

UTE GNA II Geração de Energia S.A.

**Interim financial information
as of September 30th, 2019**

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UTE GNA II Geração de Energia S.A.

Balance sheet

September 30th, 2019 and December 31st, 2018

(In thousand of Reais)

| | Note | 9/30/2019 (not reviewed) | 12/31/2018 (not audited) |
|---------------------------------|------|-----------------------------|-----------------------------|
| Asset | | | |
| Current | | | |
| Cash and cash equivalents | 3 | 44 | 20 |
| Other advances | 4 | 66 | - |
| Prepaid expense | 5 | 2,609 | 2,610 |
| Total current assets | | 2,719 | 2,630 |
| Non-current | | | |
| Prepaid expense | 5 | 7,391 | 9,347 |
| Property, plant and equipment | 6 | 7,294 | 3,430 |
| Total non-current assets | | 14,685 | 12,777 |
| Total assets | | 17,404 | 15,407 |

UTE GNA II Geração de Energia S.A.

Balance sheet

September 30th, 2019 and December 31st, 2018

(In thousand of Reais)

| | Note | 9/30/2019 (not reviewed) | 12/31/2018 (not audited) |
|---|------|-----------------------------|-----------------------------|
| Liabilities | | | |
| Current | | | |
| Suppliers | 7 | 1,144 | 145 |
| Accounts payable | 8 | 16,065 | 2,843 |
| Taxes payable | 9 | 5 | 1 |
| Total current liabilities | | 17,214 | 2,989 |
| | | | |
| Shareholders' equity | 10 | | |
| Share capital | | 2 | 72 |
| Advance for future capital increase | | 13,677 | 13,607 |
| Retained earnings (Accumulated losses) | | (13,489) | (1,261) |
| Total shareholders' equity | | 190 | 12,418 |
| | | | |
| Total liabilities and shareholders' equity | | 17,404 | 15,407 |

UTE GNA II Geração de Energia S.A.

Statment of operations

Nine-month periods ended September 30th, 2019 and 2018

(In thousand of Reais)

| | Note | Nine months period ended in 9/30/2019 (not reviewed) | Nine months period ended in 9/30/2018 (not reviewed) | Three months period ended in 9/30/2019 (not reviewed) | Three months period ended in 9/30/2018 (not reviewed) |
|---|------|---|---|--|--|
| Operating expenses | | | | | |
| Administrative expenses | 11 | (12,228) | (120) | (7,240) | 1 |
| Net income before financial revenue (expenses) | | (12,228) | (120) | (7,240) | 1 |
| Financial Revenue/Expense | | | | | |
| Finance income | | 2 | - | 2 | - |
| Finance expenses | | (2) | (1) | (1) | (1) |
| Loss for the period | | (12,228) | (121) | (7,239) | - |

UTE GNA II Geração de Energia S.A.

Statement of comprehensive loss

Nine-month periods ended September 30th, 2019 and 2018

(In thousand of Reais)

| | Nine months period ended in 9/30/2019 (not reviewed) | Nine months period ended in 9/30/2018 (not reviewed) | Three months period ended in 9/30/2019 (not reviewed) | Three months period ended in 9/30/2018 (not reviewed) |
|--|---|---|--|--|
| Loss for the period | (12,228) | (121) | (7,239) | - |
| Other comprehensive loss | - | - | - | - |
| Total comprehensive loss for the period | (12,228) | (121) | (7,239) | - |

UTE GNA II Geração de Energia S.A.

Statements of changes in shareholders' equity

Nine-month periods ended September 30th, 2019 and 2018

(In thousand of Reais)

| | Capital reserve | | Accumulated loss | Total shareholders' equity |
|---|-----------------|-------------------------------------|------------------|----------------------------|
| | Share capital | Advance for future capital increase | | |
| Balance as of January 1st, 2018 (not reviewed) | 2 | - | - | 2 |
| Loss for the period | - | - | (121) | (121) |
| Advance for future capital increase - GNA HoldCo | - | 6,735 | - | 6,735 |
| Advance for future capital increase - Prumo | - | 6,872 | - | 6,872 |
| Balance as of September 30th, 2018 (not reviewed) | 2 | 13,607 | (121) | 13,488 |
| Loss for the period | - | - | (1,140) | (1,140) |
| Capital increase - GNA HoldCo | 35 | - | - | 35 |
| Capital increase - Prumo | 35 | - | - | 35 |
| Balance as of December 31st, 2018 (not audited) | 72 | 13,607 | (1,261) | 12,418 |
| Loss for the period | - | - | (12,228) | (12,228) |
| Transfer Capital x AFAC - GNA HoldCo | (35) | 35 | - | - |
| Transfer Capital x AFAC - Prumo | (35) | 35 | - | - |
| Balance as of September 30th, 2019 (not reviewed) | 2 | 13,677 | (13,489) | 190 |

UTE GNA II Geração de Energia S.A.

Statements of cash flows

Nine-month periods ended September 30th, 2019 and 2018

(In thousand of Reais)

| | <u>9/30/2019</u> <u>(not reviewed)</u> | <u>9/30/2018</u> <u>(not reviewed)</u> |
|--|---|---|
| Cash flows from operating activities | | |
| Loss before tax | (12,228) | (121) |
| Adjustments for: | | |
| Adjusted net loss | <u>(12,228)</u> | <u>(121)</u> |
| (Increase) decrease in assets and increase (decrease) in liabilities: | | |
| Prepaid expense | 1,957 | (12,611) |
| Other advances | (66) | - |
| Suppliers | 999 | - |
| Accounts payable | 13,222 | 1,535 |
| Taxes payables | 4 | - |
| Net cash used in operating activities | <u>3,888</u> | <u>(11,197)</u> |
| Cash flows from investing activities | | |
| Acquisition of PPE | (3,864) | (2,402) |
| Net cash provided by investing activities | <u>(3,864)</u> | <u>(2,402)</u> |
| Cash flows from financing activities | | |
| Advance for future capital increase – GNA HoldCo | - | 6,735 |
| Advance for future capital increase – Prumo | - | 6,872 |
| Net cash provided by financing activities | <u>-</u> | <u>13,607</u> |
| Decrease in cash and cash equivalents | <u>24</u> | <u>8</u> |
| At the beginning of the period | 20 | 2 |
| At end of period | 44 | 10 |
| Decrease in cash and cash equivalents | <u>24</u> | <u>8</u> |

Notes to the interim financial information

(In thousands of Reais, unless stated otherwise)

1 Operations

UTE GNA II Geração de Energia SA (“GNA II” or “Company”) was incorporated on October 21st, 2015, and on April 8th, 2019, the Company's legal type was changed from a limited company to a privately held company, changing the corporate name of UTE GNA II Geração de Energia Ltda. for UTE GNA II Power Generation S.A. Its parent 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 1,672.6 MW thermal power plant project that will require investments of R\$5.6 billion, with operations scheduled to begin on January 1, 2023.

2 Right of use assets / Lease liabilities

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

The movement in the first nine months of 2019 of the right of use and the lease liability is shown in the table below:

| | <u>1/1/2019</u> | <u>Amortization</u> | <u>Writte-off</u> | <u>9/30/2019</u> |
|---|------------------|---------------------|-------------------|------------------|
| Assets | | | | |
| Land | 205,857 | (5,108) | (200,749) | - |
| Total assets | 205,857 | (5,108) | (200,749) | - |
| Liabilities | | | | |
| Land | (17,155) | - | 17,155 | - |
| Leases liabilities - current | (17,155) | - | 17,155 | - |
| Land | (188,702) | - | 188,702 | - |
| Leases liabilities - non-current | (188,702) | - | 188,702 | - |
| Total liabilities | (205,857) | - | 205,857 | - |
| Operating expenses | | | | |
| Amortization - land | - | 5,108 | (5,108) | - |
| Total operating expenses | - | 5,108 | (5,108) | - |

IFRS 16 was reversed on September 30th, 2019. The reason is that although we have an area reserve provided for in the Private Instrument for Future Concession of Surface Real Rights, we have not yet exercised the option to expand this area reserve. and, therefore, we do not have / are not yet in possession of the UTE GNA II area, which we expect to be effective only in 2020, with the start of construction of UTE GNA II.

3 Cash and cash equivalents

| | 9/30/2019 (not reviewed) | 12/31/2018 (not audited) |
|----------------------------|---|---|
| Cash and bank deposits (a) | 44 | 20 |
| Total | 44 | 20 |

- (a) The balance of cash and cash equivalents at September 30th, 2019 consists of a current account at Itaú.

4 Other advances

On August 30th, 2019, the advance to the supplier Gera Energia Brasil was made for the energy efficiency study in the amount of R\$66.

5 Prepaid expense

| | 9/30/2019 (not reviewed) | 12/31/2018 (not audited) |
|-----------------------|---|---|
| Insurance premium (a) | 10,000 | 11,957 |
| Total | 10,000 | 11,957 |
| Current | 2,609 | 2,610 |
| Non-current | 7,391 | 9,347 |
| Total | 10,000 | 11,957 |

- (a) Insurance premiums: engineering risks.

6 Property, plant and equipment

| | Works in progress and equipment under construction (*) | Total |
|--|---|--------------|
| Balance as January 1st, 2018 (not reviewed) | - | - |
| Additions | 3,430 | 3,430 |
| Balance as December 31st, 2018 (not audited) | 3,430 | 3,430 |
| Cost | 3,430 | 3,430 |
| Balance as December 31st, 2018 (not audited) | 3,430 | 3,430 |
| Additions | 3,864 | 3,864 |
| Balance as September 30th, 2019 (not reviewed) | 7,294 | 7,294 |
| Cost | 7,294 | 7,294 |
| Balance as September 30th, 2019 (not reviewed) | 7,294 | 7,294 |

- (*) The works in progress and equipment under construction: The balance of construction in progress at September 30th, 2019 is composed of amounts of UTE GNA II operating licenses.

7 Suppliers

| | <u>9/30/2019</u> (not reviewed) | <u>31/12/2018</u> (not audited) |
|--------------------|---|---|
| National suppliers | 1,144 | 145 |
| Total | 1,144 | 145 |

8 Related parties

The Company adopts practices of Corporate Governance and/or recommendations required by law. Furthermore, the Company's Corporate Governance Policy establishes that the members of the Board of Directors must monitor and administrate any potential conflicts of interest among the executive officers, the members of the Board and the partners, in such a way as to avoid the inappropriate use of Company assets and, especially, abusive conduct in transactions between related parties.

In compliance with Corporation Law, all members of the Company's Board of Directors are prohibited from voting in any assembly or meeting of the Board, or from acting in any operation or business transaction in which there are interests in conflict with those of the Company.

The main balances of related-party assets and liabilities as of September 30th, 2019 and December 31st, 2018, as well as the related-party transactions that affected income for the period, are the result of transactions between the Company and its subsidiaries, members of Management and other related parties, as follows:

| | <u>9/30/2019</u> (not reviewed) | <u>12/31/2018</u> (not audited) |
|--------------------------------|---|---|
| Liabilities: | | |
| Account payables | | |
| GNA HoldCo (a) | 5,047 | 1,089 |
| GNA Infra (a) | 829 | 219 |
| UTE GNA 1 (a) | 8,639 | - |
| Prumo Logística S.A (b) | 1,545 | 1,535 |
| Porto do Açú Operações S.A (b) | 5 | - |
| Total | 16,065 | 2,843 |
| Operating expenses: | | |
| | <u>9/30/2019</u> (not reviewed) | <u>9/30/2018</u> (not reviewed) |
| Cost sharing | | |
| GNA HoldCo (a) | (2,495) | - |
| GNA Infra (a) | (595) | - |
| UTE GNA 1 (a) | (8,639) | - |
| Prumo Logística S.A (b) | (10) | - |
| Porto do Açú Operações S.A (b) | (5) | - |
| Total | (11,744) | - |

(a) GNA's cost sharing agreement;

(b) Shared personnel and administrative costs.

9 Taxes payable

| | 9/30/2019 (not reviewed) | 12/31/2018 (not audited) |
|------------------------------|-----------------------------|-----------------------------|
| Income tax withheld (“IRRF”) | 3 | 1 |
| PIS/COFINS/ CSLL - withheld | 2 | - |
| Total | 5 | 1 |

10 Shareholders’ equity

| Shareholders | 9/30/2019 (not reviewed) | | 31/12/2018 (not audited) | |
|-----------------|--|--------------------|--|--------------------|
| | 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

At September 30th, 2019, the Company's capital stock is R\$2, represented by 2 registered common shares with no par value (R\$72, represented by 72 registered common shares with no par value as of December 31st, 2018). The amounts contributed in November 2018 were transferred to the advance line for future capital increase.

| | Shareholder's | | Share capital |
|------------------------|-----------------|------------|---------------|
| | Prumo Logística | GNA HoldCo | |
| Opening balance | | | |
| 1/1/2018 | 1 | 1 | 2 |
| Payment date | | | |
| 11/1/2018 | 35 | - | 35 |
| 11/9/2018 | - | 35 | 35 |
| Total | 36 | 36 | 72 |
| 3/1/2019 | (35) | (35) | (70) |
| Total | 1 | 1 | 2 |

b. Advance for future capital increase

As of September 30th, 2019, the shareholders Prumo and GNA HoldCo have contributed to UTE GNA II, through a private advance for future capital increase (“AFAC”), the amount of R\$6,907 and R\$6,770 respectively. Such instrument is irrevocable and irreversible, and convertible into a few shares, respecting its nominal value.

c. Dividends

The Company’s shares have an equal participation in dividend payments, interest on shareholders’ equity and other shareholder benefits. The corporate by-laws determine the distribution of a minimum compulsory dividend of 25% of the net income for the year, adjusted in accordance with article 202 of Law 6404/76. The Company reported a loss in the nine months ended September 30th, 2019 and did not pay out dividends.

11 General and administrative expenses

| | Nine months period ended in 9/30/2019 (not reviewed) | Nine months period ended in 9/30/2018 (not reviewed) | Three months period ended in 9/30/2019 (not reviewed) | Three months period ended in 9/30/2018 (not reviewed) |
|---------------------------------|---|---|--|--|
| Personal | (9,367) | - | (8,722) | - |
| Legal expenses | (455) | - | (352) | - |
| Taxes and fees | (46) | (120) | (34) | 1 |
| IT and telecom | (24) | - | (10) | - |
| Environmental and land expenses | (9) | - | (3) | - |
| Travelling | (473) | - | (467) | - |
| Administrative service | (1,268) | - | (998) | - |
| Operational service | (26) | - | (26) | - |
| Depreciation and amortization | (23) | - | 3,873 | - |
| Overhead and maintenance | (537) | - | (501) | - |
| Other third services | (2) | - | - | - |
| Other expenses | 2 | - | - | - |
| Total | (12,228) | (120) | (7,240) | 1 |