Gás Natural Açu S.A.

Financial statements on December 31, 2018 and 2019

Contents

KPMG Auditores Independentes
Rua do Passeio, 38 - Setor 2 - 17º andar - Centro
20021-290 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brasil
Telefone +55 (21) 2207-9400
kpmg.com.br

Independent Auditor's Report on Individual and Consolidated Financial Statements

(A free translation of the original report in Portuguese, prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards - IFRS)

To the Shareholders and Board of directors of
Gás Natural Açu S.A.
Rio de Janeiro – RJ

Opinion

We have audited the individual and consolidated financial statements of Gás Natural Açu S.A ("the Company"), respectively referred to as Individual and Consolidated, which comprise the balance sheet as of December 31, 2019, and the statements of operations and other comprehensive loss, changes in shareholder´s equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with Accounting Practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the relevant ethical requirements included in Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with Accounting Practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiary or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company and its subsidiary's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiary to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial

statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, March 26, 2020

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Original in Portuguese signed by

Juliana Ribeiro de Oliveira
CRC RJ-095335/O-0

Gás Natural Açu S.A.

Balance sheets December 31st, 2019 and 2018

(In thousands of Brazilian Reais)

		Parent Company		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Current Assets					
Cash and cash equivalents	10	2,758	5,161	370,331	60,447
Escrow account	11	-	-	-	200
Accounts receivable	12	13,399	19,899	-	-
Other advances		51	146	441	207
Recoverable taxes	13	105	75	2,963	961
Income tax and contribution Recoverable	13	1.740	-	1.861	490
Prepaid expenses	14	9	4	29,548	46,328
Derivative financial instruments	29	-	-	2.684	-
Other receivables		11	1	170	4
Total current assets		**18,073**	**25,286**	**407,998**	**108,637**
Non-current					
Prepaid expenses	14	-	13	8,026	20,978
Deferred taxes	15	-	-	19,512	7,019
Derivative financial instruments	29	-	-	667	-
Escrow account	11	-	-	11,446	-
Recoverable taxes	13	40	-	362	-
Investments	16	1,141,984	541,614	-	-
Property, plant and equipment	17	3,047	3,234	3,182,737	803,422
Intangible assets	18	15	15	30,948	30,828
Right of use assets	19	25	-	104,883	-
Total of non-current assets		**1,145,111**	**544,876**	**3,358,581**	**862.247**
Total assets		**1,163,184**	**570,162**	**3,766,579**	**970,884**

The notes are an integral part of the financial statements.

Gás Natural Açu S.A.

Balance sheets December 31st, 2019 and 2018

(In thousands of Brazilian Reais)

		Parent Company		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Current Liabilities					
Suppliers	20	164	380	74,548	9,284
Salaries and charges payable	21	2,411	2,543	15,802	7,676
Accounts payable	12	8,240	4,034	86,793	6,175
Taxes payable	22	135	172	2,698	2,670
Derivative financial instruments	30	-	-	3.941	-
Other accounts payable		-	-	80	-
Income tax and social contribution Payable	22	1,162	-	1,443	-
Trade accounts payable	23	-	-	5,700	9,579
Loans and borrowings	24	-	-	62,416	-
Lease liabilities	19	18	-	1,244	-
Total current liabilities		**12,130**	**7,129**	**254,665**	**35.384**
Non-current					
Derivative financial instruments	29	-	-	2,653	-
Trade accounts payable	23	-	-	16,477	21,385
Provision for loss of investments	16	3,710	-	-	-
Loans and borrowings	24	-	-	1,576,332	-
Lease liabilities	19	8	-	118,926	-
Provision for contingencies	25	-	-	270	-
Total non-current liabilities		**3,718**	**-**	**1,714,658**	**21,385**
Shareholders' equity	26				
Share capital		614,058	141,833	614,058	141,833
Advance for future capital increase		-	300,624	-	300,624
Capital reserves		614,058	169,577	614,058	169,577
Adjustment of equity valuation		16,714	11,719	16,714	11,719
Accumulated losses		(97,474)	(60,720)	(97,494)	(60,720)
Total shareholders' equity to the controlling shareholders		**1,147,356**	**563,033**	**1,147,336**	**563,033**
Non-controlling interests		-	-	649,920	351,082
Total shareholders' equity		**1,147,356**	**563,033**	**1,797,256**	**914,115**
Total liabilities and shareholders's equity		**1,163,184**	**570,162**	**3,766,579**	**970,884**

The notes are an integral part of the financial statements.

Gás Natural Açu S.A.

Statements of operations

December 31st, 2019 and 2018

(In thousands of Brazilian Reais)

		Parent Company		Consolidated	
	Note	**2019**	**2018**	**2019**	**2018**
Operating expenses					
General and administrative expenses	27	1,846	(6,315)	(67,957)	(35,301)
Impairment and other losses	10	-	(1)	(33)	(6)
Other revenues		7	-	7	-
Other expenses		(6)	-	(6)	-
Net before financial result		**1,847**	**(6,316)**	**(67,989)**	**(35,307)**
Net financial income (expenses)					
Finance income	28	366	233	20,231	3,442
Finance expenses	28	384	(69)	(22,332)	(2,090)
Results in equity-accouted investments	16	(38,209)	(14,231)	-	-
Net before income taxes		**(35,612)**	**(20,383)**	**(70,090)**	**(33,955)**
Current income and social contribution taxes	15	(1,162)	-	(2,199)	-
Deferred income and social contribution taxes	15	-	-	12,493	7,019
Loss for the year		**(36,774)**	**(20,383)**	**(59,796)**	**(26,936)**
Result attributable to:					
Controlling shareholders		(36,774)	(20,383)	(36,774)	(20,383)
Non-controlling interests		-	-	(23,002)	(6,553)
Loss for the year		**(36,774)**	**(20,383)**	**(59,796)**	**(26,936)**

The notes are an integral part of the financial statements.

Gás Natural Açu S.A.

Statements of comprehensive income (loss)

Years ended December 31st, 2019 and 2018

(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Loss for the year	**(36,774)**	**(20,383)**	**(59,796)**	**(26,936)**
Items that can subsequently be reclassified to profit loss				
Gain and (loss) on the subsidiaries Interest	(6,141)	11,719	(6,141)	11,719
Losses on hedge operations	(2,064)	-	(2,064)	-
Total comprehensive loss of the year	**(44,979)**	**(8,664)**	**(68,001)**	**(15,217)**

The notes are an integral part of the financial statements.

Gás Natural Açu S.A.

Statements of changes in Shareholders’ equity

December 31st, 2019 and 2018

(In thousands of Brazilian Reais)

	Shaere Capital		Capital Reserve		Other comprehensive incomes						
	Subscribed	**To be integralized**	**Goodwill on the issuance of shares**	**Advance for future capital increase**	**Siemens subscription bonus**	**Equity evaluation adjustment**	**Gain (loss)/ on the percentage change on investments**	**Accumulated losses**	**Total**	**No-controlling interest**	**Total Shareholders’ equity**
Balance on January 1st, 2018	**16,021**	**-**	**-**	**15,656**	**13,200**	**-**	**-**	**(40,337)**	**4,540**	**1**	**4,541**
Loss for the year	-	-	-	-	-	-	-	(20,383)	**(20,383)**	(6,553)	**(26,936)**
Capital increase	140,356	-	-	-	-	-	-	-	**140,356**	-	**140,356**
Capital to be paid	-	(14,544)	-	-	-	-	-	-	**(14,544)**	-	**(14,544)**
Advance for future capital increase	-	-	-	284,968	-	-	-	-	**284,968**	-	**284,968**
Goodwill on the issuance of shares	-	-	156,377	-	-	-	-	-	**156,377**	-	**156,377**
Apportionment of shareholders on GNA Infra	-	-	-	-	-	-	11,719	-	**11,719**	56,594	**68,313**
Apportionment of shareholders on UTE GNA I	-	-	-	-	-	-	-	-	**-**	294,132	**294,132**
Apportionment of shareholders on UTE GNA II	-	-	-	-	-	-	-	-	**-**	6,908	**6,908**
Balance on December 31st, 2018	**156,377**	**(14,544)**	**156,377**	**300,624**	**13,200**	**-**	**11,719**	**(60,720)**	**563,033**	**351,082**	**914,115**
Loss for the year	-	-	-	-	-	-	-	(36,774)	**(36,774)**	(23,022)	**(59,796)**
Capital increase	459,702	-	-	(300,624)	-	-	-	-	**159,078**	-	**159,078**
Capital to be paid	-	12,523	-	-	-	-	-	-	**12,523**	-	**12,523**
Goodwill on the issuance of shares	-	-	457,681	-	-	-	-	-	**457,681**	-	**457,681**
Apportionment of shareholders on GNA Infra	-	-	-	-	-	-	(6,141)	-	**(6,141)**	6,141	**-**
Apportionment of shareholders on UTE GNA I	-	-	-	-	-	-	-	-	**-**	316,898	**316,898**
Losses on hedge operations	-	-	-	-	-	(2,064)	-	-	**(2,064)**	(1,179)	**(3,243)**
Balance on December 31st, 2019	**616,079**	**(2,021)**	**614,058**	**-**	**13,200**	**(2,064)**	**5,578**	**(97,494)**	**1,147,336**	**649,920**	**1.797,256**

The notes are an integral part of the financial statements.

Gás Natural Açu S.A.

Statements of cash flows

December 31st, 2019 and 2018

(In thousands of Brazilian Reais)

	Parent Company		Consolidated	
	2019	2018	2019	2018
Cash flow from operating activities				
Loss before taxes	(35,612)	(20,383)	(70,090)	(33,955)
Adjustments for:				
Depreciation and amortization	332	85	1,011	101
Residual value of the retired sending assets	6	-	6	-
Exchanges losses	-	-	(779)	1,385
Impairrment		1	33	6
Provisions for contingencies	-	-	270	-
Result on Equity in earnings	38,209	14,231	-	-
Adjusted net losses	**2,935**	**(6,066)**	**(69,549)**	**(32,463)**
(Increase) decrease in assets and increase (decrease) in liabilities:				
Recoverable taxes	(1,810)	(71)	(3,734)	(1,447)
Prepaid expenses	8	(17)	29,732	(65,222)
Other advances	95	(125)	(235)	(186)
Other receivables	(10)	(1)	(167)	(4)
Escrow accounts	-	-	(9,873)	(200)
Accounts receivables	6,502	(19,900)	(33)	(6)
Suppliers	(216)	(4,242)	65,264	3,201
Accounts payable	4,206	2,159	71,407	3,677
Taxes payable	(37)	(18)	(726)	2,480
Other accounts payable	-	-	80	-
Trade accounts payable	-	-	(9,381)	(421)
Salaries and charges payable	(132)	251	8,126	5,384
Net cash provided by (used in) operating Activities	**11,541**	**(28,030)**	**80,912**	**(85,207)**
Cash flows from investing activities				
Acquisition of PPE	(151)	(3,319)	(2,251,245)	(791,463)
Acquisition of intangible assets	-	(15)	(136)	(828)
Capital increase in subsidiary	(321,533)	(234,219)	-	-
Capital reserve in subsidiary	(321,542)	(289,655)	-	-
Advance for future capital increase	-	(6,780)	-	-
Net cash used in investing activities	**(643,226)**	**(533,988)**	**(2,251,381)**	**(792.291)**
Cash flow from financing activities				
Capital increase per controlling shareholder	171,601	125,812	171,601	125,812
Capital increase per non-controlling shareholder	-	-	316,898	369,353
Advance for future capital increase	-	284,968	-	284,968
Capital Reserves	457,681	156,377	457,681	156,377
New loans	-	-	2,000,591	-
Transaction cost related to loans	-	-	(452,531)	-
Loans payment	-	-	(5,277)	-
Passive lease payment	-	-	(1,623)	-
Mutual - Infra - release	-	-	561,390	-
Mutual - Infra - payment	-	-	(565,838)	-
Mutual - Siemens - release	-	-	320,425	-
Mutual - Siemens - payment	-	-	(322,964)	-
Net cash provided by financing activities	**629,282**	**567,157**	**2,480,352**	**936,510**
Increase in cash and cash equivalents	**(2,403)**	**5,139**	**309,884**	**59,012**
At the beginning of the year	5,161	22	60,447	1,435
At the end of the year	2,758	5,161	370,331	60,447
Increasein cash and cash equivalent	**(2,403)**	**5,139**	**309,884**	**59,012**

The notes are an integral part of the financial statements.

Notes to the financial statements

(In thousands Reais,unless stated otherwise)

1 Operations

Gás Natual Açu S.A. hereinafter referred to as “GNA HoldCo” or “Companhia”, previous called SDX Investments Ltda, was incorporated On October 15th 2014. On October 19th, 2017, the transformation of legal type of the Company was made, which changed from a limited-liability company to privately held company. Its direct Parent company is Prumo Logística S.A. (“Prumo”) and its indirect Parent company is BP Global Investments (“BP”). GNA HoldCo has corporate investment in Gás Natural Açu Infraestrutura S.A (“GNA Infra”), UTE GNA II Geração de Energia Ltda (Power Generation) (“UTE GNA II”) and Natural Gas Açu Trading Company (“GNA Comercializadora”).

The Company and its subsidiaries (“Grupo GNA”) aim to develop the purchase and sale of liquefied natural gas (“LNG”), processing, beneficiation and treatment of natural gas from offshore production and LNG regasification, generation, transmission and sale of energy and electrical capacity, and intermediation in the purchase and sale of energy and electrical capacity.

The UTE GNA I Geração de Energia S.A. Project ("UTE GNA I") aims to build a combined cycle gas thermoelectric plant of around 1,300 MW that will meet UTE Novo Tempo's contractual obligations derived from its power trading contracts; from a LNG regasification terminal project ("Regasification Terminal"), which will provide the capacity to import natural gas for the UTE GNA I Project, for future power plants, and for other potential projects in the Industrial area of the Port of Açu, in addition to being part of the development of the so-called “Açu Gas Hub”, strategically located in the northeast of the state of Rio de Janeiro, which aims to offer an efficient logistics solution for the trading and consumption of natural gas and its products.

The thermoelectric works are in progress, as well as the construction of the LNG Regasification Terminal and the work for cabling the 345 kV Transmission Line, which will drain the energy produced by UTE GNA I.

The works of UTE GNA I started in March 2018 and, currently, about 92.5% of the project has already been completed, following the agreed schedule. The civil construction works are being concluded and the electromechanical assembly stage has started.

About 99.7% of the thermoelectric equipment is already in Porto do Açu, including boiler components, condensers and generators. All the turbines have arrived, according to the schedule.

Licenses -

The Company has preliminary environmental licenses for up to 3.0 GW in combined-cycle thermoelectric.

Company	Description	Document	Issuance date	Term
GÁS NATURAL AÇU S.A.	PRELIMINARY LICENSE for conception and location of Thermal Power Plant, a Gas Liquefied composed of five generating blocks with maximum capacity of 660 MW each, divided into three blocks for UTE GNA III and 2 blocks for UTE GNA IV.	LP no. IN049617	06/26/2019	10/17/2020
UTE GNA II GERAÇÃO DE ENERGIA S.A.	License for installation of a thermal plant powered by natural gas, with an installed capacity of 1,672.6MW in a combined cycle.	LI no. IN050962	01/16/2020	01/16/2025
UTE GNA I GERAÇÃO DE ENERGIA S.A.	License for installation of UTE GNA I Geração de Energia S.A., with natural gas, with an installed capacity of 1,298,968MW, in combined cycle, and 1.6KM transmission line, considering changes in layout, auxiliary infrastructure (utilities, treatment water, administrative buildings, container workshop, storage room and laboratory) and temporary infrastructure for deployment (construction sites), suppression of restinga vegetation in an area of 1.4907 hectares and to capture, transport, rescue and monitor wild fauna.	LI no. IN04056 AVB004002	08/14/2018	03/09/2023
GÁS NATURAL AÇU S.A.	Issuance of the Preliminary License (PL) no. IN032607 in order to approve the design and location for the implementation of a Thermal Power Plant, in combined cycle, comprising two (2) generating blocks (UTE-1 and UTE-2) with maximum installed capacity of approximately 3,100 MW and its external structures (gas pipeline, Submarine Emissary, Transmission Line and Pipeline).	LP no. IN032607 AVB002932 AVB003518	12/02/2015	11/30/2020
UTE GNA I GERAÇÃO DE ENERGIA S.A.	Preliminary license and installation approving the localization design, and deployment of a temporary construction site and an area of approximately 65,000 m², contemplating the suppression of 277 isolated native arboreal individuals in an area of 5.89 ha of pasture and 0.06 ha of live fences of exotic species Euphorbia tirucalli (gaiolinha) and groups of exotic species Syzygium cumini (Java plum).	LPI no. IN047115	11/12/2018	11/12/2023
GÁS NATURAL AÇU S.A.	Preliminary License approving the conception and location design of deployment of Port and Import and LPG Regasification Terminal, LPG and derivatives, with a gas processing capacity of 42 million m3 / day, to be implemented at the South Terminal of the port of Açu.	LP no. IN042348	11/27/2017	11/26/2022
UTE GNA I GERAÇÃO DE ENERGIA S.A.	Earthworks license; construction site; and deployment of the LNG regasification port terminal, at the North Seawall of terminal 2 of the Port of Açu, and of support structures (Floating Regaisefication and Storage Unit - FSRU, gas pipeline, Medication Station or Custody Transfer Station, adductor, effluent pipeline, spillway and diffuser) to carry out the activities of receiving, storing, regasifying and dispatching natural gas.	LI no. IN047687 AVB004217	18/12/2018	18/12/2020
UTE GNA I GERAÇÃO DE ENERGIA S.A.	Environmental Authorization for fauna management aiming at capturing, collecting and transporting wild fauna to be carried out during the cabling phase of the 345 kV Transmission Line (LT).	AA no. IN003296	04/24/2019	04/24/2021
	Deployment license for the 345 kV Transmission Line implementation, with double circuit of power transmission and 58 km extension, and the power substation, connecting UTE GNA I with Campo dos Goytacazes substation - Industrial District.	LI no. IN050586	11/04/2019	11/04/2020
GÁS NATURAL AÇU S.A.	Environmental Authorization for handling of fauna, aimed at the survey of wild fauna of Açu Gas pipeline - Macaé (GASINF)	AA no. IN002712	01/21/2019	21/01/2021
GÁS NATURAL AÇU S.A.	Preliminary License for system consisting of two 45.4 km long gas pipelines and a flow capacity of 10 million cubic meters / day each to be installed from the Industrial Complex Porto do Açu to the valves room of the Cabiúnas-Vitória Gas pipeline.	LP no. IN050785	12/20/2019	12/20/2020

a. ***Going concern***

The financial statements have been prepared based ongoing concern basis, which assumes that the Company will obtain sufficient financial resources to generate future cash flow.

The Company recognized a loss of R$ 36,754 in the Parent company and R$ 59,756 in the consolidated for the year ended on December 31, 2019 and R$ 20,383, in the Parent and R$ 26,936, in the consolidated, on December 31, 2018) and, on that date, current liabilities exceed current assets by R$ 5,943 in the subsidiary and current assets exceed current liabilities by R$ 153,341 in the consolidated. Management does not recognize the uncertainty about the future capacity to generate operating cash flow, considering:

- Capital increase of R$ 457,681, see explanatory note 27.a; and
- Future operational cash flow, based on the business plan reviewed by specialized consultants periodically.
- The subsidiary UTE GNA I, in August 2019, obtained financing for its work. Disbursements were released in the amount of R $ 1,224,804, by BNDES and R $ 804,059, by IFC. See opening numbers in explanatory note 24.

2 Group Companies

		Equity share	
Direct Parent Companies	**Country**	**2019**	**2018**
Gás Natural Açu Infraestrutura (“GNA Infra”)	Brazil	95,03%	90,66%
UTE GNA II Geração de Energia Ltda (“GNA II”)	Brazil	49.50%	49.50%
Gás Natural Açu Comercializadora de energia Ltda (Trading company) (“GNA Comercializadora”)	Brazil	-	99.00%
Direct Parent Companies			
UTE GNA I Geração de Energia S.A.(“GNA I”)	Brazil	67.00%	67.00%

3 Basis of preparation and presentation of the financial statements

Compliance statement (with respect to IFRS and CPC standards)

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and also in accordance with accounting practices adopted in Brazil (BR GAAP).

The issuance of the financial statements was authorized by Company Management on March 26, 2020.

Details on the Company's accounting policies are presented in note 8.

This is the first set of the Company's annual financial statements in which the CPC 06 (R2)/IFRS 16 - Leases have been applied. The related changes in the main accounting policies are described in explanatory note 8.

All relevant information specific to the financial statements, and only them, are being disclosed, and correspond to that used by Management in its management.

4 Basis of preparation

The financial statements has been prepared on the historical cost basis, except for financial instruments measured at fair value through the profit and loss.

5 Functional currency

These financial statements are presented in Reais, which is the Company's functional currency. All balances has been rounded to the nearest thousand, unless stated otherwise.

6 Use of judgments and estimates

Judgments, estimates and assumptions are used to measure and recognize certain assets and liabilities in the Company's financial statements. These estimates took into account experience from past and current events, assumptions about future events and other objective and subjective factors.

Significant items subject to estimates include the evaluation of the useful life of the fixed assets, the analysis of the recovery of the values of the fixed, intangible assets, the evaluation of the recoverable amount of the deferred income and social contribution taxes, financial instruments, among others. The future liquidation of transactions involving these estimates may result in amounts different from those recorded in the Financial Statements due to the inaccuracies inherent in the process of their determination. The Company reviews its estimates and assumptions at least annually.

In preparing these financial statements for the year ended on December 31, 2019, the accounting policies adopted are uniform to those used when preparing the Financial Statements of December 31, 2018, except for the new accounting policies related to the adoption of CPC 06 (R2)/IFRS 16.

7 Initial adoption of new pronouncements

b. *ICPC 22 - Uncertainty over Profit Tax Treatments (IFRIC 23 - Uncertainty over Income Tax Treatments)*

This Interpretation clarifies how to apply the recognition and measurement requirements of CPC 32 (IAS 12) - Taxes on profit, when there is uncertainty about the treatment of tax on profit. The entity shall recognize and measure its current or deferred tax assets or liabilities, applying the requirements of CPC 32 (IAS 12) based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined, applying this Interpretation.

The Company assessed the requirements of this new interpretation and concluded that there is no significant impact on the financial statements.

c. ***CPC 06 (R2)/IFRS 16 Commercial Lease Operations***

The Company initially applied CPC 06 (R2)/IFRS 16 as of January 1st, 2019. A number of other new standards also came into effect as of January 1st, 2019, but did not materially affect the Company's financial statements.

(i) Lease definition

Previously, the Company determined, at the beginning of the contract, whether it was or contained alease in accordance with ICPC 03/IFRIC 4 Complementary Aspects of Commercial Lease Operations. The Company now assesses whether a contract is or contains a lease based on the definition of lease, described in explanatory note 8.

The Company has right of use assets in a specific line in the equity balance sheet. The carrying amounts of the right-of-use assets are as follows:

	In thousands of Reais	
	Parent Company	**Consolidated**
Balance on January 1st, 2019	3,972	344,867
On January 31, 2019	25	104,882

(ii) Impact on the fiscal year

The Company adopted CPC 06 (R2) / IFRS 16 using a simplified approach and will not re-present the comparative information, consequently, the comparative information presented for 2018 are not re-presented - that is, they are presented, as previously reported, according to the CPC 06 (R1) / IAS 17 and related interpretations. Details of changes in accounting policies are disclosed below. In addition, the disclosure requirements in CPC 06 (R2) / IFRS 16 in general have not been applied to the comparative information.

When measuring lease liabilities classified as operational, the Company discounted lease payments using specific incremental rates for each contract as follows:

Contracts	**Rates**
Commercial room	9.98%
Land	10.35%
Printers;	9.90%

(iii) As lessee

As a lessee, the Company leases several assets, including real estate and IT equipment. In accordance with CPC 06 (R2)/IFRS 16, the Company recognizes rights-of-use assets and lease liabilities for most of these leases - that is, these leases are on the equity balance sheet.

(iv) Impact on fiscal year

As a result of the initial application of CPC 06 (R2) / IFRS 16, in relation to leases that were previously classified as operational, the impact on the financial statements is summarized below:

In thousands of Reais	**Parent Company December 31st, 2019**	**Consolidated December 31st, 2019**
Current		
Right-of-use assets	25	104,858
Depreciation - Fixed assets in progress	-	4,219
Interest - Fixed assets in progress	-	10,916
Current		
Lease Liabilities	26	120,144
Result		
Depreciation	488	541
Interest	(203)	191

(a) The rent of the land is a cost directly attributable to the construction of the thermoelectric plant, therefore, according to IAS 16, the Company is capitalizing the amortization portion until the thermoelectric plant is effectively ready to operate.
(b) The rent of the land is a cost directly attributable to the construction of the thermoelectric plant, therefore, according to IAS 16, the interest attributed to this contract is being capitalized.

8 Summary of significant accounting policies

The Company applied the accounting policies described below consistently to all the fiscal years presented in these financial statements, unless otherwise stated.

a. Financial instruments

(i) Financial assets

Financial assets include cash and cash equivalents, accounts receivable between related parties and derivatives.

The Company initially recognizes receivables on the date they were originated. All other financial assets and liabilities are initially recognized when the Company becomes part of the contractual provisions of the instrument.

A financial asset that does not have a significant financing component is initially measured at fair value plus transaction costs that are attributable to its acquisition or issue - for an item that is not at fair value through profit or loss (FVPL). Accounts receivable from related parties without a significant financing component are initially measured at the transaction price.

The Company ceases to recognize a financial asset when the contractual rights to the asset's cash flows expire, or when the Company transfers the rights to receive the contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of the ownership of the financial asset are transferred, or in which the Company does not transfer or retain substantially all the risks and benefits of ownership and does not control the financial asset.

Subsequent Classification and Measurement
Upon initial recognition, a financial asset is classified as measured: at amortized cost; FVOCI (Fair Value through other comprehensive income) or FVPL (Fair Value through profit or loss, based on:

- the business model for the management of financial assets;
- the contractual cash flow characteristics of the financial asset.

The Company measures the financial asset at amortized cost when: (i) the financial asset is maintained within the business model whose objective is to maintain financial assets in order to receive contractual cash flow; and (ii) the contractual terms of the financial asset give rise on specified dates, to cash flows that constitute, exclusively, payments of principal and interest on the principal amount outstanding.

The financial asset must be measured at fair value through profit or loss, unless it is measured at amortized cost or at fair value through other comprehensive income. However, upon initial recognition, the Company may irrevocably designate a financial asset that otherwise satisfies the requirements to be measured at amortized cost or at FVOCI as measured at FVPL, if this eliminates or significantly reduces an accounting mismatch that otherwise could arise.

Financial assets are not reclassified subsequent to initial recognition, unless the Company changes the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the presentation period after the change in the business model.

Financial assets - Subsequent measurement and profit and loss

Financial assets at FVPL	These assets are subsequently measured at fair value. The net result, including interest or dividend income, is recognized in the result.
Financial assets to Amortized Cost	These assets are subsequently measured at amortized cost using effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in income. Any gain or loss on derecognition is recognized in income.

(ii) Financial liabilities
All financial liabilities were classified as measured at amortized cost or at VJORA. A financial liability is classified as measured at fair value through profit or loss, if it is classified as held for trading, is a derivative or is designated as such at initial recognition. Financial liabilities measured at VJR are measured at fair value and the net result, including interest, are recognized in the income. Other financial liabilities are subsequently measured at amortized cost using effective interest method. Interest expense, foreign exchange gains and losses are recognized in income. Any gain or loss on derecognition is also recognized in income.

The Company stops considering a financial liability when its contractual obligations are written off or canceled or expire.

If a financial liability is not recognized, the difference between the extinguished book value and the consideration paid (including any non-monetary assets transferred or liabilities assumed) is recognized in the income statement.

(iii) Financial instruments

The Company makes use of derivatives in order to hedge its exposure to foreign currency and interest rate risk, using hedge accounting. The appreciation or devaluation of the fair value of the instrument intended for protection is recorded against the financial income or expense account, in the income for the year and/or in specific accounts in shareholders' equity.
At the beginning of the designated hedge relationships, the Company documents the objective of risk management and the strategy for acquiring the hedge instrument. The Company also documents the economic relationship between the hedge instrument and the hedged item, including whether changes in the cash flows of the hedged item and the hedge instrument are expected to offset each other.

Cash Flow Hedges

When a derivative is designated as a cash flow hedge instrument, the effective portion of changes in the derivative's fair value is recognized and accumulated in other comprehensive income - OCI, and are limited to the cumulative change in the fair value of the item protected by hedged , determined based on the current value, since the hedge designation. Any ineffective portion of changes in the derivative's fair value is immediately recognized in profit or loss.

If the hedge no longer meets the hedge accounting criteria or if the hedge instrument is sold, terminated, exercised or expires, hedge accounting will be discontinued prospectively.

b. Fixed assets

Recognition and measuring

Fixed assets items are measured at historical acquisition or construction cost, which includes capitalized loans costs, less accumulated depreciation and any losses accumulated due to impairment.

When significant parts of an item of fixes assets have different useful lives, they are recorded as separate items (main components) of fixed assets.

Any gains and losses on the disposal of an item of fixed assets are recognized in the income.

Depreciation

The depreciation is calculated to amortize the cost of fixed asset items, net of their estimated residual values, using the straight-line method based on the estimated service life of the items.

The estimated service lives of the fixed asset in use are as follows:

Furniture and utensils	10 years
IT equipment	5 years
Machines and equipment	10 years

c. Income tax and social contribution

Income tax and social contribution of the current and deferred year are calculated based on rates of 15%, plus an additional 10% on taxable profit in excess of R$ 240 for income tax and 9% on taxable profit for social contribution on net profit, and consider the offsetting of tax losses and negative base of social contribution, limited to 30% of taxable profit.

The expense for income tax and social contribution comprises current and deferred income taxes and social contribution. Current tax and deferred tax are recognized in income, unless they are related to the business combination or to items directly recognized in equity or other comprehensive income.

Expenses of current income tax and social contribution

The expense of current tax is the tax payable or receivable estimated on taxable profit or loss for the year, and any adjustment to taxes payable in respect of prior years. The amount of current taxes payable or receivable is recognized in the balance sheet as a tax asset or liability by the best estimate of the expected amount of taxes to be paid or received that reflects the uncertainties related to their calculation, if any. It is measured based on the tax rates enacted at the balance sheet date.

Current tax assets and liabilities are offset only if certain criteria are met.

Expenses of income tax and deferred social contribution

Deferred tax assets and liabilities are recognized in relation to temporary differences between the carrying amounts of assets and liabilities for the purposes of financial statements and those used for tax purposes.

A deferred tax asset is recognized in relation to unused tax losses and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they will be used. The likelihood of recovering these balances is reviewed at the end of each year and, when it is no longer probable that future taxable bases will be available and allow the full or partial recovery of these taxes, the asset balance is reduced to the amount that is expected to be recovered.

d. Provisions

Provisions are recognized, based on a past event, when there is a legal or constructive obligation that can be reliably estimated, and it is likely that an economic resource will be required to settle the obligation. When applicable, provisions are calculated by discounting expected future disbursement cash flows at a rate that considers current market assessments and specific risks to the liability.

e. Financial incomes and expenses

Interest income and expense are recognized in the income statement using the effective interest method.

f. Fair value measurement

Fair value is the price that would be received for the sale of an asset or would be paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, in the main market or, in its absence, in the most advantageous market to which the Company has access on that date. The fair value of a liability reflects its risk of non-performance.

A number of the Company's accounting policies and disclosures require the measurement of fair values, both for financial and non-financial assets and liabilities.

When available, the Company measures the fair value of an instrument using the price quoted in an active market for that instrument. A market is considered to be an asset if transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no price quoted in an active market, the Company uses valuation techniques that maximize the use of relevant observable data and minimize the use of unobservable data. The chosen valuation technique incorporates all the factors that market participants would take into account when pricing a transaction.

If an asset or liability measured at fair value has a purchase price and a sale price, the Company measures assets based on purchase prices and liabilities based on sale prices.

The best evidence of the fair value of a financial instrument at initial recognition is usually the price of the transaction - that is, the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced either by a price quoted in an active market for an identical asset or liability or based on a valuation technique for which any unobservable data are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at the fair value adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, this difference is recognized in income, on an appropriate basis over the life of the instrument, or until such time as the valuation is fully supported by observable market data or the transaction is closed, whichever occurs first.

g. Foreign currency

Transactions in foreign currency
Transactions with foreign currencies are converted into the functional currency of Company by exchange rates on the transaction dates.

Monetary assets and liabilities denominated and calculated in foreign currencies on the balance sheet date are converted again to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are converted again to the functional currency at the exchange rate on the date that the fair value was determined Non-monetary items that are measured based on historical cost in foreign currency are translated using the exchange rate on the date of the transaction. Foreign currency differences resulting from the conversion are generally recognized in the income statement.

h. Lease

Accounting policies applicable from January 1st, 2019
At the beginning of a contract, the Company assesses whether a contract is or contains a lease.

A contract is, or contains a lease, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract transfers the right to control the use of an identified asset, the Company uses the definition of lease in CPC 06(R2)/IFRS 16.

This policy is applied to contracts entered into as of January 1st, 2019.

(i) As lessee
The Company recognizes a right-of-use asset and a lease liability on the lease start date. The right-of-use asset is initially measured at cost, which comprises the initial measurement value of the lease liability, adjusted for any lease payments made up to that of the start date, plus any initial direct costs incurred by the lessee and an estimate of costs to be incurred by the lessee in disassembling and removing the underlying asset, restoring the location in which it is located or restoring the underlying asset to the condition required by the lease terms and conditions, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of beginning until the end of the lease term, unless the lease transfers ownership of the underlying asset to the lessee at the end of the lease term, or if the cost of the right-of-use asset reflects that the lessee will exercise the purchase option. In this case, the right-of-use asset will be depreciated over the service life of the underlying asset, which is determined in the same basis as the fixed asset. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not made on the start date, discounted by the interest rate implicit in the lease or, if this rate cannot be determined immediately, by the Company's incremental loan rate.

Leasing of low value assets
The Company chose not to recognize right-of-use assets and lease liabilities for leases of low value assets and short term leases, including IT equipment. The Company recognizes lease payments associated with these leases as an expense on a straight-line basis over the lease term.

9 Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after January 1st, 2019.

The Company did not adopt these standards in the preparation of these financial statements. The following amended standards and interpretations are not expected to have a significant impact on the Company consolidated financial statements:

- Changes in the references to the conceptual structure in IFRS standards.
- Definition of a business (amendments to CPC 15/IFRS 3).
- Definition of materiality (amendments to CPC 26/IAS 1 and CPC 23/IAS 8).

10 Cash and cash equivalents

	Parent Company		**Consolidated**	
	2019	**2018**	**2019**	**2018**
Cash and banks	11	52	61	158
Financial investments				
Short-term financial investments	2.747	5.110	370.308	60.295
	2.747	**5.110**	**370.308**	**60.295**
	2.758	**5.162**	**370.369**	**60.453**
Provision for expected loss (b)	-	(1)	(38)	(6)
Total	**2.758**	**5.161**	**370.331**	**60.447**

(a) The balance of cash and cash equivalents as of December 31, 2019 consists of current accounts and CDB (Bank Deposit Certificate) investment at Santander, which are readily convertible into a known amount of cash and is subject to an insignificant risk of change in value.

(b) Estimated financial losses were calculated based on the loss rates of a Corporate Default study published by S&P on April 9th, 2019, referring to 15 years of data collected by it on the default risk of companies at each rating level.

Cash and cash equivalents are held with bank and financial counterparts, which have been grouped into 5 levels, separated between AAA and BB according to their rating on Fitch Ratings, Moody's and Standard & Poor's. As shown in the table below, the counterparts in which the Company has outstanding balances on December 31st, 2019 are classified as AAA, based on the average of their ratings at the rating companies listed above.

The estimated loss position in cash and cash equivalents was calculated based on the expected loss rate of 12 months and reflects the maturity periods of the risk exposures.

In thousands of Reais

Risk Level	Rating	Gross Balance	Loss rate (1)	Provision for Loss
Level 1	AAA	370.369	0,01%	38

(1) Loss Rate considers the Global Corporate Average Default Rate for 1 year released by S&P on 04/05/18.

11 Escrow account

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
ANTAQ (Waterways Transport National Agency) deposit (a)	-	-	-	200
NTN-B deposit (b)	-	-	11,446	-
Total	**-**	**-**	**11.446**	**200**
Current	-	-	-	200
Non-current	-	-	11,446	-
Total	**-**	**-**	**11.446**	**200**

(a) On July 25th, 2019, we received a bank deposit in the amount of R$200, referring to the guarantee bond of call instrument no. 3/2018 of the public announcement, referring to the construction and operation of a port facility in the region of the city of São João da Barra by Antaq.

(b) On May 2019, GNA I granted as a fiduciary guarantee in favor of BNDES certain Federal Public Bonds (NTN-B 2035) in the amount of R$10.073, which will remain available until the end of the obligations in the financing Agreement. On December 31st, 2019, UTE GNA 1 recognized the amount of R$ 1.373 as mark-to-market gains on the value of its securities informed in explanatory note 29.

12 Related parties

The Company adopts the Corporate Governance practices recommended and/or required by law. The Company's Corporate Governance Policy determines that the members of the Board of Directors must monitor and manage potential conflicts of interest of the executives, members of the Board and the Partners, in order to avoid the inappropriate use of the Company's assets and, especially, abuses in transactions between related parties.

In accordance with the Brazilian Corporation Law, the members of the Company's Board of Directors are prohibited from voting at any Board Meeting or acting in any operations or businesses in which they have conflicting interests with those of the Company.

The main balances of assets and liabilities at December 31st, 2019 and December 31st, 2018, regarding transactions with related parties, as well as the transactions that influenced the result for the period arise out of the Company's transactions with subsidiaries, members of the Management and other related parties, as follows:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Assets:				
Accounts receivables				
GNA Infra (a)	824	1,639	-	-
UTE GNA I (a)	6,598	17,171	-	-
UTE GNA II (a) and (f)	5,977	1,089	-	-
Total assets	**13,399**	**19,899**	**-**	**-**
Liabilities:				
Accounts payable				
GNA Infra (a)	288	188	-	-
UTE GNA I (a)	4,400	1,280	-	-
Prumo Logística S.A (b)	2,456	2,665	4,692	4,585
Porto do Açu Operações S.A (b)	1,096	1,181	1,999	1,590
Siemens Aktiengesellschaft (c)	-	-	78,646	-
BP Global(d)	-	-	333	-
Lakeshore (e)			1,123	
Total	**8,240**	**5,314**	**86,793**	**6,175**

Result:	Parent Company		Consolidated	
Shared costs	**2019**	**2018**	**2019**	**2018**
GNA Holdco	-	-	(9,820)	-
GNA Infra	764	1,451	3,749	3,120
UTE GNA I	9,838	15,891	(8,372)	6,826
UTE GNA II	3,300	1,089	18,838	1,089
Prumo Logística S.A	(917)	(1,056)	607	(3,050)
Porto do Açu Operações S.A	(249)	(782)	(1,104)	(1,501)
Total	**12,736**	**16,593**	**3,898**	**6,484**

(a) Agreement for sharing personnel expenses and other expenses between the GNA group companies;
(b) Acknowledgement of personnel expenses and other general expenses incurred between UTE GNA I X Porto do Açu X Prumo;
(c) Purchase of equipment for thermal plant;
(d) Provision of services on the management of the terminal.
(e) Financial advice for the UTE GNA II auction and financing
(f) In July 2019, GNA Infra and Siemens took out a loan with the bank BNP Paribas to invest in GNA UTE I as a loan. This loan was fully repaid in August 2019 when UTE GNA I received its first loan disbursement with the BNDES / IFC. See the movement below:

Description	**Infra**	**Siemens**	**2019**
Disbursements	553,603	315,981	869,584
IOF	6,577	3,754	10,331
FEE	1,210	690	1,900
Total	**561,390**	**320,425**	**881,815**
Capitalized interest	4,448	2,539	6,987
Payment	**(565,838)**	**(322,964)**	**(888,802)**
Total in 12/31/19	-	-	-

The amounts related to the remuneration of the Management members are shown below:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Directors				
Compensation (Pro-labore)	(1,059)	5,975	(4,404)	8,384
Bonus	(1,202)	439	(6,708)	594
Benefits and charges	(320)	1,806	(1,331)	2,534
Cost transfer between companies (a)	1,320	-	4	-
Total	**(1,261)**	**8,220**	**(12,439)**	**11,512**

(a) Amounts related to expenses with management at the companies GNA HoldCo and GNA Infra which were transferred to UTE I.

13 Recoverable taxes

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
WithParent income tax ("IRRF")	71	57	2,457	692
PIS/COFINS on imports	20	-	440	-
PIS/COFINS on fixed assets	10	-	10	-
ICMS recoverable	-	-	52	
ISS recoverable	4	18	4	269
	105	**75**	**2,963**	**961**
Income tax and social contribution ("IRPJ/CSLL")	1,780	-	2,223	490
Total	**1,885**	**75**	**5,186**	**1,451**
Current	1,845	75	4,824	1,451
Non-current	40	-	362	-
Total	**1,885**	**75**	**5,186**	**1,451**

14 Prepaid Expenses

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Insurance premium (a)	9	17	27,704	33,433
Transaction cost (b)	-	-	9,868	33,873
Total	**9**	**17**	**37,574**	**67,306**
Current	9	4	29,548	46,328
Non-current	-	13	8,026	20,978
Total	**9**	**17**	**37,574**	**67,306**

(a) Insurance premiums: engineering risks, civil liability, transportation, FSRU and bond.

(b) The composition of financial expenses and charges includes, in addition to interest expenses, all incremental expenses (and revenues) that originated from the borrowing operation, such as fees and commissions, expenses with financial intermediaries, with financial advisors, with elaboration of projects, auditors, lawyers, specialized offices, printing, travel etc.

While the funds referred to in the transaction costs incurred are not raised, these must be appropriated and kept in a specific account of the asset as prepayment, which will be reclassified to a reduction account of the borrowed amount, in liabilities, once completed the funding process, which took place in September 2019.

15 Deferred taxes

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Deferred tax assets	-	-	19,512	7,019
Total	**-**	**-**	**19,512**	**7,019**

	Consolidated	
	Deferred tax assets	Deferred tax liabilities
Balance on January 1st, 2018	**-**	**-**
Pre-operating expenses	7,019	-
Balance on December 31st, 2018	**7,019**	**-**
Balance on January 1st, 2019	**7,019**	**-**
Pre-operating expenses	12,493	-
Balance on December 31st, 2019	**19,512**	**-**

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Accounting Losses before taxes	**(35,612)**	**(20,383)**	**(70,090)**	**(33,955)**
Income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution deferred (base x rate)	**12,108**	**6,930**	**23,831**	**11,545**
Increases:				
Non-deductible gifts / expenses	(1)	(2)	(1)	(2)
Bonus / Retention Bonus	(498)	(1,195)	(2,648)	(1,638)
INSS without Bonus / Gratuities	(84)	(149)	(452)	(201)
Exchange variation expense	-	-	(2,035)	-
Results in equity-accounted investments	(12,992)	(4,840)	-	-
Tax credits on tax losses	-	(609)	(8,691)	(2,511)
Unrecognized tax credits	(227)	(136)	(266)	(173)
Compensation for tax losses	508	-	508	-
Additional IRPJ	24	-	48	-
Total income tax and social contribution	**(1,162)**	**-**	**10,294**	**7,019**
Current	(1,162)	-	(2,199)	-
Deferred	-	-	12,493	7,019
Total	**(1,162)**	**-**	**10,294**	**7,019**
Effective rate	**3,26%**	**-%**	**(14,70)%**	**(20,67)%**

Technical feasibility studies indicate the full capacity to recover, in subsequent years, the recognized deferred tax amounts and correspond to the best estimates of Management on the future evolution of the Company and the market in which it will start operations in 2021.

16 Investments / Provision for investment losses

a. Share Equity

	2019									
Direct investment	**% of interest**	**Number of shares / quotas (thousand)**	**Assets**	**Liabilities**	**Net equity**	**Share capital**	**AFAC**	**Capital reserve**	**Property Assessment Adjustment**	**Accumulated loss**
GNA Infra	95.03%	9,424	1,210,502	8,776	1,201,726	624,397	-	624,397	(2,172)	(44,896)
GNA II	49.50%	1	18,621	26,116	(7,495)	2	13,677	-	-	(21,174)

	2018									
Direct investment	**% of interest**	**Number of shares / quotas (thousand)**	**Assets**	**Liabilities**	**Net equity**	**Share capital**	**AFAC**	**Capital reserve**	**Property Assessment Adjustment**	**Accumulated loss**
GNA Infra	90.66%	4,783	594,136	3,488	590,648	302,854	-	302,855	-	(15,061)
GNA II	49.50%	2	16,292	3,914	12,378	2	13,677	-	-	(1,301)
GNA Comercializadora	99.00%	11	10	-	10	11	-	-	-	(1)

b. Movements

Direct investment	2018	Capital increase / return	AFAC	Capital reserve	Equity method	Equity evaluation adjustment	Gain / loss - % variation	Provision for investment losses (*)	2019
GNA Infra	535,457	321,543	-	321,542	(28,352)	(2,065)	(6,141)	-	1,141,984
GNA II	6,147	-	-	-	(9,857)	-	-	3,710	-
GNA Comercializadora	10	(10)	-	-	-	-	-	-	-
Total	**541,614**	**321,533**	**-**	**321,542**	**(38,209)**	**(2,065)**	**(6,141)**	**3,710**	**1,141,984**

(*) – The shareholders' equity of the subsidiary GNA II was negative. Thus, the total investment balance was transferred to this line.

Direct investment	2017	Capital increase	AFAC	Capital reserve	Equity method	Equity evaluation adjustment	Gain / loss - % variation	Provision for investment losses (*)	2018
GNA Infra	13,471	234,219	-	289,655	(13,607)	-	11,719	-	535,457
GNA II	1	-	6,770	-	(624)	-	-	-	6,147
GNA Comercializadora	-	10	-	-	-	-	-	-	10
Total	**13,472**	**234,229**	**6,770**	**289,655**	**(14,231)**	**-**	**11,719**	**-**	**541,614**

17 Property, plant and equipment

	Parent Company					
	Project development costs	**Improvements on third party property**	**IT Equipment**	**Furniture and utensils**	**Machines and Equipment**	**Total**
Balance on January 1st, 2018	**-**	**-**	**-**	**-**	**-**	**-**
Increases	92	2,110	1,087	26	4	**3,319**
Depreciation	-	-	(81)	(4)	-	**(85)**
Balance on December 31st, 2018	**92**	**2,110**	**1,006**	**22**	**4**	**3,234**
Cost	92	1,746	1,087	390	4	**3,319**
Accumulated depreciation	-	-	(81)	(4)	-	**(85)**
Balance on December 31st, 2018	**92**	**1,746**	**1,006**	**386**	**4**	**3,234**
Increases (***) and (****)	103	12	24	5	-	**144**
Depreciation	-	(71)	(221)	(39)	-	**(331)**
Balance on December 31st, 2019	**195**	**1,687**	**809**	**352**	**4**	**3,047**
Cost	195	1,758	1,111	395	4	**3,463**
Accumulated depreciation	-	(71)	(302)	(43)	-	**(416)**
Balance on December 31st, 2019	**195**	**1,687**	**809**	**352**	**4**	**3,047**
Depreciation Rate	**-%**	**20%**	**20%**	**10%**	**10%**	

	Consolidated							
	Advances for formation of fixed assets (*)	**Works in progress and equipment under construction (**)**	**Project development costs**	**Improvements on third party property**	**IT Equipment**	**Furniture and utensils**	**Machines and Equipment**	**Total**
Balance on January 1st, 2018	**8,138**	**3,922**	**-**	**-**	**-**	**-**	**-**	**12,060**
Increases	327,177	460,181	488	1,746	1,365	502	4	**791,463**
Transfers	(56,822)	56,822	-	-	-	-	-	**-**
Depreciation	-	-	-	-	(96)	(5)	-	**(101)**
Balance on December 31st, 2018	**278,493**	**520,925**	**488**	**1,746**	**1,269**	**497**	**4**	**803,422**
Cost	278,493	520,925	488	1,746	1,365	502	4	**803,523**
Accumulated depreciation	-	-	-	-	(96)	(5)	-	**(101)**
Balance on December 31st, 2018	**278,493**	**520,925**	**488**	**1,746**	**1,269**	**497**	**4**	**803,422**
Increases (***) and (****)	-	2,373,573	5,538	12	633	52	9	**2,379,817**
Transfers	(263,406)	259,976	3,430	-	-	-	-	**-**
Depreciation	-	-	-	(71)	(376)	(55)	-	**(502)**
Balance on December 31st, 2019	**15,087**	**3,154,474**	**9,456**	**1,687**	**1,526**	**494**	**13**	**3,182,737**
Cost	15,087	3,154,474	9,456	1,758	1,998	554	13	**3,183,340**
Accumulated depreciation	-	-	-	(71)	(472)	(60)	-	**(603)**
Balance on December 31st, 2019	**15,087**	**3,154,474**	**9,456**	**1,687**	**1,526**	**494**	**13**	**3,182,737**
Depreciation Rate	**0%**	**0%**	**0%**	**20%**	**20%**	**10%**	**10%**	

(*) Advance for formation of fixed assets: The balance of advances on December 31st, 2019 is composed of advances made to suppliers for the delivery of equipment.

(**) Works in progress and equipment under construction: The balance of works in progress as of December 31st, 2019 is comprised of the initial costs for the thermoelectric plant construction.

(***) Out of the increases occurred in the period, the total amount of R$ 78,979 had no cash flow effect, being still a liability, as shown in note 12.

(****) The following amounts were capitalized on December 31st, 2019 in the consolidated financial statement:

	2019	**2018**
Interest on loans (BNDES – IFC)	67,693	-
IOF on loans (BNDES and IFC)	28,272	
Financial Income Transaction cost	(9,885)	-
(BNDES – IFC) Amortization of	11,041	-
right of use Interest expense on	4,219	-
lease	10,916	-
IOF on loan	9,210	-
Interest on loan	6,987	-
Total	**128,453**	-

18 Intangible assets

	Parent Company		Consolidated		
	Software use licenses	**Total**	**Energy trading right (*)**	**Software use licenses**	**Total**
Balance on January 1st, 2018	**15**	**15**	**30,000**	**15**	**30,015**
Increases	-	-	-	813	813
Balance on December 31st, 2018	**15**	**15**	**30,000**	**828**	**30,828**
Cost	15	15	30,000	828	30,828
Balance on December 31st, 2018	**15**	**15**	**30,000**	**828**	**30,828**
Increases	-	-	-	136	136
Amortization	-	-	-	(16)	(16)
Balance on December 31st, 2019	**15**	**15**	**30,000**	**948**	**30,948**
Cost	15	15	30,000	964	30,964
Accumulated amortization	-	-	-	(16)	(16)
Balance on December 31st, 2019	**15**	**15**	**30,000**	**948**	**30,948**
Service life	**5 years**		**23 years**	**5 years**	

(*) On December 19th, 2017, through authorization resolution No. 6,769, ANEEL transfers the right to trade energy, as mentioned in explanatory note 01 - Operational Context. The start of operations is scheduled for January 2021

19 Right of use assets/Lease liabilities

IFRS 16 introduces a single model of accounting for leases in the balance sheet for lessees. A lessee recognizes a right-of-use asset that represents its right to use the leased asset and a lease liability that represents its obligation to make lease payments. Exemptions are available for short-term leases and low-value items.

Changes over the twelve months of 2019 of the right-of-use assets and lease liabilities is shown in the table below:

Parent Company

	Balance 01/01/2019	**Incremental Rate**	**PIS/COFINS to be recovered**	**Increases**	**Write-off**	**Amortization**	**Payments**	**Appropriated interest**	**Balance 12/31/2019**
Assets									
Printers	499	(2)	-	-	(455)	(17)	-	-	25
Coffee Machine	20	-	-	-	(20)	-	-	-	-
Commercial room	3,453	864	-	-	(3,829)	(488)	-	-	-
Total assets	**3,972**	**862**	**-**	**-**	**(4,304)**	**(505)**	**-**	**-**	**25**
Liabilities									
Printers	42	168	-	(172)	-	-	(19)	-	19
(-) Financial charges to be incurred - Printers	-	-	-	(4)	-	-	-	3	(1)
Coffee Machine	2	-	-	-	(2)	-	-	-	-
Commercial room	288	1,034	-	70	(1,205)	-	(187)	-	-
(-) Financial charges to be incurred - Commercial room	-	-	-	(576)	780	-	-	(204)	-
CP lease liability	**332**	**1,202**	**-**	**(682)**	**(427)**	**-**	**(206)**	**(201)**	**18**
Printers	457	(142)	-	-	(306)	-	-	-	9
(-) Financial charges to be incurred - Printers	-	-	-	(1)	-	-	-	-	(1)
Coffee Machine	18	-	-	-	(18)	-	-	-	-
Commercial room	3,165	384	-	-	(3,549)	-	-	-	-
(-) Financial charges to be incurred - Commercial room	-	-	-	(723)	723	-	-	-	-
LP lease liability	**3,640**	**242**	**-**	**(724)**	**(3,150)**	**-**	**-**	**-**	**8**
Total liabilities	**3,972**	**1,444**	**-**	**(1,406)**	**(3,577)**	**-**	**(206)**	**(201)**	**26**
Income									
Amortization - Printers	-	-	(2)	-	-	17	-	-	15
Amortization - Commercial room	-	-	(15)	-	-	488	-	-	473
Interest Expense - Printers	-	-	-	-	-	-	-	3	3
Interest Expense - Commercial room	-	-	(2)	-	-	-	-	(204)	(206)
Lease result	**-**	**-**	**(19)**	**-**	**-**	**505**	**-**	**(201)**	**285**

	Consolidated									
	Balance 01/01/2019	**Incremental Rate**	**PIS/COFINS to be recovered**	**Increases**	**Write-off**	**Amortization**	**Payments**	**Appropriated interest**	**Inflation adjustment.**	**Balance 12/31/2019**
Assets										
Printers	499	(2)	-	-	(455)	(17)	-	-	-	25
Coffee Machine	20	-	-	-	(20)	-	-	-	-	-
Lands	340,895	(29,567)	-	-	(200,749)	(9,327)	-	-	-	101,252
Commercial room	3,453	864	-	4,146	(3,830)	(1,028)	-	-	-	3,605
Total assets	**344,867**	**(28,705)**	**-**	**4,146**	**(205,054)**	**(10,372)**	**-**	**-**	**-**	**104,882**
Liabilities										
Printers	42	168	-	(172)	-	-	(19)	-	-	19
(-) Financial charges to be incurred - Printers	-	-	-	(4)	-	-	-	3	-	(1)
Coffee Machine	2	-	-	-	(2)	-	-	-	-	-
Lands	28,408	-	-	-	(28,408)	-	-	-	-	-
Commercial room	288	1,034	-	1,942	(1,205)	-	(768)	-	-	1,291
(-) Financial charges to be incurred - Commercial room	-	-	-	(832)	779	-	-	(13)	-	(66)
CP lease liability	**28,740**	**1,202**	**-**	**934**	**(28,836)**	**-**	**(787)**	**(10)**	**-**	**1,243**
Printers	457	(142)	-	-	(306)	-	-	-	-	9
(-) Financial charges to be incurred - Printers	-	-	-	(1)	-	-	-	-	-	(1)
Coffee Machine	18	-	-	-	(18)	-	-	-	-	-
Lands	312,487	202,179	-	-	(188,702)	-	-	-	-	325,964
(-) Financial charges to be incurred - Lands	-	-	-	(220,492)	-	-	-	10,916	-	(209,576)
Commercial room	3,165	384	-	3,115	(3,549)	-	-	-	-	3,115
(-) Financial charges to be incurred - Commercial room	-	-	-	(1,308)	723	-	-	-	-	(585)
LP lease liability	**316,127**	**202,421**	**-**	**(218,686)**	**(191,852)**	**-**	**-**	**10,916**	**-**	**118,926**
Total liabilities	**344,867**	**203,623**	**-**	**(217,752)**	**(220,688)**	**-**	**(787)**	**10,906**	**-**	**120,169**
Income										
Amortization - Printers	-	-	(2)	-	-	17	-	-	-	15
Amortization - Commercial room	-	-	(65)	-	-	1,028	-	-	-	963
Interest Expense - Printers	-	-	-	-	-	-	-	3	-	3
Interest Expense - Commercial room	-	-	(6)	-	-	-	-	(13)	-	(19)
Lease result	**-**	**-**	**(73)**	**-**	**-**	**1,045**	**-**	**(10)**	**-**	**962**

After analyzing the adherence to IFRS 16, the Company identified the following contracts: rental of the land of the company Porto do Açu Operações S.A (related party), rental of the printers and rental of the commercial room in compliance with this standard.

As mentioned in explanatory note 6, amortization and interest expense related to land rental are being capitalized, in the amount of R $ 15,135.

As mentioned in explanatory note 6, when measuring lease liabilities classified as operational, the Company discounted lease payments using specific incremental rates for each contract as follows:

Contracts	**Rates**
Commercial room	9.98%
Land	10.35%
Printers	9.90%

The payment flow of the contracts is shown below:

Payment Flow - Commercial Room

2019	580
2020	1,291
2021	1,335
as of 2022	1,780

Payment Flow - Land

2019	-
2020	-
2021	14,172
as of 2022	311,792

Payment Flow - Printers

2019	18
2020	18
2021	9
as of 2022	-

20 Suppliers

	Parent Company		**Consolidated**	
	2019	**2018**	**2019**	**2018**
National suppliers	164	375	20,290	7,977
Foreign suppliers	-	5	54,258	1,307
Total	**164**	**380**	**74,548**	**9,284**

21 Salaries and charges payable

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Bonuses payable	1,857	1,978	11,420	5,328
Vacations	97	29	1,338	568
Charges on vacations	45	14	958	329
INSS	398	510	1,873	1,311
FGTS	10	8	188	124
Insurances	4	4	23	15
Union contribution	-	-	2	1
Total	**2,411**	**2,543**	**15,802**	**7,676**

22 Taxes payable

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Service tax ("ISS")	-	-	825	194
INSS third parties	-	2	13	10
Tax on the circulation of goods and services ("ICMS")	-	2	739	117
Withholding income tax ("IRRF")	129	136	938	1,002
PIS/COFINS payable	1	1	70	19
PIS/COFINS/CSLL - tax withholding	5	31	113	1,328
Total	**135**	**172**	**2,698**	**2,670**
Income tax and social contribution ("IRPJ/CSLL")	1,162	-	1,443	-
Total	**1,297**	**172**	**4,141**	**2,670**

23 Trade accounts payable

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
TCCA - Statement of environmental commitment (a)	-	-	-	9,579
TCCA - terminal (b)	-	-	207	-
Bolognesi Energia (c)	-	-	21,970	21,385
Total	**-**	**-**	**22,177**	**30,964**
Current	-	-	5,700	9,579
Non-current	-	-	16,477	21,385
Total	**-**	**-**	**22,177**	**30,964**

(a) Statement of commitment to environmental compensation - thermal plant.
This statement aims to establish the environmental compensation, provided for in article 36 of Federal Law no. 9,985/00, which instituted an amount of R$28,736, monthly paid in 12 equal installments in the amount of R$2,395.

As of December 31st, 2019, the Company has already paid the 12 installments, totaling R$28,736.

(b) Statement of commitment to environmental compensation - terminal.
This statement aims to establish the environmental compensation, provided for in article 36 of Federal Law no. 9,985/00, which instituted an amount of R$2,495, to be paid monthly in 12 equal installments in the amount of R$207.

As of December 31st, 2019, the Company has already paid 11 installments, with 1 remaining outstanding, which totals R$207. This last installment will be paid in January 2020.

(c) In the contract, the amounts to be paid are divided into fixed installments, already provisioned in the original amount of R$30,000, which are adjusted annually according to IPCA until the effective payment date and variable installments that will be recognized at the beginning of the operation.

Due date	**Portion**	**Amount**	**IPCA**		**Payment**	**Balance 2019**
			2018	**2019**		
may/18	001	10,000	-	-	(10,000)	-
jan/20	002	5,000	275	217	-	**5,492**
apr/21	003	15,000	1,110	368	-	**16,478**
Total		**30,000**	**1,385**	**585**	**(10,000)**	**21,970**

(d) The variable installments will be paid annually, starting in April/2021, 90 days after the start of operation of the thermal plant, always on the first business day of April, based on the audited financial statements of the previous year, with installments equivalent to 3% calculated on the shareholder's free cash flow, defined by:

- = EBITDA
- (+/-) change in working capital;
- (-) paid IR/CSSL;
- (-) financial expenses;
- (+) financial income from reverse accounts *;
- (-) investment in maintenance;
- (-) amortization of financing;
- (+) financing disbursements
- (+/-) change in reserve accounts (*)

If the reserve accounts are filled with operating cash flow, the variation in the reserve account and the corresponding financial income will be disregarded from the formula above.

Failure to pay any of the amounts provided for in this contract will incur the monetary restatement according to the variation of the CDI rate, up to the date of the actual payment, in addition to default interest of one percent (1%) per month, as well as a default penalty of two percent (2%) on the outstanding balance.

24 Loan and borrownings

On December 20th, 2018 and March 15, 2019, the Company signed financing agreements with BNDES and IFC, respectively, the amounts of which will be made available during the years 2019 and 2020.

The loans have a “Project Finance” structure, guaranteed mainly through fiduciary sale of assets (equipment), shares, accounts and conditional assignment of the company's contractual rights, as well as the flow of receivables from its energy commercialization contracts (Contract for Trade of Electricity in the Regulated Environment, “CCEAR”).

The table below shows how the financing is structured:

Banks	Currency	Objective	Maturity	Guarantees (a)	Total Credit Line
BNDES	BRL	Investments	Jan/33	Reserve Accounts, Fiduciary Sale and Conditional Assignment.	1,762,800
IFC(b)	USD	Investments	Jan/34		288,000

(a) The guarantee package is shared in the first degree, proportionally and without any order of preference of receipt among the senior creditors.
(b) Credit limit contracted in dollars, with disbursements / funding being made in reais (converted at the exchange rate at the time of disbursement for the purpose of consuming the credit limit).

In August 2019, disbursements in the amount of R$1,224,804 from BNDES and R$804,059 from IFC were released, as requested by the Company.

As of December 31, 2019, liabilities are recognized as follows:

Banks	Admission In R$	Appropriated interest	Interest paid	Funding Cost	Total Loan
BNDES	1,224,804	34,741	(5,277)	(393,357)	860,911
IFC	804,059	32,952	-	(59,174)	777,837
Total	2,028,863	67,693	(5,277)	(452,531)	1,638,748
Current	-	67,693	(5,277)	-	62,416
Non-current	2,028,863	-	-	(452,531)	1,576,332
Total	2,028,863	67,693	(5,277)	(452,531)	1,638,748

The maturities and amortizations of funding costs and long-term installments are as follows:

Year	Debt	Interest	Transaction cost
2020	-	62,416	(35,499)
2021	40,577	-	(36,780)
2022	101,443	-	(35,611)
2023	113,616	-	(35,562)
as of 2024	1,773,226	-	(309,079)

In accordance with CPC 20 (R1), costs of loans that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of such asset, thus the company appropriates the portion of the funding cost and interest to the fixed asset in progress until it goes into operation.

Financial and non-financial covenants
The financing agreements have clauses with financial and non-financial covenants, usual for this type of transaction, such as the obligation to present financial statements to creditors, compliance with tax, social security, labor and applicable environmental legislation, restrictions on additional indebtedness and disposals of assets outside the normal course of business.

The contracts entered into between the Company and creditors also establish, 12 months after the start of operations, the obligation to maintain the Debt Service Coverage Ratio above 1.10 times on the applicable measurement dates.

25 Provision for contingencies

As of December 31, 2019, the balance of civil contingencies is R $ 270 in the subsidiary UTE I, referring to a probable loss provision in the administrative easement institution in the area of the Transmission Line in the region of the municipality of São João da Barra.

26 Shareholders’s equity

	Parent Company			
	2019		2018	
Shareholders	**Number of common shares (thousand)**	**% interest**	**Number of common shares (thousand)**	**% interest**
Prumo	253,315	70.00%	72,246	72.19%
BP	108,564	30.00%	27,829	27.81%
Total	**361,879**	**100.00%**	**100,075**	**100.00%**

a. Share capital

As of December 31st, 2019, the Company's share capital is R$ 614,058, represented by 361,879 nominative common shares with no par value (R$ 156,377, represented by 100,075 nominative common shares with no par value on December 31st, 2018). The Share capital increase contributions made in the period are shown below:

	Shareholder		
Initial Balance	**Prumo**	**BP**	**Share Capital**
01/01/2019	112,889	43,488	156,377
Date of payment			
01/08/2019	44,335	19,001	63,336
02/15/2019	101,714	43,724	145,438
03/11/2019	25,120	10,766	35,886
04/01/2019	40,705	17,445	58,150
05/08/2019	-	10,711	10,711
05/16/2019	102,103	42,057	144,160
Total	**426,866**	**187,192**	**614,058**

b. Capital reserve

As of December 31st, 2019, the Company's capital reserve is R$ 614,058, where Prumo has the amount of R$ 424,483 and BP R$ 189,575 (as of December 31st, 2018, GNA HoldCo had R$ 112,889 e BP R$ 43,488) The Capital Reserve increase contributions made in the period are shown below:

	Shareholder		Capital reserve
Initial Balance	**Prumo**	**BP**	
01/01/2019	112,889	43,488	156,377
Date of payment			
01/08/2019	44,335	19,001	63,336
02/15/2019	101,714	43,724	145,438
03/11/2019	25,120	10,766	35,886
04/01/2019	40,705	17,445	58,150
05/08/2019	-	10,711	10,711
05/16/2019	99,720	44,440	144,160
Total	**424,483**	**189,575**	**614,058**

c. Dividends

The Company's shares participate on equal terms in the distribution of dividends, interest on equity and other benefits to shareholders. The bylaws provide for the distribution of a minimum mandatory dividend of 25% of net income for the year, adjusted in accordance with article 202 of Law no. 6,404/76. In the year ended December 31st, 2018, the Company posted a loss without the distribution of dividends.

27 General and administrative expenses

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Personnel	(2,148)	(7,739)	(47,840)	(27,909)
Legal expenses	(400)	(148)	(5,487)	(3,305)
Consulting and auditing	(146)	(4,583)	(2,683)	(5,866)
Taxes, fines and fees	184	(186)	301	(711)
IT and telecom	(662)	(274)	(3,426)	(657)
Communication and institutional affairs	(427)	(820)	(1,693)	(920)
Environmental and land expenses	152	-	95	-
Travels	1,069	(1,362)	(3,206)	(1,455)
Administrative services	6,463	5,935	3,825	3,262
Operational services	17	(1)	(85)	(3)
Insurances	(285)	1,358	(603)	1,358
Depreciation and amortization	(857)	(85)	(1,852)	(101)
General and maintenance expenses	11	(103)	(2,240)	(148)
Other third-party services	(981)	1,677	(2,388)	1,157
Other expenses	(144)	16	(73)	(3)
Total	**1,846**	**(6,315)**	**(67,957)**	**(35,301)**

28 Net financial result

As of December 31st, 2019, the balance of the financial result was R$750 for the parent company and R$ (2,101) in the consolidated as follows:

	Parent Company		Consolidated	
	2019	**2018**	**2019**	**2018**
Financial expenses				
Bank expenses	(4)	(6)	(37)	(12)
Commissions and brokerage	(5)	(104)	(38)	(129)
Loss on Hedge transactions (NDF)	-	-	(58)	-
IOF (Financial Operations Tax)	(39)	(7)	(2,031)	(317)
Interest and fines	(6)	(30)	(300)	(319)
Updating of IFRS 16	297	-	114	-
Financial variation – IPCA	-	-	(879)	(1,386)
Interest on loans	-	-	(13,311)	-
Exchange variation	141	78	(5,792)	73
	384	**(69)**	**(22,332)**	**(2,090)**
Financial incomes				
Interest on financial investments	364	233	14,030	3,442
Gain on Hedge transactions (NDF)	-	-	28	-
Financial variation – IPCA	-	-	285	-
Monetary variation - government securities	-	-	1,373	-
Interest on Mutual	-	-	4,448	-
Active or earned interest	3	-	63	-
Discounts obtained	-	-	4	-
	366	**233**	**20,231**	**3,442**
Net financial result	**750**	**164**	**(2,101)**	**1,352**

29 Financial risk management

a. General considerations and internal policies

The management of the Company's financial risks follows the proposal in the Financial Risk Policy and in the Credit Risk Policy approved by the Board of Directors, in addition to the other financial regulations.

Among the guidelines foreseen in these Policies and regulations, it is worth mentioning the following: exchange rate protection for all debt in foreign currency.

In addition, the use of derivative instruments has the sole purpose of protecting and mitigating risks, so that the contracting of exotic derivative instruments or for speculative purposes is prohibited.

The monitoring of risks is done through a management of controls that aims to continuously monitor the contracted operations and comply with the approved risk limits.

The Company is exposed to several financial risks, including market, credit and liquidity risks.

b. Market risk management

Foreign exchange risk

In order to ensure that significant fluctuations in the quotations of currencies to which its liabilities with foreign exchange exposure are subject do not affect its results and cash flow, the Company had on December 31st, 2019 foreign exchange hedge operations.

Foreign exchange hedge strategies are described in item e). 'Additional information on derivative instruments'

Interest rate risk

This risk arises from the possibility of the Company incurring losses, due to fluctuations in interest rates or other debt indexes, such as price indexes, which impact financial expenses related to income from financial investments.

Accordingly, the Company continuously monitors market interest rates in order to assess the possible need for contracting protection against the risk of volatility in these rates.

c. Liquidity risk management

Liquidity risk is characterized by the possibility of the Company not fulfilling its commitments on the respective maturities. The financial management adopted by the Company constantly seeks to mitigate liquidity risk, having as main point the hedge of debts in foreign currency.

The permanent monitoring of the cash flow allows the identification of eventual needs for fundraising, with the necessary advance for the structuring and choice of the best sources.

In case of surplus cash, financial investments are made for excess funds, with the objective of preserving the Company's liquidity.

As of December 31st, 2019, the Company had a total of short-term investments of R$ 2,747 in the parent company and R$ 370,307 in Consolidated.

The table below shows the total value of the Company's monetizable bond flows, by maturity, corresponding to the remaining contractual period and uses the market forwards curves for indexes and currencies to project the indebtedness in effect on December 31st, 2019.

Non-derivatives Financial liabilities	**Accounting Value**	**Total Contractual Cash Flow**	**Up to 6 months**	**2020**	**2021**	**2022**	**2023**	**2024 onwards**
Loans and financing	1,638,748	2,028,863	-	-	40,577	101,443	113,616	1,773,226
Suppliers	74,548	74,548	74,548	-	-	-	-	-
Derivatives Financial liabilities								
Non-deliverable Forwards (NDF)	3,243	3,243	-	1,257	1,986	-	-	-

d. Credit risk management

Credit risk refers to the possibility that the Company may incur losses due to non-compliance with obligations and commitments by counterparties.

Credit risk with financial institutions

For operations involving cash and cash equivalents and derivatives, the Company follows the provisions of its Credit Risk Policy, which aims to mitigate risk through diversification with financial institutions with good credit quality.

The exposure is also monitored with each counterparty, its credit quality and its long-term ratings published by the rating agencies for the main financial institutions with which the Company has outstanding operations.

The following shows the total credit exposure held by the Company in financial assets. The amounts are fully stated without considering any balance of provision for impairment of the asset.

	2019	2018
Measured at fair value through the result		
Cash and cash equivalent	330,331	60,447

e. Additional information on derivative instruments

The Company has derivative instruments for the purpose of economic and financial protection against foreign exchange risk. The main instrument used is Non-deliverable Forwards (NDF).

All derivative instrument operations of the hedge programs are detailed in the table below, which includes, by derivative instrument contract, information on the type of instrument, (nominal) reference value, maturity, fair value including credit risk and amounts paid/received or accrued in the period.

In order to determine the economic relationship between the protected item and the hedge instrument, the Company adopts prospective effectiveness testing methodology through the critical terms of the object and the contracted derivative instruments in order to conclude whether there is an expectation that changes in the cash flows of the hedge item and the hedge instrument can be mutually offset.

Non-deliverable Forward hedge program - NDF

In order to reduce cash flow volatility, the Company may contract operations via NDF (Non-deliverable forwards) to mitigate foreign exchange exposure arising from disbursements denominated or indexed to the Dollar and the Euro.

	Consolidated	
	2019	**2018**
Assets		
Current	2,684	-
Non-current	667	-
Total Assets	**3,351**	**-**
Liabilities		
Current	3,941	-
Non-current	2,653	-
Total Liabilities	**6,594**	**-**
Other comprehensive incomes	**(3,243)**	**-**
Total of net equity	**(3,243)**	**-**
Hedge gain (loss) recognized in fixed assets	**37,550**	**-**

	Consolidated					
	Contracted NDFs (in Brazilian Reais)			**Mark to market (MTM)**		**Accumulated effect Amount receivable/received or payable/paid**
NDF	**12/31/2019**	**12/31/2018**	**Maturity (year)**	**12/31/2019**	**12/31/2018**	**12/31/2019**
USD Term	9,356	-	2019	-	-	17,780
USD Term	78,928	-	2020	2,473	-	-
USD Term	87,250	-	2021	667	-	-
EUR Term	9,855	-	2019	-	-	19,770
EUR Term	82,713	-	2020	(3,730)	-	-
EUR Term	41,109	-	2021	(2,653)	-	-
Net				(3,243)	-	37,550

This program is classified according to the hedge accounting criteria and measured at fair value.

Accounting treatment of derivative instruments

Derivative financial instruments are recognized as assets or liabilities in the balance sheet and measured at fair value. When the transaction is eligible and designated as hedge accounting, changes in the fair value of derivatives are recorded as follows:

(i) Cash flow hedge: variations in the fair value of derivative financial instruments designated as effective cash flow hedges have their effective component recorded in equity (other comprehensive income) and the ineffective component recorded in income (Revenue/Financial expense). The amounts recorded in equity are only transferred to Fixed assets in an appropriate account (Settled hedge) when the protected item is effectively realized.

The subsidiary GNA I registers, at the beginning of the hedge accounting operation, for the purpose of risk management, the relationship between the hedge instruments and the items it protects, the strategy for carrying out hedge operations and also, both at the beginning and on an ongoing basis, its assessment that the derivative instruments used in hedge operations are effective.

f. Sensitivity analysis

The following analyzes estimate the potential value of instruments in hypothetical stress scenarios of the main market risk factors that impact each position, keeping all other variables constant.

- Probable Scenario: The charges and income for the following period were projected, considering the balances, exchange rates and / or interest rates in effect at the end of the period.

- Scenario II: it considers a 25% shock in risk factors in relation to market rates of the likely scenario.

- Scenario III: it considers a 50% shock in the risk factors in relation to the market rates of the probable scenario.

For income from financial investments, scenarios II and III consider a reduction of 25% and 50%, respectively, in relation to the probable scenario.

For the sensitivity analysis of derivative financial instruments, Management understands that there is a need to consider liabilities subject to protection, with exposure to fluctuations in exchange rates or price indexes, which are recorded in the balance sheet.

Operation	**Currency**	**Risk**	**Quotation**	**Exposure**	**Probable Scenario**	**Impact scenario (II)**	**Impact scenario (III)**
NDF							
Protected item: part of disbursement in USD	Dollar	Drop in the dollar	4.0307	3,140	1,368	(42,773)	(86,910)
Protected item: part of disbursement in EUR	Euro	Drop in the euro	4.5305	(6,383)	(9,589)	(39,553)	(69,518)
Net exposure				**(3,243)**	**(8,221)**	**(82,326)**	**(156,428)**

The table below shows the loss (gain) due to the variation in interest rates that may be recognized in the Company's income in the following year, if one of the scenarios presented below occurs:

Operation	**Indexer**	**Risk**	**Rate**	**Exposure (BRL) (Position 12/31/2019)**	**Probable Scenario**	**Scenario impact (II)**	**Scenario impact (III)**
Financial investments in CDI	CDI	Drop in the CDI	4,15% a.a	367,686	14,776	(3,689)	(7,381)

29.1 Estimated fair value

Fair value is the price that would be received for the sale of an asset or would be paid for the transfer of a liability in an orderly transaction between market participants at the measurement date, in the main market or, in its absence, in the most advantageous market to which the Company has access on that date. The fair value of a liability reflects its risk of non-performance. The risk of non-compliance includes, among others, the Company's credit risk.

For measurement and determination of the fair value of derivative instruments, named Non-Deliverable Forward (NDF), contracted by UTE GNA I, we use the market rates from B3 website, which are (i) DI x Pre; (ii) Real x USD (iii) Real x Euro. For pricing, we consider the closing date of the accounting period under analysis.

Financial assets and liabilities recorded at fair value must be classified and disclosed according to the following levels:

- **Level 1 -** Prices quoted without adjustments in active markets for instruments identical to those of the Company;

- **Level 2 -** Prices quoted with or without adjustments for similar assets or liabilities with information directly or indirectly in active markets, except for quoted prices included in the previous level;

The table below shows the book and fair values of the Company's financial instruments and other assets and liabilities, as well as their measurement level, on December 31st, 2019 and December 31st, 2018:

		Consolidated			
	Level	**2019**		**2018**	
		Accounting	**Fair Value**	**Accounting**	**Fair Value**
Financial assets (Current/Non-current)					
Measured at fair value through the result		**370,331**	**370,331**	**60,447**	**60,447**
Cash and cash equivalent	1	370,331	370,331	60,447	60,447
Financial liabilities (Current/Non-current)					
Measured at amortized cost		**1,713,296**	**1,713,296**	**9,284**	**9,284**
Suppliers	2	74,548	74,548	9,284	9,284
Loans and financing	2	1,638,748	1,638,748	-	-
Measured at fair value through the comprehensive result		**(3,243)**	**(3,243)**	**-**	**-**
Non-deliverable forwards (NDF) - Hedge Instrument	2	(3,243)	(3,243)	-	-

There were no transfers between Level 1 and Level 2 during the year ended December 31st, 2019.

Evaluation Methods and Techniques
The Company understands that the fair value of suppliers, as it has most of its short-term maturities, is already reflected in its book value.

For financing classified and measured at amortized cost, the Company understands that, since they are bilateral operations and do not have an active market or another similar source with conditions comparable to those already presented and that can be a parameter in determining their fair values, the amounts accounts reflect the fair value of the transactions.

To calculate mark-to-market (MTM), the projection of the quotation of the currency contracted in the NDF is used for the maturity date according to the BM&F futures curve. This value is brought to present value in accordance with the CDI projection according to BM&F's future DI curve.

30 Insurance coverage

The Company adopts the policy of contracting insurance coverage for assets subject to risks, for amounts considered by Management to be sufficient to cover possible claims, considering the nature of its activity.

The policies are in effect and the premiums have been duly paid. The Company considers that its insurance coverage is consistent with that of other companies of similar size operating in the sector.

As of December 31st, 2019 and December 31st, 2018, insurance coverage is as follows:

	Consolidated	
	2019	**2018**
Material Damage (Engineering Risks)	3,605,950	3,466,479
Civil Liability and Environmental Damages	82,578	82,578
Expected Loss of Profits	3,018,110	4,641,960
Transportation of Imported Equipment	1,519,574	1,459,447
Civil Liability (Office and Employees)	10,000	-
Performance Guarantee	360,108	-
Bond Guarantee - Lease	1,711	-
D&O	200,000	-
Fire (office property)	6,000	-

31 Commitments

On December 31st, 2019, the Company presented commitments for future purchases in the Controlled Company, in the amount of R$74,915 (R$223,099 on December 31st, 2018), which must be fulfilled in the course of the Thermal plant works. In the consolidated financial statement, the Company presented commitments for future purchases in the amount of R$1,861,901 (R$2,490,524 on December 31st, 2018).

32 Subsequent events

a. COVID-19

On January 31, 2020, the World Health Organization (WHO) announced that the coronavirus (COVID-19) is a global health emergency. The outbreak triggered significant decisions by governments and private sector entities, which added to the potential impact of the outbreak, increased the degree of uncertainty for economic agents and can generate the following relevant impacts on the amounts recognized in the financial statements.

Despite the current situation of the spread of the outbreak, we understand that there is no need to review the future flow of revenues, which are mainly based on fixed and long-term components derived from auctions (TPP I and II).

Considering the unpredictability of the evolution of the outbreak and its impacts, it is not currently feasible to estimate the financial effect in the commissioning phase of UTE I and in the implementation phase of UTE II work.

It is important to note that the technical and operational contracts of UTE I remain in force, while those of UTE II were signed in 2020.

In addition, as disclosed in note 29.b, the risk of exchange variation of the US dollar and the euro is mitigated through foreign exchange hedge operations.

Management constantly assesses the impact of the outbreak on the Company's operations and equity and financial position, with the objective of implementing appropriate measures to mitigate the impacts of the outbreak on operations and financial statements.

Until the date of authorization for issuing these financial statements, the following main measures were taken:

• creation of a Crisis Committee to assess future impacts;

• virtual meetings, suspension of events and travel;

• implementation of home office for employees of the offices whenever possible;

• activities performed on the job by our Contractors were partially and temporarily paralyzed, except for specific and essential activities for the conservation of the enterprise, allowing immediate resumption, without rework, after the coronavirus outbreak has been resolved;

• debate with shareholders and equipment suppliers, to align future acquisitions and start implementing the project, considering the current outbreak scenario.

Other impacts of the coronavirus may have effects, however it is not yet possible to measure these impacts.

b. Arbitration

UTE GNA I became aware of the filing of an arbitration request in January 2020, in which it was one of the defendants, along with two other companies in the proceedings, related to services in the areas of Porto do Açu, located in the municipality of São João da Barra, among these areas, the Liquefied Natural Gas Terminal ("LNG Terminal") of UTE GNA I. The amounts are under discussion with the lawyers and currently the provision for loss is possible.

c. UTE II

- **Installation license**

On January 27, 2020, the Company received from the Government of Rio de Janeiro, the installation license for the GNA II thermoelectric plant, of approximately 1.7GW of installed capacity issued by the State Environmental Institute (INEA).

- **Shareholders agreement**

On February 21, 2020, the Shareholders' Agreement of UTE GNA II Geração de Energia S.A. ("GNA II") was signed between Gás Natural Açu Infraestrutura S.A., Siemens Participações Ltda. and GNA II, as an intervener. The Agreement, whose effectiveness is subject to the fulfillment of precedent conditions, has the purpose of regulating the governance of GNA II, as well as the commitment of contributions from its shareholders, in terms and conditions to be agreed by the parties. Under the terms of the document, capital contributions to GNA II are subject to the closing of the project's long-term financing, scheduled for the second half of 2020.

- **Technical / commercial agreements**

On February 21, 2020, the Company signed technical / commercial agreements, as listed below:

- **Engineering, Procurement and Construction (EPC) -** Signed between, on the one hand, UTE GNA II Geração de Energia SA, and, on the other, Siemens Aktiengesellschaft, Andrade Gutierrez Engenharia SA and AG Construções e Serviços SA, on January 21, 2020, whose scope is the implementation of a thermoelectric plant combined cycle, natural gas, in the locality of Porto do Açu, in the municipality of São João da Barra, State of Rio de Janeiro.

- **Operation and Maintenance (O&M) -** Signed between, on the one hand, UTE GNA II Geração de Energia S.A., and, on the other, Simens Ltda. and Siemens Energy, Inc., on January 21, 2020, whose scope is the supply of spare parts and the provision of operation and maintenance services for a combined cycle thermoelectric plant, using natural gas, in Porto do Açu, in the municipality of São João da Barra, State of Rio de Janeiro for a period of 25 years.

- **Long Term Maintenence Program (LTMP) -** Signed between, on the one hand, UTE GNA II Geração de Energia SA, and, on the other, Siemens Energy, Inc., Siemens Power Generation Service Company, Ltd. and Siemens Ltda., On January 21, 2020, whose scope is provision of maintenance services for gas turbines, steam turbines and generators, as well as the supply of parts and related components, for a period of 25 years, relating to the combined cycle thermoelectric plant, natural gas, in the locality of Porto do Açu, in the municipality of São João da Barra, State of Rio de Janeiro.

Sale and Purchase Agreement (SPA) - Signed between UTE GNA II Geração de Energia SA and BP Gas Marketing Limited on January 21, 2020, whose scope is the purchase and sale / supply of liquefied natural gas (LNG), which will be supplied at the Floating Storage and Regasification Unit (FSRU) chartered by UTE GNA I Geração de Energia SA for the supply of natural gas to its combined cycle thermoelectric plant, with natural gas, in Porto do Açu, in the municipality of São João da Barra, State of Rio de Janeiro.

- **Allocation agreement -** Agreement signed between BP Gas Marketing Limited, UTE GNA I Geração de Energia S.A. and UTE GNA II Geração de Energia S.A. on January 21, 2020, whose scope is the definition of procedures for managing the LNG inventory stored at FSRU.

- **Mutual**

In February 2020, the amount of R $ 7,361 was received from GNA Infra.