

# Neoenergia S.A.

**Intermediate financial  
statements june 30, 2021**



**NEOENERGIA**

Intermediate Financial  
Statements

JUNE 30, 2021



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HIGHLIGHTS (R\$ MM) 2Q21	2Q21	2Q20	Δ %	6M21	6M20	Δ %
Gross Margin	3,210	2,037	58%	6,398	4,427	45%
Operating Expenses (PMSO)	(869)	(711)	22%	(1,670)	(1,465)	14%
EBITDA	2,300	1,106	108%	4,584	2,631	74%
Financial Income (Loss)	(426)	(169)	152%	(808)	(483)	67%
Profit assigned to controlling shareholders	1,002	423	137%	2,009	999	101%
Financial Asset (Concession)	338	(57)	(693%)	661	14	4621%
IFRS 15	260	120	117%	661	222	198%
EBITDA ex-VNR and IFRS15	1,702	1,043	63%	3,262	2,395	36%

OPERATING INDICATORS						
Captive Market (GWh) <sup>(1)</sup>	11,874	11,238	5.7%	23,377	22,618	3.4%
Captive + Free Market (GWh) <sup>(1)</sup>	16,662	14,853	12.2%	32,647	30,195	8.1%
Volume of energy injected (GWh) <sup>(1)</sup>	18,702	16,848	11.0%	37,208	34,824	6.8%
Number of Customers (thousand)	15,564	15,222	2.2%			

Financial Debt Indicators	2Q21	2020	Variation
Net Debt <sup>(2)</sup> /EBITDA <sup>(3)</sup>	3.03	2.85	0.18 p.p.
EBITDA/Financial Result <sup>(3)</sup>	6.24	6.31	(0.07) p.p.
Corporate Rating (S&P)	AAA	AAA	-

<sup>(1)</sup> 2Q21 reflects the result for the full quarter of Neoenergia Distribuição Brasília, while the accumulated result starts on March 2, 2021, when it was merged into Neoenergia. Comparison with 2020, which considers Neoenergia Distribuição Brasília, is merely pro forma.

<sup>(2)</sup> Net debt of cash and cash equivalents, short-term investments and securities

<sup>(3)</sup> EBITDA and Financial Result - 12 months



### Financial and Operating Highlights:

- 18,702 GWh of injected energy in the 2Q21, +11.0% vs. 2Q20 and 37,208 GWh in 6M21 (+6.8% vs. 6M20). Disregarding Neoenergia Distribuição Brasília in 2020, growth was +23.7% vs. 2Q20 and 14.3% vs. 6M20, confirming the market recovery in Neoenergia concession areas;
- Operating expenses of R\$ 869 million in the 2Q21 (+22% vs. 2Q20) and R\$1,670 million in the 6M21 (+14% vs. 6M20). Disregarding Neoenergia Distribuição Brasília in the comparison, given that it was not included in the 2020 results, and arbitrations recorded at the Holding in 1Q20, there was an increase of 11% vs. 2Q20 and 5% vs. 6M20. These increases are due to the shutdown of costumers' disconnection activities in the 2Q20 due either by the Aneel restraint or difficulties arising from the pandemic, while in 2021 actions are normalized.
- EBITDA of R\$ 2.3 billion in 2Q21 (+108% vs. 2Q20) and R\$ 4.6 billion in 6M21 (+74% vs. 6M20);
- Income of R\$ 1,002 million in 2Q21 (+137% vs. 2Q20) and R\$ 2,009 million in 6M21 (+101% vs. 6M20);
- CAPEX of R\$ 3.5 billion in 6M21 (+51% vs. 6M20) due to the progress of Transmission and Wind projects;
- Net Debt/EBITDA of 3.03 in 2Q21 (2.85x in 4Q20);
- Total 12-month losses: Reductions in Coelba, Celpe, Elektro and Neoenergia Distribuição Brasília. Elektro and Cosern carry on within the regulatory limit;
- Coelba and Cosern tariff resets with the full recording of IGPM in Parcel B with no deferral. Celpe tariff review with the full recording of BRR and parcel B of R\$1,961 million with no deferral.

## 2Q21 TELECONFERENCE

Wednesday, July 21, 2021

**Time:** 10:00 am (BRT) | 09:00 am (EST)

**(with simultaneous translation in English)**

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**Password:** Neoenergia

**Acesso ao Webcast:** <https://choruscall.com.br/neoenergia/2q21.htm>

NEOENERGIA S.A. DISCLOSES THE RESULTS FOR THE 2021 SECOND QUARTER AND FIRST HALF (2Q21 AND 6M21) BASED ON MANAGEMENT ANALYSES THAT THE BOARD OF DIRECTORS UNDERSTANDS TO TRANSLATE THE COMPANY'S BUSINESS IN THE BEST MANNER, RECONCILED WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

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## 1 ECONOMIC AND FINANCIAL PERFORMANCE

### 1.1 Consolidated

CONSOLIDATED STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Operating Revenue (1)	9,529	6,583	2,946	45%	18,112	13,361	4,751	36%
Costs with Energy (2)	(6,657)	(4,489)	(2,168)	48%	(12,375)	(8,948)	(3,427)	38%
<b>Gross Margin w/out Concession Financial Assets</b>	<b>2,872</b>	<b>2,094</b>	<b>778</b>	<b>37%</b>	<b>5,737</b>	<b>4,413</b>	<b>1,324</b>	<b>30%</b>
Concession Financial Assets (VNR)	338	(57)	395	(693%)	661	14	647	4621%
<b>GROSS MARGIN</b>	<b>3,210</b>	<b>2,037</b>	<b>1,173</b>	<b>58%</b>	<b>6,398</b>	<b>4,427</b>	<b>1,971</b>	<b>45%</b>
Operating Expenses (PMSO)	(869)	(711)	(158)	22%	(1,670)	(1,465)	(205)	14%
Provision for Doubtful Receivables (PECLD)	(33)	(209)	176	(84%)	(146)	(317)	171	-54%
(+) Equity Accounting	(8)	(11)	3	(27%)	2	(14)	16	-114%
<b>EBITDA</b>	<b>2,300</b>	<b>1,106</b>	<b>1,194</b>	<b>108%</b>	<b>4,584</b>	<b>2,631</b>	<b>1,953</b>	<b>74%</b>
Depreciation	(514)	(400)	(114)	29%	(947)	(780)	(167)	21%
Financial Income (Loss)	(426)	(169)	(257)	152%	(808)	(483)	(325)	67%
IR/CS	(315)	(102)	(213)	209%	(745)	(335)	(410)	122%
Minority shareholdings	(43)	(12)	(31)	258%	(75)	(34)	(41)	121%
<b>NET INCOME</b>	<b>1,002</b>	<b>423</b>	<b>579</b>	<b>137%</b>	<b>2,009</b>	<b>999</b>	<b>1,010</b>	<b>101%</b>

(1) Considers Construction Revenue

(2) Considers Construction Costs

As expressed in Technical Guideline CPC 08, the recognition and measurement of the variations between the non-manageable costs actually incurred compared to tariffs approved are always classified in the Operating Revenue line as Amounts Receivables/Returnable from Parcel A and Other Financial Items. Considering that a large portion of Parcel A is recorded as energy cost, the isolated analysis of variations in revenue and cost may lead to distortions in the interpretation of the result for the period. Accordingly, the Company believes it is more appropriate to explain the variations in the result based on Gross Margin.

Neoenergia ended the 2Q21 with Gross Margin of R\$3,210 million, +58% vs. 2Q20, driven by the effects of (i) the 2021 Tariff Resets of Coelba and Cosern (8.98% and 8.96%, respectively), (ii) the Tariff Review of Celpe (8.99%), (iii) the Tariff Resets of Elektro (iv) Market increase, (v) greater Concession Financial Assets – VNR (+R\$395 million vs. 2Q20); (vi) the use of IFRS15 of R\$260 million in transmission (+R\$140 million vs. 2Q20) due to higher Capex (vii) better earnings from wind businesses, (viii) greater generation of Termopernambuco and (ix) better margin of the Trading Company, in addition to the consolidation of Neoenergia Distribuição Brasília of R\$109 million in the quarter.

In the quarter, Gross Margin was R\$6,398 million (+45% vs. 6M20) explained by the effects of (i) the 2021 Tariff Resets 2021 of Coelba and Cosern (8.98% and 8.96%, respectively), (ii) Celpe Tariff Review (8.99%), (iii) the 2020 Tariff Resets of Distributors (iv) Market increase, (v) greater Concession Financial Assets – VRN (+R\$647 million vs. 6M20); (vi) the use of IFRS15 of R\$661 million in transmission (+R\$439 million vs. 6M20) due to higher Capex (vii) better earnings from wind businesses due to higher wind speed, (viii) greater generation of Termopernambuco and (ix) better margin of the Trading Company, in addition to the consolidation of Neoenergia Distribuição Brasília of R\$147 million since March 2, 2021.

Operating expenses amounted to R\$869 million in the 2Q21 (+22% vs. 2Q20). Disregarding the R\$81 million referring to Neoenergia Distribuição Brasília in this quarter, expenses amounted to R\$788 million (+11% vs. 2Q20). This increase is due to the shutdown of customers' disconnections activities in 2Q20 either as result of ANEEL prohibition or difficulties arising from the pandemic at the time, while in 2021 actions are normalized.

In the year-to-date, expenses amounted to R\$1,670 million (+14% vs. 6M20). Excluding the R\$106 million referring to Neoenergia Distribuição Brasília in 2021 and disregarding the gain of R\$ 25.5 million recorded at Holding referring to two arbitration proceedings, expenses rose +5% vs. 6M20. This increase was also impacted by the shutdown of customers' disconnections activities in 2Q20 either due to Aneel prohibition or difficulties imposed by the pandemic, while in 2021 the operational actions are normalized. Thus, the observed increase once again proves the search for efficiencies that have allowed to keep expenses below inflation (12-month IPCA of 8.35%), absorbing bigger customer base, the largest headcount (insourcing) and business improvement.

The Allowance for Doubtful Accounts – AFDA amounted to R\$33 million in 2Q21, an improvement of R\$176 million compared to the same quarter of the previous year. Disregarding the positive R\$59 million of Neoenergia Distribuição Brasília, AFDA would be R\$92 million, R\$117 million better than in 2Q20, confirming the return to pre-pandemic levels. In 6M21, AFDA was R\$146 million, lower by R\$171 million vs. 6M20, and excluding Neoenergia Distribuição Brasília it amounted to R\$201 million, an improvement of R\$116 million vs. 6M20, showing the return to pre-pandemic levels and the successful collection actions.

Equity in the quarter was -R\$8 million, R\$ 3 million better than 2Q20 mainly explained by the seasonality of Belo Monte. In the first half, equity was R\$2 million, impacted by the non-recurring effect of the renegotiation of GSF of Teles Pires in the 1Q21 (+R\$6 million).

As a result of the abovementioned effects, EBITDA amounted to R\$2,300 million in the 2Q21 (+108% vs. 1Q20) and R\$4,584 million in 6M20 (+74% vs. 6M20) confirming the recovery of the market, the maintenance of efficiency and cost discipline, the good levels of collection, as well as the progress in the construction of transmission projects.

The Financial Result was -R\$426 million in 2Q21, worsened by R\$257 million vs. 2Q20. In 6M21, it was -R\$808 million, worsened by R\$ 325 million vs. 6M20. This increase is mainly explained by higher expenses with debt charges arising from the 28% increase in the average debt balance vs. 2Q20 due to funding used for Capex of new transmission and wind projects, in addition to the Distributors funding (including R\$ 2.5 billion for funding CEB-D).

Net income ended the quarter at R\$1,002 million (+137% vs. 2Q20) and the semester at R\$2,009 million (+101% vs. 6M20).

## 1.2 Networks

The result of the segment Networks contemplates both the performance of the distributors and the performance of transmission assets.

NETWORKS STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	9,282	6,332	2,950	47%	17,570	12,848	4,722	37%
Costs with energy	(6,783)	(4,556)	(2,227)	49%	(12,628)	(9,043)	(3,585)	40%
<b>Gross Margin w/out Concession Financial Assets</b>	<b>2,499</b>	<b>1,776</b>	<b>723</b>	<b>41%</b>	<b>4,942</b>	<b>3,805</b>	<b>1,137</b>	<b>30%</b>
Concession Financial Assets (VNR)	338	(57)	395	(693%)	661	14	647	4621%
<b>Gross Margin</b>	<b>2,837</b>	<b>1,719</b>	<b>1,118</b>	<b>65%</b>	<b>5,603</b>	<b>3,819</b>	<b>1,784</b>	<b>47%</b>
Operating Expenses (PMSO)	(720)	(575)	(145)	25%	(1,372)	(1,206)	(166)	14%
Provision for Doubtful Receivables (PECLD)	(33)	(209)	176	(84%)	(146)	(317)	171	(54%)
<b>EBITDA</b>	<b>2,084</b>	<b>935</b>	<b>1,149</b>	<b>123%</b>	<b>4,085</b>	<b>2,296</b>	<b>1,789</b>	<b>78%</b>
Depreciation	(407)	(290)	(117)	40%	(732)	(570)	(162)	28%
Financial Income (Loss)	(327)	(150)	(177)	118%	(641)	(409)	(232)	57%
IR CS	(289)	(111)	(178)	160%	(670)	(321)	(349)	109%
<b>NET INCOME</b>	<b>1,061</b>	<b>384</b>	<b>677</b>	<b>176%</b>	<b>2,042</b>	<b>996</b>	<b>1,046</b>	<b>105%</b>

The Networks segment ended 2Q21 with Gross Margin of R\$2,837 million, +65% vs. 2Q20, due to the effects of the 2021 Tariff Resets of Coelba and Cosern, the Tariff Review of Celpe, the 2020 Tariff Resets of Elektro, market increase and higher Financial Concession Assets – VRN (+R\$ 395 million vs. 2Q20), explained by the higher IPCA in the period, in addition to the use of IFRS15 of R\$260 million in transmission (+R\$140 million vs. 2Q20), and the consolidation of R\$109 million of Neoenergia Distribuição Brasília in the quarter.

In the first half, Gross Margin was R\$5,603 million (+47% vs. 6M20), impacted by the 2021 Tariff Resets of Coelba and Cosern (with average effects of 8.98% and 8.96% respectively), the Tariff Review of Celpe (with an average effect of 8.99%), the 2020 Tariff Resets of Distributors, due to the improvement in the market, higher VNR (+R\$647 million vs. 6M20), explained by the higher IPCA in the period; and the application of IFRS15 in transmission of R\$661 million (+R\$439 million vs. 6M20) due to the higher actual Capex in the period, in addition to the consolidation of Neoenergia Distribuição Brasília of R\$147 million since March 2, 2021.

As to operating expenses, R\$720 million were recorded in 2Q21 (+25% vs. 2Q20). Disregarding the R\$81 million referring to Neoenergia Distribuição Brasília incorporated into the Group in March 2021, the increase was 11% vs. 2Q20. This increase is due to the shutdown of customers' disconnection activities in 2Q20 either due to Aneel prohibition or difficulties imposed by the pandemic at the time, while in 2021 actions are normalized.

In the year-to-date, expenses totaled R\$1,372 million (+14% vs. 6M20); excluding R\$106 million related to expenses at Neoenergia Distribuição Brasília in 2021 the growth was 5% vs. 6M20. This increase was also impacted by the shutdown of customers' disconnection activities in 2Q20 either by Aneel prohibition or by difficulties imposed by the pandemic, while in 2021 the actions are normalized. The increase observed, once again, proves the search for efficiencies that have allowed to keep expenses below inflation (12-month IPCA of 8.35%), absorbing bigger customer base, the largest headcount (insourcing) and business improvement.

AFDA was R\$33 million in 2Q21, an improvement of R\$176 million compared to the same quarter of the previous year. Disregarding the positive R\$59 million of Neoenergia Distribuição Brasília, AFDA would be R\$92 million, R\$117 million better than in 2Q20, confirming the return to pre-pandemic levels. In 6M21, AFDA was R\$146 million, lower by R\$171 million vs. 6M20, and excluding Neoenergia Distribuição Brasília it was R\$201 million, better by R\$116 million vs. 6M20, confirming the return to pre-pandemic levels and the success of collection actions.

Networks EBITDA ended 2Q21 at R\$2,084 million (+123% vs. 2Q20) and 6M20 at R\$4,085 million (+78% vs. 6M20), confirming the recovery of the market, the maintenance of efficiency and cost discipline, the good levels of collection, as well as the progress in the construction of transmission projects.

Net Income for the quarter was R\$1,061 million (+176% vs. 2Q20) and R\$2,042 million for the semester (+105% vs. 6M20).

TRANSMISSION STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	816	537	279	52%	1.617	910	707	78%
Construction Costs	(505)	(392)	(113)	29%	(861)	(640)	(221)	35%
<b>Gross Margin</b>	<b>311</b>	<b>145</b>	<b>166</b>	<b>114%</b>	<b>756</b>	<b>270</b>	<b>486</b>	<b>180%</b>
Operating Expenses (PMSO)	(16)	(10)	(6)	60%	(30)	(19)	(11)	58%
<b>EBITDA</b>	<b>295</b>	<b>135</b>	<b>160</b>	<b>119%</b>	<b>726</b>	<b>251</b>	<b>475</b>	<b>189%</b>
Financial Income (Loss)	(55)	-	(55)	-	(153)	(4)	(149)	3725%
IRCS	(78)	(41)	(37)	90%	(186)	(74)	(112)	151%
<b>NET INCOME</b>	<b>162</b>	<b>94</b>	<b>68</b>	<b>72%</b>	<b>387</b>	<b>173</b>	<b>214</b>	<b>124%</b>
IFRS15	260	120	140	117%	661	222	439	198%

The transmission segment had Gross Margin of R\$311 million in 2Q21 (+R\$166 million vs. 2Q20) and R\$756 million in 6M21 (+R\$486 million vs. 6M20), impacted by higher actual Capex in the period (application of IFRS-15).

Operating expenses totaled R\$16 million in 2Q21, R\$6 million above that of 2Q20, due to higher personnel costs resulting from the entry into operation of the April/2017 auction lots. Year-to-date expenses amounted to R\$30 million (+R\$11 million vs. 6M20), for the same reasons as in the quarter.

Transmission EBITDA ended the quarter at R\$295 million (+R\$160 million vs. 2Q20) and the semester at R\$726 million (+R\$475 million vs. 6M20).

The use of IFRS15 had an impact of R\$260 million on EBITDA in 2Q21, R\$140 million higher than that recorded in 2Q20. In the year-to-date, IFRS15 was R\$661 million (+R\$439 million vs. 6M20).

Net Income was R\$162 million in 2Q21 (+R\$68 million vs. 2Q20) and R\$387 million in 6M21 (+R\$214 million vs. 6M20).

### 1.2.1. COELBA

COELBA STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	3,179	2,313	866	37%	6,114	4,774	1,340	28%
Costs with Energy	(2,136)	(1,569)	(567)	36%	(4,205)	(3,165)	(1,040)	33%
Concession Financial Assets (VNR)	120	(28)	148	(529%)	284	10	274	2740%
<b>Gross Margin</b>	<b>1,163</b>	<b>716</b>	<b>447</b>	<b>62%</b>	<b>2,193</b>	<b>1,619</b>	<b>574</b>	<b>35%</b>
Operating Expenses (PMSO)	(307)	(243)	(64)	26%	(591)	(520)	(71)	14%
Provision for Doubtful Receivables (PECLD)	(38)	(65)	27	(42%)	(79)	(98)	19	(19%)
<b>EBITDA</b>	<b>818</b>	<b>408</b>	<b>410</b>	<b>100%</b>	<b>1,523</b>	<b>1,001</b>	<b>522</b>	<b>52%</b>
Depreciation	(167)	(137)	(30)	22%	(318)	(268)	(50)	19%
Financial Income (Loss)	(162)	(68)	(94)	138%	(275)	(185)	(90)	49%
IR CS	(69)	(29)	(40)	138%	(173)	(100)	(73)	73%
<b>NET INCOME</b>	<b>420</b>	<b>174</b>	<b>246</b>	<b>141%</b>	<b>757</b>	<b>448</b>	<b>309</b>	<b>69%</b>

Coelba ended 2Q21 with Gross Margin of R\$1,163 million (+62% vs. 2Q20) driven by the average tariff reset of 8.98% of April/21, the consumption increase and the higher VNR (+R\$148 million), explained by the higher IPCA in the period.

In the semester, Gross Margin was 35% higher compared to 6M20, explained by the average tariff reset of 8.98% of April/21, the April reset of the previous year, the consumption increase and higher VNR (+R \$274 million), explained by the higher IPCA in the period.

PMSO was R\$307 million in 2Q21 (+26% vs. 2Q20) and R\$591 million in the semester (+14% vs. 6M20). It is worthy of mention the shutdown of costumers' disconnection activities in 2Q20 either due to Aneel prohibition or difficulties imposed by the pandemic at the time, combined with the fact that in 2021 the actions are normalized. In 2Q21, AFDA was R\$38 million, -R\$27 million vs. 2Q20. In the year-to-date, AFDA totaled R\$79 million, -R\$19 million vs. 6M20, showing the return to the same pre-pandemic levels.

As result of the abovementioned variations, EBITDA in 2Q21 was R\$818 million, an increase of 100% vs. 2Q20. In 6M20, EBITDA was R\$1,523 million, +52% vs. 6M20.

The Financial Result was -R\$162 million in 2Q21 (vs. -R\$68 million in 2Q20) and -R\$275 million in the year-to-date (vs. -R\$185 million in 6M20), a variation explained mainly by higher expenses with debt charges due to the 2.69 p.p. increase in the IPCA for the period (30% of indebtedness is linked to that index), in addition to the 12% growth in the average debt balance.

Net Income was R\$420 million in 2Q21 (+141% vs. 2Q20) and R\$757 million in 6M21 (+69% vs. 6M20).

## 1.2.2. CELPE

CELPE STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	1,911	1,432	479	33%	3,684	2,956	728	25%
Energy costs	(1,485)	(1,088)	(397)	36%	(2,836)	(2,191)	(645)	29%
Concession Financial Assets (VNR)	142	(10)	152	(1520%)	204	2	202	10100%
<b>Gross Margin</b>	<b>568</b>	<b>334</b>	<b>234</b>	<b>70%</b>	<b>1,052</b>	<b>767</b>	<b>285</b>	<b>37%</b>
Operating Expenses (PMSO)	(157)	(146)	(11)	8%	(315)	(328)	13	(4%)
Provision for Doubtful Receivables (PECLD)	(32)	(82)	50	(61%)	(75)	(127)	52	(41%)
<b>EBITDA</b>	<b>379</b>	<b>106</b>	<b>273</b>	<b>258%</b>	<b>662</b>	<b>312</b>	<b>350</b>	<b>112%</b>
Depreciation	(89)	(70)	(19)	27%	(165)	(137)	(28)	20%
Financial Income (Loss)	(77)	(41)	(36)	88%	(150)	(126)	(24)	19%
IR CS	(56)	1	(57)	(5700%)	(90)	(14)	(76)	543%
<b>NET INCOME</b>	<b>157</b>	<b>(4)</b>	<b>161</b>	<b>(4025%)</b>	<b>257</b>	<b>35</b>	<b>222</b>	<b>634%</b>

Celpe ended 2Q21 with Gross Margin of R\$568 million (+70% vs. 2Q20) driven by the average tariff review of 8.99% of April/21, the consumption increase and higher VNR (+R\$152 million), explained by the higher IPCA in the period.

In the semester, Gross Margin was R\$1,052 million (+37% vs. 6M20), explained by the average tariff review of 8.99% of April/21, the April reset of the previous year, the consumption increase and the higher VNR (+R\$ 202 million), explained by the higher IPCA in the period.

Operating expenses totaled R\$157 million in 2Q21 (+8% vs. 2Q20). It is worth mentioning the shutdown of costumers' disconnection activities in 2Q20, either due to the Aneel prohibition or difficulties imposed by the pandemic at the time, combined with the fact that in 2021 the actions are normalized. In 6M21, PMSO was R\$315 million (-4% vs. 6M20), absorbing both inflation and bigger customer base, and higher headcount (insourcing). In the quarter, AFDA totaled R\$32 million, -R\$50 million vs. 2Q20 and in 6M21 it amounted to R\$75 million, -R\$52 million compared to the same period of 2020, showing the return to pre-pandemic levels due to the success of the collection actions.

As result of the abovementioned variations, EBITDA in the quarter was R\$379 million, an increase of 258% vs. 2Q20. In the first half, EBITDA was R\$662 million, +112% vs. 6M20.

The Financial Result was -R\$77 million in 2Q21 (vs. -R\$41 million in 2Q20) and -R\$150 million (vs. -R\$126 million in 6M20), a variation mainly explained by the higher expense with debt charges due to the increase of the IPCA. Net Income was R\$157 million in 2Q21 (+R\$161 million vs. 2Q20) and R\$257 million in 6M21 (+R\$222 million vs. 6M20).

### 1.2.3. COSERN

COSERN STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	811	602	209	35%	1,520	1,222	298	24%
Costs with Energy	(580)	(417)	(163)	39%	(1,090)	(836)	(254)	30%
Concession Financial Assets (VNR)	26	(6)	32	(533%)	59	-	59	-
<b>Gross Margin</b>	<b>257</b>	<b>179</b>	<b>78</b>	<b>44%</b>	<b>489</b>	<b>386</b>	<b>103</b>	<b>27%</b>
Operating Expenses (PMSO)	(59)	(55)	(4)	7%	(115)	(116)	1	(1%)
Provision for Doubtful Receivables (PECLD)	(3)	(7)	4	(57%)	(2)	(7)	5	(71%)
<b>EBITDA</b>	<b>195</b>	<b>117</b>	<b>78</b>	<b>67%</b>	<b>372</b>	<b>263</b>	<b>109</b>	<b>41%</b>
Depreciation	(32)	(26)	(6)	23%	(60)	(50)	(10)	20%
Financial Income (Loss)	(7)	(8)	1	(13%)	(13)	(30)	17	(57%)
IR CS	(20)	(15)	(5)	33%	(51)	(33)	(18)	55%
<b>NET INCOME</b>	<b>136</b>	<b>68</b>	<b>68</b>	<b>100%</b>	<b>248</b>	<b>150</b>	<b>98</b>	<b>65%</b>

Cosern ended the 2Q21 with Gross Margin of R\$257 million (+44% vs. 2Q20) driven by the average tariff reset of 8.96% of April/21, the consumption increase and higher VNR (+R\$ 32 million), explained by the higher IPCA in the period.

In the semester, Gross Margin was R\$489 million (+27% vs. 6M20), explained by the average tariff reset of 8.96% of April/21, the April reset of the previous year, the consumption increase and higher VNR (+R\$59 million), explained by the higher IPCA in the period.

Operating expenses totaled R\$59 million in 2Q21 (+7% vs. 2Q20). It is worthy of mention that the shutdown of costumers' disconnection activities in 2Q20, either due to Aneel prohibition or difficulties imposed by the pandemic at the time, combined with the fact that in 2021 the actions are normalized. The year-to-date figures were in line with 6M20, absorbing both inflation and bigger customer base, as well as higher headcount (insourcing).

In 2Q21, AFDA totaled R\$3 million, -R\$4 million vs. 2Q20, and in 6M21 it was R\$ 2 million, -R\$ 5 million compared to the same period of 2020, showing the return to the same pre-pandemic levels.

As result of the abovementioned variations, EBITDA in the quarter was R\$195 million (+67% vs. 2Q20) and R\$372 million in the semester (+41% vs. 6M20).

Net Income was R\$136 million in 2Q21 (+100% vs. 2Q20) and R\$248 million in 6M21 (+65% vs. 6M20).

#### 1.2.4. ELEKTRO

ELEKTRO STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	1,760	1,461	299	20%	3,597	3,004	593	20%
Costs with Energy	(1,351)	(1,091)	(260)	24%	(2,705)	(2,211)	(494)	22%
Concession Financial Assets (VNR)	44	(13)	57	(438%)	106	2	104	5200%
<b>Gross Margin</b>	<b>453</b>	<b>357</b>	<b>96</b>	<b>27%</b>	<b>998</b>	<b>795</b>	<b>203</b>	<b>26%</b>
Operating Expenses (PMSO)	(120)	(133)	13	(10%)	(243)	(243)	-	-
Provision for Doubtful Receivables (PECLD)	(19)	(55)	36	(65%)	(44)	(85)	41	(48%)
<b>EBITDA</b>	<b>314</b>	<b>169</b>	<b>145</b>	<b>86%</b>	<b>711</b>	<b>467</b>	<b>244</b>	<b>52%</b>
Depreciation	(86)	(58)	(28)	48%	(150)	(115)	(35)	30%
Financial Income (Loss)	(39)	(33)	(6)	18%	(63)	(64)	1	(2%)
IR CS	(43)	(26)	(17)	65%	(147)	(97)	(50)	52%
<b>NET INCOME</b>	<b>146</b>	<b>52</b>	<b>94</b>	<b>181%</b>	<b>351</b>	<b>191</b>	<b>160</b>	<b>84%</b>

Elektro ended the 2Q21 with Gross Margin of R\$453 million (+27% vs. 2Q20) driven by the average tariff reset of 5.36% of April/20, the consumption increase and higher VNR (+R\$ 57million), explained by the higher IPCA in the period.

In the semester, Gross Margin was R\$998 million (+26% vs. 6M20), explained by the average tariff reset of 5.36% of April/20, the April reset of the previous year, the consumption increase and higher VNR (+R\$104 million), explained by the higher IPCA in the period.

Operating expenses totaled R\$120 million in 2Q21 (-10% vs. 2Q20), absorbing both inflation and customer growth, which shows the group's ongoing search for efficiency. In the year-to-date, it was R\$243 million, in line with 6M20, even with the positive and non-recurring event in 1Q20 of some R\$22 million due to the contracting of insurance for fatal labor-related accidents that allowed the reversal of this amount of the mathematical reserve that the company's pension fund had. Disregarding this non-recurring 1Q20 effect, Elektro expenses in 6M21 decreased by 9%.

In the quarter, AFDA totaled R\$19 million, -R\$36 million vs. 2Q20 and in 6M21 it amounted to R\$44 million, -R\$41 million compared to the same period in 2020, showing the return to pre-pandemic levels, due to the successful collection actions.

As result of the abovementioned variations, EBITDA in the quarter was R\$314 million, an increase of 86% vs. 2Q20. In the half year, EBITDA was R\$711 million, +52% vs. 6M20.

Net Income was R\$146 million in 2Q21 (+R\$94 million vs. 2Q20) and R\$351 million in 6M21 (+R\$160 million vs. 6M20).

### 1.2.5. Neoenergia Distribuição Brasília

NEOENERGIA DISTRIBUIÇÃO BRASÍLIA STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		2021	2020	Variation	
			R\$	%			R\$	%
Gross Margin without VNR	104	78	26	33%	139	104	35	34%
Concession Financial Assets (VNR)	5	(1)	6	N/A	8	(1)	9	N/A
<b>Gross Margin</b>	<b>109</b>	<b>79</b>	<b>30</b>	<b>38%</b>	<b>147</b>	<b>105</b>	<b>42</b>	<b>40%</b>
Operating Expenses (PMSO)	(81)	(77)	(4)	5%	(106)	(89)	(17)	19%
Provision for Doubtful Receivables (PECLD)	59	(51)	110	N/A	55	(60)	115	N/A
<b>EBITDA</b>	<b>88</b>	<b>(50)</b>	<b>138</b>	<b>N/A</b>	<b>96</b>	<b>(44)</b>	<b>140</b>	<b>N/A</b>
Depreciation	(12)	(13)	1	(8%)	(16)	(17)	1	(6%)
Financial Income (Loss)	13	(14)	27	N/A	13	(22)	35	N/A
IR CS	(30)	6	(36)	N/A	(32)	5	(37)	N/A
<b>NET INCOME</b>	<b>59</b>	<b>(70)</b>	<b>129</b>	<b>N/A</b>	<b>61</b>	<b>(78)</b>	<b>139</b>	<b>N/A</b>

Neoenergia Distribuição Brasília was incorporated into the Group on March 2, 2021 and as of that date the results were 100% consolidated. The 2Q21 reflects the result for the full quarter, while the year-to-date result is recorded as of March 2, 2021. The comparison with 2020 is merely pro forma, and it is not included in the group's consolidated economic result of 2020.

Neoenergia Distribuição Brasília ended 2Q21 with Gross Margin of R\$109 million (+38% vs. 2Q20) and R\$147 million in the year-to-date (+40% vs. 6M20), mainly explained by the increase in distributed energy in the periods.

Operating expenses totaled R\$81 million in 2Q21 (+5% vs. 2Q20). It is worth highlighting the non-recurring effect of the Provision of R\$24 million for the Voluntary Severance Plan (PDV). Disregarding this effect, expenses would have been R\$57 million, R\$20 million less than in the 1Q20, already a reflection of the turnaround in the 1<sup>st</sup> full quarter of consolidation of the Neoenergia Group management. In the year-to-date, expenses ended at R\$106 million, and disregarding the same non-recurring effect of the PDV, the amount would have been R\$82 million, R\$7 million better than in the 2020 year-to-date.

In the quarter, AFDA was positive by R\$59 million due to the adherence to the methodology already in place in the Neoenergia group. We started to adopt a provision based on the history of payment behavior, by customer class (aging) in the last 60 months, structured into 4 portfolios: (i) portfolio of no installments, (ii) portfolio in installments, (iii) illegal connections portfolio (retroactive billing resulting from anti-loss inspection actions) and (iv) legal portfolio (overdue debts that are now dealt with in court). Previously, CEB-D had a policy of provisioning a high portion of the unpaid debt balance, given that practically one year went by without collection actions. Adherence to Neoenergia's methodology allowed the reversal of R\$62 million in 2Q21.

As result of the abovementioned variations, EBITDA in the quarter was R\$88 million, compared to a negative EBITDA of R\$50 million in 2Q20. In the year-to-date, it was R\$96 million vs. -R\$44 million in 2020. If we disregard the non-recurring events of the reversal of AFDA in the amount of R\$62 million and the PDV provision of R\$24 million, EBITDA in 2Q21 would have reached approximately R\$50 million and R\$58 million in the year-to-date. Net Income in 2Q21 was R\$59 million compared to a loss of R\$70 million in 2Q20, and in the year-to-date a profit of R\$61 million was recorded vs. a loss of R\$78 million in 2020.

### 1.3 Renewables

The result of the Renewables segment contemplates the performance of wind farms and hydroelectric plants of the Neoenergia Group.

RENEWABLES STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	229	249	(20)	(8%)	472	452	20	4%
Costs with Energy	(28)	(32)	4	(13%)	(21)	(77)	56	(73%)
<b>GROSS MARGIN</b>	<b>201</b>	<b>217</b>	<b>(16)</b>	<b>(7%)</b>	<b>451</b>	<b>375</b>	<b>76</b>	<b>20%</b>
Operating Expenses (PMSO)	(53)	(47)	(6)	13%	(99)	(103)	4	(4%)
(+ )Equity Accounting	(8)	(11)	3	(27%)	2	(14)	16	(114%)
<b>EBITDA</b>	<b>140</b>	<b>159</b>	<b>(19)</b>	<b>(12%)</b>	<b>354</b>	<b>258</b>	<b>96</b>	<b>37%</b>
Depreciation	(50)	(49)	(1)	2%	(96)	(95)	(1)	1%
Financial Income (Loss)	(39)	(33)	(6)	18%	(77)	(75)	(2)	3%
IR/CS	(10)	2	(12)	(600%)	(39)	(4)	(35)	875%
<b>NET INCOME</b>	<b>41</b>	<b>79</b>	<b>(38)</b>	<b>(48%)</b>	<b>142</b>	<b>84</b>	<b>58</b>	<b>69%</b>

HYDRO PLANTS STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net revenue	133	164	(31)	(19%)	277	300	(23)	(8%)
Costs with Energy	(19)	(24)	5	(21%)	(1)	(60)	59	(98%)
<b>GROSS MARGIN</b>	<b>114</b>	<b>140</b>	<b>(26)</b>	<b>(19%)</b>	<b>276</b>	<b>240</b>	<b>36</b>	<b>15%</b>
Operating Expenses (PMSO)	(23)	(23)	-	-	(43)	(50)	7	(14%)
(+) Equity Accounting	(8)	(11)	3	(27%)	2	(14)	16	(114%)
<b>EBITDA</b>	<b>83</b>	<b>106</b>	<b>(23)</b>	<b>(22%)</b>	<b>235</b>	<b>176</b>	<b>59</b>	<b>34%</b>
Depreciation	(22)	(21)	(1)	5%	(41)	(40)	(1)	2%
Financial Income (Loss)	(19)	(16)	(3)	19%	(37)	(34)	(3)	9%
IR/CS	(10)	(16)	6	(38%)	(39)	(33)	(6)	18%
<b>NET INCOME (LOSS)</b>	<b>32</b>	<b>53</b>	<b>(21)</b>	<b>(40%)</b>	<b>118</b>	<b>69</b>	<b>49</b>	<b>71%</b>

WIND FARMS STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net revenue	96	85	11	13%	195	152	43	28%
Costs with Energy	(9)	(8)	(1)	13%	(20)	(17)	(3)	18%
<b>GROSS MARGIN</b>	<b>87</b>	<b>77</b>	<b>10</b>	<b>13%</b>	<b>175</b>	<b>135</b>	<b>40</b>	<b>30%</b>
Operating Expenses (PMSO)	(30)	(24)	(6)	25%	(56)	(53)	(3)	6%
<b>EBITDA</b>	<b>57</b>	<b>53</b>	<b>4</b>	<b>8%</b>	<b>119</b>	<b>82</b>	<b>37</b>	<b>45%</b>
Depreciation	(28)	(28)	-	-	(55)	(55)	-	-
Financial Income (Loss)	(20)	(17)	(3)	18%	(40)	(41)	1	(2%)
IR/CS	-	18	(18)	(100%)	-	29	(29)	(100%)
<b>NET INCOME</b>	<b>9</b>	<b>26</b>	<b>(17)</b>	<b>(65%)</b>	<b>24</b>	<b>15</b>	<b>9</b>	<b>60%</b>

The Renewables segment ended 2Q21 with a gross margin of R\$201 million (-R\$16 million vs. 2Q20) negatively impacted by the hydroelectric plants (-R\$26 million vs. 2Q20) due to seasonality. In the year-to-date, the gross margin of the segment was R\$451 million (+R\$76 million vs. 6M20) due to the non-recurring effect of +R\$37 million from the renegotiation of the Itapebi GSF in 1Q21 and higher winds in the semester, impacting the gross margin of wind farms by +R\$40 million.

Operating expenses ended 2Q21 at R\$53 million, +R\$6 million vs. 2Q20, impacted by higher headcount due to the construction works of wind farms. In the year-to-date, expenses were R\$99 million, with an efficiency of R\$4 million when compared to 6M20.

Equity in the quarter was -R\$ 8 million, R\$3 million better than 2Q20, explained by the seasonality of Belo Monte. Equity in the semester was +R\$2 million, impacted by the non-recurring effect of the renegotiation of the Teles Pires GSF in 1Q21 (+R\$ 6 million).

Due to these effects, EBITDA of the Renewables segment in the quarter was R\$140 million (-R\$19 million vs. 2Q20) and R\$354 million in the half year (+R\$96 million vs. 6M20), thanks to the good performance of both hydro plants and wind farms.

The Profit recorded in 2Q21 was R\$41 million (-R\$38 million vs. 2Q20) and in 6M21 it was R\$142 million (+R\$58 million vs. 6M20).

#### 1.4 Liberalized

LIBERALIZED STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	657	519	138	27%	1,222	1,074	148	14%
Costs with Energy	(493)	(412)	(81)	20%	(883)	(831)	(52)	6%
<b>Gross Margin</b>	<b>164</b>	<b>107</b>	<b>57</b>	<b>53%</b>	<b>339</b>	<b>243</b>	<b>96</b>	<b>40%</b>
Operating Expenses (PMSO)	(40)	(37)	(3)	8%	(91)	(81)	(10)	12%
<b>EBITDA</b>	<b>124</b>	<b>70</b>	<b>54</b>	<b>77%</b>	<b>248</b>	<b>162</b>	<b>86</b>	<b>53%</b>
Depreciation	(17)	(17)	-	-	(32)	(31)	(1)	3%
Financial Income (Loss)	(8)	(13)	5	(38%)	(25)	(41)	16	(39%)
IR CS	(12)	3	(15)	(500%)	(29)	(8)	(21)	263%
<b>NET INCOME</b>	<b>87</b>	<b>43</b>	<b>44</b>	<b>102%</b>	<b>162</b>	<b>82</b>	<b>80</b>	<b>98%</b>

TERMOPERNAMBUCO STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	352	269	83	31%	652	542	110	20%
Costs with Energy	(184)	(130)	(54)	42%	(326)	(294)	(32)	11%
<b>Gross Margin</b>	<b>168</b>	<b>139</b>	<b>29</b>	<b>21%</b>	<b>326</b>	<b>248</b>	<b>78</b>	<b>31%</b>
Operating Expenses (PMSO)	(33)	(26)	(7)	27%	(73)	(60)	(13)	22%
<b>EBITDA</b>	<b>135</b>	<b>113</b>	<b>22</b>	<b>19%</b>	<b>253</b>	<b>188</b>	<b>65</b>	<b>35%</b>
Depreciation	(15)	(16)	1	(6%)	(31)	(28)	(3)	11%
Financial Income (Loss)	(6)	(12)	6	(50%)	(21)	(38)	17	(45%)
IR CS	(17)	(13)	(4)	31%	(32)	(19)	(13)	68%
<b>NET INCOME</b>	<b>97</b>	<b>72</b>	<b>25</b>	<b>35%</b>	<b>169</b>	<b>103</b>	<b>66</b>	<b>64%</b>

COMERC. STATEMENT OF INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Revenue	297	249	48	19%	563	532	31	6%
Costs with Energy	(301)	(282)	(19)	7%	(549)	(537)	(12)	2%
<b>Gross Margin</b>	<b>(4)</b>	<b>(33)</b>	<b>29</b>	<b>(88%)</b>	<b>14</b>	<b>(5)</b>	<b>19</b>	<b>(380%)</b>
Operating Expenses (PMSO)	(7)	(11)	4	(36%)	(19)	(21)	2	(10%)
<b>EBITDA</b>	<b>(11)</b>	<b>(44)</b>	<b>33</b>	<b>N/A</b>	<b>(5)</b>	<b>(26)</b>	<b>21</b>	<b>N/A</b>
Depreciation	(1)	(2)	1	(50%)	(1)	(3)	2	(67%)
Financial Income (Loss)	(2)	-	(2)	-	(5)	(3)	(2)	67%
IR CS	5	16	(11)	(69%)	4	11	(7)	(64%)
<b>NET INCOME</b>	<b>(9)</b>	<b>(30)</b>	<b>21</b>	<b>N/A</b>	<b>(7)</b>	<b>(21)</b>	<b>14</b>	<b>N/A</b>

The Liberalized segment consolidated gross margin of R\$164 million in 2Q21, +R\$57 million vs. 2Q20. In the year-to-date, gross margin was R\$339 million, +R\$96 million vs. 6M20, explained by better margin at Termopernambuco, higher generation recorded in 2021 and the impact of the tariff reset, which is dollarized, as well as better margin at Neoenergia Comercialização compared to the previous year.

Operating expenses were R\$40 million in 2Q21 (+R\$3 million vs. 2Q20). In the year-to-date, these expenses were R\$91 million, +R\$10 million compared to the same period of the previous year, mainly explained by the higher number of operating days at Termopernambuco in 2021 and by the adjustment to O&M contracts that are dollarized.

As result of these variations, Liberalized EBITDA was R\$124 million in 2Q21 (+R\$54 million vs. 2Q20) and R\$248 million in 6M21 (+R\$86 million vs. 6M20).

Net income was R\$87 million in the quarter (+R\$44 million vs. 2Q20) and R\$162 million in the semester (+R\$80 million vs. 6M20) due to better results of both Termopernambuco and the Trading Company.

## 2 EBITDA

In compliance with CVM Instruction nº 527 we display on the table below the EBITDA reconciliation, and we further state that the calculations shown are in line with the criteria of that same instruction:

EBITDA (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Net Income for the Period (A)	1,002	423	579	137%	2,009	999	1,010	101%
Profit assigned to minority shareholders (B)	(43)	(12)	(31)	258%	(75)	(34)	(41)	121%
Financial Expenses (C)	(623)	(312)	(311)	100%	(1,201)	(773)	(428)	55%
Financial Revenues (D)	201	120	81	68%	364	253	111	44%
Other net financial income (loss) (E)	(4)	23	(27)	(117%)	29	37	(8)	(22%)
Income tax and social contribution (F)	(315)	(102)	(213)	209%	(745)	(335)	(410)	122%
Depreciation and amortization (G)	(514)	(400)	(114)	29%	(947)	(780)	(167)	21%
<b>EBITDA = (A-(B+C+D+E+F+G))</b>	<b>2,300</b>	<b>1,106</b>	<b>1,194</b>	<b>108%</b>	<b>4,584</b>	<b>2,631</b>	<b>1,953</b>	<b>74%</b>

### 3 FINANCIAL RESULT

NET FINANCIAL INCOME (R\$ MN)	2Q21	2Q20	Variation		6M21	6M20	Variation	
			R\$	%			R\$	%
Revenue from financial investments	31	38	(7)	(18%)	49	77	(28)	(36%)
Charges, monetary and exchange variations and debt derivative financial instruments	(456)	(172)	(284)	165%	(882)	(501)	(381)	76%
Other financial income (loss) not related to debt	(1)	(35)	34	(97%)	25	(59)	84	(142%)
Interest, commissions and arrears interest	167	97	70	72%	303	155	148	95%
Monetary and exchange variations - other	(19)	(22)	3	(14%)	(19)	(33)	14	(42%)
Adjustment to provision for contingencies / judicial deposits	(43)	(39)	(4)	10%	(93)	(85)	(8)	9%
Adjustment to sector financial assets / liabilities	(2)	(1)	(1)	100%	(5)	3	(8)	(267%)
Post-employment liabilities	(21)	(14)	(7)	50%	(41)	(30)	(11)	37%
Other net financial revenues (expenses)	(83)	(56)	(27)	48%	(120)	(69)	(51)	74%
<b>Total</b>	<b>(426)</b>	<b>(169)</b>	<b>(257)</b>	<b>152%</b>	<b>(808)</b>	<b>(483)</b>	<b>(325)</b>	<b>67%</b>

The Consolidated Financial Result was -R\$426 million in 2Q21, worse by R\$257 million vs. 2Q20, a variation explained mainly by the higher expense with debt charges (R\$ 284 million), due to the 28% increase in the average debt balance vs. 2Q20, due to funding used in the Capex for new transmission and wind projects, in addition to distribution companies (including R\$ 2.5 billion for funding CEB-D). Additionally, in the period, we observed an increase of 2.69 p.p. in the IPCA (32% of indebtedness is connected to the index) and a 0.06 p.p. increase in the CDI (60% of the company's indebtedness). In the year-to-date, the Financial Result was -R\$ 808 million, worse by R\$ 325 million vs. 6M20 for the same reasons as in the quarter.

### 4 INVESTMENTS

Neoenergia made total investments of the order of R\$3.5 billion in the 6M21 in the companies that it consolidates, as displayed below:

CAPEX Neoenergia (R\$ million)	2Q21	2Q20	Δ %	6M21	6M20	Δ %
<b>Networks</b>	<b>1,395</b>	<b>1,168</b>	<b>19%</b>	<b>2,744</b>	<b>2,073</b>	<b>32%</b>
Distributors	885	796	11%	1,758	1,466	20%
Transmission Lines	510	372	37%	986	607	63%
<b>Renewables</b>	<b>282</b>	<b>165</b>	<b>70%</b>	<b>743</b>	<b>205</b>	<b>263%</b>
Liberalized	26	35	(26%)	37	54	(31%)
<b>TOTAL</b>	<b>1,702</b>	<b>1,368</b>	<b>24%</b>	<b>3,524</b>	<b>2,332</b>	<b>51%</b>

#### 4.2. Networks

##### 4.1.1. Distribution

In the 6M21, Capex of the distributors amounted to R\$1.8 billion, of which R\$1.2 billion were used for the expansion of the networks. Below is a table with detailed Capex by Discos.

INVESTMENTS MADE (amounts in R\$ MN)	    					CONSOLIDATED		
	2Q21					2Q21	6M21	
<b>Network Expansion</b>	(370)	(72)	(42)	(124)	(14)	(622)	(1,212)	60%
Program Luz para Todos	(139)	-	-	-	-	(139)	(254)	
New Connections	(143)	(55)	(26)	(61)	(6)	(291)	(566)	
New SE's and RD's	(88)	(18)	(16)	(64)	(8)	(193)	(392)	
<b>Assets Renewal</b>	(53)	(16)	(14)	(38)	(3)	(125)	(255)	14%
<b>Network Improvement</b>	(39)	(20)	(12)	(19)	(5)	(94)	(175)	10%
<b>Losses and Default</b>	(32)	(31)	(5)	(5)	-	(72)	(136)	8%
<b>Other</b>	(29)	(20)	(11)	(13)	(11)	(84)	(132)	8%
<b>Movement of Material (Inventory x Works)</b>	(77)	(20)	(6)	20	(45)	(128)	(293)	
<b>(=) Gross Investment</b>	(599)	(179)	(90)	(180)	(77)	(1,125)	(2,203)	
GRANTS	73	2	1	36	-	112	151	
<b>(=) Net Investment</b>	(526)	(177)	(89)	(144)	(77)	(1,013)	(2,051)	
Movement of Material (Inventory x Works)	77	20	6	(20)	45	128	293	
<b>(=) CAPEX</b>	(450)	(157)	(83)	(164)	(32)	(885)	(1,758)	
RAB	(29)	(20)	(11)	(13)	(11)	(84)	(132)	7%
RRB	(493)	(139)	(73)	(187)	(21)	(913)	(1,778)	93%

#### 4.1.2. Transmission

In 6M21, the Capex of transmission was R\$986 million, R\$380 million in excess of that of 6M20. Worthy of pointing out are construction works in progress of the last section of the Dourados lot (April 2017 auction), as are the lots purchased in December 2017, with the delivery of the first section of Santa Luzia in July 2021 and the progress of Jalapão construction works, which are in the phase of conclusion. As to the December 2018 auction lots, these already have 100% of Capex contracted, and the environmental licensing and land release are in progress.

### 4.2. Renewables

#### 4.1.3. Wind Farms

Investments made in wind farms amounted to R\$ 691 million in 6M21:

- (i) Chafariz Complex: assembly of 136 windmills already started, and 25 generating units corresponding to 86.25 MW of installed capacity are in the testing phase, significantly ahead of the business plans schedules.
- (ii) Oitis Complex: works already started in the 4Q20.

#### 4.1.4. Hydroelectric Plants

Investments of the order of R\$52 million in 6M21, with highlight on R\$37 million recognized in Itapebi intangible assets as result of the GSF agreement of the 1Q21.

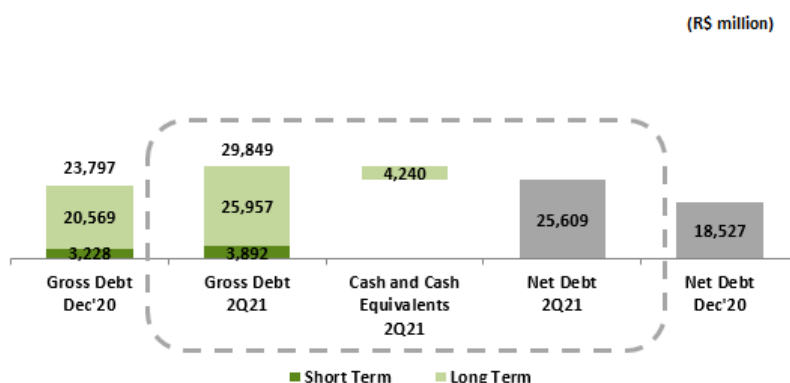
### 4.3. Liberalized

Termopernambuco made actual investments of R\$37 million in 6M21, 32% less than the actual figures of 6M20, due to maintenance actions and the purchase of equipment for major Inspections carried out in 2020.

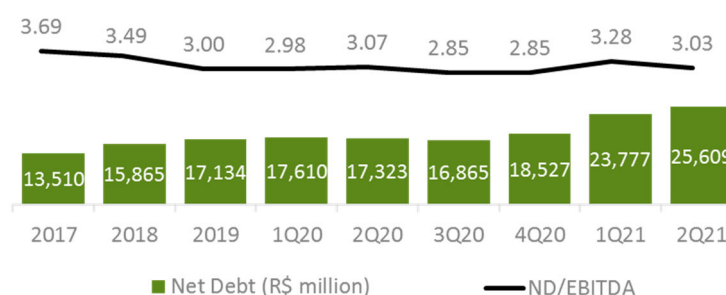
## 5 INDEBTEDNESS

### 5.1. Status of Financial Debt and Leverage

In June 2021, the consolidated net debt of Neoenergia, including cash, cash equivalents and securities, reached R\$25,609 million (gross debt of R\$28,849 million), showing an increase of 38% (R\$7,082 million) compared to December 2020. As regards the segregation of the debt balance, Neoenergia has 87% of its debt recorded in the long term and 13% in the short term.



The financial indicator of Total Net Debt/EBITDA increased from 2.85 on December 31, 2020 to 3.03 on June 30, 2021.



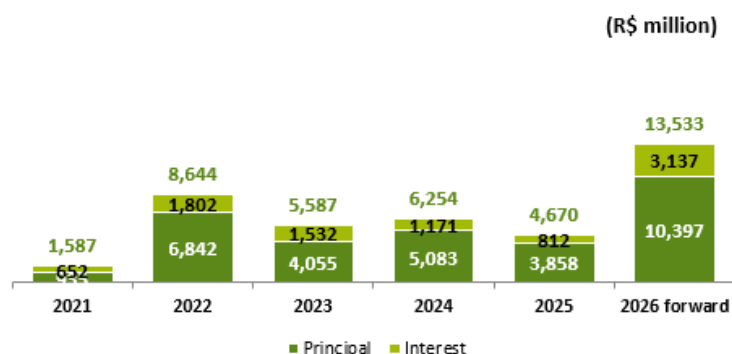
### 5.2 Debt amortization schedule

The Company seeks to structure its debt in line with the financial cycle of its business, observing the peculiarities of each company and the characteristics of their concessions/authorizations. Aiming to reduce the cost of debt and extend its amortization profile, the Company also performs liability management in order to avoid concentration of debt maturities, resulting in an effective extension. The amounts maturing in the coming years are more concentrated in 2022 due to the funding of R\$2.5 billion used for the acquisition of CEB-D.

In 2022, Neoenergia expects to amortize R\$2.5 billion. For Coelba, the estimated amortization amount is R\$1,301 million, for Celpe, R\$1,020 million, for Elektro, R\$788 million and for Cosern, R\$560 million. The total amortizations of the holding and these four distributors represent 90% of the consolidated volume to be amortized in this period.

The 2024 fiscal year also shows a considerable volume of amortizations, with Coelba and Celpe being the main responsible companies for the volume of liquidations in the period, with obligations of R\$1,724 million and R\$1,331 million, respectively. Together, the two distributors represent 60% of the 2024 amortizations.

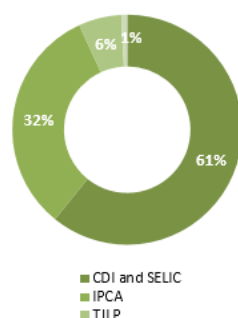
The average term of Neoenergia's indebtedness in June 2021 was 4.64 years (vs. 4.66 years in December 2020). The chart below displays the debt principal and interest maturities schedule, using forward market curves for the indices and currencies linked to the indebtedness in effect at the end of 6M21.



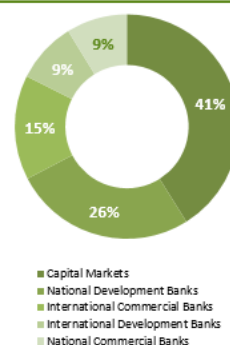
### 5.3. Debt Profile

The charts below display the balance of debts segregated by source of funding and indexer. The average cost of the consolidated debt in the 2Q21 was 5.7% (vs. 4.7% in December 2020) due to the increase to IPCA and Selic.

DEBT PER INDEX (post swap)



DEBT PER FUNDING



In the 2T21, we funded R\$ 2.805 million. The debt contracting lines that follow should be pointed out:

- (i) BNDES grant for the Chafariz Complex, totaling R\$152 million, with a 24-year term;
- (ii) Grant from BNB to Chafariz 6 (R\$48 million) and Chafariz 7 (R\$56 million) with a 24-year term;
- (iii) BNDES grant to Santa Luzia, in the amount of R\$61 million, with a term of 24 years;
- (iv) Contracting of 4131 from Scotia for Neoenergia Distribuição Brasília and Celpe, in the amount of R\$200 million each, with a 5-year term;
- (v) BNDES financing for Elektro, in the amount of R\$253 million, with a term of up to 19 years;
- (vi) BNDES financing for Neoenergia Jalapão in the amount of R\$ 20 million, with a term of 24 years;
- (vii) Contracting of financing from JICA for Coelba, in the amount of R\$509 million, with a 10-year term;
- (viii) Contracting of financing from MUFG for Coelba, in the amount of R\$ 259 million, with a term of 5 years;
- (ix) BASA grant to Jalapão, in the amount of R\$148 million, with a 19-year term;
- (x) Outlay of R\$700 million related to Elektro's 9<sup>th</sup> Debenture Issue, with a term of up to 7 years;
- (xi) Contracting of 4131 from Santander for Neoenergia Guanabara, in the amount of R\$200 million, with a term of 1 year;

## 6 RECONCILIATION NOTE

Neoenergia S.A. discloses the results for the 2Q21 and 6M21 based on managerial analyzes that management understands to best translate the company's business, reconciled with the International Financial Reporting Standards (IFRS).

Calculation Memory (CONSOLIDATED)	Current Year		Previous Year		Corresponding Explanatory Notes
	2Q21	6M21	2Q20	6M20	
( + ) Net Revenue	9,975	18,972	6,602	13,522	Financial Statements
( - ) Estimated Replacement Value of Concession	(338)	(661)	57	(14)	Note 5
( - ) Other revenues	(111)	(222)	(69)	(155)	Note 5
( + ) Gain/Loss on RAP	27	25	(2)	(1)	Note 5.4
( + ) Revenue from Operation and Maintenance	(26)	(16)	2	8	Note 5.4
( + ) Photovoltaic Operations	3	8	1	1	Note 5.4
( + ) Other revenues - Other revenues	(1)	6	(8)	0	Note 5.4
<b>= Net Operating REVENUE</b>	<b>9,529</b>	<b>18,112</b>	<b>6,583</b>	<b>13,361</b>	
( + ) Costs with electric energy	(5,056)	(9,304)	(3,076)	(6,367)	Financial Statements
( + ) Fuel for energy production	(124)	(218)	(85)	(223)	Note 7
( + ) Construction costs	(1,474)	(2,846)	(1,325)	(2,355)	Financial Statements
( + ) Photovoltaic operations	(3)	(7)	(3)	(3)	Note 7
<b>= Energy costs</b>	<b>(6,657)</b>	<b>(12,375)</b>	<b>(4,489)</b>	<b>(8,948)</b>	
( + ) Estimated replacement value of concession	338	661	(57)	14	Note 5
<b>= GROSS MARGIN</b>	<b>3,210</b>	<b>6,398</b>	<b>2,037</b>	<b>4,427</b>	
( + ) Operating costs	(1,051)	(1,974)	(829)	(1,764)	Financial Statements
( + ) Sales expenses	(93)	(170)	(69)	(138)	Financial Statements
( + ) Other general and administrative revenues/expenses	(414)	(789)	(335)	(633)	Financial Statements
( - ) Fuel for energy production	124	218	85	223	Note 7
( - ) Photovoltaic Operations	3	7	3	3	Note 7
( - ) Depreciation	454	839	358	697	Note 7
( + ) Gain/Loss on RAP	111	222	69	155	Note 5
( - ) Gain/Loss on RAP	(27)	(25)	2	1	Note 5.4
( - ) Revenue from operation and maintenance	26	16	(2)	(8)	Note 5.4
( - ) Photovoltaic Operations	(3)	(8)	(1)	(1)	Note 5.4
( - ) Other revenues - Other revenues	1	(6)	8	0	Note 5.4
<b>= Operating Expenses (PMSO)</b>	<b>(869)</b>	<b>(1,670)</b>	<b>(711)</b>	<b>(1,465)</b>	
Provision for Doubtful Receivables (PECLD)	(33)	(146)	(209)	(317)	Financial Statements
( + ) Equity Accounting	(8)	2	(11)	(14)	Financial Statements
<b>EBITDA</b>	<b>2,300</b>	<b>4,584</b>	<b>1,106</b>	<b>2,631</b>	
( + ) Depreciation and Amortization	(514)	(947)	(400)	(780)	Financial Statements and Note 7
( + ) Financial Income/Loss	(426)	(808)	(169)	(483)	Financial Statements
( + ) IR/CS	(315)	(745)	(102)	(335)	Financial Statements
( + ) Minority shareholders	(43)	(75)	(12)	(34)	Financial Statements
<b>NET INCOME</b>	<b>1,002</b>	<b>2,009</b>	<b>423</b>	<b>999</b>	Financial Statements



**DISCLAIMER**

This documents was prepared by NEOENERGIA S.A. with a view at indicating the general situation and progress of the Company's business. The document is a property of NEOENERGIA and should not be used for any purpose without prior written consent of NEOENERGIA.

The information contained in this document reflects current conditions and our view to date, and is subject to change. The document contains statements that represent NEOENERGIA expectations and projections about future events, which the Company cannot guarantee will materialize, since they involve a number of risks and uncertainties and may have results or consequences other than those discussed and anticipated herein.

All relevant information regarding the period and used by the Management in the running of the Company is evidenced in this document and in the Financial Statements.

Further information about the Company can be obtained on the Reference Form available on CVM website and on the Neoenergia Group Investor Relations website ([ri.neoenergia.com](http://ri.neoenergia.com)).



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## **Independent Auditor’s Review Report on quarterly information – ITR**

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with CPC 21(R1) - Demonstração Intermediária and the IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board IASB).

To the Board of Directors of  
**Neoenergia S.A.**  
Rio de Janeiro - RJ

### **Introduction**

We have reviewed the parent and consolidated interim accounting information of Neoenergia S.A. (“Company”), included in the quarterly information form - ITR for the quarter ended June 30, 2021, which comprises the parent and consolidated financial position as of June 30, 2021 and the respective statements of income, comprehensive income for the three and six-month period then ended, and changes in shareholders’ equity and of cash flows for the six-month period then ended, including the explanatory notes.

Company’s Management is responsible for the preparation of these parent and consolidated interim accounting information in accordance with the CPC 21(R1) - Demonstração Intermediária and the IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.



### **Scope of Review**

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries primarily of the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.

### **Conclusion on parent and consolidated interim information**

Based on our review, we are not aware of any fact that might lead us to believe that the parent and consolidated interim accounting information included in the aforementioned quarterly information form was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

### **Other matters - Statements of added value**

The quarterly information referred above includes the parent and consolidated statements of added value for the period of six-months ended June 30, 2021, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34. These statements were submitted to the review procedures followed together with the review of the Company's quarterly information, in order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and accounting records, as applicable, and whether their forms and contents are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Added Value. Based on our review, we are not aware of any other event that make us believe that these statements of added value were not prepared, in all material respects, in accordance with the parent and consolidated interim financial information taken as a whole.

Rio de Janeiro, July 20, 2021

KPMG Auditores Independentes  
CRC SP-014428/O-6 F-RJ  
*(Original report in Portuguese signed by)*  
Marcelo Nogueira de Andrade  
Accountant CRC RJ-086312/O-6

**STATEMENT OF INCOME**

For the three and six months ended on June 30, 2021 and 2020

(Amounts expressed in millions of Reais, except for earnings per share amounts)

	Notes	Consolidated				Parent Company			
		Period of three months ended on		Period of six months ended on		Period of three months ended on		Period of six months ended on	
		2021/06/30	2020/06/30	2021/06/30	2020/06/30	2021/06/30	2020/06/30	2021/06/30	2020/06/30
<b>Operating income, net</b>	<b>5</b>	<b>9,975</b>	<b>6,602</b>	<b>18,972</b>	<b>13,522</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>
<b>Service costs</b>		(7,581)	(5,230)	(14,124)	(10,486)	-	-	-	-
Energy costs	6	(5,056)	(3,076)	(9,304)	(6,367)	-	-	-	-
Construction costs	7	(1,474)	(1,325)	(2,846)	(2,355)	-	-	-	-
Operating costs	8	(1,051)	(829)	(1,974)	(1,764)	-	-	-	-
<b>Gross profit</b>		<b>2,394</b>	<b>1,372</b>	<b>4,848</b>	<b>3,036</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>
	12.					-	-	-	-
Expected credit loss	2	(33)	(209)	(146)	(317)	-	-	-	-
Sales expenses	8	(93)	(69)	(170)	(138)	-	-	-	-
Other standard administrative revenues (expenses)	8	(414)	(335)	(789)	(633)	(51)	(61)	(105)	(90)
Amortization of appreciation	15	(60)	(42)	(108)	(83)	(41)	(41)	(82)	(81)
Equity equivalence	15	(8)	(11)	2	(14)	1,150	493	2,267	1,127
<b>Operating income</b>		<b>1,786</b>	<b>706</b>	<b>3,637</b>	<b>1,851</b>	<b>1,059</b>	<b>392</b>	<b>2,082</b>	<b>958</b>
<b>Financial result</b>	<b>9</b>	<b>(426)</b>	<b>(169)</b>	<b>(808)</b>	<b>(483)</b>	<b>(63)</b>	<b>27</b>	<b>(85)</b>	<b>37</b>
Financial revenues		201	120	364	253	44	39	85	86
Financial expenses		(623)	(312)	(1,201)	(773)	(105)	(5)	(167)	(38)
Other financial results, net		(4)	23	29	37	(2)	(7)	(3)	(11)
<b>Income before taxes</b>		<b>1,360</b>	<b>537</b>	<b>2,829</b>	<b>1,368</b>	<b>996</b>	<b>419</b>	<b>1,997</b>	<b>995</b>
<b>Income taxes</b>	<b>10.1.1</b>	<b>(315)</b>	<b>(102)</b>	<b>(745)</b>	<b>(335)</b>	<b>-</b>	<b>4</b>	<b>-</b>	<b>-</b>
Current		(36)	(130)	(244)	(282)	-	4	-	-
Deferred		(279)	28	(501)	(53)	-	-	-	-
<b>Net income of the period</b>		<b>1,045</b>	<b>435</b>	<b>2,084</b>	<b>1,033</b>	<b>996</b>	<b>423</b>	<b>1,997</b>	<b>995</b>
<b>Attributable to:</b>									
Controlling interest		1,002	423	2,009	999	996	423	1,997	995
Non-controlling interest		43	12	75	34	-	-	-	-
<b>Basic and diluted earnings per share – R\$:</b>	<b>23.2</b>	<b>0.86</b>	<b>0.36</b>	<b>1.72</b>	<b>0.85</b>	<b>0.82</b>	<b>0.35</b>	<b>1.65</b>	<b>0.82</b>

The explanatory notes are an integral part of these intermediate financial statements.



STATEMENT OF COMPREHENSIVE INCOME  
For the three and six months ended on June 30, 2021 and 2020  
(Amounts expressed in millions of Reais)

	Consolidated				Parent Company			
	Period of three months ended on		Period of six months ended on		Period of three months ended on		Period of six months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30	2021/06/30	2020/06/30	2021/06/30	2020/06/30
<b>Net income of the period</b>	<b>1,045</b>	<b>435</b>	<b>2,084</b>	<b>1,033</b>	<b>996</b>	<b>423</b>	<b>1,997</b>	<b>995</b>
<b>Other comprehensive income</b>								
<b>Items which will not be reclassified to profit or loss:</b>								
Post-employment benefits obligations	(198)	(18)	(198)	(41)	-	-	-	-
Cash flow hedge	(17)	27	(239)	283	-	9	-	9
Deferred income taxes on comprehensive results	83	4	83	12	-	(3)	-	(3)
Result of hedge operations and obligations with benefits to employees of investees	-	-	-	-	(132)	7	(354)	248
<b>Total items which will not be reclassified to profit or loss</b>	<b>(132)</b>	<b>13</b>	<b>(354)</b>	<b>254</b>	<b>(132)</b>	<b>13</b>	<b>(374)</b>	<b>254</b>
<b>Items which will be reclassified to profit or loss:</b>								
Cash flow hedge	(153)	60	(247)	241	12	(1)	(41)	(1)
Deferred income taxes on comprehensive results	62	(6)	80	(69)	-	-	-	-
Transfers of realized impacts to the net income	(30)	(40)	(30)	(40)	-	-	-	-
Result of hedge operations and obligations with benefits to employees of investees	-	-	-	-	(133)	15	(154)	132
<b>Total items which will be reclassified to profit or loss</b>	<b>(121)</b>	<b>14</b>	<b>(197)</b>	<b>132</b>	<b>(121)</b>	<b>14</b>	<b>(195)</b>	<b>131</b>
<b>Other comprehensive income/loss of the period, net of income taxes</b>	<b>(253)</b>	<b>27</b>	<b>(551)</b>	<b>386</b>	<b>(253)</b>	<b>27</b>	<b>(549)</b>	<b>385</b>
<b>Comprehensive income of the period</b>	<b>792</b>	<b>462</b>	<b>1,533</b>	<b>1,419</b>	<b>743</b>	<b>450</b>	<b>1,448</b>	<b>1,380</b>
<b>Attributable to:</b>								
Controlling interest	745	450	1,456	1,384	743	450	1,448	1,380
Non-controlling interest	47	12	77	35	-	-	-	-

The explanatory notes are an integral part of these intermediate financial statements.

**7 STATEMENT OF CASH FLOWS**  
For the six months ended on June 30, 2021 and 2020  
(Amounts expressed in millions of Reals)

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2021/06/30</b>	<b>2020/06/30</b>	<b>2021/06/30</b>	<b>2020/06/30</b>
<b>Cash flow from operating activities</b>				
<b>Net income of the period</b>	<b>2,084</b>	<b>1,033</b>	<b>1,997</b>	<b>995</b>
<b>Adjusted by:</b>				
Depreciation and amortization (*)	853	707	2	3
Write-off on non-current assets	34	52	-	-
Amortization of appreciation	108	83	82	81
Participation in investees results	(3)	14	(2,267)	(1,127)
Income taxes	745	335	-	-
Financial results, net	808	483	85	(37)
Concession's estimated replacement value	(661)	(14)	-	-
Others	(339)	(7)	-	(7)
<b>Changes in working capital:</b>				
Trade accounts and other receivables	150	562	-	-
Public Service Concession (Contractual and financial assets)	(1,650)	(843)	-	-
Suppliers and accounts payable to contractors	(876)	(586)	(86)	(36)
Wages, employment benefits and charges payable, net	(128)	(84)	(11)	(6)
Sectoral financial assets and liabilities, net (Portion A and others)	(936)	164	-	-
Other recoverable (payable) taxes and sectoral charges, net	(120)	296	9	17
Provisions, net of judicial deposits	(8)	59	-	-
Other assets and liabilities, net	(143)	(141)	(226)	(7)
<b>Cash flow from operating activities, net</b>	<b>(82)</b>	<b>2,113</b>	<b>(415)</b>	<b>(124)</b>
Proceeds from dividends and interest on own capital	-	-	745	178
Payment of debts charges	(558)	(532)	(81)	(49)
Derivative financial instruments paid, net	101	98	9	-
Income from financial application	49	77	2	10
Payment of interest – Leases	(6)	(6)	-	-
Income taxes paid	(237)	(248)	-	(6)
<b>Cash flow provided by operating activities</b>	<b>(733)</b>	<b>1,502</b>	<b>260</b>	<b>9</b>
<b>Cash flow from investing activities</b>				
<b>Acquisition of fixed and intangible assets</b>	<b>(704)</b>	<b>(265)</b>	<b>-</b>	<b>-</b>
CEB's acquisition of control, net of cash that was obtained through the acquisition	(2,415)	-	-	-
Capital increase	(15)	(20)	(2,867)	(412)
Public Service Concession (Contractual and financial assets)	(2,138)	(1,723)	-	-
Investments on securities and marketable securities	(105)	(86)	-	-
Redemption of securities and marketable securities	32	42	-	-
Received (applied) mutual contracts with associated companies	-	-	230	-
<b>Cash flow used in investing activities</b>	<b>(5,345)</b>	<b>(2,052)</b>	<b>(2,637)</b>	<b>(412)</b>
<b>Cash flow from financing activities</b>				
Fundraising through loans and financings	7,598	2,753	2,500	-
Payment of fundraising costs	(34)	(34)	(9)	-
Amortization of principal from loans and financings	(2,894)	(993)	-	-
Collateral deposits	-	17	-	-
Public Service Concessions obligations	145	50	-	-
Payment of principal – leases	(17)	(13)	-	-
Derivative financial instruments received, net	432	271	-	-
Dividends and interest on own capital paid to Neoenergia's shareholders	(241)	(195)	(241)	(198)
Dividends and interest on own capital paid to non-controlling interest	(19)	-	-	-
<b>Cash flow generated (used) in financing activities</b>	<b>4,970</b>	<b>1,856</b>	<b>2,250</b>	<b>(198)</b>
<b>Increase (reduction) in cash and cash equivalents of the period</b>	<b>(1,108)</b>	<b>1,306</b>	<b>(127)</b>	<b>(601)</b>
Cash and cash equivalents at the beginning of the period	5,060	4,041	367	999
<b>Cash and cash equivalents at the end of the period</b>	<b>3,952</b>	<b>5,347</b>	<b>240</b>	<b>398</b>

\*Gross amount, not deducted from PIS and COFINS credits.

The explanatory notes are an integral part of these intermediate financial statements.

**8 STATEMENT OF FINANCIAL POSITION**  
On June 30, 2021 and December 31, 2020  
(Amounts expressed in millions of Reais)

	Notes	Consolidated		Parent Company	
		2021/06/30	2020/12/31	2021/06/30	2020/12/31
<b>Asset</b>					
<b>Current</b>					
Cash and cash equivalents	11	3,952	5,060	240	367
Trade accounts receivable and others	12	6,983	6,187	-	-
Securities and marketable securities		15	16	-	-
Derivative financial instruments	19.3	420	722	-	12
Recoverable income taxes	10.1.3	697	635	149	213
Other recoverable taxes	10.2.1	2,122	1,629	-	-
Receivable dividends and interest on own capital		-	16	1,874	659
Sectoral financial asset (Portion A and others)	13	195	92	-	-
Public Service Concession (Contractual asset)	14.2	381	133	-	-
Other current assets		760	487	168	79
<b>Total current assets</b>		<b>15,525</b>	<b>14,977</b>	<b>2,431</b>	<b>1,330</b>
<b>Non-current</b>					
Trade accounts receivable and others	12	362	342	-	-
Securities and marketable securities		273	194	-	-
Derivative financial instruments	19.3	1,445	1,998	-	-
Recoverable income taxes	10.1.3	1	1	-	-
Other recoverable taxes	10.2.1	5,444	5,065	-	-
Dividends and interest on own capital		-	-	25	25
Deferred income taxes	10.1.2	995	656	-	-
Judicial deposits	20.1	1,035	1,008	53	52
Sectoral financial asset (Portion A and others)	13	273	-	-	-
Public Service Concession (Financial asset)	14.1	16,168	14,403	-	-
Public Service Concession (Contractual asset)	14.2	10,676	8,741	-	-
Other non-current assets		106	114	376	157
Investments in subsidiaries, associates and joint ventures	15	2,445	2,427	25,320	22,777
Right of use		92	89	-	-
Property, Plant & Equipment ("PP&E")	16	7,358	6,821	26	27
Intangible assets	17	12,571	9,461	1	1
<b>Total non-current assets</b>		<b>59,244</b>	<b>51,320</b>	<b>25,801</b>	<b>23,039</b>
<b>Total assets</b>		<b>74,769</b>	<b>66,297</b>	<b>28,232</b>	<b>24,369</b>

The explanatory notes are an integral part these intermediate financial statements.

**9 STATEMENT OF FINANCIAL POSITION**  
On June 30, 2021 and December 31, 2020  
(Amounts expressed in millions of Reais)

Liability	Notes	Consolidated		Parent Company	
		2021/06/30	2020/12/31	2021/06/30	2020/12/31
<b>Current</b>					
Suppliers and trade accounts payable to contractors	18	3,753	4,300	47	138
Loans and financings	19.2	4,138	3,936	517	29
Lease obligations		29	28	-	-
Derivative financial instruments	19.3	174	14	19	3
Wages, employment benefits and charges payable	22	457	525	14	25
Payable income taxes	10.1.3	19	16	-	-
Sectoral financial liability (Portion A and others)	13	98	149	-	-
Other taxes and sectoral charges payable	10.2.2	1,379	1,148	61	120
Reimbursements to consumers – Federal taxes	10.3	475	6	-	-
Dividends and interest on own capital		435	476	355	442
Provisions	20	255	221	-	-
Others current liabilities	21	1,326	1,181	235	221
<b>Total current liabilities</b>		<b>12,538</b>	<b>12,000</b>	<b>1,248</b>	<b>978</b>
<b>Non-current</b>					
Suppliers and trade accounts payable to contractors	18	133	128	-	-
Loans and financings	19.2	27,031	22,444	4,128	2,099
Lease obligations		71	67	-	-
Derivative financial instruments	19.3	371	123	145	103
Other taxes and sectoral charges payable	10.2.2	1,064	764	-	-
Income taxes	10.1.3	26	26	7	7
Deferred income taxes	10.1.2	1,405	503	3	3
Reimbursements to consumers – Federal taxes	10.3	6,143	5,749	-	-
Provisions	20	1,466	1,206	2	2
Wages, employment benefits and charges payable	22	1,297	1,009	-	-
Sectoral financial liability (Portion A and others)	13	206	516	-	-
Others non-current liabilities	21	205	253	255	23
<b>Total non-current liabilities</b>		<b>39,418</b>	<b>32,788</b>	<b>4,540</b>	<b>2,237</b>
<b>Shareholders' equity</b>	23				
Attributable to controlling interest		22,471	21,167	22,444	21,154
Attributable to non-controlling interest		342	342	-	-
<b>Total shareholders' equity</b>		<b>22,813</b>	<b>21,509</b>	<b>22,444</b>	<b>21,154</b>
<b>Total liabilities and shareholders' equity</b>		<b>74,769</b>	<b>66,297</b>	<b>28,232</b>	<b>24,369</b>

The explanatory notes are an integral part these intermediate financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the six months ended on June 30, 2021 and 2020  
(Amounts expressed in millions of Reais)

	Consolidated										
				Profit reserves							
	Share capital	Capital reserve	Shareholders' transaction reserve	Other comprehensive income	Legal reserve	Unrealized profit reserve	Profit retention reserve	Retained earnings	Attributed to controlling interest	Attributed to non-controlling interest	Total
<b>Balance as of December 31, 2020</b>	<b>12,920</b>	<b>96</b>	<b>(1,597)</b>	<b>3</b>	<b>1,006</b>	<b>247</b>	<b>8,492</b>	<b>-</b>	<b>21,167</b>	<b>342</b>	<b>21,509</b>
Net income of the period	-	-	-	-	-	-	-	2,009	2,009	75	2,084
Other comprehensive results	-	-	-	(549)	-	-	-	-	(549)	(2)	(551)
Remuneração aos acionistas não controladores	-	-	-	-	-	-	-	-	-	(73)	(73)
Share-based payment	-	15	-	-	-	-	-	-	15	-	15
Interest on own capital (note 23.2.b)	-	-	-	-	-	-	-	(171)	(171)	-	(171)
<b>Balance as of June 30, 2021</b>	<b>12,920</b>	<b>111</b>	<b>(1,597)</b>	<b>(546)</b>	<b>1,006</b>	<b>247</b>	<b>8,492</b>	<b>1,838</b>	<b>22,471</b>	<b>342</b>	<b>22,813</b>
<b>Balance as of December 31, 2019</b>	<b>12,920</b>	<b>93</b>	<b>(1,597)</b>	<b>(123)</b>	<b>866</b>	<b>234</b>	<b>6,582</b>	<b>-</b>	<b>18,975</b>	<b>284</b>	<b>19,259</b>
Net income of the period	-	-	-	-	-	-	-	999	999	34	1,033
Other comprehensive results	-	-	-	385	-	-	-	-	385	1	386
Interest on own capital	-	-	-	-	-	-	-	(278)	(278)	-	(278)
<b>Balance as of June 30, 2020</b>	<b>12,920</b>	<b>93</b>	<b>(1,597)</b>	<b>262</b>	<b>866</b>	<b>234</b>	<b>6,582</b>	<b>721</b>	<b>20,081</b>	<b>319</b>	<b>20,400</b>

The explanatory notes are and integral part of these intermediate financial statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the six months ended on June 30, 2021 and 2020  
(Amounts expressed in millions of Reais)

	Parent Company								
	Share	Capital reserve	Shareholders' transaction reserve	Other comprehensive income	Legal reserve	Profit reserves	Profit retention reserve	Retained earnings	Total
<b>Balance as of December 31, 2020</b>	<b>12,920</b>	<b>96</b>	<b>(1,597)</b>	<b>3</b>	<b>1,006</b>	<b>234</b>	<b>8,492</b>	<b>-</b>	<b>21,154</b>
Net income of the period	-	-	-	-	-	-	-	1,997	1,997
Other comprehensive results	-	-	-	(549)	-	-	-	-	(549)
Share-based payment	-	13	-	-	-	-	-	-	13
Interest on own capital (note 23.2.b)	-	-	-	-	-	-	-	(171)	(171)
<b>Balance as of June 30, 2021</b>	<b>12,920</b>	<b>109</b>	<b>(1,597)</b>	<b>(546)</b>	<b>1,006</b>	<b>234</b>	<b>8,492</b>	<b>1,826</b>	<b>22,444</b>
<b>Balance as of December 31, 2019</b>	<b>12,920</b>	<b>93</b>	<b>(1,597)</b>	<b>(123)</b>	<b>866</b>	<b>234</b>	<b>6,582</b>	<b>-</b>	<b>18,975</b>
Net income of the period	-	-	-	-	-	-	-	995	995
Other comprehensive results	-	-	-	385	-	-	-	-	385
Interest on own capital	-	-	-	-	-	-	-	(278)	(278)
<b>Balance as of June 30, 2020</b>	<b>12,920</b>	<b>93</b>	<b>(1,597)</b>	<b>262</b>	<b>866</b>	<b>234</b>	<b>6,582</b>	<b>717</b>	<b>20,077</b>

The explanatory notes are and integral part of these intermediate financial statements.

**10 STATEMENT OF ADDED VALUE**  
For the six months ended on June 30, 2021 and 2020  
(Amounts expressed in millions of Reals)

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2021/06/30</b>	<b>2020/06/30</b>	<b>2021/06/30</b>	<b>2020/06/30</b>
<b>Revenues</b>				
Sales of energy, services and others	26,456	19,359	2	2
Revenue from the construction of own assets	276	29	-	-
Expected credit loss	(146)	(317)	-	-
	<b>26,586</b>	<b>19,071</b>	<b>2</b>	<b>2</b>
<b>Inputs acquired from third parties</b>				
Electricity purchased for resale	(7,647)	(5,911)	-	-
Transmission network use charges	(2,655)	(1,148)	-	-
Consumed raw materials	(216)	(223)	-	-
Materials, third party services and others	(4,107)	(3,244)	(72)	(63)
	<b>(14,625)</b>	<b>(10,526)</b>	<b>(72)</b>	<b>(63)</b>
<b>Gross added value</b>	<b>11,961</b>	<b>8,545</b>	<b>(70)</b>	<b>(61)</b>
Depreciation and amortization (*)	(961)	(790)	(84)	(84)
<b>Net added value produced by the company</b>	<b>11,000</b>	<b>7,755</b>	<b>(154)</b>	<b>(145)</b>
<b>Added value received through transfer</b>				
Financial revenue	2,457	3,914	193	103
Result from the equity equivalence	2	(14)	2,267	1,127
	<b>2,459</b>	<b>3,900</b>	<b>2,460</b>	<b>1,230</b>
<b>Total added value to allocate</b>	<b>13,459</b>	<b>11,655</b>	<b>2,306</b>	<b>1,085</b>
<b>Added value allocation</b>				
<b>Staff</b>				
Wages	405	343	-	-
Provision for vacation and 13th salary	91	78	-	-
Social charges (except INSS)	59	50	-	-
Employee benefits	333	258	-	-
Management compensation	34	33	24	20
Others	(177)	(133)	1	-
<b>Subtotal</b>	<b>745</b>	<b>629</b>	<b>25</b>	<b>20</b>
<b>Taxes, fees and contributions</b>				
National Institute of Social Security (INSS)(over the payroll)	115	97	4	2
Added value from Tax over Merchandise and Services circulation – ICMS	4,004	3,271	-	-
PIS/COFINS over revenue	1,137	880	5	5
Income taxes	745	335	-	-
Intra-sectoral obligations	1,352	981	-	-
Others	33	29	1	1
<b>Subtotal</b>	<b>7,386</b>	<b>5,593</b>	<b>10</b>	<b>8</b>
<b>Return on capital third party capital</b>				
Interest and foreign exchange rate variations	3,242	4,397	274	62
Leases	2	3	-	-
<b>Subtotal</b>	<b>3,244</b>	<b>4,400</b>	<b>274</b>	<b>62</b>
<b>Stakeholders' remunerations</b>				
Dividends and Interest on own capital	171	278	171	278
Retained profits	1,838	721	1,826	717
Non-controlling interests	75	34	-	-
<b>Subtotal</b>	<b>2,084</b>	<b>1,033</b>	<b>1,997</b>	<b>995</b>
<b>Added value distributed</b>	<b>13,459</b>	<b>11,655</b>	<b>2,306</b>	<b>1,085</b>

\* Gross amount, not deducted from PIS and COFINS credits.

The explanatory notes are an integral part of these intermediate financial statements.

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended on June 30, 2021

(Amounts expressed in millions of Reais, unless otherwise indicated)

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### 1. OPERATIONAL CONTEXT

Neoenergia S.A and its direct and indirect subsidiaries (“Company“ or “Group“) are mainly dedicated to activities of distribution, transmission, generation and commercialization of electrical energy, represented by three strategic business segment (i) Networks, (ii) Renewables and (iii) Liberalized.

Neoenergia S.A. (“Parent Company”) based in Praia do Flamengo, 78 - 3<sup>rd</sup> floor- Flamengo - Rio de Janeiro - RJ, is a publicly-held company, (NEOE3) with shares traded in the stock market from B3 S.A. – *Brasil, Bolsa, Balcão* (“B3”), at the segment “Novo Mercado, Bolsa, Balcão“, and was made with the main purpose of acting as a *holding*, thus taking part in the capital of other companies.

#### 1.1 Public service concessions and authorizations for services related to electrical energy

During the third quarter that ended on June 30, 2021, the following changes regarding the structures of the concession contracts and authorization of public services that the Company Operates occurred.

##### a) Public Service Concessions

##### Networks

In March 2021, it was signed the concession contract for the batch acquired in the Auction n° 01/2020, which corresponds to the Energy Transmitter EKTT-7, whose deadline is 30 years and with a construction period of 48 months following the signature of the respective contract. This batch comprehends the construction of three transmission lines of 500 kV, 01 transmission line of 230 kV, 300 MVA of transformation capacity, totaling an extension of 1,091 km, with an investment estimated by ANEEL around R\$ 2 billion and Annual Allowed Revenue – RAP of approximately R\$ 160 million.

On April 25, 2021, the fourth stretch of Dourados transmitter, went into commercial operation due to the conclusion of the transmission function LT 230 kV Campo Grande 2 - Imbirussu C2 located in the state of Mato Grosso do Sul. With the four stretches from the Dourados batch that went into operation until April 2021, the project already has 61% of the concession’s RAP.

On December 04, 2020, the Company, through its subsidiary Bahia Geração de Energia S.A. (“Bahia PCH III“), was the winner in the Public Session of the Auction n° 01/2020-CEB-D (“Auction”) to decentralize the electrical energy distributor CEB-D, having presented the winning bid of R\$ 2,515, which represents the acquisition price of 100% of the shares issued by CEB-D, whose cash-settlement occurred on March 02, 2021.

CEB-D is the electrical energy distributor in Distrito Federal (Federal District), and has the concession for distribution of electrical energy there for 30 years, until July 07, 2045 (note 15.3).

On June 07, 2021, a General Meeting to change the corporate name of CEB-D, being thus called Neoenergia Distribuição Brasília.

The complete information about the Company’s concession contracts are disclosed in the consolidated financial statements for the period ended on December 31, 2020, therefore the current intermediate financial statement for the quarter ended on June 30, 2021 must be understood together with the referred financial statements.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
 For the six months ended on June 30, 2021  
 (Amounts expressed in millions of Reais, unless otherwise indicated)

## 1.2 Coronavírus (“Covid-19”)

### a) General context

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of Coronavirus (COVID-19) as a pandemic and since then has been strengthening the need to adopt restrictive measures as one of the pillars to face the pandemic, especially regarding social distancing. In Brazil, as well as in other countries, the pandemic provoked the closing of companies in all segments, affecting the production procedures, interrupting chains of supplies and also incurred in relevant reduction of consumption, thus resulting in a significant economic impact.

### b) Impact in the financial statements

On June 30, 2021, the Company’s performance was mainly affected in the following items:

- (i) Energy billing due to a reduction in the demand for electrical energy in free and regulated markets;
- (ii) Increment in the Expected Credit Losses (PCE) from the increase of expired accounts receivables, bearing in mind the prohibition of power cut actions March, 25 and July, 31 from 2020 for the following class: residential and essential services. This prohibition remains valid until now for the low-income classes and consumer units with home-care equipment. CEB Distribuição S.A. is impeded to make power cuts since the pandemic’s beginning due to a public civil action for the residential class and low-income subclass.

The impacts of the COVID-19 are based on the Administration’s best estimations and it is understood that there will be a gradual return to normality. It is being discussed the methodology for evaluation and recognition standards for the economic and financial imbalance provoked by the pandemic and there is an expectation that it does not significantly affect the recoverability of the investments in long-term business. The COVID-19 effects must be analyzed as non-recurring items.

- (i) **Networks:** This segment’s revenues are mainly bound to the supply of electrical energy and availability of distribution and transmission grids. In distribution the effect of COVID-19 generated a negative impact on the Company’s result as follows:

	<b>Consolidated</b>			
	<b>3 months ended on</b>		<b>6 months ended on</b>	
	<b>2021/06/30</b>	<b>2020/06/30</b>	<b>2021/06/30</b>	<b>2020/06/30</b>
Retraction of the market demand	(98)	(151)	(156)	(151)
Expected credit loss	(13)	(127)	(37)	(147)
<b>Operational income</b>	<b>(111)</b>	<b>(278)</b>	<b>(193)</b>	<b>(298)</b>
Income taxes	28	82	50	89
<b>Net effect</b>	<b>(83)</b>	<b>(196)</b>	<b>(143)</b>	<b>(209)</b>

In transmission, we are monitoring the constructions in progress, adopting all necessary measures that the group can to avoid and/or mitigate possible delays. Until the moment, there were no relevant impacts in the original schedule of entry into operation from the ongoing projects.

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended on June 30, 2021

(Amounts expressed in millions of Reais, unless otherwise indicated)

- 
- (ii) **Renewables:** This segment's revenues are mainly bound to sales contracts of energy in the regulated and free environments related to the infrastructure's availability regarding the generation of electrical energy, as well as hydrological risk ("GSF") and the Settlement Price for the Differences ("PLD"). Until the moment no change has been perceived in the availability of the generators caused by the measures to fight COVID-19. We observe a slight increase of approximately one percentage point of the flat GSF in relation to the same period of 2020. The accumulated PLD until June 2021 increased in relation to the same period in the previous year, in 204% at the Southeast, 209% at the South and 309% at the Northeast submarkets. These items' variations are due to the period's unfavorable hydrological conditions associated with ONS's operation planning.
- (iii) **Liberalized:** This segment's revenues are bound to the infrastructure's availability of thermoelectrical generation as well as the PLD value and the energy contracts of purchase and sale with other agents and with the final consumers in the free market. Until the moment, no change has been perceived in the generator's availability due to the measure to fight COVID-19. We observe a sharp accumulated increase in relation to the same period in the previous year, in the PLD's value of 204% at the Southeast and 309% in the Northeast submarkets.

### c) Impact mitigation measures

In face of the scenario provoked by the pandemic, several measures of economic and financial support have been introduced by the three administration levels from the Brazilian Federation, as well as the adoption by the Company of several measures for the protection of its employees and support to the society, such as:

- i. The donation of scientific refrigerators for 641 cities from the Northeast and Southeast regions that can provide programmable and continuous temperatures between 2°C and 8°C that are essential for the COVID-19 vaccines' conservation which will be used in Brazil. This donation was an Energy Efficiency Action, of R\$ 7, with established delivery in the period from February to May 2021, being one refrigerator for each city. The following items were also contemplated with the donation:
  - The city of Salvador and the government of Bahia, two refrigerators each.
  - The city of Recife, with 20 refrigerators.
  - The government of Rio Grande do Norte, with 2 refrigerators.
  - The government of São Paulo, with 7 refrigerators.
- ii. Donation of 3,750 basic food baskets to support institutions for families in situations of vulnerability in several states, in the period from 19 and 31 March 2021, with the assistance of the organization "Transforma Brasil", which has a goal to connect people and initiatives to do well through civil engagement and is supported by Neoenergia since 2019.

Other measures taken are described in the complete financial statements that ended on December 31, 2020.

### 1.3 Management of financial and operational risks

The Group's financial and operations risk plannings were updated in relation to the plannings disclosed in the consolidated financial statements of December 31, 2020, accordingly with the envisaged revision procedure.

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended on June 30, 2021

(Amounts expressed in millions of Reais, unless otherwise indicated)

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In Financial Risk Planning, in addition to the other addressed guidelines, there are also guidelines for the protection of foreign exchange rate risk, interest rate risk and the use of derivative instruments, establishing adequate levels of risk. The planning regarding Operational Risk with Market Transactions establishes the control and management of risks in the short and long-term transactions related to the management of energy and cash.

## 2. BASIS FOR THE ELABORATION OF THE FINANCIAL STATEMENTS

### 2.1 Basis of preparation

The Company's consolidated and individual intermediate financial statements were prepared and presented accordingly to the agreement with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB") and the CPC 21 - Intermediate Statements (accounting practices adopted in Brazil) and must be understood together with the Group's last annual consolidated financial statements from the period that ended on December 31, 2020, previously disclosed. The financial statements are presented in line with the rules issued by CVM and that applies to the elaboration of quarterly information.

The intermediate financial statements report the period's main variations, avoiding the repetition of certain notes related to the previously disclosed annual financial statements, and are being reported on the same basis of clusters and chart orders and explanatory notes, if compared to the annual financial statements.

The Company also uses the guidelines in the Accounting Manual of the Brazilian Electric Sector and the regulations defined by ANEEL, when these are not conflicting with the accounting practices adopted in Brazil and/or international accounting practices.

The intermediate financial statements were prepared based on the historical cost and adjusted to reflect (i) the fair value of financial instruments measured by the fair value; and (ii) impairment of assets.

In the preparation of these intermediate financial statements, the subsidiaries are consolidated from the date where the Company assumes control until the date that this control ends. All transactions between Neoenergia S.A and its direct and indirect subsidiaries are fully eliminated. The Company's participation in the results from investments in joint ventures and associates are included in the financial statements from the date where the significative influence or joint control begins, until the date where the influence of significative control ends.

The disclosure of these intermediate financial statements was authorized by the Board of Directors on July 20, 2021.

All relevant information that belongs to intermediate financial statements, and only them, are being highlighted and correspond to the ones used by the Administration's management.

### 2.2 Functional and presentation currency

The functional currency of the Parent Company and its subsidiaries is the Brazilian real (R\$), which is the currency of its main economical environment of operation. The intermediate financial statements are presented in millions of R\$ unless otherwise indicated.

Transactions in foreign currency are initially registered at the exchange rate of the functional currency in effect at the transaction date in monetary assets and liabilities denominated in foreign currency are converted to the functional currency, using the exchange rate in effect at the date of the respective statements of financial position. The exchange gains and losses resulting from the refresh of these assets and liabilities are recognized in the financial result.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended on June 30, 2021  
(Amounts expressed in millions of Reais, unless otherwise indicated)

### 2.3 Critical accounting policies and estimates

The rules, accounting practices and critical estimations applied to the intermediate financial statements are the same as the ones applied in the complete financial statements that ended on December 31, 2020, and, therefore must be understood together.

### 2.4 New active and non-active norms

The main changed regulations, issued or under discussion by the *International Accounting Standards Board* ('IASB') and by the Committee of Accounting Pronouncement ('CPC') are the following:

#### a) Changes in accounting pronouncement that are in effect

Rule	Description of the change	Validity
IFRS 9 / CPC 48, IAS 39 / CPC 08; IFRS 7 / CPC 40; IFRS 4 / CPC 11; e IFRS 16 / CPC 06 (R2)	Addition of new disclosure requirements related to the effects that were brought by the reform of the reference interest rates (IBOR).	2021/01/01

The changes in the pronouncements that took force on January 01, 2021 did not cause relevant impacts on the consolidated financial statements. Regarding the regulations under discussion by IASB or with the effective date in a future period, the Company is monitoring the discussion and until the moment did not identify the possibility for the occurrence of significative impacts.

#### b) Regulations issued by IASB and that are still not homologated by the CPC

Rule	Description of the change	Validity
IAS 37 / CPC 25: Provisions, contingent liabilities and contingent assets.	Specification of which costs a company must include when evaluating if a contract is onerous. The costs directly related to the fulfillment of the contract must be considered in the assumptions of cash flow (p.ex.: Labor cost, materials and other expenses related to the contract's operation).	2022/01/01
IAS 16 / CPC 27: Fixed asset.	To allow the recognition of revenue and costs from the values related to the sale of items produced during the asset's testing phase.	2022/01/01

## 3. CONCILIATION OF THE PERIOD'S NET INCOME AND SHAREHOLDER'S EQUITY

The conciliation of the period's net income attributable to the shareholders of Neoenergia S/A between the consolidated and individual consolidated financial statements are presented below:

	Net profit		Shareholders' equity	
	2021/06/30	2020/12/31	2021/06/30	2020/12/31
<b>Parent Company</b>	<b>1,997</b>	<b>995</b>	<b>22,444</b>	<b>21,154</b>
Capitalization of financial charges	19	6	41	20
Income taxes	(7)	(2)	(14)	(7)
<b>Consolidated</b>	<b>2,009</b>	<b>999</b>	<b>22,471</b>	<b>21,167</b>

Capitalization of the financial charges from loans and financings issued by the Parent Company and relayed to its subsidiaries, through the increase of capital, to fund the construction of wind parks.

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended on June 30, 2021

(Amounts expressed in millions of Reais, unless otherwise indicated)

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In the individual financial statements, the investments in equity interests do not fit as a qualifying asset for the capitalization of financial charges.

### 4. SEGMENT INFORMATION

The Company operates the following reportable segments: Networks, Renewables, Liberalized and Others. The segments were defined based on the given products and services and reflect the structure used by the Administration to evaluate the Company's development in the ordinary course of its operations. The responsible entities for taking operational, funds allocation and development evaluation decisions, include the Executive Boards and the Board of Directors.

The main activities of the operating segments are as follows: (i) Networks – comprehend the business lines related to the concession of electrical energy distribution and transmission services; (ii) Renewables – comprehend the activities related to the concession of services regarding electrical energy generation from natural renewable resources, such as wind parks and hydropower plants; (iii) Liberalized – comprehend the activities of electrical energy generation from thermoelectric power plants and energy commercialization activities; and (iv) Others – include activities to support the operations.

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended on June 30, 2021

(Amounts expressed in millions of Reals, unless otherwise indicated)

### 4.1 Result by segment

The information is segregated by segment accordingly with the conditions established by the Company's Administration and is presented as follows:

	Consolidated										
	3 months ended on June 30, 2021										
	Networks			Renewables			Liberalized		Others		Result
Distribution	Transmission	Total networks	Wind generation	Hydraulic generation	Total Renewables	Gas generation	Marketing and services	Total liberalized	Total		
Gross revenue from third parties	12,478	888	13,366	96	43	139	6	309	315	-	13,820
Inter-segment gross revenue	3	11	14	12	105	117	470	49	519	1	651
Deductions from gross revenue	(3,557)	(83)	(3,640)	(12)	(16)	(28)	(123)	(54)	(177)	-	(3,845)
Operating costs and expenses <sup>1</sup>	(6,590)	(519)	(7,109)	(33)	(32)	(65)	(178)	(232)	(410)	(50)	(7,634)
Inter-segment operating costs and expenses <sup>1</sup>	(511)	(2)	(513)	(6)	(9)	(15)	(40)	(83)	(123)	-	(651)
Expected credit losses	(33)	-	(33)	-	-	-	-	-	-	-	(33)
Results from equity interest	-	-	-	-	(8)	(8)	-	-	-	-	(8)
<b>EBITDA</b>	<b>1,790</b>	<b>295</b>	<b>2,085</b>	<b>57</b>	<b>83</b>	<b>140</b>	<b>135</b>	<b>(11)</b>	<b>124</b>	<b>(49)</b>	<b>2,300</b>
Depreciation and amortization <sup>2</sup>	(407)	-	(407)	(28)	(22)	(50)	(16)	(1)	(17)	(40)	(514)
<b>Operating profit</b>	<b>1,383</b>	<b>295</b>	<b>1,678</b>	<b>29</b>	<b>61</b>	<b>90</b>	<b>119</b>	<b>(12)</b>	<b>107</b>	<b>(89)</b>	<b>1,786</b>
Financial result, net	(272)	(55)	(327)	(20)	(19)	(39)	(6)	(2)	(8)	(52)	(426)
Income taxes	(211)	(78)	(289)	-	(10)	(10)	(17)	5	(12)	(4)	(315)
<b>Net profit</b>	<b>900</b>	<b>162</b>	<b>1,062</b>	<b>9</b>	<b>32</b>	<b>41</b>	<b>96</b>	<b>(9)</b>	<b>87</b>	<b>(145)</b>	<b>1,045</b>

(<sup>1</sup>) Does not include depreciation and amortization.

(<sup>2</sup>) Includes appreciation appropriation.

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended on June 30, 2021

(Amounts expressed in millions of Reais, unless otherwise indicated)

	Consolidated										
	3 months ended on June 30, 20210										
	Distributi on	Transmissi on	Networks Total network s	Wind generatio n	Hydraulic generatio n	Renewables Total Renewabl es	Gas generatio n	Marketing and services	Liberalized Total liberalize d	Others Total	Result
Gross revenue from third parties	8,396	532	8,928	86	71	157	1	277	278	-	9,363
Inter-segment gross revenue	2	8	10	10	115	125	367	17	384	1	520
Deductions from gross revenue	(2,582)	(3)	(2,585)	(11)	(22)	(33)	(98)	(45)	(143)	-	(2,761)
Operating costs and expenses <sup>1</sup>	(4,420)	(401)	(4,821)	(29)	(35)	(64)	(147)	(185)	(332)	(59)	(5,276)
Inter-segment operating costs and expenses <sup>1</sup>	(388)	-	(388)	(3)	(12)	(15)	(9)	(108)	(117)	-	(520)
Expected credit losses	(209)	-	(209)	-	-	-	-	-	-	-	(209)
Results from equity interest	-	-	-	-	(11)	(11)	-	-	-	-	(11)
<b>EBITDA</b>	<b>799</b>	<b>136</b>	<b>935</b>	<b>53</b>	<b>106</b>	<b>159</b>	<b>114</b>	<b>(44)</b>	<b>70</b>	<b>(58)</b>	<b>1,106</b>
Depreciation and amortization <sup>2</sup>	(290)	-	(290)	(28)	(21)	(49)	(15)	(3)	(18)	(43)	(400)
<b>Operating profit</b>	<b>509</b>	<b>136</b>	<b>645</b>	<b>25</b>	<b>85</b>	<b>110</b>	<b>99</b>	<b>(47)</b>	<b>52</b>	<b>(101)</b>	<b>706</b>
Financial result, net	(150)	-	(150)	(17)	(16)	(33)	(13)	1	(12)	26	(169)
Income taxes	(70)	(41)	(111)	18	(16)	2	(13)	16	3	4	(102)
<b>Net profit</b>	<b>289</b>	<b>95</b>	<b>384</b>	<b>26</b>	<b>53</b>	<b>79</b>	<b>73</b>	<b>(30)</b>	<b>43</b>	<b>(71)</b>	<b>435</b>

<sup>(1)</sup> Does not include depreciation and amortization.

<sup>(2)</sup> Includes appreciation appropriation.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended on June 30, 2021

(Amounts expressed in millions of Reais, unless otherwise indicated)

	Consolidated										
	6 months ended on June 30, 2021										
	Networks			Renewables			Gas		Liberalized	Others	Result
Distributio n	Transmissio n	Total network s	Wind generatio n	Hydraulic generatio n	Total Renewabl es	generatio n	Marketing and services	Total liberalized	Total		
Gross revenue from third parties	23,754	1,760	25,514	189	124	313	31	598	629	-	26,456
Inter-segment gross revenue	5	21	26	30	189	219	846	76	922	2	1,169
Deductions from gross revenue	(6,929)	(165)	(7,094)	(24)	(37)	(61)	(225)	(104)	(329)	-	(7,484)
Operating costs and expenses <sup>1</sup>	(12,413)	(886)	(13,299)	(63)	(25)	(88)	(343)	(409)	(752)	(105)	(14,244)
Inter-segment operating costs and expenses <sup>1</sup>	(912)	(4)	(916)	(13)	(18)	(31)	(56)	(166)	(222)	-	(1,169)
Expected credit losses	(146)	-	(146)	-	-	-	-	-	-	-	(146)
Results from equity interest	-	-	-	-	2	2	-	-	-	-	2
<b>EBITDA</b>	<b>3,359</b>	<b>726</b>	<b>4,085</b>	<b>119</b>	<b>235</b>	<b>354</b>	<b>253</b>	<b>(5)</b>	<b>248</b>	<b>(103)</b>	<b>4,584</b>
Depreciation and amortization <sup>2</sup>	(732)	-	(732)	(55)	(41)	(96)	(31)	(1)	(32)	(87)	(947)
<b>Operating profit</b>	<b>2,627</b>	<b>726</b>	<b>3,353</b>	<b>64</b>	<b>194</b>	<b>258</b>	<b>222</b>	<b>(6)</b>	<b>216</b>	<b>(190)</b>	<b>3,637</b>
Financial result, net	(488)	(153)	(641)	(40)	(37)	(77)	(20)	(5)	(25)	(65)	(808)
Income taxes	(484)	(186)	(670)	-	(39)	(39)	(33)	4	(29)	(7)	(745)
<b>Net profit</b>	<b>1,655</b>	<b>387</b>	<b>2,042</b>	<b>24</b>	<b>118</b>	<b>142</b>	<b>169</b>	<b>(7)</b>	<b>162</b>	<b>(262)</b>	<b>2,084</b>

(<sup>1</sup>) Does not include depreciation and amortization.

(<sup>2</sup>) Includes appreciation appropriation.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended on June 30, 2021  
(Amounts expressed in millions of Reais, unless otherwise indicated)

	Consolidated										
	6 months ended on June 30, 2021										
	Networks			Renewables			Liberalized		Other		
	Distribution	Transmission	Total networks	Wind generation	Hydraulic generation	Total Renewables	Gas generation	Marketing and services	Total liberalized	Total	Result
Gross revenue from third parties	17,577	900	18,477	149	145	294	30	558	588	-	19,359
Inter-segment gross revenue	6	15	21	26	196	222	701	72	773	2	1,018
Deductions from gross revenue	(5,480)	(6)	(5,486)	(23)	(41)	(64)	(189)	(98)	(287)	-	(5,837)
Operating costs and expenses <sup>(1)</sup>	(8,995)	(656)	(9,651)	(65)	(70)	(135)	(316)	(371)	(687)	(87)	(10,560)
Inter-segment operating costs and expenses <sup>(1)</sup>	(746)	(2)	(748)	(5)	(40)	(45)	(38)	(187)	(225)	-	(1,018)
Expected credit losses	(317)	-	(317)	-	-	-	-	-	-	-	(317)
Results from equity interest	-	-	-	-	(14)	(14)	-	-	-	-	(14)
<b>EBITDA</b>	<b>2,045</b>	<b>251</b>	<b>2,296</b>	<b>82</b>	<b>176</b>	<b>258</b>	<b>188</b>	<b>(26)</b>	<b>162</b>	<b>(85)</b>	<b>2,631</b>
Depreciation and amortization <sup>(2)</sup>	(570)	-	(570)	(55)	(40)	(95)	(28)	(3)	(31)	(84)	(780)
<b>Operating profit</b>	<b>1,475</b>	<b>251</b>	<b>1,726</b>	<b>27</b>	<b>136</b>	<b>163</b>	<b>160</b>	<b>(29)</b>	<b>131</b>	<b>(169)</b>	<b>1,851</b>
Financial result, net	(405)	(4)	(409)	(41)	(34)	(75)	(38)	(3)	(41)	42	(483)
Income taxes	(247)	(74)	(321)	29	(33)	(4)	(19)	11	(8)	(2)	(335)
<b>Net profit</b>	<b>823</b>	<b>173</b>	<b>996</b>	<b>15</b>	<b>69</b>	<b>84</b>	<b>103</b>	<b>(21)</b>	<b>82</b>	<b>(129)</b>	<b>1,033</b>

(<sup>1</sup>) Does not include depreciation and amortization.

(<sup>2</sup>) Includes appreciation appropriation.

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the six months ended on June 30, 2021  
(Amounts expressed in millions of Reais, unless otherwise indicated)

## 4.2 Assets by allocated segments

	<b>Consolidated</b>				
	<b>Balance as of june 30, 2021</b>				
	<b>Accounts receivable</b>	<b>Sectoral financial assets (liabilities)</b>	<b>Public service concessions<sup>1</sup></b>	<b>Investments in subsidiaries, associates and joint ventures</b>	<b>Right of use, PP&amp;E and intangibles</b>
<b>Networks</b>					
Distribution	7,064	164	20,521	1	12,391
Transmission	18	-	6,704	-	9
	<b>7,082</b>	<b>164</b>	<b>27,225</b>	<b>1</b>	<b>12,400</b>
<b>Renewables</b>					
Wind generation	91	-	-	-	3,739
Hydraulic generation	28	-	-	2,444	2,834
	<b>119</b>	<b>-</b>	<b>-</b>	<b>2,444</b>	<b>6,573</b>
<b>Liberalized</b>					
Gas generation	8	-	-	-	996
Marketing and services	136	-	-	-	8
	<b>144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,004</b>
<b>Others</b>	-	-	-	-	44
	<b>7,345</b>	<b>164</b>	<b>27,225</b>	<b>2,445</b>	<b>20,021</b>
	<b>Consolidated</b>				
	<b>Balance as of december 31, 2020</b>				
	<b>Accounts receivable</b>	<b>Sectoral financial assets (liabilities)</b>	<b>Public service concessions<sup>1</sup></b>	<b>Investments in subsidiaries, associates and joint ventures</b>	<b>Right of use, PP&amp;E and intangibles</b>
<b>Networks</b>					
Distribution	6,107	(573)	18,253	2	9,269
Transmission	14	-	5,024	-	8
	<b>6,121</b>	<b>(573)</b>	<b>23,277</b>	<b>2</b>	<b>9,277</b>
<b>Renewables</b>					
Wind generation	148	-	-	-	3,227
Hydraulic generation	45	-	-	2,425	2,824
	<b>193</b>	<b>-</b>	<b>-</b>	<b>2,425</b>	<b>6,051</b>
<b>Liberalized</b>					
Gas generation	36	-	-	-	989
Marketing and services	179	-	-	-	8
	<b>215</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>997</b>
<b>Others</b>	-	-	-	-	46
	<b>6,529</b>	<b>(573)</b>	<b>23,277</b>	<b>2,427</b>	<b>16,371</b>

(<sup>1</sup>) Includes only the public service concessions classified as financial and/or contractual asset.

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the six months ended on June 30, 2021

(Amounts expressed in millions of Reais, unless otherwise indicated)

**4.3 Additions to the main non-current assets (economic capital expenditures – Capex)**

	3 months ended on			
	Public service concessions	2021/06/30 Investments, right of use, fixed and intangible assets	Public service concessions	2020/06/30 Investments, right of use, fixed and intangible assets
<b>Networks</b>				
Distribution	984	15	915	-
Transmission	707	-	370	1
	<b>1,691</b>	<b>15</b>	<b>1,285</b>	<b>1</b>
<b>Renewables</b>				
Wind generation	-	246	-	133
Hydraulic generation	-	21	-	3
	-	<b>267</b>	-	<b>136</b>
<b>Liberalized</b>				
Gas generation	-	23	-	42
Marketing and services	-	1	-	-
	-	<b>24</b>	-	<b>42</b>
<b>Others</b>	-	18	-	-
	<b>1,691</b>	<b>324</b>	<b>1,285</b>	<b>179</b>

	6 months ended on			
	Public service concessions	2021/06/30 Investments, right of use, fixed and intangible assets	Public service concessions	2020/06/30 Investments, right of use, fixed and intangible assets
<b>Networks</b>				
Distribution	2,013	27	1,695	5
Transmission	1,445	1	605	1
	<b>3,458</b>	<b>28</b>	<b>2,300</b>	<b>6</b>
<b>Renewables</b>				
Wind generation	-	650	-	165
Hydraulic generation	-	31	-	33
	-	<b>681</b>	-	<b>198</b>
<b>Liberalized</b>				
Gas generation	-	36	-	61
Marketing and services	-	1	-	-
	-	<b>37</b>	-	<b>61</b>
<b>Others</b>	-	18	-	-
	<b>3,458</b>	<b>764</b>	<b>2,300</b>	<b>265</b>

(\*) Includes only the public service concessions classified as financial and/or contractual asset.

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**5. NET OPERATING REVENUE**

	3 months ended on June 30, 2021					3 months ended on June 30, 2020					Consolidated
	Networks	Renewables	Liberalized	Others	Total	Networks	Renewables	Liberalized	Others	Total	Total
Energy supply (note 5.1)	4,801	128	300	-	5,229	2,781	148	268	-	3,197	3,197
Distribution grid availability (note 5.2)	4,824	-	-	-	4,824	4,458	-	-	-	4,458	4,458
Construction revenue of the concession infrastructure <sup>1</sup>	1,677	-	-	-	1,677	1,406	-	-	-	1,406	1,406
Energy Trading Chamber – CCEE	397	7	7	-	411	154	5	6	-	165	165
Surplus vending mechanism – MVE	87	-	-	-	87	1	-	-	-	1	1
Estimated replacement value of the concession <sup>2</sup>	338	-	-	-	338	(57)	-	-	-	(57)	(57)
Contractual asset remuneration	178	-	-	-	178	61	-	-	-	61	61
Effects of sectoral financial assets and liabilities (note 5.3)	965	-	-	-	965	63	-	-	-	63	63
Other revenues (note 5.4)	99	4	8	-	111	61	4	4	-	69	69
<b>Gross operational revenue</b>	<b>13,366</b>	<b>139</b>	<b>315</b>	<b>-</b>	<b>13,820</b>	<b>8,928</b>	<b>157</b>	<b>278</b>	<b>-</b>	<b>9,363</b>	<b>9,363</b>
(-) Gross revenue deductions (note 5.5)	(3,640)	(28)	(177)	-	(3,845)	(2,585)	(33)	(143)	-	(2,761)	(2,761)
<b>Operational revenue, net</b>	<b>9,726</b>	<b>111</b>	<b>138</b>	<b>-</b>	<b>9,975</b>	<b>6,343</b>	<b>124</b>	<b>135</b>	<b>-</b>	<b>6,602</b>	<b>6,602</b>

	6 months ended on June 30, 2021					6 months ended on June 30, 2020					Consolidated
	Networks	Renewables	Liberalized	Others	Total	Networks	Renewables	Liberalized	Others	Total	Total
Energy supply (note 5.1)	9,345	283	581	-	10,209	7,371	273	538	-	8,182	8,182
Distribution grid availability (note 5.2)	9,572	-	-	-	9,572	8,198	-	-	-	8,198	8,198
Construction revenue of the concession infrastructure <sup>1</sup>	3,429	-	-	-	3,429	2,507	-	-	-	2,507	2,507
Energy Trading Chamber – CCEE	633	21	34	-	688	303	13	41	-	357	357
Surplus vending mechanism – MVE	87	-	-	-	87	2	-	-	-	2	2
Estimated replacement value of the concession <sup>2</sup>	661	-	-	-	661	14	-	-	-	14	14
Contractual asset remuneration	308	-	-	-	308	108	-	-	-	108	108
Effects of sectoral financial assets and liabilities (note 5.3)	1,280	-	-	-	1,280	(164)	-	-	-	(164)	(164)
Other revenues (note 5.4)	199	9	14	-	222	138	8	9	-	155	155
<b>Gross operational revenue</b>	<b>25,514</b>	<b>313</b>	<b>629</b>	<b>-</b>	<b>26,456</b>	<b>18,477</b>	<b>294</b>	<b>588</b>	<b>-</b>	<b>19,359</b>	<b>19,359</b>
(-) Gross revenue deductions (note 5.5)	(7,094)	(61)	(329)	-	(7,484)	(5,486)	(64)	(287)	-	(5,837)	(5,837)
<b>Operational revenue, net</b>	<b>18,420</b>	<b>252</b>	<b>300</b>	<b>-</b>	<b>18,972</b>	<b>12,991</b>	<b>230</b>	<b>301</b>	<b>-</b>	<b>13,522</b>	<b>13,522</b>

(<sup>1</sup>) In 2021, the total Revenue from the concession's infrastructure construction, the amount of R\$1,985 and R\$ 1,444 (In 2020 R\$ 782 and R\$ 319) refers to the revenue from the construction of the distributors and transmitters, respectively.

(<sup>2</sup>) Update of the financial asset arising from the indemnifiable portion of the concession by the Regulatory Remuneration Base - BRR.

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### 5.1 Supply of electrical energy

	Consolidated			
	3 months ended on		6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
Residential	4,421	3,187	8,736	6,908
Commercial	1,629	1,107	3,194	2,606
Industrial	1,248	1,126	2,485	2,290
Rural	544	391	1,051	800
Government	396	264	744	591
Public lighting	312	212	570	434
Public utility	316	240	606	492
Other	(122)	(706)	(119)	(60)
Transfer – Distribution grid availability <sup>1</sup>	(4,159)	(3,999)	(8,293)	(7,254)
Subsidy to the social tariff (ii)	644	1,375	1,235	1,375
	<b>5,229</b>	<b>3,197</b>	<b>10,209</b>	<b>8,182</b>

(<sup>1</sup>) Revenues referring to the distribution grid availability, measured through the average Use Tariff of the Distribution System – TUSD, after its homologation by ANEEL for the captive consumer.

### 5.2 Distribution grid availability

Revenue from TUSD refers basically to the sale of energy to free and captive consumers with the charges for using the distribution grid.

	Consolidated			
	3 months ended on		6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
Free consumer	665	459	1,279	944
Captive consumer <sup>1</sup>	<b>4,159</b>	<b>3,999</b>	8,293	7,254
	<b>4,824</b>	<b>4,458</b>	<b>9,572</b>	<b>8,198</b>

(<sup>1</sup>) Revenues referring to the distribution grid availability, measured through the average Use Tariff of the Distribution System – TUSD, after its homologation by ANEEL for the captive consumer.

### 5.3 Effects of sectoral financial assets and liabilities

	Consolidated			
	3 months ended on		6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
			<b>0</b>	<b>0</b>
<b>CVA and Neutrality</b>				
Energy (i)	601	(257)	726	(581)
System service charges – ESS (ii)	13	(112)	235	(77)
Energy Development Account - CDE (iii)	13	(1)	108	(21)
TUST (iv)	108	(58)	319	(17)
Neutrality of sectoral charges	(51)	76	(72)	85
Others	10	(14)	34	(38)
	<b>694</b>	<b>(366)</b>	<b>1,350</b>	<b>(649)</b>
Financial components and subsidies				
Over-contracting onlending (v)	75	392	92	525
Hydrological risk	(5)	(26)	(70)	(54)
Exceedance of demand/Reactive Surplus	25	(34)	(14)	(75)
Readjustment deferral	7	100	6	100
Compensation of bilateral agreements - CCEAR	(21)	(2)	(63)	(5)
COVID account - Liability (vi)	(52)	-	(225)	-
Pis/Cofins credit over ICMS	218	-	218	-
Others	24	(1)	(14)	(6)
	<b>271</b>	<b>429</b>	<b>(70)</b>	<b>485</b>
	<b>965</b>	<b>63</b>	<b>1,280</b>	<b>(164)</b>

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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- (i) Energy: Increase of the constitution due to difference between costs incurred with the tariff coverage from ANEEL, with emphasis to the financial events related with the accounting of CCEE and the amortization of homologated balances in the tariff readjustment proceedings;
- (ii) System Service Charges - ESS: Increase of the constitution due to difference between costs incurred with the tariff coverage from ANEEL and the amortization of homologated balances in the tariff readjustment proceedings;
- (iii) Energy Development Account - CDE: recoverable CVA due to difference between costs incurred with the tariff coverage from ANEEL and the amortization of homologated balances in the tariff readjustment proceedings;
- (iv) TUST – Basic Network: Increase of the constitution due to the REH n° 2.725/2020, that established the Allowed Annual Revenue - RAP of the transmitters, with effect from July 01, 2020 and the amortization of homologated balances in the tariff readjustment proceedings;
- (v) Onlending transfer: Decrease of the constitution designated to negate the effects over the result obtained with the purchase and sale of energy surplus in the short-term market until the regulatory limit and the amortization of homologated balances in the tariff readjustment proceedings; and
- (vi) Liability - COVID account: Passive constitution of a financial component which corresponds to the amortization of the balance from the sectoral financial asset provided in item V in the head of the third article in accordance with the invoiced market, under the established in REN ANEEL n° 885/2020.

**5.4 Others revenues**

	<b>Consolidated</b>			
	<b>3 months ended on</b>		<b>6 months ended on</b>	
	<b>2021/06/30</b>	<b>2020/06/30</b>	<b>2021/06/30</b>	<b>2020/06/30</b>
Revenue from service provisions	6	(2)	13	6
Leases and rents	77	52	141	95
Charged services	5	7	9	10
Public Illumination fee	1	1	3	3
Administration of fraud invoices	4	1	5	2
Comission from third party services	15	11	28	25
Gain/loss with RAP	27	(2)	25	(1)
Operation and maintenance income	(26)	2	(16)	8
Regulatory and contractual penalties	-	6	-	6
Photovoltaic operations	3	1	8	1
Other revenues	(1)	(8)	6	-
<b>Total</b>	<b>111</b>	<b>69</b>	<b>222</b>	<b>155</b>

**5.5 Gross revenue deductions**

	<b>Consolidated</b>			
	<b>3 months ended on</b>		<b>6 months ended on</b>	
	<b>2021/06/3</b>	<b>2020/06/3</b>	<b>2021/06/3</b>	<b>30/06/2020</b>
Taxes	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Tax over Merchandise and Services Circulation – ICMS	(2,048)	(1,515)	(4,004)	(3,271)
Social Interation Program - PIS and Contribution for Social Security Financing – COFINS	(1,065)	(766)	(2,118)	(1,577)
Services tax – ISS	(4)	(3)	(10)	(8)
	<b>(3,117)</b>	<b>(2,284)</b>	<b>(6,132)</b>	<b>(4,856)</b>
Sectoral charges				
Energy Development Account – CDE	(572)	(387)	(1,080)	(774)
Energy Efficiency Program – PEE	(38)	(24)	(70)	(51)
Consumers' charges – PROINFA and CCRBT	(59)	(27)	(93)	(73)
Other charges <sup>1</sup>	(59)	(39)	(109)	(83)
	<b>(728)</b>	<b>(477)</b>	<b>(1,352)</b>	<b>(981)</b>
	<b>(3,845)</b>	<b>(2,761)</b>	<b>(7,484)</b>	<b>(5,837)</b>

(<sup>1</sup>) The following charges are considered: National Fund for Scientific and Technological Development-FNDCT, Energy Research Company–EPE, Research and Development-P&D, Supervision Fee for Electric Energy Services–TFSEE and Financial Compensations of Hydraulic Resources–CFURH.

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## 6. ENERGY COSTS

	3 months ended on		Consolidated 6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
		0		0
<b>Energy purchased for sale</b>				
Energy acquired through regulated environment auction – ACR	(1,768)	(1,325)	(3,657)	(2,737)
Energy acquired in the Free Contracting Environment – ACL	(332)	(287)	(602)	(558)
Variable Costs from the Short-Term Market – MCP	(671)	(246)	(968)	(596)
Short-Term Energy – PLD and MRE	(294)	(210)	(364)	(373)
Agreements based on physical assurance quotas	(396)	(319)	(771)	(672)
Energy acquired from a bilateral agreement	(192)	(72)	(287)	(117)
Quotas from Angra I and Angra II Power Plants	(591)	(489)	(591)	(489)
Others	(98)	(126)	(207)	(254)
<b>Subtotal</b>	<b>70</b>	<b>154</b>	<b>(200)</b>	<b>(115)</b>
PIS and COFINS credits	<b>(4,272)</b>	<b>(2,920)</b>	<b>(7,647)</b>	<b>(5,911)</b>
<b>Total</b>	<b>411</b>	<b>273</b>	<b>754</b>	<b>578</b>
<b>Energy purchased for sale</b>	<b>(3,861)</b>	<b>(2,647)</b>	<b>(6,893)</b>	<b>(5,333)</b>
<b>Transmission and distribution system usage charges</b>				
Basic grid charges (i)	(916)	(512)	(1,756)	(1,091)
Connection charges	(46)	(92)	(103)	(134)
System service charges – ESS (ii)	(169)	(20)	(569)	(23)
Reserve energy charges – EER (iii)	(144)	112	(144)	112
Other charges	(39)	29	(83)	(12)
<b>Subtotal</b>	<b>(1,314)</b>	<b>(483)</b>	<b>(2,655)</b>	<b>(1,148)</b>
PIS and COFINS credits	119	54	244	114
<b>Total</b>	<b>(1,195)</b>	<b>(429)</b>	<b>(2,411)</b>	<b>(1,034)</b>
<b>Total energy costs</b>	<b>(5,056)</b>	<b>(3,076)</b>	<b>(9,304)</b>	<b>(6,367)</b>

- (i) The addition of basic network charges is due to the usage tariffs readjustment, accordingly with what is defined in the REH 2.726/2020, from July 14, 2020; and
- (ii) System Service Charges - ESS: Increase of the thermal power plants generation to ensure the safety of the national energy supply, due to a determination from the Monitoring Committee of the Energy Sector (CMSE) along with the ONS.
- (iii) Reserve energy charges – ERR: the 1º semester of 2020 suffered an impact due to the liberation of the reserve fund for future relieving of charges, ANEEL Order 986/2020, which did not happen for this exact period of 2021.

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**7. CONSTRUCTION COSTS**

	3 months ended on		Consolidated 6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
	Personnel	(111)	(82)	(208)
Material	(805)	(671)	(1,631)	(1,174)
Third-party services	(548)	(503)	(1,072)	(909)
Interest on constructions in progress	(12)	(38)	(21)	(52)
Others	(119)	(46)	(82)	(99)
Special obligations	121	15	168	36
<b>Total</b>	<b>(1,474)</b>	<b>(1,325)</b>	<b>(2,846)</b>	<b>(2,355)</b>

On June 30, 2021, the construction cost related to the concession's infrastructure, the amount of R\$ 1,985 and R\$ 1,444 (On June 30, 2020, R\$ 782 and R\$ 248) ) refers to the construction revenue of the distributors and transmitters, respectively.

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**8. OPERATING COSTS AND OPERATING EXPENSES**

	3 months ended on June 30, 2021				Consolidated 3 months ended on June 30, 2020			
	Operating costs	Selling expenses	Other Standard and administrative revenues/ expenses	Total	Operating costs	Selling expenses	Other Standard and administrative revenues/ expenses	Total
	Staff and employee benefits	(255)	(32)	(169)	(456)	(188)	(27)	(117)
Management	-	-	(20)	(20)	-	-	(14)	(14)
Third party services	(227)	(62)	(125)	(414)	(177)	(33)	(134)	(344)
Photovoltaic operations	(3)	-	-	(3)	(3)	-	-	(3)
Depreciation and amortization	(389)	(1)	(64)	(454)	(326)	(3)	(29)	(358)
Fuel for energy production	(124)	-	-	(124)	(85)	-	-	(85)
Provision for judicial lawsuits	-	-	(36)	(36)	(1)	-	(37)	(38)
Taxes	(3)	-	(2)	(5)	(1)	-	(6)	(7)
Other revenues and expenses, net	(50)	2	2	(46)	(48)	(6)	2	(52)
<b>Total</b>	<b>(1,051)</b>	<b>(93)</b>	<b>(414)</b>	<b>(1,558)</b>	<b>(829)</b>	<b>(69)</b>	<b>(335)</b>	<b>(1,233)</b>

	6 months ended on June 30, 2021				Consolidated 6 months ended on June 30, 2020			
	Operating costs	Selling expenses	Other Standard and administrative revenues/ expenses	Total	Operating costs	Selling expenses	Other Standard and administrative revenues/ expenses	Total
	Staff and employee benefits	(465)	(56)	(310)	(831)	(403)	(58)	(229)
Management	-	-	(39)	(39)	-	-	(36)	(36)
Third party services	(437)	(110)	(251)	(798)	(385)	(66)	(263)	(714)
Photovoltaic operations	(7)	-	-	(7)	(3)	-	-	(3)
Depreciation and amortization	(740)	(1)	(98)	(839)	(641)	(3)	(53)	(697)
Fuel for energy production	(218)	-	-	(218)	(223)	-	-	(223)
Provision for judicial lawsuits	-	-	(70)	(70)	(2)	-	(78)	(80)
Taxes	(3)	-	(19)	(22)	(1)	-	(21)	(22)
Other revenues and expenses, net	(104)	(3)	(2)	(109)	(106)	(11)	47	(70)
<b>Total</b>	<b>(1,974)</b>	<b>(170)</b>	<b>(789)</b>	<b>(2,933)</b>	<b>(1,764)</b>	<b>(138)</b>	<b>(633)</b>	<b>(2,535)</b>

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### 8.1 Depreciation and amortization

	Consolidated			
	Period of 3 months ended on		Period of 6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
Depreciation and amortization quota	(419)	(362)	(811)	(707)
Write-off of residual value from intangible assets	(42)	-	(42)	-
(-) PIS/COFINS credits	7	4	14	10
<b>Residual depreciation and amortization in the result</b>	<b>(454)</b>	<b>(358)</b>	<b>(839)</b>	<b>(697)</b>

## 9. FINANCIAL RESULT

	Consolidated			
	3 months ended on		6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
<b>Financial revenue</b>				
Interest on financial applications	31	38	49	77
(-) Taxes on financial income	(13)	(9)	(23)	(18)
Interest and charges from accounts receivable and other securities	167	97	303	155
Correction of judicial deposits	2	-	2	4
Update of sectoral financial asset	3	3	4	7
Post-employment benefits and other benefits	-	1	1	1
Other financial revenue	11	(10)	28	27
	<b>201</b>	<b>120</b>	<b>364</b>	<b>253</b>
<b>Financial expenses</b>				
Charges on debt instruments (1)	(471)	(217)	(930)	(571)
Post-employment benefits and other benefits	(21)	(15)	(42)	(31)
Update of sectoral financial liability	(5)	(4)	(9)	(4)
Update of provision for judicial lawsuits	(45)	(39)	(95)	(89)
IOF - Financial Transaction Tax	(2)	(5)	(6)	(10)
Other financial expenses	(79)	(32)	(119)	(68)
	<b>(623)</b>	<b>(312)</b>	<b>(1,201)</b>	<b>(773)</b>
<b>Other financial results, net</b>				
Losses on exchange variations and mark-to-market – Debt	(27)	(887)	(701)	(3,113)
Gains on exchange variations and mark-to-market – Debt	1,186	306	1,205	375
Losses on derivative financial instruments – Note 19.3. b	(1,215)	(308)	(1,313)	(382)
Gains on derivative financial instruments – Note 19.3. b	71	934	857	3,190
Losses with exchange and monetary variations	(23)	(24)	(27)	(35)
Gains with exchange and monetary variations	4	2	8	2
	<b>(4)</b>	<b>23</b>	<b>29</b>	<b>37</b>
<b>Net financial result</b>	<b>(426)</b>	<b>(169)</b>	<b>(808)</b>	<b>(483)</b>

- (1) Includes the variable portion of interest related to price indexes on debt in the national currency, such as IPCA, General Index of the Market Prices - IGP-M (“Overall Market Prices Ratio”) among others and appropriation of funding costs.

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## 10. INCOME TAXES, OTHER TAXES, SECTORAL CHARGES AND REIMBURSEMENT TO CONSUMERS

### 10.1 Income taxes

The current and deferred income taxes are represented by the *Imposto de Renda* (“IRPJ”) and by the *Contribuição Social sobre o Lucro Líquido* (“CSLL”) and are calculated based on 34% on income before taxes (IRPJ – 25% and CSLL – 9%) and consider the offsetting tax loss carryforwards and the negative basis of CSLL, limited to 30% of the period’s taxable income.

#### 10.1.1 Reconciliation of taxes recognized in the statement of income

The reconciliation of taxes declared accordingly with nominal rates and the values of the taxes recognized are presented below:

	3 months ended on		Consolidated 6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
<b>Income before taxes</b>	<b>1,360</b>	<b>537</b>	<b>2,829</b>	<b>1,368</b>
<b>Nominal income taxes rate - 34%</b>	<b>(462)</b>	<b>(182)</b>	<b>(962)</b>	<b>(465)</b>
<b>Adjustment affecting the calculation for income taxes:</b>				
Tax benefit on interest on own capital	61	95	61	95
Tax incentives	96	35	197	147
Results from equity interest	11	19	59	12
Presumption difference from the basis of assumed profit	26	9	26	9
Addition (reversals) of non-recognized tax assets	(19)	(91)	(64)	(102)
Other permanent additions (reversals)	(28)	13	(62)	(31)
<b>Income taxes</b>	<b>(315)</b>	<b>(102)</b>	<b>(745)</b>	<b>(335)</b>
Effective income tax rates	23%	19%	26%	24%
Current	(36)	(130)	(244)	(282)
Deferred	(279)	28	(501)	(53)

#### 10.1.2 Deferred tax assets and liabilities

The deferred tax assets and liabilities are recognized based on tax losses and temporary differences between the book values for the financial statements and the corresponding values used for tax ends.

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	<b>Consolidated</b>	
	<b>2021/06/30</b>	<b>2020/12/31</b>
<b>Tax loss (includes negative basis)</b>	<b>219</b>	<b>191</b>
<b>Added value and provision for maintaining the shareholder's equity integrity (PMIPL)</b>	<b>501</b>	<b>540</b>
<b>Temporary differences:</b>		
<b>Business combination (note 15.3)</b>	<b>(469)</b>	
Obligations with post-employment benefits	450	386
Judicial lawsuits provision	332	285
Estimated credit losses - Accounts receivable	213	164
Use rights of the overtaking concession revenue	100	102
PLR – Profit Sharing	54	-
Added value linked to Property, Plant & Equipment and intangible assets	17	48
Fair value of indemnified financial assets	(1,151)	(703)
Debt interest capitalization	(267)	(275)
Accelerated depreciation	(37)	(35)
Fair value of financial instruments	32	(226)
Others	(405)	(324)
<b>Total</b>	<b>(410)</b>	<b>153</b>
<b>Non-current assets</b>	<b>995</b>	<b>656</b>
<b>Non-current liabilities</b>	<b>(1,405)</b>	<b>(503)</b>

The variations in the deferred taxes are as follows:

	<b>Consolidated</b>	
	<b>Asset</b>	<b>Liability</b>
<b>Balance as of 31 December, 2020</b>	<b>656</b>	<b>(503)</b>
Addition by the business combination (note 15.3)	375	(600)
Recognized effects on income	(298)	(203)
Recognized effects on other comprehensive results	165	(2)
Transfers between assets and liabilities	97	(97)
<b>Balance as of 30 June, 2021</b>	<b>995</b>	<b>(1,405)</b>
<b>Balance as of 31 December, 2019</b>	<b>752</b>	<b>(222)</b>
Recognized effects on income	26	(79)
Recognized effects on other comprehensive results	(42)	(15)
<b>Balance as of 30 June, 2020</b>	<b>736</b>	<b>(316)</b>

### 10.1.3 Current tax - assets and liabilities

	<b>Consolidated</b>	
	<b>2021/06/30</b>	<b>2020/06/30</b>
IRPJ	609	558
CSLL	89	78
<b>Asset</b>	<b>698</b>	<b>636</b>
Current	697	635
Non-current	1	1
	<b>Consolidated</b>	
	<b>2021/06/30</b>	<b>2020/06/30</b>
IRPJ	30	38
CSLL	15	4
<b>Liability</b>	<b>45</b>	<b>42</b>
Current	19	16
Non-current	26	26

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On June 30, 2021 and December 31, 2020, the Company had R\$26 and R\$26, respectively recognized in the line of income taxes payable, which refers to the impact of uncertain tax positions.

Besides the tax uncertainties regarding the treatment of income taxes that were recognized, on June 30, 2021 and December 31, 2020, the Company had the amount of R\$ 3,238 and R\$ 3,146 which refers to the adopted tax treatment and that are susceptible to the questioning of taxation authorities. The prognosis of the Company regarding this situation, supported by its legal advisors, is that such adopted tax treatments should be admitted by the authorities on both, administrative and/or judicial levels when needed. The main natures are listed below, as follows:

- (i) Non-addition of the expenses regarding the amortization of goodwill in the calculation basis of IRPJ and CSLL, in the following amount, R\$1,425 (R\$ 1,851 on December 31, 2020).
- (ii) Infraction notices deriving from the deduction of expenses regarding the amortization of goodwill in the calculation basis of IRPJ and CSLL which also resulted in the disallowance of credits calculated that were already used in compensations of federal taxes, totalling R\$ R\$ 1,406 (R\$ 1,295 on December 31, 2020).
- (iii) Administrative procedures originating from the nonrecognition of compensation requests fulfilled through credit rights of IRPJ and CSLL, totalling R\$ R\$ 112 (R\$186 em 31 on December 31, 2020).

**10.2 Other taxes**
**10.2.1 Other recoverable taxes**

	<b>Consolidated</b>	
	<b>2021/06/30</b>	<b>2020/12/30</b>
Tax over Merchandise and Services Circulation - ICMS	725	685
Social Interaction Program - PIS (a)	1,209	1,063
Contribution for Social Security Financing - COFINS (a)	5,592	4,907
National Institute of Social Security – INSS	27	27
Others	13	12
<b>Other recoverable taxes</b>	<b>7,566</b>	<b>6,694</b>
Current	2,122	1,629
Non-current	5,444	5,065
(a) See note 10.3		

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### 10.2.2 Other taxes and sectoral charges payable

	<u>2021/06/30</u>	<u>Consolidated 2020/12/30</u>
Tax over Merchandise and Services Circulation - ICMS	692	356
Social Interaction Program - PIS	156	127
Contribution for Social Security Financing - COFINS	728	583
Withholding taxes and contributions	100	160
Others	53	57
<b>Other taxes payable</b>	<b>1,729</b>	<b>1,283</b>
Research and Development - R&D	192	204
Energy Efficiency Program – PEE	303	240
Others	219	185
<b>Sectoral charges</b>	<b>714</b>	<b>629</b>
<b>Total Other taxes and sectoral charges payable</b>	<b>2,443</b>	<b>1,912</b>
Current	1,379	1,148
Non-current	1,064	764

### 10.3 Reimbursement to consumers – Federal taxes

In March 2017, the Supreme Federal Court (“STF”) concluded the judgment of the Extraordinary Appeal nº 574.706-PR, regarding general repercussion, thus confirming that the ICMS is not a part of the calculation basis of PIS and COFINS. The Federal Union presented a motion for clarification seeking to modulate the effects and definition of the ICMS value that will be excluded from the calculation basis of these contributions. In May 2021, the STF judged the motions and accepting them to some extent to (i) modulate in time the unconstitutionality decision, whose effects will occur after 2017.03.15, setting aside judicial or administrative lawsuits filed until the referred date; and (ii) to set that the ICMS portion to be expurgated from the contributions’ calculations basis is the one highlighted in the billing, and not the one effectively paid.

In August and September 2019, favorable decisions became *res judicata* to the subsidiaries COSERN e COELBA, and, in December 2020, the same happened to CELPE. The aforementioned lawsuits were filed in 2010. Faced with this fact, the approver of the compensation per the article 170-A from the National Tax code, the Company initially constituted an asset of PIS and COFINS receivable already updated in the amount of R\$ 5,758, taking the understanding from “Receita Federal do Brasil” (Brazilian Federal Revenue – RFB) contained in the internal consultation COSIT nº 013/2018 as calculation benchmark, considering the value of ICMS tax payable and not the one highlighted.

After the judgment of motions for clarification in STF, and in face of the need to recalculate the values in light of understanding that has been consolidated regarding the expurgation of the highlighted ICMS, the Company made a supplementary asset in 2021 of R\$ 704. This amount includes the figure of R\$577 that refers to lawsuits filed by a few subsidiaries (Termope and Elektro Networks) whose judicial decisions still did not become *res judicata*. However, the Company, after a detailed analysis of each lawsuit, observed similarities with the previous successful *res judicata* lawsuits and that are also aligned with the decision based on the merit of the motions for clarification in STF.

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Concomitant to the recognition of the PIS and COFINS assets, the Company constituted a liability regarding the adoption of a necessary awareness in face of the possible understanding from ANEEL that the amounts to be settled through compensation of recognized tax credits must be fully transferred to the consumers, accordingly with the Agency's interpretation under regulatory standards from the electric sector and the concession contract. The subsidiaries Coelba, Celpe and Cosern began the transfer to their consumers in April 2021, accordingly with ANEEL's Resolutions 2,857/21, 2,861/21 e 2,858/21, respectively. The matter, however, is under the Agency's public consultation and has not yet finished until the current date.

The liability is constituted by the same amount of the asset, net of legal fees owed to lawyers and legal advisors. The values of assets and liabilities are updated with the SELIC rate.

The Company has been adopting the procedures of tax credit recovery accordingly with the recommendation stated by the RFB. Below we present the movement of Reimbursement to consumers:

<b>Balance as of December 31, 2019</b>	<b>3,282</b>
Constitution	1,638
Update	838
Payment	(3)
<b>Balance as of December 31, 2020</b>	<b>5,755</b>
Addition by the business combination (note 15.3)	147
Constitution	893
Update	167
Payment	(1)
Transfer to Parcel A (note 13)	(343)
<b>Balance as of June 30, 2021</b>	<b>6,618</b>
Current liability	475
Non-current liability	6,143

The Company maintains the collection of the referred taxes until its judicial lawsuits have their merit as *res judicata*, with the respective collection of a tax asset and a reimbursement liability in the same amount.

## 11. CASH AND CASH EQUIVALENTS

Cash equivalents are highly liquid operations, without use restrictions which are readily convertible into an amount known as cash and are subject to an insignificant risk of value change.

	<u>Consolidated</u>		<u>Parent Company</u>	
	<u>2021/06/30</u>	<u>2020/12/30</u>	<u>2021/06/30</u>	<u>2020/12/30</u>
Cash and bank deposit at sight	136	227	-	-
Bank Deposit Certificate (CDB)	1,157	1,598	127	275
Investment funds	2,659	3,235	113	92
<b>Total</b>	<b>3,952</b>	<b>5,060</b>	<b>240</b>	<b>367</b>

The financial instruments portfolio classified as cash and cash equivalents are made with the purpose of better profitability and a lower level of risk. The average remuneration of these portfolios on June 30, 2021 is 98% of the CDI.

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## 12. TRADE ACCOUNTS RECEIVABLES AND OTHERS

	2021/06/30			Consolidated 2020/12/30		
	Trade Receivables	Expected credit loss	Trade accounts receivable, net	Trade Receivables	Expected credit loss	Trade accounts receivable, net
Energy supply (note 12.1)	7,030	(1,394)	5,636	6,126	(1,216)	4,910
Commercialization of energy at CCEE	233	-	233	352	-	352
Distribution grid availability	559	(3)	556	551	(4)	547
Government Grants and subsidies	513	-	513	425	-	425
Other receivables	467	(60)	407	346	(51)	295
<b>Total</b>	<b>8,802</b>	<b>(1,457)</b>	<b>7,345</b>	<b>7,800</b>	<b>(1,271)</b>	<b>6,529</b>
Current asset			6,983			6,187
Non-current asset			362			342

### 12.1 Energy supply

The accounts receivable regarding energy supply comprehend the receivables from distribution, generation and commercialization of energy.

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The composition of accounts receivable regarding energy supply, per consumer class, is demonstrated as follows:

	2021/06/30		Consolidated 2020/12/30	
	Trade Receivables	Expected credit loss	Trade Receivables	Expected credit loss
Residential	2,507	(737)	2,078	(651)
Commercial	705	(229)	603	(181)
Industrial	949	(177)	805	(157)
Rural	387	(125)	331	(115)
Government	466	(71)	386	(63)
Public lighting	306	(19)	259	(23)
Public service	265	(22)	204	(17)
Unbilled services	1,445	(14)	1,460	(9)
<b>Total</b>	<b>7,030</b>	<b>(1,394)</b>	<b>6,126</b>	<b>(1,216)</b>

The *aging* of the accounts receivable regarding the energy supply is presented as follows:

	2021/06/30		Consolidated 2020/12/30	
	Trade Receivables	Expected credit loss	Trade Receivables	Expected credit loss
Due receivables	3,586	(61)	3,263	(66)
Overdue receivables:				
90 days	1,327	(96)	1,088	(84)
Between 91 and 180 days	357	(103)	262	(85)
Between 181 and 360 days	435	(179)	433	(173)
After 361 days	1,325	(955)	1,080	(808)
	<b>7,030</b>	<b>(1,394)</b>	<b>6,126</b>	<b>(1,216)</b>

## 12.2 Variation of expected credit losses - PCE

	Consolidated 6 months ended on	
	2021/06/30	2020/06/30
<b>Balance at the beginning of the period</b>	(1,271)	(1,122)
Addition by the business combination (note 15.3)	(171)	-
Recognized effect in the period's result	(146)	(317)
Effective losses written-off	131	127
<b>Balance at the end of the period</b>	<b>(1,457)</b>	<b>1,312</b>

In the period of six months ended on June 30, 2021, The Company recognized R\$ 37 of expected credit losses (PCE) due to the impacts of COVID-19.

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**13. SECTORAL FINANCIAL ASSETS AND LIABILITIES (PORTION A AND OTHERS)**

The tariffs that the concessionaires and permissionaires are allowed to charge from their consumers are reviewed by ANEEL: (i) annually on the concession agreement's anniversary date, for tariff adjustment purposes; and (ii) every four years, on average, aiming to recombine a part of the Portion B (manageable costs) and to adjust the Portion A (non-manageable costs) of certain tariff components. This tariff adjustment mechanism can cause a temporal difference that derives from the difference between the projected and included costs in the tariff at the beginning of the tariff period, and the ones that effectively incurred throughout the tariff's period of validity. These differences form rights or obligations, in observance of the principle of economical and financial balance established by the contract of concession and permission. The composition of the sectoral assets and liabilities are demonstrated below:

	2021/06/30			Consolidated 2020/12/31		
	Rights	Obligations	Net effect	Rights	Obligations	Net effect
<b>CVA and Neutrality</b>						
Energy	1,212	(67)	<b>1,145</b>	782	(88)	<b>694</b>
System Service Charges – ESS	366	-	<b>366</b>	75	(117)	<b>(42)</b>
Energy Development Account – CDE	80	(17)	<b>63</b>	5	(52)	<b>(47)</b>
Tariff on Use of Transmission Network – TUST	578	(11)	<b>567</b>	305	(20)	<b>285</b>
Others	62	(117)	<b>(55)</b>	17	(57)	<b>(40)</b>
<b>Financial Components and Subsidies</b>						
Overcontracting pass-through	137	(243)	<b>(106)</b>	129	(170)	<b>(41)</b>
Hydrological Risks	-	(879)	<b>(879)</b>	-	(660)	<b>(660)</b>
Demand's Overtaking / Surplus	-	(726)	<b>(726)</b>	-	(666)	<b>(666)</b>
Compensation of CCEAR Bilateral agreements	17	-	<b>17</b>	65	-	<b>65</b>
COVID account – Liability	-	(6)	<b>(6)</b>	-	(98)	<b>(98)</b>
Pis/Cofins credit over ICMS (i)	219	(343)	<b>(124)</b>	-	-	<b>-</b>
Others	71	(169)	<b>(98)</b>	68	(91)	<b>(23)</b>
<b>Total</b>	<b>2,742</b>	<b>(2,578)</b>	<b>164</b>	<b>1,446</b>	<b>(2,019)</b>	<b>(573)</b>
Values Homologated by Aneel	633	(1,113)	<b>(480)</b>	175	(643)	<b>(468)</b>
Values to be Homologated by Aneel	2,109	(1,465)	<b>644</b>	1,271	(1,376)	<b>(105)</b>
<b>Total</b>	<b>2,742</b>	<b>(2,578)</b>	<b>164</b>	<b>1,446</b>	<b>(2,019)</b>	<b>(573)</b>
Current Assets			195			92
Non-Current Assets			273			-
Current Liabilities			(98)			(149)
Non-Current Liabilities			(206)			(516)

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(i) The transfer in the tariffs of PIS/COFINS credits over ICMS will still be a regulatory matter by ANEEL within the Public Consultation nº 05/2021, however, ANEEL authorized the anticipated use of the values in exceptional cases, where there is a possibility of an expressive tariff increase. Therefore, it was recognized in the Tariff Readjustment process from 2021, the anticipation of value reversal from these credits as a negative financial component, whose deferral for the next 12 months, from April/21 to March/22, will be backed to the expectation of future compensation of those credits alongside the Federal Revenue. From this amount, the Company has already compensated R\$ 343, which is equivalent to the amount transferred to the deferral in the tariff (note 10.3).

**14. PUBLIC SERVICE CONCESSIONS**

The Company's concessions of distribution and transmission are not onerous, therefore there are no fixed financial obligations and payments to be made for the Granting Authority. The vested concession contracts have a 30-year term with an extension of its validity, at the sole discretion of the Granting Authority, upon the concessionaire's request.

**14.1 Financial asset**

The values of the assets bound to infrastructure and that will not be amortized until the end of the concession contract is classified as a financial asset for being an unconditional right of receiving cash or other financial assets directly from the Granting Authority. These assets had the following transactions in the period:

	<b>Consolidated</b>	
	<b>2021/06/30</b>	<b>2020/06/30</b>
<b>Balance at the beginning of the period</b>	<b>14,403</b>	<b>11,743</b>
Addition by the business combination (note 15.3)	137	-
Disposals	(13)	(13)
Reversals	1	1
Transfers – contractual assets <sup>1</sup>	967	835
Transfers – intangible assets	12	12
Fair value adjustments	661	14
<b>Balance at the end of the period</b>	<b>16,168</b>	<b>12,592</b>
Non-current assets	16,168	12,591

(1) Transfer of the distributors' financial asset, classified as contractual asset during the construction period.

The tariff revision occurs every four years on Celpe and Elektro Redes, and every five years on Coelba and Cosern.

**14.2 Contractual asset**

The assets bound to concession infrastructure, whose right to consideration is conditioned to the fulfillment of performance obligations, are classified as Contract Assets and present the following composition:

	<b>Consolidated</b>					
	<b>2021/06/30</b>			<b>2020/12/30</b>		
	<b>Transmission</b>	<b>Distribution</b>	<b>Total</b>	<b>Transmission</b>	<b>Distribution</b>	<b>Total</b>
Current	381	-	381	133	-	133
Non-current	6,323	4,353	10,676	4,892	3,849	8,741
<b>Total</b>	<b>6,704</b>	<b>4,353</b>	<b>11,057</b>	<b>5,025</b>	<b>3,849</b>	<b>8,874</b>

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These assets presented the following changes in the period:

			Consolidated
	Transmission	Distribution	Total
<b>Balance as of December 31, 2020</b>	<b>5,025</b>	<b>3,849</b>	<b>8,874</b>
Addition by business combination (note 15.3)	-	141	141
Additions <sup>1</sup>	1,445	2,013	3,458
Disposals	-	(25)	(25)
Transfers - intangible in progress <sup>1</sup>	-	(617)	(617)
Transfers - financial assets <sup>1</sup>	-	(967)	(967)
Transfers – others	-	(41)	(41)
Contractual asset amortization	(74)	-	(74)
Monetary variation	308	-	308
<b>Balance as of June 30, 2021</b>	<b>6,704</b>	<b>4,353</b>	<b>11,057</b>
Current Asset			381
Non-current Assets			10,676
Cost	6,704	4,636	11,340
Special obligations	-	(283)	(283)
			Consolidated
	Transmission	Distribution	Total
<b>Balance as of December 31, 2019</b>	<b>1,756</b>	<b>3,877</b>	<b>5,633</b>
Additions <sup>1</sup>	787	1,695	2,482
Disposals	-	(2)	(2)
Transfers - intangible in progress <sup>1</sup>	-	(622)	(622)
Transfers - financial assets <sup>1</sup>	-	(835)	(835)
Transfers – others	-	30	30
Contractual asset amortization	(32)	-	(32)
Monetary variation	108	-	108
<b>Balance as of June 30, 2020</b>	<b>2,619</b>	<b>4,143</b>	<b>6,762</b>
Current Asset			98
Non-current Assets			6,007
Cost	2,619	4,456	7,075
Special obligations	-	(313)	(313)

- (1) During the construction phase, the assets bound to the distributor's concession infrastructure are registered as contractual assets and measured by their acquisition cost plus the costs of the loan for the financing of the given construction, that incurred in the same period. After the work's conclusion, these assets are divided between financial and intangible assets.

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## 15. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

### 15.1 Changes that occurred during the period

The variations from investments in subsidiaries, associates and *joint ventures* are as follows:

	Joint ventures <sup>1</sup>	Associates <sup>2</sup>	Total Consolidated	Subsidiaries <sup>3</sup>	Total Parent Company
<b>Balance as of December 31, 2020</b>	<b>1,026</b>	<b>1,401</b>	<b>2,427</b>	<b>20,350</b>	<b>22,777</b>
Capital increase	15	-	15	2,852	2,867
Participation in investees results	35	(32)	3	2,264	2,267
Amortization of appreciation	-	-	-	(82)	(82)
Participation in other comprehensive income/(loss)	-	-	-	(508)	(508)
Dividend allocation	-	-	-	(2,003)	(2,003)
Others	-	-	-	1	1
<b>Balance as of June 30, 2021</b>	<b>1,076</b>	<b>1,369</b>	<b>2,445</b>	<b>22,875</b>	<b>25,320</b>
<b>Balance as of December 31, 2019</b>	<b>1,040</b>	<b>1,461</b>	<b>2,501</b>	<b>16,627</b>	<b>19,128</b>
Capital increase	20	-	20	392	412
Participation in investees results	16	(30)	(14)	1,141	1,127
Amortization of appreciation	-	-	-	(83)	(83)
Participation in other comprehensive income/(loss)	-	-	-	380	380
Declared dividends	-	-	-	(183)	(183)
<b>Balance as of June 30, 2020</b>	<b>1,076</b>	<b>1,431</b>	<b>2,507</b>	<b>18,274</b>	<b>20,781</b>

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**15.2 Breakdown by investment class**

Additional information about the main investees are demonstrated below:

	Segment	Participation and voting capital	Balance of Investments		Result of participation		Dividends received	
			2021/06/30	2020/12/30	2021/06/30	2020/06/30	2021/06/30	2020/06/30
<b>Subsidiaries</b>								
	Networks	100.00%	5,449	2,355	398	152	13	-
<b>Wholly owned subsidiaries</b>	Liberalized	100.00%	1,310	1,355	201	103	146	113
	Renewables	100.00%	4,091	4,138	100	70	96	65
	Outros	100.00%	14	14	(2)	-	-	-
<b>Other subsidiaries</b>								
Coelba	Networks	96.65%	5,809	6,041	733	432	238	-
Elektro Redes	Networks	99.68%	3,378	3,697	350	191	148	-
Celpe	Networks	89.65%	1,795	1,721	230	31	-	-
Cosern	Networks	91.50%	1,284	1,285	227	137	66	-
Afluente T	Networks	87.84%	151	165	11	10	24	-
			<b>23,281</b>	<b>20,771</b>	<b>2,248</b>	<b>1,126</b>	<b>731</b>	<b>178</b>
<b>Associates and joint ventures</b>								
Teles Pires Participações Companhia Hidrelétrica Teles Pires	Renewables	50.56%	781	765	(1)	(15)	-	-
Águas da Pedra Norte Energia S.A. (NESA) (1)	Renewables	51.00%	25	25	-	-	-	-
Energética Corumbá III	Renewables	51.00%	296	260	35	31	14	-
	Renewables	10.00%	1,285	1,322	(35)	(32)	-	-
	Renewables	25.00%	58	55	4	2	-	-
			<b>2,445</b>	<b>2,427</b>	<b>3</b>	<b>(14)</b>	<b>14</b>	<b>-</b>
<b>Shareholders transactions</b>								
			(406)	(421)	16	15	-	-
<b>Total</b>			<b>25,320</b>	<b>22,777</b>	<b>2,267</b>	<b>1,127</b>	<b>745</b>	<b>178</b>

(1) **Risks related to legal compliances at NESA:** In 2014, the Ministério Público Federal – MPF (“Federal Public Prosecution”) started investigations regarding irregularities involving contractors and suppliers from the project UHE Belo Monte and NESA’s other shareholders, which are still ongoing.

In 2015, NESA hired specialized law and audit offices, in connection with the internal investigation process conducted by the Independent Commission approved in the context of one of the investee’s shareholders, Centrais Elétricas Brasileiras S.A. - Eletrobrás, whose work was completed in 2016, in which it was concluded that certain contracts contained an estimated overprice of 1% of the contract amount. Consequently, NESA recognized impairment losses in proportion to its participation in the project. Considering that the MPF investigation is still ongoing and there are no new facts, it is not possible to predict any outcome on the investee.

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**15.3 Business combination: acquisition of CEB Distribuição S.A (“CEB-D”)**

On December 04, 2020, the Company, through its subsidiary Bahia Geração de Energia S.A. (“Bahia PCH III”), was the winner in the Public Session from the Auction nº 01/2020-CEB-D (“Auction”) to decentralize the electrical energy distributor CEB-D, with a winning bid of R\$ 2,515 to acquire 100% of the issued shares from CEB-D, whose cash-settlement occurred on March 02, 2021, after previous approval by the Administrative Council of Economic Defense (“CADE”) and previous consent from the Brazilian Electricity Regulatory Agency (“ANEEL”), that, respectively occurred on 14 and 22 January 2021.

CEB-D is the electrical energy distributor of the Distrito Federal (“Federal District”) and holds the concession for the distribution of electrical energy in Distrito Federal for 30 years, until July 07, 2045. The acquisition of CEB-D was another step aligned to the Company’s expansion plan in the Brazilian electrical sector.

The determination of results regarding the business combination through the confrontation of the value paid and the fair values of the main identifiable assets acquired and liabilities assumed on March 02, 2021, business combination date, are demonstrated below:

Value of the consideration paid	2,515
(-) Cash received	(100)
<b>Net value of the cash outflow</b>	<b>2,415</b>
Acquired assets	
Trade accounts receivable and others	657
Recoverable taxes	161
Judicial deposits	26
Public Service Concession (financial asset)	137
Public Service Concession (contractual asset)	141
Deferred tax income	344
Other assets	113
Fixed assets	46
Intangible assets (Concession contract) (i)	2,632
Other intangibles	8
	<u>4,265</u>
(-) Assumed liabilities	
Suppliers and trade accounts payable to contractors	(413)
Other sectoral taxes and charges payable	(280)
Loans and financings	(226)
Wages, employee benefits and charges payable	(115)
Sectoral financial liability (Portion A and others)	(193)
Provision (ii)	(199)
Reimbursement to consumers – Federal taxes	(148)
Deferred income taxes (ii)	(798)
Other liabilities	(113)
	<u>(2,485)</u>
<b>Net acquired asset</b>	<b>1,780</b>
<b>(=) Goodwill</b>	<b>635</b>

The Company is not subject to contingent considerations or has the right to compensations that can affect the purchase price. The expenses with attorney’s fees, financial advisors, *due diligence*, fees and others, related to the acquisition of CEB-D totalled R\$ 25.

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The assumptions and evaluation techniques of the main acquired assets and liabilities assumed that were identified in the acquisition of CEB-D are presented below:

(i) Intangible related to the public service concession contract related to the electrical energy distribution in Distrito Federal (“Federal District”) until July 07, 2045, in the amount of R\$2,632 and the adjustment to fair value made in the process of purchase price allocation of R\$ 1,945. The intangible’s fair value (concession contract) was evaluated with the revenue approach through the *multi-period excess earnings* method, which considers the present value of the expected net cash flows from the concession, including the benefits from tax amortization. The key assumptions were:

- Remaining concession term of 24 years.
- Expected energy volume and its respective tariffs per each consumers’ class, based on the methodology from ANEEL.
- Operational expenses based on the Administration’s estimations, considering the Company’s experience in the management of concession contracts.
- Investment expectations for maintenance and improvement of the structure from CEB-D, considering evaluation parameters that are consistent with the size and long-term strategic planning for CEB-D.
- Income taxes of 34%.
- Discount rate reflecting the “WACC” – *Weighted Average Capital Cost*, at an adequate perception level of the market risk and adequate shareholder remuneration.

(ii) Contingent liabilities related to judicial lawsuits in the tributary, civil, labor and regulatory matters, based on the best estimation of loss accordingly with the Administration’s judgment, of R\$ 199, and the accomplished adjustment to fair value in the process of purchase price allocation of R\$ R\$ 93, which reflect a better expectation of the Administration for disbursements related to ongoing judicial lawsuits, based on recent judicial decision and broadly established jurisprudence in regards to the claims from the aforementioned judicial lawsuits. The fair values of the judicial procedures in civil, tributary, labor and regulatory matters in the acquisition date are demonstrated below:

Judicial lawsuits	
Civil	23
Labor	58
Tax	31
Regulatory	87
<b>Contingent liabilities at fair value</b>	<b>199</b>
( - ) Provision for contingencies that were previously recognized by CEB-D	(106)
<b>(=) Fair value adjustments</b>	<b>93</b>

(iii) The calculated deferred income tax over the adjustment between the book values and fair values of the assets and liabilities aforementioned in the items (i) and (ii), to the nominal rate of 34%, totalled R\$ 635. It is worth highlighting that the goodwill and the adjustment of provision for fiscal contingencies in the respective amount of R\$ 635 and R\$ 31, respectively, are not part of the calculation basis.

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### 15.4 Accounting practice and critical judgments

#### a) Accounting practice

The Company uses the acquisition method for the operations of business combinations. The transferred consideration due to the acquisition of a subsidiary comprehends the following components: (i) the fair value of the transferred assets; (ii) the liabilities assumed from the acquired business; (iii) the fair value of any asset or liability resulting from a contingent consideration, where applicable; and (iv) the fair value of any pre-existent equity participation in the subsidiary, where applicable.

The acquired identifiable assets, the assumed liabilities and the contingent liabilities in a business combination are initially measured by their fair values in the acquisition date. Goodwill appears when there is a surplus between the Company's transferred consideration and the aggregated value of the components' (i) to (vi). When the components' aggregated value is inferior to the transferred consideration due to the subsidiary's acquisition, a gain of bargain purchase is recognized in the statement of income.

The Company recognized the non-controlling interest in an acquired subsidiary by the proportional participation of the non-controlling shareholders in the subsidiary's liquid identifiable assets.

#### b) Estimates and critical judgments

In the measurement process of a business combination, the Company's Administration applies evaluation assumptions and techniques in the main identified elements of the acquisition (acquired assets and assumed liabilities). The application of these evaluation assumptions and techniques involves the Administration's judgment, based on its business and management model, and the individual characteristics of the elements that are being evaluated. As a result, the fair value of the acquired assets and assumed liabilities initially measured in the business combination may suffer significant variations between the Company's projected results and the actually achieved results, these variations may occur due to the revision of both investment factors, strategic or operational, in addition to the growth level and the discount rate.

The Administration will accomplish, at least annually, the assumptions' revision to evaluate the impact of macroeconomic and operational changes, to estimate the future cash flows and measure the assets' recoverable value, especially the goodwill.

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## 16.PP&E

The PP&E variations, by asset class, are demonstrated below:

							Consolidated
	Wind farms	Combined cycle plants	Hydropower plants	Constructions and terrains	Others	Assets under development	Total
Taxa de depreciação a.a	3.03% - 16.70%	2.50% - 20.00%	2.00% - 20.00%	0.00% - 16.67%	2.5% - 25.00%		
<b>Balance at 31 December 2020</b>	<b>1,699</b>	<b>776</b>	<b>1,806</b>	<b>1,074</b>	<b>39</b>	<b>1,427</b>	<b>6,821</b>
Addition with business combination	-	-	-	-	10	36	46
Additions	-	-	-	-	-	703	703
Capitalized costs <sup>1</sup>	-	-	-	-	-	69	69
Disposals	-	-	-	-	-	(2)	(2)
Depreciation	(45)	(27)	(27)	(14)	(4)	-	(117)
Transfers between classes	54	-	6	(33)	(13)	(14)	-
Transfers - Others assets	-	-	-	-	-	(162)	(162)
<b>Balance as of June 30, 2021</b>	<b>1,708</b>	<b>749</b>	<b>1,785</b>	<b>1,027</b>	<b>32</b>	<b>2,057</b>	<b>7,358</b>
Cost	2,379	1,323	2,222	1,253	112	2,057	9,346
Accumulated depreciation	(671)	(574)	(437)	(226)	(80)	-	(1,988)
<b>Balance as of December 31, 2019</b>	<b>1,798</b>	<b>613</b>	<b>1,847</b>	<b>1,107</b>	<b>42</b>	<b>753</b>	<b>6,160</b>
Additions	-	-	-	-	-	226	226
Capitalized costs <sup>1</sup>	-	-	-	-	-	(14)	(14)
Disposals	-	-	-	-	-	(7)	(7)
Depreciation	(44)	(25)	(27)	(15)	(4)	-	(115)
Transfers between classes	1	79	-	3	8	(91)	-
Transfers - Other assets	1	7	-	(1)	-	(74)	(67)
<b>Balance as of June 30, 2020</b>	<b>1,756</b>	<b>674</b>	<b>1,820</b>	<b>1,094</b>	<b>46</b>	<b>793</b>	<b>6,183</b>
Cost	2,325	1,193	2,201	1,293	81	793	7,886
Accumulated depreciation	(579)	(520)	(381)	(199)	(24)	-	(1,703)

(<sup>1</sup>) Capitalization of costs related to personnel allocated to construction; financial charges related to loans and financings; addition (reversal) of the provision regarding the dismantling of assets and business units; as well as its respective environmental obligations.

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## 17. INTANGIBLE ASSETS

The intangible variations, by nature, are demonstrated below:

	Consolidated				
	Concession	Software	Others	Assets under development	Total
<b>Amortization rate per year</b>	<b>2.86% - 4.30%</b>	<b>16.67% – 20%</b>	<b>4% - 10%</b>		
<b>Balance as of December 31, 2020</b>	<b>9,366</b>	<b>6</b>	<b>84</b>	<b>5</b>	<b>9,461</b>
Addition by the business combinations (note 15.3)	3,267	8	-	-	3,275
Additions	-	-	35	5	40
Disposals	(36)	-	-	-	(36)
Amortization	(773)	(5)	(6)	-	(784)
Transfers – between intangibles	-	1	3	(4)	-
Transfers – Financial asset <sup>1</sup>	(12)	-	-	-	(12)
Transfers – Contractual asset <sup>2</sup>	611	6	-	-	617
Transfers – others	5	-	5	-	10
<b>Balance as of June 30, 2021</b>	<b>12,428</b>	<b>16</b>	<b>121</b>	<b>6</b>	<b>12,571</b>
Cost	30,670	122	144	6	30,942
Accumulated amortization	(16,102)	(106)	(23)	-	(16,231)
Special obligations	(2,140)	-	-	-	(2,140)
<b>Balance as of December 31, 2019</b>	<b>9,285</b>	<b>6</b>	<b>69</b>	<b>6</b>	<b>9,366</b>
Additions	-	25	-	2	27
Disposals	(30)	-	-	-	(30)
Amortization	(655)	(5)	(3)	-	(663)
Transfers – intangíveis	-	4	(3)	(1)	-
Transfers – Financial asset <sup>1</sup>	(12)	-	-	-	(12)
Transfers – Contractual asset <sup>2</sup>	622	-	-	-	622
Transfers – others	1	-	(1)	(2)	(2)
<b>Balance as of June 30, 2020</b>	<b>9,211</b>	<b>30</b>	<b>62</b>	<b>5</b>	<b>9,308</b>
Cost	22,947	42	75	5	23,069
Accumulated amortization	(11,862)	(12)	(13)	-	(11,887)
Special obligations	(1,874)	-	-	-	(1,874)

(1) Refer to the power distributors' contractual right to receive cash from the users due to the services of construction and improvements of the power distribution systems, upon the entry into operation of the respective assets. On the conclusion of the infrastructure construction, such assets will be classified as an indemnified financial assets or as intangible assets, accordingly with the remuneration arrangements.

(2) Refer to the contractual rights classified as a contractual asset until the conclusion of the performance obligation established in the concession agreement.

On September 09, 2020, it was published the Law nº 14.052, which establishes new conditions of renegotiation regarding the non-hydrological risk, assumed by the titleholders of hydropower plants that take part in the Energy Reallocation Mechanism (MRE) in recent years. The purpose is to compensate the power plant for such risks, whose effects are related to the anticipation of the physical warranty regarding the electric energy undertakings known as structural, as well as the delay of entry into operation of the transmission facilities needed for the outflow of energy generation from these facilities, in addition to the thermal generation outside the order of merit. This Law was regulated by ANEEL through the Normative Resolution nº 895 from December 01, 2020, which established the methodology to calculate the compensations.

The compensation to hydropower generators will occur through an extension of the bestowals' concession period and must be recognized in the books as intangible against the recuperation costs with electric energy.

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Based on the calculation disclosed by CCEE on March 02, 2021, the subsidiaries Itapebi, Baguari and Geração CIII recognized an addition to their intangible in the amount of R\$ 38, which is equivalent to an extension of 393 days on their concession period, whose realization will occur after the homologation from ANEEL and the Consent Term's signature by part of the generator. This amount represents the fair value of the reimbursements that the Company has the right to receive on June 30, 2021, plus a cost of own capital equivalent to 9.63%.

**18. SUPPLIERS AND ACCOUNTS PAYABLE TO CONTRACTORS**

	<u>2021/06/30</u>	<u>Consolidated 2020/12/31</u>
Energy	1,813	1,937
Network usage charges	758	519
Materials and services	1,182	1,846
Liberalized energy	133	126
<b>Total</b>	<b><u>3,886</u></b>	<b><u>4,428</u></b>
Current	3,753	4,300
Non-current	133	128

The Company negotiated with some suppliers to change the due date for new purchases from 45 to 162 days, on average. For these new purchases, there was also a change in the prices, thus indicating an average financial cost of approximately 5.85% p.y.

In this circumstance, some suppliers decided to deduct their receivables from financial institutions before the bills' original due date, without the Company having any obligation or co-obligation. Eventual operations between suppliers and financial institutions, do not change the deadlines, prices and conditions previously established with the suppliers, therefore, the balances are still being classified as Suppliers and accounts payable to contractors in the Statement of Financial Position and the cash flows associated are included in the operational activities cash flow.

On June 30, 2021, the present value of these operations totalled R\$198 (R\$ 557 on December 31, 2020). The interests incurred are recognized as a financial expense in the period's result or as construction costs of the fixed or intangible asset.

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## 19. LOANS, FINANCINGS AND DERIVATIVE FINANCIAL INSTRUMENTS

### 19.1 Net debt

The Company evaluates the net debt to ensure its business continuity in the long run, being able to generate value to its shareholders, through the payment of dividends and capital gain. The net debt is composed as follows:

	Consolidated		Parent Company	
	2021/06/30	2020/12/31	2021/06/30	2020/12/31
Bank loans	7,785	6,839	506	-
Funding agencies	10,940	9,069	738	772
Capital market	12,444	10,472	3,401	1,356
<b>Loans and financings<sup>1</sup></b>	<b>31,169</b>	<b>26,380</b>	<b>4,645</b>	<b>2,128</b>
(+) Derivative financial instruments (note 19.3)	(1,320)	(2,583)	165	94
(-) Cash and cash equivalents (note 11)	(3,952)	(5,060)	(240)	(367)
(-) Securities and marketable securities	(288)	(210)	-	-
<b>Net debt</b>	<b>25,609</b>	<b>18,527</b>	<b>4,570</b>	<b>1,855</b>

(1) In the Company's financial statement presents the loans and financings, net from collateral deposits that are linked to the debts. This is a better representation of these transactions because the only way to settle these exclusive funds is through the amortization of those debts.

### 19.2 Loans and financings

The Company's debts are composed of funds mainly raised through bank loans, funding agencies and the capital market (debentures) and they mostly are denominated in Reais ("R\$") and U.S Dollars ("US\$"). The debts are initially recognized at fair value, which usually reflects the received value, net of transaction costs (direct costs of issuance) and eventual payments. Subsequently, the debts are recognized by the (i) amortized cost; or (ii) fair value through the result.

The Company contracted derivatives to hedge its exposure to cash flow variations from the debts denominated in foreign exchange to itself, thus significantly mitigating the risk of foreign exchange exposure.

#### a) Balance of the contracts by currency and interest rate type

	Consolidated		Parent Company	
	2021/06/30	2020/12/31	2021/06/30	2020/12/31
<b>Denominated in R\$</b>	<b>23,104</b>	<b>18,511</b>	<b>3,950</b>	<b>1,399</b>
Floating interest rates	22,638	18,011	3,950	1,399
Fixed interest rates	466	500	-	-
<b>Denominated in US\$</b>	<b>6,530</b>	<b>6,902</b>	<b>743</b>	<b>772</b>
Floating interest rates	1,201	1,542	-	-
Fixed interest rates	5,329	5,360	743	772
<b>Denominated in other currencies</b>	<b>1,792</b>	<b>1,209</b>	<b>-</b>	<b>-</b>
Fixed interest rates	1,792	1,209	-	-
	<b>31,426</b>	<b>26,622</b>	<b>4,693</b>	<b>2,171</b>
(-) Collateral deposits	(102)	(102)	-	-
(-) Borrowing costs	(155)	(140)	(48)	(43)
	<b>31,169</b>	<b>26,380</b>	<b>4,645</b>	<b>2,128</b>
Current liabilities	4,138	3,936	517	29
Non-current liabilities	27,031	22,444	4,128	2,099

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On June 30, 2021, the debts' average cost in percentage are as follows:

	Consolidated		Parent Company	
	2021/06/30	2020/12/31	2021/06/30	2020/12/31
Average cost in % of CDI <sup>2</sup>	240.5%	172.4%	354.8%	332.0%
Average cost in fixed interest rate	5.7%	4.7%	8.4%	9.0%
Debt balance	31,169	26,380	4,645	2,128
Derivative financial instruments	(1,320)	(2,583)	165	94
<b>Total debt, net of derivatives</b>	<b>29,849</b>	<b>23,797</b>	<b>4,810</b>	<b>2,222</b>

(2) The rate considers the debt's average balance of 13 months and the result of the accumulated debt and average CDI from the last 12 months.

### b) Loans and financings amortization schedule

The future payment flow of the debt's principal and interest are demonstrated below:

	Principal <sup>3</sup>	Interest <sup>3</sup>	Derivative financial instruments	Consolidated Total
2021	1,074	622	(110)	1,586
2022	7,395	1,492	(244)	8,643
2023	4,287	1,221	78	5,586
2024	5,832	933	(511)	6,254
2025	4,562	682	(574)	4,670
Between 2026 and 2030	7,420	1,720	(626)	8,514
Between 2031 and 2035	2,490	760	(300)	2,950
2036 onwards	1,700	371	-	2,071
<b>Total</b>	<b>34,760</b>	<b>7,801</b>	<b>(2,287)</b>	<b>40,274</b>

(3) The estimated future payment flow, including the principal and interest is calculated based on the interest rate curves (pre and post rates) and exchange rate in effect on June 30, 2021 and considering that all amortizations and payments upon maturity of the loans and financings will be made in the contracted deadlines. The amount include estimated future payment of charges to incur (still not provisioned) and the incurred charges that are already recognized in the financial statements.

### c) Debt reconciliation with the cash flow and other movements

	Consolidated		Parent Company	
	6 months ended on		6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
<b>Balance at the beginning of the period</b>	<b>26,380</b>	<b>22,664</b>	<b>2,128</b>	-
Addition by business combination (note 15.3)	224	-	-	-
<b>Cash transactions:</b>				
Proceeds	7,598	2,753	2,500	-
Principal's amortization	(2,894)	(993)	-	(49)
Borrowing costs	(34)	(34)	(9)	-
Charges paid	(558)	(532)	(81)	-
Collateral deposits (redemption), net	-	17	-	-
<b>Non-cash transactions:</b>				
Charges incurred	957	583	135	36
Foreign exchange rate variation	(467)	2,725	(28)	-
Fair value adjustments	(37)	13	-	-
<b>Balance at the end of the period</b>	<b>31,169</b>	<b>27,196</b>	<b>4,645</b>	<b>(13)</b>

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In the period of six months ended on June 30, 2021, the Group raised R\$ 7,598 millions, as follows: (i) R\$ 3,173 millions through bank loans and financings in foreign currency, along with the contracting of foreign exchange swaps; (ii) R\$ 2,700 millions through debenture issuances; and (iii) R\$ 1,725 millions through financings with national funding banks, among them, BNDES, BASA and BNB.

**d) Credit lines**

Type	Currency	Fundraising deadline	Total amount	Consolidated
				Used amount
Financings	R\$	2023/09/15	9,825	4,476
Financings	US\$	2021/07/23	794	-
Financings	€	2022/12/03	<b>1,672</b>	<b>836</b>
			<b>12,291</b>	<b>5,312</b>

**e) Restrictive financial conditions (Covenants)**

Some of the Company's debts contain *covenants* conditions. The Company's main *covenants* indicate the obligation to maintain certain ratios, such as the debt on EBITDA and EBITDA on financial result ratios.

The Company did not identify any event of non-conformity on June 30, 2021 and December 31, 2020.

**19.3 Derivative financial instruments**

The Company is exposed to several risks due to its operations, including risks related to exchange rates, interest rates and price indexes. As a part of its strategy to manage these risks, the Company uses swaps, fixed-term contracts, options and other derivatives for economic and financial protection.

**a) Derivative assets (liabilities) presented in the statement of financial position**

	Consolidated		Parent Company	
	2021/06/30	2020/12/31	2021/06/30	2020/12/31
<b>Loans and financings hedging instruments:</b>				
Foreign exchange rate variation risk (NDF, Options and other derivatives)	(7)	(3)	(4)	(4)
Currency swap – US\$ vs R\$	1,188	2,027	(135)	(85)
Currency swap – Other currencies vs R\$	109	321	-	-
Interest rate swap – R\$	187	201	-	-
<b>Other transactions hedging instruments:</b>				
Foreign exchange rate variation risk – Goods and services	(144)	49	(13)	7
Price risk of own shares (NEOE3)	(13)	(12)	(13)	(12)
<b>Net exposure</b>	<b>1,320</b>	<b>2,583</b>	<b>(165)</b>	<b>(94)</b>
Current assets	420	722	-	12
Non-current assets	1,445	1,998	-	-
Current liabilities	(174)	(14)	(19)	(3)
Non-current liabilities	(371)	(123)	(145)	(103)

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The Company has derivative financial instruments contracted for protection that are designated for hedge accounting, as demonstrated below:

	Consolidated		Parent Company	
	2021/06/30	2020/12/31	2021/06/30	2020/12/31
<b>Derivatives not designated as for hedge accounting</b>				
Loans and financings hedging	52	70	-	-
Other transactions hedging	(48)	(12)	(13)	12
<b>Derivatives designated as for hedge accounting – cash flow</b>				
Loans and financings hedging	671	1,560	(139)	(89)
Other transactions hedging	(111)	49	(13)	7
<b>Derivatives designated as for hedge accounting – fair value</b>				
Loans and financings hedging	754	916	-	-
	<b>1,318</b>	<b>2,583</b>	<b>(165)</b>	<b>(70)</b>

**b) Effects of the derivative financial instruments in the result, cash flow and other comprehensive results**

	2021/06/30			Consolidated 2020/06/30		
	Loans and financings hedging	Other operations hedging	Total	Loans and financings hedging	Other operations hedging	Total
<b>Initial balance</b>	<b>2,546</b>	<b>37</b>	<b>2,583</b>	<b>1,338</b>	<b>(20)</b>	<b>1,318</b>
Gain (loss) recognized in profit or loss	(469)	47	(422)	2,806	40	2,846
Gain (loss) recognized as capex	-	1	1	-	34	34
Financial settlement inflow (outflow)	(482)	(51)	(533)	(295)	(74)	(369)
Gain (loss) recognized in other comprehensive income (loss)	(117)	(192)	(309)	105	379	484
<b>Final balance</b>	<b>1,478</b>	<b>(158)</b>	<b>1,320</b>	<b>3,954</b>	<b>359</b>	<b>4,313</b>
<b>Gain (loss) recognized in profit or loss</b>						
Cost of operations	-	40	40	-	37	37
Financial result, net	(462)	6	(456)	2,805	3	2,808

	2021/06/30			Parent Company 2020/06/30		
	Loans and financings hedging	Other operations hedging	Total	Loans and financings hedging	Other operations hedging	Total
<b>Initial balance</b>	<b>(89)</b>	<b>(5)</b>	<b>(94)</b>	-	-	-
Gain (loss) recognized in profit or loss	(35)	12	(23)	-	-	-
Financial settlement inflow (outflow)	4	(11)	(7)	-	-	-
Gain (loss) recognized in other comprehensive income (loss)	(18)	(23)	(41)	-	9	9
<b>Final balance</b>	<b>(138)</b>	<b>(27)</b>	<b>(165)</b>	<b>-</b>	<b>9</b>	<b>9</b>
<b>Gain (loss) recognized in profit or loss</b>						
Costs of operations	-	14	14	-	-	-
Financial result, net	(35)	(1)	(36)	-	-	-

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## 20. PROVISIONS AND JUDICIAL DEPOSITS

	<u>2021/06/30</u>	<u>Consolidated 2020/12/31</u>
Provision for judicial lawsuits (note 20.1.a)	1,442	1,189
Provision for environmental obligations	115	115
Provision for asset dismantling obligations	42	40
Provision for reimbursement	122	83
	<u>1,721</u>	<u>1,427</u>
Current liabilities	255	221
Non-current liabilities	1,466	1,206

### 20.1 Provisions for judicial lawsuits, contingent liabilities and judicial deposits

#### a) Provision for judicial lawsuits

The Company is a party involved in civil, labor, tax and other ongoing lawsuits in the administrative and judicial levels. Provisions for losses arising from these lawsuits are estimated and updated by the Company, supported by the opinions of its legal advisors.

Provisions for losses on lawsuits are as follows:

	<u>Civil</u>	<u>Labor</u>	<u>Tax</u>	<u>Regulatory</u>	<u>Consolidated Total</u>
<b>Balance as of December 31, 2020</b>	<b>623</b>	<b>405</b>	<b>149</b>	<b>12</b>	<b>1.189</b>
Business combination (Note 15.3)	23	58	31	87	199
Additions and reversals, net	81	17	1	-	99
Payments	(75)	(37)	(38)	(2)	(152)
Monetary variation	67	37	-	3	107
<b>Balance as of June 30, 2021</b>	<b>719</b>	<b>480</b>	<b>143</b>	<b>100</b>	<b>1.442</b>
<b>Balance as of December 31, 2019</b>	<b>514</b>	<b>403</b>	<b>137</b>	<b>13</b>	<b>1.067</b>
Additions and reversals, net	72	17	4	3	96
Payments	(82)	(38)	(5)	(1)	(126)
Monetary variation	48	26	15	-	89
<b>Balance as of June 30, 2020</b>	<b>552</b>	<b>408</b>	<b>151</b>	<b>15</b>	<b>1.126</b>

Among the relevant lawsuits whose risk of loss is considered as probable, the Company highlight:

(i) Civil lawsuits: From the total of R\$ 573 (R\$ 623 on December 31, 2020) ) provisioned, we highlight:

- Civil lawsuits where indemnities for moral and material damage, among others, from incidents that occurred during the usual course of business, amounting to R\$ 305 (R\$ 159 as of December 31, 2020).
- The Company is a party involved in civil lawsuits in the administrative and judicial levels, regarding landholding indemnity lawsuits, arising from discrepancies between the Company's evaluation value and the one claimed by the property owner. The provisions for losses arising from these lawsuits are estimated and refreshed by the Company, supported by the opinion of its legal advisors, of R\$ 45 (R\$ 43 on December 31, 2020).
- Land expropriation, in the amount of R\$ 46 (R\$ 20 on December 31, 2020)

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(ii) Labor claims: Total of R\$ 403 (R\$ 405 on December 31, 2020) provisioned, the following stand out:

- Collective action filed by the Electricians Union of Rio Grande do Norte, for the implementation of the Career and Salary Positions Plan, thus claiming the promotions for merit and seniority with all the legal consequences. Part of the court decision was upheld, and the process is in the sentence settlement stage. The amount provisioned in the amount of R\$ 90 (R\$ 80 on December 31, 2020), corresponds to the probable estimate of resources to settle this discussion.
- Lawsuits filed by employees and former employees against the Company, involving the charges of overtime hours, additional pay for dangerousness, salary equalization/reframing, discussion about the career and salary positions plan and others, whose provisioned value is R\$ 207 (R\$ 211 on December 31, 2020);
- Lawsuits filed by former employees from contractors (joint and/or subsidiary responsibility) involving the charge of indemnifying installments and others, where the estimated amount is R\$ 100 (R\$ 101 on December 31, 2020).

(iii) Tax proceedings: From the total of R\$ 72 (R\$ 149 on December 31, 2020) provisioned, the following stand out:

- Tax execution due to an infraction notice related to the alleged undue ICMS credit from the period between January 2004 to November 2007, which is pending decision in the Superior Courts. The provisioned amount is R\$15 (Action received in 2020);
- Tax execution of ISS calculated from the AI 15/2011, CDA 01/2012, of R\$ 9, due to the implementation of the wind farm rn 15 from 01/2006 to 04/2008.

**b) Contingent liabilities**

Contingent liabilities correspond to nonrecognized lawsuits since they are current obligations whose outflow of resources is not probable or which it is not possible to make an estimation that is sufficiently reliable for the obligation value, based on the legal opinions. The contingent liabilities are demonstrated below:

	<b>Consolidated</b>	
	<b>2021/06/30</b>	<b>2020/12/31</b>
Civi lawsuits (i)	2,333	2,241
Labor lawsuits (ii)	723	645
Tax lawsuits (iii)	3,303	2,643
Regulatory lawsuits (iv)	292	202
	<b>6,651</b>	<b>5,731</b>

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The relevant lawsuits whose probability of loss was considered as possible are presented below:

(i) Civil lawsuits: Refers to actions of a commercial and indemnity nature, brought by individuals and legal entities, involving repetition of undue damages, material damages, pain and suffering, among others, whose highlights are discussed below:

- Action proposed by the Federal Public Ministry in 2017 questioning the collection of home insurance by Elektro and offered to its consumers together with the electricity bill. In 2020, the lower court judged the illegitimacy of ANEEL and the Union to be part of the lawsuit and declared the Federal Court's absolute incompetence to judge the deed. Thus, it determined the transfer of the records to the State Justice for processing the action. Elektro filed declaratory embargoes on such a decision in order to obtain also the declaration of MPF's active illegitimacy for the filing of the lawsuit (sole plaintiff), which would lead to the extinction of the fact. The estimated amount of the claim is R\$ 187 (R\$ 177 on December 31, 2020).
- Writ of mandamus seeking to recognize the illegality of the act that annulled Dispatch SFF / ANEEL No. 2517 of August 26, 2010, which provides for a settlement of free energy between generators and electricity distributors, in the estimated amount of R\$ 87 (R\$ 81 on December 31, 2020).
- Ordinary action to annul ANEEL Normative Resolution No. 387, of 12/15/2009 and Dispatch SFF / ANEEL No. 2,517 of 8/26/2010, which provides for a settlement of free energy between generators and electricity distributors. Values estimated at R\$ 63 (R\$ 58 on December 31, 2020).
- Indemnity action filed by Jaguaripe Agro Industrial S / A, against Coelba due to a power cut at its facilities without prior notice, in the estimated amount of R\$57 (R\$ 53 on December 31, 2020).

Indemnity actions filed by third parties due to accidents (Electroplession) with the electric network at Celpe. Non-compliance by the population / consumer with safety rules and distances, as well as wire breakage, due to natural phenomena or technical failures, with an estimated value of R\$ 72 (R\$ 62 on December 31, 2020).

- Itapebi is a defendant in several civil lawsuits related to indemnity lawsuits filed by residents of Salto da Divisa claiming damage to their properties after the implantation of the Itapebi HPP, with an estimated total of R\$ 201 on June 30, 2021 (R\$ 192 on December 31, 2020).
- Lawsuits over the payment regarding the real estate expropriation and bondages originating from divergencies between the evaluation value and the value claimed by the landlord, which makes up the estimated amount of R\$ 29 (R\$ 25 on December 31, 2020);

The amounts were adjusted for inflation based on the INPC variation, plus interest of 1% p. m.

(ii) Labor lawsuits: They refer to lawsuits filed by employees and former employees against the subsidiaries, involving the collection of overtime, dangerous premiums, wage parity / reframing, discussion of the job and salary plan and others, as well as actions filed by ex - employees of contractors (subsidiary and / or joint liability) involving the collection of indemnity and other installments. The amounts were restated based on the variation of the Reference Rate (TR), the index for updating labor claims plus interest of 1% p.m.

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- Lawsuits filed by employees and former employees against the Company, involving the charges of overtime hours, additional pay for dangerousness, salary equalization/reframing, discussion about the career and salary positions plan and others, whose provisioned value is R\$ 101 (R\$ 234 on December 31, 2020); and
- Lawsuits filed by former employees from contractors (joint and/or subsidiary responsibility) involving the charge of indemnifying installments and others, where the estimated amount is de R\$ 35 (R\$ 17 on December 31, 2020).

(iii) Tax proceedings: Refer to tributary suits and impugnation of charges, subpoenas and tax assessment notices related to several taxes, such as ICMS, ISS, CPMF, IPTU, PIS/COFINS, among others, whose highlights are presented below:

- Tax assessment notices related to ICMS credit whose bookkeeping in the “Credit Control of ICMS regarding the permanent asset” (CIAP) was allegedly in disagreement with the revised rules in the tax legislation, estimated in R\$ 343 (R\$ 342 on December 31, 2020);
- Tax assessment notices related to ICMS credit on assets destined to the Company’s fixed assets and fuels used in the operating fleet, estimated at R\$ 279 (R\$ 278 on December 31, 2020);
- Tax assessment related to reversals of ICMS debts (Agreement 30) related to the re-invoicing of electricity bills, estimated a R\$ 425 (R\$129 on December 31, 2020);
- Tax assessment for alleged use of ICMS in the acquisition of fixed assets, from micro-company suppliers, duplicate credits and in the acquisitions of purchases with future delivery, estimated at R\$ 280 (R\$ 279 on December 31, 2020);
- Tax assessment notices related to social contributions (INSS) on amounts paid under PLR, private pension, medical assistance, Workers' Food Program - PAT as well as amounts paid as labor assignments, estimated at R\$ 92 (R\$ 92 on December 31, 2020).
- Posting tax notification issued by the city of Salvador, to promote the billing of COSIP (Contribution to fund the street lighting service) from the period of 01/2018 to 12/2019, due to allegedly differences of charges under the contribution’s original value, in the estimated amount of R\$ 67(lawsuit received in 2020).
- Tax infraction notice in which there is a discussion about the incidence of withholding income tax in the amount of R\$ 355 (lawsuit received in 2021), due to operation to incorporate the Elektro Holding by Neoenergia in August 2017.

The values were monetarily adjusted by the variation of the SELIC rate.

(iv) Regulatory lawsuits: Refer to lawsuits against the Group's distribution operators, whose objects are related to procedures for, individual and collective, service technical continuity ratios calculation, commercial matters, the corresponding financial compensation and recovery of global ratios, matters related to the collection or legality of tariff elements or items and issues related to the legality of administrative lawsuits started by ANEEL.

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**c) Judicial deposits**

Judicial deposits are presented according to the nature of the corresponding lawsuits, whether recognized or not.

	<b>2021/06/30</b>	<b>Consolidated 2020/12/31</b>
Civil lawsuits	415	391
Labor lawsuits	362	369
Tax lawsuits	226	237
Other lawsuits	32	11
	<b>1,035</b>	<b>1,008</b>

**21. OTHER LIABILITIES**

	<b>2021/06/30</b>	<b>Consolidated 2020/12/31</b>
Collateral deposits <sup>1</sup>	649	666
Shares purchase obligation with - PREVI <sup>2</sup>	209	209
Returns to consumers	181	162
Contribution for Public Lighting Service Funding - COSIP	100	66
Use of public good - UBP	73	67
Others	319	264
<b>Total</b>	<b>1,531</b>	<b>1,434</b>
Current liabilities	1,326	1,181
Non-current liabilities	205	253

(1) Collateral deposits are constituted in cash to ensure the contracts' fulfilment in both, operational clauses and compulsory payment of charges regarding the employees from the companies providing services.

(2) Accordingly to the Company's Shareholders Agreement, in March 2021, the Company has sent to Previ a firm proposal for the acquisition of its minority interests in Coelba, Cosern and Afluente T.

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**22. WAGES, EMPLOYEE BENEFITS AND CHARGES PAYABLE**

As a part of its remuneration strategy, the Company grants its employees short and long-term benefits, besides the salaries, vacations and other legal benefits, as well as the respective labor charges applicable to these benefits.

The short-term benefits include (i) Profit Sharing Program (PSP); (ii) medical and dental assistance plans; and (iii) other usual market benefits.

The post-employment long-term benefits include (i) complementary pension plan (“Pension plan – Defined benefit”); (ii) complementary pension plan (“Pension plan – Defined contribution”) and (iii) post-employment health plan.

The values recognized in the financial statement are demonstrated below:

	<b>Consolidated</b>	
	<b>2021/06/30</b>	<b>2020/12/31</b>
Salaries, vacations and 13th salary and charges payable	356	409
Short-term benefits	89	115
Long-term benefits – Post-employment (1)	1,273	975
	<b>1,718</b>	<b>1,499</b>
Non-current assets (2)	(36)	(35)
Current liabilities	457	525
Non-current liabilities	1,297	1,009

(1) In June 2021, the subsidiary Elektro Networks found out an actuarial loss due to the experience adjustment in the value of R\$ 191, significantly occasioned by the readjustment of 14% in the assisted participants' benefits and actual benefit salary (salary used as an estimate of future benefit) that is used the IGP-DI variation as the basis.

(2) The presentation of the post-employment benefit balance is allocated in the following heading “Other non-current assets.”

**23. SHAREHOLDERS' EQUITY**
**23.1 Share capital**

The share capital is fully represented by common shares (“ON”), all without par value. The Board of Directors can, regardless of statutory reform, deliberate the issuance of new shares (authorized capital), including through the capitalization of profits and reserves until the authorized limit.

In June 30, 2021 and December 31, 2020 the share capital is of R\$ 12,920 corresponding to 1,273,797,248 registered shares, fully subscribed, paid-up and without par value.

	<b>Shareholders</b>		
	<b>ON</b>	<b>ON %</b>	<b>R\$</b>
Iberdrola Energia S A. (“Iberdrola”)	606,898,625	50.00%	6,460
Iberdrola S.A.	12,618,700	1.04%	134
Previ-Caixa de Prev. dos Func. do Banco do Brasil (“Previ”)	367,647,583	30.29%	3,913
Other shareholders – Free float	533,190	0.04%	5
Advisors and directors	226,098,750	18.63%	2,407
<b>Total outstanding shares</b>	<b>400</b>	<b>-</b>	<b>-</b>
Iberdrola Energia S A. (“Iberdrola”)	<b>1,213,797,248</b>	<b>100%</b>	<b>12,920</b>

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## 23.2 Profits per share and shareholders' remuneration

### a) Profits per share

The values of the basic and diluted profit per share are demonstrated below:

	Attributed to shareholders of Neoenergia S/A			
	3 months ended on		6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
Net income for the period	1,045	435	2,084	1,033
Weighted average of the number of the outstanding shares number	1,214	1,214	1,214	1,214
<b>Basic net income and diluted per share</b>	<b>0,86</b>	<b>0,36</b>	<b>1,72</b>	<b>0,85</b>

	Attributed to shareholders of Neoenergia S/A Controladora			
	3 months ended on		6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
Net income for the period	996	423	1,997	995
Weighted average of the number of the outstanding shares number	1,214	1,214	1,214	1,214
<b>Basic net income and diluted per share</b>	<b>0,82</b>	<b>0,35</b>	<b>1,65</b>	<b>0,82</b>

### b) Shareholders' remuneration

In June 2021, the Board of Directors approved a shareholders' anticipated remuneration of R\$ 171 regarding the period of 2021, in the form of interest on own capital, to be paid by the Company until December 31, 2021.

## 24. RELATED PARTIES' TRANSACTIONS

The Company's related parties are subsidiaries, *joint ventures*, associates, shareholders and its related entities and the Company's key staff from the management.

The main commercial transactions with related parties recognized as accounts receivable and/or accounts payable and its respective revenues and/or costs/expenses are related to (i) power purchase and sale agreements; (ii) energy distribution and transmission system usage agreements; (iii) operation and maintenance service provision; (iv) administrative service contracts.

The transactions with pension funds responsible for the management of short and long-term benefits given to the Company's employees are classified as "Shareholders and Others" in this explanatory note.

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The information regarding transactions with related parties and their effects in the Company's consolidated financial statement are demonstrated below:

**24.1 Open balance with related parties**

	2021/06/30				Consolidated 2020/12/31			
	Joint ventures	Associated	Shareholders and others	Total	Joint ventures	Associated	Shareholders and others	Total
<b>Assets</b>								
Accounts receivable and others	-	1	-	1	-	1	-	1
Dividends and interest on own capital receivable	-	-	-	-	15	1	-	16
Other assets	-	-	18	18	-	-	21	21
	<u>-</u>	<u>1</u>	<u>18</u>	<u>19</u>	<u>15</u>	<u>2</u>	<u>21</u>	<u>38</u>
<b>Liabilities</b>								
Suppliers and accounts payable	40	90	41	171	40	103	106	249
Employee benefits	-	-	52	52	-	-	60	60
Dividends and interest on own capital payable	-	-	435	435	-	-	476	476
Other liabilities	-	-	211	211	-	-	216	216
	<u>40</u>	<u>90</u>	<u>739</u>	<u>869</u>	<u>40</u>	<u>103</u>	<u>858</u>	<u>1,001</u>
	2021/06/30				Parent Company 2020/12/31			
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associates	Shareholders and others	Total
<b>Assets</b>								
Dividends and interest on own capital receivable	1,899	-	-	1,899	669	15	-	684
Other assets	395	-	-	395	77	-	-	77
	<u>2,294</u>	<u>-</u>	<u>-</u>	<u>2,294</u>	<u>746</u>	<u>15</u>	<u>-</u>	<u>761</u>
<b>Liabilities</b>								
Suppliers and accounts payable	-	-	40	40	-	-	104	104
Dividends and interest on own capital payable	-	-	355	355	-	-	442	442
Other liabilities <sup>1</sup>	254	-	209	463	11	-	209	220
	<u>254</u>	<u>-</u>	<u>604</u>	<u>858</u>	<u>11</u>	<u>-</u>	<u>755</u>	<u>766</u>

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## 24.2 Related parties' transactions

	2021/06/30				Consolidated 2020/06/30			
	Joint ventures	Associated	Shareholders and others	Total	Joint ventures	Associated	Shareholders and others	Total
Period result								
Operational revenue, net	6	-	-	6	-	6	-	6
Service costs	(215)	(459)	(37)	(711)	(442)	(200)	(36)	(678)
Standard and administrative expenses	-	-	(59)	(59)	-	-	(33)	(33)
Net financial result	-	-	(4)	(4)	-	-	(3)	(3)
	<b>(209)</b>	<b>(459)</b>	<b>(100)</b>	<b>(768)</b>	<b>(442)</b>	<b>(194)</b>	<b>(72)</b>	<b>(708)</b>
	2021/06/30				Parent Company 2020/06/30			
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associates	Shareholders and others	Total
Period result								
Operational revenue, net	2	-	-	2	2	-	-	2
Standard and administrative expenses	-	-	(40)	(40)	-	-	(45)	(45)
Net financial result	83	-	-	83	76	-	-	76
	<b>85</b>	<b>-</b>	<b>(40)</b>	<b>45</b>	<b>78</b>	<b>-</b>	<b>(45)</b>	<b>33</b>

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### 24.3 Key-management personnel compensation

The employees' remunerations, including those occupying executive positions and member of the Company's Board of Directors recognized in the statement of income under the competence regime, are demonstrated below:

	3 months ended on		Consolidated 6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
	Wages and recurring benefits	10	10	20
Other short-term benefits	4	3	8	8
Long-term benefits	4	2	10	8
Contract terminations	1	-	1	-
	<b>19</b>	<b>15</b>	<b>39</b>	<b>33</b>

	3 months ended on		Parent Company 6 months ended on	
	2021/06/30	2020/06/30	2021/06/30	2020/06/30
	Wages and recurring benefits	8	7	14
Other short-term benefits	4	2	6	4
Long-term benefits	3	2	9	6
	<b>15</b>	<b>11</b>	<b>29</b>	<b>22</b>

### 24.4 Provided financial guarantees

The guarantees offered by the Company are based on contractual terms that support the financial operations between the *joint ventures*/subsidiaries and third parties, ensuring the assumption of the obligation's fulfillment, in case of the original debtor does not comply with the established financial commitments.

In June 30, 2021, the total financial guarantees granted by the Company to particular *joint ventures* and subsidiaries totalled R\$ 4,405.

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## 25. CLASSIFICATION AND ESTIMATIONS OF THE FAIR VALUES FROM FINANCIAL INSTRUMENTS

### 25.1 Financial instruments classification and measurement

The Company classifies its financial instruments accordingly with its business model and purpose for which they were acquired. The financial instruments are classified and measured as follows:

	2021/06/30			Consolidated 2020/12/31		
	AC	FVTOCI	FVTP&L	AC	FVTOCI	FVTP&L
<b>Financial assets</b>						
Cash and cash equivalents	1,293	-	2,659	1,825	-	3,235
Securities and marketable securities	195	-	93	116	-	94
Trade and other receivables	8,802	-	-	7,800	-	-
Derivative financial instruments	-	1,058	807	-	1,757	963
Sectoral financial assets (Portion A and others)	468	-	-	92	-	-
Public service concession (financial asset)	-	-	16,168	-	-	14,403
Other Financial assets	1	-	-	-	-	-
	<b>10,759</b>	<b>1,058</b>	<b>19,727</b>	<b>9,833</b>	<b>1,757</b>	<b>18,695</b>
<b>Financial liabilities</b>						
Suppliers and accounts payable to contractors	3,886	-	-	4,428	-	-
Loans and financings	29,022	-	2,147	23,973	-	2,407
Sectoral financial liabilities (Portion A and others)	304	-	-	665	-	-
Derivative financial instruments	-	532	13	-	126	11
Lease obligations	100	-	-	95	-	-
Use of public good	-	-	-	67	-	-
Other financial liabilities	298	-	-	6	-	-
	<b>33,610</b>	<b>532</b>	<b>2,160</b>	<b>29,234</b>	<b>126</b>	<b>2,418</b>

AC– Amortized cost

FVTOCI– Fair value through other comprehensive income

FVTP&L– Fair value through profit and loss

### 25.2 Fair value estimates

For the measurement and determination of the fair value, the Company uses several methods including approaches based on the following: market, result or cost, to estimate the values that the market participants would use to price the asset or liability. The financial assets and liabilities booked at fair value are classified and disclosed accordingly with the following levels:

**Level 1** – Prices quoted (non-adjusted) on active, liquid and visible markets for identical assets liabilities that are accessible in the measurement date

**Level 2** – Prices quoted (can be adjusted or not) for similar assets or liabilities on active markets; and

**Level 3** – Assets and liabilities whose prices do not exist or that these prices or evaluation techniques are supported by a small or nonexistent, non-observable, or illiquid market.

The impact analysis in case of the results are different from the Administration's estimation is presented in note 25.7 (sensitivity analysis).

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### 25.3 Financial instruments recognized by the fair value (“FVTP&L” or “FVTOCI”)

The measurement level of the financial assets and liabilities recognized by the fair value is demonstrated as follows:

	2021/06/30			Consolidated 2020/12/31		
	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>Financial assets</b>						
Cash and cash equivalents	2,659	-	2,659	3,235	-	3,235
Securities and marketable securities	93	-	93	94	-	94
Derivative financial instruments	1,865	-	1,865	2,720	-	2,720
Public sService concession (financial asset)	1	16,167	16,168	-	14,403	14,403
	<b>4,618</b>	<b>16,167</b>	<b>20,785</b>	<b>6,049</b>	<b>14,403</b>	<b>20,452</b>
<b>Financial liabilities</b>						
Loans and financings	2,147	-	2,147	2,407	-	2,407
Derivative financial instruments	545	-	545	137	-	137
	<b>2,692</b>	<b>-</b>	<b>2,692</b>	<b>2,544</b>	<b>-</b>	<b>2,544</b>

There was no transference of financial instruments between the measurement levels at fair value.

The gains and losses recognized in the result on the six months ended on June 30, 2021 and 2020, related to the financial assets and liabilities measured through level 3 techniques, were R\$ 661 and R\$ 14, respectively. The other transfers for these assets and liabilities are disclosed in note 14.1.

### 25.4 Financial instruments recognized by the amortized cost (“AC”)

Financial instruments measured by the amortized cost, due to the long-term cycle for accomplishment, can have their fair value to be different from the book balance. The fair values of the financial assets and liabilities recognized by the amortized cost are demonstrated below.

	2021/06/30			Consolidated 2020/12/31		
	Book balance	Fair value estimate - Level 1	Fair value estimate - Level 2	Book balance	Fair value estimate - Level 1	Fair value estimate - Level 2
Loans and financings	29,022	-	29,158	23,973	-	24,207

Due to the short-term cycle, it is assumed that the fair values of the balances regarding cash and cash equivalents, securities and marketable securities, trade accounts receivables. Accounts payable to suppliers and sectoral financial assets and liabilities are equal to the amount measured at amortized cost (book balance).

### 25.5 Methods and evaluation techniques

The methods and evaluation techniques are the same as the ones disclosed in the statements of financial position that ended on December 31, 2020.

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**25.6 Complementary information about the derivative instruments**

The Company has derivative financial instruments with the goal of economic and financial protection against the risk of changes in the foreign and interest rates. The main used instruments are *swaps*, *Non-Deliverable Forwards* (NDF) and options.

All derivative operations from the Company's *hedge* programs are detailed in the following charts, which include information about the instrument type, reference value, due date, fair value including the credit risk and receivables or payables.

To evaluate the economic relation between the hedged item and the hedging instrument, the Company adopts the methodology of the prospective effectiveness test through the critical terms of the objects and contracted derivatives, to conclude if there is the expectation that changes in cash flow from the hedged object and the hedging instrument can be mutually compensated.

In June 30, 2021 there was no deposited margin value in regards to positions with derivative financial instruments.

**Hedging program of loans and financings in U.S Dollars**

For economic and financial protection, the Group contracts *swap* operations to convert the debts and loans denominated in US\$ to R\$. In these *swaps*, the Group takes a payable position in R\$ tied to the CDI and a receivable position in US\$ tied to fixed or floating interest rates (Libor).

The programs below are classified accordingly with *hedge* accounting conditions measured at fair value through profit and loss:

<b>Swap US\$ float vs R\$ float</b>	<b>Reference value</b>		<b>Due date (Year)</b>	<b>Fair value</b>		<b>Cumulative effect Amount receivable / received or payable/ paid</b>
	<b>2021/06/30</b>	<b>2020/12/3 1</b>		<b>2021/06/30</b>	<b>2020/12/3 1</b>	
Company						
Asset	US\$ 174	US\$ 182	2021 - 2029	884	952	(68)
Liability	R\$ 560	R\$ 583		(544)	(570)	26
<b>Net exposure</b>				<b>340</b>	<b>382</b>	<b>(42)</b>
						<b>Cumulative effect Amount receivable / received or payable/ paid</b>
<b>Swap US\$ fixed vs R\$ float</b>	<b>Reference value</b>		<b>Due date (Year)</b>	<b>Fair value</b>		<b>2021/06/30</b>
	<b>2021/06/30</b>	<b>2020/12/3 1</b>		<b>2021/06/30</b>	<b>2020/12/3 1</b>	
Company						
Asset	US\$ 105	US\$ 137	2021 - 2027	549	748	(199)
Liability	R\$ 273	R\$ 373		(269)	(370)	(101)
<b>Net exposure</b>				<b>280</b>	<b>378</b>	<b>(98)</b>

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The programs below are classified accordingly with hedge accounting conditions measured at fair value through the cash flow:

	Reference value		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid  2021/06/30
	2021/06/30	2020/12/31		2021/06/30	2020/12/31	
	Swap US\$ float vs R\$ float					
Company						
Asset	US\$ 64	US\$ 114	2021 - 2030	324	594	(270)
Liability	R\$ 205	R\$ 367		(209)	(369)	160
<b>Net exposure</b>				<b>115</b>	<b>225</b>	<b>(110)</b>

	Reference value		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid  2021/06/30
	2021/06/30	2020/12/31		2021/06/30	2020/12/31	
	Swap US\$ fixed vs R\$ float					
Company						
Asset	US\$ 957	US\$ 889	2021 - 2035	4,936	4,831	105
Liability	R\$ 4,355	R\$ 3,698		(4,486)	(3,790)	(696)
<b>Net exposure</b>				<b>450</b>	<b>1,041</b>	<b>(591)</b>

**Hedging program of loans and financings in Euro**

For economic and financial protection, the Company contracts *swap* operations to convert the debts and loans denominated in EUR to R\$. In these *swaps*, the Group takes a payable position in R\$ tied to the CDI and a receivable position in EUR tied to fixed or floating interest rates (Euribor).

The programs below are designated for *hedge* accounting and classified as cash flow *hedge*, and therefore measured at fair value through other comprehensive results:

	Reference value		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid  2021/06/30
	2021/06/30	2020/12/31		2021/06/30	2020/12/31	
	Swap EUR \$ fixed vs R\$ float					
Company						
Asset	€ 159	€ 159	2022 - 2024	961	1,042	(81)
Liability	R\$ 705	R\$ 703		(714)	(710)	(4)
<b>Net exposure</b>				<b>247</b>	<b>332</b>	<b>(85)</b>

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**Hedging program of loans and financings in Reais indexed to the IPCA**

For economic and financial protection, the Company can contract *swap* operations to convert the debts and loans in R\$ indexed to the IPCA to CDI. In these *swaps*, the Group takes a payable position in CDI and a receivable position in IPCA.

The programs below are designated for *hedge* accounting and measured at fair value through the result:

<b>Swap IPCA vs CDI</b>	<b>Reference value</b>		<b>Due date (Year)</b>	<b>Fair value</b>		<b>Cumulative effect Amount receivable / received or payable/ paid</b>
	<b>2021/06/30</b>	<b>2020/12/31</b>		<b>2021/06/30</b>	<b>2020/12/31</b>	
		<b>1</b>			<b>1</b>	
Company						
Asset	R\$ 813	R\$ 768	2021 - 2025	845	841	4
Liability	R\$ 667	R\$ 662		(666)	(661)	(5)
<b>Net exposure</b>				<b>179</b>	<b>180</b>	<b>(1)</b>

**Hedging program for disbursement in U.S. Dollars**

To decrease the volatility of cash flow, the Company can contract operations through NDF and options to mitigate the foreign exposure that originated from disbursements denominated or indexed to U.S. Dollars.

This program is designated for *hedge* accounting and classified as cash flow *hedge* and therefore, measured at fair value through other comprehensive results:

<b>NDF USD Disbursement Company</b>	<b>Reference value</b>		<b>Due date (Year)</b>	<b>Fair value</b>		<b>Cumulative effect Amount receivable / received or payable/ paid</b>
	<b>2021/06/30</b>	<b>2020/12/31</b>		<b>2021/06/30</b>	<b>2020/12/31</b>	
	<b>0</b>				<b>1</b>	
Forward	US\$ 211	US\$ 110	2021 - 2024	(79)	29	(108)
<b>Net exposure</b>				<b>(79)</b>	<b>29</b>	<b>(108)</b>

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	Reference value		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid  2021/06/30
	2021/06/30	2020/12/31		2021/06/30	2020/12/31	
<b>NDF</b>						
USD					1	
Disbursement						
Company						
Forward	US\$ 33	-	2022	(15)	-	(15)
<b>Net exposure</b>				<b>(15)</b>	<b>-</b>	<b>(15)</b>

**Hedging program for disbursements in Euro**

To decrease the volatility of cash flow, the Company can contract operations through NDF to mitigate the foreign exposure that originated from disbursements denominated or indexed to Euro.

This program is designated for *hedge* accounting and classified as cash flow *hedge* and therefore, measured at fair value through other comprehensive results:

	Reference value		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid  2021/06/30
	2021/06/30	2020/12/31		2021/06/30	2020/12/31	
<b>NDF</b>						
EUR					1	
Disbursement						
Company						
Forward	€ 32	€ 53	2021 - 2022	(20)	16	(36)
<b>Net exposure</b>				<b>(20)</b>	<b>16</b>	<b>(36)</b>

**Hedging program for disbursements in Reais**

For economic and financial protection, the Company can contract *swap* operations to convert the debts and loans denominated in fixed-rate R\$ to the CDI. In these *swaps*, the Group takes a payable position in CDI and a receivable position at a rate fixed by the creditor bank.

The programs below are classified accordingly with the *hedge* accounting conditions measured at fair value through result.

	Reference value		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid  2021/06/30
	2021/06/30	2020/12/31		2021/06/30	2020/12/31	
<b>Swap R\$ fixed vs R\$ float</b>						
Company						
Asset	R\$ 336	R\$ 336	2022	343	352	(9)
Liability	R\$ 329	R\$ 328		(336)	(329)	(7)
<b>Net</b>				<b>7</b>	<b>23</b>	<b>(16)</b>

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### Hedge program regarding the stocks plan – ILP 2020/2022

On July 15, 2020, the Company's Board of Directors approved the repurchase of up to 2,555,000 shares, through the contracting of derivative financial instrument (Equity Swap), to protect the Company from its shares' volatility prices (NEOE3), bearing in mind that this event could negatively impact the future cash flows assumed in its Long-Term Incentive Program.

This program is classified as an economic *hedge* that is not designated for *hedge* accounting and it is measure at fair value through the result.

Swap Equity	Reference value		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/06/30	2020/12/31		2021/06/30	2020/12/31	
Company						
Asset	R\$ 44	R\$ 45		44	45	(1)
Liability	R\$ 57	R\$ 56	2022	(57)	(57)	-
<b>Net</b>				<b>(13)</b>	<b>(12)</b>	<b>(1)</b>

### Hedging program of loans and financings in Yen

For economic and financial protection, the Company contracts *swap* operations to convert the debts and loans denominated in JPY to R\$. In these *swaps*, the Group takes a payable position in R\$ tied to the CDI and a receivable position in JPY tied to fixed rates.

Swap JPY fixed vs R\$ float	Reference value		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/06/30	2020/12/31		2021/06/30	2020/12/31	
Company						
Asset	¥ 18,872	¥ 3,887	2021	869	196	673
Liability	R\$ 977	R\$ 204		(1,009)	(206)	(803)
<b>Net</b>				<b>(140)</b>	<b>(10)</b>	<b>(130)</b>

### 25.7 Sensitivity analysis

The sensitivity analysis estimates the potential value of derivative financial instruments and respective exposures of the protected objects, in hypothetical stress scenarios of the main market risk factors to which they are exposed, maintaining unchanged all other variables.

- Probable scenario: In the evaluation date, the future cash flows were projected, considering the balances and eventual charges and interest, estimated based on the foreign and/or interest rates in effect at the market in June 30, 2021.

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- Scenario II: Estimative of the fair value considering a deterioration of 25% in the associated risk variables.

- Scenario III: Estimative of the fair value considering a deterioration of 50% in the associated risk variables.

For analysis purposes of the sensitivity regarding the derivative financial instruments, the Company understands that there is the need to consider the liabilities that are being protected, with exposure to the variations of foreign rates or price indexes and that are registered in the statement of financial position.

As 100% of the debts in foreign currency are protected by *swaps*, the risk of the exchange rate variation is irrelevant, accordingly with the demonstrated below:

Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Impacto Cenário (II)	Impacto Cenário (III)
U.S. Dollars denominated debt	Dollar (US\$)	Dollar appreciation	5.0022	(6,531)	(1,634)	(3,264)
Swap receivable leg in U.S. Dollars		Dollar depreciation		6,693	1,674	3,346
<b>Net exposure</b>				<b>162</b>	<b>40</b>	<b>82</b>
Euro denominated debt	Euro (€)	Euro appreciation	5.9276	(942)	(235)	(471)
Swap receivable leg in Euro		Euro depreciation		961	241	481
<b>Net exposure</b>				<b>19</b>	<b>6</b>	<b>10</b>
Yen denominated debt	Yen (JPY)	Yen appreciation	0.0451	(850)	(213)	(425)
Swap receivable leg in Yen		Yen depreciation		869	217	435
<b>Net exposure</b>				<b>19</b>	<b>4</b>	<b>10</b>

For disbursements in foreign currency related to non-debt contracts, the following protection strategies are adopted, with the impacts pertaining to the reproduced scenarios for the exchange variation over the derivative and corresponding impact on each scenario for the protected item being shown in the table. Therefore, the effect of elimination and/or reduction to net exchange exposure is observed through the hedging strategy:

Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Scenario impact (II)	Scenario impact (III)
NDF	Dollar (US\$)	Dollar appreciation		(1,253)	303	607
Hedge item: portion of payments in USD		Dollar depreciation	5.0022	1,253	(303)	(607)
<b>Net exposure</b>				<b>-</b>	<b>-</b>	<b>-</b>
NDF	Euro(€)	Euro appreciation		(241)	58	117
Hedge item: portion of payments in Euro		Euro depreciation	5.9276	199	(48)	(97)
<b>Net exposure</b>				<b>(42)</b>	<b>10</b>	<b>20</b>

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The chart below demonstrates the loss (gain) due to the variation of interest rates that may be recognized in the Company's result at the subsequent period, in case one of the scenarios presented below occurs:

Operation	Indexer	Risk	Rate at the year	Exposure (Balance/Notional)	Probable scenario	Scenario impact (II)	Scenario impact (III)
<b>FINANCIAL ASSETS</b>							
Financial application at CDI	CDI	CDI depreciation	4.15%	4,198	42	(11)	(21)
<b>FINANCIAL LIABILITIES</b>							
Loans, financings and debentures							
Debt instruments at CDI Swaps Dollar x CDI (payable leg)	CDI	CDI appreciation	4.15%	(9,881)	(123)	(30)	(60)
Debt instruments at IPCA Swaps IPCA x CDI (receivable leg)	IPCA	IPCA appreciation	8.06%	(10,057)	(116)	(28)	(57)
Debt instruments at LIBOR 3M Swaps Libor 3M x CDI (receivable leg)	IPCA	IPCA appreciation LIBOR 3M	8.06%	846	29	6	7
Debt instruments at LIBOR 6M Swaps Libor 6M x CDI (receivable leg)	LIBOR	LIBOR 3M appreciation	0.15%	(50)	-	-	-
Debt instruments at LIBOR 6M Swaps Libor 6M x CDI (receivable leg)	LIBOR	LIBOR 6M appreciation	0.15%	50	-	-	-
Debt instruments at SELIC	LIBOR	LIBOR 6M appreciation	0.16%	(1,156)	(3)	-	-
Debt instruments at TJLP	LIBOR	LIBOR 6M appreciation	0.16%	1,156	4	-	-
	SELIC	SELIC appreciation	4.15%	(421)	(7)	(1)	(2)
	TJLP	TJLP appreciation	4.88%	(1,856)	(32)	(6)	(11)

The table below shows the loss (gain) in the equity swap operation, caused by the variation in Neoenergia's share price (NEOE3), under certain market scenarios. This loss (gain), if materialized, will be recognized in the income statement for the Company in the following year:

Operation	Indexer	Risk	Rate at the year	Exposure (Balance/Notional)	Probable scenario	Scenario impact (II)	Scenario impact (III)
<b>Other financial assets</b>							
Active Swap in Equities	NEOE3	Stock depreciation (NEO3)	17.3700	44	3	11	22

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### 26. SUBSEQUENT EVENTS

#### Hydrological risk rearrangement

On July 12, 2021, the Republic Presidency sanctioned the Law nº 14,182, whereas in its article nº 18, changes the Law nº13,203/15, which handles the hydrological risk rearrangement regarding the generation of electric energy. This change enables even the hydroelectric that had already made a new agreement related to the GSF in 2015 to have the same right for a new rearrangement for the previous year. Therefore, the period to extend the concession term will need to be changed, with the recognition of a new addition to the intangible with a corresponding entry to the statement of income from the subsidiaries and investees, in addition to the already recognized values in March 31, 2021. The calculation methodology for these adjustments is still being a study object by the Company.

#### Entry into commercial operation of the 1º stretch of Santa Luzia

On July 12, 2021, the first stretch that is a part of the Santa Luzia project entered into commercial operation (Batch 6 – Transmission auction nº 02/2017, December 2017). The referred stretch, LT 500 kV Santa Luzia II - Campina Grande III has a line extension of 124 km and has a Substation – SE 500kV Santa Luzia II. This delivery was made with an anticipation of 21 months in relation to Aneel's contract deadline.

#### Debt raising

On July 01, 2021, the following disbursements regarding financings were formalized, with the investees; Lagoa dos Patos and Vale do Itajaí (May 31, 2021) and with the subsidiary; Coelba (June 29, 2021), alongside the BNP Paribas for R\$ 155, R\$ 65 and R\$ 200, respectively, at maturity of 6 (six) months (Coelba) and 12 (twelve) months (Lagoa dos Patos and Vale do Itajaí).

On July 16, 2021, the subsidiary Celpe received a second disbursement, for R\$ 82, regarding a long-term financing operation that was contracted with the BNDES on September 02, 2020.