Quarterly Information

2Q21

ENGIE Brasil Energia S.A.

CNPJ: 02.474.103/0001-19
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Company Information / Capital Composition

Number of shares (Units)	Current quarter 6/30/2021
Paid-in capital	
Common	815,927,740
Preferred	0
Total	815,927,740
Treasury shares	
Common	0
Preferred	0
Total	0

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

Account Code	Account Description	Current Quarter 6/30/2021	Prior Year 12/31/2020
1	Total assets	23,037,850	23,855,172
1.01	Current assets	3,494,923	3,371,565
1.01.01	Cash and cash equivalents	2,270,466	1,924,589
1.01.03	Accounts receivable	768,164	1,054,957
1.01.03.01	Trade accounts receivable	547,236	692,801
1.01.03.02	Other accounts receivable	220,928	362,156
1.01.03.02.01	Dividends receivable	220,928	362,156
1.01.04	Inventories	17,807	17,314
1.01.06	Taxes recoverable	63,822	86,218
1.01.06.01	Current taxes recoverable	63,822	86,218
1.01.06.01.01	Income tax and social contribution credits	63,822	86,218
1.01.08	Other current assets	374,664	288,487
1.01.08.03	Other	374,664	288,487
1.01.08.03.01	Unrealized gains on hedge operations	157,631	11,689
1.01.08.03.03	Restricted deposits	2,466	161,860
1.01.08.03.04	Renegotiation of hydrological risk to appropriate	13,016	13,016
1.01.08.03.08	Marketable securities	9,536	6,830
1.01.08.03.09	Other current assets	187,438	90,515
1.01.08.03.10	Non-current assets held for sale	4,577	4,577
1.02	Non-current assets	19,542,927	20,483,607
1.02.01	Long term assets	702,696	1,267,201
1.02.01.10	Other non-current assets	702,696	1,267,201
1.02.01.10.03	Unrealized gains on hedge operations	419,705	714,101
1.02.01.10.05	Marketable securities	92,252	332,389
1.02.01.10.06	Restricted deposits	7,370	0
1.02.01.10.07	Judicial deposits	79,311	80,888
1.02.01.10.08	Renegotiation of hydrological risk to appropriate	70,765	77,273
1.02.01.10.11	Right to use lease	21,086	23,568
1.02.01.10.12	Other non-current assets	12,207	38,982
1.02.02	Investments	14,076,460	14,355,322
1.02.02.01	Equity interest	14,076,460	14,355,322
1.02.02.01.02	Interest on subsidiaries	11,222,609	11,679,177
1.02.02.01.03	Interest in joint ventures	2,853,851	2,676,145
1.02.03	Property, plant and equipment	3,686,081	3,825,549
1.02.03.01	Property, plant and equipment in operation	3,552,963	3,689,483
1.02.03.03	Construction in progress	133,118	136,066
1.02.04	Intangible assets	1,077,690	1,035,535

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

Account Code	Account Description	Current Quarter 6/30/2021	Prior Year 12/31/2020
2	Total liabilities	23,037,850	23,855,172
2.01	Current liabilities	3,011,617	3,428,701
2.01.01	Social and labor obligations	85,589	100,980
2.01.01.02	Labor obligations	85,589	100,980
2.01.02	Suppliers	142,555	141,257
2.01.02.01	Domestic suppliers	142,555	141,257
2.01.03	Tax Liabilities	48,146	45,618
2.01.03.01	Federal tax liabilities	48,146	45,618
2.01.03.01.01	Income tax and social contribution payable	48,146	45,618
2.01.04	Loans and financing	1,688,121	1,345,502
2.01.04.01	Loans and financing	1,362,411	1,117,804
2.01.04.01.01	In local currency	49,860	48,606
2.01.04.01.02	In foreign currency	1,312,551	1,069,198
2.01.04.02	Debentures	325,710	227,698
2.01.05	Other liabilities	996,656	1,749,063
2.01.05.02	Other	996,656	1,749,063
2.01.05.02.01	Dividends and interest on equity payable	617,836	1,381,504
2.01.05.02.04	Lease payable	5,870	5,876
2.01.05.02.05	Concessions payable	246,624	222,474
2.01.05.02.06	Other tax and regulatory liabilities	28,047	40,547
2.01.05.02.08	Other current liabilities	98,279	98,662
2.01.06	Provisions	50,550	46,281
2.01.06.01	Tax, social security, labor and civil Provisions	7,562	3,293
2.01.06.01.01	Fiscal provisions	90	90
2.01.06.01.02	Social security and labor provisions	7,239	2,795
2.01.06.01.04	Civil provisions	233	408
2.01.06.02	Other provisions	42,988	42,988
2.01.06.02.04	Retirement benefits obligations	42,988	42,988
2.02	Non-current liabilities	11,859,568	12,686,942
2.02.01	Loans and financing	6,130,659	7,463,963
2.02.01.01	Loans and financing	2,677,485	4,165,848
2.02.01.01.01	In local currency	38,810	62,138
2.02.01.01.02	In foreign currency	2,638,675	4,103,710
2.02.01.02	Debentures	3,453,174	3,298,115
2.02.02	Other liabilities	4,507,853	3,898,173
2.02.02.02	Other	4,507,853	3,898,173
2.02.02.03	Concessions payable	4,304,219	3,733,291
2.02.02.02.06	Lease payable	6,415	8,417
2.02.02.02.07	Other non-current liabilities	197,219	156,465
2.02.03	Deferred taxes	729,343	828,239
2.02.03.01	Deferred income tax and social contribution	729,343	828,239
2.02.04	Provisions	491,713	496,567
2.02.04.01	Tax, social security, labor and civil provisions	87,875	89,511
2.02.04.01.01	Tax provisions	5,700	5,013
2.02.04.01.02	Social security and labor provisions	11,518	10,190
2.02.04.01.04	Civil provisions	70,657	74,308

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

Account Code	Account Description	Current Quarter 6/30/2021	Prior Year 12/31/2020
2.02.04.02	Other provisions	403,838	407,056
2.02.04.02.04	Retirement benefits obligations	403,838	407,056
2.03	Shareholders' equity	8,166,665	7,739,529
2.03.01	Paid-in capital stock	4,902,648	4,902,648
2.03.04	Profit reserves	2,942,691	3,546,496
2.03.04.01	Legal reserve	936,880	936,880
2.03.04.05	Retained earnings reserve	1,766,086	1,766,086
2.03.04.07	Tax incentive reserve	239,725	233,936
2.03.04.10	Additional dividends proposed	0	609,594
2.03.05	Retained earnings/losses	866,192	0
2.03.06	Assets valuation adjustments	216,766	230,981
2.03.08	Other comprehensive income	-761,632	-940,596

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

Account Code	Account description	Current quarter 4/1/2021 to 6/30/2021	YTD current year 1/1/2021 to 6/30/2021	Same quarter of previous year 4/1/2020 to 6/30/2020	YTD previous year 1/1/2020 to 6/30/2020
3.01	Revenue from sales of goods and/or services	1,034,703	2,065,406	924,419	2,015,336
3.02	Cost of products and/or services sold	-470,958	-786,289	-356,326	-725,098
3.02.01	Energy purchases	-209,917	-319,663	-147,273	-272,684
3.02.02	Transactions in the short-term energy market	-27,616	-37,586	-7,150	-37,738
3.02.03	Charges for the use of and connection to the power grid	-85,438	-167,860	-84,254	-167,917
3.02.04	Renegotiation of hydrological risk	0	35,343	0	0
3.02.05	Other operating costs	-139,514	-280,420	-110,353	-232,456
3.02.06	Cost of services rendered	-8,473	-16,103	-7,296	-14,303
3.03	Gross profit	563,745	1,279,117	568,093	1,290,238
3.04	Operating expenses/income	205,168	570,212	451,063	638,031
3.04.01	Selling expenses	-4,747	-9,018	-4,226	-8,188
3.04.02	General and administrative expenses	-68,195	-128,805	-57,254	-109,010
3.04.05	Other operating expenses	-162,931	-163,673	-218	-138
3.04.05.01	Provision for impairment of assets	-162,809	-162,809	0	0
3.04.05.02	Other operating expenses, net	-122	-864	-218	-138
3.04.06	Equity income	441,041	871,708	512,761	755,367
3.04.06.01	Equity	441,877	873,379	513,597	757,038
3.04.06.02	Goodwill amortization	-836	-1,671	-836	-1,671
3.05	Income before financial result and taxes	768,913	1,849,329	1,019,156	1,928,269
3.06	Financial result	-520,389	-1,025,902	-124,714	-383,167
3.06.01	Financial income	14,159	98,975	69,732	95,496
3.06.02	Financial expenses	-534,548	-1,124,877	-194,446	-478,663
3.07	Income before income taxes	248,524	823,427	894,442	1,545,102
3.08	Income tax and social contribution	70,264	24,162	-128,732	-267,834
3.08.01	Current	-72,634	-72,634	92	165
3.08.02	Deferred	142,898	96,796	-128,824	-267,999

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

Account Code	Account description	Current quarter 4/1/2021 to 6/30/2021	YTD current year 1/1/2021 to 6/30/2021	Same quarter of previous year 4/1/2020 to 6/30/2020	YTD previous year 1/1/2020 to 6/30/2020
3.09	Net income from continuing operations	318,788	847,589	765,710	1,277,268
3.11	Net income/loss for the period	318,788	847,589	765,710	1,277,268
3.99	Earnings per share (R$ /share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.39071	1.03880	0.93845	1.56542
3.99.02	Diluted earnings per share				
3.99.02.01	ON	0.39071	1.03880	0.93845	1.56542

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

Account Code	Account description	Current quarter 4/1/2021 to 6/30/2021	YTD current year 1/1/2021 to 6/30/2021	Same quarter of previous year 4/1/2020 to 6/30/2020	YTD previous year 1/1/2020 to 6/30/2020
4.01	Net income for the period	318,788	847,589	765,710	1,277,268
4.02	Other comprehensive income	365,164	178,964	-80,656	-845,835
4.02.01	Unrealized gains (losses) in the period	86,557	-6,175	0	0
4.02.02	Deferred income tax and social contribution – unrealized gains (losses) in the period	-29,429	2,100	0	0
4.02.03	Equity income in (losses) gains of cash flow hedge of subsidiaries, net of deferred taxes	-74,195	-15,826	-3,951	261
4.02.04	Equity income in gains (losses) of cash flow hedges of joint venture, net of deferred taxes	382,231	198,865	-76,705	-846,096
4.03	Comprehensive income for the period	683,952	1,026,553	685,054	431,433

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

Account Code	Account Description	YTD current year 1/1/2021 to 6/30/2021	YTD previous year 1/1/2020 to 6/30/2020
6.01	Net cash from operating activities	1,185,070	1,149,670
6.01.01	Cash generated from operations	1,286,505	1,341,358
6.01.01.01	Income before income taxes	823,427	1,545,102
6.01.01.02	Equity interest income	-871,708	-755,367
6.01.01.03	Depreciation and amortization	165,209	149,715
6.01.01.04	Provision for impairment of assets	162,809	0
6.01.01.05	Renegotiation of hydrological risk	-35,343	0
6.01.01.06	Monetary variation	675,372	118,359
6.01.01.07	Interest	419,678	301,889
6.01.01.08	Market value adjustment of marketable securities	-52,744	0
6.01.01.12	Other	-195	-18,340
6.01.02	Changes in assets and liabilities	-101,435	-191,688
6.01.02.01	Trade accounts receivable	146,850	69,338
6.01.02.02	Inventories	-493	-1,891
6.01.02.03	Restricted and court deposits	1,818	-1,017
6.01.02.04	Renegotiation of hydrological risk to recognize	6,508	6,508
6.01.02.05	Income tax and social contribution credit	22,396	1,022
6.01.02.09	Other assets	-80,537	-195,091
6.01.02.10	Suppliers	1,486	-19,818
6.01.02.11	Payment of income tax and social contribution	-26,783	-2,397
6.01.02.12	Payment of interest on debt, net of hedge	-88,945	-54,072
6.01.02.13	Other tax and regulatory obligations	-13,068	34,302
6.01.02.14	Labor obligations	-15,391	-19,175
6.01.02.15	Retirement benefits obligations	-17,833	-14,975
6.01.02.16	Other liabilities	-37,443	5,578
6.02	Net cash from investment activities	1,594,118	-171,384
6.02.01	Capital increase in subsidiaries	-279,113	-552,165
6.02.02	Investment in property, plant and equipment and intangible assets	-31,339	-35,319
6.02.04	Dividends received from subsidiaries and joint ventures	711,141	416,100
6.02.05	Sale of marketable securities	313,429	0
6.02.06	Capital decrease in subsidiaries	880,000	0
6.03	Net cash from financing activities	-2,433,311	-933,828
6.03.01	New loans and financing	6	632,490
6.03.04	Payment of loans and financing, net of hedge	-1,070,679	-282,099
6.03.06	Payment of concession installments	-115,406	-69,588
6.03.07	Payment of dividends and interest on equity	-1,398,918	-1,211,434
6.03.08	Lease payment	-3,066	-3,216
6.03.09	Deposits linked to debt service	154,755	20
6.03.10	Other	-3	-1
6.05	Increase (decrease) in cash and cash equivalents	345,877	44,458
6.05.01	Opening balance of cash and cash equivalents	1,924,589	2,590,507
6.05.02	Closing balance of cash and cash equivalents	2,270,466	2,634,965

Parent Company Financial Statements / Changes in Shareholders' Equity Statement / YTD Current Year - 1/1/2021 to 6/30/2021 (In thousands of Reais)

Account Code	Account Description	Paid-in Capital	Capital Reserves, Options Granted and Treasury Shares	Profit Reserves	Retained Earnings (Accumulated Loss)	Other Comprehensive Income	Shareholders' Equity
5.01	Opening balances	4,902,648	0	3,546,496	0	-709,615	7,739,529
5.03	Adjusted opening balances	4,902,648	0	3,546,496	0	-709,615	7,739,529
5.04	Capital transactions with partners	0	0	-609,594	10,177	0	-599,417
5.04.08	Dividends and interest on equity not claimed	0	0	0	10,177	0	10,177
5.04.09	Additional dividends for 2020 credited	0	0	-609,594	0	0	-609,594
5.05	Total comprehensive income	0	0	0	847,589	178,964	1,026,553
5.05.01	Net income for the period	0	0	0	847,589	0	847,589
5.05.02	Other comprehensive income	0	0	0	0	178,964	178,964
5.05.02.06	Fair value of cash flow hedge	0	0	0	0	-19,901	-19,901
5.05.02.07	Interest in joint venture	0	0	0	0	198,865	198,865
5.06	Internal changes in shareholders' equity	0	0	5,789	8,426	-14,215	0
5.06.07	Realization of deemed cost	0	0	0	14,215	-14,215	0
5.06.08	Tax incentive reserve	0	0	5,789	-5,789	0	0
5.07	Closing balances	4,902,648	0	2,942,691	866,192	-544,866	8,166,665

Parent Company Financial Statements / Changes in Shareholders' Equity Statement / YTD Current Year - 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 (Accumulated Losses)	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 of cash flow hedge	0	0	0	0	261	261
5.05.02.07	Interest in joint venture	0	0	0	0	-846,096	-846,096
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 / Value Added Statement
(In thousands of Reais)

Account Code	Account Description	YTD current year 1/1/2021 to 6/30/2021	YTD previous year 1/1/2020 to 6/30/2020
7.01	Revenues	2,291,553	2,238,715
7.01.01	Sale of products and services	2,292,417	2,188,660
7.01.02	Other revenues	-864	50,055
7.01.02.06	Favorable outcome in lawsuit	0	50,193
7.01.02.07	Other income	-864	-138
7.02	Raw material acquired from third parties	-742,666	-543,672
7.02.02	Materials, energy, third parties services and other	-65,875	-57,753
7.02.04	Other	-676,791	-485,919
7.02.04.01	Energy purchases	-319,663	-272,684
7.02.04.02	Transactions in short-term energy market	-37,586	-37,738
7.02.04.03	Charges for the use of and connection to the power grid	-167,860	-167,917
7.02.04.05	Insurance	-9,751	-12,261
7.02.04.08	Renegotiation of hydrological asset	35,343	0
7.02.04.09	Provision for impairment of assets	-162,809	0
7.02.04.10	Other	-14,465	4,681
7.03	Gross added value	1,548,887	1,695,043
7.04	Retentions	-165,209	-149,715
7.04.01	Depreciation, amortization and depletion	-165,209	-149,715
7.05	Net added value generated	1,383,678	1,545,328
7.06	Added value received in transfer	970,683	850,863
7.06.01	Equity income	871,708	755,367
7.06.02	Financial income	98,975	95,496
7.07	Total added value to distribute	2,354,361	2,396,191
7.08	Distribution of added value	2,354,361	2,396,191
7.08.01	Labor	122,287	111,342
7.08.01.01	Direct remuneration	81,384	70,113
7.08.01.02	Benefits	22,297	20,878
7.08.01.03	F.G.T.S. - workers' severance fund	6,414	6,089
7.08.01.04	Other	12,192	14,262
7.08.01.04.01	Profit sharing	12,192	14,262
7.08.02	Taxes, duties and contributions	207,786	492,558
7.08.02.01	Federal	198,473	480,158
7.08.02.02	State	7,353	10,399
7.08.02.03	Municipal	1,960	2,001
7.08.03	Third-party capital remuneration	415,377	240,631
7.08.03.01	Interest	405,430	236,791
7.08.03.02	Rentals	1,036	414
7.08.03.03	Other	8,911	3,426
7.08.03.03.02	Other financial expenses	8,911	3,426
7.08.04	Remuneration of own capital	866,192	1,296,024
7.08.04.03	Retained earnings / loss for the period	866,192	1,296,024

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

Account Code	Account Description	YTD current year 1/1/2021 to 6/30/2021	YTD previous year 1/1/2020 to 6/30/2020
7.08.05	Other	742,719	255,636
7.08.05.01	Sectorial charges	50,838	36,008
7.08.05.02	Charges on concessions payable	710,484	238,384
7.08.05.04	Tax incentive reserves	5,789	0
7.08.05.05	Realization of deemed cost	-14,215	-14,778
7.08.05.06	Dividends and interest on equity not claimed	-10,177	-3,978

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

Account Code	Account Description	Current Quarter 6/30/2021	Prior Year 12/31/2020
1	Total assets	37,828,489	35,186,248
1.01	Current assets	8,718,941	7,733,297
1.01.01	Cash and cash equivalents	5,074,016	4,538,946
1.01.03	Accounts receivable	1,265,461	1,755,601
1.01.03.01	Trade accounts receivable	1,265,461	1,723,101
1.01.03.02	Other accounts receivable	0	32,500
1.01.03.02.01	Dividends receivable	0	32,500
1.01.04	Inventories	183,881	189,428
1.01.06	Taxes recoverable	121,523	140,785
1.01.06.01	Current taxes recoverable	121,523	140,785
1.01.06.01.01	Income tax and social contribution credits	121,523	140,785
1.01.08	Other current assets	2,074,060	1,108,537
1.01.08.03	Other	2,074,060	1,108,537
1.01.08.03.01	Unrealized hedge gains	158,454	14,475
1.01.08.03.02	Unrealized trading gains	969,128	320,309
1.01.08.03.03	Restricted deposits	6,346	174,048
1.01.08.03.04	Renegotiation of hydrological risk to appropriate	15,089	15,089
1.01.08.03.05	Concession financial asset	322,520	305,626
1.01.08.03.07	Agreement asset	262,630	0
1.01.08.03.09	Other current assets	335,316	274,413
1.01.08.03.10	Non-current assets held for sale	4,577	4,577
1.02	Non-current assets	29,109,548	27,452,951
1.02.01	Long term assets	8,510,998	6,976,062
1.02.01.10	Other non-current assets	8,510,998	6,976,062
1.02.01.10.03	Unrealized hedge gains	423,534	719,380
1.02.01.10.04	Unrealized trading gains	321,773	54,385
1.02.01.10.06	Restricted deposits	396,858	235,819
1.02.01.10.07	Judicial deposits	81,069	82,539
1.02.01.10.08	Renegotiation of hydrological risk to appropriate	93,052	100,597
1.02.01.10.09	Concession financial asset	2,585,680	2,499,170
1.02.01.10.10	Agreement asset	4,307,686	2,961,419
1.02.01.10.11	Right of use of leases	143,616	147,002
1.02.01.10.12	Other non-current assets	157,730	175,751
1.02.02	Investments	2,588,374	2,425,062
1.02.02.01	Equity interest	2,588,374	2,425,062
1.02.02.01.04	Interest in joint ventures	2,588,374	2,425,062
1.02.03	Property, plant and equipment	15,462,603	15,537,837
1.02.03.01	Property, plant and equipment in operation	14,270,770	14,032,290
1.02.03.03	Construction in progress	1,191,833	1,505,547
1.02.04	Intangible assets	2,547,573	2,513,990

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

Account Code	Account Description	Current Quarter 6/30/2021	Prior Year 12/31/2020
2	Total liabilities	37,828,489	35,186,248
2.01	Current liabilities	5,709,206	5,380,926
2.01.01	Social and labor obligations	109,531	130,097
2.01.01.02	Labor obligations	109,531	130,097
2.01.02	Suppliers	779,013	861,752
2.01.02.01	Domestic suppliers	779,013	861,752
2.01.03	Tax liabilities	121,403	198,541
2.01.03.01	Federal tax liabilities	121,403	198,541
2.01.03.01.01	Income tax and social contribution payable	121,403	198,541
2.01.04	Loans and financing	2,274,837	1,825,003
2.01.04.01	Loans and financing	1,668,897	1,375,627
2.01.04.01.01	In local currency	356,346	306,429
2.01.04.01.02	In foreign currency	1,312,551	1,069,198
2.01.04.02	Debentures	605,940	449,376
2.01.05	Other liabilities	2,361,927	2,307,307
2.01.05.02	Other	2,361,927	2,307,307
2.01.05.02.01	Dividends and interest on equity payable	618,017	1,385,056
2.01.05.02.04	Lease payable	18,821	19,144
2.01.05.02.05	Concessions payable	253,373	228,865
2.01.05.02.06	Other tax and regulatory liabilities	95,564	113,901
2.01.05.02.07	Unrealized trading losses	965,035	321,654
2.01.05.02.08	Other current liabilities	411,117	238,687
2.01.06	Provisions	62,495	58,226
2.01.06.01	Tax, social security, labor and civil provisions	19,428	15,159
2.01.06.01.01	Tax provisions	192	192
2.01.06.01.02	Social security and labor provisions	7,239	2,795
2.01.06.01.04	Civil provisions	11,997	12,172
2.01.06.02	Other provisions	43,067	43,067
2.01.06.02.04	Retirement benefits obligations	43,067	43,067
2.02	Non-current liabilities	23,949,584	22,063,324
2.02.01	Loans and financing	16,074,156	14,939,052
2.02.01.01	Loans and financing	10,568,961	9,825,881
2.02.01.01.01	In local currency	7,930,286	5,722,171
2.02.01.01.02	In foreign currency	2,638,675	4,103,710
2.02.01.02	Debentures	5,505,195	5,113,171
2.02.02	Other liabilities	5,627,795	4,887,359
2.02.02.02	Other	5,627,795	4,887,359
2.02.02.02.03	Concessions payable	4,355,658	3,783,453
2.02.02.02.04	Unrealized trading losses	299,366	36,405
2.02.02.02.05	Redeemable preferred shares	490,612	482,088
2.02.02.02.06	Lease payable	103,225	104,828
2.02.02.02.07	Other non-current liabilities	378,934	480,585
2.02.03	Deferred taxes	1,511,427	1,523,222
2.02.03.01	Deferred income tax and social contribution	1,511,427	1,523,222

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

Account Code	Account Description	Current Quarter 6/30/2021	Prior Year 12/31/2020
2.02.04	Provisions	736,206	713,691
2.02.04.01	Tax, social security, labor and civil provisions	331,584	305,845
2.02.04.01.01	Tax provisions	6,032	5,475
2.02.04.01.02	Social security and labor provisions	12,616	11,231
2.02.04.01.04	Civil provisions	85,883	89,063
2.02.04.01.05	Provision for divestment	227,053	200,076
2.02.04.02	Other provisions	404,622	407,846
2.02.04.02.04	Retirement benefits obligations	404,622	407,846
2.03	Consolidated shareholders' equity	8,169,699	7,741,998
2.03.01	Paid-in capital stock	4,902,648	4,902,648
2.03.04	Profit reserves	2,942,691	3,546,496
2.03.04.01	Legal reserve	936,880	936,880
2.03.04.05	Retained earnings reserve	1,766,086	1,766,086
2.03.04.07	Tax incentive reserve	239,725	233,936
2.03.04.10	Additional dividend proposed	0	609,594
2.03.05	Retained earnings/losses	866,192	0
2.03.06	Assets valuation adjustments	216,766	230,981
2.03.08	Other comprehensive income	-761,632	-940,596
2.03.09	Non-controlling interest	3,034	2,469

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

Account Code	Account description	Current quarter 4/1/2021 to 6/30/2021	YTD current year 1/1/2021 to 6/30/2021	Same quarter of previous year 4/1/2020 to 6/30/2020	YTD previous year 1/1/2020 to 6/30/2020
3.01	Revenue from sales of goods and/or services	3,133,065	6,383,005	2,686,515	5,281,109
3.02	Cost of products and/or services sold	-1,909,579	-3,755,984	-1,582,366	-3,121,340
3.02.01	Energy purchases	-500,506	-932,958	-587,995	-1,193,416
3.02.02	Transactions in the short-term energy market	-128,247	-199,517	-57,383	-175,444
3.02.03	Charges for the use of and connection to the power grid	-146,023	-288,232	-136,367	-277,416
3.02.04	Renegotiation of hydrological risk	0	51,961	0	0
3.02.05	Other operating costs	-1,126,330	-2,371,135	-793,314	-1,460,738
3.02.06	Cost of services rendered	-8,473	-16,103	-7,307	-14,326
3.03	Gross profit	1,223,486	2,627,021	1,104,149	2,159,769
3.04	Operating expenses/income	-91,922	11,931	94,672	135,576
3.04.01	Selling expenses	-7,066	-13,277	-5,941	-11,500
3.04.02	General and administrative expenses	-69,890	-133,780	-60,717	-117,274
3.04.05	Other operating expenses	-162,384	-162,959	-188	-69
3.04.05.01	Provision for impairment of assets	-162,809	-162,809	0	0
3.04.05.02	Other operating (expenses) income, net	425	-150	-188	-69
3.04.06	Equity income (loss)	147,418	321,947	161,518	264,419
3.05	Income before financial result and taxes	1,131,564	2,638,952	1,198,821	2,295,345
3.06	Financial result	-755,804	-1,588,110	-168,538	-560,794
3.06.01	Financial income	63,329	88,232	111,060	155,165
3.06.02	Financial expenses	-819,133	-1,676,342	-279,598	-715,959
3.07	Income before income taxes	375,760	1,050,842	1,030,283	1,734,551
3.08	Income tax and social contribution	-56,716	-202,688	-264,523	-456,771
3.08.01	Current	-140,302	-218,873	-113,250	-155,670
3.08.02	Deferred	83,586	16,185	-151,273	-301,101

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

Account Code	Account description	Current quarter 4/1/2021 to 6/30/2021	YTD current year 1/1/2021 to 6/30/2021	Same quarter of previous year 4/1/2020 to 6/30/2020	YTD previous year 1/1/2020 to 6/30/2020
3.09	Net income from continuing operations	319,044	848,154	765,760	1,277,780
3.11	Consolidated net income/loss for the period	319,044	848,154	765,760	1,277,780
3.11.01	Attributable to the partners of the parent company	318,788	847,589	765,710	1,277,268
3.11.02	Attributable to non-controlling partners	256	565	50	512
3.99	Earnings per share (R$ /share)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.39071	1.03880	0.93845	1.56542
3.99.02	Diluted earnings per share				
3.99.02.01	ON	0.39071	1.03880	0.93845	1.56542

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

Account Code	Account description	Current quarter 4/1/2021 to 6/30/2021	YTD current year 1/1/2021 to 6/30/2021	Same quarter of previous year 4/1/2020 to 6/30/2020	YTD previous year 1/1/2020 to 6/30/2020
4.01	Consolidated net income for the period	319,044	848,154	765,760	1,277,780
4.02	Other comprehensive income	365,164	178,964	-80,656	-845,835
4.02.01	Unrealized gains (losses) in cash flow hedge operations originated in the period	11,744	-22,472	-5,199	344
4.02.02	Deferred income tax and social contribution - Unrealized gains (losses) in cash flow hedge operations originated in the period	-28,811	2,571	1,248	-83
4.02.04	Equity income in gains (losses) of cash flow hedge operations of joint venture, net of deferred taxes	382,231	198,865	-76,705	-846,096
4.03	Consolidated comprehensive income for the period	684,208	1,027,118	685,104	431,945
4.03.01	Attributed to the parent company's shareholders	683,952	1,026,553	685,054	431,433
4.03.02	Attributed to non-controlling shareholders	256	565	50	512

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

Account Code	Account Description	YTD current year 1/1/2021 to 6/30/2021	YTD previous year 1/1/2020 to 6/30/2020
6.01	Net cash from operating activities	1,080,466	1,386,016
6.01.01	Cash generated from operations	2,384,811	2,393,843
6.01.01.01	Income tax before income	1,050,842	1,734,551
6.01.01.02	Equity interest income	-321,947	-264,419
6.01.01.03	Depreciation and amortization	468,582	468,142
6.01.01.04	Provision for impairment of assets	162,809	0
6.01.01.05	Renegotiation of hydrological risk	-51,961	0
6.01.01.06	Monetary variation	951,954	146,561
6.01.01.07	Interest	695,279	471,928
6.01.01.08	Market value adjustment of marketable securities	-23,390	0
6.01.01.09	Remuneration of concession financial asset	-247,747	-135,194
6.01.01.10	Remuneration of agreement asset	-289,405	-19,898
6.01.01.11	Unrealized trading gains (losses), net	-9,865	12,583
6.01.01.12	Other	-340	-20,411
6.01.02	Changes in assets and liabilities	-1,304,345	-1,007,827
6.01.02.01	Trade accounts receivable	467,192	62,385
6.01.02.02	Inventories	5,547	-43,216
6.01.02.03	Restricted and judicial deposits	9,711	-44,049
6.01.02.04	Renegotiation of hydrological risk to recognize	7,545	7,545
6.01.02.05	Income tax and social contribution credit	15,129	-5,751
6.01.02.06	Concession financial asset	144,343	141,330
6.01.02.07	Agreement asset	-1,319,292	-569,531
6.01.02.09	Other assets	-47,707	-208,751
6.01.02.10	Suppliers	-334	-39,705
6.01.02.11	Payment of income tax and social contribution	-252,150	-167,340
6.01.02.12	Payment of interest on debt, net of hedge	-244,186	-229,294
6.01.02.13	Other tax and regulatory obligations	-16,918	88,709
6.01.02.14	Labor obligations	-20,566	-19,836
6.01.02.15	Retirement benefits obligations	-17,902	-14,992
6.01.02.16	Other liabilities	-34,757	34,669
6.02	Net cash from investment activities	-126,476	-451,398
6.02.02	Acquisition of property, plant and equipment and intangible assets	-541,033	-444,953
6.02.03	Acquisition of investment	0	-328,195
6.02.04	Dividends received from joint ventures	390,000	321,750
6.02.04	Sale of marketable securities	24,531	0
6.02.06	Other	26	0
6.03	Net cash from financing activities	-418,920	-5,397
6.03.01	New loans and financing	2,111,551	1,216,744
6.03.02	Issue of debentures	288,898	499,110
6.03.03	Costs with issue of preferred shares	-1,331	0
6.03.04	Payment of loans and financing, net of hedge	-1,182,324	-460,653
6.03.05	Payment of debentures, net of hedge	-110,273	-96,129

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

Account Code	Account Description	YTD current year 1/1/2021 to 6/30/2021	YTD previous year 1/1/2020 to 6/30/2020
6.03.06	Payment of concession installments	-118,829	-72,871
6.03.07	Payment of dividends and interest on equity	-1,402,289	-1,211,434
6.03.08	Lease payment	-10,580	-10,163
6.03.09	Deposits linked to debt service	5,054	129,000
6.03.10	Other	1,203	999
6.05	Increase (decrease) in cash and cash equivalents	535,070	929,221
6.05.01	Opening balance of cash and cash equivalents	4,538,946	3,870,261
6.05.02	Closing balance of cash and cash equivalents	5,074,016	4,799,482

Consolidated Financial Statements / Changes in Shareholders' Equity Statement / YTD Current Year - 1/1/2021 to 6/30/2021 (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	3,546,496	0	-709,615	7,739,529	2,469	7,741,998
5.03	Adjusted opening balances	4,902,648	0	3,546,496	0	-709,615	7,739,529	2,469	7,741,998
5.04	Capital transactions with partners	0	0	-609,594	10,177	0	-599,417	0	-599,417
5.04.08	Dividends and interest on equity not claimed	0	0	0	10,177	0	10,177	0	10,177
5.04.09	Additional dividends for 2020 credited	0	0	-609,594	0	0	-609,594	0	-609,594
5.05	Total comprehensive income	0	0	0	847,589	178,964	1,026,553	565	1,027,118
5.05.01	Net income for the period	0	0	0	847,589	0	847,589	565	848,154
5.05.02	Other comprehensive income	0	0	0	0	178,964	178,964	0	178,964
5.05.02.06	Fair value of cash flow hedge	0	0	0	0	-19,901	-19,901	0	-19,901
5.05.02.07	Interest in joint venture	0	0	0	0	198,865	198,865	0	198,865
5.06	Internal changes in shareholders' equity	0	0	5,789	8,426	-14,215	0	0	0
5.06.07	Realization of deemed cost	0	0	0	14,215	-14,215	0	0	0
5.06.08	Tax incentive reserve	0	0	5,789	-5,789	0	0	0	0
5.07	Closing balances	4,902,648	0	2,942,691	866,192	-544,866	8,166,665	3,034	8,169,699

Consolidated Financial Statements / Changes in Shareholders' Equity Statement / YTD Current Year - 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 hedge of cash flow	0	0	0	0	261	261	0	261
5.05.02.07	Interest in joint venture	0	0	0	0	-846,096	-846,096	0	-846,096
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 / Value Added Statement (In thousands of Reais)

Account Code	Account Description	YTD current year 1/1/2021 to 6/30/2021	YTD previous year 1/1/2020 to 6/30/2020
7.01	Revenues	7,074,354	6,110,471
7.01.01	Sale of products and services	4,948,333	4,946,340
7.01.02	Other income	2,126,021	1,164,131
7.01.02.01	Revenue from generation construction	206,889	337,509
7.01.02.02	Revenue from transmission infrastructure construction	1,323,751	569,531
7.01.02.03	Remuneration of concession financial asset	247,747	135,194
7.01.02.04	Remuneration of agreement asset	289,405	19,898
7.01.02.05	Unrealized gains from trading operations	58,379	22,194
7.01.02.06	Favorable outcome in lawsuit	0	79,874
7.01.02.07	Other operating expenses, net	-150	-69
7.02	Raw material acquired from third parties	-3,464,654	-2,857,333
7.02.02	Materials, energy, third parties services and other	-244,194	-198,188
7.02.04	Other	-3,220,460	-2,659,145
7.02.04.01	Energy purchases	-932,958	-1,193,416
7.02.04.02	Transactions in the short-term energy market	-199,517	-175,444
7.02.04.03	Charges on use of and connection to power grid	-288,232	-277,416
7.02.04.04	Fuels for energy production	-171,359	-84,697
7.02.04.05	Insurance	-42,649	-38,685
7.02.04.06	Plant construction costs	-146,104	-321,343
7.02.04.07	Transmission infrastructure construction costs	-1,297,499	-555,940
7.02.04.08	Renegotiation of hydrological risk	51,961	0
7.02.04.09	Provision for impairment of assets	-162,809	0
7.02.04.10	Other	-31,294	-12,204
7.03	Gross added value	3,609,700	3,253,138
7.04	Retentions	-468,582	-468,142
7.04.01	Depreciation, amortization and depletion	-468,582	-468,142
7.05	Net added value generated	3,141,118	2,784,996
7.06	Added value received in transfer	410,179	419,584
7.06.01	Equity income (loss)	321,947	264,419
7.06.02	Financial income	88,232	155,165
7.07	Total added value to distribute	3,551,297	3,204,580
7.08	Distribution of added value	3,551,297	3,204,580
7.08.01	Labor	188,890	176,724
7.08.01.01	Direct remuneration	123,400	109,426
7.08.01.02	Benefits	36,307	34,845
7.08.01.03	F.G.T.S. - workers' severance fund	10,309	10,277
7.08.01.04	Other	18,874	22,176
7.08.01.04.01	Equity interest	18,874	22,176
7.08.02	Taxes, duties and contributions	695,592	955,109
7.08.02.01	Federal	674,577	931,682
7.08.02.02	State	18,470	20,461
7.08.02.03	Municipal	2,545	2,966

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

Account Code	Account Description	YTD current year 1/1/2021 to 6/30/2021	YTD previous year 1/1/2020 to 6/30/2020
7.08.03	Third-party capital remuneration	1,025,694	493,399
7.08.03.01	Interest	917,759	458,514
7.08.03.02	Rentals	4,612	3,512
7.08.03.03	Other	103,323	31,373
7.08.03.03.01	Capitalized interest, inflation adjustment and depreciation	60,785	16,166
7.08.03.03.02	Other financial expenses	42,538	15,207
7.08.04	Remuneration of own capital	866,192	1,296,024
7.08.04.03	Retained earnings / accumulated losses for the period	866,192	1,296,024
7.08.05	Other	774,929	283,324
7.08.05.01	Sectorial charges	77,425	60,118
7.08.05.02	Charges on concessions payable	715,542	241,450
7.08.05.03	Non-controlling shareholder	565	512
7.08.05.04	Tax incentive reserves	5,789	0
7.08.05.05	Realization of deemed cost	-14,215	-14,778
7.08.05.06	Dividends and interest on equity not claimed	-10,177	-3,978

Economic-Financial Performance

ECONOMIC-FINANCIAL PERFORMANCE

	Result by segment – 2Q21 x 2Q20 (in R$ million)					
	Electric energy					
	Generation[1]	Transmission[2]	Trading	Solar panels	Gas transportation	Consolidated
2Q21						
Net operating revenue	2,049	776	298	10	-	3,133
Operating costs	(988)	(617)	(293)	(12)	-	(1,910)
Gross income (loss)	**1,061**	**159**	**5**	**(2)**	**-**	**1,223**
Selling, general and administrative expenses	(74)	-	(1)	(1)	-	(76)
Impairment	(163)	-	-	-	-	(163)
Equity income	-	-	-	-	147	147
Income (loss) before financial results and taxes	**824**	**159**	**4**	**(3)**	**147**	**1,131**
2Q20						
Net operating revenue	1,990	434	254	9	-	2,687
Operating costs	(908)	(413)	(251)	(11)	-	(1,583)
Gross income	**1,082**	**21**	**3**	**(2)**	**-**	**1,104**
Selling, general and administrative expenses	(65)	-	(1)	(1)	-	(67)
Equity income	-	-	-	-	162	162
Income (loss) before financial results and taxes	**1,017**	**21**	**2**	**(3)**	**162**	**1,199**
Variation						
Net operating revenue	59	342	44	1	-	446
Operating costs	(80)	(204)	(42)	(1)	-	(327)
Gross income (loss)	**(21)**	**138**	**2**	**-**	**-**	**119**
Selling, general and administrative expenses	(9)	-	-	-	-	(9)
Impairment	(163)	-	-	-	-	(163)
Equity income	-	-	-	-	(15)	(15)
Income (loss) before financial results and taxes	**(193)**	**138**	**2**	**-**	**(15)**	**(68)**

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

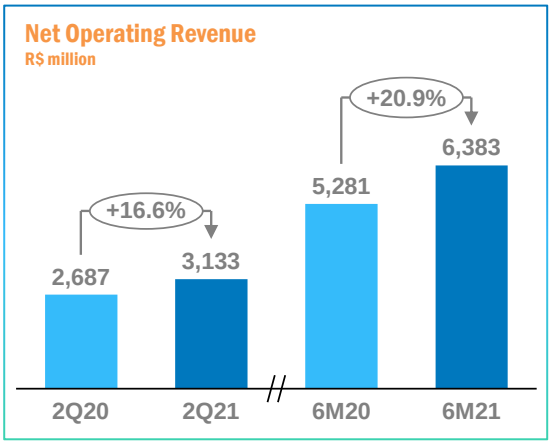
[1] Generation and sale of electric energy from the Company's portfolio ("Generation").
[2] Segment represented by the Gralha Azul Transmission System and Novo Estado Transmissora de Energia, both under construction.

Economic-Financial Performance

Net Operating Revenue

	Operating revenue by segment – 2Q21 x 2Q20 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2Q21					
Distribution companies	916	-	-	-	916
Free consumers	774	-	-	-	774
Construction revenue	-	624	-	-	624
Remuneration of concession financial assets	120	152	-	-	272
Energy trading operations	-	-	244	-	244
Trading companies	129	-	-	-	129
Transactions in the short-term market	71	-	6	-	77
Unrealized gains on trading operations	-	-	48	-	48
Services rendered revenue	31	-	-	-	31
Other revenues	8	-	-	10	18
Net operating revenue	**2,049**	**776**	**298**	**10**	**3,133**
2Q20					
Distribution companies	861	-	-	-	861
Free consumers	733	-	-	-	733
Construction revenue	-	423	-	-	423
Remuneration of concession financial assets	53	11	-	-	64
Energy trading operations	-	-	258	-	258
Trading companies	148	-	-	-	148
Transactions in the short-term market	59	-	1	-	60
Unrealized gains on trading operations[3]	-	-	(5)	-	(5)
Services rendered revenue	30	-	-	-	30
Gain of lawsuit	80	-	-	-	80
Revenue from indemnities	20	-	-	-	20
Other revenues	6	-	-	9	15
Net operating revenue	**1,990**	**434**	**254**	**9**	**2,687**
Variation					
Distribution companies	55	-	-	-	55
Free consumers	41	-	-	-	41
Construction revenue	-	201	-	-	201
Remuneration of concession financial assets	67	141	-	-	208
Energy trading operations	-	-	(14)	-	(14)
Trading companies	(19)	-	-	-	(19)
Transactions in the short-term market	12	-	5	-	17
Unrealized gains on trading operations	-	-	53	-	53
Services rendered revenue	1	-	-	-	1
Gain of lawsuit	(80)	-	-	-	(80)
Revenue from indemnities	(20)	-	-	-	(20)
Other revenues	2	-	-	1	3
Net operating revenue	**59**	**342**	**44**	**1**	**446**

In 2Q21, net operating revenue increased 16.6% (R$ 446 million) when compared to 2Q20 rising from R$ 2,687 million to R$ 3,133 million. This variation reflects the following factors:



Generation and sale of energy from the portfolio: an increase of R$ 59 million (3.0%), due mainly from the increases of: (i) R$ 77 million corresponding to the increase in net average selling price; (ii) R$ 67 million in remuneration of financial assets relative to the portion of payment of the Jaguara and Miranda Hydroelectric Power Plants concession grants for energy allocated for sale under the Regulated Contracting Environment (ACR); and (iii) R$ 12 million in transactions executed across the short-term market, principally the CCEE. This effect was partially attenuated by the following decreases: (iv) a non-recurring amount of R$ 80 million from a tax clawback in 2Q20; and (v) R$ 20 million relating substantially to the booking in 2Q20 of revenues from indemnities for delays in conclusion of

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

Economic-Financial Performance

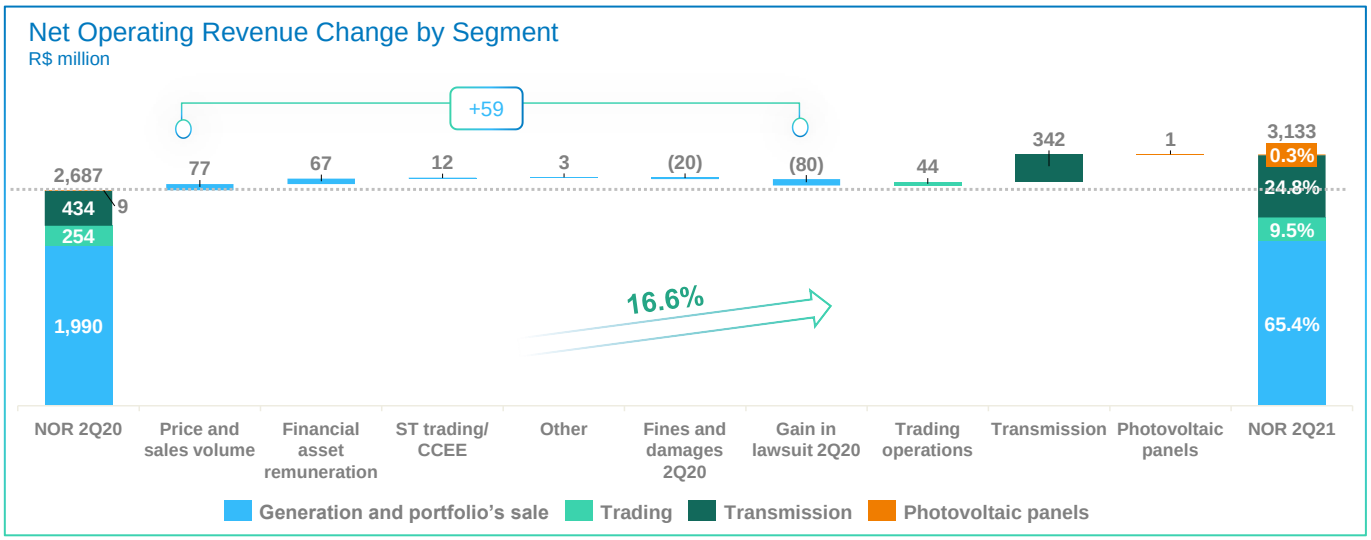
construction work and the collection of a contractual fine for plant downtime.

Discounting the non-recurring impact mentioned in item (iv), net operating revenue from the energy generation and sales from the Company's portfolio segment recorded an increase of R$ 139 million (7.3%) in 2Q21 compared to 2Q20.

Transmission: an increase of R$ 342 million (78.8%), a consequence of progress of work on the Gralha Azul and Novo Estado Transmission Systems shown in the accounts as revenue arising from the cost of construction plus a management margin in favor of the Company, of which R$ 201 million relates to an increase in construction revenue and R$ 141 million reflecting higher remuneration of concession financial assets.

Trading: an increase of R$ 44 million (17.3%) as a result of positive marking to market of future sales and an increase in revenues from short-term transactions, partially offset by the reduction in revenue from executed operations.

The results of the transmission and trading segments are commented under "Operational result from the energy transmission segment" and "Operational result from the energy trading segment".



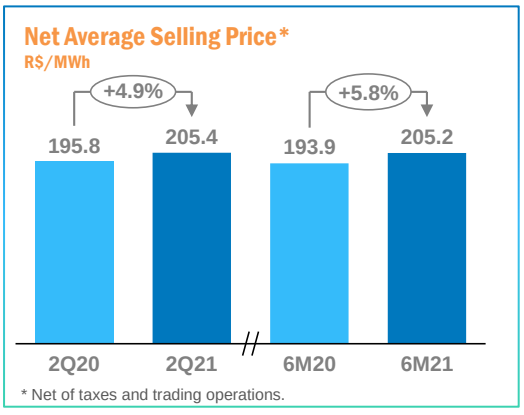
Comments on Variation in Net Operating Revenue

➢ Generation and Sales of Energy from the Portfolio

➢ Net Average Selling Price

The average selling price of energy, net of revenue charges, was **R$ 205.35/MWh in 2Q21, 4.9% higher** than reported for 2Q20, when average selling prices were R$ 195,79/MWh.

Higher prices were largely driven by monetary restatement on outstanding agreements. These effects were partially attenuated by new agreements with free consumers at lower prices than those either prevailing or expired.

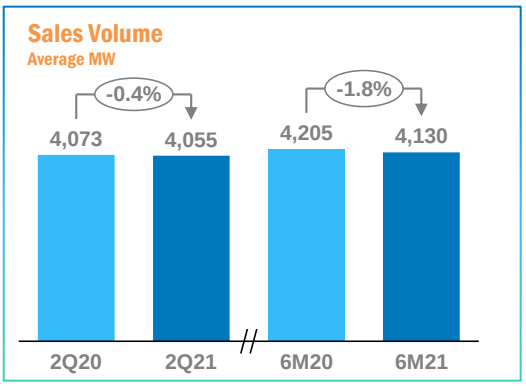


Economic-Financial Performance

➢ Sales Volume

Energy sales volume under agreements remained stable between the comparable periods, reporting a reduction of 39 GWh (18 average MW) or 0.4% from 8,895 GWh (4,073 average MW) in 2Q20 to **8,856 GWh (4.055 average MW) in 2Q21**.

Between the quarters in comparison, there is a higher volume of sales at distribution companies and free consumers, offset by a lower volume at trading companies.



➢ Revenue from Sale of Electric Energy

- Distribution Companies:

Revenue from sales to distributors was R$ 916 million in 2Q21, R$ 55 million (6.4%) higher than the R$ 861 million reported in 2Q20. This increase reflected the following effects: (i) R$ 41 million — an increase of 4.8% in net average selling prices; and (ii) R$ 14 million — an increase of 59 GWh (27 average MW) in sales volume.

Price increases were largely a result of monetary restatement on outstanding agreements and increased energy consumption reflecting principally the effects of seasonal energy allocations between the compared quarters.

- Free Consumers:

Revenues from sales to free consumers increased by R$ 41 million (5.6%) between the quarters under analysis from R$ 733 million in 2Q20 to R$ 774 million in 2Q21. The following events contributed to this variation: (i) R$ 35 million — growth of 4.7% in net average selling price; and (ii) R$ 6 million — increase of 34 GWh (15 average MW) in energy sales volume.

The price increase was largely due to the impact of monetary restatement on existing agreements, partially attenuated by new agreements with average prices lower than those of expired contracts.

The increase in energy sales volume was largely driven by reduced consumption by clients observed in 2Q20 with the onset of the Covid-19 pandemic, and fresh agreements signed in 2Q21.

- Trading Companies:

In 2Q21, revenue from sales to trading companies was R$ 129 million, R$ 19 million (12.8%) lower than revenue reported for 2Q20 at R$ 148 million. This decrease was a combination of the following aspects: (i) R$ 20 million — a reduction of 132 GWh (60 average MW) in energy sales volume; and (ii) R$ 1 million — representing a 1.1% rise in average net selling prices.

The decrease in volume between the periods analyzed was due mainly to the finalization of existing agreements between the quarters analyzed.

➢ Remuneration of Concession Financial Assets

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

Remuneration of the financial assets of concessions increased from R$ 53 million in 2Q20 to R$ 120 million **in 2Q21, an increase of R$ 67 million (126.4%)**. The increase was driven largely by variation in the IPCA and the increase in average outstanding balances between the periods.

➢ Transactions in the Short-term Energy Market

In 2Q21, revenue raised from transactions in the short-term market was R$ 71 million while in 2Q20 it was R$ 59 million, representing a **growth of R$ 12 million (20.3%)** between the compared quarters. Further explanations on these operations and on the variations can be found under the heading “Details of short-term operations”.

➢ Legal Action Found in Favor of the Company – Tax Recovery

On May 18, 2020, the Company obtained a favorable court ruling no longer subject to further appeal, guaranteeing clawback rights, either via compensation or reimbursement, of federal tax credits, duly restated at the basic Selic interest rate. As a result, the Company booked R$ 80 million in 2Q20. The amount in question was restated monetarily impacting the financial result for 2Q20 by R$ 73 million.

Economic-Financial Performance

➢ Solar Panels

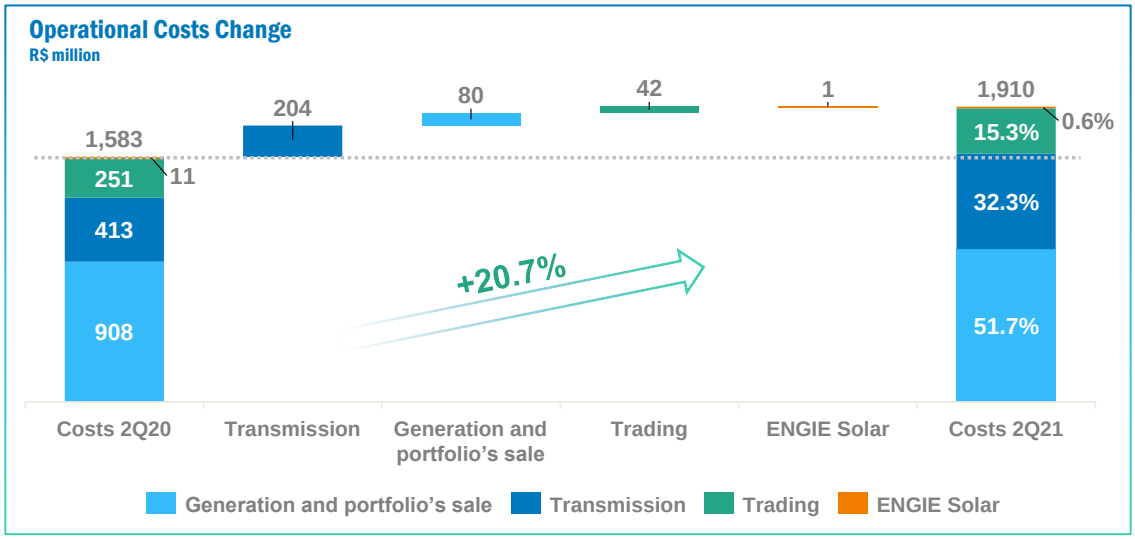
Sales and installation revenues through the ENGIE Geração Solar Distribuída S.A. (EGSD) on a year-on-year comparison basis, **increased R$ 1 million (11.1%)** from R$ 9 million in 2Q20 to **R$ 10 million in 2Q21**.

Operating costs

	Costs by segment – 2Q21 x 2Q20 (in R$ million)				
	Electric energy				
	Generation	Transmission	Trading	Solar panels	Consolidated
2Q21					
Construction costs	-	617	-	-	617
Electric power purchases	208	-	250	-	458
Depreciation and amortization	231	-	-	-	231
Charges for the use of and connection to the power grid	146	-	-	-	146
Transactions in the short-term market	128	-	-	-	128
Materials and third-party services	109	-	-	2	111
Personnel	71	-	-	1	72
Fuel for generation	46	-	-	-	46
Unrealized losses on trading operations	-	-	43	-	43
Insurance	22	-	-	-	22
Royalties	11	-	-	-	11
Operating provisions, net	3	-	-	-	3
Other operating costs, net	13	-	-	9	22
Operating costs	**988**	**617**	**293**	**12**	**1,910**
2Q20					
Construction costs	-	413	-	-	413
Electric power purchases	337	-	242	-	579
Depreciation and amortization	228	-	-	-	228
Charges for the use of and connection to the power grid	136	-	-	-	136
Transactions in the short-term market	57	-	-	-	57
Materials and third-party services	72	-	-	3	75
Personnel	64	-	-	3	67
Fuel for generation	(10)	-	-	-	(10)
Unrealized losses on trading operations	-	-	9	-	9
Insurance	19	-	-	-	19
Royalties	4	-	-	-	4
Operating provisions, net	(13)	-	-	-	(13)
Other operating costs, net	14	-	-	5	19
Operating costs	**908**	**413**	**251**	**11**	**1,583**
Variation					
Construction costs	-	204	-	-	204
Electric power purchases	(129)	-	8	-	(121)
Depreciation and amortization	3	-	-	-	3
Charges for the use of and connection to the power grid	10	-	-	-	10
Transactions in the short-term market	71	-	-	-	71
Materials and third-party services	37	-	-	(1)	36
Personnel	7	-	-	(2)	5
Fuel for generation	56	-	-	-	56
Unrealized losses on trading operations	-	-	34	-	34
Insurance	3	-	-	-	3
Royalties	7	-	-	-	7
Operating provisions, net	16	-	-	-	16
Other operating costs, net	(1)	-	-	4	3
Operating costs	**80**	**204**	**42**	**1**	**327**

Operating costs increased by R$ 327 million (20.7%) between the same quarters for successive years from R$ 1,583 million in 2Q20 **to R$ 1,910 million in 2Q21**. This variation reflected the following increases: (i) R$ 204 million (49.4%) of costs in the transmission segment; (ii) R$ 80 million (8.8%) for the energy generation and sales from the Company's portfolio segment; (iii) R$ 42 million (16.7%) in the costs of energy trading operations; and (iv) R$ 1 million (9.1%) in the case of solar panel installation and sales costs.

Economic-Financial Performance



Comments on Variations in Operating costs

➢ Generation and Energy Sales from the Portfolio

» **Energy purchases:** between 2Q20 and 2Q21, there was a reduction of R$ 129 million (38.3%) in purchase operations for energy portfolio management, motivated by: (i) R$ 138 million — decrease of 763 GWh (350 average MW) in purchased volumes; and (ii) R$ 9 million — an increase of 4.4% in net average energy purchase price, which includes short-term purchases, from R$ 180.66/MWh in 2Q20 to R$ 188.52/MWh in 2Q21.

The decrease in purchase volumes reflected in large part the energy generated by entry into commercial operations of the Company's Campo Largo II Wind Power Complex.

» **Charges for use of electric energy network and connections:** increase of R$ 10 million (7.4%) between the quarters under analysis, above all due to the annual tariff readjustment for both transmission and distribution and the entry into commercial operations of the Campo Largo II Wind Power Complex, the latter having a R$ 4 million impact.

» **Transactions in the short-term energy market:** between the quarters under analysis, costs with these transactions were R$ 71 million higher (124.6%). Further explanations on these operations and on the variations can be found under the heading "Details of short-term operations".

» **Material and third-party services:** an increase of R$ 37 million (51.4%) in 2Q21 in relation to the same quarter in 2020, resulting substantially from the increases of R$ 21 million in the costs of operations and maintenance of the generator complex due to contractual restatement and of R$ 10 million with replacement and consumption materials.

» **Personnel:** increase of R$ 7 million (10.9%) in 2Q21 in relation to the same quarter in 2020, resulting mainly from the annual salary adjustment, increased expenses with medical accreditation, reimbursement of medical expenses and expenses with health insurance plans.

» **Fuels for generation:** growth of R$ 56 million (560.0%) comparing 2Q21 with 2Q20 due basically to the higher consumption of proprietary coal resources on the back of the year-on-year increase of thermal generation between the periods.

» **Financial compensation for use of water resources (Royalties):** an increase of R$ 7 million (175.0%) between the compared quarters due in large part to greater generation from the hydroelectric plants between quarters.

» **Operational provisions, net:** negative effect of R$ 16 million (123.1%) in 2Q21 compared to the same quarter in 2020, resulting mainly from the reversal of provisions for estimated losses on delinquent credits of R$ 12 million in 2Q20, the result of a court adjudicated agreement between the Company and a client.

Operational Result from the Energy Transmission Segment

The Company has primary responsibility for the construction and installation of the infrastructure pertaining to the Gralha Azul transmission concession – work on the installation of which began in the second half of 2018 - and Novo Estado, as from the acquisition of 100% of the shares in Novo Estado Transmissora de Energia S.A. in March 2020 and is exposed to the risks and benefits of these constructions. Consequently, based on prevailing accounting practices, the Company books revenue over the course of the implementation of the transmission infrastructure for an amount corresponding to the construction costs plus a gross residual margin to cover the costs related to construction management. Expenditures incurred in the construction are recognized in the cost of the transmission infrastructure.

Economic-Financial Performance

The Annual Allowed Revenue (RAP) is received once the transmission system goes into commercial operations. Thus, only resources generated from the operational activity are received from then onwards.

Gross operational profit from the transmission segment reported an increase of R$ 138 million in 2Q21 in relation to the same quarter in 2020 due mainly to the evolution in the execution of construction work on the Gralha Azul and Novo Estado Transmission Systems. In addition, remuneration revenue from transmission infrastructure was also impacted by the positive variation in the IPCA.

Operational Result of the Energy Trading Segment

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

Year-on-year gross profit for the quarter was up by R$ 2 million (66.7%), driven by the following positive effects: (i) R$ 19 million from a positive marking to market — difference between contracted and market prices — of net contracted operations pending on June 30, 2020, and 2021; and (ii) an increase of R$ 5 million in the result from transactions in the short-term energy market. These effects were attenuated by the reduction of R$ 22 million in gross result from executed energy purchase and sale transactions.

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 smaller or greater (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 2Q21 and in 2Q20, **net results** (difference between revenues and costs — less taxes) from short-term transactions — more especially those executed across the CCEE — **were negative at R$ 51 million** and positive at R$ 3 million, respectively. The amount represents a **year-on-year reduction of R$ 54 million**, combining a R$ 59 million decrease from transactions in the energy generation and sales from the Company's portfolio segment and an increase of R$ 5 million in the result from energy trading transactions.

The variation was basically the combination of the following factors: (i) a negative impact of the MRE Adjustment Factor (GSF) — already adjusted for renegotiation of the hydrological risk; (ii) an increase in short-term operations by virtue of the active management of the portfolio and variation of PLD between quarters under analysis; and (iii) reduced MRE overheads.

In December 2020, Aneel stipulated maximum and minimum PLD limits for 2021 at R$ 583.88/MWh and R$ 49.77/MWh, respectively. The following table shows the average PLD amounts for those submarkets in which the Company operates (in MWh).

Average PLD in R$/MWh	2Q21	2Q20	Chg. (%)
South	233.36	75.47	209.2%
Southeast/Center-West	229.44	75.47	204.0%
Northeast	202.21	49.40	309.3%

Economic-Financial Performance

Selling, General and Administrative Expenses

Selling, general and administrative expenses rose by R$ 9 million (13.4%) from R$ 67 million in 2Q20 to R$ 76 million in 2Q21, due to movement in the energy generation and sales from the Company's portfolio segment, this driven by the following effects: (i) an increase of R$ 13 million in personnel expenses, in large part due to the annual readjustment and the impact of bonus payments and PLR; and (ii) a reduction of R$ 4 million in outlay for materials, Third-party services and donations, due principally to lower pandemic-related expenditures in 2Q21.

Provision for Impairment of Assets

In 2Q21, the Company booked a R$ 163 million for impairment in the light of the intended divestment of the Diamante Geração de Energia Ltda. – a company holding all the assets comprising the Jorge Lacerda Thermoelectric Complex - and reflecting a preliminary evaluation of the eventual sale amount of less than the book value of this subsidiary. Given the current stage of the process, the prerequisites for classification as held for sale are not affected.

Equity Income – Gas Transportation

On July 20, 2020, the Company acquired an additional shareholding stake of 3.25% in TAG out of the total of 10% which Petrobras still held. As a result, the Company's direct corporate participation in TAG increased from 29.25% to 32.5%.

The equity income result for TAG in the quarters under analysis incorporates the following items:

DRE – in R$ million	2Q21		2Q20	
	100%	Company's share	100%	Company's share
TAG				
Net operational revenue	1,730	562	1,414	414
Costs of services provided	(549)	(178)	(563)	(165)
Gross income	**1,181**	**384**	**851**	**249**
General and administrative expenses	(51)	(17)	(31)	(9)
Income before financial result and taxes	**1,130**	**367**	**820**	**240**
Financial result	(440)	(143)	(346)	(101)
Income before taxes	**690**	**224**	**474**	**139**
Income tax and social contribution	(237)	(77)	(168)	(49)
Extemporaneous credits with tax incentives	-	-	246	72
TAG's net income	**453**	**147**	**552**	**162**
Equity income – TAG	**147**		**162**	

Between 2Q21 and 2Q20, equity income fell by R$ 15 million (9.3%) from R$ 162 million in 2Q20 to R$ 147 million in 2Q21. This net decrease was a combination of the following effects: (i) R$ 138 million increase in EBITDA mainly due to the restatement of gas transportation tariffs, in large part adjusted according to the IGP-M inflation index as well as to exchange variation in the case of one gas transportation agreement; (ii) a R$ 72 million non-recurring positive effect in 2Q20, relative to the booking of extemporary tax incentive credits on profits generated from operations in the region covered by the Sudene governmental agency; (iii) increase of R$ 42 million in net financial expenses; (iv) growth of R$ 28 million in Income Tax and Social Contribution, mainly the result of higher pretax profits; and (v) an increase of R$ 11 million in depreciation and amortization overheads. Worthy of note is that part of the year-on-year variations stem from changes in corporate participation. Ignoring the non-recurring effect mentioned above, the equity income result would have recorded an increase of R$ 57 million (63.3%), between second quarters 2020 x 2021.

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

EBITDA – in R$ million	2Q21	2Q20
	100%	100%
Income before financial result and taxes	**1,130**	**820**
Depreciation and amortization	161	156
Amortization of surplus	217	227
EBITDA	**1,508**	**1,203**

Economic-Financial Performance

Balance Sheet

TAG's principal asset and liability groups as of June 30, 2021 and December 31, 2020 were as follows:

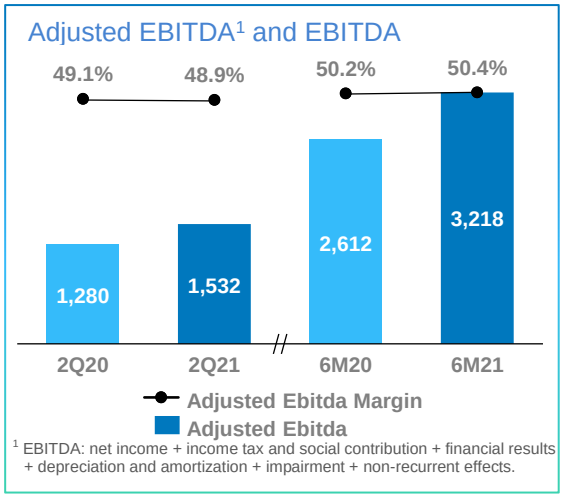
Balance Sheet	6/30/2021	12/31/2020
ASSETS		
Current assets	**2,125**	**2,220**
Cash and cash equivalents	457	437
Accounts receivables from clients	1,409	1,556
Unrealized gains on hedging transactions	43	19
Other current assets	216	208
Non-current assets	**31,846**	**35,660**
Accounts receivables from clients	545	49
Restricted deposits	118	203
Unrealized gains on hedging transactions	3	29
Other non-current assets	5	3,475
Property, plant and equipment	28,437	29,185
Intangible	2,738	2,719
Total	**33,971**	**37,880**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities	**3,537**	**3,874**
Loans, financing and debentures	2,959	3,250
Unrealized losses on hedging transactions	243	298
Other current liabilities	335	326
Non-current liabilities	**23,004**	**27,079**
Loans, financing and debentures	19,970	22,519
Unrealized losses on hedging transactions	496	910
Deferred income taxes and social contribution	1,907	1,073
Other non-current liabilities	631	2,577
Shareholders' equity	**7,430**	**6,927**
Total	**33,971**	**37,880**

EBITDA and EBITDA Margin

	EBITDA by segment – 2Q21 x 2Q20 (in R$ million)					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
2Q21						
Income (loss) before financial results and taxes	824	159	4	(3)	147	1,131
Depreciation and amortization	238	-	-	-	-	238
EBITDA	**1,062**	**159**	**4**	**(3)**	**147**	**1,369**
Impairment	163	-	-	-	-	163
Adjusted EBITDA	**1,225**	**159**	**4**	**(3)**	**147**	**1,532**
Adjusted EBITDA Margin	**59.8%**	**20.5%**	**1.3%**	**(30.0%)**	**-**	**48.9%**
2Q20						
Income (loss) before financial results and taxes	1,017	21	2	(3)	162	1,199
Depreciation and amortization	233	-	-	-	-	233
EBITDA	**1,250**	**21**	**2**	**(3)**	**162**	**1,432**
Non-recurrent effects						
Gain in lawsuit	(80)	-	-	-	-	(80)
Extemporaneous tax incentive credits	-	-	-	-	(72)	(72)
Adjusted EBITDA	**1,170**	**21**	**2**	**(3)**	**90**	**1,280**
Adjusted EBITDA Margin	**61.3%**	**4.8%**	**0.8%**	**(33.3%)**	**-**	**49.1%**
Variation						
Income (loss) before financial results and taxes	(193)	138	2	-	(15)	(68)
Depreciation and amortization	5	-	-	-	-	5
EBITDA	**(188)**	**138**	**2**	**-**	**(15)**	**(63)**
Non-recurrent effects						
Impairment	163	-	-	-	-	163
Gain in lawsuit	80	-	-	-	-	80
Extemporaneous tax incentive credits	-	-	-	-	72	72
Adjusted EBITDA	**55**	**138**	**2**	**-**	**57**	**252**
Adjusted EBITDA Margin	**(1.5 p.p.)**	**15.7 p.p.**	**0.5 p.p.**	**-**	**-**	**(0.2 p.p.)**

Economic-Financial Performance

There was a 2Q21 x 2Q20 increase in adjusted EBITDA of R$ 252 million (19.7%) from R$ 1,280 million in 2Q20 to R$ 1,532 million in 2Q21. The variation was a combination of the following **positive effects**: (i) R$ 138 million from the energy transmission segment; (ii) R$ 57 million (63.3%) due to the variation in the results from the corporate stake in TAG; (iii) R$ 55 million (4.7%) in the energy generation and sales from the Company's portfolio segment; and (iv) R$ 2 million from the trading segment.



The Company's main business segment, in the electricity sector, is the energy generation and sales from the Company's portfolio, with the variation indicated in item (iii) above, whose main effects were: (i) reduction of R$ 129 million in energy purchase costs; (ii) R$ 77 million driven by the increase of revenue from energy sale agreements to both regulated and free market environments and a reflection of a higher net average selling price; (iii) increase of R$ 67 million in remuneration revenue and monetary restatement on concession assets; (iv) a decrease of R$ 59 million in the result from transactions conducted in the short-term market; (v) an increase of R$ 56 million in fuel costs; (vi) an increase of R$ 37 million in costs of material inputs and third-party services; (vii) R$ 20 million decrease in revenue from indemnifications for delays in the conclusion of construction work and the collection of a contractual fine for plant downtime and recorded in the accounts for 2Q20; (viii) R$ 16 million driven by the increase in costs involving operational provisions; (ix) an increase of R$ 10 million in costs with charges for the use of the electric energy network and connections; (x) R$ 7 million increase in the cost of royalties; and (xi) an increase of R$ 13 million with other operating costs and expenses.

Generation Adjusted EBITDA Margin

The adjusted EBITDA margin for the generation segment posted a reduction of 1.5 p.p. from 61.3% in 2Q20 to 49.8% in 2Q21.

Consolidated Adjusted EBITDA Margin

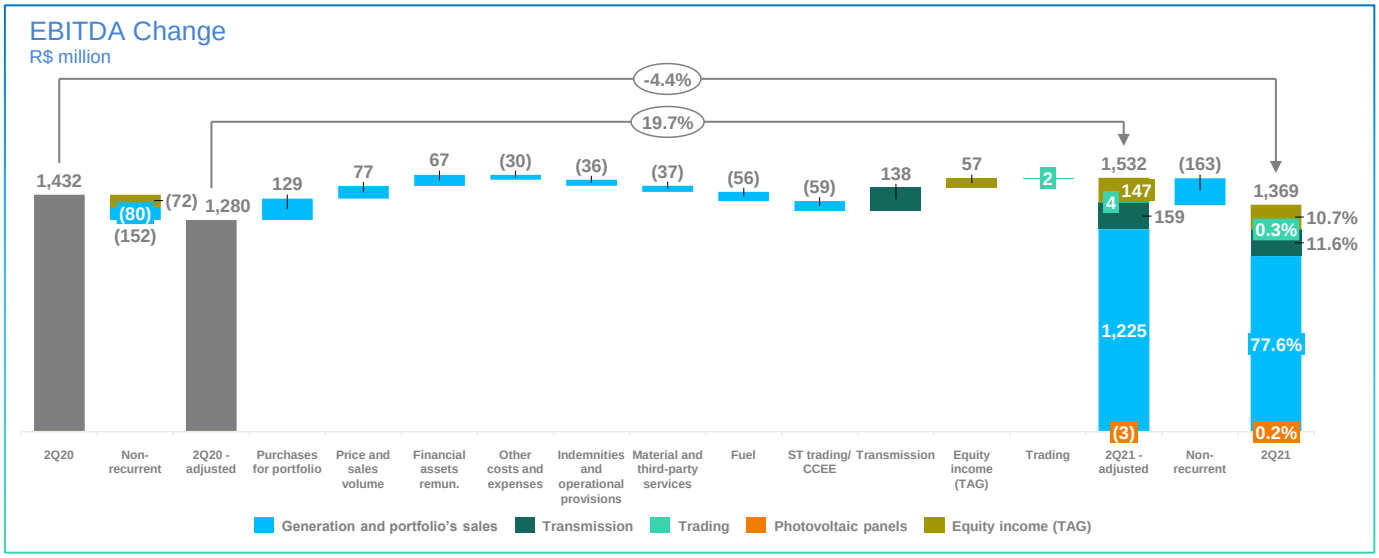
The consolidated adjusted EBITDA margin posted a reduction of 0.2 p.p. from 49.1% in 2Q20 to 48.9% in 2Q21.

Important to note that the consolidated adjusted EBITDA margin is partially reduced by the impacts from energy trading operations, recognition of revenue and costs relative to the construction of the transmission systems as well as operations executed by the EGSD subsidiary, the latter presenting lower margins to those of the other Company operations.

The following table reconciles net income with EBITDA:

(In millions of R$)	2Q21	2Q20	Chg. %	6M21	6M20	Chg. %
Net income	319	766	-58.4	848	1,278	-33.6
(+) Income tax and social contribution	56	264	-78.8	203	457	-55.6
(+) Net financial result	756	169	347.3	1,588	561	183.2
(+) Depreciation and amortization	238	233	2.2	468	468	0.0
Ebitda	**1,369**	**1,432**	**-4.4**	**3,107**	**2,764**	**12.4**
Non-recurrent effects						
(+) Impairment	163	-	-	163	-	-
(+) Gain in lawsuit	-	(80)	-	-	(80)	-
(+) Extemporaneous tax incentive credits	-	(72)	-	-	(72)	-
(+) Hidrological risk renegotiation	-	-	-	(52)	-	-
Adjusted Ebitda	**1,532**	**1,280**	**19.7**	**3,218**	**2,612**	**23.2**

Economic-Financial Performance



Financial Result

Financial income: in 2Q21, the Company reported financial income of R$ 63 million, R$ 48 million or 43.2% lower than the R$ 111 million posted for the same quarter 2020, mainly the result of lower interest on taxes and social contributions worth R$ 73 million, principally with respect to financial restatement of the amount of the tax clawback in 2Q20. This effect was partially attenuated from income on the sale of securities and bonds in 2Q21 worth R$ 23 million.

Financial expenses: expenses in 2Q21 were R$ 819 million, that is, R$ 539 million or 192.5% more than reported in the same quarter for 2020 when the amount in question was R$ 280 million. The increase was due to the following factors: (i) an increase of R$ 231 million in monetary restatement of debt to reflect inflation; (ii) increases of R$ 223 million on concessions payable between the quarters under analysis, of which: (ii.i) R$ 195 million was monetary restatement due to growth in the rate of inflation, especially IGP-M; and (ii.ii) R$ 28 million of interest; and (iii) R$ 74 million of interest on debt due principally to the issue of debentures by the Company's subsidiaries in 2020 and the contracting of loans and financing during the course of 2020 and 2021.

Worthy of note is that all energy sales agreements contain inflation clauses for readjustment either against the IPCA or IGP-M, thus representing a natural long-term hedge for debt and liabilities earmarked to inflation indices.

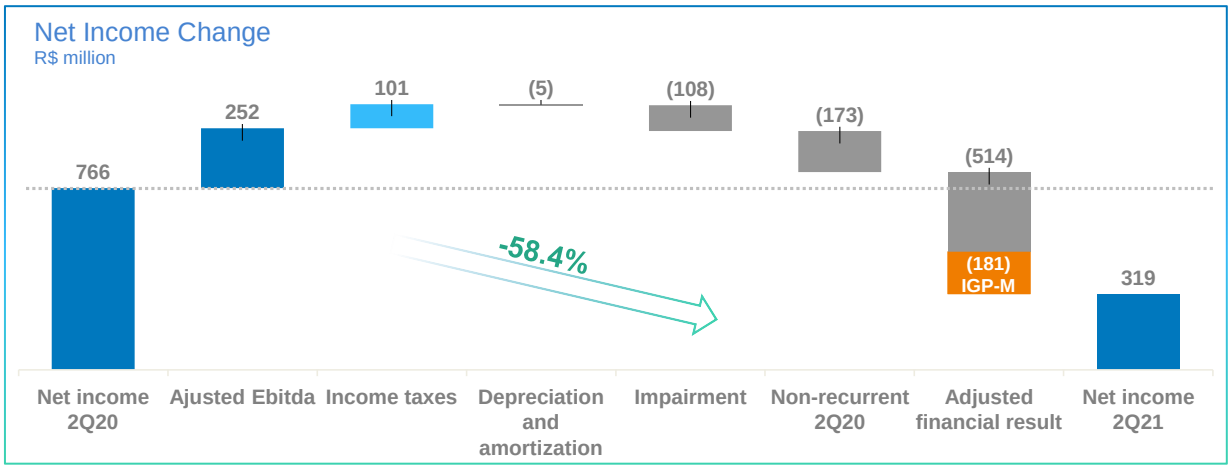
Income Tax and Social Contribution

Income Tax and Social Contribution in 2Q21 were R$ 56 million, R$ 208 million (78.8%) lower than reported in the same quarter 2020 of R$ 264 million, mainly due to lower pre-tax profit posted for 2Q21 when compared with 2Q20 as well as the variation in the subsidiaries' tax regimes. The effective rate of Income Tax and Social Contribution, excluding equity income effects, was 5.9 p.p. lower, decreasing from 30.4% in 2Q20 to 24.6% in 2Q21. Excluding the non-recurring effects, the variation between the quarters analyzed was R$ 101 million (47.6%).

Net Income

Net income in 2Q21 was R$ 319 million, R$ 447 million or 58.4% lower than the R$ 766 million recorded for the same quarter for the preceding year. Excluding the non-recurring effects, whose impacts on net income for 2Q21 and 2Q20 were R$ 108 million and R$ 173 million, respectively, net income decreased R$ 166 million (28.0%) between the quarters in comparison. This decrease is the result of the following factors: (i) an increase of R$ 252 million in adjusted EBITDA; (ii) increase of R$ 5 million in depreciation and amortization expenses; (iii) an increase in R$ 514 million in net financial expenses; and (iv) a reduction of R$ 101 million in income tax and social contribution.

Economic-Financial Performance



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 6.30.2021

(In thousands of Reais or other currencies, unless otherwise indicated)

NOTE 1 – OPERATIONS

ENGIE Brasil Energia S.A. ("Company" or "ENGIE Brasil Energia" or "ENGIE") is an independent utility concessionaire and a publicly held corporation with its registered headquarters in the municipality of Florianópolis, state of Santa Catarina, Brazil. The core business and main operating activity of the Company and its subsidiaries is the generation and sale of electricity, regulated by the Brazilian Electricity Regulatory Agency (Aneel), which is linked to the Ministry of Mines and Energy (MME). The Company, through its subsidiaries and joint ventures, also operates in the electricity trading, solar panels, gas transportation, and energy transmission segments. For more information, see Note 31 – Segment Information.

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

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

ENGIE Brasil Energia is part of the largest independent energy producer in Brazil, accounting for approximately 6.3%[4] of the country's installed capacity. At 6.30.2021, its installed capacity, including its stakes in energy generation consortiums, was 8,958.3 MW. Out of this total, 71.4% arises from hydroelectric power plants, 13.4% from thermal power plants and 15.2% from complementary energy (wind, solar, biomass and small hydroelectric power plants). Physical guarantee for sale averaged was 5,100.4 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 6.30.2021, the Company's generation facilities in operation consisted of 68 plants, of which 11 hydroelectric power plants (HPP), 4 conventional thermal power plants (TPP), 46 wind farms, 3 biomass plants, 2 photovoltaic solar power plants and 2 small hydroelectric power plants (SHPP).

The main corporate and operational events occurred in the first six months of 2021 are as follows:

[4] 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

a) Payment of dividends and interest in equity for 2020

On 1.29.2021, the Company paid interim dividends related to the 1st half of 2020, in the amounts of R$ 678 million, corresponding to R$ 0.8305737385 per share, and R$ 554 million, corresponding to R$ 0.6795603315 per share. On 4.5.2021, interest on equity for the period from 1.1.2020 to 12.31.2020 was paid in the gross amount of R$ 175 million, corresponding to R$ 0.2144797773 per share.

Moreover, on 4.28.2021, the Annual Shareholders Meeting approved the allocation of net income and the proposal for payment of additional dividends on net income from the fiscal year 2020, in the amount of R$ 609 million (R$ 0.7471177357 per share). On that date, the Company recognized the payment obligation in its balance sheet. The Company's shares were traded ex-dividends as of 5.12.2021, and the dividends were paid on 7.12.2021.

b) Start of implementation of Santo Agostinho Wind Power Plant ("CESA") and operational startup of Campo Largo II Wind Power Complex

On 1.15.2021, the Company informed its shareholders and the market of the agreement to supply wind turbines of CESA, which will enable it to start the first phase of CESA, whose installed capacity will be 434 MW. Construction started in June 2021, commercial startup by March 2023 and the energy generated will be fully allocated for contracting in the Free Contracting Environment (ACL).

Additionally, in the 1st half of 2021, Plants VIII, IX, X, XIV, XVII, XIX, XX and XXII of the Campo Largo II Wind Power Complex started commercial operations, adding 247.8 MW of installed capacity and 133.7 MW average of physical guarantee to the Company, with total installed capacity of the Campo Largo II Wind Power Complex being 361.2 MW and the energy fully allocated to ACL. Plants XI, XII and XIII were authorized to operate in test mode and their commercial startup is expected by the end of the 3rd quarter of 2021.

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

The following table shows the ratings assigned by rating agencies during 2021:

Company	Risk Agency	Rating	Classification	Date
ENGIE Brasil Energia	Fitch Ratings	long-term national rating	'AAA(bra)' with stable outlook	03.08.2021
ENGIE Brasil Energia	Fitch Ratings	long-term international rating in foreign currency	'BB' with negative outlook	03.08.2021
ENGIE Brasil Energia	Fitch Ratings	long-term international rating in domestic currency	'BBB-' with negative outlook	03.08.2021
ENGIE Brasil Energia	Fitch Ratings	long-term national rating – 6th, 7th and 9th issues of debentures	'AAA(bra)' with stable outlook	03.08.2021

d) Renegotiation of hydrological risk – Federal Law 14,052/2020

The conditions for the agreement relating to the new renegotiation of hydrological risk were established by Federal Law 14,052, approved on 9.8.2020, and regulated by Aneel Normative Resolutions 895/2020, issued on 12.1.2020, and 930/2021, issued on 3.30.2021. The law establishes compensation for owners of hydroelectric power plants included in the Energy Relocation Mechanism (MRE) for effects caused by structuring generation projects, related to the anticipation of physical guarantee and the restrictions in the operational startup of transmission facilities required for energy distribution and, retroactively, for generation outside the order of merit and import.

Notes to the Financial Statements

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

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

On 3.2.2021, the Electricity Trading Chamber (CCEE) published the revised calculation of compensations, which encompassed: (i) the application of a discount rate on the calculation of concession renewals; (ii) the consideration of impacts arising from the lapse of concessions of Abengoa and Isolux in the distribution to Belo Monte HPP; and (iii) the recognition of the right of plants under the quota regime, eligible under Law 13,783/13, to the compensations calculated in accordance with Law 14,052/2020. As a result of this revised calculation, in the 1st quarter of 2021, the Company recognized R$ 35 million in the parent company and R$ 52 million in the consolidated, in addition to the amount recognized in 2020. Accordingly, the Company presents under intangible assets, on 6.30.2021, R$ 1,003 million and R$ 1,020 million in the parent company and consolidated, respectively.

During the 1st quarter of 2021, Aneel accepted some requests to reconsider the renegotiation calculation submitted by sector agents, through Aneel Normative Resolution 930 of 3.30.2021. However, the Federal Accounting Court (TCU) challenged, through an Order issued on 4.12. 2021, specifically the possibility offered to hydroelectric power plants contracted in the regulated market, which had already renegotiated the hydrological risk in 2015. Note that this discussion involving Aneel and TCU is supplementary and does not bring risks to the subject and, therefore, not affecting the asset recognized by the Company.

In July 2021, Federal Law 14,182 was enacted, which addresses the privatization of Eletrobras and the retroactive effects of the Generation Scaling Factor (GSF), explicitly ruling that for the period prior to the start of the period for renegotiating hydrological risk, the entire physical guarantee of the plants will be considered as the portion of energy not renegotiated for the purposes of receipt of reimbursement. Based on the changes established by Federal Law 14,182/2021, Aneel is expected to continue to apply Normative Resolutions 930/2021 and 895/2020.

Moreover, at meeting held on 8.3.2021, Aneel partially approved the deadline for extending the concession of plants pertaining to MRE. This approval partially covered the following plants of the Company: Salto Osório, Passo Fundo, Jaguara and Miranda. This decision does not cover the changes incorporated by Normative Resolution 930/2021 and Federal Law 14,182/2021. The final approval of the deadline for extending the concessions of other eligible plants will be granted later after the processing of rules to calculate the renewal of concession of these plants. After the approval of deadlines, the concession holder should express its interest within 60 days.

Notes to the Financial Statements

e) Status of Gralha Azul project

On 10.15.2020, in a Public-Interest Civil Action filed by three Non-Governmental Organizations (NGOs), the Company was notified by the Federal Courts suspending two environmental licenses for the project and the removal of vegetation of these groups, relating to the 525 Kv line. On 12.9.2020, the Superior Court of Justice (STJ) granted the suspension of injunction and the judgment filed by the Federal Government and the State Government of Paraná, and on 12.10.2020 the STJ granted the suspension of injunction and judgment filed by the Company, thereby suspending the injunction and enabling the resumption and continuity of construction works immediately.

In addition, on 10.16.2020, the Federal Prosecution Office and the State Prosecution Office of Paraná filed a second public-interest civil action which is pending in connection with the above action, in the same Federal Court. In connection with this lawsuit, a preliminary injunction was rendered on 3.16.2021, partially suspending construction works at a stretch called "Escarpa Devoniana". In view of this decision, on 3.24.2021, the Federal Government, the State Government of Paraná and Gralha Azul Transmissora de Energia S.A. ("Gralha Azul") filed a request to extend the effects of the suspension of the injunction and judgment to include this second injunction. On the same date, the STJ accepted the requests submitted, suspending the effects of said injunction until a final and unappealable decision is rendered.

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

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

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

Notes to the Financial Statements

f) Diamante Geração de Energia Ltda ("Diamante") and Pampa Sul Thermal Power Plant (Pampa Sul)

As a result of the Company's decarbonization strategy, in 2020, a special work group was formed to study the alternatives for Jorge Lacerda Thermal Power Complex ("CTJL"), an asset controlled by the subsidiary Diamante Geração de Energia Ltda. ("Diamante"). The study includes an in-depth evaluation of socio-economic implications based on dialogue with all stakeholders. On 2.25.2021, in light of the scenarios being analyzed, the Company informed its investors and the market of the advance in negotiations with a potential buyer, to which the Company granted, based on the proposal submitted by it, the exclusive rights for 120 days to conduct due diligence related to the sale of Diamante. Moreover, through a fresh notice to the market on 6.15.2021, the Company informed the extension of the period for 120 days.

The final terms and conditions of the transaction, if the negotiations succeed, will still be subject to approval from the Company's management and shareholders, as well as from applicable government authorities. If this sale does not materialize, the Company will continue to evaluate other options, including the phased decommissioning of the asset.

Additionally, on 3.17.2021 the Company announced to its investors and the market the resumption of the process to sell all its shares held in the direct subsidiary Pampa Sul. On the reporting date, the sale is under evaluation by potential buyers.

Hence, the Company concluded that the prerequisites for reclassifying the balances of Diamante and Pampa Sul to non-current asset held for sale were not met. However, due to the firm intention of sale of Diamante, in the 2nd quarter of 2021, the Company recognized impairment of R$ 163 million, whose preliminary valuation of the sale amount is lower than its book value.

g) Impacts of the new coronavirus pandemic

The year of 2020 was marked by the effects of the COVID-19 pandemic, caused by the new coronavirus, which affected, and continues to affect in 2021, the global economy. Due to the pandemic, restrictive measures were adopted to maintain physical distancing, close down commercial establishments and shutdown industrial plants.

The restrictions imposed by physical distancing had significant effects on activities in diverse sectors, household incomes and investments in Brazil. As the pandemic situation improved and, consequently, restrictions on economic activities were gradually reduced, there were improvements in different regions and business segments.

In the first six-month period of 2021, the Company did not observe any material impacts of the pandemic on its individual and consolidated quarterly information, since its operations are authorized by federal agencies to continue operating for being considered essential for the country. In addition, provided the pandemic situation does not worsen and the economic activity are resumed to pre-pandemic levels, the Company does not estimate significant effects in its results that could compromise the operational capacity and implementation of its projects. Below are the main items that are being monitored by the Company.

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. In the Free Contracting Environment (ACL) and the Regulated Contracting Environment (ACR), no contractual clauses have been amended due to the pandemic for negotiations in the first six-month period of 2021.

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 generation, transmission and distribution of electricity. For the first six-month period of 2021, these decrees were favorable to the Company as they guarantee the continuity of construction works on the Gralha Azul and Novo Estado Transmission Systems and on the Campo Largo II and Santo Agostinho Wind Power Complexes.

g.3) 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.

g.4) 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.

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.

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.

Notes to the Financial Statements

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 12.31.2020 that did not require significant updates were not reported again in the quarterly information of 6.30.2021. These quarter, therefore, must be read jointly with the financial statements of 12.31.2020.

The accounting practices and calculation methods adopted while preparing the quarterly information of 6.30.2021, 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 12.31.2020.

a) Standards and changes applicable to the Company starting from 1.1.2021

As of 1.1.2020, the following pronouncements are in force: (i) Revision of CPC 06 (R2) – Leases; and (ii) Revision of CPC 48 – Financial Instruments.

The adoption of the changes in these standards did not result in material impacts on the individual and consolidated quarterly information of 6.30.2021.

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

The ITR was approved at the Board of Directors Meeting held on 8.5.2021.

NOTE 3 – CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Cash and bank deposits	**1,710**	**3,201**	**209,517**	**54,948**
Marketable securities:				
Exclusive investment fund				
Repurchase transactions backed by federal bonds	2,268,661	1,921,332	4,836,643	4,450,369
Other marketable securities	95	56	27,856	33,629
	2,268,756	**1,921,388**	**4,864,499**	**4,483,998**
	2,270,466	**1,924,589**	**5,074,016**	**4,538,946**

Notes to the Financial Statements

NOTE 4 – TRADE ACCOUNTS RECEIVABLE

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Distributors	280,229	254,929	475,985	482,900
Free Consumers	35,195	33,469	393,120	405,317
Transactions in the short-term market	123,855	291,692	241,900	586,290
Trading operations	-	-	62,861	105,220
Traders	114,137	118,891	51,310	75,858
Others	-	-	61,623	88,854
Estimated losses with doubtful accounts	(6,180)	(6,180)	(21,338)	(21,338)
Current assets	**547,236**	**692,801**	**1,265,461**	**1,723,101**
Free Consumers	1,454	1,454	12,255	15,405
Distributors	748	748	761	761
Non-current assets[1]	**2,202**	**2,202**	**13,016**	**16,166**
	549,438	**695,003**	**1,278,477**	**1,739,267**

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

Despite the increase in defaults at CCEE due to the legal imbroglio surrounding the Generating Scaling Factor (GSF) since 2015, the Company has been constantly managing its portfolio in order to mitigate this situation. This default is being settled through the renegotiation of hydrological risk established by Federal Law 14,052/2020.

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

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Overdue up to 30 days	-	-	1,755	1,701
Overdue more than 30 days				
With estimated losses recognized	*6,180*	*6,180*	*21,338*	*21,338*
Other	*97*	*8*	*5,433*	*6,562*
	6,277	**6,188**	**28,526**	**29,601**

NOTE 5 – INVENTORIES

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Supplies	17,171	16,077	113,900	97,972
Advances to suppliers	581	723	36,080	57,163
Inputs for energy production	-	-	22,694	26,231
Other	55	514	11,207	8,062
	17,807	**17,314**	**183,881**	**189,428**

Notes to the Financial Statements

In 2019 and 2020, the subsidiary Pampa Sul advanced R$ 79,903 and R$ 50,048, respectively, amounting to R$ 129,951, to a coal supplier due to compliance with the contractual commitment of acquisition of a minimum monthly quota of 106,000 tons. The balance on 6.30.2021 was R$ 26,531 (R$ 47,723 on 12.31.2020), 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.

NOTE 6 – MARKETABLE SECURITIES

Changes in marketable securities

	Parent Company		
	Current	Non-current	Total
Balance at 12.31. 2020	**6,830**	**332,389**	**339,219**
Interest [1]	8,350	-	8,350
Inflation adjustment[1]	65,614	(51,850)	13,764
Transfer	211,830	(211,830)	-
Fair value adjustment[1]	30,341	23,543	53,884
Amounts received	(313,429)	-	(313,429)
Balance at 6.30.2021	**9,536**	**92,252**	**101,788**

(1) The information presented includes PIS and Cofins.

- Receipts of marketable securities

During the 2nd quarter of 2021, the Company traded a part of the debentures acquired in 2020, pursuant to CVM Instruction 476/2009, of its direct subsidiary Pampa Sul, in the secondary market. Until 6.30.2021, the Company sold 261,508 debentures, including 102,000 of the 1st Series and 159,508 of the 2nd Series. The amounts involved in the sale totaled R$ 313,429, of which R$ 288,898 refer to principal and interest, and R$ 24,531 (R$ 23,390, net of PIS and Cofins) to gains from the sales of debentures.

NOTE 7 – RESTRICTED DEPOSITS

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Financing guarantees	-	161,052	-	161,052
Reinvestment deposits	2,466	807	4,410	807
Guarantees for negative balance at CCEE	-	1	1,367	12,189
Other	-	-	569	-
Current assets	**2,466**	**161,860**	**6,346**	**174,048**
Financing guarantees	7,370	-	346,392	185,801
Contractual commitment guarantees	-	-	44,181	43,778
Others	-	-	6,285	6,240
Non-current assets	**7,370**	**-**	**396,858**	**235,819**
	9,836	**161,860**	**403,204**	**409,867**

Notes to the Financial Statements

- Financing guarantees

On 12.31.2020, financing guarantees registered under current assets were related to the swap settlement with Scotiabank on 12.28.2020. The amount of this guarantee was used to pay a portion of the principal and interest on the foreign currency loan related to this swap in April 2021.

In addition, the financing guarantees registered under non-current assets are aimed at paying the creditor the debt owed to BNDES, BNB and debentures, issued by its subsidiaries, as well as for operation and maintenance, in case of default by the beneficiaries, as established in the agreements. They are mostly constituted for the amount equivalent to 3 months of debt service and 3 months of contractual operating and maintenance expenses.

- Contractual commitment guarantees

Deposits in the amount of R$ 44,181 (R$ 43,778 on 12.31.2020) 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 8 – CONCESSION FINANCIAL ASSET

a) Breakdown

	Consolidated					
	6.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Jaguara HPP	200,095	1,604,173	1,804,268	189,612	1,550,501	1,740,113
Miranda HPP	122,425	981,507	1,103,932	116,014	948,669	1,064,683
	322,520	**2,585,680**	**2,908,200**	**305,626**	**2,499,170**	**2,804,796**

b) Changes in concession financial assets

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
Balances at 12.31.2020	**1,740,113**	**1,064,683**	**2,804,796**
Amounts received	(89,551)	(54,792)	(144,343)
Interest	75,299	46,068	121,367
Inflation adjustment	78,407	47,973	126,380
Balances at 6.30.2021	**1,804,268**	**1,103,932**	**2,908,200**

Notes to the Financial Statements

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

	Consolidated		
	Jaguara HPP	Miranda HPP	Total
July to December 2022	85,141	52,093	137,234
2023	158,018	96,681	254,699
2024	142,914	87,440	230,354
2025	129,283	79,101	208,384
2026	116,956	71,558	188,514
2027 to 2031	437,209	267,505	704,714
2032 to 2047	534,652	327,129	861,781
	1,604,173	**981,507**	**2,585,680**

NOTE 9 – CONTRACT ASSET

The Company has primary responsibility for the construction and installation of infrastructure related to the 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.

The changes in concession contract asset are shown below:

	Consolidated		
	Novo Estado	Gralha Azul	Total
Balance at 12.31.2020	**1,593,863**	**1,367,556**	**2,961,419**
Transmission infrastructure construction cost	935,151	358,089	1,293,240
Transmission infrastructure construction margin	20,975	9,536	30,511
Gain (loss) due to efficiency (inefficiency) in construction	6,413	(10,672)	(4,259)
Interest	68,738	68,216	136,954
Inflation adjustment	80,745	71,706	152,451
Balance at 6.30.2021	**2,705,885**	**1,864,431**	**4,570,316**
Classification in balance sheet			
Current assets	135,208	127,422	262,630
Non-current assets	2,570,677	1,737,009	4,307,686
	2,705,885	**1,864,431**	**4,570,316**

The balance shown will start being realized from the commercial startup of the electricity transmission systems. The Company estimates that Gralha Azul and Novo Estado will go partially operational in September 2021 and fully operational in December 2021, respectively.

Notes to the Financial Statements

NOTE 10 – OTHER ASSETS

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Tax credits recoverable	1,996	36,039	134,037	179,286
Prepaid expenses	26,926	11,298	111,082	39,258
Fuels to reimburse	-	-	59,950	58,462
Deferred tax asset	-	-	54,603	47,642
Divestments and services in course	26,506	26,452	31,036	29,827
Trade accounts receivables	2,202	2,202	13,016	16,166
Advances to employees	4,225	3,173	6,746	5,769
Insurance to be reimbursed by subsidiaries	78,924	-	-	-
Other amounts receivable	58,866	50,333	82,576	73,754
	199,645	**129,497**	**493,046**	**450,164**
Classification in balance sheet				
Current assets	187,438	90,515	335,316	274,413
Non-current assets	12,207	38,982	157,730	175,751
	199,645	**129,497**	**493,046**	**450,164**

a) Tax credits recoverable

Mainly corresponds to PIS and Cofins dues stemming from (i) the acquisition of machinery and equipment and expenses with construction of Plants; and (ii) the recognition of federal credits due to favorable outcome in a lawsuit in 2020 of the Company and its subsidiary EBC. ENGIE's credit, totaling R$ 97,155, were fully offset, while EBC has on 6.30.2021 the recoverable amount of R$ 58,872, having offset R$ 6,513 during the 1st half of 2021.

b) Prepaid expenses

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

c) Fuel to be reimbursed

Refers to amounts receivable from the reimbursement of fuel consumed for thermal power generation at the CTLJ, which are reimbursed by CCEE, which is responsible for managing the Energy Development Account (CDE). 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.

Notes to the Financial Statements

NOTE 11 – INVESTMENTS

a) Breakdown

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Interest on subsidiaries:				
Measured at the equity method				
Equity in earnings of subsidiaries	14,010,480	14,124,862	2,414,720	2,251,408
Provision for impairment of assets	(162,809)	-	-	-
Goodwill from investment acquisition	55,135	56,806	-	-
Goodwill from expected future profitability	173,654	173,654	173,654	173,654
	14,076,460	**14,355,322**	**2,588,374**	**2,425,062**

Provision for impairment of assets

In the 2nd quarter of 2021, the Company recognized impairment of R$ 162,809 resulting from the intention to divest the subsidiary Diamante Geração de Energia Ltda., which owns all the assets making up the Jorge Lacerda Thermal Power Plant, whose preliminary appraisal of the sale value is lower than its book value. In the parent company, this impairment was recognized as investment, while in the consolidated accounts, it was recognized as a deduction from property, plant and equipment.

Notes to the Financial Statements

b) Changes in investments evaluated through the equity method

	Balance at 12.31.2020	Capital increase	Capital decrease	Equity in earnings of subsidiaries	Dividends	Other comprehensive income	Balances at 6.30.2021
Subsidiaries							
ECP[1]	**4,060,695**	96,033	(598,442)	107,147	-	(14,334)	**3,651,099**
CEE[2]	**1,735,564**	-	-	106,646	(95,550)	-	**1,746,660**
Pampa Sul	**2,414,520**	-	(880,000)	(67,185)	-	-	**1,467,335**
ETP II[3]	**490,016**	781,522	-	92,008	-	-	**1,363,546**
Jaguara[4]	**1,132,463**	-	-	98,623	-	-	**1,231,086**
Miranda[5]	**762,769**	-	-	62,481	-	-	**825,250**
Diamante	**565,276**	-	-	68,129	(116,863)	-	**516,542**
EBC[6]	**301,850**	-	-	26,444	-	-	**328,294**
EGSD[7]	**82,595**	-	-	(5,161)	-	(1,492)	**75,942**
ENGIE Trading[8]	**25,676**	-	-	37,896	-	-	**63,572**
ECV[9]	**20,994**	-	-	12,651	-	-	**33,645**
Lages[10]	**26,364**	-	-	(2,641)	-	-	**23,723**
Other	**3,589**	-	-	-	-	-	**3,589**
Under shared control							
Itasa[11]	**251,083**	-	-	14,394	-	-	**265,477**
Joint venture							
TAG[12]	**2,251,408**	-	-	321,947	(357,500)	198,865	**2,414,720**
	14,124,862	**877,555**	**(1,478,442)**	**873,379**	**(569,913)**	**183,039**	**14,010,480**

(1) ENGIE Brasil Energias Complementares Participações Ltda.
(2) Companhia Energética Estreito
(3) ENGIE Transmissão de Energia Participações II S.A
(4) Companhia Energética Jaguara
(5) Companhia Energética Miranda
(6) ENGIE Brasil Energia Comercializadora Ltda.
(7) ENGIE Geração Solar Distribuída S.A.
(8) ENGIE Trading Comercializadora de Energia Ltda.
(9) ENGIE Comercializadora Varejista de Energia Ltda.
(10) Lages Bioenergética Ltda.
(11) Itá Energética S.A.
(12) Transportadora Associada de Gás is a joint venture, therefore it is not consolidated by the Company.

b.1) ECP

The capital increase in ECP in the 1st half of 2021 was mainly allocated to investments in Campo Largo II Wind Power Complex, controlled by the Company's subsidiary. The capital reduction results from the corporate restructuring at the indirect subsidiary Gralha Azul to improve the administrative and corporate organization of assets in the electricity transmission segment.

On 2.3.2021, ECP and ETP III, a direct subsidiary of ETP II, approved at the Extraordinary Shareholders Meeting the partial spin-off of ECP and the respective merger with ETP III of ECP's equity partially spun off, and the transfer of shares of Gralha Azul held by it to ETP III. The transfer of ownership of shares issued by Gralha Azul, which were partially spun off, to ETP III, was previously approved by Aneel. Since EBE became a partner of ETP III on 2.4.2021, the Company increased the capital of the direct subsidiary ETP II, transferring its interest in ETP III.

Notes to the Financial Statements

b.2) Pampa Sul

Capital reduction in Pampa Sul in the 1st half of 2021 was due to the issue of debentures in Pampa Sul in November 2020.

b.3) ETP II

The capital increase in ETP II in the 1st half of 2021 was mainly allocated to investments in the Gralha Azul Transmission System controlled by the Company's subsidiary, as per the corporate restructuring described in item b.1, and Novo Estado.

b.4) Information on main investees

		6.30.2021				12.31.2020				2nd quarter of 2021		6 months of 2021	
	Interest (%)	Assets	Liabilities	Adjusted shareholders' equity	Capital	Assets	Liabilities	Adjusted shareholders' equity	Capital	Net revenue	Adjusted net income (loss)	Net revenue	Adjusted net income (loss)
ECP	99.99	7,973,698	4,485,157	3,654,133	2,360,474	8,918,840	5,018,692	4,063,164	2,862,883	257,610	46,049	600,604	107,712
CEE	99.99	1,971,960	225,300	1,746,660	1,369,380	1,989,842	254,278	1,735,564	1,369,380	172,338	54,925	316,419	106,646
Pampa Sul	99.99	3,276,223	2,073,908	1,467,335	1,076,692	4,130,744	2,005,375	2,414,520	1,956,692	170,392	7,057	306,624	(67,185)
ETP II	99.99	5,768,622	4,419,514	1,363,546	1,203,906	2,006,358	1,531,321	490,016	422,384	775,960	45,098	1,521,072	92,008
Jaguara	99.99	2,511,895	1,280,809	1,231,086	854,409	2,426,885	1,294,422	1,132,463	854,409	142,008	42,529	285,979	98,623
Miranda	99.99	1,565,820	740,570	825,250	582,663	1,516,335	753,566	762,769	582,663	83,978	27,266	170,743	62,481
Diamante	99.99	750,132	233,590	516,542	638,940	845,885	280,609	565,276	638,940	339,885	32,541	562,252	68,129
EBC	99.99	1,128,504	800,210	328,294	10,038	874,148	572,298	301,850	10,038	1,049,570	(229)	2,130,032	26,444
EGSD[1]	99.99	106,310	30,368	75,942	79,690	135,045	52,450	82,595	58,990	9,702	(3,125)	17,361	(5,161)
ENGIE Trading	99.99	1,023,447	959,875	63,572	36,000	379,826	354,150	25,676	36,000	231,592	33,472	439,216	37,896
ECV	99.99	150,385	116,740	33,645	23,970	69,814	48,820	20,994	23,970	222,027	6,153	362,992	12,651
Lages	99.99	46,781	23,058	23,723	30,530	34,001	7,637	26,364	30,530	28,474	(3,767)	41,456	(2,641)
Under shared control													
Itasa	48.75	598,668	54,100	544,568	510,135	551,733	36,691	515,042	510,135	56,699	13,839	116,168	29,527
Joint Venture													
TAG	32.5	37,378,300	29,948,393	7,429,907	2,255,637	34,524,468	27,597,060	6,927,408	2,255,637	1,730,124	453,593	3,445,649	990,606

(1) In 2021, the capital of EGSD was increased by R$ 20,700 through the transfer of advance for future capital increase.

Non-controlling shareholder

The non-controlling interest of Ibitiúva on 6.30.2021 in the shareholders' equity and the net income of ECP presented above was R$ 3,034 and R$ 565 (R$ 2,469 on 12.31.2020 and R$ 512 on 6.30.2020), respectively. Net income presented in the 2nd quarter of 2021 and 2020 is R$ 256 and R$ 50, respectively.

Capitalized amounts

In the table "Information on main subsidiaries", the amounts under "Adjusted shareholders' equity" and "Adjusted net income (loss)" include the items described below.

Notes to the Financial Statements

- Loans, financing and debentures

ENGIE Brasil Energia took out loans and debentures to finance the construction of the Campo Largo, Umburanas Phase I and Campo Largo II Wind Power Complexes and the Assú V Photovoltaic Power Plant, investments that are part of ECP, and of Pampa Sul. The interest on these debts is capitalized during the construction period of the Plants in the consolidated financial statements and recognized using the equity method in the parent company's financial statements. After the commercial startup, the amounts capitalized are amortized in the period corresponding to the amortization of property, plant and equipment.

The Campo Largo II Wind Power Complex is in the construction phase, with its full commercial startup expected by the end of the 3rd quarter of 2021, and hence the interest on debt is not yet being repaid.

Moreover, in the 2nd half of 2020, Pampa Sul, the Company's direct subsidiary, issued simple debentures, which were acquired by ENGIE and are measured at fair value in the parent company and at amortized cost in the subsidiary. For consolidation purposes, this operation is fully eliminated, and the difference between the fair value and amortized cost is recognized as equity income in the parent company.

The effects of these items are presented in the table:

	Cost of capitalized debt, net of depreciation						Fair value adjustment			
	6.30.2021	12.31.2020	2nd quarter of 2021	2nd quarter of 2020	6 months of 2021	6 months of 2020	6.30.2021	12.31.2020	2nd quarter of 2021	6 months of 2021
ECP	165,592	163,016	938	3,593	2,576	7,252	-	-	-	-
Pampa Sul	273,512	278,269	(2,379)	(2,377)	(4,757)	(4,756)	(8,492)	10,882	(28,674)	(19,374)

- Redeemable preferred shares

In 2020, ETP II issued redeemable preferred shares and the cost of this issue was paid by its parent company ENGIE Brasil Energia, in the amount of R$ 14,979. This cost was capitalized in the consolidated financial statements and recognized in equity income (loss) in the parent company financial statements and will be amortized on a straight line basis until the redemption of shares. On 6.30.2021, the total capitalized amount was R$ 14,438. The amount recognized in the 2nd quarter of 2021 was R$ 270.

Notes to the Financial Statements

NOTE 12 – PROPERTY, PLANT AND EQUIPMENT

a) Breakdown

		Parent Company					
		6.30.2021			12.31.2020		
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
In service							
Reservoirs, dams and ducts	3.0%	5,111,781	(3,500,357)	1,611,424	5,110,695	(3,425,282)	1,685,413
Buildings and improvements	3.2%	1,285,736	(877,106)	408,630	1,283,888	(854,978)	428,910
Machinery and equipment	3.5%	4,243,390	(2,674,461)	1,568,929	4,229,755	(2,617,771)	1,611,984
Furniture and fixtures	6.3%	8,905	(4,820)	4,085	8,775	(4,546)	4,229
Vehicles	14.3%	2,251	(1,940)	311	2,233	(1,933)	300
Special obligations		(49,655)	9,239	(40,416)	(49,655)	8,302	(41,353)
		10,602,408	**(7,049,445)**	**3,552,963**	**10,585,691**	**(6,896,208)**	**3,689,483**
In progress							
Reservoirs, dams and ducts		2,534	-	2,534	1,809	-	1,809
Buildings and improvements		1	-	1	1,035	-	1,035
Machinery and equipment		79,988	-	79,988	82,577	-	82,577
Advances to suppliers		29,557	-	29,557	29,666	-	29,666
Acquisitions to be apportioned		21,038	-	21,038	20,979	-	20,979
		133,118	**-**	**133,118**	**136,066**	**-**	**136,066**
		10,735,526	**(7,049,445)**	**3,686,081**	**10,721,757**	**(6,896,208)**	**3,825,549**

		Consolidated					
		6.30.2021			12.31.2020		
	Average rate of depreciation	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
In service							
Reservoirs, dams and ducts	3.2%	7,297,254	(4,278,281)	3,018,973	7,287,590	(4,163,724)	3,123,866
Buildings and improvements	3.1%	2,220,950	(1,242,354)	978,596	2,187,460	(1,207,346)	980,114
Machinery and equipment	4.2%	16,883,186	(6,578,910)	10,304,276	16,255,557	(6,295,200)	9,960,357
Furniture and fixtures	6.3%	15,713	(7,666)	8,047	15,185	(7,200)	7,985
Vehicles	14.3%	5,929	(4,323)	1,606	5,869	(4,230)	1,639
Special obligations		(50,146)	9,418	(40,728)	(50,146)	8,475	(41,671)
		26,372,886	**(12,102,116)**	**14,270,770**	**25,701,515**	**(11,669,225)**	**14,032,290**
In progress							
Reservoirs, dams and ducts		6,480	-	6,480	14,848	-	14,848
Buildings and improvements		49,810	-	49,810	68,312	-	68,312
Machinery and equipment		477,306	-	477,306	565,396	-	565,396
Advances to suppliers		526,244	-	526,244	737,400	-	737,400
Acquisitions to be apportioned		131,993	-	131,993	119,591	-	119,591
		1,191,833	**-**	**1,191,833**	**1,505,547**	**-**	**1,505,547**

Notes to the Financial Statements

	27,564,719	(12,102,116)	15,462,603	27,207,062	(11,669,225)	15,537,837

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 12.31.2020	**1,685,413**	**428,910**	**1,611,984**	**4,529**	**136,066**	**(41,353)**	**3,825,549**
Additions	-	-	-	-	16,828	-	16,828
Transfers	63	1,615	17,941	157	(19,776)	-	-
Write-offs	-	-	(840)	(28)	-	-	(868)
Depreciation	(74,052)	(21,895)	(60,156)	(262)	-	937	(155,428)
Balance at 6.30.2021	**1,611,424**	**408,630**	**1,568,929**	**4,396**	**133,118**	**(40,416)**	**3,686,081**

	Consolidated						
	Reservoirs, dams and ducts	Buildings and improvements	Machinery and equipment	Other	Construction in progress	Special obligations	Total
Balance at 12.31.2020	**3,123,866**	**980,114**	**9,960,357**	**9,624**	**1,505,547**	**(41,671)**	**15,537,837**
Additions	-	-	-	-	445,323	-	445,323
Additions – provision for divestment	-	-	-	-	17,099	-	17,099
Capitalized interest, inflation adjustment and depreciation	-	-	-	-	60,785	-	60,785
Recording of impairment	-	-	(162,809)	-	-	-	(162,809)
Transfers	9,078	33,043	794,073	727	(836,921)	-	-
Write-offs	-	-	(955)	(24)	-	-	(979)
Depreciation	(113,971)	(34,561)	(286,390)	(674)	-	943	(434,653)
Balance at 6.30.2021	**3,018,973**	**978,596**	**10,304,276**	**9,653**	**1,191,833**	**(40,728)**	**15,462,603**

Notes to the Financial Statements

NOTE 13 – INTANGIBLE ASSETS

a) Changes in intangible assets

	Parent Company
	Total[1]
Balance at 12.31.2020	**1,035,535**
Additions	49,665
Amortization	(7,510)
Balance at 6.30.2021	**1,077,690**

(1) Mainly includes the amount related to concession renewal right arising from the renegotiation of hydrological risk.

	Consolidated					
	Grant bonus	Project rights[1]	Right to use assets	Energy purchase right	Other	Total
Balances at 12.31.2020	**922,922**	**1,407,762**	**86,622**	**16,437**	**80,247**	**2,513,990**
Additions	-	51,961	11,273	-	-	63,234
Amortization	(17,152)	(1,638)	(7,853)	(3,008)	-	(29,651)
Balances at 6.30.2021	**905,770**	**1,458,085**	**90,042**	**13,429**	**80,247**	**2,547,573**

(1) Includes the amount related to concession renewal right arising from the renegotiation of hydrological risk and the operating rights of projects acquired by the Company.

Right to extend the concession – renegotiation of hydrological risk

On 9.8.2020, Federal Law 14,052 came into effect, which partially amended Federal Law 13,203 of 2015, and established new conditions for renegotiation of hydrological risk of energy generation. Federal Law 14,052 determined that the owners of hydroelectric power plants participating in the MRE may be compensated for effects arising from (i) restrictions to energy distribution due to delay in the operational startup or operational startup under unsatisfactory technical condition of energy transmission facilities dedicated to distribution; and (ii) the difference between the physical guarantee granted in the motorization phase and the effective aggregation amounts of each motorized generating unit on the National Interconnected System (SIN), and that said compensation will be made through an extension of the concession period, limited to 7 years, calculated based on the parameters applied by Aneel.

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

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

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

Notes to the Financial Statements

At a meeting held on 12.15.2020, the Board of Directors approved the adhesion of the Company to said hydrological risk renegotiation. With this approval, the Company recognized, in 2020, the intangible asset related to the right to extend the concession period of the concessions granted, in the amount of R$ 967,681, in the parent company and consolidated. On 3.2.2021, CCEE published the revised calculation of compensations, which encompassed: (i) the application of discount rate on the calculation of concession renewals; (ii) the consideration of impacts arising from the lapse of concessions of Abengoa and Isolux in the distribution to Belo Monte HPP; and (iii) the recognition of the right of plants under the quota regime, eligible under Law 13,783/13, to the compensations calculated in accordance with Law 14,052/20. As a result of this revised calculation, in 2021, the Company recognized R$ 35,343 and R$ 51,961 in the parent company and consolidated, respectively, in addition to the amount recognized in 2020. The recognitions were a corresponding entry to "Operating costs - Renegotiation of hydrological risk" and represent the fair value of the asset, which is equivalent to the amount defined and made available by Aneel and CCEE. The asset will be amortized over the period the book value is expected to be recovered.

On 8.3.2021, Aneel partially approved the renewal of concession of plants pertaining to MRE. This approval partially covered the following Plants of the Company: Salto Osório, Passo Fundo, Jaguara and Miranda. The final approval of the renewal period of concessions of other eligible plants will be granted later after the processing of rules to calculate the renewal of concession of these plants.

Moreover, note that the Company has not yet recognized the extension rights related to the Consortiums Itá and Machadinho, since there was no approval, until the date of this ITR, by all consortium members, of the consent to the terms of renegotiation and the withdrawal of any lawsuits seeking exemption from or mitigation of hydrological risks, which are the conditions precedent to receive the compensation set forth in Federal Law 14,052. The approval by consortium members is expected during 2021.

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

Plants	Intangible Assets	Concession extension (years)
Salto Santiago[1]	476,196	1.9
Salto Osório	429,433	2.6
Passo Fundo	96,472	2.6
Ponte de Pedra[1]	871	0.5
Cana Brava[1]	30	0.5
São Salvador[1]	22	-
Parent Company	**1,003,024**	
Jaguara	10,329	0.5
Miranda	6,289	0.5
Consolidated	**1,019,642**	

(1) Extension is an estimate, since it has not yet been approved by Aneel.

Notes to the Financial Statements

NOTE 14 – SUPPLIERS

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Suppliers of property, plant and equipment and intangible assets	4,987	5,176	285,996	368,359
Trading operations	-	-	124,007	128,939
Suppliers of materials and services	21,025	25,480	110,597	80,341
Fossil fuels and biomass	-	-	95,533	84,026
Charges for the use of the power grid	32,424	32,029	60,489	59,117
Electricity purchased for resale	84,119	78,572	58,456	140,958
Transactions in the short-term market	-	-	43,935	12
Current liabilities	**142,555**	**141,257**	**779,013**	**861,752**
Suppliers of property, plant and equipment and intangible assets	-	-	9,014	11,088
Suppliers of materials and services	-	-	6,285	6,240
Non-current liabilities [1]	**-**	**-**	**15,299**	**17,328**
	142,555	**141,257**	**794,312**	**879,080**

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

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

NOTE 15 – 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 6-month period ended 6.30.2021, there was no change 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 18 – Risk management and financial instruments of the financial statements of 12.31.2020.

Notes to the Financial Statements

a) Hedge operations

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

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Unrealized gains from hedge operations				
Current assets				
Fair value hedge – loans and debentures	157,239	6,631	157,239	6,631
Cash flow hedge – loans	392	5,058	392	5,058
Cash flow hedge - inventories	-	-	823	2,786
	157,631	**11,689**	**158,454**	**14,475**
Non-current assets				
Fair value hedge – loans and debentures	419,718	711,998	419,718	711,998
Cash flow hedge – loans	(13)	2,103	(13)	2,103
Cash flow hedge - obligations	-	-	3,829	5,279
	419,705	**714,101**	**423,534**	**719,380**
Long positions	**577,336**	**725,790**	**581,988**	**733,855**
Unrealized losses from hedge operations				
Current liabilities				
Fair value hedge – loans and debentures	(17,267)	(4,902)	(40,062)	(19,569)
	(17,267)	**(4,902)**	**(40,062)**	**(19,569)**
Non-current liabilities				
Fair value hedge – loans and debentures	(173,448)	(111,396)	(196,221)	(132,311)
Cash flow hedge – obligations	-	-	(16,545)	(3,661)
	(173,448)	**(111,396)**	**(212,766)**	**(135,972)**
Short positions	**(190,715)**	**(116,298)**	**(252,828)**	**(155,541)**
Net positions	**386,621**	**609,492**	**329,160**	**578,314**
Fair value hedge – loans and debentures	386,242	602,331	340,674	566,749
Cash flow hedge – loans	379	7,161	379	7,161
	386,621	**609,492**	**341,053**	**573,910**
Cash flow hedge - obligations	**-**	**-**	**(12,716)**	**1,618**
Cash flow hedge - inventories	**-**	**-**	**823**	**2,786**
Net positions	**386,621**	**609,492**	**329,160**	**578,314**

a.1) Hedge operations on loans and debentures

At 6.30.2021, the Company held no relevant financial obligation denominated in foreign currencies whose exchange variation was not fully hedged against.

The table below presents the net changes in hedge operations on loans and debentures:

Notes to the Financial Statements

	Parent Company			Consolidated		
	Current	Non-Current	Total	Current	Non-Current	Total
Assets (Liabilities) at 12.31.2020, net	**6,787**	**602,705**	**609,492**	**(7,880)**	**581,790**	**573,910**
Interest	(7,133)	(33,846)	(40,979)	(21,247)	(45,986)	(67,233)
Exchange variation	16,107	(90,036)	(73,929)	16,107	(90,036)	(73,929)
Fair value adjustment through profit or loss	(14,474)	(29,431)	(43,905)	(14,386)	(29,359)	(43,745)
Fair value adjustment through other comprehensive income	(4,059)	(2,116)	(6,175)	(4,059)	(2,116)	(6,175)
Transfers	201,019	(201,019)	-	190,809	(190,809)	-
Repayment of principal	(49,110)	-	(49,110)	(38,084)	-	(38,084)
Repayment of interest	(8,773)	-	(8,773)	(3,691)	-	(3,691)
Assets (Liabilities) at 6.30.2021, net	**140,364**	**246,257**	**386,621**	**117,569**	**223,484**	**341,053**

a.2) Cash flow hedge operations on obligations

The Company maintains on 6.30.2021 a Non-Deliverable Forward (NDF) to hedge all of its future foreign currency payments resulting from contractual commitments in the construction contracts of the first phase of the Santo Agostinho Wind Power Complex. The NDF was contracted on 12.29.2020 and the notional amount on 6.30.2021 is US$ 66,863, € 25,889 and Hong Kong renminbi (CN¥) 184,695, entered into with BNP Paribas and Itaú, with maturities between August 2022 and April 2023.

On 6.30.2021, unrealized losses of NDF totaled a short position of R$ 12,716 (R$ 5,279 long position and R$ 3,661 short position on 12.31.2020). The corresponding entry of this unrealized loss is directly recognized in shareholders' equity under "Other comprehensive income". The companies in the Santo Agostinho Wind Power Complex follow the presumptive tax regime. Therefore, the Company does not constitute deferred income taxes on the effects of this operation.

a.3) Unrealized losses (gains) on cash flow hedge operations

Unrealized losses (gains) in cash flow hedge operations originated in the period presented in the "Statement of comprehensive income" are:

	Parent Company		Consolidated	
	6.30.2021	6..30.2020	6.30.2021	6.30.2020
Cash flow hedge – loans	(6,175)	-	(6,175)	-
Cash flow hedge – obligations	-	-	(14,334)	-
Cash flow hedge – inventories	-	-	(1,963)	5,543
Unrealized (losses) gains from cash flow hedge operations originated in the period	**(6,175)**	**-**	**(22,472)**	**5,543**

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

The Company presents a sensitivity analysis on its financial instruments exposed to interest rate variation risks and floating rate risks. The probable basic scenario for 6.30.2021 was defined using these following assumptions available in the market (Source: Central Bank of Brazil Market Readout):

Notes to the Financial Statements

Risk of variation in interest rates and indices:	12 months Variation 6.30.2021	Probable Scenario 6.30.2022	Sensitivity		
			Probable	Δ + 25% (*)	Management
TJLP	4.6%	4.9%	0.3% p.p.	1.2% p.p.	-0.1% p.p.
CDI	4.2%	6.5%	2.3% p.p.	1.6% p.p.	-0.1% p.p.
IPCA	8.4%	4.3%	-4.1% p.p.	1.1% p.p.	0.8% p.p.
IGP-M	35.8%	5.2%	-30.6% p.p.	1.3% p.p.	9.8% p.p.

(*)Variations on probable scenario for 2022.

The probable sensitivity was calculated based on the variation of indices in the last 12 months, observed on 6.30.2021, and those expected for the next 12 months, ending on 6.30.2022, and showed any additional impacts in the Company's consolidated profit or loss. The other sensitivities shown were calculated based on (i) the variation of 25%; and (ii) Management's estimates of the projected scenario, which correspond to the Managements evaluation of reasonably possible change in interest rates and floating indexes for the following 12 months. Variations that could impact the consolidated result, and consequently the shareholders' equity in the following 12 months compared to the last 12 months, if the scenarios materialize are the following:

	Balances at 6.30.2021	Sensitivity		
		Probable	Δ + 25%	Management
Risk of increase (liability)				
Loans and financing				
TJLP	2,307,733	(5,781)	(26,112)	(2,565)
U.S. dollar – with swap to CDI rate	1,610,656	(30,470)	(21,636)	644
U.S. dollar – with swap to IPCA rate	1,041,843	46,596	(12,139)	(8,623)
IPCA	5,976,374	248,631	(65,697)	(46,128)
Debentures				
IPCA	5,767,800	239,094	(62,266)	(44,230)
CDI – with swap to IPCA rate	343,335	14,029	(3,657)	(2,598)
Redeemable preferred shares				
CDI	490,612	(12,152)	(8,736)	259
Concessions payable				
IGP-M	3,968,288	1,226,618	(51,911)	(393,292)
IPCA	640,743	23,900	(6,626)	(5,079)
Risk of decrease (asset)				
Concession financial asset				
IPCA	2,908,200	(116,901)	38,268	21,623

c) Risk related to energy prices in trading operations

The balance sheets for outstanding trading transactions are presented below.

Notes to the Financial Statements

	Consolidated					
	6.30.2021			12.31.2020		
	Assets	Liabilities	Net gain	Assets	Liabilities	Net gain
Classification in balance sheet						
Current	969,128	(965,035)	4,093	320,309	(321,654)	(1,345)
Non-current	321,773	(299,366)	22,407	54,385	(36,405)	17,980
	1,290,901	**(1,264,401)**	**26,500**	**374,694**	**(358,059)**	**16,635**

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

	Consolidated
Balances at 12.31.2020	**16,635**
Unrealized gain recognized for the period	58,379
Unrealized loss recognized for the period	(48,514)
Balances at 6.30.2021	**26,500**

c.1) Sensitivity analysis regarding trading operations

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

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

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

The sensitivity analyses considering this methodology are shown below:

	Consolidated		
	6.30.2021	P25 Scenario	P75 Scenario
Unrealized gains (losses) on trading operations	26,500	(111)	355

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

Notes to the Financial Statements

d) Capital management risk

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Debt[1]	7,432,159	8,199,973	18,498,552	16,672,233
(-)Deposits pegged to debt service	(7,370)	(161,052)	(346,392)	(346,853)
(-)Cash and cash equivalents	(2,270,466)	(1,924,589)	(5,074,016)	(4,538,946)
Net debt	**5,154,323**	**6,114,332**	**13,078,144**	**11,786,434**
Shareholders' equity	**8,166,665**	**7,739,529**	**8,169,699**	**7,741,998**
Total debt/Shareholders' equity	**0.6**	**0.8**	**1.6**	**1.5**

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

e) Liquidity risk

The following statement presents the estimated settlement profile for the Company's main financial liabilities recorded at 6.30.2021. 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	142,555	-	-	-	142,555
Post-fixed interest rates:					
Loans and financing[1]	48,427	37,857	-	-	86,284
Debentures	325,710	358,865	1,482,444	1,647,067	3,814,086
Fixed interest rates:					
Loans and financing	1,152,762	1,914,980	499,421	-	3,567,163
Concessions payable	244,917	930,224	1,406,296	5,551,341	8,132,778
	1,914,371	**3,241,926**	**3,388,161**	**7,198,408**	**15,742,866**

	Consolidated				
	Up to 1 year	From 2 to 3 years	From 4 to 5 years	Over 5 years	Total
Suppliers	779,013	15,299	-	-	794,312
Post-fixed interest rates:					
Loans and financing[1]	355,681	830,658	931,053	6,237,954	8,355,346
Debentures[1]	624,396	920,583	2,067,149	2,754,935	6,367,063
Redeemable preferred shares	12,063	38,188	79,855	360,506	490,612
Fixed interest rates:					
Loans and financing	1,152,762	1,914,980	499,421	-	3,567,163
Concessions payable	251,997	944,172	1,420,244	5,632,121	8,248,534
	3,175,912	**4,663,880**	**4,997,722**	**14,985,516**	**27,823,030**

(1) Net of hedge effects.

Notes to the Financial Statements

f) Category of financial instruments

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Financial assets				
Fair value through profit or loss				
Financial investments	2,268,756	1,921,388	4,864,499	4,483,998
Marketable securities	101,788	339,219	-	-
Unrealized gains on fair value hedge operations	576,957	718,629	576,957	718,629
Unrealized gains on trading operations	-	-	1,290,901	374,694
Amortized cost				
Cash and bank deposits	1,710	3,201	209,517	54,948
Trade accounts receivable	549,438	695,003	1,278,477	1,739,267
Restricted deposits	9,836	161,860	403,204	409,867
Fuel reimbursable[1]	-	-	59,950	58,462
Concession financial asset	-	-	2,908,200	2,804,796
Fair value through other comprehensive income				
Unrealized gains on cash flow hedge operations	379	7,161	5,031	15,226
	3,508,864	**3,846,461**	**11,596,736**	**10,659,887**
Financial liabilities				
Fair value through profit or loss				
Foreign currency	3,951,226	4,126,373	3,951,226	4,126,373
Debentures	-	-	343,335	428,266
Unrealized losses on fair value hedge operations [2]	190,715	116,298	236,283	151,880
Unrealized losses on trading operations	-	-	1,264,401	358,059
Amortized cost				
Suppliers	142,555	141,257	794,312	879,080
Loans in local currency	88,670	110,744	8,286,632	6,028,600
Loans in foreign currency	-	1,046,535	-	1,046,535
Redeemable preferred shares	-	-	490,612	482,088
Debentures	3,778,884	3,525,813	5,767,800	5,134,281
Concessions payable	4,550,843	3,955,765	4,609,031	4,012,318
Liabilities linked to investment acquisition[2]	-	-	52,083	51,756
Fuel payable to CDE [2]	-	-	36,055	45,206
Reimbursement to distributors[2]	-	-	236,321	203,106
Fair value through other comprehensive income				
Unrealized losses on cash flow hedge operations [2]	-	-	16,545	3,661
	12,702,893	**13,022,785**	**26,084,636**	**22,951,209**

(1) Presented under "Other current assets."
(2) Presented under "Other current liabilities" and "Other non-current liabilities."

Notes to the Financial Statements

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 the financial instruments presented below. These differences occurred mainly because these instruments have long-term settlements and different costs in relation to interest rates currently used for similar contracts.

The market values were determined based on future cash flows discounted to present value at rates considered as adequate for operations with similar characteristics.

	Parent Company			
	6.30.2021		12.31.2020	
	Book	Market	Book	Market
Loans and financing in local currency	88,670	85,720	110,744	107,966
Loans in foreign currency	3,951,226	3,564,639	5,172,908	5,172,908
Debentures	3,778,884	3,930,487	3,525,813	3,842,068
Concessions payable	4,550,843	4,216,452	3,955,765	4,301,579
	12,369,623	**11,797,298**	**12,765,230**	**13,424,521**

	Consolidated			
	6.30.2021		12.31.2020	
	Book	Market	Book	Market
Assets				
Concession financial asset	2,908,200	2,881,676	2,804,796	2,778,272
	2,908,200	**2,881,676**	**2,804,796**	**2,778,272**
Liabilities				
Loans and financing in local currency	8,286,632	8,406,720	6,028,600	6,736,194
Loans in foreign currency	3,951,226	3,564,639	5,172,908	5,173,420
Redeemable preferred shares	490,612	513,802	482,088	504,784
Debentures	6,111,135	6,567,559	5,562,547	5,860,290
Concessions payable	4,609,031	4,271,742	4,012,318	4,365,227
	23,448,636	**23,324,462**	**21,258,461**	**22,639,915**

Notes to the Financial Statements

NOTE 16 – LOANS AND FINANCING

a) Breakdown

	Parent Company					
	6.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Measured at amortized cost						
BNDES	16,633	22,177	38,810	16,633	30,493	47,126
BNDES onlendings (Banks)[1]	1,533	989	2,522	1,533	1,755	3,288
NIB[2]	31,256	15,644	46,900	29,873	29,890	59,763
Charges	438	-	438	567	-	567
	49,860	**38,810**	**88,670**	**48,606**	**62,138**	**110,744**
Foreign currency – with hedge						
Measured at amortized cost						
Scotiabank	-	-	-	519,373	-	519,373
MUFG[3]	-	-	-	519,617	-	519,617
Charges	-	-	-	7,545	-	7,545
	-	**-**	**-**	**1,046,535**	**-**	**1,046,535**
Measured at fair value						
Scotiabank	512,614	1,037,066	1,549,680	-	1,627,693	1,627,693
BNP Paribas	257,294	1,156,567	1,413,861	-	1,475,679	1,475,679
MUFG	-	445,042	445,042	-	465,102	465,102
HSBC	520,875	-	520,875	-	535,236	535,236
Charges	21,768	-	21,768	22,663	-	22,663
	1,312,551	**2,638,675**	**3,951,226**	**22,663**	**4,103,710**	**4,126,373**
Loans and financing	**1,362,411**	**2,677,485**	**4,039,896**	**1,117,804**	**4,165,848**	**5,283,652**

(1) Banks responsible for analyzing and approving the financing and which assume the credit risk in the indirect operations with BNDES.
(2) Nordic Investment Bank.
(3) MUFG Bank LTD. is the new name of Bank of Tokyo.

Notes to the Financial Statements

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

	Parent Company					
	6.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,362,411**	**2,677,485**	**4,039,896**	**1,117,804**	**4,165,848**	**5,283,652**
Fair value hedge (swap) effects						
Long position	(157,239)	(419,718)	(576,957)	(6,631)	(711,998)	(718,629)
Short position [1]	17,267	173,448	190,715	4,902	111,396	116,298
Cash flow hedge (swap) effects						
Long position	(392)	13	(379)	(5,058)	(2,103)	(7,161)
Loans and financing, net of hedge effects	**1,222,047**	**2,431,228**	**3,653,275**	**1,111,017**	**3,563,143**	**4,674,160**

(1) Hedge short position is presented as part of "Other current liabilities" and "Other non-current liabilities."

	Consolidated					
	6.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Local currency						
Measured at amortized cost						
BNDES	291,079	7,530,669	7,821,748	251,194	5,606,575	5,857,769
BNDES onlendings (Banks)	1,533	989	2,522	1,533	1,755	3,288
BASA[1]	-	295,874	295,874	-	-	-
BNB[2]	-	87,110	87,110	-	83,951	83,951
NIB	31,256	15,644	46,900	29,873	29,890	59,763
Charges	32,478	-	32,478	23,829	-	23,829
	356,346	**7,930,286**	**8,286,632**	**306,429**	**5,722,171**	**6,028,600**
Foreign currency – with hedge						
Measured at amortized cost						
Scotiabank	-	-	-	519,373	-	519,373
MUFG	-	-	-	519,617	-	519,617
Charges	-	-	-	7,545	-	7,545
	-	**-**	**-**	**1,046,535**	**-**	**1,046,535**
Measured at fair value						
Scotiabank	512,614	1,037,066	1,549,680	-	1,627,693	1,627,693
BNP Paribas	257,294	1,156,567	1,413,861	-	1,475,679	1,475,679
MUFG	-	445,042	445,042	-	465,102	465,102
HSBC	520,875	-	520,875	-	535,236	535,236
Charges	21,768	-	21,768	22,663	-	22,663
	1,312,551	**2,638,675**	**3,951,226**	**22,663**	**4,103,710**	**4,126,373**
Loans and financing	**1,668,897**	**10,568,961**	**12,237,858**	**1,375,627**	**9,825,881**	**11,201,508**

(1) Banco da Amazônia S.A.
(2) 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					
	6.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Loans and financing	**1,668,897**	**10,568,961**	**12,237,858**	**1,375,627**	**9,825,881**	**11,201,508**
Fair value hedge (swap) effects						
Long position	(157,239)	(419,718)	(576,957)	(6,631)	(711,998)	(718,629)
Short position [1]	17,267	173,448	190,715	4,902	111,396	116,298
Cash flow hedge (swap) effects						
Long position	(392)	13	(379)	(5,058)	(2,103)	(7,161)
Loans and financing, net of hedge effects	**1,528,533**	**10,322,704**	**11,851,237**	**1,368,840**	**9,223,176**	**10,592,016**

(1) Hedge short position is presented as part of the items "Other current liabilities" and "Other non-current liabilities."

b) Changes in loans and financing

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2020	**1,117,804**	**4,165,848**	**5,283,652**	**1,375,627**	**9,825,881**	**11,201,508**
Additions	-	6	6	-	2,111,551	2,111,551
Interest	88,921	-	88,921	246,286	-	246,286
Inflation adjustments	1,398	1,050	2,448	(27,028)	200,979	173,951
Capitalized interest and inflation adjustments	-	-	-	60,270	-	60,270
Exchange variations	27,117	(101,046)	(73,929)	27,117	(101,046)	(73,929)
Fair value adjustment	(22,528)	(21,167)	(43,695)	(22,528)	(21,167)	(43,695)
Transfers	1,367,206	(1,367,206)	-	1,447,237	(1,447,237)	-
Payment of principal	(1,119,789)	-	(1,119,789)	(1,231,434)	-	(1,231,434)
Repayment of interest	(97,718)	-	(97,718)	(206,650)	-	(206,650)
Balances at 6.30.2021	**1,362,411**	**2,677,485**	**4,039,896**	**1,668,897**	**10,568,961**	**12,237,858**

c) Main transactions in 2021

c.1) Financing in domestic currency

- Release of financing

Until 6.30.2021, R$ 189,592 had been released, related to the financing from BNDES, borrowed by the indirect subsidiaries making up the Campo Largo II Wind Power Complex. The funds were used to finance the construction of wind generating plants at the complex.

During the six-month period ended 6.30.2021, the first tranches of financing of the indirect subsidiary Novo Estado from Banco da Amazônia S.A. were released, which were contracted during 2020, but were not released that year, in the amount of R$ 295,873 (R$ 295,817 net of funding costs). Until 6.30.2021, R$ 840,459 of the indirect subsidiary Novo Estado from BNDES was also released. The funds were used to finance the construction of transmission lines.

Notes to the Financial Statements

Additionally, until 6.30.2021, a sum of R$ 800,000 (R$ 784,988 net of funding costs) was released, related to the financing from BNDES, by the indirect subsidiary Gralha Azul. The funds were allocated to the construction of the Project's transmission lines and substations.

The main financing conditions contracted with Banco da Amazônia S.A. were:

			Conditions contracted	
Companies - Banks	**Interest**	**Covenants**	**Maturity**	**Principal and interest**
Novo Estado - BASA	IPCA + 1.4452% p.a.	ICSD[1] ≥ 1.3 (starting 2023)	08.2044	Principal: monthly, starting November 2022 Interest: monthly, starting April 2021

(1) Debt service coverage rate.

d) Breakdown of borrowings and financing by index and currency

	Parent Company				Consolidated			
	6.30.2021	**%**	**12.31.2020**	**%**	**6.30.2021**	**%**	**12.31.2020**	**%**
Local currency								
TJLP	38,923	1.0	47,272	0.9	2,307,733	18.9	2,390,392	21.3
IPCA	47,221	1.2	60,180	1.1	5,976,374	48.8	3,634,916	32.5
Not indexed (fixed rate)	2,526	0.1	3,292	0.1	2,525	-	3,292	-
	88,670	**2.3**	**110,744**	**2.1**	**8,286,632**	**67.7**	**6,028,600**	**53.8**
Foreign currency – with hedge								
U.S. dollar – with swap for fixed rate	1,298,727	32.1	1,350,902	25.6	1,298,727	10.6	1,350,902	12.1
U.S. dollar – with swap for CDI	1,610,656	39.8	1,681,458	31.8	1,610,656	13.2	1,681,458	15.0
U.S. dollar – with swap for IPCA	1,041,843	25.8	1,094,013	20.7	1,041,843	8.5	1,094,013	9.8
U.S. dollar – with NDF[1] for fixed U.S. dollar rate	-	-	1,046,535	19.8	-	-	1,046,535	9.3
	3,951,226	**97.7**	**5,172,908**	**97.9**	**3,951,226**	**32.3**	**5,172,908**	**46.2**
Loans and financing	**4,039,896**	**100.0**	**5,283,652**	**100.0**	**12,237,858**	**100.0**	**11,201,508**	**100.0**

(1) Non-Deliverable Forward (Forward currency contract without physical delivery).

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

	Parent Company	Consolidated
July to December 2022	1,056,739	1,214,938
2023	512,016	910,695
2024	874,580	1,333,720
2025	234,150	696,375
2026	-	465,436
2027 to 2031	-	2,328,159
2032 to 2036	-	2,104,787
2037 to 2040	-	1,158,454
2041 to 2044	-	356,397
Loans and financing	**2,677,485**	**10,568,961**

f) Contract commitments (covenants)

There was no change in the covenants compared to those presented in Note 19 – Loans and financing of the financial statements of 12.31.2020, except for the information presented in the main transactions carried out in 2021. The financial commitments are being fully met by the Company and its subsidiaries.

Notes to the Financial Statements

NOTE 17 – DEBENTURES

a) Breakdown

	Parent Company					
	6.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Measured at amortized cost						
ENGIE – 5th issue	-	235,122	235,122	-	224,744	224,744
ENGIE – 6th issue	100,760	628,721	729,481	96,385	600,320	696,705
ENGIE – 7th issue	-	840,019	840,019	-	801,775	801,775
ENGIE – 9th issue	-	1,749,312	1,749,312	-	1,671,276	1,671,276
Charges	224,950	-	224,950	131,313	-	131,313
Debentures	**325,710**	**3,453,174**	**3,778,884**	**227,698**	**3,298,115**	**3,525,813**

	Consolidated					
	6.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Measured at amortized cost						
ENGIE – 5th issue	-	235,122	235,122	-	224,744	224,744
ENGIE – 6th issue	100,760	628,721	729,481	96,385	600,320	696,705
ENGIE – 7th issue	-	840,019	840,019	-	801,775	801,775
ENGIE – 9th issue	-	1,749,312	1,749,312	-	1,671,276	1,671,276
Jaguara – 1st issue	31,986	660,259	692,245	27,035	644,094	671,129
Miranda – 1st issue	10,653	418,807	429,460	6,061	405,629	411,690
Pampa Sul – 1st issue	5,742	272,970	278,712	-	-	-
Pampa Sul – 2nd issue	22,706	527,482	550,188	10,871	507,778	518,649
Charges	263,261	-	263,261	138,313	-	138,313
	435,108	**5,332,692**	**5,767,800**	**278,665**	**4,855,616**	**5,134,281**
Measured at fair value						
Jaguara – 1st issue	105,154	106,577	211,731	105,239	159,125	264,364
Miranda – 1st issue	65,039	65,926	130,965	65,091	98,430	163,521
Charges	639	-	639	381	-	381
	170,832	**172,503**	**343,335**	**170,711**	**257,555**	**428,266**
Debentures	**605,940**	**5,505,195**	**6,111,135**	**449,376**	**5,113,171**	**5,562,547**
Hedge (swap) effects						
Short position [1]	22,795	22,773	45,568	14,667	20,915	35,582
Debentures, net of hedge effects	**628,735**	**5,527,968**	**6,156,703**	**464,043**	**5,134,086**	**5,598,129**

(1) Hedge short position is presented as part of the items "Other current liabilities" and "Other non-current liabilities."

Notes to the Financial Statements

b) Changes in debentures

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2020	**227,698**	**3,298,115**	**3,525,813**	**449,376**	**5,113,171**	**5,562,547**
Issue of debentures	-	-	-	13,794	275,104	288,898
Interest	89,493	-	89,493	156,253	-	156,253
Inflation adjustments	12,081	151,497	163,578	18,259	225,872	244,131
Fair value adjustment	-	-	-	(50)	(170)	(220)
Transfers	(3,562)	3,562	-	108,782	(108,782)	-
Repayment of principal	-	-	-	(99,247)	-	(99,247)
Repayment of interest	-	-	-	(41,227)	-	(41,227)
Balances at 6.30.2021	**325,710**	**3,453,174**	**3,778,884**	**605,940**	**5,505,195**	**6,111,135**

c) Main transactions in 2021

c.1) 1st issue of debentures of Pampa Sul

The issue of debentures disclosed in the consolidated statement of changes refers to debentures of the direct subsidiary Pampa Sul traded by the parent company ENGIE in the secondary market, which were under the control of ENGIE. More information is presented in Note 6 – Marketable securities.

The main issue conditions were:

			Conditions			
	Remuneration	Covenants	Charges	Principal	Maturity	Guarantee
1st Issue - Series 1	IPCA + 6.25% p.a.	ICSD ≥ 1.1[1]	Half-yearly, starting 10.2021	Half-yearly, starting 10.2021	04.2028	Security interest
1st Issue - Series 2	IPCA + 7.50% p.a.	ICSD ≥ 1.1[1]	Half-yearly, starting 10.2021	Half-yearly, starting 10.2028	10.2036	Security interest

Debt Service Coverage Ratio. Greater than or equal to 1.1 for the purposes of early maturity and greater than or equal to 1.2 for the purposes of distributing any funds to shareholders, except the minimum mandatory dividends. Note that there are other obligations to be met concomitantly for the distribution of additional funds to shareholders, such as completion of the project.

d) Breakdown of debentures by index

	Parent Company				Consolidated			
	6.30.2021	%	12.31.2020	%	6.30.2021	%	12.31.2020	%
IPCA	3,778,884	100.0	3,525,813	100.0	5,767,800	94.4	5,134,281	92.3
CDI – with swap for IPCA	-	-	-	-	343,335	5.6	428,266	7.7
Debentures	**3,778,884**	**100.0**	**3,525,813**	**100.0**	**6,111,135**	**100.0**	**5,562,547**	**100.0**

Notes to the Financial Statements

e) Maturities of debentures recorded under non-current liabilities

	Parent Company	Consolidated
July to December 2022	175,871	298,275
2023	172,680	429,301
2024	510,817	805,325
2025	960,093	1,238,277
2026	756,241	1,051,965
2027 to 2031	873,630	1,270,662
2032 to 2036	3,842	411,390
Debentures	**3,453,174**	**5,505,195**

f) Contractual covenants

There was no change in the covenants compared to those presented in Note 20 – Debentures of the financial statements of 12.31.2020, except for the covenants in the main transactions conducted in 2021. The covenants are being fully met by the Company and its subsidiaries.

NOTE 18 - REDEEMABLE PREFERRED SHARES

a) Changes in redeemable preferred shares

	Consolidated – Non-current
Balance at 12.31.2020	**482,088**
Issue cost	(1,331)
Interest	9,855
Balance at 6.30.2021	**490,612**

b) Maturities of redeemable preferred shares registered under non-current liabilities

	Consolidated
2023	53,536
2024	39,734
2025	39,734
2026	39,734
2027	39,734
2028 to 2032	198,671
2033 to 2034	79,469
Redeemable preferred shares	**490,612**

Notes to the Financial Statements

NOTE 19 – LEASE OPERATIONS

a) Right of use of leases

		Parent Company					
		6.30.2021			12.31.2020		
	Depreciation period	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Buildings							
Headquarters - ENGIE Brasil Energia	Until 2025	33,250	(12,193)	21,057	33,250	(9,715)	23,535
Other	-	60	(31)	29	60	(27)	33
		33,310	**(12,224)**	**21,086**	**33,310**	**(9,742)**	**23,568**

		Consolidated					
		6.30.2021			12.31.2020		
	Depreciation period	Cost	Accumulated depreciation	Net amount	Cost	Accumulated depreciation	Net amount
Buildings							
Headquarters - ENGIE Brasil Energia	Until 2025	33,250	(12,193)	21,057	33,250	(9,715)	23,535
Headquarters - EGSD	Until 2025	1,759	(545)	1,214	1,759	(442)	1,317
Land							
Campo Largo Wind Power Complexes	Until 2063	53,169	(2,923)	50,246	53,169	(2,332)	50,837
Trairí Wind Power Complex	Until 2047	27,933	(3,522)	24,411	26,596	(2,821)	23,775
Santo Agostinho Wind Power Complex	Until 2040	5,144	(371)	4,773	5,144	(278)	4,866
Umburanas Wind Power Complex	Until 2057	38,524	(1,835)	36,689	38,524	(1,329)	37,195
Assú Photovoltaic Complex	Until 2043	5,393	(512)	4,881	5,393	(400)	4,993
Other	-	778	(433)	345	778	(294)	484
		165,950	**(22,334)**	**143,616**	**164,613**	**(17,611)**	**147,002**

The change in right of use is presented below:

	Parent Company	Consolidated
Balances at 12.31.2020	**23,568**	**147,002**
Remeasurement	-	1,337
Depreciation	(2,482)	(4,723)
Balances at 6.30.2021	**21,086**	**143,616**

Notes to the Financial Statements

b) Leases payable

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2020	**5,876**	**8,417**	**14,293**	**19,144**	**104,828**	**123,972**
Remeasurement						
Interest	540	-	540	3,669	-	3,669
Transfers	990	(990)	-	1,290	(1,290)	-
Advances	-	-	-	(486)	(96)	(582)
Amortizations	(1,534)	-	(1,534)	(4,950)	-	(4,950)
Balances at 6.30.2021	**5,872**	**7,427**	**13,299**	**18,667**	**103,442**	**122,109**

c) 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 2022	1,905	(333)	1,572	6,715	(1,111)	5,604
2023	5,531	(688)	4,843	17,302	(3,490)	13,812
2024	-	-	-	20,387	(11,693)	8,694
2025	-	-	-	11,970	(4,136)	7,834
2026	-	-	-	8,515	(1,553)	6,962
2027 to 2031	-	-	-	62,574	(36,371)	26,203
2032 to 2036	-	-	-	58,907	(44,254)	14,653
After 2037	-	-	-	243,722	(224,259)	19,463
Leases payable	**7,436**	**(1,021)**	**6,415**	**430,092**	**(326,867)**	**103,225**

NOTE 20 – CONCESSIONS PAYABLE

a) Breakdown

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Cana Brava Hydroelectric Power Plant	2,347,287	1,947,523	2,347,287	1,947,523
Ponte de Pedra Hydroelectric Power Plant	1,621,001	1,441,006	1,621,001	1,441,006
São Salvador Hydroelectric Power Plant	582,555	567,236	582,555	567,236
Estreito Hydroelectric Power Plant	-	-	58,188	56,553
	4,550,843	**3,955,765**	**4,609,031**	**4,012,318**
Classification in the balance sheet				
Current liabilities	246,624	222,474	253,373	228,865
Non-current liabilities	4,304,219	3,733,291	4,355,658	3,783,453
	4,550,843	**3,955,765**	**4,609,031**	**4,012,318**

Notes to the Financial Statements

b) Changes in concessions payable

	Parent Company			Consolidated		
	Current	Non-current	Total	Current	Non-current	Total
Balances at 12.31.2020	**222,474**	**3,733,291**	**3,955,765**	**228,865**	**3,783,453**	**4,012,318**
Interest	-	192,264	192,264	-	194,994	194,994
Inflation adjustments	-	518,220	518,220	-	520,548	520,548
Transfers	139,556	(139,556)	-	143,337	(143,337)	-
Amortizations	(115,406)	-	(115,406)	(118,829)	-	(118,829)
Balances at 6.30.2021	**246,624**	**4,304,219**	**4,550,843**	**253,373**	**4,355,658**	**4,609,031**

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

	Parent Company	Consolidated
July to December 2022	123,665	126,761
2023	378,886	384,652
2024	542,448	547,689
2025	495,382	500,146
2026	452,433	456,764
2027 to 2031	1,737,778	1,754,193
2032 to 2036	566,988	577,177
2037 to 2038	6,639	8,276
Concessions payable	**4,304,219**	**4,355,658**

NOTE 21 – PROVISIONS

Provisions are recognized by the Company in amounts considered sufficient to settle the respective liabilities, when according to the legal counsels and Management, they involve probable risk of future disbursement.

Notes to the Financial Statements

a) Breakdown

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Civil				
Expropriations and administrative easement	43,828	46,962	50,225	52,900
Environmental	13,835	13,608	13,835	13,608
Retirement benefits	2,720	2,550	2,720	2,550
Sundry lawsuits	10,507	11,596	31,100	32,177
	70,890	**74,716**	**97,880**	**101,235**
Tax	**5,790**	**5,103**	**6,224**	**5,667**
Labor	**18,757**	**12,985**	**19,855**	**14,026**
Divestment of generation assets	**-**	**-**	**227,053**	**200,076**
	95,437	**92,804**	**351,012**	**321,004**
Classification in the balance sheet				
Current liabilities	7,562	3,293	19,428	15,159
Non-current liabilities	87,875	89,511	331,584	305,845
	95,437	**92,804**	**351,012**	**321,004**

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.

b.1) Possible risks

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Tax and social security	**679,356**	**674,021**	**680,102**	**674,761**
PIS/Cofins on fuel reimbursement	517,316	514,732	517,316	514,732
Voluntary confession	46,552	46,361	46,552	46,361
Compensation of tax loss carryforwards in the succession	29,012	28,925	29,012	28,925
Recovery of PIS and Cofins taxes	27,467	27,339	27,467	27,339
Use of the Income Tax Loss and the Negative Social Contribution Base	18,565	18,473	18,565	18,473
Other	40,444	38,191	41,190	38,931
Civil	**32,604**	**22,927**	**62,423**	**41,098**
Labor	**13,272**	**15,195**	**15,053**	**16,756**
	725,232	**712,143**	**757,578**	**732,615**

In the 2nd quarter of 2021, there were no significant updates in the main lawsuits assessed as possible risk, which are presented in Note 27 – Provisions, of the financial statements of 12.31.2020.

Notes to the Financial Statements

b.2) Remote risks

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Tax and social security	372,507	367,666	477,963	478,700
Civil	101,564	95,003	101,901	95,153
Labor	141,827	144,950	150,913	153,536
	615,898	**607,619**	**730,777**	**727,389**

NOTE 22 – RETIREMENT BENEFITS OBLIGATIONS

a) Breakdown

	Consolidated					
	6.30.2021			12.31.2020		
	Current	Non-current	Total	Current	Non-current	Total
Contracted obligations	26,530	176,041	202,571	23,232	165,481	188,713
Current contributions and service costs	32	-	32	21	-	21
Uncontracted deficit	16,505	228,581	245,086	19,814	242,365	262,179
Recorded actuarial liability	**43,067**	**404,622**	**447,689**	**43,067**	**407,846**	**450,913**

Retirement benefits obligations recognized in the balance sheet are partially covered by contracted obligations and/or obligations acknowledged through an instrument for the acknowledgment of debt and agreement entered into by the Company with respective Foundations.

On 4.13.2021, the Company signed an agreement with ELOS Foundation to pay the portion of deficit under its responsibility for fiscal year 2019. The amount contracted was R$ 13,761, which will be paid in 154 monthly installments, adjusted by the National Consumer Price Index (INPC) and interest of 6.04% p.a.

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

	Consolidated		
	ELOS	PREVIG	Total
July to December 2022	10,008	944	10,952
2023	21,319	1,728	23,047
2024	17,853	268	18,121
2025	18,926	-	18,926
2026	20,063	-	20,063
2027 to 2031	78,264	-	78,264
2032 to 2034	6,668	-	6,668
	173,101	**2,940**	**176,041**

Notes to the Financial Statements

b) Changes in retirement benefit obligations

	Plans				
	ELOS BD	PREVIG BD	PREVIG BSPS	GC	Total
Liabilities recorded at 12.31.2020	**424,760**	**22,036**	**449**	**3,668**	**450,913**
Current contribution and cost of service	-	20	-	(843)	(823)
Payment of contracted obligations	(14,829)	(1,900)	(185)	-	(16,914)
Interest on actuarial liabilities, net	13,629	758	10	116	14,513
Liabilities recorded at 6.30.2021	**423,560**	**20,914**	**274**	**2,941**	**447,689**

NOTE 23 – DEFERRED INCOME TAX AND SOCIAL CONTRIBUTION

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

a) Breakdown

	Parent Company				
		6.30.2021			12.31.2020
Description of credits	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Hydrological risk renegotiation	1,003,024	250,756	90,272	341,028	329,011
Accelerated depreciation	935,044	233,761	84,154	317,915	313,049
Property, plant and equipment deemed cost (fair value)	551,218	137,805	49,610	187,415	201,253
Unrealized gains on hedge operations	444,076	111,019	39,967	150,986	231,382
Unrealized sale at MAE (currently CCEE)	100,309	25,077	9,028	34,105	34,105
Capitalized financial charges	58,347	14,587	5,251	19,838	20,233
Other	63,130	15,783	5,682	21,465	14,622
		788,788	**283,964**	**1,072,752**	**1,143,655**
Assets:					
Income Tax Loss and Negative Social Contribution Base	253,635	63,409	22,827	86,236	30,898
Retirement benefits obligations	244,226	61,057	21,980	83,037	88,853
Fair value adjustment in business combinations	135,174	33,794	12,166	45,960	41,832
Estimated losses with doubtful accounts	122,017	30,504	10,982	41,486	41,486
Unrealized losses on hedge operations	104,365	26,091	9,393	35,484	54,960
Provision for asset impairment	87,559	21,890	7,880	29,770	29,535
Civil, tax and labor provisions	70,695	17,674	3,762	21,436	27,852
Other		**254,419**	**88,990**	**343,409**	**315,416**
		534,369	**194,974**	**729,343**	**828,239**
Net total					

Notes to the Financial Statements

Description of credits	Consolidated				
	6.30.2021				12.31.2020
	Calculation basis	IR	CSLL	Total	Total
Liabilities:					
Revenue from installation of transmission infrastructure	4,032,256	1,008,064	362,903	1,370,967	920,891
Interest on concession financial asset	1,907,633	476,908	171,687	648,595	465,963
Accelerated depreciation	1,547,796	386,949	139,302	526,251	483,594
Renegotiation of hydrological risk	1,019,642	254,911	91,768	346,679	329,011
Capitalized financial charges	725,821	181,455	65,324	246,779	268,367
Property, plant and equipment deemed cost (fair value)	551,218	137,805	49,610	187,415	201,253
Unrealized gains on hedge operations	509,171	127,293	45,825	173,118	233,938
Intangible asset on the bonus paid for grant	304,765	76,191	27,429	103,620	89,491
Fair value of rights of project acquired	236,021	59,005	21,242	80,247	80,247
Unrealized sale at MAE (currently CCEE)	100,309	25,077	9,028	34,105	34,105
Other	73,157	18,208	6,584	24,792	26,781
		2,751,866	**990,702**	**3,742,568**	**3,133,641**
Assets:					
Construction costs of transmission infrastructure	3,906,318	976,580	351,569	1,328,149	894,564
Revenue from Return of Grant Bonus (RBO)	1,018,306	254,577	91,648	346,225	297,148
Income Tax Loss and Negative Social Contribution Base	502,705	125,676	45,243	170,919	76,206
Provision for asset impairment	311,562	77,891	28,041	105,932	50,593
Retirement benefits obligations	245,084	61,271	22,058	83,329	89,148
Unrealized losses on hedge operations	187,449	46,862	16,870	63,732	67,058
Estimated losses with doubtful accounts	137,176	34,294	12,346	46,640	46,640
Fair value adjustment in business combinations	135,174	33,794	12,166	45,960	41,832
Civil, tax and labor provisions	109,258	27,315	9,833	37,148	37,337
Other	176,994	44,249	13,461	57,710	57,535
		1,682,509	**603,235**	**2,285,744**	**1,658,061**
Net amount		**1,069,357**	**387,467**	**1,456,824**	**1,475,580**
Classification in the balance sheet					
Liabilities		1,109,507	401,920	1,511,427	1,523,222
Assets[1]		(40,150)	(14,453)	(54,603)	(47,642)
Total		**1,069,357**	**387,467**	**1,456,824**	**1,475,580**

(1) Amount presented under "Other non-current assets".

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

	Parent Company	Consolidated
Balance at 12.31.2020	**828,239**	**1,475,580**
Taxes deferred in profit or loss	(96,796)	(16,185)
Taxes deferred in other comprehensive income	(2,100)	(2,571)
Balance at 6.30.2021	**729,343**	**1,456,824**

Notes to the Financial Statements

c) Expected realization and required payments

	Parent Company		Consolidated	
	Assets	Liabilities	Assets	Liabilities
July to December 2021	85,979	20,550	150,704	98,072
2022	73,277	217,426	292,016	390,555
2023	16,919	45,210	187,322	159,040
2024	18,100	52,886	95,848	162,218
2025	18,761	53,118	92,262	158,864
2026 to 2028	34,201	176,533	257,797	476,848
2029 to 2031	70,665	386,752	263,939	688,011
2032 to 2034	11,618	85,456	184,289	359,967
After 2035	13,889	34,821	761,567	1,248,993
	343,409	**1,072,752**	**2,285,744**	**3,742,568**

NOTE 24 – OTHER LIABILITIES

	Parent Company		Consolidated	
	6.30.2021	12.31.2020	6.30.2021	12.31.2020
Unrealized losses in hedge operations	190,715	116,298	252,828	155,541
Reimbursement to distributors	-	-	236,321	203,106
Fuels –Aneel Resolution 801/2017	59,037	78,348	59,252	78,348
Liabilities linked to acquisition of investments	-	-	52,083	51,756
Fuel payable to CDE[1]	-	-	36,055	45,206
Advances from clients	2,462	4,175	24,862	32,663
Trade accounts payable	-	-	15,299	17,328
Other accounts payable	43,284	56,306	113,351	135,324
	295,498	**255,127**	**790,051**	**719,272**
Classification in balance sheet				
Current liabilities	98,279	98,662	411,117	238,687
Non-current liabilities	197,219	156,465	378,934	480,585
	295,498	**255,127**	**790,051**	**719,272**

(1) Energy Development Account.

a) Reimbursement to distributors

The Company has liabilities related to the reimbursement mechanism envisaged in the electricity agreements signed in the Regulated Contracting Environment (ACR) of plants of the Trairí, Campo Largo and Umburanas - Phase I, Wind Power Complexes, Assú V and Pampa Sul. Of this amount, R$ 47,592 was recognized in the 1st half of 2021 R$ 47,448, recognized in the 1st half of 2020) and R$ 11,020 registered in the 2nd quarter of 2021 (R$ 8,840 registered in the 2nd quarter of 2020), with the revenues earned by the distributors as a corresponding entry.

Notes to the Financial Statements

b) Fuels – Aneel Resolution no. 801/2017

Corresponds mainly to the amounts payable because of the application of Aneel Resolution 801/2017, which revoked Aneel resolution 500/2012, in 2016. Such resolution envisages a reduction in the reimbursement of mineral coal acquired with funds from the CDE due to the energy efficiency of the generating unit.

c) Fuel payable to CDE

On 12.19.2017, Aneel issued a Normative Resolution, in effect from 1.1.2018, which established rules for the reimbursement of the fuel costs for domestic coal thermal power generation, intermediated by the CDE.

The resolution determined the mandatory acquisition, on 1.1.2018, of charcoal belonging to CDE under the management of the Jorge Lacerda Thermal Power Complex on the base date of 12.31.2016 for payment in five years from the acquisition. However, due to the Technical Note 143/2020 issued by Aneel on 8.19.2020, the quantity of charcoal to be acquired by the Company will be lower than that established in 2017. The changes for the first six months of 2021 are shown below:

	Consolidated
Balances at 12.31.2020	**45,206**
Payment	(24,241)
Inflation adjustment by IPCA	1,830
Coal price adjustment	6,779
Net asset presentation	6,481
Balances at 6.30.2021	**36,055**

NOTE 25 – SHAREHOLDERS' EQUITY

a) Authorized capital stock

The Company is authorized to increase its capital stock up to the limit of R$ 7,000,000, by resolution of Board of Directors, regardless of any amendment to its bylaws. Under the B3's New Market listing regulations, the Company cannot issue preferred shares or founder shares.

The Company has no treasury shares and did not perform any purchase and sale transactions involving shares of its own issuance in the years ended 6.30.2021 and 12.31.2020.

b) Subscribed and paid-in capital

At 6.30.2021 and 12.31.2020, 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 6.30.2021, is R$ 10.01 (R$ 9.49 for each share at 12.31.2020).

The Company's ownership structure at 6.30.2021 and 12.31.2020 was as follows:

Notes to the Financial Statements

Shareholders	Tranche of common shares	% of capital
ENGIE Brasil Participações Ltda.	560,640,791	68.71%
Banco Clássico S.A.	80,464,085	9.86%
Other shareholders	174,822,864	21.43%
	815,927,740	**100.00%**

As of 6.30.2021 and 12.31.2020, the Board of Directors, the Board of Executive Officers and the Audit Board held 51,887 and 53,870 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 the joint venture TAG and Santo Agostinho Wind Power Complex, indirect subsidiary; (iii) cash flow hedge on loans in foreign currency and combined exposure; and (iv) the effects from change in interest due to the merger of Aliança with the joint venture TAG.

NOTE 26 – RECONCILIATION OF NET OPERATING REVENUE

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

	Parent Company			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Gross operating income				
Electricity distributors	674,396	570,545	1,279,845	1,198,990
Electricity traders	342,366	251,010	747,551	588,821
Free consumers	98,605	89,409	198,809	184,262
Transactions in the short-term market	10,579	32,332	30,300	155,599
Other revenues	20,303	29,004	35,912	60,988
	1,146,249	**972,300**	**2,292,417**	**2,188,660**
Deductions from operating income				
PIS and Cofins	(100,834)	(86,183)	(202,855)	(195,194)
Research and development	(7,004)	(6,243)	(15,698)	(16,909)
ICMS	(2,716)	(4,770)	(6,642)	(9,686)
ISSQN	(992)	(878)	(1,816)	(1,728)
	(111,546)	**(98,074)**	**(227,011)**	**(223,517)**
Other				
Favorable outcome in lawsuit	-	50,193	-	50,193
Net operating revenue	**1,034,703**	**924,419**	**2,065,406**	**2,015,336**

Notes to the Financial Statements

	Consolidated			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Gross operating income				
Electricity distributors	1,015,327	954,736	2,033,561	1,939,699
Free consumers	856,641	814,039	1,745,837	1,696,713
Trading operations	275,889	285,703	550,793	558,297
Electricity traders	144,595	164,361	302,365	320,680
Transactions in the short-term market	76,480	65,038	194,658	283,318
Services rendered	41,763	40,627	82,123	80,893
Other revenues	17,176	32,681	38,996	66,740
	2,427,871	**2,357,185**	**4,948,333**	**4,946,340**
Deductions from operating income				
PIS and Cofins	(216,030)	(210,936)	(438,317)	(444,081)
Research and development	(13,366)	(11,012)	(27,251)	(26,729)
ICMS	(8,013)	(9,324)	(17,221)	(19,352)
ISSQN	(995)	(908)	(1,821)	(1,760)
	(238,404)	**(232,180)**	**(484,610)**	**(491,922)**
Other				
Transmission infrastructure construction revenue	624,324	423,222	1,323,751	569,531
Remuneration from contract asset	151,639	10,572	289,405	19,898
Interest on concession financial asset	120,070	53,030	247,747	135,194
Favorable outcome in lawsuit	-	79,874	-	79,874
Unrealized gains on trading operations	47,565	(5,188)	58,379	22,194
	943,598	**561,510**	**1,919,282**	**826,691**
Net operating revenue	**3,133,065**	**2,686,515**	**6,383,005**	**5,281,109**

NOTE 27 – DETAIL OF OPERATING EXPENSES BY NATURE

a) Energy purchase

	Parent Company			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Energy purchases				
Energy purchase for portfolio management	209,917	147,273	319,663	272,684
Transactions in the short-term energy market				
Purchases in the short-term market	27,616	7,150	37,586	37,738
	237,533	**154,423**	**357,249**	**310,422**

Notes to the Financial Statements

	Consolidated			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Energy purchases				
Energy purchase for portfolio management	207,901	337,148	383,880	680,317
Trading operations	249,285	241,788	500,564	478,322
Unrealized losses on trading operations	43,320	9,059	48,514	34,777
	500,506	**587,995**	**932,958**	**1,193,416**
Transactions in the short-term energy market				
Purchases in the short-term market	128,247	57,383	198,844	168,151
Trading operations	-	-	673	7,293
	128,247	**57,383**	**199,517**	**175,444**

b) Other operating costs and costs of services rendered:

	Parent Company			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Depreciation and amortization	76,661	70,168	153,272	140,330
Personnel	32,474	34,259	63,578	65,890
Third party materials and services	16,350	12,315	28,764	23,432
Royalties	7,152	828	27,900	12,391
Constitution (Reversal) of operating provision, net	2,639	(11,850)	(4,379)	(18,538)
Other	12,711	11,929	27,388	23,254
	147,987	**117,649**	**296,523**	**246,759**
Classification in profit or loss				
Operating costs	139,514	110,353	280,420	232,456
Costs of services	8,473	7,296	16,103	14,303
	147,987	**117,649**	**296,523**	**246,759**

	Consolidated			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Transmission line construction cost	617,083	413,125	1,297,499	555,940
Depreciation and amortization	231,106	227,904	456,081	458,148
Third party materials and services	111,199	74,821	203,500	158,888
Fuels	45,971	(10,477)	171,359	84,697
Personnel	71,678	66,681	139,854	140,470
Royalties	11,166	3,694	36,940	21,066
Constitution (Reversal) of operating provision, net	2,675	(12,809)	(4,439)	(19,999)
Other	43,925	37,682	86,444	75,854
	1,134,803	**800,621**	**2,387,238**	**1,475,064**
Classification in profit or loss				
Operating costs	1,126,330	793,314	2,371,135	1,460,738
Costs of services	8,473	7,307	16,103	14,326
	1,134,803	**800,621**	**2,387,238**	**1,475,064**

Notes to the Financial Statements

c) Selling, general and administrative expenses

	Parent Company			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Personnel and management	41,933	29,922	78,239	62,725
Third party materials and services	19,458	20,992	37,111	34,321
Depreciation and amortization	6,521	4,614	11,937	9,385
Pension funds	1,802	1,007	3,451	3,477
Contributions and donations	922	3,274	2,611	4,944
Other	2,306	1,671	4,474	2,346
	72,942	**61,480**	**137,823**	**117,198**
Classification in profit or loss				
Selling expenses	4,747	4,226	9,018	8,188
General and administrative expenses	68,195	57,254	128,805	109,010
	72,942	**61,480**	**137,823**	**117,198**

	Consolidated			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Personnel and management	43,155	30,514	80,768	65,198
Third party materials and services	21,077	23,835	40,694	39,300
Depreciation and amortization	6,801	4,850	12,501	9,994
Contributions and donations	2,133	4,085	5,183	7,408
Pension funds	1,802	1,007	3,451	3,477
Other	1,988	2,367	4,460	3,397
	76,956	**66,658**	**147,057**	**128,774**
Classification in profit or loss				
Selling expenses	7,066	5,941	13,277	11,500
General and administrative expenses	69,890	60,717	133,780	117,274
	76,956	**66,658**	**147,057**	**128,774**

Notes to the Financial Statements

NOTE 28 – FINANCIAL RESULT

	Parent Company			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Financial income				
Income from marketable securities	12,419	18,789	21,075	38,358
Income from restricted deposits	331	67	1,073	157
Interest and Inflation adjustment on				
Marketable securities	6,563	-	21,086	-
Accounts receivable	1,142	3,359	2,232	8,354
Court deposits	893	757	1,900	1,865
Favorable outcome in lawsuit	-	45,872	-	45,872
Market value adjustment and marketable securities	(7,190)	-	52,744	-
Other financial income	1	888	(1,135)	890
	14,159	**69,732**	**98,975**	**95,496**
Financial expenses				
Interest and Inflation adjustment on:				
Concessions payable	340,527	119,045	710,484	238,384
Debentures	117,796	32,308	253,071	129,421
Loans and financing	41,425	54,888	91,369	106,374
Hedge on loans and debentures	22,661	(19,040)	40,979	(15,895)
Retirement benefit obligations	7,243	6,704	14,483	13,409
Provisions	2,261	1,170	5,318	3,482
Leases	491	578	1,004	1,185
Other	14	43	4,633	136
Exchange variation on:				
Loans	(513,323)	263,668	(73,929)	1,124,390
Fair value hedge on loans	513,323	(263,668)	73,929	(1,124,390)
Fair value adjustment	258	(1,711)	210	(371)
Other financial expenses	1,872	461	3,326	2,538
	534,548	**194,446**	**1,124,877**	**478,663**
Financial expenses, net	**520,389**	**124,714**	**1,025,902**	**383,167**

Notes to the Financial Statements

	Consolidated			
	2nd quarter		First 6 months	
	2021	2020	2021	2020
Financial income				
Income from marketable securities	30,292	28,452	48,049	59,787
Income from restricted deposits	2,767	2,158	4,612	5,839
Interest and Inflation adjustment on				
Accounts receivable	4,078	4,397	7,461	11,097
Fuels	489	10	2,637	10
Court deposits	950	789	2,021	1,957
Favorable outcome in lawsuit	-	72,948	-	72,948
Market value adjustment and marketable securities	23,390	-	23,390	-
Other financial income	1,363	2,306	62	3,527
	63,329	**111,060**	**88,232**	**155,165**
Financial expenses				
Interest and Inflation adjustment on:				
Concessions payable	343,030	120,315	715,542	241,450
Debentures	191,332	54,229	400,384	192,229
Loans and financing	219,073	114,992	420,237	256,659
Hedge on loans and debentures	34,439	(21,183)	67,233	(7,572)
Retirement benefit obligations	7,257	6,717	14,513	13,435
Redeemable preferred shares	5,723	-	9,855	-
Leases	3,428	3,009	6,595	6,815
Provisions	2,455	(1,642)	5,707	3,762
Other	5,746	(613)	23,898	3,562
Exchange variation on:				
Loans	(513,323)	263,668	(73,929)	1,124,390
Fair value hedge on loans	513,323	(263,668)	73,929	(1,124,390)
Fair value adjustment	(91)	(1,874)	(170)	(1,182)
Other financial expenses	6,741	5,648	12,548	6,801
	819,133	**279,598**	**1,676,342**	**715,959**
Financial expenses, net	**755,804**	**168,538**	**1,588,110**	**560,794**

Notes to the Financial Statements

NOTE 29 – INCOME TAXES RECONCILIATION, IN THE INCOME STATEMENT

	Parent Company							
	2nd quarter				First 6 months			
	2021		2020		2021		2020	
	IR	CS	IR	CS	IR	CS	IR	CS
Income before taxes	**248,524**	**248,524**	**894,442**	**894,442**	**823,427**	**823,427**	**1,545,102**	**1,545,102**
Standard rates	25%	9%	25%	9%	25%	9%	25%	9%
Tax expense at standard rates	**(62,131)**	**(22,367)**	**(223,611)**	**(80,500)**	**(205,857)**	**(74,108)**	**(386,276)**	**(139,059)**
Permanent differences								
Equity in net income of subsidiaries	110,469	39,769	128,399	46,224	218,345	78,604	189,260	68,133
Tax incentives	6,390	-	94	-	6,390	-	166	-
Other	(1,595)	(271)	807	(145)	1,276	(488)	205	(263)
	53,133	**17,131**	**(94,311)**	**(34,421)**	**20,154**	**4,008**	**(196,645)**	**(71,189)**
Breakdown of taxes in the income statement								
Current	(50,923)	(21,711)	92	-	(50,923)	(21,711)	165	-
Deferred	104,056	38,842	(94,403)	(34,421)	71,077	25,719	(196,810)	(71,189)
	53,133	**17,131**	**(94,311)**	**(34,421)**	**20,154**	**4,008**	**(196,645)**	**(71,189)**
Effective rate	**-21.4%**	**-6.9%**	**10.5%**	**3.8%**	**-2.4%**	**-0.5%**	**12.7%**	**4.6%**

	Consolidated							
	2nd quarter				First 6 months			
	2021		2020		2021		2020	
	IR	CS	IR	CS	IR	CS	IR	CS
Income before taxes	**375,760**	**375,760**	**1,030,283**	**1,030,283**	**1,050,842**	**1,050,842**	**1,734,551**	**1,734,551**
Standard rates	25%	9%	25%	9%	25%	9%	25%	9%
Tax expense at standard rates	**(93,940)**	**(33,818)**	**(257,571)**	**(92,725)**	**(262,711)**	**(94,576)**	**(433,638)**	**(156,110)**
Permanent differences								
Equity income	36,855	13,267	40,380	14,537	80,487	28,975	66,105	23,798
Tax incentives	18,219	-	9,081	-	29,380	-	15,881	-
Variation between the calculation base of taxable and presumptive profit tax regimes	2,724	(27)	16,707	5,615	13,079	2,681	22,538	7,296
Other	(228)	232	(44)	(503)	683	(686)	(1,678)	(963)
	(36,370)	**(20,346)**	**(191,447)**	**(73,076)**	**(139,082)**	**(63,606)**	**(330,792)**	**(125,979)**
Breakdown of taxes in the income statement								
Current	(96,814)	(43,488)	(80,555)	(32,695)	(150,864)	(68,009)	(109,629)	(46,041)
Deferred	60,444	23,142	(110,892)	(40,381)	11,782	4,403	(221,163)	(79,938)
	(36,370)	**(20,346)**	**(191,447)**	**(73,076)**	**(139,082)**	**(63,606)**	**(330,792)**	**(125,979)**
Effective rate	**9.7%**	**5.4%**	**18.6%**	**7.1%**	**13.2%**	**6.1%**	**19.1%**	**7.3%**

Notes to the Financial Statements

NOTE 30 – TRANSACTIONS WITH RELATED PARTIES

The Company has transactions with related parties, which are detailed in Note 37 – Transactions with related parties, of the financial statements of 12.31.2020. The main transactions are:

- Purchase and sale of energy;

- Operation and maintenance;

- Administrative and financial services;

- Guarantees;

- Sureties; and

- Debentures.

There was no significant change in the transactions with related parties in the six-month period ended 6.30.2021.

a) Amounts recognized in balance sheet accounts – Parent Company

	ASSETS				LIABILITIES		
	Accounts receivable		Marketable securities	Dividends	Supplier		IOE[1] /
	Energy	Services and other		Energy	Other	Outros	dividends
6.30.2021							
EBC	114,137	-	-	-	3,096	36	-
Pampa Sul	16,505	-	88,923	-	-	-	-
Jaguara	12,000	-	-	140,833	21,407	-	-
Lages	10,000	-	-	4,997	-	-	-
Miranda	4,000	-	-	56,343	9,675	-	-
ENGIE Participações	-	3,943	-	-	-	100	418,865
Itasa	-	2,184	-	2,355	47,296	-	-
CEE	-	553	-	-	-	-	-
ECP and subsidiaries	-	57	-	-	-	-	-
Diamante	-	54	-	-	-	12	-
ETP II	-	-	-	16,400	-	-	-
Other	-	6,204	-	-	1,212	537	-
Total	**156,642**	**12,995**	**88,923**	**220,928**	**82,686**	**685**	**418,865**
12.31.2020	**124,755**	**13,882**	**355,707**	**362,156**	**76,950**	**526**	**948,852**

(1) Interest on equity.

Notes to the Financial Statements

b) Amounts recognized in the income statement – Parent Company

	Revenue			Financial income	Cost	Cost and Expense
	Sale of energy	O&M Services	Administrative services		Energy purchase	Third-party services
2nd quarter of 2021						
EBC	310,696	-	112	-	3,816	-
Diamante	47,023	-	2,468	-	83,323	-
Pampa Sul	12,357	-	112	6,884	-	-
Lages	20,831	-	65	-	11,756	-
Jaguara	10,890	-	105	-	46,195	-
Miranda	3,630	-	105	-	24,393	-
ENGIE Trading	-	-	112	-	-	-
Itasa	-	7,210	-	-	32,556	-
Ceste	-	5,775	-	-	-	-
ECP and subsidiaries	-	-	2,088	-	-	-
ESBR[1]	-	-	-	-	3,335	-
Other	-	-	150	-	-	1,393
Total	**405,427**	**12,985**	**5,317**	**6,884**	**205,374**	**1,393**
2nd quarter of 2020	**262,284**	**10,665**	**5,443**	**-**	**142,452**	**2,388**

(1) Energia Sustentável do Brasil.

	Revenue			Financial income	Cost	Cost and Expense
	Sale of energy	O&M Services	Administrative services		Energy purchase	Third-party services
First 6 months of 2021						
EBC	675,330	-	225	-	8,298	-
Diamante	47,023	-	4,937	-	83,323	-
Pampa Sul	44,060	-	225	22,115	-	-
Lages	20,831	-	131	-	11,756	-
Jaguara	10,890	-	209	-	83,616	-
Miranda	3,630	-	209	-	43,148	-
ENGIE Trading	3,072	-	225	-	8,692	-
Itasa	-	12,307	-	-	64,756	-
Ceste	-	11,278	-	-	-	-
ECP and subsidiaries	-	-	3,673	-	-	-
ESBR	-	-	-	-	7,797	-
Other	-	-	300	-	-	2,700
Total	**804,836**	**23,585**	**10,134**	**22,115**	**311,386**	**2,700**
First 6 months of 2020	**637,197**	**20,808**	**10,822**	**-**	**263,746**	**4,450**

Notes to the Financial Statements

c) Remuneration of key management personnel

The remuneration of key Management personnel, composed of the Board of Executive Officers established by the Bylaws, Board of Directors, Audit Committee established by the Bylaws and Audit Board, was approved at the ASM and A/ESM held on 4.28.2021 and 4.28.2020, respectively, and is presented below:

	2nd quarter		First 6 months	
	2021	2020	2021	2020
Variable compensation	5,078	(4,574)	7,135	(3,136)
Fixed compensation	3,348	2,906	7,039	5,529
Payroll charges	1,250	671	2,192	1,337
Other	686	528	1,040	814
	10,362	**(469)**	**17,406**	**4,544**

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

The Management does not receive share-based compensation from ENGIE Brasil Energia.

NOTE 31 – INFORMATION BY SEGMENT

The information by segment refers to the quarters ended 6.30.2021 and 6.30.2020 and is presented in a consolidated manner in the tables below:

	2nd quarter of 2021					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME		**775,961**	**297,933**	**9,702**	**-**	**3,133,065**
Operating costs	(987,764)	(617,115)	(292,606)	(12,094)	-	(1,909,579)
GROSS PROFIT (LOSS)	**1,061,705**	**158,846**	**5,327**	**(2,392)**	**-**	**1,223,486**
Operating income (expenses)						
Selling, general and administrative expenses	(75,958)	605	(1,010)	(593)	-	(76,956)
Provision for impairment of assets	(162,809)	-	-	-	-	(162,809)
Other operating income, net	383	-	-	42	-	425
	(238,384)	**605**	**(1,010)**	**(551)**	**-**	**(239,340)**
Equity income	**-**	**-**	**-**	**-**	**147,418**	**147,418**
PROFIT (LOSS) BEFORE FINANCIAL AND TAX RESULTS	**823,321**	**159,451**	**4,317**	**(2,943)**	**147,418**	**1,131,564**

Notes to the Financial Statements

	2nd quarter of 2020					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME	**1,990,085**	**433,795**	**254,087**	**8,548**	**-**	**2,686,515**
Operating costs	(907,219)	(413,153)	(250,846)	(11,148)	-	(1,582,366)
GROSS PROFIT (LOSS)	**1,082,866**	**20,642**	**3,241**	**(2,600)**	**-**	**1,104,149**
Operating income (expenses)						
Selling, general and administrative expenses	(64,725)	(164)	(649)	(1,120)	-	(66,658)
Other operating income, net	(188)	-	-	-	-	(188)
	(64,913)	**(164)**	**(649)**	**(1,120)**	**-**	**(66,846)**
Equity income	**-**	**-**	**-**	**-**	**161,518**	**161,518**
PROFIT (LOSS) BEFORE FINANCIAL AND TAX RESULTS	**1,017,953**	**20,478**	**2,592**	**(3,720)**	**161,518**	**1,198,821**

	6-month period ended 6.30.2021					
	Electric energy					
	Generation	Transmission	Trading	Solar panels	Gas transportation	Consolidated
NET OPERATING INCOME		**1,613,154**	**558,223**	**17,361**	**-**	**6,383,005**
Operating costs	(1,887,877)	(1,297,564)	(549,751)	(20,792)	-	(3,755,984)
GROSS PROFIT	**2,306,390**	**315,590**	**8,472**	**(3,431)**	**-**	**2,627,021**
Operating income (expenses)						
Selling, general and administrative expenses	(143,242)	(212)	(1,996)	(1,607)	-	(147,057)
Provision for impairment of assets	(162,809)	-	-	-	-	(162,809)
Other operating (expenses) income, net	(192)	-	-	42	-	(150)
	(306,243)	**(212)**	**(1,996)**	**(1,565)**	**-**	**(310,016)**
Equity income	**-**	**-**	**-**	**-**	**321,947**	**321,947**
PROFIT BEFORE FINANCIAL AND TAX RESULTS	**2,000,147**	**315,378**	**6,476**	**(4,996)**	**321,947**	**2,638,952**

Notes to the Financial Statements

	6-month period ended 6.30.2021					
	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	**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 expenses, net	(69)	-	-	-	-	(69)
	(124,131)	**(187)**	**(1,507)**	**(3,018)**	**-**	**(128,843)**
Equity income	**-**	**-**	**-**	**-**	**264,419**	**264,419**
PROFIT BEFORE FINANCIAL AND TAX RESULTS	**1,998,885**	**33,245**	**6,950**	**(8,154)**	**264,419**	**2,295,345**

NOTE 32 – INSURANCE

a) Operating and lost profit risks

The Company is covered by the international insurance policy for Property Damage and Business Interruption (PDBI) of the corporate insurance program of its parent company ENGIE. The PDBI policy is valid until 5.31.2022 and the risk coverage amount is R$ 13,567,654 in the parent company and R$ 31,901,283 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	3,320,815	14,773,163	3,848,438
Thermal power plants	-	-	5,051,842	1,818,975
Complementary plants (wind, solar, biomass and SHPP)	49,291	731	5,358,200	1,050,665
	10,246,108	**3,321,546**	**25,183,205**	**6,718,078**

The maximum combined limit of indemnification for material damages and loss of profits is R$ 3,747,120 per event.

In 2021, due to the operational startup of the complexes, an exclusive operating risk insurance policy was contracted for the Campo Largo II Wind Power Complex, covering pecuniary damages and loss of profits in the amounts of R$ 680,391 and R$ 197,124, respectively, totaling R$ 877,515. The validity of the policy ends on 3.19.2022.

The indirect subsidiaries CLWP Eólica Parque XX and CLWP Eólica Parque XXII, whose authorizations for commercial operation were granted on 6.25.2021, were added to the policy of the Campo Largo II Wind Power Complex starting from April 2021.

Notes to the Financial Statements

b) Engineering risks

The Company has insurance policies for Campo Largo II Wind Power Complex and Gralha Azul and Novo Estado Transmission Systems, whose caps for pecuniary damages are R$ 1,393,182, R$ 1,000,000 and R$ 500,000, respectively.

c) Other coverages

The Company has insurance to cover national and international transportation risks, civil liability of the directors, officers and management, political violence and terrorism extended to its subsidiaries, as well as group life insurance for its employees and officers.

d) Insurance indemnifications

In May 2019, there was an accident at a generation unit of the Jaguara Hydroelectric Power Plant and the unit remained unavailable until February 2020. The Company and the insurer concluded the negotiations during 2021 and all amounts due were received by the direct subsidiary Jaguara. Moreover, in April and July 2020, accidents occurred in CLWP Eólica Parque III and Usina Lages Bioenergética, respectively, resulting in exposure to loss of profits and pecuniary damages. The Company and the insurers are currently negotiating the coverages of these accidents.

NOTE 33 – LONG-TERM COMMITMENTS

The Company has long-term agreements, which are detailed in Note 40 – Long-term commitments, of the financial statements of 12.31.2020.

The main long-term commitments of the Company are:

- Contracts for the Use of the Transmission and Distribution System (CUST and CUSD);

- Contracts for purchase of coal at Pampa Sul and Diamante;

- Contracts for connection to the power grid;

- Operation and maintenance contracts;

- Renegotiation of hydrological risk;

- Contracts for modernization of plants;

- Bilateral contracts for purchase and sale of electricity; and

- Contracts for construction of Plants and Transmission Systems in progress.

Additionally, on 1.15.2021, the Company informed its shareholders and the market of the execution of an agreement for the supply of wind turbines to the Santo Agostinho Wind Power Complex. The estimated future commitment on 6.30.2021 was R$ 2,215 million and the conclusion is expected in the first half of 2023.

Except for the contract described above, there was no significant change in the long-term commitments in the six-month period ended 6.30.2021.

Notes to the Financial Statements

NOTE 34 – ADDITIONAL CASH FLOW INFORMATION

The following complementary cash flow transactions were as follows:

	Parent Company		Consolidated	
	6.30.2021	6.30.2020	6.30.2021	6.30.2020
Additional dividends for 2020 credited	609,594	-	609,594	-
Transfer of interest due to corporate restructuring (Note 11)	598,442	-	-	-
Dividends from subsidiaries	569,913	410,267	357,500	321,750
Dividends and interest on equity not claimed	10,177	3,978	10,177	3,978
Income tax and social contribution credit	(9,959)	(2,397)	(13,006)	3,577
Suppliers of property, plant and equipment and intangible assets	(189)	(30)	(84,437)	(61,103)
Capitalized interest, inflation adjustment and depreciation	-	-	60,785	16,889
Provisions for divestment with no cash effect on investments in property, plant and equipment and intangible assets	-	-	17,099	-
Provisions for expropriations without cash effect in transmission construction	-	-	200	-
Net assets of subsidiaries acquired	-	-	-	136,093
Fair value of project rights acquired	-	-	-	236,021
Goodwill	-	-	-	80,247
PIS and Cofins credit on property, plant and equipment	-	-	-	(29,413)

NOTE 35 – SUBSEQUENT EVENTS

a) Interim dividends

At the meeting held on 8.5.2021, the Board of Directors approved the distribution of interim dividends based on the quarterly information on 6.30.2021, in the amount of R$ 790 million, corresponding to R$ 0.9676321449 per share, equivalent to 100% of the adjusted net income in the 1st half of 2021. The Company's shares will be traded ex-interim dividends as of 8.17.2021 and the date of payment will be defined later by the Executive Board and informed through a Notice to Shareholders.

b) Accident in the construction of Novo Estado Project

On 7.19.2021, the Company informed its investors and the market of an accident involving professionals from Sigdo Koppers Ingeniería y Construcción (SKIC), contracted by Novo Estado Transmissora de Energia S.A., an indirect subsidiary of the Company, to lay a part of Novo Estado's transmission lines.

ENGIE immediately stopped all activities involving the implementation of the project and measures are being taken by SKIC to assist the accident victims and their families, under the Company's supervision. Work resumed gradually, initially of activities not involving heights or high risks. A multidisciplinary commission is investigating this unfortunate accident, preparing an action plan and updating the procedures for the safe resumption of activities.

c) Contracting of debts

On 7.6.2021, the Company borrowed a loan from Scotiabank, an overseas financial institution, in the amount of US$ 102 million, equivalent to R$ 530 million, which was disbursed after the conditions were met. Concomitantly, on 7.23.2021, the Company signed a swap agreement with the Brazilian subsidiary of the same financial institution for prepaying the financing for the Trairí and Santa Mônica Wind Power Complexes and the São Salvador Hydroelectric Power Plant.

Notes to the Financial Statements

d) Establishment of Special Independent Committee for Related-Party Transactions

In order to gradually replace thermal power with generation from renewable resources, the Board of Directors meeting held on 8.5.2021 approved the establishment of a Special Independent Committee for Related-Party Transactions to evaluate the acquisition of the Paracatu and Floresta Photovoltaic Complexes, located in Minas Gerais and Rio Grande do Norte, respectively, with installed capacity of 259.8 MWp. The assets are controlled by Solaire Direct, a company pertaining to the ENGIE Group, and were contracted for 20 years through the 2nd Reserve Energy Auction of 2015.

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 6.30.2021 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 2021

Estimate for the years 2021, 2022 and 2023, announced in the 1st quarter of 2021:

Description \ Projection period	2021	2022	2023
Financed with debt	3,271	935	397
Financed with own capital	379	629	357
Total	**3,650**	**1.564**	**754**

Estimate for the years 2021, 2022 and 2023, announced in the 2nd quarter of 2021:

Description \ Projection period	2021	2022	2023
Financed with debt	3,271	935	397
Financed with own capital	401	636	364
Total	**3,672**	**1,571**	**761**

Changes in the estimates informed for the years 2021, 2022 and 2023 between the 1st and 2nd quarters of 2021:

Description \ Projection period	2021	2022	2023
Financed with debt	-	-	-
Financed with own capital	22	7	7
Total	**22**	**7**	**7**

Analysis of material changes:

Changes in relation to the last reporting period were largely due to the change in the financial calendar of the Novo Estado and Gralha Azul Transmission Systems, the modernization project of Salto Osório and the maintenance of the generation complex.

Investments made until the 2nd quarter of 2021:

The total investments of ENGIE Brasil Energia in the 2nd quarter of 2021 amounted to R$ 1,878 million, of which (i) R$ 1,759 million was invested in the construction of new projects: R$ 947 million in Novo Estado Transmission System, R$ 434 million in Gralha Azul Transmission System, R$ 321 million in Campo Largo II Wind Power Complex and R$ 57 million in the Santo Agostinho Wind Power Plant; (ii) R$ 103 million was allocated to maintenance and renovation projects of the generation park; and (iii) R$ 16 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, 2021, which comprise the balance sheet as of June 30, 2021 and the related statements of income, comprehensive income for the three- and six-month periods then ended, 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 on parent company interim financial information
Based on our review, we are not aware of any fact 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 technical pronouncement CPC 21 (R1) applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the CVM.

Conclusion on consolidated interim financial information
Based on our review, we are not aware of any fact that would lead us to believe that the consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1) and international standard IAS 34 applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the 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, 2021, 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 technical pronouncement and consistent with the parent company and consolidated interim financial information taken as a whole.

Joinville, August 5, 2021.

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, August 5, 2021.

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

The Company's management declares that it has examined, discussed and reviewed all information contained in the Company's Quarterly Information (parent company and consolidated) and also agrees with the opinion of the independent auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

Eduardo Antonio Gori Sattamini

Chief Executive and Investor Relations Officer

Marcelo Cardoso Malta

Chief Financial Officer

Gabriel Mann dos Santos

Chief Energy Commercialization Officer

Guilherme Slovinski Ferrari

Chief Business Development, Strategy and Innovation Officer

José Luiz Jansson Laydner

Chief Operation Officer

Marcos Keller Amboni

Chief Regulation and Market Officer

Luciana Moura Nabarrete

Chief Administrative Officer

Márcio Daian Neves

Chief Implementation Officer

Florianópolis, August 5, 2021.

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

The Company’s management declares that it has examined, discussed and reviewed all information contained in the Company’s Quarterly Information (parent company and consolidated) and, also agrees with the opinion of the independent auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes as presented in the Special Review Report of the Independent Auditors.

Eduardo Antonio Gori Sattamini

Chief Executive and Investor Relations Officer

Marcelo Cardoso Malta

Chief Financial Officer

Gabriel Mann dos Santos

Chief Energy Commercialization Officer

Guilherme Slovinski Ferrari

Chief Business Development, Strategy and Innovation Officer

José Luiz Jansson Laydner

Chief Operation Officer

Marcos Keller Amboni

Chief Regulation and Market Officer

Luciana Moura Nabarrete

Chief Administrative Officer

Márcio Daian Neves

Chief Implementation Officer

Florianópolis, August 5, 2021.