

# UTE GNA I Geração de Energia S.A.

**Financial statements on  
December 31, 2018 and 2019**

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## Independent Auditor's Report 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  
UTE GNA I Geração de Energia S.A.  
Rio de Janeiro - RJ

### Opinion

We have audited the financial statements of UTE GNA I Geração de Energia S.A ("the Company"), 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 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 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 or to cease operations, or has no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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, 2019

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

*Original in Portuguese signed by*  
Juliana Ribeiro de Oliveira  
CRC RJ-095335/O-0

# UTE GNA I Geração de Energia S.A.

## Statement of position on December 31<sup>st</sup>, 2019 and 2018.

*(In thousands of Reais)*

	Note	2019	2018
<b>Current</b>			
<b>Assets</b>			
Cash and cash equivalents	9	367,339	53,427
Escrow account	10	-	200
Accounts receivable	11	24,589	118
Other advances		307	51
Prepaid expense	12	26,364	43,715
Recoverable taxes	13	2,839	864
Income tax and contribution recoverable	13	-	489
Derivative financial instruments	27	2,684	-
Other receivables		-	2
<b>Total current assets</b>		<b>424,122</b>	<b>98,866</b>
<b>Non-current</b>			
Prepaid expenses	12	1,523	11,617
Recoverable taxes	13	322	-
Deferred taxes	14	19,512	7,019
Derivative financial instruments	27	667	-
Escrow account	10	11,446	-
Property, plant and equipment	15	3,170,284	796,159
Intangible assets	16	30,933	30,813
Right of use assets	17	104,858	-
<b>Total non-current assets</b>		<b>3,339,545</b>	<b>845,608</b>
<b>Total assets</b>		<b>3,763,667</b>	<b>944,474</b>

The notes are an integral part of the financial statements.

# UTE GNA I Geração de Energia S.A.

## Statement of position on December 31<sup>st</sup>, 2019 and 2018.

(In thousands of Reais)

	Note	2019	2018
<b>Current</b>			
<b>Liabilities</b>			
Suppliers	18	72,514	8,589
Salaries and charges payable	19	12,371	4,091
Accounts payable	11	88,090	20,762
Taxes payable	20	2,510	2,432
Income tax and social contribution payable	20	281	-
Derivative financial instruments	27	3,941	-
Trade accounts payable	21	5,700	9,579
Loans and borrowings	22	62,416	-
Leases liabilities	17	1,226	-
Other accounts payable		80	-
<b>Total current liabilities</b>		<b>249,129</b>	<b>45,453</b>
<b>Non-current</b>			
Derivative financial instruments	27	2,653	-
Trade accounts payable	21	16,477	21,385
<b>Loans and borrowings</b>	22	1,576,332	-
Leases liabilities	17	118,918	-
Provision for contingencies	23	270	-
<b>Total non-current liabilities</b>		<b>1,714,650</b>	<b>21,385</b>
<b>Shareholders' equity</b>	24		
Share capital		925,802	445,698
Capital reserves		925,802	445,612
Adjustment of equity valuation	27	(3,243)	-
Accumulated losses		(48,473)	(13,674)
<b>Total shareholders' equity</b>		<b>1,799,888</b>	<b>877,636</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,763,667</b>	<b>944,474</b>

The notes are an integral part of the financial statements.

# UTE GNA I Geração de Energia S.A.

## Statements of income

Years ended December 31<sup>st</sup>, 2019 and 2018

*(In thousands of Reais)*

	Note	2019	2018
<b>Operating expenses</b>			
General and administrative expenses	25	(43,327)	(22,050)
Impairment and other losses	9	<u>(33)</u>	<u>(5)</u>
<b>Net income before financial result (expenses)</b>		<b><u>(43,360)</u></b>	<b><u>(22,055)</u></b>
<b>Net financial results</b>	26		
Finance income		15,521	3,113
Finance expenses		<u>(18,416)</u>	<u>(1,750)</u>
<b>Loss before taxes</b>		<b><u>(46,255)</u></b>	<b><u>(20,692)</u></b>
Current income and social contribution taxes	14	(1,037)	-
Deferred income and social contribution taxes	14	<u>12,493</u>	<u>7,019</u>
<b>Loss for the year</b>		<b><u>(34,799)</u></b>	<b><u>(13,673)</u></b>

The notes are an integral part of the financial statements.

# UTE GNA I Geração de Energia S.A.

## Statements of comprehensive income (loss)

December 31<sup>st</sup>, 2019 and 2018

*(In thousands of Reais)*

	<b>2019</b>	<b>2018</b>
Loss for the year	(34,799)	(13,673)
<b>Items that can subsequently be reclassified to the result</b>		
Loss on hedging operations	<u>(3,243)</u>	<u>-</u>
<b>Total comprehensive loss of the year</b>	<b><u>(38,042)</u></b>	<b><u>(13,673)</u></b>

The notes are an integral part of the financial statements.



# UTE GNA I Geração de Energia S.A.

## Statements of changes in shareholders' equity

Years ended December 31<sup>st</sup>, 2019 and 2018

(In thousands of Reais)

	Capital Reserve		Equity evaluation adjustment	Advance for future capital increase	Accumulated losses	Shareholders' equity
	Capital	Goodwill on issue of shares				
<b>Balance on January 1<sup>st</sup>, 2018</b>	<b>1</b>	-	-	<b>12,320</b>	<b>(1)</b>	<b>12,320</b>
Loss for the year	-	-	-	-	(13,673)	(13,673)
Capital increase and capitalization of AFAC – Infra	298,617	-	-	(12,320)	-	<b>286,297</b>
Capital increase – Siemens	147,080	-	-	-	-	<b>147,080</b>
Capital reserve increase - Infra	-	298,560	-	-	-	<b>298,560</b>
Capital reserve increase - Siemens	-	147,052	-	-	-	<b>147,052</b>
<b>Balance on December 31<sup>st</sup>, 2018</b>	<b>445,698</b>	<b>445,612</b>	-	-	<b>(13,674)</b>	<b>877,636</b>
Loss for the year	-	-	-	-	(34,799)	(34,799)
Capital increase -Infra	321,670	-	-	-	-	<b>321,670</b>
Capital increase – Siemens	158,434	-	-	-	-	<b>158,434</b>
Capital reserve increase - Infra	-	321,727	-	-	-	<b>321,727</b>
Capital reserve increase - Siemens	-	158,463	-	-	-	<b>158,463</b>
Loss on hedging operations	-	-	(3,243)	-	-	(3,243)
<b>Balance on December 31<sup>st</sup>, 2019</b>	<b>925,802</b>	<b>925,802</b>	<b>(3,243)</b>	-	<b>(48,473)</b>	<b>1,799,888</b>

The notes are an integral part of the financial statements

# UTE GNA I Geração de Energia S.A.

## Statements of cash flows

Years ended December 31<sup>st</sup>, 2019 and 2018

(In thousands of Reais)

	<b>2019</b>	<b>2018</b>
<b>Cash flow from operating activities</b>		
Loss before taxes	(46,255)	(20,692)
<b>Adjustments for:</b>		
Depreciation and amortization	634	1
Exchange losses	(779)	1,385
Provision for contingencies	270	-
Impairment of assets and other variations	33	5
<b>Adjusted net losses</b>	<b>(46,097)</b>	<b>(19,301)</b>
<b>(Increase) decrease in assets and increase (decrease) in liabilities:</b>		
Recoverable taxes	(1,808)	(1,353)
Prepaid expenses	27,445	(53,248)
Other advances	(256)	(51)
Other receivables	2	(2)
Escrow accounts	(9,873)	(200)
Accounts receivables	(24,504)	(123)
Suppliers	63,925	2,673
Accounts payable	58,118	20,139
Taxes payable	(678)	2,432
Other accounts payable	80	-
Trade accounts payable	(9,381)	(421)
Salaries and charges payable	8,280	4,091
<b>Net cash provided by (used in) operating activities</b>	<b>65,253</b>	<b>(45,364)</b>
<b>Cash flows from investing activities</b>		
Acquisition of PPE	(2,245,672)	(779,645)
Acquisition of intangible assets	(136)	(813)
<b>Net cash used in investing activities</b>	<b>(2,245,808)</b>	<b>(780,458)</b>
<b>Cash flow from financing activities</b>		
Capital increase - Infra	321,670	286,297
Capital increase - Siemens	158,434	147,080
Capital Reserve - Infra	321,727	298,560
Capital Reserve - Siemens	158,463	147,052
New loans	2,000,591	-
Transaction costs related to loans	(452,531)	-
Loan payment	(5,277)	-
Liabilities lease payment	(1,623)	-
Mutual - Infra - release	561,390	-
Mutual - Infra - payment	(565,838)	-
Mutual - Siemens - release	320,425	-
Mutual - Siemens - payment	(322,964)	-
<b>Net cash provided by financing activities</b>	<b>2,494,467</b>	<b>878,989</b>
<b>Increase in cash and cash equivalents</b>	<b>313,912</b>	<b>53,167</b>
At the beginning of the year	53,427	260
At the end of the year	367,339	53,427
<b>Increase in cash and cash equivalents</b>	<b>313,912</b>	<b>53,167</b>

The notes are an integral part of the financial statements.

## **Notes to the financial statements**

*(In thousands Reais, unless stated otherwise)*

### **1 Operations**

UTE GNA I Geração de Energia S.A. (“GNA 1” or “Company”) was incorporated on September 17<sup>th</sup>, 2015 and on October 20<sup>th</sup>, 2017 the company was changed from a limited company to a privately held corporation. Its core activities are studying, planning, protecting, constructing, operating, maintaining and exploring of electricity generation systems awarded to it by concession or authorization of any nature; trading electricity; activities associated with the electricity service, including the management of energy transmission and generation systems; construction, maintenance, operation and exploration of liquefied natural gas (LNG) terminals and natural gas pipelines; transportation of gases and liquids through pipelines and transfer lines acquiring interests in other companies, and representing Brazilian and foreign companies. Its direct parent company is Gás Natural Açú Infraestrutura S.A. (“GNA Infra”), and indirect parent company is Gás Natural S.A. (“GNA HoldCo”), a subsidiary of Prumo Logística S.A (Prumo).

The project of UTE GNA I Geração de Energia S.A. (“UTE GNA I”) entails the construction of a combined-cycle gas-fired thermoelectric power station with an output of approximately 1,300 MW which will handle the contractual obligations of UTE Novo Tempo under its energy trading contracts, an LNG regasification terminal (“Regasification Terminal”), with the capacity to import natural gas for the UTE GNA I project and future power plants and other potential projects in the industrial complex of Porto do Açú, in addition to comprising the development of the “Açú Gas Hub”, strategically located in the north-east of Rio de Janeiro state, which offers efficient logistical solutions for the sale and consumption of natural gas and related products.

Work on the thermoelectric plant is underway, as well as the construction of the LNG Regasification Terminal and the cabling work for the 345 kV Transmission Line, which will drain the energy produced by UTE GNA I.

UTE GNA I works started in March 2018 and currently about 92.5% of the project has been completed following the agreed schedule. Construction works are nearing completion and the electromechanical assembly stage has begun.

About 99.7% of the thermoelectric equipment is already in Açú Port, including boiler components, condensers and generators. All turbines have arrived as scheduled.

## Licenses

The Company has preliminary environmental licenses for up to 1.3 GW in combined-cycle thermoelectric.

Description	Document	Date of issuance	Term
The National Electricity Regulatory Agency - ANEEL transfers the energy exploration authorization from Termelétrica Novo Tempo to UTE GNA I.	Authorizing resolution No. 6,769	12/19/2017	12/19/2040
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	8/14/2018	3/9/2023
Preliminary and installation license approving the localization design, and deployment of a temporary construction site and an area of approximately 65,000 m <sup>2</sup> , 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 (aveloz) and groups of exotic species Syzygium cumini (Java plum).	LPI no. IN047115	11/12/2018	11/12/2023
Earthworks license; construction site; and deployment of the LNG regasification port terminal, at the North Jetty of terminal 2 of the Port of Açú, and of support structures (Floating Regasification 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	12/18/2018	12/18/2020
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	4/24/2019	4/24/2021

### a. *Going concern*

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

The Company recorded a loss in the amount of R\$ 34,799 for the year ended December 31, 2019 (R\$ 13,673 on December 31, 2018), and on that date, current assets exceed current liabilities by R\$ 174,993 (Current net positive capital of R\$ 53,413 as of December 31, 2018).

The Company is in the pre-operating phase and, consequently, has not generated cash flow for its activities. The investments and expenses incurred by the Company are being honored through financial support from its shareholders and financing. Management does not recognize uncertainty about the future capacity to generate operating cash flow considering:

- Capital increase of R\$ 480,104, see note 25.a;
- Future operating cash flow, based on the business plan reviewed by specialized consultants periodically.

## **2. 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 issuing of the financial statements was authorized by Company Management on March 26, 2020.

Details on the Company's accounting policies are presented in note 7.

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 6.

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

## **3. 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.

## **4. 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.

## **5. Use of judgment 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 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.

## 6. Main changes in accounting policies

### a. 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.

### b. CPC 06 (R2) 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 a lease 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 7.

The Company has assets for use in a specific line in the balance sheet. The carrying amounts of the right-of-use assets (including assets previously classified as finance leases) are as follows:

In thousands of Reais	Right of use
On January 1 <sup>st</sup> , 2019	135,038
On December 31 <sup>st</sup> , 2019	104,858

#### (ii) Impact on transition

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 is not re-presented - that is, it is 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 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%

**(iii) As lessee**

As a lessee, the Company leases several assets, including real estate and land. 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 balance sheet.

**(iv) Impact on 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:

<b>In thousands of Reais</b>	<b>December 31st, 2019</b>
<b>Current</b>	
Right-of-use assets	104,858
Depreciation - Fixed assets in progress	4,219
Interest - Fixed assets in progress	10,916
<b>Current</b>	
Lease Liabilities	120,144
<b>Result</b>	
Amortization	541
Interest	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 CPC 20 (R1), the interest attributed to this contract is being capitalized.

## **7. Main accounting policies**

The Company applied the accounting policies described below consistently to all the 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 after their initial recognition, unless the Company changes its business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the first year following the change in the Business.

### **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**

Financial liabilities are classified as measured at amortized cost or FVPL. A financial liability is classified at FVPL if it is classified as held for trading, if it is a derivative or if it is designated as such at the time of initial recognition. Financial liabilities at FVPL are measured at fair value, and net gains and losses, including any interest expense, are recognized in the income statement. Other financial liabilities are subsequently measured at amortized cost, using the effective interest rate method. Interest expenses and foreign exchange gains and losses are 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 designated hedge relationships, the Company documents the risk management objective and strategy for performing the hedge. The Company also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in the cash flows of the hedged item and the hedging instrument should 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 - ORA, and is limited to the cumulative change in the fair value of the hedged item, 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 fixed 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***

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 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 1<sup>st</sup>, 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 1<sup>st</sup>, 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.

See further details on the accounting impacts on GNA I in note 6.

**8. New standards and interpretations not yet in effect**

A series of new standards will be effective for years beginning after January 1<sup>st</sup>, 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 financial statements:

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

**9 Cash and cash equivalents**

	2019	2018
Cash and banks	21	82
<b>Short term financial investments</b>		
Financial investments (a)	367,356	53,350
	<b>367,356</b>	<b>53,350</b>
	<b>367,377</b>	<b>53,432</b>
Provision for expected loss (b)	(38)	(5)
<b>Total</b>	<b>367,339</b>	<b>53,427</b>

- (a) The balance of cash and cash equivalents as of December 31<sup>st</sup>, 2019 consists of a current account and a CDB investment at Citibank and the Silver fund at BNP Paribas, which are readily convertible into a known cash amount and are 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 5th, 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 counterparties, 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 counterparties in which the Company has outstanding balances at December 31<sup>st</sup>, 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*

<b>Risk Level</b>	<b>Rating</b>	<b>Gross Balance</b>	<b>Loss rate (1)</b>	<b>Provision for Loss</b>
Level 1	AAA	367,377	0.01%	38

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

## 10 Escrow account

	<b>2019</b>	<b>2018</b>
ANTAQ deposit (a)	-	200
NTN-B deposit (b)	11,446	-
<b>Total</b>	<b>11,446</b>	<b>200</b>
Current	-	200
Non-current	11,446	-
<b>Total</b>	<b>11,446</b>	<b>200</b>

- (a) On July 25<sup>th</sup>, 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 31<sup>st</sup>, 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 27.

## 11 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 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 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:

	<b>2019</b>	<b>2018</b>
<b>Asset:</b>		
<b>Accounts receivable</b>		
GNA Infra (a)	5,962	118
GNA HoldCo (a)	4,400	-
UTE GNA II (a)	14,227	-
<b>Total assets</b>	<b>24,589</b>	<b>118</b>
<b>Liability:</b>		
<b>Accounts payable</b>		
GNA HoldCo (a)	6,598	17,171
GNA Infra (a)(e)	1,638	3,252
Prumo Logística S.A (b)	289	174
Porto do Açú Operações S.A. (b)	586	165
Siemens Aktiengesellschaft (c)	78,646	-
BP Global (d)	333	-
<b>Total</b>	<b>88,090</b>	<b>20,762</b>
<b>Result:</b>		
<b>Shared costs</b>		
GNA HoldCo (a)	(5,762)	(5,430)
GNA Infra (a)(e)	4,269	(2,290)
UTE GNA II (a)	14,227	-
Prumo Logística S.A. (b)	1,714	(1,570)
Porto do Açú Operações S.A. (b)	(584)	(475)
<b>Total</b>	<b>13,864</b>	<b>(9,765)</b>

- (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 Açú X Prumo;
- (c) Purchase of equipment for thermal plant;
- (d) Provision of services on the management of the terminal.
- (e) 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:

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

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

	<b>2019</b>	<b>2018</b>
<b>Directors</b>		
Pro-labore	(2,776)	(459)
Bonus	(5,392)	(19)
Benefits and charges	(839)	(139)
Cost transfer between companies (a)	(184)	(1,438)
<b>Total</b>	<b>(9,191)</b>	<b>(2,055)</b>

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

## 12 Prepaid expenses

	<b>2019</b>	<b>2018</b>
Insurance premium (a)	18,595	21,459
Transaction cost (b)	9,292	33,873
<b>Total</b>	<b>27,887</b>	<b>55,332</b>
Current	26,364	43,715
Non-current	1,523	11,617
<b>Total</b>	<b>27,887</b>	<b>55,332</b>

- (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, according note 22.

## 13 Recoverable taxes

	<b>2019</b>	<b>2018</b>
Withholding income tax ("IRRF")	2,369	612
PIS/COFINS on imports	418	252
ICMS to be recovered	52	-
	<b>2,839</b>	<b>864</b>
Income tax and social contribution ("IRPJ/CSLL")	322	489
<b>Total</b>	<b>3,161</b>	<b>1,353</b>
Current	2,839	1,353
Non-current	322	-
<b>Total</b>	<b>3,161</b>	<b>1,353</b>



## 14 Deferred taxes

	<b>2019</b>	<b>2018</b>
Deferred tax assets	19,512	7,019
<b>Total</b>	<b>19,512</b>	<b>7,019</b>

	Deferred tax assets	Deferred tax liabilities
<b>Balance on January 1<sup>st</sup>, 2018</b>	-	-
Pre-operating expenses	7,019	-
<b>Balance on December 31<sup>st</sup>, 2018</b>	<b>7,019</b>	-
<b>Balance on January 1<sup>st</sup>, 2019</b>	7,019	-
Pre-operating expenses	12,493	-
<b>Balance on December 31<sup>st</sup>, 2019</b>	<b>19,512</b>	-

	<b>2019</b>	<b>2018</b>
<b>Book loss before tax</b>	<b>(46,255)</b>	<b>(20,692)</b>
Income tax and social contribution rate	34%	34%
<b>Income tax and social contribution (base x rate)</b>	<b>15,727</b>	<b>7,035</b>
<b>Increases:</b>		
PLR/Bonus retention	(1,929)	(15)
PLR/Bonus INSS	(331)	(1)
Exchange variation	(2,035)	-
Income tax additional	24	-
<b>Total income tax and social contribution for the period</b>	<b>11,456</b>	<b>7,019</b>
Current	(1,037)	-
Deferred	12,493	7,019
<b>Total</b>	<b>11,456</b>	<b>7,019</b>
	<b>(24.77)%</b>	<b>(33.92)%</b>

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.

## 15 Property, plant and equipment

	Advances for formation of fixed assets (*)	Works in progress and equipment under construction (**)	Furniture and Utensils	Machines and Equipment	Computer equipment	Total
<b>Balance on January 1<sup>st</sup>, 2018</b>	<b>8,138</b>	<b>3,922</b>	-	-	-	<b>12,060</b>
Increases	327,177	456,751	112	-	60	784,100
Transfers	(56,822)	56,822	-	-	-	-
Depreciation	-	-	(1)	-	-	(1)
<b>Balance on December 31<sup>st</sup>, 2018</b>	<b>278,493</b>	<b>517,495</b>	<b>111</b>	-	<b>60</b>	<b>796,159</b>
Cost	278,493	517,495	112	-	60	796,160
Accumulated depreciation	-	-	(1)	-	-	(1)
<b>Balance on December 31<sup>st</sup>, 2018</b>	<b>278,493</b>	<b>517,495</b>	<b>111</b>	-	<b>60</b>	<b>796,159</b>
Increases (***) and (***)	-	2,373,586	47	9	609	<b>2.374,251</b>
Transfers	(263,406)	263,406	-	-	-	-
Depreciation	-	-	(16)	-	(110)	(126)
<b>Balance on December 31<sup>st</sup>, 2019</b>	<b>15,087</b>	<b>3,154,487</b>	<b>142</b>	<b>9</b>	<b>559</b>	<b>3,170,284</b>
Cost	15,087	3,154,487	159	9	669	3,170,411
Accumulated depreciation	-	-	(17)	-	(110)	(127)
<b>Balance on December 31<sup>st</sup>, 2019</b>	<b>15,087</b>	<b>3,154,487</b>	<b>142</b>	<b>9</b>	<b>559</b>	<b>3,170,284</b>

(\*) Advance for formation of fixed assets: The balance of advances on December 31<sup>st</sup>, 2019 and 2018 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 31<sup>st</sup>, 2019 and 2018 is comprised of the construction costs of the thermoelectric plant.

(\*\*\*) 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 11.

(\*\*\*\*) The following amounts were capitalized on December 31, 2019:

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

## 16 Intangible assets

	Energy trading right (*)	Software software	Total
<b>Balance on January 1<sup>st</sup>, 2018</b>	<b>30,000</b>	-	<b>30,000</b>
Increases	-	813	813
<b>Balance on December 31<sup>st</sup>, 2018</b>	<b>30,000</b>	<b>813</b>	<b>30,813</b>
Cost	30,000	813	30,813
<b>Balance on December 31<sup>st</sup>, 2018</b>	<b>30,000</b>	<b>813</b>	<b>30,813</b>
Increases	-	136	136
Amortization	-	(16)	(16)
<b>Balance on December 31<sup>st</sup>, 2019</b>	<b>30,000</b>	<b>933</b>	<b>30,933</b>
Cost	30,000	949	30,949
Accumulated amortization	-	(16)	(16)
<b>Balance on December 31<sup>st</sup>, 2019</b>	<b>30,000</b>	<b>933</b>	<b>30,933</b>
<b>Service life</b>	<b>23 years</b>	<b>5 years</b>	

(\*) On December 19<sup>th</sup>, 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.

## 17 Right of use assets/Leases 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.

The movement in 2019 of the right to use assets and lease liabilities is shown in the table below:

	Balance 01/01/2019	Incremental Rate	PIS/COFINS to be recovered	Increases	Write- off	Amortization	Payments	Appropriated interest	Balance 12/31/2019
<b>Assets</b>									
Land	135,038	(29,567)	-	-	-	(4,219)	-	-	101,252
Commercial room	-	-	-	4,147	-	(541)	-	-	3,606
<b>Total assets</b>	<b>135,038</b>	<b>(29,567)</b>	<b>-</b>	<b>4,147</b>	<b>-</b>	<b>(4,760)</b>	<b>-</b>	<b>-</b>	<b>104,858</b>
<b>Liabilities</b>									
Land	11,253	-	-	-	(11,253)	-	-	-	-
Commercial room	-	-	-	1,872	-	-	(581)	-	1,291
(-) Financial charges to be incurred - Commercial room	-	-	-	(256)	-	-	-	191	(65)
<b>CP lease liability</b>	<b>11,253</b>	<b>-</b>	<b>-</b>	<b>1,616</b>	<b>(11,253)</b>	<b>-</b>	<b>(581)</b>	<b>191</b>	<b>1,226</b>
Land	123,785	202,179	-	-	-	-	-	-	325,964
(-) Financial charges to be incurred - Land	-	-	-	(220,492)	-	-	-	10,916	(209,576)
Commercial room	-	-	-	3,115	-	-	-	-	3,115
(-) Financial charges to be incurred - Commercial room	-	-	-	(585)	-	-	-	-	(585)
<b>LP lease liability</b>	<b>123,785</b>	<b>202,179</b>	<b>-</b>	<b>(217,962)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,916</b>	<b>118,918</b>
<b>Total liabilities</b>	<b>135,038</b>	<b>202,179</b>	<b>-</b>	<b>(216,346)</b>	<b>(11,253)</b>	<b>-</b>	<b>(581)</b>	<b>11,107</b>	<b>120,144</b>
<b>Result</b>									
Amortization - Commercial room	-	-	(50)	-	-	541	-	-	491
Interest Expense - Commercial room	-	-	(4)	-	-	-	-	191	187
<b>Lease result</b>	<b>-</b>	<b>-</b>	<b>(54)</b>	<b>-</b>	<b>-</b>	<b>541</b>	<b>-</b>	<b>191</b>	<b>678</b>

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

The amortization and interest expense of the leased land were capitalized in the amount of R\$15,135.

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

<b>Agreements</b>	<b>Rates</b>
Commercial room	9,98%
Land	10,35%

The payment flow of the agreements is shown below:

**Payment flow – Commercial room**

2019	580
2020	1,291
2021	1,335
from 2022	1,780

**Payment flow - Land**

2019	-
2020	-
2021	14,172
from 2022	311,792

## 18 Suppliers

	<u>2019</u>	<u>2018</u>
National suppliers	18,256	7,287
Foreign suppliers	54,258	1,302
<b>Total</b>	<u><b>72,514</b></u>	<u><b>8,589</b></u>

## 19 Salaries and charges payable

	<u>2019</u>	<u>2018</u>
Bonuses payable	8,798	2,572
Vacations	1,206	513
Charges on vacations	878	300
INSS	1,305	591
FGTS	171	111
Insurances	11	3
Union contribution	2	1
<b>Total</b>	<u><b>12,371</b></u>	<u><b>4,091</b></u>

## 20 Taxes payable

	<b>2019</b>	<b>2018</b>
Service tax ("ISS")	825	194
INSS third parties	13	7
Tax on the circulation of goods and services ("ICMS")	739	115
Withholding income tax ("IRRF")	756	806
PIS/COFINS payable	69	18
PIS/COFINS/CSLL - tax withholding	108	1,292
<b>Total</b>	<b>2,510</b>	<b>2,432</b>
Income tax and social contribution	281	-
<b>Total</b>	<b>2,791</b>	<b>2,432</b>
Current	2,791	2,432
Non-current	-	-
<b>Total</b>	<b>2,791</b>	<b>2,432</b>

## 21 Trade accounts payable

	<b>2019</b>	<b>2018</b>
TCCA - thermal plant (a)	-	9,579
TCCA - terminal (b)	207	-
Bolognesi Energia (c)	21,970	21,385
<b>Total</b>	<b>22,177</b>	<b>30,964</b>
Current	5,700	9,579
Non-current	16,477	21,385
<b>Total</b>	<b>22,177</b>	<b>30,964</b>

- (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, paid in 12 equal installments in the amount of R\$2,395.

As of December 31<sup>st</sup>, 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 31<sup>st</sup>, 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
<b>Total</b>		<b>30,000</b>	<b>1,385</b>	<b>585</b>	<b>(10,000)</b>	<b>21,970</b>

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.

## 22 Borrowings

On December 20<sup>th</sup>, 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:

<b>Banks</b>	<b>Currency</b>	<b>Purpose</b>	<b>Due date</b>	<b>Guarantee (a)</b>	<b>Total credit line</b>
BNDES	BRL	Investments	jan/33	Reserve Accounts, Fiduciary Aliention 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:

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

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

<b>Year</b>	<b>Debt</b>	<b>Interest</b>	<b>Transaction cost</b>
2020	-	62,416	(35,499)
2021	40,577	-	(36,780)
2022	101,443	-	(35,611)
2023	113,616	-	(35,562)
from 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.



## 23 Provision for contingencies

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

## 24 Shareholders' equity

Shareholders'	2019		2018	
	Number of common shares (thousand)	Participation %	Number of common shares (thousand)	Participation %
GNA Infra	1,240,575	67%	597,178	67%
Siemens	611,029	33%	294,132	33%
<b>Total</b>	<b>1,851,604</b>	<b>100%</b>	<b>891,310</b>	<b>100%</b>

### a. Share capital

As of December 31<sup>st</sup>, the Company's capital stock is R\$925,802, represented by 1,851,604 common shares, nominative and without par value (R\$445,698, represented by 891,310 common shares, nominative and without par value on December 31<sup>st</sup>, 2018). The Capital Stock increase contributions made in the period are shown below:

Initial Balance	Shareholder		Capital Stock
	GNA Infra	Siemens	
01/01/2019	298,618	147,080	445,698
<b>Date of payment</b>			
08/01/2019	66,435	32,722	99,157
11/03/2019	33,094	16,300	49,394
01/04/2019	71,062	35,001	106,063
08/05/2019	51,945	74,412	126,357
16/05/2019	99,133	-	99,133
<b>Total</b>	<b>620,287</b>	<b>305,515</b>	<b>925,802</b>

### b. Capital reserve

As of December 31<sup>st</sup>, 2019, the Company's capital reserve is R\$925,802, where GNA Infra has R\$620,287 and Siemens R\$305,515 (As of December 31<sup>st</sup>, 2018, GNA Infra had R\$298,560 and Siemens R\$147,052). The Capital Reserve increase contributions made in the period are shown below:

Initial Balance	Shareholder		Capital reserve
	GNA Infra	Siemens	
01/01/2019	298,560	147,052	445,612
<b>Date of payment</b>			
08/01/2019	66,493	32,750	99,243
11/03/2019	33,094	16,300	49,394
01/04/2019	71,062	35,001	106,063
08/05/2019	51,945	74,412	126,357
16/05/2019	99,133	-	99,133
<b>Total</b>	<b>620,287</b>	<b>305,515</b>	<b>925,802</b>

**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 nine-month period ended December 31<sup>st</sup>, 2019, the Company posted a loss with no dividend distribution.

**25 General and administrative expenses**

	<u>2019</u>	<u>2018</u>
Personnel	(25,883)	(15,047)
Legal expenses	(3,930)	(3,069)
Consulting and auditing	(2,457)	(1,079)
Taxes, fines and fees	(403)	(402)
IT and telecom	(2,698)	(282)
Communication and institutional affairs	(1,148)	(87)
Environmental and land expenses	(177)	-
Travels	(3,068)	(33)
Administrative services	(487)	(1,941)
Operational services	(63)	(2)
Insurances	(303)	-
Depreciation and amortization	(906)	(1)
General and maintenance expenses	(435)	(34)
Other third-party services	(1,401)	(55)
Other expenses	32	(18)
<b>Total</b>	<b><u>(43,327)</u></b>	<b><u>(22,050)</u></b>

**26 Net financial result**

	<u>2019</u>	<u>2018</u>
<b>Financial expenses</b>		
Bank expenses	(29)	(3)
Commissions and brokerage	(31)	(23)
Loss on Hedge transactions (SWAP)	(58)	-
IOF	(1,169)	(49)
Interest and fines	(251)	(286)
Expenses with updating of lease	(183)	-
Financial variation - IPCA	(879)	(1,385)
Interest expense on loans (a)	(9,884)	-
Exchange variation	(5,932)	(4)
	<b><u>(18,416)</u></b>	<b><u>(1,750)</u></b>
<b>Financial incomes</b>		
Interest on financial investments	13,775	3,113
Gain on Hedge transactions (SWAP)	28	-
Financial variation - IPCA	285	-
Monetary variation - government securities	1,373	-
Active or earned interest	60	-
	<b><u>15,521</u></b>	<b><u>3,113</u></b>
<b>Net financial result</b>	<b><u>(2,895)</u></b>	<b><u>1,363</u></b>

(a) According to CPC 20 (R1), the Company is capitalizing on all financial expenses arising from financing, which exceed its financial income also linked to financing.

## 27 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

#### (i) Foreign exchange risk

The Company, in order to ensure that significant fluctuations in the quotations of currencies to which its liabilities with foreign exchange exposure is subject do not affect its results and cash flow, had on December 31<sup>st</sup>, 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 31<sup>st</sup>, 2019, the Company had a total of short-term investments of R\$367,356.

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 31, 2019.

Non-derivative financial liabilities	Book 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	72,514	72,514	72,514	-	-	-	-	-
<b>Derivative financial liabilities</b>								
Non- deliverable Forwards (NDF)	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 stated in full without considering any balance of the provision for impairment of the asset.

	2019	2018
<b>Measured at fair value through profit or loss</b>		
Cash and cash equivalents	367,339	53,427

#### **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.

	<u>2019</u>	<u>2018</u>
<b>Current</b>		
Current	2,684	-
Non-current	667	-
<b>Total Assets</b>	<u><u>3,351</u></u>	<u><u>-</u></u>
<b>Current</b>		
Current	3,941	-
Non-current	2,653	-
<b>Total Liabilities</b>	<u><u>6,594</u></u>	<u><u>-</u></u>
Other comprehensive incomes	<u>(3,243)</u>	-
<b>Total of shareholders' equity</b>	<u>(3,243)</u>	-
<b>Hedge gain (loss) recognized in fixed assets</b>	<u>37,550</u>	-

  

	<u>Contracted NDFs (in Reais)</u>			<u>Fair value (MTM)</u>		<u>Accumulated effect Amount receivable/received or payable/paid</u>
	<u>2019</u>	<u>2018</u>	<u>Maturity (year)</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
NDF						
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	<u>(2,653)</u>	-	-
<b>Net</b>				<u>(3,243)</u>	<u>-</u>	<u>37,550</u>

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 Company 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 in 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: considers a shock of 25% in the risk factors in relation to at market rates in the probable scenario.
- Scenario III: 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.

<u>Operation</u>	<u>Currency</u>	<u>Risk</u>	<u>Price</u>	<u>Exposure</u>	<u>Probable scenario</u>	<u>Scenario impact (II)</u>	<u>Scenario impact (III)</u>
NDF							
Protected item: disbursement part in USD	Dollar	Drop in the dollar	4,0307	3,140	1,368	(42,773)	(86,910)
Protected item: disbursement part in EUR	Euro	Drop in the euro	4,5305	(6,383)	(9,589)	(39,553)	(69,518)
<b>Net</b>				<b>(3,243)</b>	<b>(8,221)</b>	<b>(82,326)</b>	<b>(156,428)</b>

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

<u>Operation</u>	<u>Indexer</u>	<u>Risk</u>	<u>Rate</u>	<u>Exposure (BRL) (Position 12/31/2019)</u>	<u>Probable scenario</u>	<u>Scenario impact (II)</u>	<u>Scenario impact (III)</u>
Financial investments in CDI	CDI	Drop in the interest	4.15% a.a	367,686	14,776	(3,689)	(7,381)

## 27.1 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 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018:

	Level	2019		2018	
		Accounting	Fair Value	Accounting	Fair Value
<b>Financial assets (Current/Non-current)</b>					
	1				
<b>Measured at amortized cost</b>	1	<b>367,339</b>	<b>367,339</b>	-	-
Cash and cash equivalent		367,339	367,339	53,427	53,427
<b>Financial liabilities (Current / Non-current)</b>					
<b>Measured at amortized cost</b>		<b>1,711,262</b>	<b>1,711,262</b>	<b>8,589</b>	<b>8,589</b>
Suppliers	2	72,514	72,514	8,589	9,589
Loans	2	1,638,748	1,638,748	-	-
<b>Measured at fair value through the comprehensive result</b>		<b>(3,243)</b>	<b>(3,243)</b>	-	-
<i>Non-deliverable forwards (NDF) - Instrumento de Hedge</i>	2	(3,243)	(3,243)	-	-

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

***Assessment 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 according to the CDI projection according to BM&F's future DI curve.

## **28 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 31<sup>st</sup>, 2019 and 2018, insurance coverage is as follows:

	<b>2019</b>	<b>2018</b>
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	152,609	-
Bond Guarantee - Lease	1,711	-
D&O	100,000	-
Fire (office property)	6,000	-

## **29 Commitments**

On December 31<sup>st</sup>, 2019, the Company presented commitments for future purchases in the amount of R\$1,776,774 (R\$2,264,995 on December 31<sup>st</sup>, 2018), which must be fulfilled in the course of the Thermal plant works.

## **30 Subsequent events**

### **a. 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.



**b. COVID19**

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.

Although 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 auction.

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.

Additionally, as disclosed in note 27.b, the risk of exchange variation of the US dollar and the euro is mitigated through foreign exchange hedge operations.

It is important to note that the technical and operational contracts are still in force.

Management assesses a constant form of impact on the Company's operations and equity and financial position, with the objective of implementing appropriate measures to mitigate the impacts of operations and financial operations. Even the authorization data for issuing these financials, as main measures are being adopted:

- creation of a Crisis Committee;
- virtual meetings, suspension of events and travel;
- implementation of home office for employees of the offices whenever possible;
- activities carried out on the site 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 outbreak of the coronavirus.

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