss)	161,518	264,419	-26,809	-26,809
3.05	Income before financial result and taxes	1,198,821	2,295,345	848,423	1,865,064
3.06	Financial result	-168,538	-560,794	-290,272	-504,395
3.06.01	Financial income	111,060	155,165	41,660	68,770
3.06.02	Financial expenses	-279,598	-715,959	-331,932	-573,165
3.07	Income before income taxes	1,030,283	1,734,551	558,151	1,360,669
3.08	Income tax and social contribution	-264,523	-456,771	-172,783	-409,811
3.08.01	Current	-113,250	-155,670	-153,573	-362,240
3.08.02	Deferred	-151,273	-301,101	-19,210	-47,571
3.09	Net income from continuing operations	765,760	1,277,780	385,368	950,858

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

Account Code	Account description	Current quarter 4/1/2020 to 6/30/2020	YTD current year 1/1/2020 to 6/30/2020	Same quarter of previous year 4/1/2019 to 6/30/2019	YTD previous year 1/1/2019 to 6/30/2019
3.11	Consolidated net income for the period	765,760	1,277,780	385,368	950,858
3.11.01	Attributable to the partners of the parent company	765,710	1,277,268	385,116	950,300
3.11.02	Attributable to non-controlling partners	50	512	252	558
3.99	Earnings per share (R$ /share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.93845	1.56542	0.47200	1.16469
3.99.02	Diluted earnings per share				
3.99.02.01	ON	0.93845	1.56542	0.47200	1.16469

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

Account Code	Account description	Current quarter 4/1/2020 to 6/30/2020	YTD current year 1/1/2020 to 6/30/2020	Same quarter of Previous year 4/1/2019 to 6/30/2019	YTD previous year 1/1/2019 to 6/30/2019
4.01	Consolidated net income for the period	765,760	1,277,780	385,368	950,858
4.02	Other comprehensive income	-80,656	-845,835	-2,848	-708
4.02.01	Unrealized (losses) gains from cash flow hedge operations originated in the fiscal year	-5,199	344	-4,511	-971
4.02.02	Deferred income tax and social contribution	1,248	-83	1,430	354
4.02.03	Equity pickup of (losses) gains from all subsidiaries, net of deferred taxes	-76,705	-846,096	0	0
4.02.04	Realized gains (losses) from cash flow hedge in the period	0	0	233	-91
4.03	Consolidated comprehensive income for the period	685,104	431,945	382,520	950,150
4.03.01	Attributed to the parent company's shareholders	685,054	431,433	382,268	949,592
4.03.02	Attributed to non-controlling shareholders	50	512	252	558

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

Account Code	Account Description	YTD current year 1/1/2020 to 6/30/2020	YTD previous year 1/1/2019 to 6/30/2019
6.01	Net cash from operating activities	1,386,016	1,680,026
6.01.01	Cash generated from operations	2,393,843	2,165,870
6.01.01.01	Income tax before income	1,734,551	1,360,669
6.01.01.02	Equity interest income	-264,419	26,809
6.01.01.03	Depreciation and amortization	468,142	394,754
6.01.01.04	Monetary variation	146,561	166,729
6.01.01.05	Interest	471,938	389,400
6.01.01.06	Remuneration of concession asset	-155,092	-192,122
6.01.01.07	Unrealized trading (gains) losses, net	12,583	33,705
6.01.01.08	Other	-20,421	-14,074
6.01.02	Changes in assets and liabilities	-1,007,827	-485,844
6.01.02.01	Trade accounts receivable	62,385	-138,881
6.01.02.02	Inventories	-43,216	-88,729
6.01.02.03	Restricted and judicial deposits	-44,049	1,599
6.01.02.04	Renegotiation of hydrological risk to recognize	7,545	7,545
6.01.02.05	Income tax and social contribution credit	-5,751	25,131
6.01.02.06	Concession financial asset	141,330	130,137
6.01.02.07	Agreement asset	-569,531	-40,030
6.01.02.08	Insurance indemnifications receivable	10,719	74,780
6.01.02.09	Other assets	-219,470	-38,011
6.01.02.10	Suppliers	-39,705	14,881
6.01.02.11	Payment of income tax and social contribution	-167,340	-202,591
6.01.02.12	Payment of interest on debt, net of hedge	-229,294	-198,793
6.01.02.13	Other tax and regulatory obligations	88,709	-17,099
6.01.02.14	Labor obligations	-19,836	-17,367
6.01.02.15	Retirement benefits obligations	-14,992	-14,508
6.01.02.16	Other liabilities	34,669	16,092
6.02	Net cash from investment activities	-451,398	-4,369,796
6.02.01	Capital increase in joint ventures	0	-3,469,869
6.02.02	Acquisition of property, plant and equipment and intangible assets	-444,953	-899,927
6.02.03	Acquisition of company, net of cash and cash equivalents	-328,195	0
6.02.04	Dividends received from joint ventures	321,750	0
6.03	Net cash from financing activities	-5,397	1,916,301
6.03.01	New loans and financing	1,216,744	1,390,011
6.03.02	Issue of debentures	499,110	2,495,972
6.03.03	Payment of dividends and interest on equity	-1,211,434	-1,535,056
6.03.04	Loans, financing and debentures paid, net of hedge	-556,782	-343,227
6.03.05	Payment of concession installments payable	-72,871	-36,542
6.03.06	Lease payment	-10,163	-9,716
6.03.07	Deposits linked to debt service	129,000	-45,033
6.03.08	Other	999	-108

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

Account Code	Account Description	YTD current year 1/1/2020 to 6/30/2020	YTD previous year 1/1/2019 to 6/30/2019
6.05	Increase (decrease) in cash and cash equivalents	929,221	-773,469
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	4,799,482	1,642,323

Consolidated Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2020 to 6/30/2020 (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	0	3,978	0	3,978	0	3,978
5.04.08	Dividends and interest on equity not claimed	0	0	0	3,978	0	3,978	0	3,978
5.05	Total comprehensive income	0	0	0	1,277,268	-845,835	431,433	512	431,945
5.05.01	Net income for the period	0	0	0	1,277,268	0	1,277,268	512	1,277,780
5.05.02	Other comprehensive income	0	0	0	0	-845,835	-845,835	0	-845,835
5.05.02.06	Fair value of cash flow hedge	0	0	0	0	-845,835	-845,835	0	-845,835
5.06	Internal changes in shareholders' equity	0	0	0	14,778	-14,778	0	0	0
5.06.04	Realization of deemed cost	0	0	0	14,778	-14,778	0	0	0
5.07	Closing balances	4,902,648	0	2,123,245	1,296,024	-891,352	7,430,565	4,178	7,434,743

Consolidated Financial Statements / Changes in Shareholders' Equity Statement / DMPL - 1/1/2019 to 6/30/2019 (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	-76,703	2,436	0	-74,267	-1,787	-76,054
5.04.08	Additional dividends for 2018 credited	0	0	-76,703	0	0	-76,703	0	-76,703
5.04.09	Interim dividends paid	0	0	0	0	0	0	-1,787	-1,787
5.04.10	Dividends and interest on equity not claimed	0	0	0	2,436	0	2,436	0	2,436
5.05	Total comprehensive income	0	0	0	950,300	-708	949,592	558	950,150
5.05.01	Net income for the period	0	0	0	950,300	0	950,300	558	950,858
5.05.02	Other comprehensive income	0	0	0	0	-708	-708	0	-708
5.05.02.06	Fair value hedge of cash flow	0	0	0	0	-708	-708	0	-708
5.06	Internal changes in shareholders' equity	0	0	20,006	-9,383	-10,623	0	0	0
5.06.04	Tax incentive reserve	0	0	20,006	-20,006	0	0	0	0
5.06.05	Realization of deemed cost	0	0	0	10,623	-10,623	0	0	0
5.07	Closing balances	4,902,648	0	1,049,580	943,353	295,930	7,191,511	3,162	7,194,673

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

Account Code	Account Description	YTD current year 1/1/2020 to 6/30/2020	YTD previous year 1/1/2019 to 6/30/2019
7.01	Revenues	6,110,471	6,019,761
7.01.01	Sale of products and services	4,946,340	4,754,992
7.01.02	Other income	257,091	192,379
7.01.02.01	Remuneration of concession asset	155,092	192,122
7.01.02.02	Favorable outcome on lawsuit	79,874	0
7.01.02.03	Unrealized gains from trading operations	22,194	0
7.01.02.04	Other revenues	-69	257
7.01.03	Income related to the construction of own assets	907,040	1,072,390
7.02	Raw material acquired from third parties	-2,857,333	-2,848,209
7.02.01	Cost of products and services sold	-1,492,242	-1,479,223
7.02.02	Materials, energy, third parties services and other	-198,188	-147,684
7.02.04	Other	-1,166,903	-1,221,302
7.02.04.01	Construction costs	-877,283	-926,599
7.02.04.03	Charges for the use of and connection to the power grid	-277,416	-247,054
7.02.04.04	Provision for impairment of assets	0	-4,900
7.02.04.05	Other	-12,204	-42,749
7.03	Gross added value	3,253,138	3,171,552
7.04	Retentions	-468,142	-394,754
7.04.01	Depreciation, amortization and depletion	-468,142	-394,754
7.05	Net added value generated	2,784,996	2,776,798
7.06	Added value received in transfer	419,584	41,961
7.06.01	Equity income (loss)	264,419	-26,809
7.06.02	Financial income	155,165	68,770
7.07	Total added value to distribute	3,204,580	2,818,759
7.08	Distribution of added value	3,204,580	2,818,759
7.08.01	Labor	176,724	156,302
7.08.01.01	Direct remuneration	109,426	98,914
7.08.01.02	Benefits	34,845	30,565
7.08.01.03	F.G.T.S. - workers' severance fund	10,277	10,056
7.08.01.04	Other	22,176	16,767
7.08.01.04.01	Profit sharing	22,176	16,767
7.08.02	Taxes, duties and contributions	955,109	893,491
7.08.02.01	Federal	931,682	878,493
7.08.02.02	State	20,461	12,570
7.08.02.03	Municipal	2,966	2,428
7.08.03	Third parties capital remuneration	493,399	490,590
7.08.03.01	Interest	458,514	338,896
7.08.03.02	Rentals	3,512	4,864
7.08.03.03	Other	31,373	146,830
7.08.03.03.01	Capitalized interest and monetary variation	16,166	144,865
7.08.03.03.02	Other financial expenses	15,207	1,965
7.08.04	Remuneration of own capital	1,296,024	943,353
7.08.04.03	Retained earnings / loss for the period	1,296,024	943,353

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

Account Code	Account Description	YTD current year 1/1/2020 to 6/30/2020	YTD previous year 1/1/2019 to 6/30/2019
7.08.05	Other	283,324	335,023
7.08.05.01	Sectorial charges	60,118	97,367
7.08.05.02	Charges on concessions payable	241,450	230,151
7.08.05.03	Non-controlling shareholder	512	558
7.08.05.04	Tax incentive reserve	0	20,006
7.08.05.05	Realization of deemed cost	-14,778	-10,623
7.08.05.06	Dividends and interest on equity not claimed	-3,978	-2,436

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ECONOMIC-FINANCIAL PERFORMANCE

	Result by segment – 2Q20 x 2Q19 (in R$ million)					
	Electric energy					
	Generation[1]	Transmission[2]	Trading	Solar panels	Gas transportation	Consolidated
2Q20						
Net operating revenue	1,990.1	433.8	254.1	8.5	-	2,686.5
Operational costs	(907.3)	(413.2)	(250.8)	(11.1)	-	(1,582.4)
Gross income (loss)	**1,082.8**	**20.6**	**3.3**	**(2.6)**	**-**	**1,104.1**
Selling, general and administrative expenses	(64.7)	(0.2)	(0.6)	(1.1)	-	(66.6)
Other operating expenses, net	(0.2)	-	-	-	-	(0.2)
Equity income	-	-	-	-	161.5	161.5
Income (loss) before financial results and taxes	**1,017.9**	**20.4**	**2.7**	**(3.7)**	**161.5**	**1,198.8**
2Q19						
Net operating revenue	1,862.2	22.4	268.6	23.3	-	2,176.5
Operational costs	(933.0)	(19.6)	(268.9)	(22.4)	-	(1,243.9)
Gross income (loss)	**929.2**	**2.8**	**(0.3)**	**0.9**	**-**	**932.6**
Selling, general and administrative expenses	(55.0)	(0.1)	(1.0)	(1.6)	-	(57.7)
Other operating revenues, net	0.4	-	-	-	-	0.4
Equity income	-	-	-	-	(26.8)	(26.8)
Income (loss) before financial results and taxes	**874.6**	**2.7**	**(1.3)**	**(0.7)**	**(26.8)**	**848.5**
Variation						
Net operating revenue	127.9	411.4	(14.5)	(14.8)	-	510.0
Operational costs	25.7	(393.6)	18.1	11.3	-	(338.5)
Gross income (loss)	**153.6**	**17.8**	**3.6**	**(3.5)**	**-**	**171.5**
Selling, general and administrative expenses	(9.7)	(0.1)	0.4	0.5	-	(8.9)
Other operating revenues (expenses), net	(0.6)	-	-	-	-	(0.6)
Equity income	-	-	-	-	188.3	188.3
Income (loss) before financial results and taxes	**143.3**	**17.7**	**4.0**	**(3.0)**	**188.3**	**350.3**

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

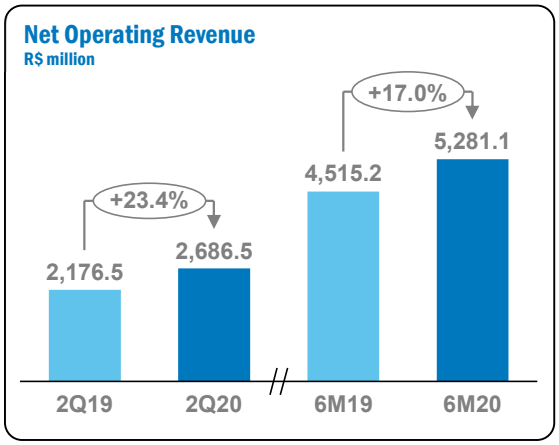
[1] Generation and sale of electric energy from the Company's portfolio ("Generation").
[2] Segment represented by the Gralha Azul Transmission System and Novo Estado Transmissora de Energia (acquired in March 2020), both under construction.

Economic-Financial Performance

Net Operating Revenue

	Operating revenue by segment – 2Q20 x 2Q19 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2Q20					
Distribution companies	860.8	-	-	-	860.8
Free consumers	732.9	-	-	-	732.9
Construction revenue	-	423.2	-	-	423.2
Energy trading operations	-	-	257.6	-	257.6
Trading companies	147.9	-	-	-	147.9
Remuneration of concession financial assets	53.0	10.6	-	-	63.6
Transactions in the short-term market	58.7	-	1.7	-	60.4
Services rendered revenue	30.1	-	-	-	30.1
Unrealized gains on trading operations[3]	-	-	(5.2)	-	(5.2)
Gain of lawsuit	79.9	-	-	-	79.9
Other revenues	26.8	-	-	8.5	35.3
Net operating revenue	**1,990.1**	**433.8**	**254.1**	**8.5**	**2,686.5**
2Q19					
Distribution companies	756.7	-	-	-	756.7
Free consumers	780.8	-	-	-	780.8
Construction revenue	-	20.0	-	-	20.0
Energy trading operations	-	-	264.0	-	264.0
Trading companies	131.3	-	-	-	131.3
Remuneration of concession financial assets	89.6	2.4	-	-	92.0
Transactions in the short-term market	68.8	-	4.6	-	73.4
Services rendered revenue	27.8	-	-	-	27.8
Other revenues	7.2	-	-	23.3	30.5
Net operating revenue	**1,862.2**	**22.4**	**268.6**	**23.3**	**2,176.5**
Variation					
Distribution companies	104.1	-	-	-	104.1
Free consumers	(47.9)	-	-	-	(47.9)
Construction revenue	-	403.2	-	-	403.2
Energy trading operations	-	-	(6.4)	-	(6.4)
Trading companies	16.6	-	-	-	16.6
Remuneration of concession financial assets	(36.6)	8.2	-	-	(28.4)
Transactions in the short-term market	(10.1)	-	(2.9)	-	(13.0)
Services rendered revenue	2.3	-	-	-	2.3
Unrealized gains on trading operations	-	-	(5.2)	-	(5.2)
Gain of lawsuit	79.9	-	-	-	79.9
Other revenues	19.6	-	-	(14.8)	4.8
Net operating revenue	**127.9**	**411.4**	**(14.5)**	**(14.8)**	**510.0**

In 2Q20, net operating revenue increased 23.4% (R$ 510.0 million) compared to 2Q19 from R$ 2,176.5 million to R$ 2,686.5 million. This increase reflected mainly the following factors:



Generation and sale of energy from the portfolio: an increase of R$ 127.9 million (6.9%), substantially due to increases of (i) R$ 79.9 million non-recurring revenue from tax recovery; (ii) R$ 37.2 million corresponding to the increase in net average sales price; (iii) R$ 35.6 million due to the greater amount of energy sold; (iv) R$ 20.2 million relating above all to booking in 2Q20 of revenue from indemnity payments for delays in the conclusion of construction work and a contractual penalty fee for plant downtime – included under the "Other Revenues" line; and (v) R$ 2.3 million of Generation Asset Management (GAG) revenue from the Jaguara and Miranda Hydroelectric Power Plants; partially attenuated by the following decreases: (vi) R$ 36.6 million in remuneration of the financial assets for the portion of the payment for the Jaguara and Miranda concessions grant applying to energy delivered under the Regulated Contracting Environment (ACR) due to lower inflation between quarters; and (vii) R$ 10.1 million from transactions conducted on the short-term market, principally the CCEE.

[3] In 2Q20, the Company recorded a reduction in unrealized gains in trading operations through ENGIE Brasil Energia Comercializadora Ltda ("EBC").

Economic-Financial Performance

Of the variations registered under items (ii), (iii) and (vii), R$ 147.7 million came from activities of the Pampa Sul Thermoelectric Power Plant (Pampa Sul), which went into commercial operations on June 28, 2019.

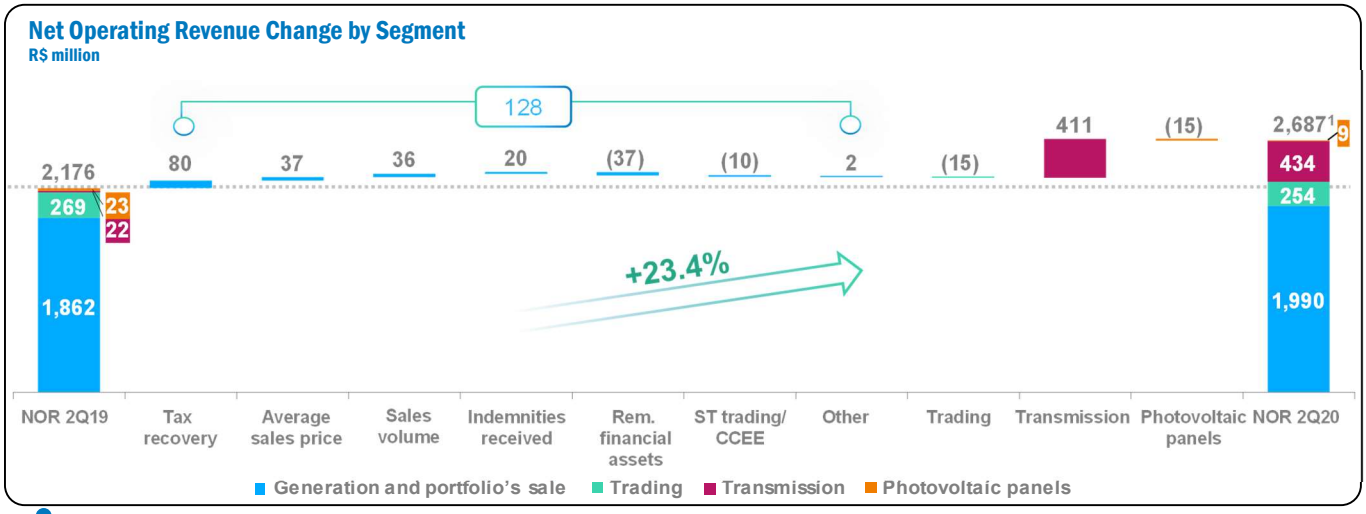
If the effects involving Pampa Sul and the non-recurring effect of the lawsuit ruled in favor of the Company, mentioned in item (i) are not considered, then net operating revenue from the generation and sale of electric energy segment from the Company's portfolio would have reported a reduction of R$ 99.7 million (5.4%) in 2Q20 compared to 2Q19. This reduction was largely driven by the following elements: (i) retraction of consumption on the part of free consumers, in turn reflecting fallout from the Covid-19 pandemic triggering the contractual flexibility clause permitting a reduction in contracted energy, partially compensated by the increase in average price of energy sold; (ii) reduction of average price and volume in the revenues with the distribution companies; (iii) decrease in remuneration of concession assets; (iv) an increase in revenues from indemnity payments for delays in concluding work and the collection of a contractual fine for plant downtime; and (v) an increase in revenues with trading companies.

Transmission: increase of R$ 411.4 million due to the acquisition and the start on work at Novo Estado Transmissora de Energia (Novo Estado) and progress made in work on the Gralha Azul Transmission System (Gralha Azul). Worthy of mention here is that this book revenue from the construction of transmission assets is a reflection of the application of CPC 47 Accounting Pronouncements – Revenue Recognition due to Client Contracts.

Trading: a reduction of R$ 14.5 million (5.4%) arising from reduced revenue from operations and the negative result following marking to market of future sales.

Solar panels: a decline of R$ 14.8 million (63.5%) in sales and installation of solar panels due to the retraction in this market during the second quarter.

Results of the trading and transmission segments will be commented under a separate heading.



[1] Apparent sum-related errors are a result from rounding of addends.

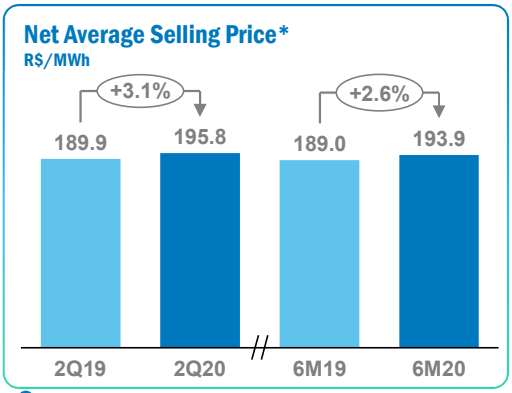
Comments on Variation in Net Operating Revenue

➢ Generation and Sales of Energy from the Portfolio

➢ Net Average Selling Price

The average selling price of energy, net of charges on revenue, was **R$ 195.79/MWh in 2Q20, 3.1% higher** than reported in 2Q19, when the price stood at R$ 189.87/MWh.

The increase in price was driven largely by monetary restatement of current agreements, by the average selling price of energy generated from Pampa Sul – higher than the average for the other existing purchase agreements with distributors -, and by the increase in average price for free consumers, in turn due to new agreements with prices higher than those already in force. However, these effects were partially offset by new agreements with traders at prices lower than the average for existing or expired agreements.



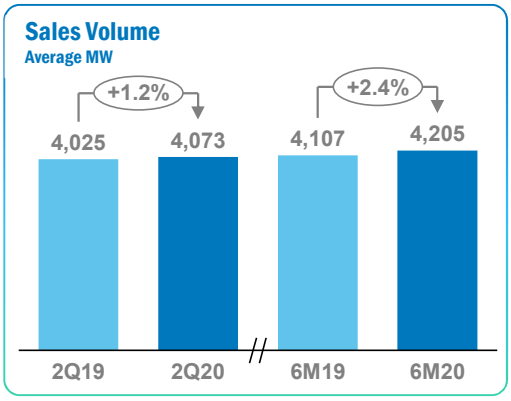
* Net of taxes and trading operations.

Economic-Financial Performance

➢ Sales Volume

Energy sales volume under agreements increased from 8,790 GWh (4,025 average MW) in 2Q19 to **8,895 GWh (4,073 average MW) in 2Q20**, an increase of 105 GWh (48 average MW) between comparative periods (1.2%).

The increase in sales volume is mainly the result of the entry into commercial operations of Pampa Sul which sold 293 average MW in the quarter as well as fresh transactions with trading houses, but partially attenuated by a reduction in free consumer demand principally reflecting the economic downturn caused by the Covid-19 pandemic, by agreements expiring in 2019 within the scope of the Electric Energy Commercialization Agreement in the Regulated Environment (CCEAR), and by operations under the Surplus and Deficit Compensation Mechanism (MCSD).



➢ Revenue from Sale of Electric Energy

- Distribution Companies:

Revenue from sale to distributors reached R$ 860.8 million in 2Q20, R$ 104.1 million (13.8%) higher than R$ 756.7 million recorded in 2Q19. This increase was driven by the following factors: (i) R$ 102.6 million — an increase of 454 GWh (208 average MW) in sales volume; and (ii) R$ 1.5 million — an increase of 0.2% in the net average price of sales.

The increase in sales volume was the result mainly of the entry into commercial operations of Pampa Sul, power output and earmarked for fulfilling supplies under the new energy auctions. This resulted in revenues of R$ 149.8 million, partially attenuated by contractual reductions via MCSD and the booking reimbursements under agreements in the regulated environment.

The increase in the average net sales price was substantially motivated by the average price in the sale of energy from Pampa Sul, higher than the average of existing contracts, attenuated by lower average prices for agreements involving energy sales closed with Umburanas – Phase I.

- Free Consumers:

Net sales revenue from free consumers decreased by R$ 47.9 million (6.1%) between the comparative quarters, falling from R$ 780.8 million in 2Q19 to R$ 732.9 million in 2Q20. The following events contributed to this variation: (i) R$ 97.2 million — a reduction of 546 GWh (250 average MW) in energy sales volume; and (ii) R$ 49.3 million — a growth of 6.3% in net average price of sales.

The reduction in energy sales volume is again a reflection of the Covid-19 pandemic and the prevailing uncertainties surrounding the recovery in the economy with a corresponding impact on energy demand caused by reduced consumption of industrial clients in line with the limits under agreement flexibility clauses. As a result, energy volume unsold to free consumers was settled on the CCEE. This decrease was partially offset by new agreements in 2Q20 and profile changes from trading companies to free consumers.

Higher prices are due largely to new agreements with average prices higher than the average for existing or expired agreements. There was also the impact of monetary restatement on existing agreements.

- Trading Companies:

In 2Q20, sales revenue from trading companies was R$ 147.9 million, R$ 16.6 million (12.6%) more than the R$ 131.3 million in 2Q19. This growth reflects a combination of the following aspects: (i) R$ 30.2 million — an increase of 197 GWh (90 average MW) in energy volume sold; and (ii) R$ 13.6 million — a decrease of 10.4% in the net average price of sales.

Year-on-year growth in volume is due principally to new agreements closed in 2020, in turn reflecting portfolio management strategy, partially attenuated by migration of part of the clients that had previously acquired their energy through trading companies, subsequently transferring to the free consumer profile between 2019 and 2020.

The reduction in prices is basically the result of new agreements at lower prices than the average for existing or expired agreements as well as a decline in prices in the National Interconnected System in 2020 with the onset of Covid-19, partially attenuated by monetary restatement of prevailing agreements.

Economic-Financial Performance

➢ Remuneration of Concession Financial Assets

The financial assets from concessions represent the present value of the future cash flows from the tranche of energy allocated to the Regulated Contracting Environment (ACR) in the case of the Jaguara and Miranda Hydroelectric Power Plants and equivalent to 70% of the physical guarantee of these plants. These assets are remunerated at the internal rate of return and by the variation of the Amplified Consumer Price Index (IPCA).

Remuneration of financial assets of concessions decreased from R$ 89.6 million in 2Q19 to R$ 53.0 million **in 2Q20, a reduction of R$ 36.6 million (40.8%)**. The decrease is largely due to the variation in the IPCA between the two quarters. The reduction is partially attenuated by a growth in the average balance in the intervening period.

➢ Transactions in the Short-term Energy Market

In 2Q20, revenues reported from transactions in the short-term market were R$ 58.7 million, while in 2Q19, these same revenues amounted to R$ 68.8 million, a **reduction of R$ 10.1 million (14.7%)** between the two compared quarters. Additional explanations on these operations and related variations are to be found under “Details of short-term operations”.

➢ Lawsuit Ruled in Favor of the Company – Tax Recovery

On May 18, 2020, the Company received a favorable decision res judicata that guaranteed the Company the right to reimbursement, either by compensation or restitution, federal tax credits, duly restated at the Selic basic rate of interest. In the light of this event, the Company booked R$ 79.9 million in 2Q20. The amount in question was restated monetarily with a R$ 72.9 million impact on the financial result for 2Q20. The Company will take steps to recover the tax credits according to the legal provisions laid down by the Brazilian Internal Revenue Service and is using its best efforts to raise the necessary substantiating documentation for delivery to the fiscal authorities when requested.

➢ Solar Panels

Revenue from solar panel sales and installation by the subsidiary ENGIE Geração Solar Distribuída S.A. (EGSD) between the quarters under analysis, **posted a decline of R$ 14.8 million (63.5%)** from R$ 23.3 million in 2Q19 to **R$ 8.5 million in 2Q20**. In 2Q20, EGSD installed a total of 49 systems with an installed capacity of 3,920 kWp, compared to 6,793 kWp registered in 2Q19 and corresponding to a total of 130 installed systems. The year-on-year deceleration of commercial activities was principally due to the Covid-19 outbreak in Brazil.

Economic-Financial Performance

Operational Costs

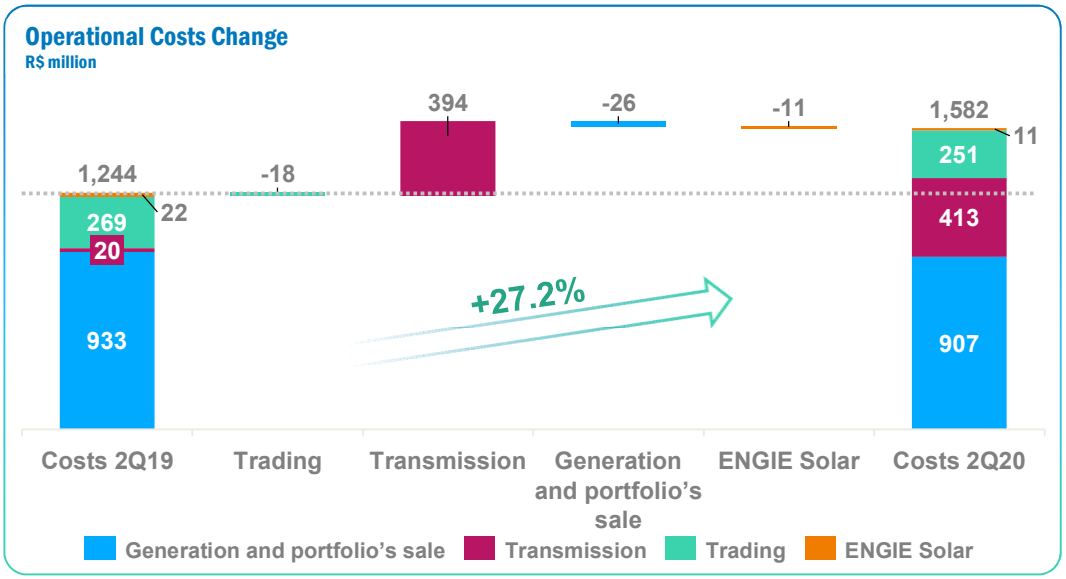
	Costs by segment – 2Q20 x 2Q19 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2Q20					
Electric power purchases	337.2	-	241.7	-	578.9
Construction costs	-	413.2	-	-	413.2
Depreciation and amortization	227.9	-	-	-	227.9
Charges for the use of and connection to the power grid	136.4	-	-	-	136.4
Materials and third-party services	71.5	-	-	3.3	74.8
Personnel	64.3	-	-	2.4	66.7
Transactions in the short-term market	57.4	-	-	-	57.4
Insurance	18.5	-	-	-	18.5
Unrealized losses on trading operations	-	-	9.1	-	9.1
Cost of selling solar panels	-	-	-	5.4	5.4
Royalties	3.7	-	-	-	3.7
Fuel for generation	(10.5)	-	-	-	(10.5)
Operating provisions, net	(12.8)	-	-	-	(12.8)
Other operational costs, net	13.7	-	-	-	13.7
Operational costs	**907.3**	**413.2**	**250.8**	**11.1**	**1,582.4**
2Q19					
Electric power purchases	371.0	-	261.8	-	632.8
Construction costs	-	19.6	-	-	19.6
Depreciation and amortization	199.5	-	-	-	199.5
Charges for the use of and connection to the power grid	123.0	-	-	-	123.0
Materials and third-party services	55.1	-	-	4.7	59.8
Personnel	62.8	-	-	2.3	65.1
Transactions in the short-term market	49.5	-	-	-	49.5
Insurance	20.5	-	-	-	20.5
Unrealized losses on trading operations	-	-	7.1	-	7.1
Cost of selling solar panels	-	-	-	14.9	14.9
Royalties	27.5	-	-	-	27.5
Fuel for generation	19.2	-	-	-	19.2
Operating provisions, net	(3.2)	-	-	-	(3.2)
Other operational costs, net	8.1	-	-	0.5	8.6
Operational costs	**933.0**	**19.6**	**268.9**	**22.4**	**1,243.9**
Variation					
Electric power purchases	(33.8)	-	(20.1)	-	(53.9)
Construction costs	-	393.6	-	-	393.6
Depreciation and amortization	28.4	-	-	-	28.4
Charges for the use of and connection to the power grid	13.4	-	-	-	13.4
Materials and third-party services	16.4	-	-	(1.4)	15.0
Personnel	1.5	-	-	0.1	1.6
Transactions in the short-term market	7.9	-	-	-	7.9
Insurance	(2.0)	-	-	-	(2.0)
Unrealized losses on trading operations	-	-	2.0	-	2.0
Cost of selling solar panels	-	-	-	(9.5)	(9.5)
Royalties	(23.8)	-	-	-	(23.8)
Fuel for generation	(29.7)	-	-	-	(29.7)
Operating provisions, net	(9.6)	-	-	-	(9.6)
Other operational costs, net	5.6	-	-	(0.5)	5.1
Operational costs	**(25.7)**	**393.6**	**(18.1)**	**(11.3)**	**338.5**

Operational costs increased by R$ 338.5 million (27.2%) between comparative quarters from R$ 1,243.9 million in 2Q19 **to R$ 1,582.4 million in 2Q20**. This increase reflects the following elements: (i) the increase of R$ 393.6 million (2,008.2%) in transmission segment costs; (ii) a reduction in 2Q20 of R$ 25.7 million (2.8%) in relation to 2Q19 in costs of the generation and sale of electric energy segment from the Company's portfolio; (iii) decrease of R$ 18.1 million (6.7%) in the costs of energy trading operations; and (iv) a fall of R$ 11.3 million (50.4%) in solar panel sales and installation costs.

As to the variation in item (ii), of particular note was the increase of R$ 88.9 million due to the entry into commercial operations of Pampa Sul. If this factor is ignored, the operational costs for the generation and sale of electric energy segment from the Company's portfolio in 2Q20 would have fallen by R$ 114.6 million (12.4%) in relation to 2Q19. The principal reasons behind this reduction were: (i) greater reimbursement of fuel costs for generation at the Jorge Lacerda Thermolectric Power Plant; (ii) a reduction in energy purchases; and (iii) a decrease in royalty overheads.

Economic-Financial Performance

The costs of the trading and transmission segments will be commented under a separate heading.



Comments on Variations in Operational Costs

➢ Generation and Energy Sales from the Portfolio

» **Energy purchases:** between 2Q19 and 2Q20 there was a reduction of R$ 33.8 million (9.1%) in purchase operations for energy portfolio management operations due to: (i) R$ 27.3 million — a decrease of 145 GWh (66 average MW) in purchase volume and (ii) R$ 6.5 million — a decrease of 1.9% in the net average purchase price, which includes the short term purchases, which was R$ 188.41/MWh in 2Q19 falling to R$ 184.82/MWh in 2Q20.

The reduction in purchase volume between comparative periods was primarily due to the Company requiring to purchase energy as a result of the delay in the completion of construction at Pampa Sul in the first half of 2019. The Company reduced purchases with the entry into commercial operations of the plant at the end of June 2019. The decrease in the average purchase price is a reflection largely of the reduction in the Differences Settlement Price (PLD) between the two quarters given that the PLD is used as a parameter for fixing the short-term price. However, this effect was partially attenuated by monetary correction for the period.

» **Depreciation and amortization:** an increase of R$ 28.4 million (14.2%) between comparative quarters above all due to the entry into commercial operations of Pampa Sul, the impact of which was R$ 27.8 million. If the effect of Pampa Sul's entry into commercial operation is not considered, then the increase in these costs would have been R$ 0.6 million (0.3%) in 2Q20 compared with 2Q19.

» **Charges for use of and connection to the electricity grid:** an increase of R$ 13.4 million (10.9%) between the two quarters due above all to the entry into commercial operations of Pampa Sul, the impact of which was R$ 5.1 million. If this effect is discounted, the increase would have been R$ 8.3 million (7.0%), by and large reflecting the annual tariff readjustment for the transmission and distribution segments.

» **Material and third-party services:** an increase of R$ 16.4 million (29.8%) in 2Q20 in relation to the same quarter in 2019, resulting mainly from the increase of R$ 16.1 million in the costs of operations and maintenance due to new agreements following the entry into operations of Pampa Sul. If this effect is ignored, then costs with material and third-party services would have seen an increase of R$ 0.3 million (0.5%) between the compared quarters.

» **Personnel:** an increase of R$ 1.5 million (2.4%) in 2Q20 compared with the same quarter in 2019, the result of new hiring at Pampa Sul, this pushing up personnel costs by R$ 1.7 million on a year-on-year comparative basis. Discounting the effect of Pampa Sul, there would have been a reduction of R$ 0.2 million (0.3%) in 2Q20 compared with 2Q19.

» **Transactions in the short-term energy market:** on a 2Q19 X 2Q20 comparative basis, the costs with these transactions were R$ 7.9 million (16.0%) higher. This impact would have been R$ 6.2 million (12.5%) had it not been for the delays in bringing Pampa Sul on stream, the latter recording purchases of R$ 1.7 million in 2Q20. Greater explanations for these operations and on variation can be found under "Details of Short-Term Operations".

» **Insurance:** reduction of R$ 2.0 million (9.8%) between comparative quarters, substantially due to the reduction of R$ 7.4 million in the insurance premium at the Jorge Lacerda Thermoelectric Power Plant and the Jaguara Hydroelectric Power Plant following on a reevaluation of risks at these two plants. However, this reduction was partially offset by the inclusion of Pampa Sul and the Umburanas – Phase I and Campo Largo – Phase I wind complexes in the Company's insurance policy, and inflating premium costs by R$ 2.4 million, R$ 1.9 million and R$ 1.0 million, respectively.

» **Financial compensation for use of hydro resources (Royalties):** reduction of R$ 23.8 million (86.5%) between the comparative quarters due largely to lower generation from the hydroelectric plants between the quarters under review in turn principally caused by the reduction in consumption and drought conditions in the South of Brazil in 2Q20, but partially attenuated by the annual readjustment.

» **Fuels for the generation of electricity:** a decrease of R$ 29.7 million (154.7%) on a 2Q19 x 2Q20 comparison basis, due basically to the following effects: (i) R$ 51.7 million reduction in costs with proprietary coal at the Jorge Lacerda Thermoelectric Power Plant, in turn due to the decrease in generation volume between compared quarters, partially attenuated by the monetary restatement effect; and (ii) to the consumption of fuel with the entry into commercial operations of Pampa Sul, in June 2019, and amounting to R$ 21.1 million.

» **Operational provisions net:** a positive effect on results of R$ 9.6 million (300.0%) in 2Q20 in relation to the same quarter in 2019, resulting largely due to the reversal of provisions for losses on estimated doubtful accounts of R$ 12.3 million in 2Q20, in the light of a legal agreement between the Company and a client whereby the amount in question will be received over the next few months. In 2Q19, there was a reversal in provisions with the decommissioning of Charqueadas Thermal Power Plant, in the amount of R$ 3,1 million.

➢ Solar Panels

Comparing the two quarters, there was a reduction of R$ 11.3 million (50.4%) for this segment, mainly due to the decrease in costs of selling and installing solar panels, of R$ 9.5 million (63.8%) and R$ 1.4 million (29.8%) in the costs with materials and outsourced services, in turn a reflection of the downturn in sales in 2Q20 relative to 2Q19.

Operational Result of the Energy Trading Segment

The Company operates in the energy trading market, obtaining results through the variation in energy prices within pre-established risks limits. Energy trading operations are transacted in an active market and for accounting purposes these transactions are deemed financial instruments at fair value, principally because there is no commitment to match buying and selling operations and thus having a corresponding flexibility to manage contracts and attain results from price variations in the market.

Gross results between the quarters under analysis increased R$ 3.6 million (1,200.0%) from a loss of R$ 0.3 million in 2Q19 to a profit of R$ 3.3 million in 2Q20. This growth reflects the following effects: (i) R$ 13.7 million due to an increase in gross results from energy purchase and sale transactions; (ii) a R$ 7.2 million negative impact from marking to market — the difference between contractual and market prices — of the net contracted operations pending as at June 30, 2020 x 2019; and (iii) a reduction of R$ 2.9 million in the result of transactions in the short-term energy market.

Operational Result from the Energy Transmission Segment

The Company has primary responsibility for the construction and installation of the infrastructure pertaining to the transmission concession of the Gralha Azul Transmission Systems – work on installation of which began in the second half of 2018 - and Novo Estado, as from the acquisition of 100% of the shares of Novo Estado Transmissora de Energia S.A. (current denomination of Sterlite Novo Estado Energia S.A.) in March 2020. EBE is exposed to the risks and benefits of these constructions. Consequently, based on prevailing accounting practices, the Company books revenue corresponding to the implementation of transmission infrastructure over the period of installation for an amount reflecting the costs of construction plus a residual gross margin for covering management costs. The expenditures incurred in the construction are booked to transmission infrastructure costs. The Annual Allowed Revenue (RAP) is received as from the entry into commercial operations of the Transmission System. Consequently, resources from the operational activity are only received from this point on.

➢ Transmission Revenue

Revenue from the energy transmission segment increased in 2Q20, compared with 2Q19, **by R$ 411.4 million** of which: (i) R$ 403.2 million corresponds to the increase in revenue from the installation of transmission infrastructure; and (ii) R$ 8.2 million due to increased remuneration of the infrastructure.

Both increases are a consequence of the acquisition and start of work on Novo Estado and the advance in work in progress on the construction of the Gralha Azul Transmission System. In addition, revenue from the remuneration of transmission infrastructure was also impacted by the variation in the IPCA.

Economic-Financial Performance

➢ Construction Costs

Construction costs reported year-on-year growth of R$ 393.6 million driven by advances in the execution of work on the Gralha Azul and Novo Estado transmission systems.

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.

In 2Q20 and 2Q19, **net results** (difference between revenues and costs — less tax) from short-term transactions — particularly those executed through the CCEE — **were positive at R$ 3.0 million** and R$ 23.9 million, respectively. This translated into a reduction of **R$ 20.9 million between the two compared quarters**, R$ 18.0 million being generated from the result of transactions in the generation and sale of electric energy segment from the Company's portfolio and R$ 2.9 million from the result for energy trading transactions.

This variation arose mainly from the following effects: (i) reduction in MRE revenue due to the lower hydro generation in the 2Q20; (ii) the negative impact of the Energy Reallocation Mechanism's (MRE) Adjustment Factor (GSF) — already deducted for the effects of the renegotiation of hydrology risk; (iii) positive effect arising from the difference of prices between the North/Northeast and the Southeast/Central-West submarkets in 2Q19; (iv) reductions in the financial impact of short-term operations and the long position on the CCEE in 2Q20 compared to 2Q19, due to the reduction of the average PLD between periods; and (v) increased thermoelectric generation between the two periods analyzed.

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 the which the Company operates (in MWh).

Average PLD in R$/MWh	2Q20	2Q19	Avg. (%)
South	75.47	131.37	(42.6%)
Southeast/Center-West	75.47	131.37	(42.6%)
Northeast	49.40	57.27	(13.7%)

The 14.6% reduction in PLD was driven by the decline in average consumption comparing the periods when social isolation was in effect (March 21 to June 30) due to the Covid-19 pandemic and the average of 20 days immediately prior to the restrictive measures (March 01 to 20), as disclosed by the CCEE.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased from R$ 57.7 million in 2Q19 to R$ 66.6 million in 2Q20, R$ 8.9 million higher (15.4%) when comparing the quarters in analysis. This is a combination of the following items: (i) an increase of R$ 9.7 million (17.6%) in the generation and sale of electric energy segment from the Company's portfolio, a reflection of the following increases: R$ 8.0 million in expenses with materials and outsourced services (51.9%) of which the most important items are the acquisition of materials for preventive activities in the light of the Covid-19 outbreak; and (ii) R$ 0.9 million in payroll expenses (3.2%), mainly due to the annual wage adjustment. These increases were partially offset by reductions of R$ 0.5 million (31.3%) and R$ 0.4 million (40.0%), in the case of the solar panel sales/installation and the energy trading segments, respectively.

Economic-Financial Performance

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.

The Company booked a positive result via equity income of R$ 161.5 million in 2Q20, from the jointly-owned subsidiary TAG and a reflection of a combination of the following effects: (i.i) R$ 351.8 million relative to the positive EBITDA; (i.ii) R$ 112.0 million in depreciation and amortization costs of which R$ 66.3 million relate to the amortization of the surplus resulting from the reverse incorporation of Aliança; (i.iii) R$ 101.3 million in financial expenses, net, impacted by loans raised by Aliança prior to the incorporation: (i.iv) R$ 72.0 million representing a non-recurring effect with respect to the booking of hitherto unused tax incentives with respect to operations in the Sudene development area; and (i.v) R$ 49.0 million relative to income tax and social contribution on net income.

In 2Q19, the Company booked a negative equity income in the jointly owned subsidiary, Aliança for R$ 26.8 million as recognition of expenses covering the development of the project for acquisition of TAG, of R$ 44.7 million; and of the positive financial result in Aliança of R$ 13.9 million, largely a reflection of the FX translation effect on currency denominated debt.

In 2Q20, the jointly controlled subsidiary TAG, booked extemporaneous tax incentive credits to its accounts for the period from January 2017 to August 2019. During this period, TAG had not availed itself of Sudene (Superintendence for the Development of the Northeast) tax credits with a 75% reduction in income tax payable by five of its production units due to the absence of ratification by the Brazilian Internal Revenue Service (RFB) for irregularities identified in Debt Clearance Certificate (CND) and Credit Information Register (CADIN). In February 2020, the RFB approved the use of the tax incentives also indicating the possibility of making their use retroactive. TAG expects to begin using the credits from July 2020 to offset against PIS and Cofins charge outstanding payable.

TAG's equity income result sweeps up the following items:

	2Q20	
DRE – in R$ million	**100%**	**Company's share**
TAG (29.25%)		
Net operational revenue	1,414.2	413.6
Costs of services provided	(563.0)	(164.7)
Gross income	**851.2**	**248.9**
General and administrative expenses	(31.1)	(9.1)
Income before financial result and taxes	**820.1**	**239.8**
Financial result	(346.4)	(101.3)
Income before taxes	**473.7**	**138.5**
Income tax and social contribution	(167.7)	(49.0)
Extemporaneous credits with respect to tax incentives	246.2	72.0
TAG's net income for the 2Q20	**552.2**	**161.5**
Equity income – TAG	**161.5**	

We show the following table in order to reconcile net income with EBITDA:

	2Q20	
EBITDA – in R$ million	**100%**	**Company's share**
TAG (29.25%)		
Income before financial result and taxes	**820.1**	**239.8**
Depreciation and amortization	383.0	112.0
EBITDA	**1,203.1**	**351.8**

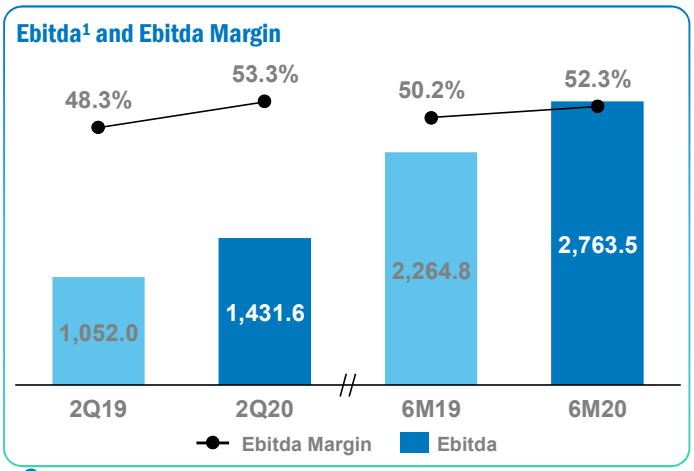
Economic-Financial Performance

EBITDA and EBITDA Margin

	EBITDA by segment – 2Q20 x 2Q19 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
2Q20						
Income (loss) before financial results and taxes	1,017.9	20.4	2.7	(3.7)	161.5	1,198.8
Depreciation and amortization	232.6	-	-	0.2	-	232.8
EBITDA	**1,250.5**	**20.4**	**2.7**	**(3.5)**	**161.5**	**1,431.6**
EBITDA Margin	**62.8%**	**4.7%**	**1.1%**	**(41.2%)**	**-**	**53.3%**
2Q19						
Income (loss) before financial results and taxes	874.6	2.7	(1.3)	(0.7)	(26.8)	848.5
Depreciation and amortization	203.3	-	-	0.2	-	203.5
EBITDA	**1,077.9**	**2.7**	**(1.3)**	**(0.5)**	**(26.8)**	**1,052.0**
EBITDA Margin	**57.9%**	**12.1%**	**(0.5%)**	**(2.1%)**	**-**	**48.3%**
Variation						
Income (loss) before financial results and taxes	143.3	17.7	4.0	(3.0)	188.3	350.3
Depreciation and amortization	29.3	-	-	-	-	29.3
EBITDA	**172.6**	**17.7**	**4.0**	**(3.0)**	**188.3**	**379.6**
EBITDA Margin	**4.9 p.p.**	**(7.4 p.p.)**	**1.6 p.p.**	**(39.1 p.p.)**	**-**	**5.0 p.p.**

EBITDA includes the equity income result from the jointly held subsidiary, TAG, given that the latter is expected to distribute dividends frequently and recurrently.

Between 2Q20 and 2Q19, the Company posted an increase of R$ 379.6 million (36.1%) in EBITDA, from R$ 1,052.0 million in 2Q19 to R$ 1,431.6 million in 2Q20. The variation reflects a combination of the following **positive effects**: (i) R$ 188.3 million (702.6%) due to an improved result from corporate stakes in jointly held subsidiaries, mainly TAG; (ii) an increase of R$ 172.6 million (16.0%) in the generation and sale of electric energy segment from the Company's portfolio; (iii) R$ 17.7 million from the energy transmission segment; and (iv) R$ 4.0 million from the energy trading segment – of which R$ 11.2 million originated from executed transactions and from operational expenses, partially attenuated by the negative impact of R$ 7.2 million due to the effects of marking to market. The foregoing positive impacts were attenuated by the decrease of R$ 3.0 million (600.0%) in the solar panel segment business.



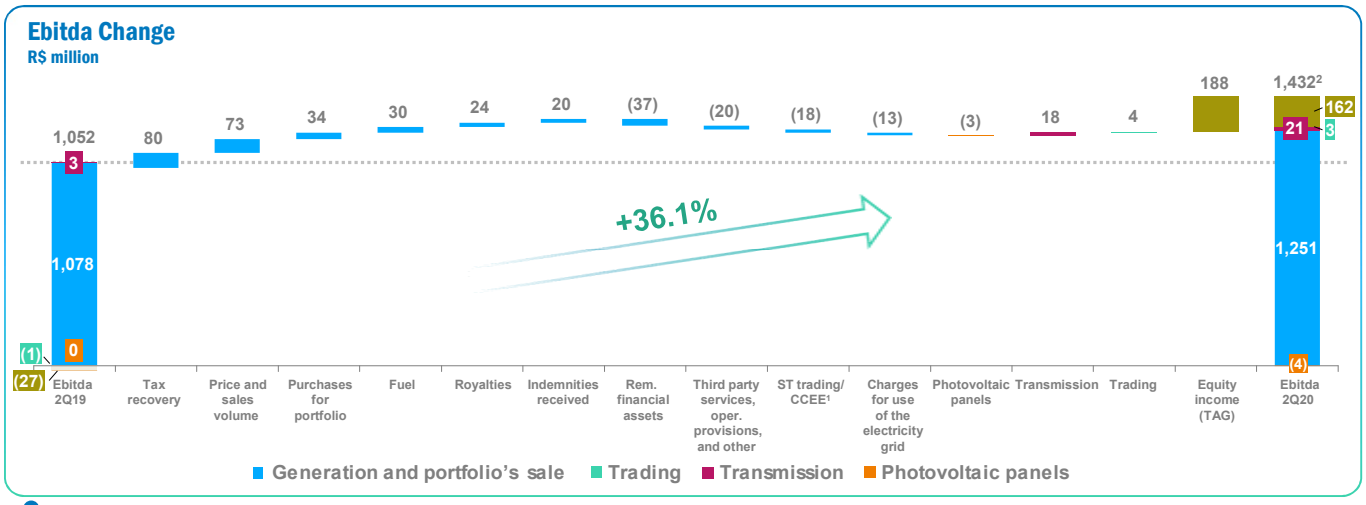
[1] Ebitda: net income + income tax and social contribution and financial expenses, net + depreciation and amortization + impairment.

The consolidated EBITDA margin reported an increase of 5.0 p.p., from 48.3% in 2Q19 to 53.3% in 2Q20. It should be noted in this context that the consolidated EBITDA margin is partially reduced by the effects of the energy trading operations, the booking to the accounts of revenue and costs involved in the construction of the transmission lines and the operations executed by EGSD where margins are slimmer than operations elsewhere in the Company.

Economic-Financial Performance

The Company's principal business segment is the generation and sale of electric energy from the Company's portfolio with a variation indicated in the above item (ii), the principal effects of which are described as follows: (i) R$ 79.9 million with respect to tax recovery; (ii) R$ 37.2 million as a result of the increase in net average price for energy sales; (iii) R$ 35.6 million increase in sales volume; (iv) R$ 33.8 million reduction in energy purchases; (v) R$ 29.7 million decrease in fuel costs; (vi) R$ 23.8 million reduction in the costs of royalties; (vii) R$ 20.2 million increase in revenue arising out of claims and penalty fines for downtime; and (viii) R$ 9.6 million due to the reduction in costs with operational provisions. These positive effects were partially attenuated by the following negative impacts: (i) decrease of R$ 36.6 million in revenue from remuneration and monetary restatement on Jaguara and Miranda hydroelectric plants concessions; (ii) a reduction of R$ 18.0 million in the result for transactions executed in the short-term market; (iii) increase of R$ 16.4 million of costs with outsourced materials and services; (iv) increase of R$ 13.4 million in charges for use of the electricity network and connection; and (v) an increase of R$ 12.8 million of other revenues, costs and operational expenses.

In 2Q20, the Company and TAG, booked non-recurring events related to tax recovery for R$ 79.9 million and R$ 72,0 million (Company's interest), respectively. Net of the aforementioned non-recurring effects, EBITDA would have been R$ 1,279.7 million in 2Q20 and R$ 1,052.0 million in 2Q19, with an increase of R$ 227.7 million (21.6%) between the quarters under analysis, and the EBITDA margin in 2Q20 would have been 49.1% and in 2Q19, 48.3%, thus indicative of a year-on-year increase of 0.8 p.p.



[1] Considers the combined effect of changes in revenue and expenses.
[2] Apparent sum-related errors are a result from rounding of addends.

The following table reconciles net income with EBITDA:

(In millions of R$)	2Q20	2Q19	Chg. %	6M20	6M19	Chg. %
Net income	765.8	385.4	98.7	1,277.8	950.9	34.4
(+) Income tax and social contribution	264.5	172.8	53.1	456.8	409.8	11.5
(+) Net financial result	168.5	290.3	-42.0	560.8	504.4	11.2
(+) Depreciation and amortization	232.8	203.5	14.4	468.1	394.8	18.6
Ebitda	**1,431.6**	**1,052.0**	**36.1**	**2,763.5**	**2,259.9**	**22.3**
(+) Impairment	0.0	0.0	-	0.0	4.9	-100.0
Adjusted Ebitda	**1,431.6**	**1,052.0**	**36.1**	**2,763.5**	**2,264.8**	**22.0**

Economic-Financial Performance

Financial Result

Financial income: in 2Q20, financial revenue was R$ 111.1 million, R$ 69.5 million or 167.0% higher than the R$ 41.6 million recorded for the same quarter of 2019, due largely to a combination of the following factors: (i) an increase of interest on taxes and social contributions in the amount of R$ 72.9 million, with respect to the financial restatement of the amount involved with the tax recovery; and (ii) an increase of R$ 1.5 million in revenue with financial investments due to the increased average balance of financial investments between the two compared quarters but partially attenuated by the reduction in interest rates reported between the quarters.

Financial expenses: expenses in 2Q20 were R$ 279.6 million, that is, R$ 52.3 million or 15.8% below the amount reported for the same quarter in 2019, which were R$ 331.9 million. The decline reported reflects the reduction in monetary restatement on debt and concessions payable in the amounts of R$ 69.1 million and R$ 7.6 million, respectively, given the reduction in inflation rates between the periods. This effect was partially offset by the following increases: increase of R$ 25.0 million in interest and adjustment of fair value on debt, largely a reflection of the issue of debentures by the Company in May and August of 2019, the engagement of loans and financing during the course of 2019 and 2020 for managing cash flow and investments, and the reduction in capitalized interest following the entry into operations of Pampa Sul. On the other hand, the hedges covering currency denominated debt saw a reduction of interest on debt in 2Q20. Also notable was the amount of interest capitalized in the Pampa Sul project in 2Q19 and worth R$ 13.9 million.

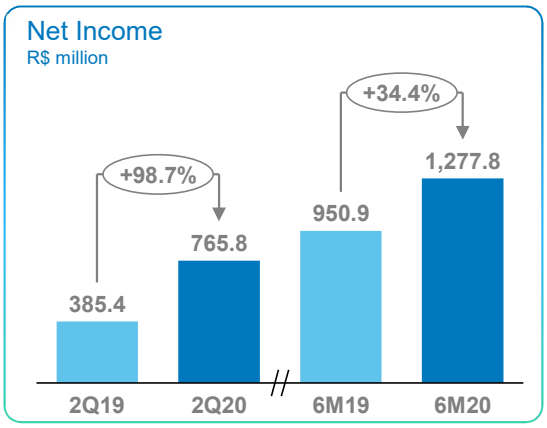
Income Tax and Social Contribution

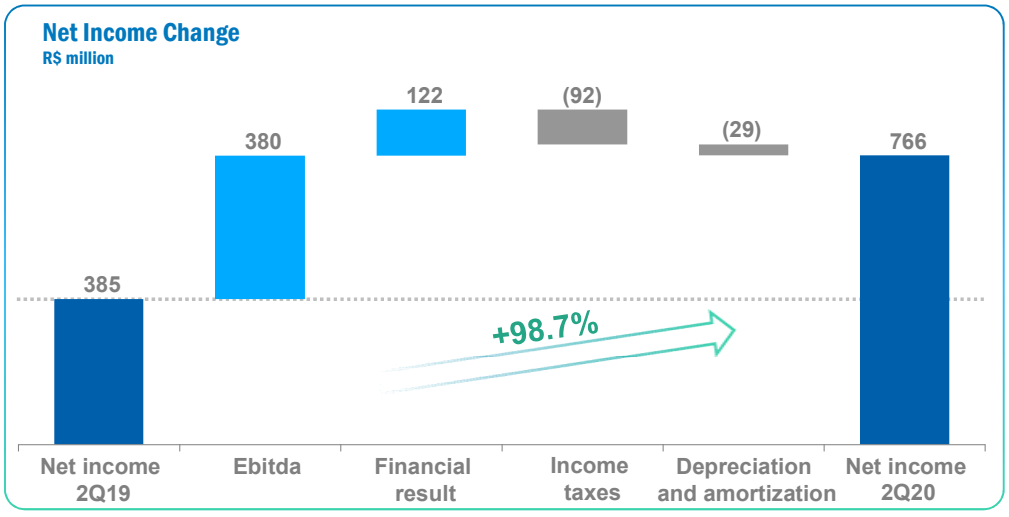
Expenses with Income Tax and Social Contribution in 2Q20 were R$ 264.5 million, R$ 91.7 million (53.1%) higher than reported in the same quarter 2019 of R$ 172.8 million largely due to the increase of 48.5% in pretax profits, not including equity income reported in 2Q20, compared with 2Q19. The effective rate of Income Tax and Social Contribution, excluding the equity income result, was 0.9 p.p. higher, increasing from 29.5% in 2Q19 to 30.4% in 2Q20.

Net Income

Net income for 2Q20 was R$ 765.8 million, R$ 380.4 million or 98.7% greater than R$ 385.4 million registered for the same quarter in the preceding year. This increase is the result of the following effects: (i) an increase of R$ 379.6 million in EBITDA; (ii) a reduction of R$ 121.8 million in net financial expenses; (iii) an increase of R$ 91.7 million in income tax and social contribution; and (iv) an increase of R$ 29.3 million in depreciation and amortization.

Excluding the effects of the impacts related to the successful tax recovery of the Company and to the extemporaneous credits of TAG, whose impacts on the net income of 2Q20 were R$ 172.8 million, the net income for the quarter would have reported an increase of R$ 207.6 million (53.9%), when compared to the same quarter of 2019.





Notes to the Financial Statements

ENGIE BRASIL ENERGIA S.A.
CNPJ No. 02.474.103/0001-19 | NIRE Nº 42 3 0002438-4
NOTES TO THE QUARTERLY INFORMATION AS OF 6.30.2020
(In thousands of Reais or other currencies, unless otherwise indicated)

NOTE 1 – OPERATIONS

ENGIE Brasil Energia S.A. ("Company" or "ENGIE Brasil Energia" or "EBE") is an independent utility concessionaire and a publicly held corporation with its registered headquarters in the municipality of Florianópolis, Santa Catarina state, 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, distributed generation, gas and energy transportation segments. For more information, see Note 29 – Information by segment.

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 6.3%[1] of the country's installed capacity. At 6.30.2020, 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 6.30.2020, 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 revised by the independent auditors.

Notes to the Financial Statements

The main corporate and operational events occurred in the 1st half of 2020 are as follows:

a) Payment of interim dividends and definition of the date for payment of interest on equity

On January 29, 2020, the Company paid interim dividends for the 1st half of 2019 in the amount of R$893 million, corresponding to R$1.0949497919 per share.

The Company Management defined 7.1.2020 as the date for the payment of interest on equity for the period from 1.1.2019 to 12.31. 2019, in the gross amount of R$354 million, corresponding to R$0.4338619496 per share. Note that the amount of R$271 million paid to shareholders through Banco Itaú was debited in the Company's account one day earlier, on 6.30.2020.

b) Contracting of debt

On 1.31.2020, the Board of Directors approved the 1st issue of simple non-convertible debentures, in a single series, of Novo Estado Participações S.A. (currently ENGIE Transmissão de Energia Participações S.A.,) the direct subsidiary of the Company, in the amount of R$500 million. For more information, see Note 16 – Debentures.

On 3.23.2020, the Board of Directors approved borrowings in foreign currency under the model envisaged in Law 4,131/1962, and the respective swap to CDI in the amount of up US$325 million, with an amortization period of up to four years in a single installment at the end of the loan period, in order to finance the implementation of the Company's business plan. More information on foreign currency funding is presented in Note 15 – Loans and financing.

The Board of Directors approved on 3.10.2020 the borrowing of loan from BNDES through the indirect subsidiary Gralha Azul Transmissão de Energia S.A. ("Gralha Azul") in the amount of R$1,481 million, which was partially disbursed on 6.25.2020. More information is presented in Note 15 – Loans and financing.

On 4.1.2020, the Board of Directors approved the borrowing of a loan from BNDES by the subsidiaries making up the Campo Largo Wind Complex – Phase II, in the amount of R$1,243 million, under the following conditions: IPCA + 4.23% p.a. and maturity on 12.15.2039. The Company signed a financing agreement with BNDES on 4.27.2020. The initial disbursement of funds was on 7.7.2020 in the amount of R$565 million. Due to the publication of Decree 10,305/2020, which assigned zero rate to loans contracted between 4.3.2020 and 7.3.2020, withdrawals under this operation will not have the IOF deduction.

In addition, the Board of Directors approved on 6.12.2020, the borrowing of loan from BNDES by the indirect subsidiary Novo Estado Transmissora de Energia S.A. ("Novo Estado"), in the amount of R$2,510 million, under the following conditions: IPCA + 4.67% p.a. and maturity on 5.15.2044. The Company signed a loan agreement with BNDES on 6.22.2020 and is currently in the phase of fulfilling the conditions precedent for the first disbursement of funds, scheduled for the 3rd quarter of 2020. Due to the publication of the aforementioned Decree, withdrawals under this operation will also not have the IOF deduction.

Notes to the Financial Statements

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

On 3.3.2020, after complying with all conditions precedent set forth in the purchase and sale agreement, the Company concluded the acquisition of 100% of the Novo Estado shares. The acquisition price may reach R$410 million, of which R$317 million were paid on 3.3.2020, R$43 million were deposited on the same date in an escrow account to guarantee contractual covenants and R$50 million are subject to compliance with certain conditions set in the agreement. The consideration estimated by the Company on the date of the operation was R$372 million. For more information, see Note 10 – Investments.

Novo Estado owns the concession of Lot 3 of Aneel Transmission Auction 002/2017 held in December 2017, which resulted in the execution of concession agreement 003/2018. 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, whose Permitted Annual Revenue (RAP) is R$313 million, is 3.9.2023.

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

On 3.12.2020, the rating agency Fitch Ratings reaffirmed the Company's 'AAA(bra)' long-term national rating with stable outlook and 'BB' international rating with stable outlook, remaining one level above the sovereign rating. The agency also reaffirmed the 'AAA (bra)' rating with stable outlook, assigned to the 6th, 7th and 9th issues of unsecured debentures of the Company.

On 4.29.2020, the credit rating agency Fitch Ratings affirmed and removed the long-term national rating of 'AAA(bra),' with a stable outlook, for the first issue of debentures of the Company's subsidiaries Jaguara and Miranda, for commercial reasons, as per the Indenture, which does not require the update of the initial rating of the debentures.

In addition, on 5.7.2020, due to the recent revision of the sovereign rating outlook to negative, Fitch Ratings also revised the outlook of long-term international ratings in foreign and local currency of EBE to negative, reaffirming them to 'BB' and 'BBB-,' respectively, which remain one level above the sovereign rating.

According to Fitch, the revision of Brazil's sovereign rating outlook from stable to negative 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.

e) Execution of the deficit settlement and unification agreement with ELOS

On 5.17.2020, the Company signed with ELOS the agreement for settling the technical deficit assessed in fiscal year 2018 of the BD Plan, in the total amount of R$19 million, as well as the 3rd amendment to the agreement for the unification and consolidation of debt for the constitution of guarantee of the Defined Benefit Plan ("BD Plan"). For more information, see Note 20 – Retirement benefit obligations.

Notes to the Financial Statements

f) 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. For more information, see Note 9 – Other assets.

g) 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.

Most governments adopted restrictive measures to maintain social distancing, close down commercial establishments and shutdown industrial plants to contain the spread of the virus. These measures led to a slowdown in the supply chain and significantly affected the global economy. At the same time, economic incentive packages are being studied and implemented, when possible, to minimize the effects of Covid-19 preventive measures. Many countries are already slowly resuming activities, with establishments reopening and people returning to the streets.

In Brazil, the federal, state and municipal governments, as well as the health ministry and agencies enacted various normative acts to prevent and contain the pandemic, as well as to mitigate its respective economic impacts. On March 20, 2020, through Legislative Decree 6, a state of public calamity was declared, effective until 12.31.2020. In addition, state and municipal governments enacted various normative acts to restrict the free circulation of people, as well as commercial and industrial activities and services, although many cities are slowly resuming their economic activities.

On 3.13.2020, the Company set up a Crisis Committee to coordinate efforts and preventive actions, such as: structuring of a contingency plan to ensure the health and safety of employees and the operational security of the Company; Implementation of the remote work regime, for an indefinite period, for employees, temporary workers, interns and young apprentices, establishing a minimum number of employees necessary to work on-site to guarantee the Company's operations, in effect as of the reporting date; distribution of cloth masks to employees and contractors; restriction of on-site meetings, instructing employees to use the videoconference resources available; suspension of the Program of Visits to Plants; and suspension of international travel and restriction of local travel to extremely necessary cases.

In the 1st half of 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. In addition, no significant effects are expected in its results that could compromise the operational capacity and implementation of projects of the Company, provided the pandemic situation does not worsen and the resumption of economic activity to pre-pandemic levels does not take too long. Below are the main items that are being monitored by the Company:

Notes to the Financial Statements

g.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. The Company, as per the data on the physical guarantee and the purchase and sale agreements in force, shows that the current capacity has the following contracting levels:

	Average MW					
Position on 06.30.2020	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Own resources	*4,699*	*4,844*	*4,913*	*4,909*	*4,909*	*4,907*
Purchases	*1,623*	*917*	*785*	*561*	*338*	*294*
Total availability total	6,322	5,761	5,698	5,470	5,247	5,201
Contracted availability	5,514	5,190	4,933	4,382	3,589	3,072
Contracted %	**87.2%**	**90.1%**	**86.6%**	**80.1%**	**68.4%**	**59.1%**

There were no significant changes in the contracting percentages compared to those presented in Note 38 – Long-term commitments of the financial statements for 12.31.2019.

In addition, the Electricity Trading Chamber (CCEE) disclosed that, comparing the social distancing period (03.21.2020 to 06.30.2020) and the average of the 20 days immediately prior to the restrictive measures (03.01.2020 to 03.20.2020), the average electricity consumption decreased 14.6%. This reduction leads to a decrease in generation by the plants, while also influencing the reduction in the short-term price. The Company's portfolio enables management that can mitigate cyclical impacts.

In the Free Contracting Environment (ACL), the Company is assessing individual negotiations with its clients to propose alternatives related to contractual adjustment during the entire effective term. A few free consumers exercised the contractual provision on flexibility to reduce the contracted energy. Until de date of disclosure of this quarterly information, there was no contractual renegotiation that resulted in the finalization of electricity sales agreements.

In relation to the Regulated Contracting Environment (ACR), no contractual clauses have been amended so far. Note that on 3.24.2020, Aneel published Normative Resolution 878/2020, which establishes a set of measures to ensure the continuity of the electricity distribution service. On 4.8.2020, Provisional Presidential Decrees 949 and 950 were enacted, mainly to mitigate the decline in revenue of distributors due to higher defaults and the sharp decrease in energy consumption. The operation of these measures, via private financing agreement, was approved by a CCEE meeting on 6.5.2020 and, on 6.23.2020, through Normative Resolution 885/2020, the Covid account was regulated, and criteria were established for financial operations and transfer of funds to distributors, to occur until January 2021. These measures allow distributors to honor their commitments to other sector agents, thus preserving the sustainability of the electricity sector.

Notes to the Financial Statements

g.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 Campo Largo Wind Complex – Phase II and the Gralha Azul and Novo Estado Transmission Systems. Due to the political issues associated with the Covid-19 pandemic, there were periodic stoppages in the construction works on the Campo Largo Wind Complex – Phase II, which the Company expects will not affect significantly the construction timeframe.

g.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 Company has the following projects that would be eligible to participate in the auctions: (i) Santo Agostinho Wind Complex; (ii) Umburanas Wind Complex – Phase II; (iii) Assú Photovoltaic Complex; and (iv) Alvorada Photovoltaic Complex.

g.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 this quarterly information are shown in Note 4 - 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 bank surety and guaranteed CDB as standard guarantee 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.

g.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 imposed by BNDES, the Company found it prudent to adopt this measure for the subsidiaries of the indirect subsidiary Energias Eólicas do Ceará and for the direct subsidiary Usina Termelétrica Pampa Sul ("Pampa Sul"), which was approved, effective immediately, on April 29, 2020. Therefore, the suspension of payments for six consecutive months between May and October 2020 was ratified.

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

Notes to the Financial Statements

g.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) pertaining to March, April and May 2020, which would be due on April 24, May 25 and June 25, respectively, to August 25, October 25 and November 25, respectively. The deadlines for payment of corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) remain unchanged. The total PIS and Cofins amount of the Company and its subsidiaries covered by the Decrees was approximately R$118 million.

In addition, the Company adopted the flexibilization of FGTS contribution permitted by Provisional Presidential Decree 927 of 3.22.2020, deferring the contribution to the fund pertaining to April and May 2020, which will be paid as from July 2020, and the deferral of the social contribution envisaged in Decree 150 of 4.7.2020, pertaining to March and April, to be paid in July and September 2020, respectively. These deferrals led to the preservation of cash in the amount of R$20 million for the Company.

g.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.

g.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 QUARTERLY INFORMATION

The Company's quarterly information was prepared in compliance with Accounting Pronouncement CPC 21 – Demonstração Intermediária (*Interim Financial Reporting*), and the consolidated quarterly information (ITR) is simultaneously presented in accordance with the international standard IAS 34 – Interim Financial Reporting and with CPC 21.

Notes to the Financial Statements

The Brazilian accounting standards are convergent with the IFRS, except for the recording, in the parent company's balance sheet, of the controlling interest in joint ventures which, under Brazilian rules, is recognized by the equity income method and, according to IFRS, by the rules applicable to joint ventures, which stipulate that assets, liabilities and profit or loss are recognized in proportion to its share in the joint venture.

There is no difference between shareholders' equity and the parent company and consolidated results included, respectively, in the individual and consolidated (ITR) financial statements. There is also no difference between the basic and diluted net earnings per share, since no shares were issued with diluting effects in the periods reported.

The quarterly information was also prepared in accordance with the rules of the Securities and Exchange Commission of Brazil (CVM), using amortized historical cost as base value, except for the fair value assessment of certain financial instruments, when required by the rules.

While preparing the quarterly information, the Company Management uses estimates to record certain transactions that affect its assets, liabilities and expenses.

The content and values of certain notes presented in the financial statements of fiscal year ended 12.31.2019 that did not require significant updates were not reported again in the quarterly information of 6.30.2020. These quarter, therefore, must be read jointly with the financial statements of 12.31.2019.

The accounting practices and calculation methods adopted while preparing the quarterly information of 6.30.2020, as well as the main judgments and uncertainties in the estimates used in the application of the accounting practices, were the same adopted to prepare the financial statements of fiscal year ended 12.31.2019.

a) Standards and changes applicable to the Company starting from January 1, 2020

As of 1.1.2020, the following pronouncements are in force: (i) Revision of CPC 00 – Estrutura Conceitual para Relatório Financeiro (*Conceptual Framework for Financial Reporting*); (ii) Changes in CPC 15 (R1) – Combinação de Negócios (*Business Combination*); and (iii) Changes in CPC 26 (R1) – Apresentação das Demonstrações Contábeis (*Presentation of Financial Statements*) and CPC 23 – Políticas Contábeis, Mudança de Estimativa e Retificação de Erro (*Accounting Policies, Change in Estimate and Rectification of Errors*).

The adoption of the changes in these standards did not result in material impacts on the individual and consolidated quarterly information of 6.30.2020.

b) 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.

c) Approval of the quarterly information

This quarterly information was approved by the Board of Directors, at meeting held on 7.30.2020.

Notes to the Financial Statements

NOTE 3 – CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Cash and bank deposits	**777**	**2,200**	**51,257**	**90,893**
Marketable securities:				
Exclusive investment fund				
Repurchase transactions backed by federal bonds	2,634,188	2,588,144	4,711,833	3,746,004
Other marketable securities	-	163	36,392	33,364
	2,634,188	**2,588,307**	**4,748,225**	**3,779,368**
	2,634,965	**2,590,507**	**4,799,482**	**3,870,261**

NOTE 4 – TRADE ACCOUNTS RECEIVABLE

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Distributors	244,708	276,984	441,057	428,598
Transactions within the CCEE	261,189	136,334	432,481	344,953
Free Consumers	33,676	34,464	346,628	360,538
Trading operations	-	-	119,249	139,299
Traders	101,007	201,663	55,216	92,546
Others	-	305	77,477	91,490
Estimated losses with doubtful accounts	(6,180)	(6,180)	(6,197)	(6,197)
Current assets	**634,400**	**643,570**	**1,465,911**	**1,451,227**
Free consumers	1,454	-	14,283	-
Distributors	748	748	761	761
Non-current assets[2]	**2,202**	**748**	**15,044**	**761**
	636,602	**644,318**	**1,480,955**	**1,451,988**

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, including trading operations, 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 to mitigate this situation.

[2] Amounts related to trade receivables in the long-term are presented under "Other non-current assets".

Notes to the Financial Statements

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

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Overdue up to 30 days	-	-	8,504	4,318
Overdue more than 30 days	6,928	7,044	17,880	14,815
With estimated losses recognized	*6,180*	*6,180*	*6,197*	*6,197*
Other	*748*	*864*	*11,683*	*8,618*
	6,928	**7,044**	**26,384**	**19,133**

In addition to the amounts mentioned above, the Company also has amounts receivable from transactions in the Wholesale Electricity Market (MAE), currently CCEE, between 2000 and 2002, which are fully covered by the allowance for doubtful accounts. In the 2nd quarter of 2020, the Company recovered R$12 million from the provision through agreement with the client.

NOTE 5 – INVENTORIES

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Supplies	14,742	14,344	102,173	83,766
Advances to suppliers	2,363	1,015	89,133	86,518
Inputs for energy production	-	-	63,647	47,675
Other	221	76	9,228	3,005
	17,326	**15,435**	**264,181**	**220,964**

- Advances to suppliers

In 2019 and in the 1st half of 2020, the subsidiary Pampa Sul advanced R$79,903 and R$28,402, respectively, amounting to R$108,305, 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 6.30.2020 was R$55,963 (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 ENGIE Geração Solar Distribuída S.A. (EGSD) made advance payments to suppliers for acquisition of solar panels, whose balance at 6.30.2020 is R$30,601 (R$46,246 on 12.31.2019).

Notes to the Financial Statements

NOTE 6 – RESTRICTED DEPOSITS

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Guarantees for negative balance at CCEE	31	31	4,103	4,049
Reinvestment deposits	807	807	807	807
Current assets	**838**	**838**	**4,910**	**4,856**
Financing guarantees	10,525	10,388	251,453	374,676
Contractual commitment guarantees	-	-	43,540	-
Others	-	-	6,360	6,388
Non-current assets	**10,525**	**10,388**	**301,353**	**381,064**
	11,363	**11,226**	**306,263**	**385,920**

- Financing guarantees

Guarantees for loans are aimed at ensuring the payment of debt with the BNDES and on lending banks. They are mostly constituted for the amount equivalent to 3 months of debt service and contractual operating and maintenance expenses for plants that hire third-party services to perform these activities.

- Contractual commitment guarantees

In the 1st half of 2020, deposits in the amount of R$43,540 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 7 – CONCESSION FINANCIAL ASSET

	Consolidated					
	6.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Jaguara HPP	185,400	1,490,962	1,676,362	183,783	1,496,385	1,680,168
Miranda HPP	113,435	912,241	1,025,676	112,449	915,557	1,028,006
	298,835	**2,403,203**	**2,702,038**	**296,232**	**2,411,942**	**2,708,174**

a) Changes in concession financial assets

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
Balances at 12.31.2019	**1,680,168**	**1,028,006**	**2,708,174**
Amounts received	(87,682)	(53,648)	(141,330)
Interest	76,250	46,652	122,902
Monetary variation	7,626	4,666	12,292
Balances at 6.30.2020	**1,676,362**	**1,025,676**	**2,702,038**

Notes to the Financial Statements

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

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
July to December 2021	78,488	48,022	126,510
2022	145,670	89,126	234,796
2023	131,779	80,628	212,407
2024	119,184	72,921	192,105
2025	107,816	65,967	173,783
2026 to 2030	403,069	246,616	649,685
2031 to 2047	504,956	308,961	813,917
	1,490,962	**912,241**	**2,403,203**

NOTE 8 – AGREEMENT ASSET

The Company has primary responsibility for the construction and installation of infrastructure related to the transmission concession of the Gralha Azul Transmission System, whose implementation started in the second half of 2018, and of the Novo Estado Transmission System, through the acquisition of 100% of its shares in March 2020, and it is exposed to the risks and benefits of these constructions. Thus, based on the accounting practices in force, the Company recognized revenue from the implementation of transmission infrastructure, during the implementation stage, at an amount corresponding to the construction costs plus a residual gross margin, intended to cover the costs related to construction management. Expenses incurred in the construction are recognized under transmission infrastructure costs. Concession agreement assets are remunerated at the internal rate of return and the variation in the IPCA index.

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

	Consolidated		
	Gralha Azul	Novo Estado	Total
Balance at 12.31.2019	**217,611**	**-**	**217,611**
Acquisition of subsidiary Novo Estado	-	153,279	153,279
Revenue from implementation of infrastructure	274,143	295,388	569,531
Interest	14,595	6,170	20,765
Monetary variation	424	(1,291)	(867)
Balance at 6.30.2020	**506,773**	**453,546**	**960,319**

The balance shown under non-current assets will start being realized from the commercial startup of the electricity transmission systems, whose deadline is March 2023 for both assets.

Notes to the Financial Statements

NOTE 9 – OTHER ASSETS

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Tax credits recoverable	100,426	2,179	270,536	114,415
Prepaid expenses	92,176	16,957	102,681	38,823
Fuels to reimburse	-	-	55,827	52,533
Advances to the R&D entity	42,228	25,277	44,983	27,597
Divestments and services in course	31,935	29,740	34,559	38,322
Deferred tax asset	-	-	18,913	13,543
Trade receivables	2,202	748	15,044	761
Loan – Andrade Açúcar e Álcool	-	-	10,685	11,662
Advances to employees	4,084	4,930	6,459	6,608
Other amounts receivable	73,573	63,625	83,398	65,183
	346,624	**143,456**	**643,085**	**369,447**
Classification in balance sheet				
Current assets	240,595	137,506	411,182	300,759
Non-current assets	106,029	5,950	231,903	68,688
	346,624	**143,456**	**643,085**	**369,447**

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 the 2nd quarter of 2020, totaling R$98,347 and R$156,422, 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 EBE and EBC, the companies recognized the tax credit, with a corresponding entry under net operating income, in the amounts of R$50,193 in the parent company and R$79,874 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$45,872 in the parent company and R$72,948 in the consolidated, related to inflation adjustment based on the Selic rate. These credits will be offset after their approval by the Federal Revenue Service of Brazil.

b) Prepaid expenses

Mainly refer to expenses to be appropriated resulting from the Property Damage and Business Interruption (PDBI) insurance policy.

Notes to the Financial Statements

c) Fuel to be reimbursed

Refers to amounts receivable from the reimbursement of fuel consumed for thermal power generation at the Jorge Lacerda Thermal Power Complex, 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 10 – INVESTMENTS

a) Breakdown

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Interest on subsidiaries:				
Measured at the equity method				
Equity in earnings of subsidiaries	12,703,037	12,649,936	1,971,300	2,874,727
Goodwill from investment acquisition	80,782	82,453	-	-
Goodwill from expected future profitability	92,715	92,715	74,193	74,193
	12,876,534	**12,825,104**	**2,045,493**	**2,948,920**

Notes to the Financial Statements

b) Changes in investments evaluated through the equity method

	Balance at 12.31.2019	Capital increase	Equity in earnings of subsidiaries	Dividends	Other comprehensive income	Balances at 6.30.2020
Subsidiaries						
ECP[3]	**3,363,152**	367,750	130,945	(88,517)	-	**3,773,330**
Pampa Sul	**2,393,128**	-	12,729	-	-	**2,405,857**
CEE[4]	**1,136,237**	-	73,842	-	-	**1,210,079**
Jaguara[5]	**1,008,227**	-	66,508	-	-	**1,074,735**
Miranda[6]	**670,909**	-	44,932	-	-	**715,841**
Diamante[7]	**515,644**	-	92,138	-	-	**607,782**
EBC[8]	**296,194**	-	88,591	-	-	**384,785**
EGSD	**66,954**	20,700	(6,430)	-	261	**81,485**
Lages[9]	**30,530**	-	2,773	-	-	**33,303**
ECV[10]	**24,948**	-	1,273	-	-	**26,221**
ENGIE Trading[11]	**22,175**	-	(24,228)	-	-	**(2,053)**
NEP[12]	**1**	163,705	3,513	-	-	**167,219**
Other	**3,589**	10	-	-	-	**3,599**
Under shared control						
Itasa[13]	**243,521**	-	6,033	-	-	**249,554**
Joint venture						
TAG[14]	**2,874,727**	-	264,419	(321,750)	(846,096)	**1,971,300**
	12,649,936	**552,165**	**757,038**	**(410,267)**	**(845,835)**	**12,703,037**

The purpose of the capital increase in the subsidiaries ECP and NEP, in the 1st half of 2020, was mainly to invest in Campo Largo Wind Complex – Phase II and Gralha Azul and Novo Estado Transmission Systems, controlled by the Company's subsidiaries.

[3] ENGIE Brasil Energias Complementares Participações Ltda.
[4] Companhia Energética Estreito
[5] Companhia Energética Jaguara
[6] Companhia Energética Miranda
[7] Diamante Geração de Energia Ltda.
[8] ENGIE Brasil Energia Comercializadora Ltda.
[9] Lages Bioenergética Ltda.
[10] ENGIE Comercializadora Varejista de Energia Ltda.
[11] ENGIE Trading Comercializadora de Energia Ltda.
[12] Novo Estado Participações S.A
[13] Itá Energética S.A.
[14] Transportadora Associada de Gás. TAG is a joint venture, therefore, not consolidated by the Company.

Notes to the Financial Statements

b.1) Information on main subsidiaries

	ECP	Pampa Sul	CEE	Jaguara	Miranda	Diamante	EBC	EGSD	Lages	ECV	ENGIE Trading	NEP	Itasa	TAG
Interest (%)	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**	**99.99**	**48.75**	**29.25**
12.31. 2019														
Assets	6,651,195	3,286,422	2,244,465	2,354,079	1,485,078	774,980	1,115,447	185,458	37,991	55,105	97,507	-	533,284	36,662,512
Liabilities	3,437,891	1,181,076	1,108,228	1,345,852	814,169	259,336	819,253	118,504	7,461	30,157	75,332	-	33,754	26,834,387
Adjusted equity	3,366,818	2,393,128	1,136,237	1,008,227	670,909	515,644	296,194	66,954	30,530	24,948	22,175	-	499,530	9,828,125
Capital	2,360,476	1,956,692	920,380	854,409	582,663	638,941	4,200	29,611	30,530	23,970	5,000	-	510,135	2,255,637
6.30.2020														
Assets	7,606,599	3,255,232	2,284,857	2,369,416	1,503,908	884,646	1,065,312	164,976	40,879	56,113	150,208	821,435	545,189	38,121,084
Liabilities	3,989,857	1,132,401	1,074,778	1,294,681	788,067	276,864	680,527	83,491	7,576	29,892	152,261	654,216	33,284	31,381,598
Adjusted equity	3,777,508	2,405,857	1,210,079	1,074,735	715,841	607,782	384,785	81,485	33,303	26,221	-2,053	167,219	511,905	6,739,486
Capital	2,360,476	1,956,692	920,380	854,409	582,663	638,941	4,200	58,990	30,500	23,970	5,000	1	510,135	2,255,637
2nd quarter of 2020														
Net revenue	426,783	150,486	123,177	85,848	54,219	210,636	1,095,597	8,548	9,152	82,537	71,999	223,800	41,087	1,414,184
Adjusted net income (loss)	80,110	28,152	42,595	26,631	20,070	78,199	72,226	(3,080)	2,130	4,680	(7,820)	2,614	6,414	552,197
6 months of 2020														
Net revenue	703,854	313,381	249,916	200,610	121,337	417,108	2,220,918	21,124	18,342	188,818	146,664	300,266	82,080	2,831,338
Adjusted net income (loss)	131,457	12,729	73,842	66,508	44,932	92,138	88,591	(6,430)	2,773	1,273	(24,228)	3,513	12,375	903,996

Non-controlling shareholder

The non-controlling interest of Ibitiúva in the shareholders' equity and the net income of ECP presented above is R$4,178 (R$3,666 on 12.31.2019) and R$512 (R$1,174 on 12.31.2019), respectively. Net income in the 2nd quarter of 2020 and 2019 is R$51 and R$252, respectively.

Capitalized interests

ENGIE Brasil Energia took out loans and debentures to finance the construction of the Campo Largo - Phase I, Trairí, Umburanas - Phase I and Campo Largo - Phase 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 Complex – Phase II is in the construction phase and hence interest on debt has not been amortized yet.

In the 1st half of 2020, the interest, net of amortization, capitalized in direct subsidiary ECP was R$7,252 and the amortization of the capitalized interest in Pampa Sul was R$4,756. In the year to date, capitalized interest in these subsidiaries were R$160,766 and R$283,026, respectively. In the table above, the amounts under "Adjusted shareholders' equity" and "Adjusted net income (loss)" include the items described above.

Notes to the Financial Statements

NOTE 11 – PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent Company					
		6.30.2020			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	(3,358,636)	1,752,059	5,109,946	(3,292,039)	1,817,907
Buildings and improvements	3.1%	1,283,813	(834,972)	448,841	1,283,460	(814,894)	468,566
Machinery and equipment	3.4%	4,239,263	(2,571,457)	1,667,806	4,232,160	(2,515,345)	1,716,815
Furniture and fixtures	6.3%	8,686	(4,335)	4,351	8,559	(4,388)	4,171
Vehicles	14.3%	2,258	(1,859)	399	2,150	(1,693)	457
Special obligations		(49,655)	7,365	(42,290)	(49,655)	6,428	(43,227)
		10,595,060	**(6,763,894)**	**3,831,166**	**10,586,620**	**(6,621,931)**	**3,964,689**
In progress							
Reservoirs, dams and ducts		1,240	-	1,240	1,828	-	1,828
Buildings and improvements		980	-	980	909	-	909
Machinery and equipment		74,129	-	74,129	67,120	-	67,120
Advances to suppliers		28,359	-	28,359	26,280	-	26,280
Acquisitions to be apportioned		14,158	-	14,158	11,313	-	11,313
		118,866	**-**	**118,866**	**107,450**	**-**	**107,450**
		10,713,926	**(6,763,894)**	**3,950,032**	**10,694,070**	**(6,621,931)**	**4,072,139**

		Consolidated					
		6.30.2020			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%	7,287,964	(4,067,949)	3,220,015	7,287,215	(3,961,881)	3,325,334
Buildings and improvements	2.9%	2,189,232	(1,175,093)	1,014,139	2,186,622	(1,141,959)	1,044,663
Machinery and equipment	3.8%	16,308,261	(6,021,528)	10,286,733	16,321,893	(5,750,245)	10,571,648
Furniture and fixtures	6.3%	15,030	(6,844)	8,186	14,583	(6,703)	7,880
Vehicles	14.3%	6,025	(4,239)	1,786	5,813	(3,968)	1,845
Special obligations		(50,146)	7,531	(42,615)	(50,146)	6,588	(43,558)
		25,756,366	**(11,268,122)**	**14,488,244**	**25,765,980**	**(10,858,168)**	**14,907,812**
In progress							
Reservoirs, dams and ducts		5,053	-	5,053	7,344	-	7,344
Buildings and improvements		49,866	-	49,866	42,005	-	42,005
Machinery and equipment		459,723	-	459,723	166,870	-	166,870
Advances to suppliers		182,844	-	182,844	174,402	-	174,402
Acquisitions to be apportioned		64,107	-	64,107	31,778	-	31,778
		761,593	**-**	**761,593**	**422,399**	**-**	**422,399**
		26,517,959	**(11,268,122)**	**15,249,837**	**26,188,379**	**(10,858,168)**	**15,330,211**

Notes to the Financial Statements

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 12.31.2019	**1,817,907**	**468,566**	**1,716,815**	**4,628**	**107,450**	**(43,227)**	**4,072,139**
Additions	-	-	-	-	20,652	-	20,652
Transfers	(102)	275	8,498	565	(9,236)	-	-
Write-offs	-	-	(383)	(151)	-	-	(534)
Depreciation	(65,746)	(20,000)	(57,124)	(292)	-	937	(142,225)
Balance at 6.30.2020	**1,752,059**	**448,841**	**1,667,806**	**4,750**	**118,866**	**(42,290)**	**3,950,032**

	Consolidated						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2019	**3,325,334**	**1,044,663**	**10,571,648**	**9,725**	**422,399**	**(43,558)**	**15,330,211**
Additions	-	-	-	-	369,310	-	369,310
PIS and Cofins credits	-	-	(29,413)	-	-	-	(29,413)
Capitalized interest, inflation adjustment and depreciation	-	-	-	-	16,889	-	16,889
Transfers	336	2,311	43,231	1,127	(47,005)	-	-
Write-offs	-	-	(443)	(151)	-	-	(594)
Depreciation	(105,655)	(32,835)	(298,290)	(729)	-	943	(436,566)
Balance at 6.30.2020	**3,220,015**	**1,014,139**	**10,286,733**	**9,972**	**761,593**	**(42,615)**	**15,249,837**

NOTE 12 – INTANGIBLE ASSETS

a) Breakdown

		Parent Company					
		6.30.2020			12.31.2019		
	Amortization period	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Right to use	Until 2034	124,068	(64,934)	59,134	109,428	(59,711)	49,717

Notes to the Financial Statements

		Consolidated					
		6.30.2020			12.31.2019		
	Amortization period	Cost	Accumulated amortization	Net amount	Cost	Accumulated amortization	Net amount
Grant bonus							
Jaguara	Until 2047	620,327	(55,010)	565,317	620,327	(44,695)	575,632
Miranda	Until 2047	411,223	(36,467)	374,756	411,223	(29,629)	381,594
		1,031,550	**(91,477)**	**940,073**	**1,031,550**	**(74,324)**	**957,226**
Project rightss – operational							
WPPs in operation	Until 2052	74,153	(7,365)	66,788	74,153	(6,098)	68,055
Assú Solar Power	Until 2051	15,194	(1,179)	14,015	15,194	(943)	14,251
		89,347	**(8,544)**	**80,803**	**89,347**	**(7,041)**	**82,306**
Project rightss – 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	**(8,544)**	**441,582**	**214,105**	**(7,041)**	**207,064**
Right to use assets	Until 2037	147,525	(69,355)	78,170	133,168	(63,969)	69,199
Energy purchase right	Until 2023	64,561	(45,116)	19,445	64,561	(42,109)	22,452
Brand – EGSD		22,306	-	22,306	22,306	-	22,306
Goodwill - EGSD		18,522	-	18,522	18,522	-	18,522
Goodwill – Novo Estado		80,247	-	80,247	-	-	-
		1,814,837	**(214,492)**	**1,600,345**	**1,484,212**	**(187,443)**	**1,296,769**

b) Changes to intangible assets

	Consolidated					
	Grant bonus	Project rights	Right to use assets	Energy purchase rights	Other[15]	Total
Balances on 12.31.2019	**957,226**	**207,064**	**69,199**	**22,452**	**40,828**	**1,296,769**
Addition	-	-	14,540	-	-	14,540
Fair value of acquired project rights	-	236,021	-	-	-	236,021
Goodwill from company acquired	-	-	-	-	80,247	80,247
Amortization	(17,153)	(1,503)	(5,569)	(3,007)	-	(27,232)
Balances on 6.30.2020	**940,073**	**441,582**	**78,170**	**19,445**	**121,075**	**1,600,345**

Acquisition of Novo Estado – fair value and Goodwill from company acquired

The Company's Board of Directors, at a meeting held on 12.23.2019, approved the acquisition of all the shares of Sterlite Novo Estado Energia S.A., currently named Novo Estado Transmissão de Energia S.A. ("Novo Estado") by Novo Estado Participações S.A. ("NEP"), formerly ENGIE Transmissão de Energia Participações S.A., a direct subsidiary of the Company. 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.

[15] Represent the amounts of "Brand – EGSD", "Premium – EGSD" and "Premium – Novo Estado" arising from business combinations.

Notes to the Financial Statements

The closing of the transaction was subject to the fulfillment of certain conditions precedent, which include approval of the sale by Aneel, which were entirely fulfilled 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 began in the 2nd quarter 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. NEP and Sterlite Participações calculated and defined the adjustment of 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. 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 is assessing the fair value of assets and liabilities acquired to make all the due allocations in the acquisition balance sheet in accordance with business combination rules. Accordingly, the balance of investment on 6.30.2020 considers preliminary analyses of this allocation.

Notes to the Financial Statements

On a preliminary basis and considering the above, the opening balance sheet on the date of conclusion of the acquisition is below:

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
Agreement 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[16]	(5,229)	(80,247)	(85,476)
Net assets	**136,093**	**155,774**	**291,867**

Additionally, the Company calculated goodwill 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 preliminary 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.

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

Notes to the Financial Statements

NOTE 13 – SUPPLIERS

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Suppliers of materials and services	52,994	30,195	142,814	139,238
Suppliers of property, plant and equipment and intangible assets	5,829	5,859	131,603	264,424
Electricity purchased	38,714	79,403	111,135	119,384
Trading operations	-	-	97,088	120,324
Fossil fuels and biomass	-	-	72,975	61,410
Charges for the use of the power grid	31,976	32,040	55,816	55,184
Transactions in the short-term market	-	1,864	-	5,056
Current liabilities	**129,513**	**149,361**	**611,431**	**765,020**
Suppliers of property, plant and equipment	-	-	82,587	10,869
Suppliers of materials and services	-	-	6,360	6,388
Non-current liabilities [17]	**-**	**-**	**88,947**	**17,257**
	129,513	**149,361**	**700,378**	**782,277**

The Company's average payment term for suppliers shown under current assets is about 30 days and no interest is charged on the balances.

NOTE 14 – 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.

In the 2nd quarter of 2020, there were no changes in the risks to which the Company and its subsidiaries are exposed or in the management and measurement of these risks, when compared to those presented in Note 17 – Risk management and financial instruments of the financial statements of December 31, 2019.

a) Liabilities denominated in foreign currency

At 6.30.2020, the Company held no relevant financial obligation denominated in foreign currencies whose exchange variation was not fully hedged against.

[17] Amounts related to trade payables in the long term are presented under "Other non-current liabilities".

Notes to the Financial Statements

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

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Long position				
Fair value hedge on loans and debentures				
Current assets	403,130	114,550	403,130	114,550
Non-current assets	844,915	311,577	844,915	311,577
	1,248,045	**426,127**	**1,248,045**	**426,127**
Cash flow hedge on obligations				
Current assets	-	-	780	581
	-	**-**	**780**	**581**
Short position				
Fair value hedge on loans and debentures				
Current liabilities	(2,444)	(2,933)	(10,347)	(8,616)
Non-current liabilities	(56,654)	(76,932)	(71,428)	(91,169)
	(59,098)	**(79,865)**	**(81,775)**	**(99,785)**
Cash flow hedge on obligations				
Current liabilities	-	-	-	(145)
	-	**-**	**-**	**(145)**
Net position	**1,188,947**	**346,262**	**1,167,050**	**326,778**

a.1) Fair value hedge operations on loans and debentures

The following table shows the net changes in fair value hedge operations on loans and debentures:

	Parent Company			Consolidated		
	Current	Non-Current	Total	Current	Non-Current	Total
Assets at 12.31.2019, net	**111,617**	**234,645**	**346,262**	**105,934**	**220,408**	**326,342**
Interest	22,836	(6,941)	15,895	18,938	(11,366)	7,572
Exchange variation	545,470	578,920	1,124,390	545,470	578,920	1,124,390
Fair value adjustment	(7,411)	89,024	81,613	(7,370)	89,183	81,813
Transfers	107,387	(107,387)	-	103,658	(103,658)	-
Amortization of principal	(347,601)	-	(347,601)	(343,867)	-	(343,867)
Amortization of interest	(31,612)	-	(31,612)	(29,980)	-	(29,980)
Assets at 6.30.2020, net	**400,686**	**788,261**	**1,188,947**	**392,783**	**773,487**	**1,166,270**

b) Sensitivity analysis of the exposure to risks related to interest rates, floating rates and foreign currency quotation variation

In compliance with CVM Instruction no. 475/2008 and for reference purposes, the Company prepared a sensitivity analysis on its loans, financing, debentures, concessions payable, concession financial asset and agreement assets exposed to interest rate variation risks and floating rate risks.

Notes to the Financial Statements

The probable basic scenario for 6.30.2020 was defined using the following assumptions available in the market (source: Central Bank of Brazil Market Readout of the last business day of the month).

Variation in interest rates and indices	Change in 12 months 6.30.2020	Probable Scenario 6.30.2021	Sensitivity		
			Probable	Δ + 25% (*)	Δ + 50% (*)
Risk of variation in interest rates and indices					
TJLP	5.1%	4.9%	-0.2 p.p.	1.2 p.p.	2.5 p.p.
CDI	4.6%	2.0%	-2.6 p.p.	0.5 p.p.	1.0 p.p.
IPCA	2.1%	1.7%	-0.4 p.p.	0.4 p.p.	0.9 p.p.
IGP-M	6.5%	6.3%	-0.2 p.p.	1.6 p.p.	3.2 p.p.

(*) Variations on probable scenario for 2021.

The probable sensitivity was calculated based on the variation of indices in the last 12 months, observed on 6.30.2020, and those expected for the next 12 months, ending on 6.30.2021, and showed any additional impacts in the Company's consolidated profit or loss. The variations that could impact the consolidated result, and consequently the shareholders' equity in the next 12 months compared to the last 12 months, if the scenarios materialize are the following:

	Balance at 6.30.2020	Sensitivity		
		Probable	Δ + 25%	Δ + 50%
Risk of increase (liability)				
Loans and financing				
TJLP	3,294,756	6,685	(37,836)	(77,698)
CDI (Loans with swap to CDI rate)	4,083,594	50,274	(9,885)	(19,785)
IPCA (Loans with swap to IPCA rate)	1,152,841	5,115	(5,365)	(10,729)
IPCA	1,956,888	5,469	(6,430)	(11,981)
Debentures				
IPCA	4,476,587	19,061	(19,991)	(39,981)
IPCA (debentures with swap for IPCA)	514,771	2,081	(2,183)	(4,365)
CDI	1,505,567	27,609	(5,426)	(10,861)
Concessions payable				
IGP-M	2,798,700	7,358	(44,144)	(88,287)
IPCA	606,369	2,443	(2,566)	(5,132)
Risk of decrease (asset)				
Concession financial asset				
IPCA	2,702,038	(11,086)	(11,312)	(22,046)
Agreement assets				
IPCA	960,319	(9,642)	(9,878)	(19,287)

c) Risk related to energy prices in trading operations

The balance sheets for outstanding trading transactions at 6.30.2020 are presented below.

Notes to the Financial Statements

	Consolidated					
	6.30.2020			12.31.2019		
	Assets	Liabilities	Net gain	Assets	Liabilities	Net gain
Classification in balance sheet						
Current	268,173	(259,085)	9,088	288,771	(258,305)	30,466
Non-current	76,591	(45,745)	30,846	42,695	(20,644)	22,051
	344,764	**(304,830)**	**39,934**	**331,466**	**(278,949)**	**52,517**

The variation in the balances for outstanding trading transactions at 6.30.2020 is follows:

	Consolidated
Balances at 12.31.2019	**52,517**
Gain recognized for the period	22,194
Loss recognized for the period	(34,777)
Balances at 6.30.2020	**39,934**

c.1) Sensitivity analysis regarding trading operations

The main risk factor impacting prices in trading operations is the exposure to energy market prices. The scenarios used in the sensitivity analysis for this factor are prepared based on market data and specialized sources.

The sensitivity analysis was prepared in accordance with CVM Instruction 475/2008, considering the increase of 25% and 50% in future prices, applied on the market curves on 6.30.2020. The results obtained are:

	Consolidated		
	6.30.2020	Δ + 25%	Δ + 50%
Unrealized gains (losses) on trading operations	39,934	(32,888)	(65,775)

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 lower than four years, which is why no sensitivity analysis was presented.

d) Capital management risk

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Debt[18]	8,601,114	8,085,266	15,822,794	14,436,716
(-) Deposits pegged to debt service	(10,525)	(10,388)	(251,453)	(374,676)
(-) Cash and cash equivalents	(2,634,965)	(2,590,507)	(4,799,482)	(3,870,261)
Net debt	**5,955,624**	**5,484,371**	**10,771,859**	**10,191,779**
Shareholders' equity	**7,430,565**	**6,995,154**	**7,434,743**	**6,998,820**
Total debt/Shareholders' equity	**0.8**	**0.8**	**1.4**	**1.5**

[18] Composed of loans, financing, debentures, net of hedge impacts.

Notes to the Financial Statements

e) Liquidity risk

The following statement presents the estimated settlement profile for the Company's main financial liabilities recorded at 6.30.2020. 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	129,513	-	-	-	129,513
Post-fixed interest rates:					
Loans and financing[19]	1,234,057	2,629,444	666,916	-	4,530,417
Debentures	1,116,176	644,922	922,421	2,640,113	5,323,632
Fixed interest rates:					
Loans and financing	1,620	2,525	56	-	4,201
Concessions payable	184,039	431,022	1,048,094	4,791,920	6,455,075
	2,665,405	**3,707,913**	**2,637,487**	**7,432,033**	**16,442,838**

	Consolidated				
	Up to 1 year	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	611,431	88,947	-	-	700,378
Post-fixed interest rates:					
Loans and financing[18]	1,796,394	3,791,954	1,795,752	4,630,138	12,014,238
Debentures[18]	1,928,391	1,261,493	1,489,907	3,160,740	7,840,531
Fixed interest rates:					
Loans and financing	1,620	2,525	56	-	4,201
Concessions payable	190,683	443,879	1,060,951	4,872,807	6,568,320
	4,528,519	**5,588,798**	**4,346,666**	**12,663,685**	**27,127,668**

[19]Net of hedge effects

Notes to the Financial Statements

f) Category and fair value of financial instruments

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Financial assets				
Fair value through profit or loss				
Marketable securities	2,634,188	2,588,307	4,748,225	3,779,368
Unrealized gains on fair value hedge operations	1,248,045	426,127	1,248,045	426,127
Unrealized gains on trading operations	-	-	344,764	331,466
Amortized cost				
Cash and bank deposits	777	2,200	51,257	90,893
Trade accounts receivable	634,400	643,570	1,465,911	1,451,227
Restricted deposits	11,363	11,226	306,263	385,920
Fuel reimbursable [20]	-	-	55,827	52,533
Concession financial asset	-	-	2,702,038	2,708,174
Agreement asset	-	-	960,319	217,611
Fair value through other comprehensive income				
Unrealized gains on cash flow hedge operations	-	-	780	581
	4,528,773	**3,671,430**	**11,883,429**	**9,443,900**
Financial liabilities				
Fair value through profit or loss				
Foreign currency	5,236,435	3,946,531	5,236,435	3,946,531
Debentures	-	-	514,771	601,031
Unrealized losses on hedge operations [21]	59,098	79,865	81,775	99,785
Unrealized losses on trading operations	-	-	304,830	278,949
Amortized cost				
Suppliers	129,513	149,361	700,378	782,277
Loans in foreign currency	138,791	199,583	5,255,704	4,872,523
Debentures	4,414,835	4,285,414	5,982,154	5,342,973
Concessions payable	3,350,099	3,181,303	3,405,069	3,236,490
Liabilities linked to investment acquisition [21]	-	-	51,407	8,179
Fuel payable to CDE [21]	-	-	121,053	144,767
Reimbursement to distributors [21]	-	-	174,287	136,887
Fair value through other comprehensive income				
Unrealized losses on cash flow hedge operations [21]	-	-	-	145
	13,328,771	**11,842,057**	**21,827,863**	**19,450,537**

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).

g) 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 concession financial assets, agreement assets, loans and financing, debentures, and concessions payable. These differences occurred mainly because these instruments have long-term settlements and different costs in relation to interest rates currently used for similar contracts.

[20] Presented under "Other current assets."

[21] Presented under "Other current liabilities" and "Other non-current liabilities".

Notes to the Financial Statements

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			
	6.30.2020		12.31.2019	
	Book	Market	Book	Market
Loans and financing in local currency	138,791	137,221	199,583	211,229
Loans in foreign currency	5,236,435	5,236,435	3,946,531	3,946,531
Debentures	4,414,835	4,461,441	4,285,414	4,343,955
Concessions payable	3,350,099	3,539,903	3,181,303	3,168,792
	13,140,160	**13,375,000**	**11,612,831**	**11,670,507**

	Consolidated			
	6.30.2020		12.31.2019	
	Book	Market	Book	Market
Assets				
Concession financial asset	2,702,038	2,676,066	2,708,174	2,615,077
Agreement asset	960,319	955,751	217,611	216,425
	3,662,357	**3,631,817**	**2,925,785**	**2,831,502**
Liabilities				
Loans and financing in local currency	5,255,704	5,348,949	4,872,523	4,814,931
Loans in foreign currency	5,236,435	5,236,435	3,946,531	3,946,531
Debentures	6,496,925	6,565,913	5,944,004	6,633,870
Concessions payable	3,405,069	3,602,329	3,236,490	3,226,023
	20,394,133	**20,753,626**	**17,999,548**	**18,621,355**

NOTE 15 – LOANS AND FINANCING

a) Breakdown

	Parent Company					
	6.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Measured at amortized cost						
Local currency						
BNDES	22,938	38,809	61,747	60,774	47,125	107,899
BNDES onlendings (Banks)	1,533	2,522	4,055	1,533	3,289	4,822
Nordic Investment Bank (NIB)	28,918	43,394	72,312	28,634	57,285	85,919
Charges	677	-	677	943	-	943
	54,066	**84,725**	**138,791**	**91,884**	**107,699**	**199,583**
Measured at fair value						
Foreign currency – with hedge						
Scotiabank	548,621	1,705,142	2,253,763	-	1,646,598	1,646,598
BNP Paribas	-	1,530,440	1,530,440	468,617	207,656	676,273
Bank of Tokyo	549,266	-	549,266	337,823	411,087	748,910
HSBC	332,571	537,129	869,700	337,348	509,674	847,022
Charges	33,266	-	33,266	27,728	-	27,728
	1,463,724	**3,772,711**	**5,236,435**	**1,171,516**	**2,775,015**	**3,946,531**
Loans and financing	**1,517,790**	**3,857,436**	**5,375,226**	**1,263,400**	**2,882,714**	**4,146,114**

Notes to the Financial Statements

Balances of loans and financing in the parent company, net of hedge effects, are:

	Parent Company					
	6.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,517,790**	**3,857,436**	**5,375,226**	**1,263,400**	**2,882,714**	**4,146,114**
Hedge (swap) effects						
Long position	(403,130)	(844,915)	(1,248,045)	(114,550)	(311,577)	(426,127)
Short position[22]	2,444	56,654	59,098	2,933	76,932	79,865
Loans and financing, net of hedge effects	**1,117,104**	**3,069,175**	**4,186,279**	**1,151,783**	**2,648,069**	**3,799,852**

	Consolidated					
	6.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Measured at amortized cost						
Local currency						
BNDES	324,966	4,411,848	4,736,814	374,965	3,911,805	4,286,770
BNDES onlendings (Banks)	7,718	342,239	349,957	19,003	353,335	372,338
BNB[23]	-	83,937	83,937	-	83,923	83,923
Nordic Investment Bank (NIB)	28,918	43,394	72,312	28,634	57,285	85,919
Other	-	-	-	18,083	-	18,083
Charges	12,684	-	12,684	25,490	-	25,490
	374,286	**4,881,418**	**5,255,704**	**466,175**	**4,406,348**	**4,872,523**
Measured at fair value						
Foreign currency – with hedge						
Scotiabank	548,621	1,705,142	2,253,763	-	1,646,598	1,646,598
BNP Paribas	-	1,530,440	1,530,440	468,617	207,656	676,273
Bank of Tokyo	549,266	-	549,266	337,823	411,087	748,910
HSBC	332,571	537,129	869,700	337,348	509,674	847,022
Charges	33,266	-	33,266	27,728	-	27,728
	1,463,724	**3,772,711**	**5,236,435**	**1,171,516**	**2,775,015**	**3,946,531**
Loans and financing	**1,838,010**	**8,654,129**	**10,492,139**	**1,637,691**	**7,181,363**	**8,819,054**

[22] Hedge short position is presented under "Other current liabilities" and "Other non-current liabilities."
[23] Banco do Nordeste do Brasil S.A.

Notes to the Financial Statements

Balances of loans and financing in the consolidated, net of hedge effects, are:

	Consolidated					
	6.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,838,010**	**8,654,129**	**10,492,139**	**1,637,691**	**7,181,363**	**8,819,054**
Hedge (swap) effects						
Long position	(403,130)	(844,915)	(1,248,045)	(114,550)	(311,577)	(426,127)
Short position[24]	2,444	56,654	59,098	2,933	76,932	79,865
Loans and financing, net of hedge effects	**1,437,324**	**7,865,868**	**9,303,192**	**1,526,074**	**6,946,718**	**8,472,792**

b) Changes in loans and financing

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2019	**1,263,400**	**2,882,714**	**4,146,114**	**1,637,691**	**7,181,363**	**8,819,054**
Additions	-	632,490	632,490	92	1,216,652	1,216,744
Interest	105,454	-	105,454	235,834	-	235,834
Monetary variations	291	629	920	3,373	17,452	20,825
Capitalized interest and inflation adjustments	-	-	-	16,166	-	16,166
Exchange variations	263,490	860,900	1,124,390	263,490	860,900	1,124,390
Fair value adjustment	(7,347)	88,589	81,242	(7,347)	88,589	81,242
Transfers	607,886	(607,886)	-	710,827	(710,827)	-
Payment of principal	(629,700)	-	(629,700)	(808,254)	-	(808,254)
Payment of interest	(85,684)	-	(85,684)	(213,862)	-	(213,862)
Balances at 6.30.2020	**1,517,790**	**3,857,436**	**5,375,226**	**1,838,010**	**8,654,129**	**10,492,139**

c) Main transactions in 2020

c.1) Financing in domestic currency

- New financing

In June 2020, the Company, through the indirect subsidiary Gralha Azul, contracted financing from the BNDES in the amount of R$1,480,617. Up to 6.30.2020, R$601,790 was released (R$583,052 net of funding costs). The funds were used to finance the construction of the transmission line.

[24] Hedge short position is presented under "Other current liabilities" and "Other non-current liabilities."

Notes to the Financial Statements

The main contracting conditions were:

		Conditions contracted	
Companies / Banks	Interest	Maturity	Principal and interest
BNDES	IPCA + 3.82% p.a.	March 2044	Monthly, starting October 2023

c.2) Loans in foreign currency with hedge

On 5.17.2019, the Company contracted on 3.31.2020 a loan from an overseas financial institution, BNP Paribas, in the amount of US$125 million, equivalent to R$632,490, and, at the same time, contracted hedge operations (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, raise working capital and finance the implementation of the Company's business plan.

In addition, 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.

The main contracting conditions were:

		Contracting conditions	
Companies / Banks	Interest	Due date	Principal and interest
BNP Paribas	2.54% p.a. with swap for CDI + 1.7% p.a.	March 2024	Principal: March 2024 Interest: half-yearly
BNP Paribas (rollover)	2.73% p.a. with swap for CDI + 1.33% p.a.	March 2023	Principal: April 2023 Interest: half-yearly

In addition, the covenants establish that the EBITDA/financial expenses ratio be higher than or equal to 2.0, and gross debt/ EBITDA ratio be lower than or equal to 4.5, calculated on a quarterly basis.

Notes to the Financial Statements

d) Breakdown of borrowings and financing by index and currency

	Parent Company				Consolidated			
	6.30.2020	%	12.31.2019	%	6.30.2020	%	12.31.2019	%
Local currency								
TJLP	61,936	1.2	108,250	2.6	3,294,756	31.4	3,446,892	39.1
IPCA	72,795	1.4	86,506	2.1	1,956,888	18.7	1,402,369	15.9
Not indexed	4,060	0.1	4,827	0.1	4,060	0.0	23,262	0.2
	138,791	**2.6**	**199,583**	**4.8**	**5,255,704**	**50.1**	**4,872,523**	**55.2**
Foreign currency – with hedge								
U.S. dollar – with swap for CDI	4,083,594	76.0	3,115,217	75.1	4,083,594	38.9	3,115,217	35.4
U.S. dollar – with swap for IPCA	1,152,841	21.4	831,314	20.1	1,152,841	11.0	831,314	9.4
	5,236,435	**97.4**	**3,946,531**	**95.2**	**5,236,435**	**49.9**	**3,946,531**	**44.8**
Loans and financing	**5,375,226**	**100.0**	**4,146,114**	**100.0**	**10,492,139**	**100.0**	**8,819,054**	**100.0**

e) Maturity of loans and financing under non-current liabilities

	Parent Company	Consolidated
July to December 2021	4,481	168,524
2022	2,589,758	2,918,618
2023	559,273	890,478
2024	703,924	1,038,413
2025	-	334,489
2026 to 2030	-	1,522,564
2031 to 2035	-	981,825
2036 to 2040	-	216,479
2041 to 2044	-	582,739
Loans and financing	**3,857,436**	**8,654,129**

f) Contract commitments (covenants)

There was no change in the covenants compared to those presented in Note 18 – Loans and financing of the financial statements of December 31, 2019, except for the information presented in the main transactions carried out in 2020. The financial commitments are being entirely fulfilled by the Company and its subsidiaries.

NOTE 16 – DEBENTURES

a) Breakdown

	Parent Company					
	6.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
EBE – 5th issue	-	216,648	216,648	-	214,994	214,994
EBE – 6th issue	-	671,035	671,035	-	665,444	665,444
EBE – 7th issue	-	771,765	771,765	-	765,013	765,013
EBE – 8th issue	961,282	-	961,282	956,829	-	956,829
EBE – 9th issue	-	1,610,308	1,610,308	-	1,597,535	1,597,535
Charges	129,441	54,356	183,797	61,348	24,251	85,599
Debentures	**1,090,723**	**3,324,112**	**4,414,835**	**1,018,177**	**3,267,237**	**4,285,414**

Notes to the Financial Statements

	Consolidated					
	6.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Debentures						
EBE – 5th issue	-	216,648	216,648	-	214,994	214,994
EBE – 6th issue	-	671,035	671,035	-	665,444	665,444
EBE – 7th issue	-	771,765	771,765	-	765,013	765,013
EBE – 8th issue	961,282	-	961,282	956,829	-	956,829
EBE – 9th issue	-	1,610,308	1,610,308	-	1,597,535	1,597,535
Jaguara – 1st issue	125,538	850,086	975,624	114,710	911,652	1,026,362
Miranda – 1st issue	69,988	526,998	596,986	67,779	560,646	628,425
NEP – 1st issue	499,454	-	499,454	-	-	-
Charges	139,467	54,356	193,823	65,151	24,251	89,402
Debentures	**1,795,729**	**4,701,196**	**6,496,925**	**1,204,469**	**4,739,535**	**5,944,004**
Hedge (swap) effects						
Short position[25]	7,903	14,774	22,677	5,683	14,237	19,920
Debentures, net of hedge effects	**1,803,632**	**4,715,970**	**6,519,602**	**1,210,152**	**4,753,772**	**5,963,924**

b) Changes in debentures

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2019	**1,018,177**	**3,267,237**	**4,285,414**	**1,204,469**	**4,739,535**	**5,944,004**
Additions	-	-	-	499,110	-	499,110
Interest rates	75,932	30,004	105,936	131,253	30,004	161,257
Monetary variations	176	23,309	23,485	235	30,737	30,972
Fair value adjustment	-	-	-	6,953	(7,564)	(611)
Transfers	(3,562)	3,562	-	91,516	(91,516)	-
Payment of principal	-	-	-	(92,395)	-	(92,395)
Payment of interest	-	-	-	(45,412)	-	(45,412)
Balances at 6.30.2020	**1,090,723**	**3,324,112**	**4,414,835**	**1,795,729**	**4,701,196**	**6,496,925**

c) Main transactions in 2020

c.1) 1st issue of debentures by subsidiary NEP

On 2.17.2020, the Company issued unsecured, non-convertible debentures (1st issue) in a single series, in accordance with CVM Instruction 476/2009, in the total amount of R$500,000 (R$499,110, net of funding costs). The financial settlement occurred on 3.2.2020. The debentures were issued to raise working capital and finance the construction of the transmission line.

[25] Hedge short position is presented under "Other current liabilities" and "Other non-current liabilities."

Notes to the Financial Statements

The main conditions were:

		Payment Conditions			
	Yield	Charges	Principal	Due date	Guarantee
1st Issue – Single Series	CDI + 0.67% p.a.	On due date	On due date	Nov/2020	No guarantee

In addition, the covenants established were that the EBITDA/financial expenses ratio of the Company's parent company, EBE, be higher than or equal to 2.00, and gross debt/EBITDA ratio be lower than or equal to 4.5, calculated annually.

d) Breakdown of debentures by index

	Parent Company				Consolidated			
	6.30.2020	%	12.31.2019	%	6.30.2020	%	12.31.2019	%
IPCA	3,415,216	77.4	3,308,181	77.2	4,476,587	68.9	4,365,740	73.4
CDI	999,619	22.6	977,233	22.8	1,505,567	23.2	977,233	16.4
CDI – with swap for IPCA	-	-	-	-	514,771	7.9	601,031	10.2
Debentures	**4,414,835**	**100.0**	**4,285,414**	**100.0**	**6,496,925**	**100.0**	**5,944,004**	**100.0**

e) Maturities of debentures recorded under non-current liabilities

	Parent Company	Consolidated
July to December 2021	85,858	192,537
2022	158,457	374,838
2023	158,388	388,831
2024	470,772	708,989
2025	901,023	1,124,531
2026 to 2029	1,549,614	1,911,470
Debentures	**3,324,112**	**4,701,196**

f) Contractual covenants

There was no change in the covenants compared to those presented in Note 19 – Debentures of the financial statements of December 31, 2019, except for the information presented in the main transactions carried out in 2020. The covenants are being fully met by the Company and its subsidiaries.

Notes to the Financial Statements

NOTE 17 – LEASE OPERATIONS

a) Right of use of leases

		Parent Company					
		6.30.2020			12.31.2019		
	Depreciation period	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings							
Headquarters - EBE	Until 2025	33,145	(7,362)	25,783	33,145	(4,910)	28,235
Other		60	(23)	37	60	(14)	46
		33,205	**(7,385)**	**25,820**	**33,205**	**(4,924)**	**28,281**

		Consolidated					
		6.30.2020			12.31.2019		
	Depreciation period	Cost	Depreciation	Net amount	Cost	Depreciation	Net amount
Buildings							
Headquarters - EBE	Until 2025	33,145	(7,362)	25,783	33,145	(4,910)	28,235
Headquarters - EGSD	Until 2025	1,759	(336)	1,423	1,759	(182)	1,577
Land							
Campo Largo Wind Complexes	Until 2063	51,664	(1,722)	49,942	51,664	(1,148)	50,516
Trairí Wind Complex	Until 2047	27,480	(2,132)	25,348	27,480	(1,421)	26,059
Santo Agostinho Wind Complex	Until 2040	2,777	(195)	2,582	2,777	(129)	2,648
Umburanas Wind Complex	Until 2057	47,906	(739)	47,167	47,906	(106)	47,800
Assú	Until 2043	4,739	(291)	4,448	4,739	(194)	4,545
Other		778	(212)	566	623	(137)	486
		170,248	**(12,989)**	**157,259**	**170,093**	**(8,227)**	**161,866**

The change in right of use is presented below:

	Parent	Consolidated
Balances at 12.31.2019	**28,281**	**161,866**
New	-	155
Depreciation	(2,461)	(4,762)
Balances at 6.30.2020	**25,820**	**157,259**

b) Leases payable

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2019	**6,222**	**11,853**	**18,075**	**19,824**	**114,483**	**134,307**
New	-	-	-	44	111	155
Interest	1,224	-	1,224	7,780	-	7,780
Transfers	1,992	(1,992)	-	2,504	(2,504)	-
Amortizations	(3,216)	-	(3,216)	(10,163)	-	(10,163)
Balances at 6.30.2020	**6,222**	**9,861**	**16,083**	**19,989**	**112,090**	**132,079**

Notes to the Financial Statements

c) Recoverable PIS and Cofins and capitalization of lease costs incurred

The rental agreements of EBE's headquarters and lease of lands of the Campo Largo Wind Complexes – Phase I and II and Umburanas are subject to PIS and Cofins recovery 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. The potential recoverable amounts of PIS and Cofins related to the amounts not deducted and the balance of lease liability for the parent company are R$1,172 and R$912, respectively. In consolidated terms, the PIS and Cofins amounts on amounts not deducted and the balance of lease liability are R$2,549 and R$2,074, 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. In addition, costs incurred in lease agreements related to Campo Largo Wind Complex – Phase II, which is under construction, were capitalized. This procedure started to be applied on 12.31.2019 and hence the comparison is not presented. The following table shows the reconciliation of amounts recognized in these items:

	Parent Company			
	Interest		Depreciation	
	2nd Quarter of 2020	First 6 months of 2020	2nd Quarter of 2020	First 6 months of 2020
Gross amounts	601	1,224	1,228	2,461
PIS and Cofins credited	(23)	(39)	(114)	(190)
Capitalized amounts	-	-	-	-
Net amounts in profit or loss	**578**	**1,185**	**1,114**	**2,271**

	Consolidated			
	Interest		Depreciation	
	2nd Quarter of 2020	First 6 months of 2020	2nd Quarter of 2020	First 6 months of 2020
Gross amounts	3,878	7,780	2,378	4,762
PIS and Cofins credited	(281)	(377)	(162)	(283)
Capitalized amounts	(588)	(588)	(135)	(135)
Net amounts in profit or loss	**3,009**	**6,815**	**2,081**	**4,344**

Notes to the Financial Statements

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
July to December 2021	2,471	(330)	**2,141**	7,647	(1,135)	**6,512**
2022	5,038	(1,024)	**4,014**	16,798	(3,506)	**13,292**
2023	5,158	(1,452)	**3,706**	17,121	(5,031)	**12,090**
2024	-	-	**-**	14,491	(6,404)	**8,087**
2025	-	-	**-**	14,392	(7,061)	**7,331**
2026 to 2030	-	-	**-**	65,135	(37,548)	**27,587**
2031 to 2035	-	-	**-**	62,703	(46,805)	**15,898**
After 2036	-	-	**-**	265,552	(244,259)	**21,293**
Leases payable	**12,667**	**(2,806)**	**9,861**	**463,839**	**(351,749)**	**112,090**

NOTE 18 – CONCESSIONS PAYABLE

a) Breakdown

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Cana Brava Hydroelectric Power Plant	1,566,914	1,440,918	1,566,914	1,440,918
Ponte de Pedra Hydroelectric Power Plant	1,231,786	1,184,801	1,231,786	1,184,801
São Salvador Hydroelectric Power Plant	551,399	555,584	551,399	555,584
Estreito Hydroelectric Power Plant	-	-	54,970	55,187
	3,350,099	**3,181,303**	**3,405,069**	**3,236,490**
Classification in the balance sheet				
Current liabilities	175,033	139,008	181,366	145,136
Non-current liabilities	3,175,066	3,042,295	3,223,703	3,091,354
	3,350,099	**3,181,303**	**3,405,069**	**3,236,490**

b) Changes in concessions payable

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2019	**139,008**	**3,042,295**	**3,181,303**	**145,136**	**3,091,354**	**3,236,490**
Interest	-	144,249	144,249	-	146,885	146,885
Monetary variations	-	94,135	94,135	-	94,565	94,565
Transfers	105,613	(105,613)	-	109,101	(109,101)	-
Amortizations	(69,588)	-	(69,588)	(72,871)	-	(72,871)
Balances at 6.30.2020	**175,033**	**3,175,066**	**3,350,099**	**181,366**	**3,223,703**	**3,405,069**

Notes to the Financial Statements

c) Maturities of concessions payable disclosed in non-current liabilities

	Parent Company	Consolidated
July to December 2021	96,585	99,436
2022	181,355	186,666
2023	264,272	269,100
2024	372,147	376,534
2025	661,422	665,411
2026 to 2030	1,210,732	1,225,851
2031 to 2035	368,704	378,088
2036 to 2038	19,849	22,617
Concessions payable	**3,175,066**	**3,223,703**

NOTE 19 – 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.

a) Breakdown

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Civil				
Expropriations and administrative servitude	46,979	46,062	49,593	48,565
Environmental	12,931	12,476	12,931	12,476
Retirement benefits	2,431	2,995	2,431	2,995
Sundry lawsuits	12,202	12,922	20,628	23,054
	74,543	**74,455**	**85,583**	**87,090**
Tax	**7,424**	**6,767**	**7,834**	**7,100**
Labor	**11,287**	**14,979**	**12,100**	**15,376**
Divestment of generation assets	**-**	**-**	**189,711**	**187,314**
	93,254	**96,201**	**295,228**	**296,880**
Classification in the balance sheet				
Current liabilities	5,632	7,537	6,636	8,579
Non-current liabilities	87,622	88,664	288,592	288,301
	93,254	**96,201**	**295,228**	**296,880**

Notes to the Financial Statements

b) 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.

	6.30.2020			12.31.2019		
	Possible risk	Remote risk	Total	Possible risk	Remote risk	Total
Parent Company						
Tax and social security	787,212	262,568	1,049,780	767,016	255,863	1,022,879
Civil	87,342	94,785	182,127	83,956	91,294	175,250
Labor	18,631	141,537	160,168	15,165	136,031	151,196
	893,185	**498,890**	**1,392,075**	**866,137**	**483,188**	**1,349,325**
Consolidated						
Tax and social security	787,945	276,743	1,064,688	847,990	269,914	1,117,904
Civil	105,096	94,927	200,023	98,903	91,429	190,332
Labor	19,548	151,984	171,532	16,323	146,266	162,589
	912,589	**523,654**	**1,436,243**	**963,216**	**507,609**	**1,470,825**

In the 2nd quarter of 2020, except for the lawsuit described below, there were no significant updates in the main lawsuits assessed as possible risk, which are presented in Note 25 – Provisions, of the financial statements of 12.31.2019.

- State tax on the circulation of goods and transportation and communication services (ICMS)

Refers to tax-deficiency notice filed against the Company and its direct subsidiary EBC by the São Paulo State Treasury Department (FESP) alleging that electricity sale invoices are issued to their free consumers in the month subsequent to the taxable event. According to the tax authority, this practice delays the payment of tax payable to the State by one month. The measurement of electricity used by the client is conducted by the distributor to which they are connected, up to the eighth day following the month of supply. Therefore, the electricity consumed by the client can only be billed after the measurement. As a result, the procedure adopted by the Company and EBC would comply with the usual practice in the Brazilian power sector and the interpretation of São Paulo tax authorities is not valid.

In 2019, a suit filed by EBE 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 amounts earlier considered as risk of possible loss were annulled and the suits were concluded.

Notes to the Financial Statements

NOTE 20 – RETIREMENT BENEFITS OBLIGATIONS

a) Breakdown

	Consolidated					
	6.30.2020			12.31.2019		
	Current	Non-current	Total	Current	Non-current	Total
Contracted obligations	21,686	169,799	191,485	17,746	159,267	177,013
Current contributions and service costs	20	-	20	19	-	19
Uncontracted deficit	21,203	193,265	214,468	25,144	204,986	230,130
Recorded actuarial liability	**42,909**	**363,064**	**405,973**	**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 by the Company with respective Foundations.

On 5.17.2020, the Company signed an agreement with ELOS Foundation to pay the portion of deficit under its responsibility for fiscal year 2018. The amount contracted was R$19,103, which will be paid in 156 monthly installments, adjusted by the National Consumer Price Index (INPC) and interest of 6.04% p.a.

The remaining loans borrowed from the foundations are adjusted by INPC, with interest of 5.75% p.a.

Contracted amounts presented in non-current liabilities are expected to be settled as follows:

	ELOS	PREVIG	Total
July to December 2021	8,348	2,029	10,377
2022	17,785	2,325	20,110
2023	18,845	1,587	20,432
2024	15,604	246	15,850
2025	16,528	-	16,528
2026 to 2030	80,012	-	80,012
2031 to 2032	6,490	-	6,490
	163,612	**6,187**	**169,799**

b) Changes in retirement benefit obligations

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS[26]	GC[27]	Total
Liabilities recorded at 12.31.2019	**376,264**	**26,815**	**744**	**3,339**	**407,162**
Contribution and cost of current service	-	44	-	(115)	(71)
Payment of contracted obligations	(12,596)	(1,784)	(173)	-	(14,553)
Net interest on actuarial liabilities	12,457	863	20	95	13,435
Liabilities recorded at 6.30.2020	**376,125**	**25,938**	**591**	**3,319**	**405,973**

[26] Settled Proportional Supplementary Benefit.
[27] Confidentiality Bonus.

Notes to the Financial Statements

NOTE 21 – DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

Deferred income tax and social contribution assets and liabilities, are presented net, as follows:

a) Breakdown

	Parent Company				
	6.30.2020				12.31.2019
Description of credits	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Unrealized gains on hedge operations	1,225,621	306,405	110,306	416,711	127,016
Accelerated depreciation	887,824	221,956	79,904	301,860	285,505
Property, plant and equipment deemed cost (fair value)	631,700	157,925	56,853	214,778	228,325
Unrealized sale at MAE (currently CCEE)	95,068	23,767	8,556	32,323	36,535
Capitalized financial charges	60,676	15,169	5,461	20,630	21,024
Adjustment to fair value in business combination	31,400	7,850	2,826	10,676	11,051
Other	15,015	3,754	1,351	5,105	4,005
		736,826	**265,257**	**1,002,083**	**713,461**
Assets:					
Retirement benefits obligations	213,544	53,386	19,219	72,605	77,958
Unrealized losses on hedge operations	137,409	34,352	12,367	46,719	15,916
Estimated losses with doubtful accounts	116,777	29,194	10,510	39,704	43,917
Fair value adjustment in business combinations	112,891	28,223	10,160	38,383	39,191
Civil, tax and labor provisions	87,321	21,830	7,859	29,689	30,022
Provision for asset impairment	50,100	12,525	4,509	17,034	17,050
Interest on property, plant and equipment in progress (RIC)	31,848	7,962	-	7,962	8,327
Tax losses and social contribution tax loss carryforwards	6,512	1,628	118	1,746	-
Other	34,459	8,615	3,101	11,716	12,554
		197,715	**67,843**	**265,558**	**244,935**
Net total		**539,111**	**197,414**	**736,525**	**468,526**

Notes to the Financial Statements

	Consolidated				
	6.30.2020				12.31.2019
Description of credits	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Unrealized gains on hedge operations	1,225,621	306,405	110,306	416,711	127,016
Accelerated depreciation	1,299,163	324,791	116,925	441,716	382,002
Interest on concession financial asset	944,838	236,210	85,035	321,245	262,159
Revenue from implementation of transmission infrastructure	783,831	195,958	70,545	266,503	68,658
Capitalized financial charges	753,927	188,482	67,852	256,334	255,576
Property, plant and equipment deemed cost (fair value)	631,700	157,925	56,853	214,778	228,325
Fair value of project rights acquired	236,021	59,005	21,242	80,247	-
Intangible assets on the bonus for grant	221,647	55,412	19,948	75,360	61,230
Unrealized sale at MAE (currently CCEE)	95,068	23,767	8,556	32,323	36,535
Unrealized gains on trading operations, net	51,223	12,806	4,610	17,416	17,856
Adjustment to fair value in business combination	31,400	7,850	2,826	10,676	11,051
Other	29,067	7,194	2,609	9,803	21,365
		1,575,805	**567,307**	**2,143,112**	**1,471,773**
Assets:					
Construction costs of transmission line	753,174	188,294	67,786	256,080	66,877
Revenue from Return of Grant Bonus (RBO)	729,620	182,405	65,666	248,071	200,017
Retirement benefits obligations	214,448	53,612	19,300	72,912	78,245
Unrealized losses on hedge operations	164,275	41,069	14,785	55,854	24,457
Estimated losses with doubtful accounts	118,644	29,661	10,678	40,339	44,552
Fair value adjustment in business combinations	112,891	28,223	10,160	38,383	39,191
Civil, tax and labor provisions	105,667	26,417	9,510	35,927	33,633
Tax losses and social contribution tax loss carryforwards	53,971	13,493	4,389	17,882	848
Provision for asset impairment	50,100	12,525	4,509	17,034	17,050
Fair value adjustment of property, plant and equipment	26,578	6,645	2,392	9,037	9,478
Interest on property, plant and equipment in progress (RIC)	33,780	8,445	174	8,619	8,327
Other	91,323	22,830	8,305	31,135	21,173
		613,619	**217,654**	**831,273**	**543,848**
Net amount		**962,186**	**349,6053**	**1,311,839**	**927,925**
Classification in the balance sheet					
Liabilities		976,092	354,660	1,330,752	941,468
Assets[28]		(13,906)	(5,007)	(18,913)	(13,543)
Total		**962,186**	**349,653**	**1,311,839**	**927,925**

[28] Amount presented under "Other non-current assets".

Notes to the Financial Statements

b) Change in deferred income tax and social contribution, net

	Parent Company	Consolidated
Balance at 12.31.2019	**468,526**	**927,925**
Taxes deferred in profit or loss	267,999	301,101
Taxes deferred on surplus value of company acquired	-	80,247
Deferred taxes of company acquired	-	2,483
Taxes deferred in other comprehensive income	-	83
Balance at 6.30.2020	**736,525**	**1,311,839**

c) Expected realization and required payments

	Parent Company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
July to December 2020	30,894	19,657	58,417	52,548
2021	9,969	160,258	40,306	200,729
2022	86,360	306,775	289,540	541,120
2023	14,565	58,960	143,947	209,484
2024	16,194	73,389	36,292	111,897
2025 to 2027	27,889	141,184	79,644	254,193
2028 to 2030	59,699	97,613	96,412	200,034
2031 to 2033	15,495	86,181	40,839	179,297
After 2034	4,493	58,066	45,876	393,810
	265,558	**1,002,083**	**831,273**	**2,143,112**

NOTE 22 – OTHER LIABILITIES

	Parent Company		Consolidated	
	6.30.2020	12.31.2019	6.30.2020	12.31.2019
Reimbursement to distributors	-	-	174,287	136,887
Fuel payable to CDE[29]	-	-	121,053	144,767
Fuels –Aneel Resolution 500/2012	118,837	118,465	118,837	118,465
Trade payables	-	-	88,947	17,257
R&D obligations	58,432	48,934	84,494	70,465
Unrealized losses in hedge operations	59,098	79,865	81,775	99,930
Liabilities linked to acquisition of investments	-	-	51,407	8,179
Advances from clients	5,660	9,293	53,899	54,427
Other accounts payable	47,033	52,056	81,551	77,868
	289,060	**308,613**	**856,250**	**728,245**
Classification in balance sheet				
Current liabilities	167,494	177,941	337,240	312,532
Non-current liabilities	121,566	130,672	519,010	415,713
	289,060	**308,613**	**856,250**	**728,245**

[29] Energy Development Account.

Notes to the Financial Statements

a) Reimbursement to distributors

The Company has liabilities amounting to R$174,287 (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 - Phase I and Umburanas Wind Complexes - Phase I, Assú V Photovoltaic Plant (Assú V) and Pampa Sul. Of this amount, R$47,448 was recognized during the 1st half of 2020, with the revenues earned by the distributors as a corresponding entry.

b) 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 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. The total amount acquired was 780,712 tons.

c) Fuels – Aneel Resolution no. 500/2012

Corresponds to the estimate of amounts payable because of the application of 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.

NOTE 23 – 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 periods ended 6.30.2020 and 12.31.2019.

b) Subscribed and paid-in capital

At 6.30.2020 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 6.30.2020, was R$9.11 (R$8.57 at 12.31.2019).

The Company's ownership structure at 6.30.2020 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%**

Notes to the Financial Statements

As of 6.30.2020 and 12.31.2019, the Board of Directors, the Board of Executive Officers and the Audit Board held 87,670 and 490,673 shares issued by the Company, respectively.

c) 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 TAG and EGSD.

NOTE 24 – RECONCILIATION OF NET OPERATING REVENUE

The table below presents the reconciliation between gross operating income and net operating revenue reported in the income statement.

	Parent Company			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Gross operating income				
Electricity distributors	570,545	584,131	1,198,990	1,223,087
Electricity traders	251,010	501,369	588,821	1,071,194
Free consumers	89,409	102,667	184,262	196,186
Transactions in the short-term market	32,332	1,033	155,599	197,052
Services rendered	17,250	14,692	33,866	27,546
Other revenues	11,754	408	27,122	9,793
	972,300	**1,204,300**	**2,188,660**	**2,724,858**
Deductions from operating income				
PIS[30] and Cofins[31]	(86,183)	(107,856)	(195,194)	(245,273)
Research and development	(6,243)	(8,710)	(16,909)	(18,153)
ICMS[32]	(4,770)	(4,961)	(9,686)	(8,404)
ISSQN[33]	(878)	(734)	(1,728)	(1,392)
	(98,074)	**(122,261)**	**(223,517)**	**(273,222)**
Other				
Favorable outcome on lawsuit[34]	50,193	-	50,193	-
Net operating revenue	**924,419**	**1,082,039**	**2,015,336**	**2,451,636**

[30] Social Integration Program.
[31] Contribution to the Social Security Financing.
[32] Tax on the Circulation of Goods and on Services of Interstate and Intermunicipal Transportation and Communication.
[33] Tax on Services of Any Nature.
[34] For more details, see Note 9 – Other assets.

Notes to the Financial Statements

	Consolidated			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Gross operating income				
Electricity distributors	954,736	834,967	1,939,699	1,705,163
Free consumers	814,039	867,571	1,696,713	1,701,664
Trading operations	285,703	295,857	558,297	550,945
Electricity traders	164,361	147,766	320,680	325,209
Transactions in the short-term market	65,038	80,340	283,318	337,751
Services rendered	40,627	41,227	80,893	80,877
Other revenues	32,681	27,065	66,740	53,383
	2,357,185	**2,294,793**	**4,946,340**	**4,754,992**
Deductions from operating income				
PIS and Cofins	(210,936)	(213,570)	(444,081)	(435,514)
Research and development	(11,012)	(10,537)	(26,729)	(21,205)
ICMS	(9,324)	(5,466)	(19,352)	(9,442)
ISSQN	(908)	(738)	(1,760)	(1,396)
	(232,180)	**(230,311)**	**(491,922)**	**(467,557)**
Other				
Revenue from construction of transmission infrastructure	423,222	20,029	569,531	35,681
Interest on concession asset	63,602	91,968	155,092	192,122
Favorable outcome on lawsuit[35]	79,874	-	79,874	-
Unrealized gains on trading operations	(5,188)	-	22,194	-
	561,510	**111,997**	**826,691**	**227,803**
Net operating revenue	**2,686,515**	**2,176,479**	**5,281,109**	**4,515,238**

NOTE 25 – DETAIL OF OPERATING EXPENSES BY NATURE

a) Energy purchase and short-term transactions in the energy market

	Parent Company			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Energy purchases				
Energy purchase for portfolio management	147,273	251,426	272,684	563,234
Transactions in the short-term energy market				
Short-term market purchases	7,150	21,121	37,738	27,503
	154,423	**272,547**	**310,422**	**590,737**

[35] For more details, see Note 9 – Other assets.

Notes to the Financial Statements

	Consolidated			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Energy purchases				
Energy purchase for portfolio management	337,148	370,948	680,317	702,513
Trading operations	241,788	261,827	478,322	485,664
Unrealized losses on trading operations	9,059	7,089	34,777	33,705
	587,995	**639,864**	**1,193,416**	**1,221,882**
Transactions in the short-term energy market				
Short-term market purchases	57,383	49,536	168,151	176,192
Trading operations	-	-	7,293	6,656
	57,383	**49,536**	**175,444**	**182,848**

b) Other operating costs and costs of services rendered:

	Parent Company			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Depreciation and amortization	70,168	69,611	140,330	139,020
Personnel	34,259	32,494	65,890	62,286
Third party materials and services	12,315	13,358	23,432	24,779
Royalties[36]	828	22,342	12,391	52,386
Reversal of operating provisions, net	(11,850)	(3,182)	(18,538)	(3,138)
Other	11,929	14,713	23,254	29,984
	117,649	**149,336**	**246,759**	**305,317**
Classification in profit or loss				
Costs of electricity production	110,353	142,048	232,456	291,771
Costs of services provided	7,296	7,288	14,303	13,546
	117,649	**149,336**	**246,759**	**305,317**

	Consolidated			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Cost of construction of transmission line	413,125	19,504	555,940	34,755
Depreciation and amortization	227,904	199,452	458,148	386,644
Third party materials and services	74,821	59,812	158,888	117,138
Personnel	66,681	65,050	140,470	123,581
Fuel	(10,477)	19,182	84,697	39,448
Royalties	3,694	27,489	21,066	65,521
Reversal of operating provisions, net	(12,809)	(3,176)	(19,999)	(2,909)
Other	37,682	44,201	75,854	85,876
	800,621	**431,514**	**1,475,064**	**850,054**
Classification in profit or loss				
Operating costs	793,314	424,206	1,460,738	836,480
Costs of services provided	7,307	7,308	14,326	13,574
	800,621	**431,514**	**1,475,064**	**850,054**

[36] Financial compensation for the use of water resources.

Notes to the Financial Statements

c) Selling, general and administrative expenses

	Parent Company			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Personnel	30,391	27,254	58,181	51,576
Third party materials and services	20,992	14,666	34,321	27,003
Depreciation and amortization	4,614	3,756	9,385	7,547
Contributions and donations	3,274	2,158	4,944	4,007
Management	(469)	2,043	4,544	8,098
Pension funds	1,007	1,527	3,477	3,905
Other	1,671	1,202	2,346	3,712
	61,480	**52,606**	**117,198**	**105,848**
Classification in profit or loss				
Selling expenses	4,226	4,261	8,188	7,563
General and administrative expenses	57,254	48,345	109,010	98,285
	61,480	**52,606**	**117,198**	**105,848**

	Consolidated			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Personnel	30,984	28,067	59,763	53,376
Third party materials and services	23,835	16,100	39,300	30,546
Depreciation and amortization	4,850	4,075	9,994	8,110
Contributions and donations	4,085	3,149	7,408	5,923
Management	(470)	2,146	5,435	8,951
Pension funds	1,007	1,527	3,477	3,905
Other	2,367	2,705	3,397	6,073
	66,658	**57,769**	**128,774**	**116,884**
Classification in profit or loss				
Selling expenses	5,941	5,754	11,500	10,518
General and administrative expenses	60,717	52,015	117,274	106,366
	66,658	**57,769**	**128,774**	**116,884**

Notes to the Financial Statements

NOTE 26 – FINANCIAL RESULT

	Parent Company			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Financial income				
Income from marketable securities	18,789	14,667	38,358	24,920
Interest on receivables	3,359	6,862	8,354	8,870
Inflation adjustment on judicial deposits	757	1,217	1,865	2,255
Income from restricted deposits	67	140	157	276
Exchange variation – Favorable outcome on lawsuit[37]	45,872	-	45,872	-
Other financial income	888	5	890	29
	69,732	**22,891**	**95,496**	**36,350**
Financial expenses				
Interest and inflation adjustment on				
Concessions payable	119,045	119,392	238,384	226,195
Debentures	32,308	65,219	129,421	109,906
Loans and financing	54,888	42,131	106,374	76,121
Fair value hedge on loans	(19,040)	20,112	(15,895)	33,287
Retirement benefit obligations	6,704	7,167	13,409	14,335
Provisions	1,170	2,284	3,482	3,890
Leases	578	686	1,185	1,391
Other	43	789	136	845
Exchange variation on				
Loans	263,668	30,369	1,124,390	44,081
Fair value hedge on loans	(263,668)	(30,369)	(1,124,390)	(44,081)
Fair value adjustment	(1,711)	(28,403)	(371)	(29,228)
Other financial expenses	461	2,450	2,538	5,421
	194,446	**231,827**	**478,663**	**442,163**
Financial expenses, net	**124,714**	**208,936**	**383,167**	**405,813**

[37] For more details, see Note 9 – Other assets.

Notes to the Financial Statements

	Consolidated			
	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Financial income				
Income from marketable securities	28,452	25,148	59,787	44,509
Interest on receivables	4,397	11,147	11,097	14,126
Inflation adjustment on judicial deposits	789	1,239	1,957	2,296
Income from restricted deposits	2,158	3,990	5,839	7,628
Exchange variation – Favorable outcome on lawsuit[38]	72,948	-	72,948	-
Other financial income	2,316	136	3,537	211
	111,060	**41,660**	**155,165**	**68,770**
Financial expenses				
Interest and inflation adjustment on				
Concessions payable	120,315	121,378	241,450	230,151
Debentures	54,229	108,390	192,229	159,809
Loans and financing	114,992	67,967	256,659	117,503
Fair value hedge on loans	(21,183)	32,248	(7,572)	43,438
Retirement benefit obligations	6,717	7,167	13,435	14,335
Provisions	(1,642)	2,405	3,762	3,794
Leases	3,009	2,810	6,815	5,638
Other	(613)	3,388	3,562	5,511
Exchange variation on				
Loans	263,668	30,369	1,124,390	44,081
Fair value hedge on loans	(263,668)	(30,369)	(1,124,390)	(44,081)
Fair value adjustment	(1,874)	(18,278)	(1,182)	(15,637)
Other financial expenses	5,648	4,457	6,801	8,623
	279,598	**331,932**	**715,959**	**573,165**
Financial expenses, net	**168,538**	**290,272**	**560,794**	**504,395**

[38] For more details, see Note 9 – Other assets.

Notes to the Financial Statements

NOTE 27 – INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

	Parent Company							
	2nd Quarter				First 6 months			
	2020		2019		2020		2019	
	IR	CS	IR	CS	IR	CS	IR	CS
Income before taxes	**894,442**	**894,442**	**482,424**	**482,424**	**1,545,102**	**1,545,102**	**1,227,513**	**1,227,513**
Standard rates	25%	9%	25%	9%	25%	9%	25%	9%
Tax expense at standard rates	**(223,611)**	**(80,500)**	**(120,606)**	**(43,418)**	**(386,276)**	**(139,059)**	**(306,878)**	**(110,476)**
Permanent differences								
Equity in net income of subsidiaries	128,399	46,224	40,960	14,745	189,260	68,133	87,088	31,352
Tax incentives	94	-	4,171	-	166	-	20,926	-
Other	807	(145)	6,176	664	205	(263)	231	544
	(94,311)	**(34,421)**	**(69,299)**	**(28,009)**	**(196,645)**	**(71,189)**	**(198,633)**	**(78,580)**
Breakdown of taxes in the income statement								
Current	92	-	(72,632)	(29,267)	165	-	(200,939)	(79,534)
Deferred	(94,403)	(34,421)	3,333	1,258	(196,810)	(71,189)	2,306	954
	(94,311)	**(34,421)**	**(69,299)**	**(28,009)**	**(196,645)**	**(71,189)**	**(198,633)**	**(78,580)**
Effective rate	**10.5%**	**3.8%**	**14.4%**	**5.8%**	**12.7%**	**4.6%**	**16.2%**	**6.4%**

	Consolidated							
	2nd Quarter				First 6 months			
	2020		2019		2020		2019	
	IR	CS	IR	CS	IR	CS	IR	CS
Income before taxes	**1,030,283**	**1,030,283**	**558,151**	**558,151**	**1,734,551**	**1,734,551**	**1,360,669**	**1,360,669**
Standard rates	25%	9%	25%	9%	25%	9%	25%	9%
Tax expense at standard rates	**(257,571)**	**(92,725)**	**(139,538)**	**(50,234)**	**(433,638)**	**(156,110)**	**(340,167)**	**(122,460)**
Permanent differences								
Equity in net income of subsidiaries	40,380	14,537	(6,702)	(2,413)	66,105	23,798	(6,702)	(2,413)
Tax incentives	9,081	-	10,456	-	15,881	-	34,644	-
Difference between taxable and presumed income calculation bases	16,707	5,615	7,932	2,954	22,538	7,296	20,632	7,153
Other	(44)	(503)	4,958	(196)	(1,678)	(963)	(673)	175
	(191,447)	**(73,076)**	**(122,894)**	**(49,889)**	**(330,792)**	**(125,979)**	**(292,266)**	**(117,545)**
Breakdown of taxes in the income statement								
Current	(80,555)	(32,695)	(108,740)	(44,833)	(109,629)	(46,041)	(257,209)	(105,031)
Deferred	(110,892)	(40,381)	(14,154)	(5,056)	(221,163)	(79,938)	(35,057)	(12,514)
	(191,447)	**(73,076)**	**(122,894)**	**(49,889)**	**(330,792)**	**(125,979)**	**(292,266)**	**(117,545)**
Effective rate	**18.6%**	**7.1%**	**22.0%**	**8.9%**	**19.1%**	**7.3%**	**21.5%**	**8.6%**

Notes to the Financial Statements

NOTE 28 – TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties, which are detailed in Note 35 – Transactions with related parties, of the financial statements of 12.31.2019. The main transactions are:

- Purchase and sale of energy;

- Operation and maintenance;

- Administrative services;

- Guarantees;

- Sureties; and

- Loan between Ibitiúva and Andrade Açúcar e Álcool S.A.

There was no significant change in the transactions with related parties in the six-month period ended 6.30.2020.

a) Amounts recognized in balance sheet accounts – Parent Company

	ASSETS			LIABILITIES		
				Supplier		IOE[39]
	Trade receivables	Other assets	Dividends	Energy	Materials and services	Dividends
6.30.2020						
EBC	101,007	12,209	-	6,277	28	-
Pampa Sul	18,915	9	15,604	-	-	-
ECV	-	11	-	-	-	-
ECP and subsidiaries	2,169	9,350	-	-	-	-
Jaguara	-	36	167,792	12,790	-	-
Miranda	-	48	106,701	7,008	-	-
ENGIE Participações	-	11,577	-	1,361	5,225	-
Itasa	-	1,880	-	9,758	-	-
Diamante	-	804	-	-	2,021	-
Other	-	2,680	4,996	-	-	-
Total	**122,091**	**38,604**	**295,093**	**37,194**	**7,274**	**-**
12.31.2019	**198,003**	**47,038**	**300,926**	**55,351**	**570**	**820,629**

[39] Interest on equity.

Notes to the Financial Statements

b) Amounts recognized in the income statement – Parent Company

	Revenue			Cost	Expense
	Sale of energy	O&M Services	Administrative services	Energy purchase	Third party services
2nd quarter of 2020					
EBC	236,335	-	106	13,186	-
Pampa Sul	14,721	-	106	-	-
Diamante	20,924	-	2,412	48,148	-
ECV	(8,543)	-	36	(1,513)	-
Jaguara	(850)	-	102	32,431	-
Miranda	(303)	-	102	19,866	-
ECP and subsidiaries	-	-	1,415	-	-
Consórcio Estreiro	-	5,459	-	-	-
Itasa	-	5,206	-	26,860	-
ESBR[40]	-	-	-	3,474	-
Other	-	-	1,164	-	2,388
Total	**262,284**	**10,665**	**5,443**	**142,452**	**2,388**
2nd quarter of 2019	**427,437**	**10,991**	**2,603**	**180,088**	**788**

	Revenue			Cost	Expense
	Sale of energy	O&M Services	Administrative services	Energy purchase	Third party services
First 6 months of 2020					
EBC	507,763	-	213	18,292	-
Pampa Sul	69,014	-	213	-	-
Diamante	27,923	-	4,824	81,827	-
ECV	26,593	-	71	-	-
Jaguara	5,444	-	204	65,783	-
Miranda	460	-	204	37,176	-
ECP and subsidiaries	-	-	2,830	-	-
Consórcio Estreito	-	10,830	-	-	-
Itasa	-	9,978	-	53,722	-
ESBR	-	-	-	6,946	-
Other	-	-	2,263	-	4,450
Total	**637,197**	**20,808**	**10,822**	**263,746**	**4,450**
First 6 months of 2019	**953,854**	**20,561**	**4,911**	**422,492**	**1,578**

[40] Energia Sustentável do Brasil.

Notes to the Financial Statements

c) Remuneration of key management personnel – Parent Company

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 the amounts recorded in the results of the 2nd quarter and first 6 months of 2020 and 2019 are presented below:

	2nd Quarter		First 6 months	
	2020	2019	2020	2019
Fixed compensation	2,906	2,253	5,529	4,512
Variable compensation	(4,574)	(1,359)	(3,136)	1,509
Payroll charges	671	663	1,337	1,313
Other	528	486	814	764
	(469)	**2,043**	**4,544**	**8,098**

In the 2nd quarter of 2020 and 2019 and in the first 6 months of 2020, the Company reversed the provisions for Management bonus at amounts higher than those realized in the period.

NOTE 29 – INFORMATION BY SEGMENT

The information by segment refers to the quarters and 6-month periods ended June 30, 2020 and 2019 is presented in a consolidated manner in the tables below:

	2nd Quarter of 2020					
	Electric energy					
	Generation[41]	Transmission[42]	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**1,990,085**	**433,795**	**254,087**	**8,548**	**-**	**2,686,515**
Operating costs	(907,218)	(413,153)	(250,846)	(11,149)	-	(1,582,366)
GROSS PROFIT (LOSS)	**1,082,867**	**20,642**	**3,241**	**(2,601)**	**-**	**1,104,149**
Operating income (expenses)						
Selling, general and administrative expenses	(64,726)	(164)	(649)	(1,119)	-	(66,658)
Other operating income, net	(188)	-	-	-	-	(188)
	(64,914)	**(164)**	**(649)**	**(1,119)**	**-**	**(66,846)**
Equity income	**-**	**-**	**-**	**-**	**161,518**	**161,518**
PROFIT (LOSS) BEFORE FINANCIAL RESULT AND TAXES	**1,017,953**	**20,478**	**2,592**	**(3,720)**	**161,518**	**1,198,821**

[41] Generation and sale of electricity of the Company's portfolio ("Generation").
[42] Segment represented by Gralha Azul and Novo Estado Transmission Systems (acquired in March 2020), both under construction phase.

Notes to the Financial Statements

	2nd Quarter of 2019					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**1,862,197**	**22,463**	**268,491**	**23,328**	**-**	**2,176,479**
Operating costs	(932,928)	(19,585)	(268,915)	(22,443)	-	(1,243,871)
GROSS PROFIT (LOSS)	**929,269**	**2,878**	**(424)**	**885**	**-**	**932,608**
Operating income (expenses)						
Selling, general and administrative expenses	(55,144)	(57)	(999)	(1,569)	-	(57,769)
Other operating income, net	393	-	-	-	-	393
	(54,751)	**(57)**	**(999)**	**(1,569)**	**-**	**(57,376)**
Equity income	**-**	**-**	**-**	**-**	**(26,809)**	**(26,809)**
PROFIT (LOSS) BEFORE FINANCIAL AND TAX RESULTS	**874,518**	**2,821**	**(1,423)**	**(684)**	**(26,809)**	**848,423**

	6-month period ended 6.30.2020					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**4,143,398**	**589,428**	**527,159**	**21,124**	**-**	**5,281,109**
Operating costs	(2,020,382)	(555,996)	(518,702)	(26,260)	-	(3,121,340)
GROSS PROFIT (LOSS)	**2,123,016**	**33,432**	**8,457**	**(5,136)**	**-**	**2,159,769**
Operating income (expenses)						
Selling, general and administrative expenses	(124,062)	(187)	(1,507)	(3,018)	-	(128,774)
Other operating income, net	(69)	-	-	-	-	(69)
	(124,131)	**(187)**	**(1,507)**	**(3,018)**	**-**	**(128,843)**
Equity income	**-**	**-**	**-**	**-**	**264,419**	**264,419**
PROFIT (LOSS) BEFORE FINANCIAL AND TAX RESULTS	**1,998,885**	**33,245**	**6,950**	**(8,154)**	**264,419**	**2,295,345**

Notes to the Financial Statements

	6-month period ended 6.30.2019					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**3,937,428**	**40,031**	**495,383**	**42,396**	**-**	**4,515,238**
Operating costs	(1,905,064)	(34,836)	(521,425)	(40,513)	-	(2,501,838)
GROSS PROFIT (LOSS)	**2,032,364**	**5,195**	**(26,042)**	**1,883**	**-**	**2,013,400**
Operating income (expenses)						
Selling, general and administrative expenses	(111,399)	(93)	(1,613)	(3,779)	-	(116,884)
Impairment[43]	(4,900)	-	-	-	-	(4,900)
Other operating income, net	257	-	-	-	-	257
	(116,042)	**(93)**	**(1,613)**	**(3,779)**	**-**	**(121,527)**
Equity income	**-**	**-**	**-**	**-**	**(26,809)**	**(26,809)**
PROFIT (LOSS) BEFORE FINANCIAL AND TAX RESULTS	**1,916,322**	**5,102**	**(27,655)**	**(1,896)**	**(26,809)**	**1,865,064**

NOTE 30 – 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 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 Wind Power Complex - Phase II whose cap is: R$1,393,182.

During the 1st quarter of 2020, an insurance policy was taken for the Gralha Azul Transmission System with the following compensation limit: R$1,000,000. Insurance policies related to Novo Estado Transmission System are in the contracting phase.

[43] Provision for impairment of assets.

Notes to the Financial Statements

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.

NOTE 31 – LONG-TERM COMMITMENTS

The Company has long-term agreements, which are detailed in Note 38 – Long-term commitments, of the financial statements of 12.31.2019.

The main long-term commitments of the Company are:

- Contracts for connection to the power grid;
- Contract for the Use of the Transmission and Distribution System (CUST and CUSD);
- Operation and maintenance contracts;
- Bilateral contracts for purchase and sale of electricity;
- Agreements for modernization of plants;
- Agreements for constructions in progress; and
- Renegotiation of hydrological risk.

As described in Note 1 – Operations, the acquisition of 100% interest in Novo Estado was concluded in the 1st half of 2020. The project is in the construction phase, with most of its suppliers contracted. The future commitment is estimated at R$2,586,842 on 6.30.2020.

Moreover, the Company, through its subsidiary Pampa Sul, has a coal supply agreement effective until 2029 and which can be renewed for 15 years, until 2044. The future commitment under the agreement was R$2,045,642 on 6.30.2020.

Except for the agreements described above, there was no significant change in the long-term commitments in the six-month period ended 6.30.2020.

NOTE 32 – ADDITIONAL CASH FLOW INFORMATION

The following complementary cash low transactions were as follows:

	Parent Company		Consolidated	
	6.30.2020	6.30.2019	6.30.2020	6.30.2019
Dividends from subsidiaries	410,267	424,279	321,750	-
Offset of income tax and social contribution	(2,397)	6,790	3,577	11,243
Offset of suppliers with capital reduction and dividends from subsidiaries	-	193,462	-	-
Capitalized interest and inflation adjustment	-	-	16,889	144,865
Transfer of property, plant and equipment to other non-current assets	-	(2,926)	-	(2,926)
Suppliers of property, plant and equipment and intangible assets	(30)	(2,920)	(61,103)	(18,868)
Dividends and interest on equity not claimed	3,978	2,436	3,978	2,436
PIS and Cofins credit on property, plant and equipment	-	-	(29,413)	-
Net assets of subsidiaries acquired	-	-	136,093	-
Fair value of project rights acquired	-	-	236,021	-
Goodwill	-	-	80,247	-

Notes to the Financial Statements

NOTE 33 – SUBSEQUENT EVENTS

a) Acquisition of additional interest in 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.

b) Interim dividends

At the meeting held on 7.30.2020, the Board of Directors approved the distribution of interim dividends based on the quarterly information on 6.30.2020, in the amount of R$678 million, corresponding to R$0.8305737385 per share, equivalent to 55% of the adjusted net income in the 1st half of 2020. The Company's shares will be traded ex-interim dividends as of 8.10.2020 and the date of payment will be defined later by the Executive Board and informed through a Notice to Shareholders.

c) Issue of debentures by Pampa Sul

On 7.22.2020, the Company's Board of Directors approved the issue of non-convertible debentures by Pampa Sul, in the amount of R$340 million, in two series, under the following conditions: IPCA + 6.25% p.a. for the 1st Series and IPCA + 7.50% p.a. for the 2nd Series, with maturity on 4.15.2028 and 10.15.2036, respectively, to reimburse a part of the Plant construction costs. At the same meeting, the Board of Directors also approved the subscription of these debentures by EBE.

ACCOUNTING DEPARTMENT

Paulo Roberto Keller de Negreiros
Accounting Department Manager
Accountant - CRC RS-068193/O-2 T-SC

Comments on Business 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 quarter ended 6.30.2020 are presented 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.

Comments on Business Projections

d.1 Second quarter of 2020

Estimate for the years 2020, 2021 and 2022, announced in the 1st quarter of 2020:

Description \ Projection period	2020	2021	2022
Financed with debt	6,324	-	-
Financed with own capital[1]	(1,868)	2,451	247
Total	**4,456**	**2,451**	**247**

Estimate for the years 2020, 2021 and 2022, announced in the 2nd quarter of 2020:

Description \ Projection period	2020	2021	2022
Financed with debt	4,567	1,510	-
Financed with own capital[1]	(133)	975	247
Total	**4,434**	**2,485**	**247**

Changes in the estimates informed for the years 2020, 2021 and 2022 between the 1st and 2nd quarters of 2020:

Description \ Projection period	2020	2021	2022
Financed with debt	(1,757)	1,510	-
Financed with own capital	1,735	(1,476)	-
Total	**(22)**	**34**	**-**

Analysis of material changes:

Changes in relation to the last reporting period were largely due to the change in the debt withdrawal schedule and the changes in estimates for maintenance of the company's generation complex.

The updated forecasts mainly refer to:

- 2020: the acquisition of ownership interest in Novo Estado Energia S.A., the construction of the Novo Estado and Gralha Azul Energy Transmission Systems and the Campo Largo Wind Power Complex – Phase II, the conclusion of the Pampa Sul Thermal Power Plant, the modernization of Salto Osório HPP and the maintenance of the Company's generation park;
- 2021: the construction of the Novo Estado and Gralha Azul Energy Transmission Systems and Campo Largo Wind Complex – Phase II, the modernization of Salto Osório Hydroelectric Power Plant and the maintenance of the Company's generation park;
- 2022: the construction of the Gralha Azul Transmission System and the maintenance of the Company's generation park.

[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

Investments made until the 1st half of 2020:

The total investments of ENGIE Brasil Energia in 1H20 amounted to R$1,330.4 million, of which (i) R$328.9 million refer to the acquisition of 100% ownership interest in Novo Estado Energia S.A., project to the implemented in the states of Pará and Tocantins; (ii) R$937.1 million invested in the construction of the new projects: R$319.3 million in Campo Largo Wind Complex – Phase II, R$282.8 million in Novo Estado Transmission System, R$216.9 million in Gralha Azul Transmission System, R$103.5 million in Pampa Sul Thermal Power Plant and R$14.6 million in other investments; (iii) R$57.0 million was allocated to maintenance and renovation projects of the generation park; and (iv) R$7.4 million was allocated for modernization of Salto Osório Hydroelectric Power Plant.

Other Relevant Information

There is no other information considered relevant by the Company.

Opinions and Statements / Special Review Report - Unqualified

REPORT ON REVIEW OF QUARTERLY INFORMATION

To the Shareholders and Managers of

Engie Brasil Energia S.A.

Florianópolis - SC

Introduction

We have reviewed the interim, separate and consolidated financial information of Engie Brasil Energia S.A. (“Company”), identified as Parent Company and Consolidated, respectively, contained in the Quarterly Information – ITR Form for the quarter ended June 30, 2020, which comprise the balance sheet as of June 30, 2020 and the related statements of income and comprehensive income for the three- and six-month periods then ended, and changes in shareholders' equity and cash flows for the six-month period then ended, including other explanatory notes.

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

Scope of review

We conducted our review in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. The scope of a review is significantly lower than that of an audit held in accordance with auditing rules, and as a result we were unable to ascertain whether we became aware of all the significant matters likely to be detected in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, we are not aware of any facts that would lead us to believe that the parent company interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with the technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission of Brazil - CVM.

Other matters

Value added statement

The interim financial information referred to above includes parent company and consolidated value added statements for the six-month period ended June 30, 2020, prepared under the responsibility of the Company management and presented as additional information in compliance with international standard IAS 34. These statements were reviewed together with the Quarterly Information – ITR to ensure that they are in compliance with the interim financial information and accounting records, as applicable, and if their form and content are in compliance with the criteria defined in the technical pronouncement CPC 09 – Demonstração do Valor Adicionado. Based on our review, we are not aware of any other event that make us believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria defined in this standard and consistent with the parent company and consolidated interim financial information taken as a whole.

Joinville, July 30, 2020.

DELOITTE TOUCHE TOHMATSU

Independent Auditors

CRC nº 2 SP 011609/O-8 “F” SC

Fernando de Souza Leite

Accountant

CRC nº 1 PR 050422/O-3

Opinions and Statements / Opinion or Summarized Statement, if any, of the Audit Committee (statutory or not)

STATEMENT OF THE AUDIT COMMITTEE

The members of the Audit Committee recommend the approval of the Quarterly Information of the Company and agree 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.

Paulo de Resende Salgado
Coordinator of the Audit Committee

Carla Carvalho de Carvalho
Member of the Audit Committee

Manoel Eduardo Lima Lopes
Member of the Audit Committee

Florianópolis, July 30, 2020.

Opinions and Statements / Statement of the Executive Officers on the Financial Statements

STATEMENT OF THE EXECUTIVE OFFICERS OF THE COMPANY

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 Generation Officer

Marcos Keller Amboni

Chief Regulation and Market Officer

Júlio César Lunardi

Chief Administrative Officer

Florianópolis, July 30, 2020.

Opinions and Statements / Statement of the Executive Officers on the Independent Auditors' Report

STATEMENT OF THE EXECUTIVE OFFICERS OF THE COMPANY

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 Generation Officer

Marcos Keller Amboni

Chief Regulation and Market Officer

Júlio César Lunardi

Chief Administrative Officer

Florianópolis, July 30, 2020.