UTE GNA II Geração de Energia S.A.

Financial statements on December 31, 2019 and 2018

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Independent Auditor's Report on the 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 II Geração de Energia S.A

Rio de Janeiro - RJ

Opinion

We have audited the financial statements of UTE GNA II 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 II Geração de Energia S.A.

Balance sheets
December 31st, 2019 and 2018

(In thousands of Reais)

	Note	2019	2018 (Unaudited)
Current			
Assets			
Cash and cash equivalents	9	145	20
Accounts receivable	10	27	-
Other advances		66	-
Prepaid expenses	11	3,175	2,980
Recoverable taxes		1	-
Total current assets		**3,414**	**3,000**
Non-current			
Prepaid expenses	11	6,503	9,103
Property, plant and equipment	12	8,704	4,190
Total non-current assets		**15,207**	**13,292**
Total assets		**18,621**	**16,292**

The notes are an integral part of the financial statements.

UTE GNA II Geração de Energia S.A.

Balance sheets
December 31st, 2019 and 2018

(In thousands of Reais)

	Note	2019	2018 (Unaudited)
Current Liabilities			
Suppliers	13	1,698	145
Accounts payable	10	24,417	3,768
Taxes payable	14	1	1
Total current liabilities		**26,116**	**3,914**
Shareholders´equity	15		
Share Capital		2	2
Advance for future capital increase		13,677	13,677
Accumulated losses		(21,174)	(1,301)
Total shareholders' equity		**(7,495)**	**12,378**
Total liabilities and shareholder's equity		**18,621**	**16,292**

The notes are an integral part of the financial statements.

UTE GNA II Geração de Energia S.A.

Statements of operations

December 31st, 2019 and 2018

(In thousands of Reais)

	Note	2019	2018 (Unaudited)
Operating expenses			
General and administrative expenses	16	(19,872)	(1,260)
Net income before financial result (expenses)		**(19,872)**	**(1,260)**
Net financial result			
Finance income		2	1
Finance expenses		(3)	(42)
Loss before taxes		**(19,873)**	**(1,301)**
Loss for the year		**(19,873)**	**(1,301)**

The notes are an integral part of the financial statements.

UTE GNA II Geração de Energia S.A.

Statements of comprehensive income (loss)

December 31st, 2019 and 2018

(In thousands of Reais)

	2019	2018 (Unaudited)
Loss for the year	(19,873)	(1,301)
Other comprehensive incomes	-	-
Total comprehensive loss of the year	**(19,873)**	**(1,301)**

The notes are an integral part of the financial statements.

UTE GNA II Geração de Energia S.A.

Statements of changes in shareholders´equity

December 31st, 2019 and 2018

(In thousands of Reais)

		Capital Reserve		
	Capital	Advance for future capital increase	Accumulated losses	Shareholders'equity
Balance on January 1st, 2018 (unaudited)	**2**	**-**	**-**	**2**
Loss for the year	-	-	(1,301)	**(1,301)**
Advance for future capital increase - GNA HoldCo	-	6,770	-	**6,770**
Advance for future capital increase - Prumo	-	6,907	-	**6,907**
Balance on December 31st, 2018 (unaudited)	**2**	**13,677**	**(1,301)**	**12,378**
Loss for the year	-	-	(19,873)	**(19,873)**
Balance on December 31st, 2019	**2**	**13,677**	**(21,174)**	**(7,495)**

The notes are an integral part of the financial statements.

UTE GNA II Geração de Energia S.A.

Statements of cash flows

December 31st, 2019 and 2018

(In thousands of Reais)

	2019	2018 (Unaudited)
Cash flow from operating activities		
Loss before taxes	(19,873)	(1,301)
Adjustments for:		
Adjusted net losses	**(19,873)**	**(1,301)**
(Increase) decrease in assets and increase (decrease) in liabilities:		
Recoverable taxes	(1)	-
Prepaid expenses	2,405	(12,083)
Other Advances	(66)	-
Accounts receivable	(27)	-
Suppliers	1,553	145
Accounts payable	20,649	3,768
Taxes and contributions payable	-	1
Net cash provided by (used in) operating activities	**4,640**	**(9,469)**
Cash flows from investment activities		
Acquisition of PPE	(4,515)	(4,190)
Net cash used in investing activities	**(4,515)**	**(4,190)**
Cash flow from financing activities		
Advance for future - GNA HoldCo	-	6,770
Advance for future - Prumo	-	6,907
Net cash provided by financing activities	**-**	**13,677**
Increase in cash and cash equivalents	**125**	**18**
At the beginning of the year	20	2
At the end of the year	145	20
Increase in cash and cash equivalents	**125**	**18**

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 II Geração de Energia S.A. (“GNA II” or “Company”) was incorporated on October 21, 2015, and on April 8, 2019, the legal type of the Company was changed from a limited liability company to a privately held company, changing its corporate name from UTE GNA II Geração de Energia Ltda. to UTE GNA II Geração de Energia S.A. Its controlled companies are Prumo Logística S.A (“Prumo”) and Gás Natural Açu S.A. (“GNA HoldCo”).

In December 2017, "GNA II" won the A-6 auction, a project for a thermal plant with a capacity of 1,672.6 MW that will demand investments of R$ 5.6 billion, with an estimated start of operations on January 1, 2023.

Licenses

The Company has preliminary environmental licenses for up to 1.7 GW in thermoelectric in combined-cycle thermoelectric.

Description	**Document**	**Date of issuance**	**Term**
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

a. Operational continuity

The Project of UTE GNA II Geração de Energia S.A. ("UTE GNA II") aims to build a combined gas cycle thermal power plant with a capacity of 1,672.6 MW, which in addition to being part of the development of the so-called “Açu Gás Hub”, strategically located in the northeast of the state of Rio de Janeiro, which aims to offer an efficient logistics solution for the marketing and consumption of natural gas and its products.

The Company recorded a loss in the amount of R$19,873 for the year ended December 31, 2019 (R$1, 301 on December 31, 2018), and on that date, current liabilities exceed current assets by R$22,702 (Current net negative capital of R$914 as of December 31, 2018). As a result of this situation, Management assessed whether the Company will have funds available to continue operating in the foreseeable future. The Company's assessment considered the following factors:

On February 21, 2020, a company signed or agreed with shareholders who have regular use of GNA II governance, as well as the commitment of participation of its shareholders through the capital increase and mutuals, see more details in note 19 (b) of subsequent events.

- The Company remains engaged in negotiations with financial entities to close the project's long-term financing, scheduled for the second half of 2020

Technical and commercial agreements signed for the implementation of the project, as disclosed in note 19 (c) of subsequent events.

In addition to these factors, Management's assessment also considered the Company's business plan, which was prepared based on technical feasibility studies that indicate, in view of contracts already signed with fixed revenues, the full capacity to recover accumulated losses and start construction of the thermoelectric plant scheduled to start in the second half of 2020.

The financial statements have been prepared based on going concern basis.

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 Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and also accounting practices adopted in Brazil (BR GAAP).

The issuing of these financial statements was authorized by Company Management on March 26, 2020.

Details on the Company's accounting policies are presented in note 6.

3. Basis of preparation

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

4. Functional currency

The 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. The determination of these estimates took into account experiences from past and current events, assumptions related to 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, , the evaluation of the recoverable amount of the deferred income and social contribution taxes, , 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, which do not have effects on the Company's statements yet.

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

CPC 06 (R2) / 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. Lessor's accounting remains similar to the current norm, that is, lessors continue to classify leases as financial or operational.

IFRS 16 replaces the existing lease rules, including CPC 06 / IAS 17 Lease Operations and ICPC 03 / IFRIC 4, SIC 15 and SIC 27 Complementary Aspects of Lease Operations.

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

7. Main 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. 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.

The cost includes expenses that are directly attributable to the acquisition of an asset. The cost of assets built by the Company itself includes the cost of materials and direct labor; any other costs to bring the asset to the location in conditions necessary for it to be able to operate in the manner intended by Management.

When parts of an item of property, plant and equipment have different useful lives, they are recorded as individual items (main components) of property and equipment.

The Company will classify as civil works in progress all civil works that took place during the construction and installation phase until the moment they enter into operation, when they will be reclassified to the corresponding accounts of assets in operation.

b. 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.

c. 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.

d. Financial incomes and expenses

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

e. 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.

f. 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.

8. Standards issued but not yet in effective

A number of new standards are effective for years 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 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 (Unaudited)
Cash and banks (a)	10	20
Short-term financial investments		
Short-term investments	135	-
	135	**-**
Total	**145**	**20**

(a) The balance of cash and cash equivalents as of December 31, 2019 consists of current accounts at Itaú, Santander, Bradesco and and a short-term investments at Santander, which are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.

10. 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:

	2019	2018 (Unaudited)
Asset:		
Accounts receivable		
GNA Infra (a)	27	-
Total assets	**27**	**-**
Liability:		
Accounts payable		
GNA HoldCo (a) and (c)	5,977	1,089
GNA Infra (a)	1,545	219
UTE GNA -I (a)	14,227	-
Prumo Logística S.A (b) and (d)	1,540	1,535
Porto do Açu Operações S.A. (b)	5	-
Lakeshore (e)	1,123	925
Total	**24,417**	**3,768**

Shared costs	2019	2018 (Unaudited)
GNA HoldCo (a)	(3,294)	(1,080)
GNA Infra (a)	(1,284)	-
UTE GNA I (a)	14,227	-
Prumo Logística S.A. (b)	(6)	-
Porto do Açu Operações S.A. (b)	(5)	-
Total	**(18,816)**	**(1,080)**

(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 II x Porto do Açu x Prumo.

(c) Loan of R$ 1.457 between GNA HoldCo and UTE GNA II.

(d) Operating license purchased by Prumo relative to Eneva through debits notes.

(e) Financial advice for auction and financing.

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

	2019	2018 (Unaudited)
Officers		
Cost transfer between companies (a)	(1,517)	-
Total	**(1,517)**	**-**

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

11. Prepaid expenses

	2019	2018 (Unaudited)
Insurance premium (a)	9,102	11,705
Transaction cost (b)	576	378
Total	**9,678**	**12,083**
Current	3,175	2,980
Non-current	6,503	9,103
Total	**9,678**	**12,083**

(a) Insurance premiums: Performance guarantee as required by CCEE

(b) Transaction cost to obtain financing from the thermal power plant. The amounts are presented in current and non-current assets until the effective raising of financing resources, where they will be reclassified to liabilities, as accounts reducing the liabilities balance of loans.

12. Property, plant and equipment

	Works in progress and equipment under construction (*)	Total
Balance on January 1st, 2018 (unaudited)	-	-
Additions	4,190	**4,190**
Balance on December 31st, 2018 (unaudited)	**4,190**	**4,190**
Cost	4,190	**4,190**
Balance on December 31st, 2018 (unaudited)	**4,190**	**4,190**
Additions	4,514	**4,514**
Balance on December 31st, 2019	**8,704**	**8,704**
Cost	8,704	**8,704**
Balance on December 31st, 2019	**8,704**	**8,704**

(*) Works in progress and equipment under construction: The balance as of December 31, 2019 is comprised of amounts of operating licenses for UTE GNA II, insurance capitalization and consultancies.

13. Suppliers

	2019	2018 (Unaudited)
National suppliers	1,698	145
Total	**1,698**	**145**

14. Taxes payable

	2019	2018 (Unaudited)
Withholding income tax ("IRRF")	1	1
	1	**1**
Total	**1**	**1**

	2019	2018 (Unaudited)
Loss before income tax	**(19,873)**	**(1,301)**
Income tax and social contribution rate	34%	34%
Income tax and social contribution (base x rate)	**6,757**	**442**
Increases:		
Unrecognized tax credits	(6,757)	(442)
Total income tax and social contribution for the period	**-**	**-**
Current	-	-
Deferred	-	-
Total	**-**	**-**
	-%	**-%**

15. Shareholders´equity

Shareholders	2019 Number of common shares (thousand)	2019 Participation %	2018 (Unaudited) Number of common shares (thousand)	2018 (Unaudited) Participation %
Prumo Logística	1	50.50%	1	50.50%
GNA HoldCo	1	49.50%	1	49.50%
Total	**2**	**100.00%**	**2**	**100.00%**

a. Share capital

As of December 31, 2019, the Company's share capital is R$ 2, represented by 2 nominative common shares with no par value (R$ 2, represented by 2 nominative common shares with no par value on December 31, 2018).

	Shareholder		
Initial Balance	**Prumo Logística**	**GNA HoldCo**	**Capital**
01/01/2018	1	1	2
Total	**1**	**1**	**2**

b. Advance for future capital increase

As of December 31, 2019, the shareholders GNA Holdco and Prumo have invested in UTE GNA II, through a private instrument of advance for future capital increase (“AFAC”), the amount of R$ 6,770 (R$ 6,770 on December 31st, 2018) and R$ 6,907 (R$ 6,907 on December 31st, 2018) respectively. Such an instrument is irrevocable and irreversible, and convertible into a number of shares, respecting its par value.

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 31, 2019, the Company posted a loss without the distribution of dividends.

16. General and administrative expenses

	2019	2018 (Unaudited)
Personnel	(14,982)	(547)
Legal expenses	(995)	(58)
Taxes, fines and fees	(71)	(121)
IT and telecom	(32)	-
Communication and institutional affairs	(7)	-
Environmental and land expenses	(96)	-
Travels	(772)	-
Administrative services	(1,991)	(89)
Operational services	(26)	-
Insurances	(15)	-
Depreciation and amortization	(23)	-
General and maintenance expenses	(885)	-
Other third-party services	(2)	(445)
Other expenses	25	-
Total	**(19,872)**	**(1,260)**

17. 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 2018, insurance coverage is as follows:

	2019	2018 (Unaudited)
Performance Guarantee	207,499	-

18. Commitments

On December 31st, 2019, the Company presented commitments for future purchases in the amount of R$4,968 (R$1,215 on December 31st, 2018), which must be fulfilled in the course of the Thermal power plant works.

19. Subsequent events

a. Installation License

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

b. 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.

c. Technical/commercial agreement

On February 21, 2020 the company executed technical/commercial agreements according to the list below:

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

- **Operation and Maintenance (O&M) -** Entered into 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) -** Entered into 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) -** Celebrated 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 in 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.

d. Loan

In February 2020, a company received from GNA Infra, through a loan, the amount of R$ 7,361.

e. 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.

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 during the construction phase.

It is important to note above in item (c) of this note that the technical and commercial agreements were signed in 2020.

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.

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

- creation of a Crisis Committee;

- virtual meetings, suspension of events and travel;

- implementation of home office for employees of the offices whenever possible.

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

Postponements at the beginning of the activities to implement the UTE II work may be necessary, which, if necessary, will be aligned with the regulatory body.

In addition, the Company on December 31, 2019 has no risk of currency exposure.

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