

UTE GNA II Geração de Energia S.A.

**Interim financial information
on March 31st, 2020**

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UTE GNA II Geração de Energia S.A.

Balance sheets

On March 31st, 2020 and December 31st, 2019

(In thousands of Reais)

	Note	03/31/2020 (not reviewed)	12/31/2019
Assets			
Current			
Cash and cash equivalents	4	901	145
Accounts receivable	5	-	27
Other advances		-	66
Prepaid expenses	6	12,067	3,175
Recoverable taxes		3	1
Total current assets		12,971	3,414
Non-current			
Prepaid expenses	6	5,850	6,503
Property, plant, and equipment	7	10,593	8,704
Total non-current assets		16,443	15,207
Total assets		29,414	18,621

The notes are an integral part of these interim financial information.

UTE GNA II Geração de Energia S.A.

Balance sheets

On March 31st, 2019 and December 31st, 2019

(In thousands of Reais)

	Note	03/31/2020 (not reviewed)	12/31/2019
Liabilities			
Current			
Suppliers	8	5,262	1,698
Accounts payable	5	36,453	24,417
Taxes and contributions payable	9	32	1
Total current liabilities		41,747	26,116
Shareholders' equity	10		
Share capital		2	2
Advance for future capital increase		13,677	13,677
Accumulated losses		(26,012)	(21,174)
Total shareholders' equity		(12,333)	(7,495)
Total liabilities and shareholders' equity		29,414	18,621

The notes are an integral part of these interim financial information.

UTE GNA II Geração de Energia S.A.

Statements of operations

Three-month period ending on March 31st, 2020 and 2019

(In thousands of Reais)

	Note	03/31/2020 (not reviewed)	03/31/2019 (not reviewed)
Operating expenses			
General and administrative expenses	11	(4,846)	(2,949)
Impairment and other losses		(1)	-
Net (loss) before financial result (expenses)		(4,847)	(2,949)
Net financial result	12		
Financial income		10	-
Financial expenses		(1)	-
Loss before taxes		(4,838)	(2,949)
Loss of the period		(4,838)	(2,949)

The notes are an integral part of these interim financial information.

UTE GNA II Geração de Energia S.A.

Statements of comprehensive income (loss)

Three-month period ending on March 31st, 2020 and 2019

(In thousands of Reais)

	03/31/2020 (not reviewed)	03/31/2019 (not reviewed)
Loss of the period	(4,838)	(2,949)
Other comprehensive incomes	-	-
Total other comprehensive Loss of the period	(4,838)	(2,949)

The notes are an integral part of these interim financial information.

UTE GNA II Geração de Energia S.A.

Statements of changes in shareholders' equity

Three-month period ending on March 31st, 2020 and 2019

(In thousands of Reais)

	Capital Reserve			Shareholders' equity
	Share capital	Advance for future capital increase	Accumulated losses	
Balance on January 1st, 2019	2	13,677	(1,301)	12,378
Loss of the period	-	-	(2,949)	(2,949)
Balance on March 31st, 2019 (not reviewed)	2	13,677	(4,250)	9,429
Loss of the period	-	-	(16,924)	(16,924)
Balance on December 31st, 2019	2	13,677	(21,174)	(7,495)
Loss of the period	-	-	(4,838)	(4,838)
Balance on March 31st, 2020 (not reviewed)	2	13,677	(26,012)	(12,333)

The notes are an integral part of these interim financial information.

UTE GNA II Geração de Energia S.A.

Statements of cash flows

Three-month period ending on March 31st, 2020 and 2019

(In thousands of Reais)

	<u>03/31/2020</u> <u>(not reviewed)</u>	<u>03/31/2019</u> <u>(not reviewed)</u>
Cash flow from operating activities		
Loss before taxes	(4,838)	(2,949)
Adjustments of items without cash effect		
Depreciation and amortization	-	1,848
Adjusted net losses	<u>(4,838)</u>	<u>(1,101)</u>
(Increase) decrease in assets and increase (decrease) in liabilities:		
Recoverable taxes	(2)	-
Prepaid expenses	(8,239)	795
Other advances	66	-
Accounts receivable	27	-
Suppliers	3,564	923
Accounts payable	12,036	91
Taxes and contributions payable	31	-
Net cash provided by (used in) operational activities	<u>2,645</u>	<u>708</u>
Cash flows from investment activities		
Acquisition of PPE	(1,889)	(711)
Net cash used in investing activities	<u>(1,889)</u>	<u>(711)</u>
Increase (decrease) in cash and cash equivalents	<u>756</u>	<u>(3)</u>
At the beginning of the period	145	20
At the end of the period	901	17
Increase (decrease) in cash and cash equivalents	<u>756</u>	<u>(3)</u>

The notes are an integral part of these interim financial information.

Notes of the interim financial information

(In thousands of Reais, unless stated otherwise)

1 Operational context

UTE GNA II Geração de Energia S.A. (“GNA II” or “Company”) was incorporated on October 21st, 2015, and on April 8th, 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 Açú 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 1st, 2023.

2 Base of presentation, preparation of the interim financial information and significant accounting policies

a. Statement of compliance

The interim financial information has been prepared in accordance with CPC 21 (R1) - Interim Statement issued by the Accounting Pronouncements Committee (CPC) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB.

The interim financial information should be read in conjunction with the financial statements of December 31st, 2019, approved on March 26th, 2020, which were prepared in accordance with accounting practices adopted in Brazil and with international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

Authorization for the conclusion of the preparation of this financial information was given by Management on May 14th, 2020.

b. Basis of preparation

The interim financial information has been prepared based on historical cost, except for certain financial instruments which have been measured at fair value through profit and loss.

c. Functional and presentation currency

This interim financial information is report in Reais, which is the Company’s functional currency. All balances were rounded to the nearest thousand, unless otherwise noted.

3 Use of estimates and judgments

Judgments, estimates, and assumptions are used to measure and recognize certain assets and liabilities in the Company's the interim financial information. These estimates considered 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 lives of property, plant and equipment, the analysis of the recovery of fixes assets, intangible assets, the evaluation of the recoverable amount of deferred income tax and social contribution, financial instruments, among others. The future settlement of transactions involving these estimates may result in values that are different from those recorded in the interim financial information due to the inaccuracies inherent in the determination process. The company review its estimates and assumptions at least annually.

4 Cash and cash equivalents

	03/31/2020 (not reviewed)	12/31/2019
Cash and banks	10	10
Short-term financial investments		
Short-term investments	891	135
	891	135
Total	901	145

- (a) The balance of cash and cash equivalents as of March 31st, 2020 consists of current accounts at Itaú, Santander, Bradesco and a committed investment at Santander, which are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.

5 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 on March 31st, 2020 and December 31st, 2019, 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:

UTE GNA II Geração de Energia S.A.
Interim financial information
as of March 31, 2020

	03/31/2020 (not reviewed)	12/31/2019
Asset:		
Expenses to be recovered		
GNA Infra (a)	-	27
Total assets	-	27
Liability:		
Accounts payable		
GNA HoldCo (a) and (c)	6,631	5,977
GNA Infra (a) and (c)	9,155	1,545
UTE GNA I (a)	17,908	14,227
Prumo Logística S.A. (b) and (d)	1,541	1,540
Porto do Açú Operações S.A. (b)	5	5
Lakeshore (e)	1,213	1,123
Total	36,453	24,417

	03/31/2020 (not reviewed)	03/31/2019 (not reviewed)
Shared costs		
GNA HoldCo (a)	(654)	(818)
GNA Infra (a)	(442)	(109)
UTE GNA I (a)	(3,681)	(7)
Porto do Açú Operações S.A. (b)	-	(57)
Total	(4,777)	(991)

- (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 Açú x Prumo.
- (c) Loan of R\$ 1,588 with GNA HoldCo, and loan of R\$ 7,195 with GNA Infra.
- (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:

	03/31/2020 (not reviewed)	03/31/2019 (not reviewed)
Officers		
Cost transfer between companies (a)	(289)	(128)
Total	(289)	(128)

- (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.

6 Prepaid expenses

	03/31/2020 (not reviewed)	12/31/2019
Insurance premium (a)	8,451	9,102
Transaction cost (b)	9,466	576
Total	17,917	9,678
Current	12,067	3,175
Non-current	5,850	6,503
Total	17,917	9,678

- (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.

7 Property, plant, and equipment

	Works in progress and equipment under construction (*)	Total
Balance on January 1st, 2018	-	-
Additions	4,190	4,190
Balance on December 31st, 2018	4,190	4,190
Cost	4,190	4,190
Balance on December 31st, 2018	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
Additions	1,889	1,889
Balance on March 31st, 2020 (not reviewed)	10,593	10,593
Cost	10,593	10,593
Balance on March 31st, 2020 (not reviewed)	10,593	10,593

- (*) Works in progress and equipment under construction: The balance for works in progress as of March 31st, 2020 is comprised of amounts of operating licenses for UTE GNA II, insurance capitalization and consultancies.

8 Suppliers

	03/31/2020 (not reviewed)	12/31/2019
National suppliers	5,134	1,698
Foreign suppliers	128	-
Total	5,262	1,698

9 Taxes and contributions payable

	03/31/2020 (not reviewed)	12/31/2019
Service tax ("ISS")	1	-
Income tax withheld at source ("IRRF")	8	1
PIS/COFINS/CSLL - Withheld	23	-
Total	32	1
Current	32	1
Non-current	-	-
Total	32	1

10 Shareholders' equity

Shareholders	03/31/2020 (not reviewed)		12/31/2019	
	Number of common shares (thousand)	Participation %	Number of common shares (thousand)	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 March 31st, 2020, the Company's capital stock 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, 2019).

Initial Balance	Shareholder		Capital stock
	Prumo Logística	GNA HoldCo	
01/01/2020	1	1	2
Total	1	1	2

b. Advance for future capital increase

As of March 31st, 2020, the shareholders Prumo and GNA HoldCo have invested in UTE GNA II, through a private instrument of advance payment for future capital increase ("AFAC"), the amount of R\$ 6,907 and R\$ 6,770, respectively. Such an instrument is irrevocable and irreversible, and convertible into a few 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 three-month period ended March 31st, 2020, the Company posted a loss with no dividend distribution.

11 General and administrative expenses

	03/31/2020 (not reviewed)	03/31/2019 (not reviewed)
Personnel	(4,230)	(645)
Legal expenses	4	(109)
Consulting and auditing	(124)	-
Taxes, fines, and fees	(48)	(12)
IT and telecom	(383)	(1)
Communication and institutional affairs	(91)	-
Environmental and land expenses	58	-
Travels	(175)	(6)
Administrative services	226	(270)
Operational services	(10)	-
Insurances	(144)	-
Depreciation and amortization	-	(1,871)
General and maintenance expenses	201	(35)
Other third-party services	(130)	(2)
Other expenses	-	2
Total	(4,846)	(2,949)

12 Net financial result

On March 31st, 2020, the net financial result was R\$ 9, as follows:

	03/31/2020 (not reviewed)	03/31/2019 (not reviewed)
Financial expenses		
Bank expenses	(1)	(1)
	(1)	(1)
Financial incomes		
Interest on investments	10	-
	10	-
Net financial result	9	(1)

13 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 March 31st, 2020, and December 31st, 2019, insurance coverage is as follows:

	<u>03/31/2020</u> <u>(not reviewed)</u>	<u>12/31/2019</u>
Performance Guarantee	207,499	-

14 Commitments

On March 31st, 2020, the Company presented commitments for future purchases in the amount of R\$27,013 (R\$4,968 on December 31st, 2019), which must be fulfilled during the Thermal power plant works.

15 Subsequent events

a. Loan

In April 2020, a company received from GNA Infra, through a loan, the amount of R\$ 11,983.

b. COVID-19

On January 31st, 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 interim financial information.

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.

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.

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