Neoenergia

Consolidated Interim Financial Statements September 30, 2020

KPDS 741918

Rio de Janeiro, October 20, 2020 – Neoenergia discloses on this date the results for the third quarter and nine months of 2020 (3Q20 and 9M20).

HIGHLIGHTS (R$ MN) 3Q20	3Q20	3Q19	∆ %	9M20	9M19	∆ %
Net Operating Revenue	7,775	6,915	12%	21,136	20,407	4%
Gross Margin	2,640	2,295	15%	7,070	6,654	6%
Operating Expenses (PMSO)	(758)	(739)	3%	(2,226)	(2,286)	(3%)
EBITDA	1,764	1,507	17%	4,395	4,206	4%
Financial Income (Loss)	(197)	(310)	(36%)	(680)	(973)	(30%)
Net Profit	814	600	36%	1,813	1,610	13%
Financial Asset (Concession)	131	194	(32%)	145	400	(64%)
IFRS15	174	48	263%	398	146	173%
OPERATING INDICATORS						
Captive Market (GWh)	9,961	10,208	(2.4%)	30,855	32,368	(4.7%)
Captive + Free Market (GWh)	13,979	14,015	(0.3%)	42,143	43,422	(2.9%)
Volume of energy injected (GWh)	16,307	16,093	1.3%	48,851	50,103	(2.5%)
Number of Customers (thousand)	14,204	13,980	1.6%			

Financial Debt Indicators	3Q20	2019	Variation
Net Debt(1)/EBITDA(2)	2.85	3.00	(0.2)
EBITDA/Financial Result(2)	5.64	4.27	1.4
Corporate Rating (S&P)	AAA	AAA	

(1) Net debt of cash and cash equivalents, short-term investments and securities
(2) EBITDA and Financial Result - 12 months

Financial and Operating Highlights:

- Injected energy of 16,307 GWh in 3Q20 (+1.33% vs. 3Q19) reflecting the resumption of economic activity, and 48,851 GWh in 9M20 (-2.50% vs. 9M19) impacted by the effects of Covid-19, especially in 2Q20;
- Operating expenses of R$ 758 million in 3Q20 (+3% vs. 3Q19) as result of energy cuts and delinquency combat actions and R$ 2.2 billion in 9M20 (-3% vs. 9M19);
- EBITDA of R$ 1.8 billion in 3Q20 (+17% vs. 3Q19) and R$ 4.4 billion in 9M20 (+4% vs. 9M19), confirming economic recovery;
- Financial Result of R$ 197 million in 3Q20 (-36% vs. 3Q19) and R$ 680 million in 9M20 (-30% vs. 9M19): lower debt balance due to Covid Account resources and lower expenses due to lower interest rates;
- Net profit of R$ 814 million in 3Q20 (+36% vs. 3Q19) and R$ 1,813 million in 9M20 (+13% vs. 9M19);
- CAPEX of R$ 1.87 billion in 3Q20 (+60% vs. 3Q19) and R$ 4.2 billion in 9M20 (+42% vs. 9M19) due to the progress of the Transmission and Wind projects;
- Reduced leverage. Net Debt/EBITDA of 2.85 in 3Q20 vs. 3.07 in 2Q20 and 3.33 in 3Q19;
- In 3Q20, Neoenergia's distribution businesses received all the funds from Covid Account in the total amount of R$ 1.66 billion.

TELECONFERENCE 3Q20
Wednesday, October 21, 2020
Time: 10:00 (BRT) | 09:00 (EST)
(with simultaneous translation into English)
Telephone for connection: +55 11 4210-1803 or +55 11 3181-8565
EUA/Canada: (Toll Free) +1 844 204-8942 – **(Dial In)** +1 412 717-9627
Other countries: +1 412 717-9627 or +55 (11) 3181-8565
Password: Neoenergia
Access to Webcast: https://choruscall.websiteseguro.com/neoenergia/3q20.htm

Neoenergia S.A. discloses the results for the third quarter based on management analyzes that the Board of Directors understands to translate the Company's business in the best manner, conciliated with the international financial reporting standards (IFRS).

SUMMARY

1. ECONOMIC-FINANCIAL RESULT

1.1. Consolidated

CONSOLIDATED STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Operating Revenue [1]	7,775	6,915	860	12%	21,136	20,407	729	4%
Costs with Energy [2]	(5,266)	(4,814)	(452)	9%	(14,211)	(14,153)	(58)	0%
Gross Margin w/out Concession Financial Assets	**2,509**	**2,101**	**408**	**19%**	**6,925**	**6,254**	**671**	**11%**
Concession Financial Assets (VNR)	131	194	(63)	(32%)	145	400	(255)	(64%)
GROSS MARGIN	**2,640**	**2,295**	**345**	**15%**	**7,070**	**6,654**	**416**	**6%**
Operating Expenses (PMSO)	(758)	(739)	(19)	3%	(2,226)	(2,286)	60	(3%)
Provision for Doubtful Receivables (PECLD)	(104)	(85)	(19)	22%	(421)	(224)	(197)	88%
(+) Equity Accounting	(14)	36	(50)	(139%)	(28)	62	(90)	(145%)
EBITDA	**1,764**	**1,507**	**257**	**17%**	**4,395**	**4,206**	**189**	**4%**
Depreciation	(408)	(369)	(39)	11%	(1,188)	(1,087)	(101)	9%
Financial Income (Loss)	(197)	(310)	113	(36%)	(680)	(973)	293	(30%)
IR/CS	(316)	(211)	(105)	50%	(651)	(479)	(172)	36%
Minority shareholdings	(29)	(17)	(12)	71%	(63)	(56)	(7)	13%
NET INCOME	**814**	**600**	**214**	**36%**	**1,813**	**1,611**	**202**	**13%**

[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 in relation to the approved tariffs are always classified in the Operating Revenue line as Amounts Receivable/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 period's result. Accordingly, the Company believes it is more appropriate to explain the variations in the result based on Gross Margin.

Neoenergia recorded Gross Margin of R$ 2,640 million in 3Q20, an increase of R$ 345 million vs. 3Q19, explained by the effects of the April 2020 Annual Tariff Reset of Coelba, Celpe and Cosern, and the effects of the Elektro Tariff Review of August 2019, as well as its adjustment in August 2020, in addition to the application of IFRS15 in transmission of R$ 174 million (+R$ 126 million vs. 3Q19). This result was lessened by lower Concession Financial Assets arising from the positive recognition in 3Q19 of R$ 157.4 million, after Elektro's tariff review, due to lower glosses and higher RAB.

In 9M20, the result was R$ 7,070 million, R$ 416 million in excess of 9M19, also impacted by the effects of the Annual Tariff Resets of April 2019 and April 2020 of Coelba, Celpe and Cosern, and the effects of the Periodic Tariff Review of Elektro in August 2019 and its adjustment in August 2020, in addition to the application of R$ 398 million of IFRS15 in transmission (+R$ 252 million vs. 9M19). These effects were minimized by the negative impacts of Covid-19 (-R$ 167 million), especially in 2Q20, and by lower Concession Financial Assets (-R$ 255 million), as mentioned above.

Neoenergia's Operating Expenses amounted to R$ 758 million in 3Q20 (+3% vs. 3Q19), which reflects the acceleration of punctual expenses with energy cuts and delinquency combat actions and R$ 2,226 million in 9M20 (-3% vs. 9M19), proving its cost discipline capable of absorbing both inflation and the growth of the distributors' customer base, and the increase in headcount due to the insourcing process of the distributors operating activities.

Provision for Doubtful Receivables was R$ 104 million, significantly lower than that recorded in 2Q20 when it reached R$ 209 million, due to R$ 127 million provisioned as a result of the worsening in collection during the peak of the Covid-19 crisis. The Provision for Doubtful Receivables has returned to pre-Covid levels. Compared to 3Q19, there was an increase of R$ 19 million due to a reversal in the holding in 2019 in the same amount, explained by the payment of a receivable that was provisioned.

In the 9M20 view, Provision for Doubtful Receivables was R$ 421 million, R$ 197 million in excess of 9M19, of which R$ 166 million reflect the Covid-19 crisis.

It should be added that there was a negative impact of R$ 50 million in equity accounting in 3Q20 vs. 3Q19, explained by the smaller contribution of Belo Monte, due to the restriction of the transmission system, which has limited the company to liquidate its energy in the ACL solely at PLD of the North region. Additionally greater depreciation was recorded in the quarter due to the larger number of machines in commercial operation, and greater financial result due to a lower level of debt capitalization. In 9M20, the variation of R$ 90 million vs. 9M19 is also due to the lower contribution from Belo Monte since, in addition to the effects highlighted in the quarter, it is worth noting the recording of R$ 17 million in 1Q19 regarding the difference in the deferred taxes of the Belo Monte plant.

As a result of the abovementioned effects, EBITDA ended 3Q20 at R$ 1,764 million, 17% above 3Q19, confirming the upturn in the economy, maintenance of efficiency and progress in the construction of transmission projects. In the year-to-date, EBITDA was R$ 4,395 million, 4% more compared to 9M19, even if negatively affected, especially in 2Q20, by the reflexes of Covid-19 by -R$ 333 million in the distributors, of which -R$ 167 million due to smaller market, and -R$ 166 million due to a higher Provision for Doubtful Receivables, and by –R$ 10 million in the Commercialization.

Neoenergia Net Income recorded in the quarter was R$ 814 million (+36% vs. 3Q19) and in 9M20 it was R$ 1,813 million (+13% vs. 9M19), due to a better financial result in the period in addition to the abovementioned reasons.

1.2. Networks

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

NETWORKS STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	7,432	6,453	979	15%	20,283	19,129	1,154	6%
Costs with energy	(5,313)	(4,663)	(650)	14%	(14,356)	(13,739)	(617)	4%
Gross Margin w/out Concession Financial Assets	**2,119**	**1,790**	**329**	**18%**	**5,927**	**5,390**	**537**	**10%**
Concession Financial Assets (VNR)	131	194	(63)	(32%)	145	400	(255)	(64%)
Gross Margin	**2,250**	**1,984**	**266**	**13%**	**6,072**	**5,790**	**282**	**5%**
Operating Expenses (PMSO)	(619)	(607)	(12)	2%	(1,828)	(1,921)	93	(5%)
Provision for Doubtful Receivables (PECLD)	(104)	(106)	2	(2%)	(421)	(239)	(182)	76%
EBITDA	**1,527**	**1,271**	**256**	**20%**	**3,823**	**3,630**	**193**	**5%**
Depreciation	(305)	(267)	(38)	14%	(875)	(786)	(89)	11%
Financial Income (Loss)	(131)	(283)	152	(54%)	(540)	(862)	322	(37%)
IR CS	(286)	(184)	(102)	55%	(607)	(426)	(181)	42%
NET INCOME	**805**	**537**	**268**	**50%**	**1,801**	**1,556**	**245**	**16%**

The Networks segment ended 3Q20 with a Gross Margin of R$ 2,250 million, R$ 266 million above 3Q19, due to the effects of the April 2020 Annual Tariff Resets of Coelba, Celpe and Cosern, and by the effects of Elektro's Periodic Tariff Review of August 2019, as well as its adjustment in August 2020, in addition to the application of IFRS15 in transmission of R$ 174 million (R$ 126 million higher compared to 3Q19), minimized by lower Concession Financial Assets arising from the positive recognition in 3Q19 of R$ 157.4 million, post Elektro's tariff review, due to lower glosses and higher RAB.

In 9M20, the result was R$ 6,072 million, better by R$ 282 million compared to 9M19, also impacted by the effects of the Annual Tariff Resets of April 2019 and April 2020 of Coelba, Celpe and Cosern and the effects of Elektro's

Periodic Tariff Review in August 2019, and its adjustment in August 2020, in addition to the application of R$ 398 million of IFRS15 in transmission (+R$ 252 million vs. 9M19). These effects were lessened by the negative impacts of Covid-19 (-R$ 167 million), especially in 2Q20, and by lower Concession Financial Assets (-R$ 255 million), as mentioned above.

As to Operating Expenses, R$ 619 million were recorded in 3Q20 (+2% vs. 3Q19) related to the acceleration of punctual expenses with energy cuts and delinquency combat actions and R$ 1,828 million in 9M20 (-5% vs. 9M19), absorbing both the growth of the distributors' customer base and the inflation for the period, and the increase in headcount due to the insourcing processes of distributors, proving cost discipline.

The Provision for Doubtful Receivables was R$ 104 million, R$ 2 million below 3Q19, and R$ 105 million below that recorded in 2Q20 (R$ 209 million), which demonstrates the success of collection actions, driven by the resumption of disconnections that has allowed the reversal of provisions made and the recovery of outstanding debts. In 9M20, Provisions for Doubtful Receivables was R$ 421 million, R$ 182 million higher than 9M19, of which R$ 166 million reflect the impacts of Covid-19.

As a result of the effects presented, Networks EBITDA ended 3Q20 at R$ 1,527 million, an increase of 20% compared to 3Q19, confirming the upturn in the economy, maintenance of efficiency and progress in the construction of transmission projects. In 9M20, EBITDA was R$ 3,823 million, +5% vs. 9M19, despite the impact of -R$ 333 million of Covid-19, of which -R$ 167 million is due to a smaller market and -R$ 166 million due to decreased collection.

Net Income for the quarter was R$ 805 million (+50% vs. 3Q19) and R$ 1,801 million in 9M20 (+16% vs. 9M19), due to the better financial result in the period, in addition to the reasons mentioned above.

1.2.1. COELBA

COELBA STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	2,724	2,608	116	4%	7,498	7,478	20	0%
Costs with Energy	(1,892)	(1,807)	(85)	5%	(5,057)	(5,076)	19	(0%)
Concession Financial Assets (VNR)	66	19	47	247%	76	128	(52)	(41%)
Gross Margin	**898**	**820**	**78**	**10%**	**2,517**	**2,530**	**(13)**	**(1%)**
Operating Expenses (PMSO)	(274)	(274)	-	-	(794)	(843)	49	(6%)
Provision for Doubtful Receivables (PECLD)	(32)	(34)	2	(6%)	(130)	(80)	(50)	63%
EBITDA	**592**	**512**	**80**	**16%**	**1,593**	**1,607**	**(14)**	**(1%)**
Depreciation	(144)	(125)	(19)	15%	(412)	(362)	(50)	14%
Financial Income (Loss)	(64)	(130)	66	(51%)	(249)	(371)	122	(33%)
IR CS	(83)	(49)	(34)	69%	(183)	(140)	(43)	31%
NET INCOME	**301**	**208**	**93**	**45%**	**749**	**734**	**15**	**2%**

Coelba ended 3Q20 with a Gross Margin of R$ 898 million, an increase of 10% over 3Q19, due to an average increase of 5% in the April/20 tariff reset (+R$ 118 million) and higher Concession Financial Assets (+R$ 47 million), explained by the higher IPCA in the period (+0.98%). In 9M20, the Gross Margin was only 1% lower than in 9M19, despite the pandemic impacts of some -R$ 128 million.

PMSO was R$ 274 million in 3Q20, in line with 3Q19 and R$ 794 million in 9M20 (-6% vs. 9M19). Coelba continues to absorb both the growth of customer base (+1.8% vs. 3Q19) and the inflation for the period, and carries on with its plan to insource operational processes.

In 3Q20, Provision for Doubtful Receivables amounted to R$ 32 million, a decrease of R$ 2 million vs. 3Q19 and R$ 33 million below that recorded in 2Q20, which shows the success of the collection actions driven by the resumption of disconnections that has allowed the reversal of provisions made. In 9M20, Provision for Doubtful Receivables was R$ 130 million, R$ 50 million higher than 9M19, of which R$ 44 million was due to the Covid-19 crisis.

Still as regards Provision for Doubtful Receivables, it is important to remember that since 3Q19 Coelba has adopted a more objective stance in provisioning, based on the history of payment behavior, by customer class (aging) in the last 60 months, structured in 4 portfolios: (i) non-installment portfolio, (ii) installment portfolio, (iii) Fraud portfolio (retroactive billing resulting from anti-loss inspection actions) and (iv) Legal portfolio (overdue debts that are now being dealt with in court).

As a result of the abovementioned variations, EBITDA for the 3Q20 was R$ 592 million, an increase of 16% million vs. 3Q19. In 9M20, EBITDA was R$ 1.6 billion, a decrease of 1% vs. 9M19. That drop is explained by the effects of Covid-19, especially in the 2Q20, on the market (-R$ 128 million) and on the Provision for Doubtful Receivables (-R$ 44 million), amounting to a negative impact of R$ 172 million in the year-to-date.

Net Income in 3Q20 was R$ 301 million (+45% vs. 3Q19) and R$ 749 million in 9M20 (+2% vs. 9M19).

1.2.2. CELPE

CELPE STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	1,595	1,445	150	10%	4,551	4,414	137	3%
Energy costs	(1,195)	(1,075)	(120)	11%	(3,386)	(3,276)	(110)	3%
Concession Financial Assets (VNR)	25	7	18	257%	27	46	(19)	(41%)
Gross Margin	**425**	**377**	**48**	**13%**	**1,192**	**1,184**	**8**	**1%**
Operating Expenses (PMSO)	(158)	(148)	(10)	7%	(486)	(501)	15	(3%)
Provision for Doubtful Receivables (PECLD)	(30)	(41)	11	(27%)	(157)	(88)	(69)	78%
EBITDA	**237**	**188**	**49**	**26%**	**549**	**595**	**(46)**	**(8%)**
Depreciation	(74)	(67)	(7)	10%	(211)	(192)	(19)	10%
Financial Income (Loss)	(29)	(83)	54	(65%)	(155)	(258)	103	(40%)
IR CS	(31)	(9)	(22)	244%	(45)	(35)	(10)	29%
NET INCOME	**103**	**29**	**74**	**255%**	**138**	**110**	**28**	**25%**

Celpe ended 3Q20 with a Gross Margin of R$ 425 million, an increase of 13% over 3Q19, due to an average increase of 5.16% in the April/20 tariff reset, and higher Concession Financial Assets (+R$ 18 million), explained by the higher IPCA in the period (+0.98%). In 9M20, the Gross Margin was 1% above 9M19, reaching R$ 1,192 million, despite the pandemic impacts of some -R$ 24 million.

PMSO was R$ 158 million in 3Q20 (+7% vs. 3Q19) due to the increase with punctual expenses with energy cuts and delinquency combat actions and R$ 486 million in 9M20 (-3% vs. 9M19). Celpe continues to absorb both the growth of the customer base (+1.7% vs. 3Q19) and the inflation for the period, and carries on with its plan to insource operational processes.

In 3Q20, Provision for Doubtful Receivables totaled R$ 30 million, a decrease of R$ 11 million vs. 3Q19 and R$ 52 million below that recorded in 2Q20, which confirms the success of the collection actions, driven by the resumption of disconnections. In 9M20, Provision for Doubtful Receivables was R$ 157 million, R$ 69 million higher than in 9M19, of which R$ 55 million arise from the Covid-19 crisis.

Still as regards Provision for Doubtful Receivables, it is important to remember that since 3Q19, Celpe has adopted a more objective stance in provisioning, based on the history of payment behavior, by customer class (aging) in the last 60 months, structured in 4 portfolios: (i) non-installment portfolio, (ii) installment portfolio, (iii) Fraud portfolio (retroactive billing resulting from anti-loss inspection actions) and (iv) Legal portfolio (overdue debts that are now being dealt with in court).

As a result of the variations mentioned above, EBITDA in 3Q20 was R$ 237 million, an increase of 26% vs. 3Q19. In 9M20, EBITDA was R$ 549 million, a reduction of R$ 46 million or 8% vs. 9M19. This drop is explained by the impacts of the Covid-19 crisis on the market, -R$ 24 million, and a higher Provision for Doubtful Receivables, -R$ 55 million.

Net Income in 3Q20 was R$ 103 million (+255% vs. 3Q19) and R$ 138 million (+25% vs. 9M19).

1.2.3. COSERN

COSERN STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	683	610	73	12%	1,905	1,901	4	0%
Costs with Energy	(484)	(427)	(57)	13%	(1,320)	(1,377)	57	(4%)
Concession Financial Assets (VNR)	14	4	10	250%	14	28	(14)	(50%)
Gross Margin	**213**	**187**	**26**	**14%**	**599**	**552**	**47**	**9%**
Operating Expenses (PMSO)	(63)	(51)	(12)	24%	(180)	(173)	(7)	4%
Provision for Doubtful Receivables (PECLD)	2	(2)	4	(200%)	(5)	(7)	2	(29%)
EBITDA	**152**	**134**	**18**	**13%**	**414**	**372**	**42**	**11%**
Depreciation	(27)	(23)	(4)	17%	(77)	(69)	(8)	12%
Financial Income (Loss)	(8)	(25)	17	(68%)	(38)	(71)	33	(46%)
IR CS	(24)	(16)	(8)	50%	(57)	(39)	(18)	46%
NET INCOME	**93**	**70**	**23**	**33%**	**242**	**193**	**49**	**25%**

Cosern ended 3Q20 with a gross margin of R$ 213 million, an increase of R$ 26 million (vs.3Q19) due to an average increase of 3.4% in the April/20 tariff reset and higher Concession Financial assets (+R$ 10 million), explained by the higher IPCA in the period (+0.98%). In 9M20, the Gross Margin was R$ 599 million, R$ 47 million higher than 9M19, despite pandemic impacts of the order of -R$ 12 million.

Operating Expenses were R$ 63 million (+ 24% vs. 3Q19) due to the punctual increase in attorney fees and acceleration with energy cuts and delinquency combat actions. In 9M20, the total was R$ 180 million (+ 4% vs. 9M19), basically due to the acceleration of cut and collection actions.

In 3Q20, Provision for Doubtful Receivables was positive by R$ 2 million due to negotiations with customers and reversal. In 9M20, Provision for Doubtful Receivables was R$ 5 million, R$ 2 million lower than 9M19, which also confirms the success of the collection actions, driven by the resumption of the energy supply suspension that has allowed the reversal of provisions made. Still, Cosern's Provision for Doubtful Receivables was negatively impacted by -R$ 9 million due to the effects of the pandemic, especially in 2Q20.

Also as regards Provision for Doubtful Receivables, it is important to note that, since 3Q19, the Company has adopted a more objective stance in provisioning, based on the history of payment behavior, by customer class (aging) in the last 60 months, structured in 4 portfolios: (i) non-installment portfolio, (ii) installment portfolio, (iii) Fraud portfolio (retroactive billing resulting from inspection actions to fight losses) and (iv) Legal portfolio (overdue debts that are now being dealt with in court).

As a result of the abovementioned variations, EBITDA was R$ 152 million in 3Q20, an increase of R$ 18 million vs. 3Q19 and R$ 414 million in 9M20, +R$ 42 million vs. 9M19. The impacts of the Covid-19 crisis were -R$ 21 million, -R$ 12 million on market and -R$ 9 million due to higher Provision for Doubtful Receivables.

Net Income was R$ 93 million in 3Q20 (+33% vs. 3Q19) and R$ 242 million in 9M20 (+ 25% vs. 9M19), explained by the improvement in EBITDA and financial result.

1.2.4. ELEKTRO

ELEKTRO STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	1,696	1,556	140	9%	4,700	4,703	(3)	(0%)
Costs with Energy	(1,206)	(1,181)	(25)	2%	(3,417)	(3,562)	145	(4%)
Concession Financial Assets (VNR)	26	164	(138)	(84%)	28	198	(170)	(86%)
Gross Margin	**516**	**539**	**(23)**	**(4%)**	**1,311**	**1,339**	**(28)**	**(2%)**
Operating Expenses (PMSO)	(124)	(141)	17	(12%)	(367)	(412)	45	(11%)
Provision for Doubtful Receivables (PECLD)	(43)	(30)	(13)	43%	(128)	(65)	(63)	97%
EBITDA	**349**	**368**	**(19)**	**(5%)**	**816**	**862**	**(46)**	**(5%)**
Depreciation	(61)	(51)	(10)	20%	(176)	(164)	(12)	7%
Financial Income (Loss)	(23)	(47)	24	(51%)	(87)	(164)	77	(47%)
IR CS	(89)	(90)	1	(1%)	(186)	(164)	(22)	13%
NET INCOME	**176**	**180**	**(4)**	**(2%)**	**367**	**370**	**(3)**	**(1%)**

Elektro ended 3Q20 with a gross margin of R$ 516 million, a reduction of R$ 23 million (vs.3Q19). The drop is explained by lower Concession Financial Assets, given that in the 3Q19 there was a positive recognition of R$ 157.4 million, post tariff review, referring to Concession Financial Assets, due to the lower gloss and higher RAB, approved by ANEEL in the 5th Periodic Tariff Review Cycle of August/19. Without this non-recurring effect, the margin would have increased by some 36%.

Despite the reduction in gross margin in the quarter, there is an increase in net revenue due to the Tariff Review of August 2019, in addition to the Tariff Reset approved by ANEEL on 08/25/20, whose average effect perceived by the consumer was 5.36%, together with the increase in energy distributed in the period.

In the 9M20 view, a gross margin of R$ 1,311 million is noted, basically in line with that seen in 9M19 (-2%). If we disregard the abovementioned non-recurring effect in Concession Financial Assets, there would be an increase of 11%, due to the growth of the customer base and the Tariff Review of August 2019, in addition to the Tariff Reset of August 2020.

Operating Expenses amounted to R$ 124 million in 3Q20 and R$ 367 million in 9M20, an improved performance of 12% and 11%, respectively, compared to that recorded in 2019.

With regard to Provision for Doubtful Receivables, the 3Q20 ended at R$ 43 million, an increase of R$ 13 million vs. 3Q19, of which R$ 20 million is due to Covid-19. In the 9-month period, Provision for Doubtful Receivables was R$ 128 million, of which R$ 58 million was due to the Covid-19 crisis.

Still as regards Provision for Doubtful Receivables, it is important to have in mind that since 3Q19 Elektro has adopted a more objective stance in provisioning, based on the history of payment behavior, by customer class (aging) in the last 60 months, structured in 4 portfolios: (i) non-installment portfolio, (ii) installment portfolio, (iii) Fraud portfolio (retroactive billing resulting from anti-loss inspection actions) and (iv) Legal portfolio (overdue debts that are now being dealt with in court).

As a result of the abovementioned variations, EBITDA in 3Q20 was R$ 349 million and R$ 816 million in 9M20, both with a decrease of 5% compared to 2019. This decrease is explained by lower Concession Financial Assets due to the non-recurring recording of R$ 157.4 million in the 3Q19, post tariff review (lower gloss and higher Regulatory Remuneration Base – RAB). Without this effect, there would be a 66% growth in 3Q20 vs. 3Q19 and 16% in 9M20 vs. 9M19, in addition to the negative impact of Covid, generating greater Provision for Doubtful Receivables in the 3Q20 of the order of R$ 20 million and -R$ 58 million in the 9M20.

Net income recorded was R$ 176 million in 3Q20 and R$ 367 million in 9M20, a 2% and 1% reduction, respectively, when compared to the same period of the previous year.

1.3. Renewables

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

RENEWABLES STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	263	240	23	10%	715	725	(10)	(1%)
Costs with Energy	(22)	(50)	28	(56%)	(99)	(123)	24	(20%)
GROSS MARGIN	**241**	**190**	**51**	**27%**	**616**	**602**	**14**	**2%**
Operating Expenses (PMSO)	(52)	(55)	3	(5%)	(155)	(155)	-	-
Provision for Doubtful Receivables (PECLD)	-	-	-	-	-	(1)	1	(100%)
(+)Equity Accounting	(14)	36	(50)	(139%)	(28)	62	(90)	(145%)
EBITDA	**175**	**171**	**4**	**2%**	**433**	**508**	**(75)**	**(15%)**
Depreciation	(45)	(48)	3	(6%)	(140)	(135)	(5)	4%
Financial Income (Loss)	(50)	(37)	(13)	35%	(125)	(115)	(10)	9%
IR/CS	(12)	(11)	(1)	9%	(16)	(54)	38	(70%)
NET INCOME	**68**	**75**	**(7)**	**(9%)**	**152**	**204**	**(52)**	**(25%)**

HYDRO PLANTS STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net revenue	107	129	(22)	(17%)	407	421	(14)	(3%)
Costs with Energy	(15)	(37)	22	(59%)	(75)	(93)	18	(19%)
GROSS MARGIN	**92**	**92**	**-**	**-**	**332**	**328**	**4**	**1%**
Operating Expenses (PMSO)	(25)	(29)	4	(14%)	(75)	(83)	8	(10%)
Provision for Doubtful Receivables (PECLD)	-	-	-	-	-	(1)	1	(100%)
(+) Equity Accounting	(14)	36	(50)	(139%)	(28)	62	(90)	(145%)
EBITDA	**53**	**99**	**(46)**	**(46%)**	**229**	**306**	**(77)**	**(25%)**
Depreciation	(19)	(22)	3	(14%)	(59)	(57)	(2)	4%
Financial Income (Loss)	(28)	(17)	(11)	65%	(62)	(45)	(17)	38%
IR/CS	(10)	(7)	(3)	43%	(43)	(42)	(1)	2%
NET INCOME (LOSS)	**(4)**	**53**	**(57)**	**(108%)**	**65**	**162**	**(97)**	**(60%)**

WIND FARMS STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net revenue	156	111	45	41%	308	304	4	1%
Costs with Energy	(7)	(13)	6	(46%)	(24)	(30)	6	(20%)
GROSS MARGIN	**149**	**98**	**51**	**52%**	**284**	**274**	**10**	**4%**
Operating Expenses (PMSO)	(27)	(26)	(1)	4%	(80)	(72)	(8)	11%
EBITDA	**122**	**72**	**50**	**69%**	**204**	**202**	**2**	**1%**
Depreciation	(26)	(26)	-	-	(81)	(78)	(3)	4%
Financial Income (Loss)	(22)	(20)	(2)	10%	(63)	(70)	7	(10%)
IR/CS	(2)	(4)	2	(50%)	27	(12)	39	(325%)
NET INCOME	**72**	**22**	**50**	**227%**	**87**	**42**	**45**	**107%**

The Renewables segment ended 3Q20 with a Gross Margin of R$ 241 million (+ R $ 51 million vs. 3Q19) positively impacted by wind farms due to tariff readjustments and, above all, by the greater adherence to the greater seasonal performance of wind power. 9M20 recorded a margin of R$ 616 million, 2% higher than 9M19.

Operating expenses in 3Q20 amounted to R$ 52 million (-R$ 3 million vs. 3Q19). In 9M20, operating expenses were R$ 155 million in line with 9M19.

It should be added that there was a negative impact of R$ 50 million in equity accounting in 3Q20 vs. 3Q19, explained by the lower contribution of Belo Monte, due to the restriction of the transmission system, which has limited the company to liquidate its ACL energy only at PLD of the North region. Additionally, in the quarter, depreciation was higher due to the greater number of machines in commercial operation and greater financial result. In 9M20, the R$ 90 million reduction compared to 9M19 also arises from the lower contribution from Belo Monte, given that in addition to the effects pointed out in the quarter, it is worth noting the recording of R$ 17 million in 1Q19 referring to the difference in deferred taxes.

EBITDA for the Renewables segment ended 3Q20 at R$ 175 million (+2% vs. 3Q19), the good performance of the wind farms outweighed Belo Monte's reduction. In 9M20, EBITDA reached R$ 433 million, down by 15% vs. 9M19 due to Belo Monte.

Net Income for the quarter was R$ 68 million (-9% vs. 3Q19) and for the 9M20 was R$ 152 million (-25% vs. 9M19).

1.4. Liberalized

LIBERALIZED STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	551	707	(156)	(22%)	1,625	1,954	(329)	(17%)
Costs with Energy	(397)	(581)	184	(32%)	(1,228)	(1,677)	449	(27%)
Gross Margin	**154**	**126**	**28**	**22%**	**397**	**277**	**120**	**43%**
Operating Expenses (PMSO)	(37)	(27)	(10)	37%	(118)	(83)	(35)	42%
EBITDA	**117**	**99**	**18**	**18%**	**279**	**194**	**85**	**44%**
Depreciation	(15)	(13)	(2)	15%	(46)	(38)	(8)	21%
Financial Income (Loss)	(15)	(33)	18	(55%)	(56)	(80)	24	(30%)
IR CS	(16)	(15)	(1)	7%	(24)	3	(27)	(900%)
NET INCOME	**71**	**38**	**33**	**87%**	**153**	**79**	**74**	**94%**

TERMOPERNAMBUCO STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	282	275	7	3%	824	738	86	12%
Costs with Energy	(157)	(167)	10	(6%)	(452)	(415)	(37)	9%
Gross Margin	**125**	**108**	**17**	**16%**	**372**	**323**	**49**	**15%**
Operating Expenses (PMSO)	(22)	(20)	(2)	10%	(82)	(65)	(17)	26%
Eq. Accounting	(2)	4	(6)	(150%)	27	29	(2)	(7%)
EBITDA	**101**	**92**	**9**	**10%**	**317**	**287**	**30**	**10%**
Depreciation	(14)	(13)	(1)	8%	(42)	(37)	(5)	14%
Financial Income (Loss)	(11)	(29)	18	(62%)	(49)	(76)	27	(36%)
IR CS	(13)	(12)	(1)	8%	(32)	(19)	(13)	68%
NET INCOME	**63**	**38**	**25**	**66%**	**194**	**155**	**39**	**25%**

NC STATEMENT OF INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Revenue	269	432	(163)	(38%)	801	1,216	(415)	(34%)
Costs with Energy	(239)	(414)	175	(42%)	(776)	(1,262)	486	(39%)
Gross Margin	**30**	**18**	**12**	**67%**	**25**	**(46)**	**71**	**(154%)**
Operating Expenses (PMSO)	(16)	(8)	(8)	100%	(37)	(18)	(19)	106%
EBITDA	**14**	**10**	**4**	**40%**	**(12)**	**(64)**	**52**	**(81%)**
Depreciation	(1)	-	(1)	-	(4)	(1)	(3)	300%
Financial Income (Loss)	(4)	(3)	(1)	33%	(7)	(3)	(4)	133%
IR CS	(3)	(3)	-	-	8	22	(14)	(64%)
NET INCOME	**6**	**4**	**2**	**50%**	**(15)**	**(46)**	**31**	**(67%)**

NOTE: In the Termopernambuco Income Statement, Itapebi's equity income is considered. The consolidated Liberalized Income Statement (managerial) does not include the Itapebi portion, which is considered in the managerial Renewable Income Statement, where it is 100% consolidated.

The Liberalized segment consolidated Gross Margin of R$ 154 million in 3Q20, an increase of R$ 28 million vs. 3Q19, influenced by the impact of the tariff reset and the purchase of energy at a lower Spot Price in Termpernambuco (+R$ 17 million) and by the new commercial positioning of NC, (+R$ 12 million). In 9M20, the segment's Gross Margin was R$ 397 million (+R$ 120 million vs. 9M19), impacted by +R$ 49 million by Termopernambuco and + R$ 71 million by NC.

PMSO in 3Q20 was R$ 37 million (+R$ 10 million vs. 3Q19). In 9M20, expenses amounted to R$ 118 million (+R $ 35 million vs. 9M19), mainly explained by the adjustment to Termopernambuco's O&M contracts.

Liberalized EBITDA was R$ 117 million in the quarter (+R$ 18 million vs. 3Q19) and in 9M20 it reached R$ 279 million (+R$ 85 million vs. 9M19), impacted by the effects of the tariff reset and by the purchase of energy at a lower Spot Price in Termpernambuco, and by the new commercial positioning of NC.

Net Income was R$ 71 million in 3Q20 (+R$ 33 million vs. 3Q19) and R$ 153 million in 9M20 (+R$ 74 million vs. 9M19).

2. EBITDA

2.1. EBITDA reconciliation

In compliance with CVM Instruction nº 527, we show in the table below the reconciliation of EBITDA (acronym for Profit Before Interest, Taxes, Depreciation and Amortization) and, we add that the calculations presented are in line with the criteria of this same instruction:

EBITDA (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Net Income for the Period (A)	814	600	214	36%	1,813	1,611	202	13%
Profit assigned to minority shareholders	(29)	(17)	(12)	71%	(63)	(56)	(7)	13%
Financial Expenses (B)	(398)	(406)	8	(2%)	(1,171)	(1,294)	123	(10%)
Financial Revenues (C)	168	132	36	27%	421	394	27	7%
Other net financial income (loss) (D)	33	(36)	69	(192%)	70	(73)	143	(196%)
Income tax and social contribution (E)	(316)	(211)	(105)	50%	(651)	(479)	(172)	36%
Depreciation and amortization (F)	(408)	(369)	(39)	11%	(1,188)	(1,087)	(101)	9%
EBITDA = (A-(B+C+D+E+F))	**1,764**	**1,507**	**257**	**17%**	**4,395**	**4,206**	**189**	**4%**

3. FINANCIAL RESULT

NET FINANCIAL INCOME (R$ MN)	3Q20	3Q19	Variation		9M20	9M19	Variation	
			R$	%			R$	%
Revenue from financial investments	**29**	**53**	(24)	(45%)	**106**	**147**	(41)	(28%)
Charges, monetary and exchange variations and debt derivative financial Instruments	**(252)**	**(335)**	83	(25%)	**(753)**	**(1,019)**	266	(26%)
Other financial income (loss) not related to debt	**26**	**(28)**	54	(193%)	**(33)**	**(101)**	68	(67%)
Interest, commissions and arrears interest	137	41	96	234%	292	145	147	101%
Monetary and exchange variations - other	(11)	(13)	2	(15%)	(44)	(29)	(15)	52%
Adjustment to provision for contingencies / judicial deposits	(45)	(26)	(19)	73%	(130)	(79)	(51)	65%
Adjustment to sector financial assets / liabilities	(1)	15	(16)	(107%)	2	37	(35)	(95%)
Post-employment liabilities	(15)	(20)	5	(25%)	(45)	(61)	16	(26%)
Other net financial revenues (expenses)	(39)	(25)	(14)	56%	(108)	(114)	6	(5%)
Total	**(197)**	**(310)**	**113**	**(36%)**	**(680)**	**(973)**	**293**	**(30%)**

Neoenergia's Financial Result was -R$ 197 million in 3Q20 (+R$ 113 million vs. 3Q19) and -R$ 680 million in 9M20 (+R$ 293 million vs. 9M19). The variations, both in the quarter and in the year-to-date, are explained by lower expenses with debt charges (+R$ 83 million in 3Q20 and +R$ 266 million in 9M20), mainly due to the 1.03% reduction of the CDI, the main index of the group's debt (57% of the group's debt is tied to that index). Additionally, the arrears line also increased, since it is adjusted by the IGPM, which was higher in the period.

In the table below we list the main indices:

Indexes	3Q20	3Q19	Δ (p.p.)
CDI	0.51%	1.54%	(1.03)
TJLP	4.91%	5.95%	(1.04)
Δ USD[1]	0.1647	0.3322	(16.75)
IPCA[2]	0.86%	0.31%	0.55

Note 1: exchange variation between the closing of June 30 to September 30

4. INVESTMENTS

The Neoenergia Group made total investments of R$ 1.87 billion in 3Q20 and R$ 4.2 billion in 9M20 in the Companies that it consolidates:

CAPEX Neoenergia (R$ million)	3Q20	3Q19	Δ %	9M20	9M19	Δ %
Networks	**1,548**	**1,089**	**42%**	**3,620**	**2,774**	**31%**
Distributors	1,038	928	12%	2,504	2,350	7%
Transmission Lines	510	160	217%	1,116	424	163%
Renewables	**296**	**51**	**485%**	**501**	**100**	**403%**
Liberalized	**32**	**34**	**(6%)**	**86**	**96**	**(10%)**
Holding	**0**	**1**	**(33%)**	**1**	**1**	**(40%)**
TOTAL	**1,876**	**1,173**	**60%**	**4,208**	**2,970**	**42%**

4.1. Subsidiary and Affiliated companies

Investments made by jointly controlled or affiliated companies corresponded to the amounts of R$ 38 million in 3Q20 and R$ 46 million in 9M20

Subsidiary and Affiliated Companies*	3Q20	3Q19	Δ %	9M20	9M19	Δ %
EAPSA	1	0	350%	1	0	450%
Teles Pires	1	23	(96%)	1	23	(94%)
Belo Monte	36	61	(40%)	44	69	(37%)
Total	**38**	**83**	**(54%)**	**46**	**93**	**(51%)**

* Companies not consolidated by Neoenergia. Amounts equivalent to percentages of Neoenergia shareholding in the relevant companies

4.2. Networks

4.2.1. Distribution

In 9M20, capital investments of the Group's distributors was R$ 2,504 million, of which R$ 1,552 million were allocated to network expansion, R$ 367 million to asset renewal, R$ 264 million to network improvement and R$ 408 millions to anti-loss projects, to face defaults and other.

INVESTMENTS MADE (amounts in R$ MM)	COELBA	CELPE	COSERN	ELEKTRO	CONSOLIDATED	
	3Q20	3Q20	3Q20	3Q20	3Q20	9M20
Network Expansion	**(371)**	**(95)**	**(54)**	**(106)**	**(627)**	**(1,552)**
Program *Luz para Todos*	(143)	-	-	-	(143)	(379)
New Connections	(106)	(61)	(20)	(51)	(238)	(671)
New SE's and RD's	(123)	(34)	(34)	(55)	(246)	(502)
ECV Commitment	-	(0)	-	-	(0)	(0)
Assets Renewal	**(42)**	**(34)**	**(14)**	**(39)**	**(129)**	**(367)**
Network Improvement	**(66)**	**(21)**	**(15)**	**(24)**	**(126)**	**(264)**
Losses and Default	**(25)**	**(21)**	**(6)**	**(7)**	**(59)**	**(169)**
Other	**(59)**	**(37)**	**(18)**	**(21)**	**(135)**	**(239)**
Movement of Material (Inventory x Works)	(73)	(11)	(13)	(19)	(116)	(348)
(=) Gross Investment	**(636)**	**(220)**	**(120)**	**(217)**	**(1,192)**	**(2,939)**
GRANTS	26	6	0	6	38	87
(=) Net Investment	**(610)**	**(214)**	**(120)**	**(210)**	**(1,154)**	**(2,853)**
Movement of Material (Inventory x Works)	73	11	13	19	116	348
(=) CAPEX	**(537)**	**(203)**	**(107)**	**(192)**	**(1,038)**	**(2,504)**
RAB	(59)	(37)	(18)	(21)	(135)	(239)
RRB	(504)	(172)	(89)	(177)	(942)	(2,352)

4.2.2. Transmission

In 9M20, the capex of the transmission companies was R$ 1,116 million, R$ 693 million in excess of 9M19.

As regards the April 2017 auction lots, 100% of the expected Capex is contracted. Highlight on the entry into operation of lots 20, 22 and 27 and 1 section of lot 4, delivered in July 2020, with the beginning of receipt of the Annual Permitted Revenue (Portuguese acronym RAP). For the lots purchased in December 2017, 100% of the expected Capex is already contracted, the contractors are already mobilized, with deliveries according to the construction works schedule. The lots purchased at the December 2018 Auction have 100% of the main equipment, cables and towers already contracted, and the project progresses according to plan. Finally, the lot auctioned at the December 2019 auction has 97% of the Capex contracted, and is progressing to get environmental licenses granted.

4.3. Renewables

4.3.1. Wind Farms

Investments in wind farms amounted to R$ 459 million in 9M20, used in the construction works of the Chafariz Complex, which already have 100% of the estimated Capex contracted, with currency hedge and connection contracts with the transmission company already entered into.

The wind farms of the Oitis Complex are in the licensing and drafting of executive projects phase.

4.3.2. Hydroelectric Plants

Investments in hydroelectric plants of R$ 42 million in 9M20, essentially supporting CAPEX, were R$ 25 million lower than in 9M19, mainly due to the Baixo Iguaçu construction project in 2019.

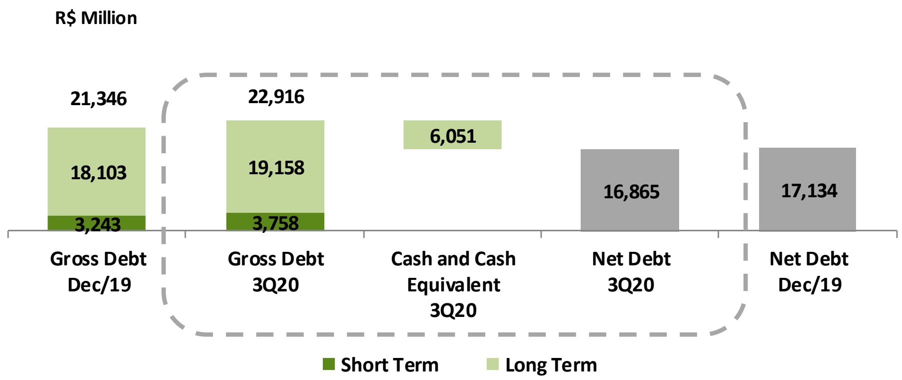
4.4. Liberalized

Termopernambuco made investments of the order of R$ 31.4 million in 3Q20, 6.5% less than in 3Q19 due to the acquisition of materials in 2019. In 9M20 the plant recorded R$ 85.7 million in investments, 10.4% lower than in 9M19, due to the purchase of the low-pressure rotor of the steam engine in 2019.

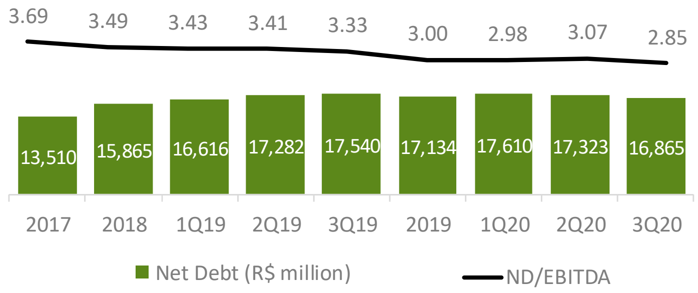
5. INDEBTEDNESS

5.1. Debt and Financial Leverage situation

In September 2020, Neoenergia's consolidated gross debt, including loans, financing, debentures and financial instruments, reached R$ 22,916 million (net debt R$ 16,865 million), showing an increase of 7% (R$ 1,570 million) compared to December 2019. Regarding the segregation of the outstanding balance, Neoenergia has 84% of the debt recorded in the long term and 16% in the short term.



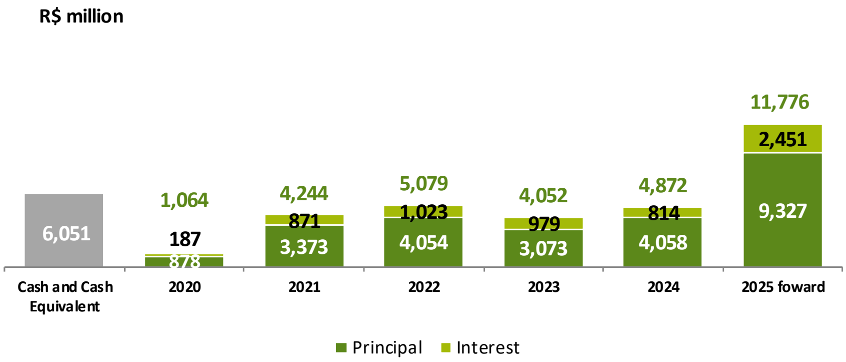
The financial indicator of the total Net Debt/EBITDA decreased from 3.00 on December 31, 2019 to 2.85 on September 30, 2020.



5.2 Debt amortization schedule

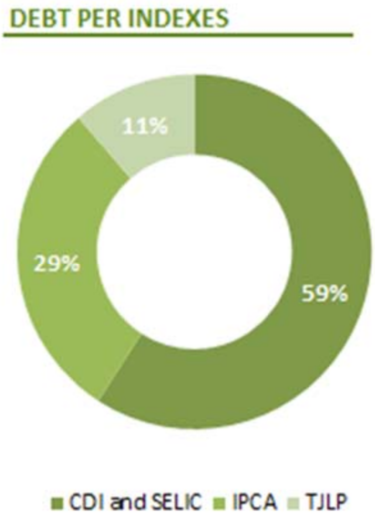
The chart below displays the schedule of maturities of the debt principal and interest (in millions of reais) using the forward market curves for the indexes and currencies associated with the Company's indebtedness in effect on September 30, 2020.

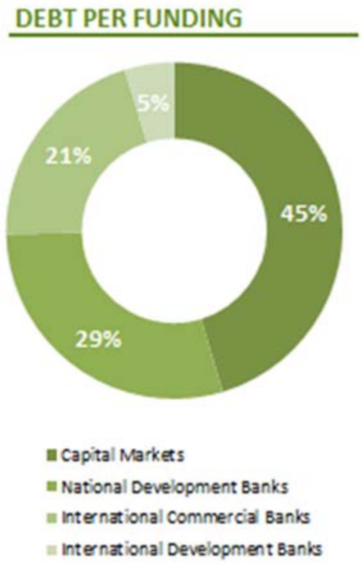
Neoenergia average indebtedness term in September 2020 was 4.50 years, representing an extension of the group's debt profile compared to September 2019, which was 4.15 years.



5.3. Debt Profile

The charts below displays the balance of the debts segregated by funding source and index. The average 12-month cost of the consolidated debt in 3Q20 was 4.7% (vs. 6.4% in December 2019).





In the 3Q20, we point out the debt contracting lines that follow:

(i) Release of EDC to Celpe, total amount of R$ 427 million, amortization of principal in 3 installments from 2024, payment of semiannual interest and 5-year term at a cost of 110% of CDI;

(ii) BNB financing also to Celpe, in the amount of R$ 107 million, monthly amortization and interest and 11-year term;

(iii) Grant from BNDES to Chafariz 2, amount of R$ 27 million, amortization of principal and interest (Constant Amortization System) from 2023 and 24-year term;

(iv) Grant from BNDES to Dourados (Transmission Line), in the amount of R$ 80 million, amortization of principal and interest (Constant Amortization System) from 2023, and 24-year term;

(v) Signing with BNDES of financing of the investment in Santa Luzia (lot 6 of auction nº 02/2017, held in December 2017) in the amount of R$ 369 million, amortization of principal and interest (Constant Amortization System) from 2023, and 24-year term at the cost of IPCA + 4.13 a year. R$ 180 million have already been granted;

(vi) Signing of a contract with BNB for financing the investment in the Oitis Complex (farms 2 to 8). The total amount of the operation is R$ 715 million for a 24-year term, with grace period of up to 3 years at the cost of IPCA + 1.33% a year;

(vii) Funding with BNDES for financing four distributors in the total amount of R$ 3.4 billion with the cost of IPCA + 3.78% p.a. and maturity term of up to 20 years, as follows:

Coelba	R$ 1.6 billion
Celpe	R$ 0.7 billion
Elektro	R$ 0.7 billion
Cosern	R$ 0.4 billion

6. RECONCILIATION NOTE

Neoenergia S.A. presents the results for the 3Q20 and 9M20 based on management analyzes that the Board of Directors understand to better translate the company's business, reconciled with the International Financial Reporting Standards - IFRS.

	Current Year		Previous Year		
Calculation Memory (CONSOLIDATED)	**Quarter**	**YTD**	**Quarter**	**YTD**	**Corresponding Explanatory Notes**
(+) Net Revenue	7,980	21,502	7,178	21,008	Income Statement
(-) Estimated Replacement Value of Concession	(131)	(145)	(194)	(400)	Note 5
(-) Other revenues	(85)	(240)	(109)	(251)	Note 5
(+) Gain/Loss on RAP	(3)	(14)	4	(2)	Note 5.4
(+) Revenue from Operation and Maintenance	17	28	22	32	Note 5.4
(+) Photovoltaic Operations	2	5	1	1	Note 5.4
(+) Other revenues - Other revenues	(5)	0	13	19	Note 5.4
= Net Operating REVENUE	**7,775**	**21,136**	**6,915**	**20,407**	
(+) Costs with electric energy	(3,494)	(9,861)	(3,614)	(10,879)	Income Statement
(+) Fuel for energy production	(83)	(306)	(136)	(302)	Note 7
(+) Construction costs	(1,689)	(4,044)	(1,064)	(2,972)	Income Statement
= Energy costs	**(5,266)**	**(14,211)**	**(4,814)**	**(14,153)**	
(+) Estimated replacement value of concession	131	145	194	400	Note 5
= GROSS MARGIN	**2,640**	**7,070**	**2,295**	**6,654**	
(+) Operating costs	(815)	(2,579)	(859)	(2,533)	Income Statement
(+) Sales expenses	(70)	(208)	(70)	(204)	Income Statement
(+) Other general and administrative revenues/expenses	(397)	(1,030)	(341)	(1,011)	Income Statement
(-) Fuel for energy production	83	306	136	302	Note 7
(-) Depreciation	367	1,064	326	959	Note 7
(+) Gain/Loss on RAP	85	240	109	251	Note 5
(-) Gain/Loss on RAP	3	14	(4)	2	Note 5.4
(-) Revenue from operation and maintenance	(17)	(28)	(22)	(32)	Note 5.4
(-) Photovoltaic Operations	(2)	(5)	(1)	(1)	Note 5.4
(-) Other revenues - Other revenues	5	0	(13)	(19)	Note 5.4
= Operating Expenses (PMSO)	**(758)**	**(2,226)**	**(739)**	**(2,286)**	
Provision for Doubtful Receivables (PECLD)	(104)	(421)	(85)	(224)	Income Statement
(+) Equity Accounting	(14)	(28)	36	62	Income Statement
EBITDA	**1,764**	**4,395**	**1,507**	**4,206**	
(+) Depreciation and Amortization	(408)	(1,188)	(369)	(1,087)	Income Statement and Note 7
(+) Financial Income/Loss	(197)	(680)	(310)	(973)	Income Statement
(+) IR/CS	(316)	(651)	(211)	(479)	Income Statement
(+) Minority shareholders	(29)	(63)	(17)	(56)	Income Statement
NET INCOME	**814**	**1,813**	**600**	**1,611**	Income Statement

DISCLAIMER

This document 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 NEONERGIA.

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 mat have results or consequences other than those discussed and anticipated herein.

All relevant information regarding the period and used by 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 Neoenergia Group Investor Relations website (ri.neoenergia.com).

KPMG Auditores Independentes
Rua do Passeio, 38 - Setor 2 - 17º andar - Centro
20021-290 - Rio de Janeiro/RJ - Brasil
Caixa Postal 2888 - CEP 20001-970 - Rio de Janeiro/RJ - Brasil
Telefone +55 (21) 2207-9400
kpmg.com.br

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, 2020, which comprises the parent and consolidated financial position as of September 30, 2020 and the respective statements of income and comprehensive income for the three and nine month period then ended, of changes in shareholders' equity and of cash flows for the nine 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 (DVA) for the period of nine months ended September 30, 2020, 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, October 20, 2020

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

Marcelo Nogueira de Andrade
Accountant CRC RJ-086312/O-6

NEOENERGIA

Consolidated Interim Financial Statements

September 30, 2020

Sumário

NEOENERGIA S.A.

STATEMENT OF INCOME
For the Three and Nine-Month Period ended September 30, 2020 and 2019
(Amounts expressed in millions of Reais, except for earnings per share amounts)

	Notes	Consolidated				Parent Company			
		Three-month period ended		Nine-Month period ended		Three-month period ended		Nine-Month period ended	
		09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net revenue	5	**7,980**	**7,178**	**21,502**	**21,008**	**1**	**1**	**3**	**3**
Service costs		**(5,998)**	**(5,537)**	**(16,484)**	**(16,384)**	**-**	**-**	**-**	**-**
Energy costs	6	(3,494)	(3,614)	(9,861)	(10,879)	-	-	-	-
Operating costs	7	(815)	(859)	(2,579)	(2,533)	-	-	-	-
Construction costs	8	(1,689)	(1,064)	(4,044)	(2,972)	-	-	-	-
Gross profit		**1,982**	**1,641**	**5,018**	**4,624**	**1**	**1**	**3**	**3**
Provision for credit risk on trade receivables	12.2	(104)	(85)	(421)	(224)	-	21	-	16
Sales expenses	7	(70)	(70)	(208)	(204)	-	-	-	-
Other general and administrative income (expenses), net	7	(397)	(341)	(1,030)	(1,011)	(57)	(57)	(147)	(148)
Amortization of appreciation	15	(41)	(43)	(124)	(128)	(42)	(40)	(123)	(125)
Participation in subsidiaries, associates and joint ventures results	15	(14)	36	(28)	62	917	633	2,043	1,783
Operating income		**1,356**	**1,138**	**3,207**	**3,119**	**819**	**558**	**1,776**	**1,529**
Financial results	9	**(197)**	**(310)**	**(680)**	**(973)**	**(7)**	**43**	**30**	**84**
Financial income		168	132	421	394	37	64	123	158
Financial expenses		(398)	(406)	(1,171)	(1,294)	(29)	(17)	(67)	(73)
Other financial income (expenses), net		33	(36)	70	(73)	(15)	(4)	(26)	(1)
Income before taxes		**1,159**	**828**	**2,527**	**2,146**	**812**	**601**	**1,806**	**1,613**
Income taxes	10.1.1	**(316)**	**(211)**	**(651)**	**(479)**	**-**	**(1)**	**-**	**(2)**
Current		(195)	(128)	(477)	(257)	-	(1)	-	(2)
Deferred		(121)	(83)	(174)	(222)	-	-	-	-
Net income for the period		**843**	**617**	**1,876**	**1,667**	**812**	**600**	**1,806**	**1,611**
Attributable to									
Controlling interest		814	600	1,813	1,611	812	600	1,806	1,611
Non-controlling interest		29	17	63	56	-	-	-	-
Attributable to									
Basic and diluted earnings per share - R$	22.2	0,69	0,51	1,55	1,37	0,67	0,49	1,49	1,33

The accompanying notes are an integral part of these consolidated interim financial statements.

NEOENERGIA S.A.

STATEMENT OF COMPREHENSIVE INCOME
For the Three and Nine-Month Period ended September 30, 2020 and 2019
(Amounts expressed in millions of Reais, except for earnings per share amounts)

	Consolidated				Parent Company			
	Three-month period ended		Nine-Month period ended		Three-month period ended		Nine-Month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Net income for the period	**843**	**617**	**1,876**	**1,667**	**812**	**600**	**1,806**	**1,611**
Other comprehensive income/(loss)								
Items which will not be reclassified to profit or loss:								
Post-employment benefits obligations	4	1	(37)	2	-	-	-	-
Cash flow hedge	(9)	17	274	(2)	(9)	-	-	-
Deferred income taxes on comprehensive income/(loss)	1	(1)	13	(1)	3	-	-	-
Participation on investees' comprehensive income/(loss)	-	-	-	-	4	18	252	-
Total items which will not be reclassified to profit or loss	**(4)**	**17**	**250**	**(1)**	**(2)**	**18**	**252**	**-**
Items which will be reclassified to profit or loss:								
Cash flow hedge	(5)	29	236	134	(10)	-	(11)	-
Deferred income taxes on comprehensive income/(loss)	8	(15)	(61)	(35)	-	-	-	-
Transfer of realized impacts to net income	(28)	(5)	(68)	(20)	-	-	-	-
Participation on investees' comprehensive income/(loss)	-	-	-	-	(18)	8	114	75
Total Items which will be reclassified to profit or loss	(25)	9	107	79	(28)	8	103	75
Other comprehensive income/(loss) for the period, net of income taxes	**(29)**	**26**	**357**	**78**	**(30)**	**26**	**355**	**75**
Comprehensive income for the period	**814**	**643**	**2,233**	**1,745**	**782**	**626**	**2,161**	**1,686**
Attributable to:								
Controlling interest	783	626	2,167	1,686	782	626	2,161	1,686
Non-controlling interest	31	17	66	59	-	-	-	-

The accompanying notes are an integral part of these consolidated interim financial statements.

NEOENERGIA S.A.

STATEMENT OF CASH FLOWS
For the Nine-Month Period ended September 30, 2020 and 2019
(Amounts expressed in millions of Reais)

	Consolidated		Parent Company	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Cash flows from operating activities				
Net income for the period	**1,876**	**1,667**	**1,806**	**1,611**
Adjusted by:				
Depreciation and amortization*	1,080	976	4	3
Writte-off on non-current assets	79	88	-	-
Participation in investees results	152	66	(1,920)	(1,658)
Income taxes	651	480	-	2
Financial results, net	680	973	(30)	(84)
Others	(152)	(578)	(7)	1
Changes in working capital:			-	-
Trade and other receivables	396	(479)	-	12
Service concession arrangements (contractual assets)	(1,541)	41	-	-
Trade payables and payables to contractors	(245)	79	(10)	(7)
Wages, employment benefits and related charges	(32)	(36)	(1)	(2)
Sectoral financial assets and liabilities, net (Portion A and others)	1,493	223	-	-
Other recoverable (payable) taxes and sectoral charges, net	21	(259)	28	(117)
Provisions, net from judicial deposits	2	(141)	-	2
Other assets and liabilities, net	(6)	106	9	23
Cash flow from operating activities, net	**4,454**	**3,206**	**(121)**	**(214)**
Proceeds from dividends	14	15	243	1,413
Payments of charges on loans and financings	(694)	(828)	(49)	(27)
Derivative financial instruments paid, net	317	88	-	-
Financial income on cash equivalents and marketable securities	106	147	12	18
Payments of interest on leases	(8)	(7)	-	-
Income taxes paid	(413)	(187)	(6)	(3)
Cash flow provided by operating activities	**3,776**	**2,434**	**79**	**1187**
Cash flows from investing activities				
Property, plant and equipment ("PP&E") and intangible assets acquisition	(582)	(254)	(1)	(1)
Service concession arrangements (contractual assets)	(2,904)	(3,074)	-	-
Capital increase	(21)	(36)	(682)	(568)
Marketable securities deposits	(96)	(131)	-	-
Marketable securities redemption	49	50	-	-
Cash flow used in investing activities	**(3,554)**	**(3,445)**	**(683)**	**(569)**
Cash flows from financing activities				
Proceeds from loans and financings	3,575	5,959	-	1294
Borrowing costs paid	(38)	(75)	-	(49)
Payment of Loans and financings	(2,815)	(4,727)	-	(611)
Collateral deposits (redemption), net	(11)	(18)	-	-
Service concession arrangements obligations	94	191	-	-
Payments of principal on leases	(18)	(18)	-	-
Derivative financial instruments paid, net	984	-	-	-
Dividends paid to Neoenergia's shareholders	(198)	(635)	(198)	(635)
Dividends paid to non-controlling interest	(4)	(52)	-	-
Cash flow used in financing activities	**1,569**	**625**	**(198)**	**(1)**
Increase (decrease) in cash and cash equivalents for the period	**1,791**	**(386)**	**(802)**	**617**
Cash and cash equivalents at the beginning of the period	4,041	3,934	999	254
Cash and cash equivalents at the end of the period	**5,832**	**3,548**	**197**	**871**
Non-cash transactions:				
Capital increase through equity instruments conversion	-	-	-	68
Interest and other financial charges capitalized on PP&E and intangible assets	50	-	-	-
Leases additions	12	91	-	-
Addition and updating capitalized provisions	31	-	-	-

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

The accompanying notes are an integral part of these consolidated interim financial statements.

NEOENERGIA S.A.

STATEMENT OF FINANCIAL POSITION
As of September 30, 2020, and December 31, 2019
(Amounts expressed in millions of Reais)

		Consolidated		Parent Company	
	Note	**09/30/2020**	**12/31/2019**	**09/30/2020**	**12/31/2019**
Assets					
Current					
Cash and cash equivalents	**11**	5,832	4,041	197	999
Trade and other receivables	**12**	5,639	5,718	-	-
Marketable securities		18	25	-	-
Derivative financial instruments	**19.3**	1,281	509	17	-
Recoverable income taxes	**10.1.3**	555	456	144	234
Other recoverable taxes	**10.2.1**	1,141	1,299	-	-
Dividends	**15**	-	15	410	312
Sectoral financial assets (Portion A and others)	**13**	-	395	-	-
Service concession arrangements (contractual assets)	**14.2**	118	90	-	-
Other current assets		563	383	20	22
Total current assets		**15,147**	**12,931**	**788**	**1,567**
Non-current					
Trade and other receivables	**12**	273	298	-	-
Marketable securities		201	146	-	-
Derivative financial instruments	**19.3**	2,479	861	-	-
Recoverable income taxes	**10.1.3**	3	3	-	-
Other recoverable taxes	**10.2.1**	3,298	2,785	-	-
Dividends	**15**	-	-	25	77
Deferred income taxes	**10.1.2**	688	752	-	-
Judicial deposits	**20**	954	920	52	51
Service concession arrangements (financial assets)	**14.1**	13,240	11,743	-	-
Service concession arrangements (contractual assets)	**14.2**	7,546	5,543	-	-
Other non-current assets		108	115	158	160
Investments in subsidiaries, associates and joint ventures	**15**	2,494	2,501	21,802	19,128
Rights of use		86	91	-	-
Property, Plant & Equipment (“PP&E”)	**16**	6,456	6,16	28	30
Intangible assets	**17**	9,368	9,366	-	1
Total non-current assets		**47,194**	**41,284**	**22,065**	**19,447**
Total assets		**62,341**	**54,215**	**22,853**	**21,014**

The accompanying notes are an integral part of these consolidated interim financial statements.

NEOENERGIA S.A.

STATEMENT OF FINANCIAL POSITION
As of September 30, 2020, and December 31, 2019
(Amounts expressed in millions of Reais)

	Note	Consolidated		Parent Company	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Liabilities					
Current					
Trade payables and payables to contractors	**18**	2,930	3,049	87	92
Loans and financings	**19.2**	5,039	3,706	12	20
Lease obligations		25	27	-	-
Derivative financial instruments	**19.3**	-	47	-	-
Wages, employee benefits and related charges	**21**	395	379	19	19
Payable income taxes	**10.1.3**	74	9	-	-
Sectoral financial liabilities (Portion A and others)	**13**	621	-	-	-
Other taxes and sectoral charges payables	**10.2.2**	1,181	903	36	81
Reimbursement to consumers – Federal taxes	**10.3**	3	6	-	-
Dividends		278	214	253	198
Provisions	**20**	232	188	-	-
Other current liabilities		1,273	1,024	226	321
Total current liabilities		**12,051**	**9,552**	**633**	**731**
Non-current					
Trade payables and payables to contractors	**18**	125	136	-	-
Loans and financings	**19.2**	21,601	18,958	1,292	1,266
Lease obligations		67	70	-	-
Derivative financial instruments	**19.3**	36	5	36	-
Other taxes and sectoral charges payables	**10.2.2**	319	291	-	-
Deferred income taxes	**10.1.2**	380	222	3	3
Reimbursement to consumers – Federal taxes	**10.3**	3,537	3,276	-	-
Provisions	**20**	1,185	1,104	9	15
Wages, employee benefits and related charges	**21**	821	791	-	-
Sectoral financial liabilities (Portion A and others)	**13**	786	313	-	-
Other non-current liabilities		232	238	22	24
Total non-current liabilities		**29,089**	**25,404**	**1,362**	**1,308**
Shareholders' equity	**22**				
Attributable to controlling interest		20,865	18,975	20,858	18,975
Attributable to non-controlling interest		336	284	-	-
Total shareholders' equity		**21,201**	**19,259**	**20,858**	**18,975**
Total liabilities and shareholders' equity		**62,341**	**54,215**	**22,853**	**21,014**

The accompanying notes are an integral part of these consolidated interim financial statements.

NEOENERGIA S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Nine-Month Period ended September 30, 2020 and 2019
(Amounts expressed in millions of Reais)

Consolidated

	Share capital	Capital reserve	Shareholders' transactions reserve	Other comprehensive income/(loss)	Profit reserves: Legal reserve	Profit reserves: Unrealized profit reserve	Profit reserves: Retained profit reserve	Retained earnings	Attributable to controlling interest	Attributable to non-controlling interest	Total
Balance as of December 31, 2019	**12,920**	**93**	**(1,597)**	**(123)**	**866**	**234**	**6,582**	**-**	**18,975**	**284**	**19,259**
Net income for the period	-	-	-	-	-	-	-	1,813	1,813	63	1,876
Other comprehensive income (note 22.3)	-	-	-	355	-	-	-	-	355	2	357
Remuneration for non-controlling shareholders	-	-	-	-	-	-	-	-	-	(13)	(13)
Interest on equity (note 22.4)	-	-	-	-	-	-	-	(278)	(278)	-	(278)
Balance as of September 30, 2020	**12,920**	**93**	**(1,597)**	**232**	**866**	**234**	**6,582**	**1,535**	**20,865**	**336**	**21,201**

	Share capital	Capital reserve	Shareholders' transactions reserve	Other comprehensive income/(loss)	Profit reserves: Legal reserve	Profit reserves: Unrealized profit reserve	Profit reserves: Retained profit reserve	Retained earnings	Attributable to controlling interest	Attributable to non-controlling interest	Total
Balance as of December 31, 2018	**12,920**	**93**	**(1,594)**	**(172)**	**754**	**234**	**5,019**	**-**	**17,254**	**323**	**17,577**
Net income for the period	-	-	-	-	-	-	-	1,611	**1,611**	56	**1,667**
Other comprehensive income (note 22.3)	-	-	-	75	-	-	-	-	**75**	3	**78**
Remuneration to non-controlling interest	-	-	-	-	-	-	-	-	**-**	(55)	**(55)**
Interest on equity (note 22.4)	-	-	-	-	-	-	-	(338)	**(338)**	-	**(338)**
Balance as of September 30, 2019	**12,920**	**93**	**(1,594)**	**(97)**	**754**	**234**	**5,019**	**1,273**	**18,602**	**327**	**18,929**

The accompanying notes are an integral part of these consolidated interim financial statements.

NEOENERGIA S.A.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the Nine-Month Period ended September 30, 2020 and 2019
(Amounts expressed in millions of Reais)

Parent Company

	Share capital	Capital reserve	Shareholders' transactions reserve	Other comprehensive income/(loss)	Profit reserves: Legal reserve	Profit reserves: Unrealized profit reserve	Profit reserves: Retained profit reserve	Retained earnings	Total
Balance as of December 31, 2019	**12,920**	**93**	**(1,597)**	**(123)**	**866**	**234**	**6,582**	**-**	**18,975**
Net income for the period	-	-	-	-	-	-	-	1,806	1,806
Other comprehensive income/(loss) (note 22.3)	-	-	-	355	-	-	-		355
Interest on equity (note 22.4)	-	-	-	-	-	-	-	(278)	(278)
Balance as of September 30, 2020	**12,920**	**93**	**(1,597)**	**232**	**866**	**234**	**6,582**	**1,528**	**20,858**

	Share capital	Capital reserve	Shareholders' transactions reserve	Other comprehensive income/(loss)	Profit reserves: Legal reserve	Profit reserves: Unrealized profit reserve	Profit reserves: Retained profit reserve	Retained earnings	Total
Balance as of December 31, 2018	**12,920**	**93**	**(1,594)**	**(172)**	**754**	**234**	**5,019**	**-**	**17,254**
Net income for the period	-	-	-	-	-	-	-	1,611	1,611
Other comprehensive income/(loss) (note 22.3)	-	-	-	75	-	-	-	-	75
Interest on equity (note 22.4)	-	-	-	-	-	-	-	(338)	(338)
Balance as of September 30, 2019	**12,920**	**93**	**(1,594)**	**(97)**	**754**	**234**	**5,019**	**1,273**	**18,602**

The accompanying notes are an integral part of these consolidated interim financial statements.

NEOENERGIA S.A.

STATEMENT OF ADDED-VALUE
For the Nine-Month Period ended September 30, 2020 and 2019
(Amounts expressed in millions of Reais)

	Consolidated		Parent Company	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Revenues				
Energy, services and other sales	30,247	30,626	3	3
Provision for credit risk on trade receivables	(421)	(224)	-	16
Disposal of assets and rights	-	5	-	-
	29,826	**30,407**	**3**	**19**
Inputs purchased from third parties				
Electricity purchased for resale (*)	(8,780)	(10,241)	-	-
Transmission network use charges (*)	(2,132)	(1,854)	-	-
Raw materials consumed	(306)	(300)	-	-
Materials, third party services and others (*)	(5,353)	(4,364)	(106)	(110)
	(16,571)	**(16,759)**	**(106)**	**(110)**
Gross added-value	**13,255**	**13,648**	**(103)**	**(91)**
Depreciation and amortization (*)	(1,204)	(1,104)	(127)	(128)
Net added-value produced by Company	**12,051**	**12,544**	**(230)**	**(219)**
Added-value transferred to the Company				
Financial income	5,581	2,885	130	200
Participation in investees results	(28)	62	2,043	1,783
	5,553	**2,947**	**2,173**	**1,983**
Total added-value to allocate	**17,604**	**15,491**	**1,943**	**1,764**
Added-value allocation				
Staff				
Wages	516	509	-	-
Provision for vacation and 13th salary	117	110	-	-
Social charges (except INSS)	77	73	-	-
Employee benefits	144	150	-	3
Management compensation	47	42	29	27
Other	34	38	2	-
Subtotal	**935**	**922**	**31**	**30**
Taxes, fees and contributions				
National Institution of Social Security (INSS) (on the	141	136	4	3
Value-Added Tax on Sales and Services (ICMS)	4,849	5,043	-	-
Taxes on revenue (PIS/COFINS)	1,384	1,321	7	8
Income taxes	651	480	-	2
Intra-sectoral obligations	1,468	2,048	-	-
Others	33	32	1	2
Subtotal	**8,526**	**9,060**	**12**	**15**
Financings				
Interest and foreign exchange rate variations	6,261	3,828	94	108
Leases	6	14		-
Subtotal	**6,267**	**3,842**	**94**	**108**
Stakeholders' remunerations				
Dividends and interest on capital	278	338	278	338
Retained earnings	1,535	1,273	1,528	1,273
Non-controlling interest	63	56		
	1,876	**1,667**	**1,806**	**1,611**
Added-value distributed	**17,604**	**15,491**	**1,943**	**1,764**

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

The accompanying notes are an integral part of these consolidated interim financial statements.

1. CORPORATE INFORMATION

Neoenergia S.A. and its direct and indirect subsidiaries ("Company" or "Neoenergia") are primarily dedicated to energy distribution, transmission, generation and sale activities, represented in three strategic operating segments (i) Networks, (ii) Renewable and (iii) Liberalized.

NEOENERGIA S.A. ("Parent Company"), has its registered address at 78, Praia do Flamengo – 3rd floor, Flamengo - Rio de Janeiro – RJ, Brazil, and was incorporated as a publicly-held company (NEOE3) with shares traded at B3 S.A. – Brazil, Bolsa, Balcão ("B3"), acting as a holding company with participation in other entities.

1.1 Service concession arrangements and authorizations

Until September 30, 2020, changes were made to the structure of the service concession and authorizations arrangements that the Company operates.

Complete information on the Company's service concession arrangements is disclosed in the consolidated financial statements for the year ended December 31, 2019, therefore this consolidated financial statement for the three-month period ended September 30, 2020 should be read in conjunction with the aforementioned financial statements.

a) Service concession arrangements

Networks

Transmission operators Sobral, located in the State of Ceará, and Atibaia, located in the State of São Paulo, started their operations on January 22 and March 7, 2020, 13 months and 11 months in advance, respectively. The Company won the bidding of such service concession arrangements in Auction No. 05/2016 held in April 2017 and the date for start of operations set by ANEEL in the provisions of such arrangements were by February 2021.

On March 20, 2020, the Company signed the service concession arrangement for Lot 09 that was won by the Company in Auction No. 2/2019. Such lot is located in Bahia and comprises one 210 km transmission line and 2 substations. The infrastructure construction term is 48 months as from the date of signature of the respective contract.

In July 2020, the group filed with the National Electric System Operator ("ONS") the request for the Definitive Release Term (TLD) of the first stretch of lot 04, of Transmissora Dourados, referring to the April 05/2016 Auction 2017, due to the conclusion of the Transmission Function LT Nova Porto Primavera - Rio Brilhante that crosses the states of Mato Grosso do Sul and São Paulo.

Also, in July 2020, the group filed with the National Electric System Operator ("ONS") the request for the Term of Release with Pending (TLP) of lot 22 of Auction 05/2016 of April 2017, regarding the transmission installation composed of a static reactive compensator at the Biguaçu Substation, located in the state of Santa Catarina.

b) Authorizations

Renewables

In May 2020, Authorizations were obtained for the 2 new photovoltaic solar parks Luzia 2 and Luzia 3, totaling 119.7 MW of installed capacity in Santa Luzia, Paraíba, with commercial start scheduled for the end of 2023.

The subsidiary Neoenergia Renováveis S.A. signed on September 17, 2020 Asset Purchase and Sale Agreement with PEC Energia S.A., for the acquisition of wind generation pipeline projects, with a potential to be installed of approximately 400MW. The projects are located in Serra da Gameleira, State of Bahia, and comprise a total area of 7,800 hectares.

The total value of the acquisition can reach R$ 80 million, to be paid after the closing of the operation and depending on the achievement of certain development milestones for the parks.

The closing of the acquisition is subject to compliance with conditions precedent usual in this type of transaction, including approval by the Administrative Council for Economic Defense (“CADE”).

1.2 Coronavirus (“Covid-19”)

a) General information

On March 11, 2020, the World Health Organization reported Coronavirus outbreak (COVID-19) as a pandemic. In Brazil, as in other countries in the world, measures to stimulate the economy, credit (including a cycle of interest rate cuts, supported by the low level of inflation) and stability of the national electricity sector were announced.

b) Impacts over interim financial statements

On September 30, 2020, considering the current stage of the spread of the COVID-19 outbreak, it is possible to identify the pandemic's impacts in a more assertive way compared to the previous quarter. The Company's performance was mainly affected by the following items:

(i) Energy billing due to reduced demand for electricity in the free and regulated markets;

(ii) The increase in Expected Credit Losses (PCE) is due to the increase in overdue Accounts Receivable, in view of the prohibition of power cut actions in the period from March 25 to July 31, 2020 for residential class and essential services. This ban will remain in effect until December 31, 2020 for a low-income subclass and consumer units with home care equipment.

The COVID-19 Pandemic impacts presented below represent Management's best estimates. These events affected the business results in 2020, however, we believe that there will be gradually a predictable return to normal, in addition to the expectation that the calculated losses should be subject to an Extraordinary Tariff Recomposition for the economic and financial rebalancing of the Concession, so that expects this to significantly affect the recoverability of long-term business investments in the Neoenergia group. The effects of COVID-19 must be analyzed as non-recurring items

(Amounts expressed in millions of Reais, except otherwise stated)

(i) Networks: The revenues of this segment are mainly linked to the supply of electricity and the availability of distribution and transmission networks. In distribution, the COVID-19 effect had a negative impact on the Company's results as follows, per cash-generating unit:

	3-month period ended in September 30, 2020	9-month period ended in September 30, 2020
Downturn in market demand	(17)	(167)
Expected credit losses	(19)	(166)
Operating income	**(36)**	**(333)**
Taxes on profit	6	93
Net effect	**(30)**	**(240)**

In the transmission, we continue to monitor the works in progress, taking all the measures within the group's reach to avoid and / or mitigate possible delays. So far, any delays do not impact the original schedule for the start-up of projects in progress.

(ii) Renewables: Revenues of this segment are related to availability of infrastructure, hydrological risk ("GSF") and the value of the Preço de Liquidação das Diferenças - PLD ("Differences Settlement Price"). There have been no changes in generators availability caused by the acts to combat COVID-19, so far. We observed a fall, there has been no change in the availability of generators caused by measures to combat COVID-19. We observed a reduction in GSF, accumulated until September 2020, in the order of 12% in relation to the same period in 2019. The PLD accumulated until September 2020 reduced in relation to the same period of the previous year, by 44% in the Southeast submarket, 39% in the South and 22% in the Northeast submarket. The variations in these items are a consequence of the reduced demand from the National Interconnected System and do not have significant impacts on the results of this business segment.

(ii) Liberalized: Revenues of this segment are related to thermoelectric generation infrastructure availability as well as PLD's value, and energy purchase and sale contracts with other agents and final consumers in free market. No changes have been noticed in generators availability caused by acts to combat COVID19, so far, no change in the availability of the generator has been noticed due to measures to combat COVID19. We only observed a drop in the accumulated value up to September 2020 in relation to the same period of the previous year, in the value of PLD in, 44% in the Southeast submarket and 22% in the Northeast submarket. However, a decrease in consumption occurred in the free market, due to the reduction in economic activity, generating a reduction of R $ 10 in the trader's gross margin for the period of 9 months ended September 30, 2020.

c) Operational and financial resilience measures

In view of the scenario described above, several measures of economic and financial assistance were introduced by the three levels of administration of the Brazilian Federation, with the objective of assisting companies in mitigating the effects of the pandemic:

(i) postponement of the payment of PIS and COFINS (R$ 450), and FGTS (R$ 11), temporary exemption from IOF (R$ 7), resulting in a temporary relief in the cash flow of R$ 468. The payment of PIS and COFINS (R$ 286) and FGTS (R $ 6), related to April and May, in the amount of R $ 292, remains open for payment in the 4th quarter of 2020.

(ii) adherence to the temporary suspension of interest payments and amortization of loans contracted with BNDES and BNB (stand still), effective between April and October, and May and December, respectively, which will provide an additional net cash of approximately R$ 379 (nominal basis), with the dilution of this amount for the remaining term of the loans contracted with BNDES;

(iii) release of the Reserve Fund of the Electric Energy Trading Chamber (CCEE) so that distribution agents and free consumers can maintain their obligations to the electricity sector, corresponding to R$ 203 for Neoenergia Group distributors received in April 2020.

(iv) the publication of Provisional Measure No. 950/2020, which determines a 100% discount on the electricity bill less than or equal to 220 kWh / month in the period from April 1 to September 30, 2020 and extended until July 31, 2020, it will allow distributors to be fully refunded for this discount by CDE and avoid default in this consumer segment.

(v) Adherence to the Covid Account: Aneel Resolution Nº 885, dated June 23, 2020, provides for the Covid Account 19, criteria and procedures for the management of resources, establishing funding limits per distributor, based on the loss of collection and market of each distribution agent. The rule also details the cost items that can be covered by the account and the operational flow of transfers.

From July to September 2020, the Company received a total amount of R $ 1,664, which was used to write off the sectorial financial asset, in an equal amount to the transfer of financial resources received from CCEE, see note 13.

(vi) deferral of the tariff readjustment of the Northeast energy distributors to July 1, 2020, with no effect on the result and with a cash impact offset by the non-payment of the CDE quota during the same period, totaling R$ 122.

In addition to the measures indicated above, the Company will carefully analyze any new government policy guidelines in response to the pandemic aimed at providing financial relief to taxpayers. The Company understands that such guidelines must respect, in any circumstance, the right to economic-financial balance of the Concessions, in accordance with the legal framework, the clauses contained in the respective Contracts signed with the Granting Authority and with the guidelines published by the National Agency of Electricity - ANEEL.

In addition to the government measures introduced to mitigate the financial effects of the pandemic, the Company also took the following measures to minimize the economic and financial impacts:

(i) Adoption of measures to minimize the increase in overdue accounts receivable. Witch could result in a significant increase in the amount of expected credit losses, among which we highlight.

a. The. Implementation of new collection channels, such as the Negotiation Portal plugged into the distributors' website, allowing customers to negotiate their debts without leaving home;
b. Flexibility in the negotiation conditions (reduction in the entry percentage, increase in parcel and exemption from financing interest) offered to customers for a limited time (until September 30, 2020);
c. Payment and installment of energy consumption invoices for the Distributors' customers by credit card (up to 12x), without default risk for the distributors;
d. Intensification of digital collection actions (SMS / IVR, E-mail and Whatsapp), directing our customers to the Negotiation Portal;

e. Pioneer in launching a new payment method through the Caixa Virtual Card (Emergency Benefit);
f. Media campaign (TV and Radio) in partnership with Flexpag with a bonus offer of R$ 35.00 (cashback) for the first customers to pay their bills in arrears, by credit card, at no cost to the Company.

(ii) Measures to reduce Over-contracting

Article 9 of Decree nº 10.350 / 20 provides for changes to Decree 5.163 / 04 so that the load reduction resulting from the covid-19 pandemic is recognized as involuntary, which has already been regulated by REN 885/2020, which amended REN 453 / 2011, including this criterion in the list of involuntary rules.

During the year 2020, the Neoenergia Group's distributors are using the existing management mechanisms of their energy purchase portfolio, making the utmost effort to adjust their contracting level within the regulatory limits. However, due to the general increase in over-contracting due to the market reduction resulting from COVID-19, such mechanisms have had low effectiveness.

Since the beginning of the Pandemic COVID 19 in March 2020, the MCSDs of Energia Nova that allowed compensation for the current year have not been processed, due to the lack of declaration of deficits by other distributors. The Existing Energy MCSD, on the other hand, has been processed monthly, with Coelba being the only Neoenergia distributor that fulfills the participation requirements with declaration of surpluses, however the effectiveness is low, allowing only the return of the amount associated with consumer migrations to the ACL. Finally, MVE also considering the extraordinary processing approved by Aneel, since few products have were traded (the PLD + Spread product was the most effective).

(iii) Postponement of the payment of earnings from the energy distributors, and

(iv) Anticipation of fundraising from financial institutions, in the amount of R$ 560 and approval of a new funding in the amount of R$ 3.4 billion.

d) Measures adopted by the Company to assist society

The Company has adopted several measures to contribute to government efforts to mitigate the effects of the pandemic on society. Among these measures, the following stand out:

(i) Technical inspection of the electrical installations of hospitals, sanitation companies and prisons, in addition to the main industries in our concession areas;
(ii) Supply of refrigeration and lighting equipment for field hospitals;
(iii) Donations of breathing apparatus and masks;
(iv) Adoption of telework for its employees, whose activities are compatible with this type of work to avoid displacement and potential risk of contagion, and
(v) Donation to the *Oswaldo Cruz Instituto* (FIOCRUZ) together with other companies in the Electric Sector with resources for the preparations of rapid tests for the detection of COVID-19.

2. INTERIM FINANCIAL STATEMENTS BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated and individual interim financial statements were prepared and presented under IAS 34 - Interim Financial Reporting (CPC 21 – *Demonstração Intermediária*) and shall be read in conjunction with the last annual consolidated financial statements for the year ended December 31, 2019 previously published. The Company's financial statements are prepared according to the accounting standards approved by *Comissão de Valores Mobiliários* - CVM ("Brazilian Securities and Exchange Commission").

The Company's consolidated interim financial statements present main variations during the period, avoiding repetition of certain notes to the previously published annual financial statements, and are presented on a new basis of groups of accounts and changing the order of tables and explanatory notes, when compared to the annual financial statements, aiming to improve presentation of accounting information to readers. As a consequence, comparative balances for the previous period were also regrouped for comparability purposes.

The Company also uses the guidelines contained in the Brazilian Electricity Sector Accounting Manual and the standards defined by ANEEL, when those do not conflict with the accounting practices adopted in Brazil and/or IFRS.

In the preparation of these consolidated interim financial statements, the subsidiaries are consolidated as from the date on which the Company assumes their control until the date on which control ceases. The Company's participation on the results of investments accounted for as joint ventures and associates are included in the consolidated interim financial statements as from the date on which significant influence or joint control begins, until the date on which significant influence or joint control ceases. All transactions between Neoenergia S.A. and its direct and indirect subsidiaries are entirely eliminated.

These consolidated interim financial statements were approved and authorized for issuance by the Company's Board of Directors on October 20, 2020.

All relevant information specific to the consolidated interim financial statements are disclosed and correspond to those used by Management.

2.2 Critical accounting standards, policies and estimates

The critical accounting standards, policies and estimates applied to these consolidated interim financial statements are equal as those applied to the audited consolidated financial statements for the year ended December 31, 2019, and therefore should be read in conjunction.

2.3 Functional and presentation currency

The Company's consolidated financial statements are presented in millions of Reais (R$), which is the Company's functional currency.

(Amounts expressed in millions of Reais, except otherwise stated)

Foreign currency transactions are initially recognized at the exchange rate of the functional currency on the date of the transaction, and the monetary assets and liabilities denominated in foreign currency are translated into functional currency by using the exchange rate on the date of the statement of financial position. Gains and losses arising from foreign exchange rate variations from the update of these assets and liabilities are recognized in the statement of income.

2.4 New standards and interpretations in force and in force

The main regulations amended, issued or under discussion by the International Accounting Standards Board (IASB) and the Accounting Pronouncements Committee are as follows:

a) Changes in current accounting pronouncements

Norms	Description of the change	Effective date
IFRS 3/ CPC 15: Business Combination.	Establishes new requirements to determine whether a transaction should be recognized as a business acquisition or an asset acquisition.	January 1, 2020
IFRS 9 / CPC 48: Financial instruments; FRS 7 / CPC 40: Financial Instruments - Disclosure and IAS 39 / CPC 38: Financial Instruments - Recognition and Measurement.	Inclusion of temporary exceptions to current hedge accounting requirements to counteract the effects of uncertainties caused by the reform of the benchmark interest rate (IBOR).	January 1, 2020
IAS 1 / CPC 26: Presentation of the Financial Statements and IAS 8 / CPC 23: Accounting Policies, Changes in Estimates and Correction of Errors.	Changes the definition of "material", establishing that an information is material if its omission, distortion or obscurity can reasonably influence the decision making of the users of the financial statements.	January 1, 2020
IFRS 16 / CPC 06 (R2): Leases.	Requirements for making it easier for lessees to account for possible concessions obtained in contracts as a result of COVID-19, such as forgiveness, suspension or even temporary reductions in payments.	January 1, 2020

b) Normative issued by the IASB and not yet approved by the CPC

Norms	Description of the change	Effective date
IAS 37 / CPC 25: Provisions, contingent liabilities and contingent assets.	Specification of what costs a company should include when assessing whether a contract is costly. The costs directly related to the fulfillment of the contract must be considered in the cash flow assumptions (Ex: Cost of labor, materials and other expenses related to the operation of the contract).	January 1, 2022
IAS 16 / CPC 27: Fixed assets	Allow revenue and cost recognition of amounts related to the sale of items produced during the asset's testing phase.	January 1, 2022
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 on the effects brought about by the reform of the benchmark interest rate (IBOR).	January 1, 2021

(Amounts expressed in millions of Reais, except otherwise stated)

The amendments to Pronouncements that took effect on January 1, 2020 did not have a material impact on the interim financial statements. In relation to the regulations under discussion at the IASB or with an effective date established in a future exercise, the Company is following the discussions and has so far not identified the possibility of significant impacts.

3. NET INCOME FOR THE PERIOD CONCILIATION

Parent company and consolidated net income for the period conciliation is as follows:

	Net income for the Nine-Month period ended 09/30/2020
Parent company	**1,806**
Interest capitalized (a)	11
Deferred income taxes (a)	(4)
Consolidated	**1,813**

a) Capitalization of a portion of the interest on the debentures issued in July 2019 by Neoenergia S.A. to the PP&E related to the wind farms under construction.

4. SEGMENT INFORMATION

The Company operates the following reportable segments: Networks, Renewables, Liberalized and Others. The segments were defined based on the products and services provided by the Company and reflect the structure used by Management to assess the Company's performance in the normal course of its operations. The bodies responsible for making operational decisions, resource allocation and performance evaluation include the Executive Boards and the Board of Directors.

The main activities of the operating segments are as follows: (i) Networks - comprise the business regarding the service concession arrangements related to energy distribution and transmission services; (ii) Renewables - comprise the activities regarding the service concession arrangements related to energy generation services from natural renewable resources, such as wind farms and hydroelectric plants; (iii) Liberalized - comprise energy generation activities from thermoelectric plants and energy commercialization activities; and (iv) Others - include activities that support operations.

Allocation of segment information for the Nine-Month period ended September 30, 2019 has been changed, aiming to improve business management and to comply with Management's view on the operation, as follows:

Entity	Previous Segment	Current Segment
Elektro O&M	Liberalized	Networks
Teles Pires	Others	Renewables
EAPSA	Others	Renewables

(Amounts expressed in millions of Reais, except otherwise stated)

4.1 Segments results

Segment information according to criteria set by the Company's Management are as follows:

											Consolidated
											Three-month period ended September 30, 2020
			Networks			**Renewables**			**Liberalized**	**Other**	
	Distribution	Transmission	**Total networks**	Wind farms	Hydroelectric plants	**Total renewables**	Thermoelectric plants	Commercialization and services	**Total liberalized**	**Other**	**Result**
Gross revenues from third-parties	9,617	739	**10,356**	149	77	**226**	-	306	**306**	**-**	**10,888**
Gross revenues inter-segments	2	10	**12**	19	45	**64**	385	10	**395**	**1**	**472**
Gross revenues' deductions	(2727)	(4)	**(2,731)**	(12)	(15)	**(27)**	(103)	(47)	**(150)**	**-**	**(2,908)**
Operating costs and expenses¹	(5,051)	(545)	**(5,596)**	(32)	(33)	**(65)**	(172)	(209)	**(381)**	**(56)**	**(6,098)**
Inter-segments operating costs and expenses¹	(410)	-	**(410)**	(2)	(7)	**(9)**	(7)	(46)	**(53)**	**-**	**(472)**
Provision for credit risk on trade receivables	(104)	-	**(104)**	-	-	**-**	-	-	**-**	**-**	**(104)**
Participation in investees results	-	-	**-**	-	(14)	**(14)**	-	-	**-**	**-**	**(14)**
EBITDA	**1,327**	**200**	**1,527**	**122**	**53**	**175**	**103**	**14**	**117**	**(55)**	**1,764**
Depreciation and amortization²	(305)	-	**(305)**	(26)	(19)	**(45)**	(14)	(1)	**(15)**	**(43)**	**(408)**
Operating profit	**1,022**	**200**	**1,222**	**96**	**34**	**130**	**89**	**13**	**102**	**(98)**	**1,356**
Financial income, net	(123)	(8)	**(131)**	(22)	(28)	**(50)**	(11)	(4)	**(15)**	**(1)**	**(197)**
Income taxes	(228)	(58)	**(286)**	(2)	(10)	**(12)**	(13)	(3)	**(16)**	**(2)**	**(316)**
Net income	**671**	**134**	**805**	**72**	**(4)**	**68**	**65**	**6**	**71**	**(101)**	**843**

(¹) Do not include depreciation and amortization.
(²) Includes appreciation appropriation.

(Amounts expressed in millions of Reais, except otherwise stated)

											Consolidated
	Nine-Month period ended September 30, 2020										
			Networks			Renewables			Liberalized	Other	
	Distribution	Transmission	Total networks	Wind farms	Hydroelectric plants	Total renewables	Thermoelectric plants	Commercialization and services	Total liberalized	Other	Result
Gross revenues from third-parties	27,194	1,639	**28,833**	298	222	**520**	30	864	**894**	-	**30,247**
Gross revenues inter-segments	8	25	**33**	45	241	**286**	1,086	82	**1,168**	3	**1,490**
Gross revenues' deductions	(8,207)	(10)	**(8,217)**	(35)	(56)	**(91)**	(292)	(145)	**(437)**	-	**(8,745)**
Operating costs and expenses[1]	(14,046)	(1,201)	**(15,247)**	(97)	(103)	**(200)**	(488)	(580)	**(1,068)**	(143)	**(16,658)**
Inter-segments operating costs and expenses[1]	(1,156)	(2)	**(1,158)**	(7)	(47)	**(54)**	(45)	(233)	**(278)**	-	**(1,490)**
Provision for credit risk on trade receivables	(421)	-	**(421)**	-	-	**-**	-	-	**-**	-	**(421)**
Participation in investees results	-	-	**-**	-	(28)	**(28)**	-	-	**-**	-	**(28)**
EBITDA	**3,372**	**451**	**3,823**	**204**	**229**	**433**	**291**	**(12)**	**279**	**(140)**	**4,395**
Depreciation and amortization[2]	(875)	-	**(875)**	(81)	(59)	**(140)**	(42)	(4)	**(46)**	(127)	**(1,188)**
Operating profit	**2,497**	**451**	**2,948**	**123**	**170**	**293**	**249**	**(16)**	**233**	**(267)**	**3,207**
Financial income net	(528)	(12)	**(540)**	(63)	(62)	**(125)**	(49)	(7)	**(56)**	41	**(680)**
Income taxes	(475)	(132)	**(607)**	27	(43)	**(16)**	(32)	8	**(24)**	(4)	**(651)**
Net income	**1,494**	**307**	**1,801**	**87**	**65**	**152**	**168**	**(15)**	**153**	**(230)**	**1,876**

([1]) Do not include depreciation and amortization.
([2]) Includes appreciation appropriation.

(Amounts expressed in millions of Reais, except otherwise stated)

											Consolidated
	Three-month period ended September 30, 2019										
			Networks			**Renewables**			**Liberalized**	**Other**	
	Distribution	Transmission	**Total networks**	Wind farms	Hydroelectric plants	**Total renewables**	Thermoelectric plants	Commercialization and services	**Total liberalized**	**Other**	**Result**
Gross revenues from third-parties	9,311	236	**9,547**	111	73	**184**	29	450	**479**	**1**	**10,211**
Gross revenues inter-segments	3	8	**11**	13	72	**85**	338	53	**391**	**-**	**487**
Gross revenues' deductions	(2,840)	(1)	**(2,841)**	(13)	(16)	**(29)**	(92)	(71)	**(163)**	**-**	**(3,033)**
Operating costs and expenses[1]	(4,800)	(177)	**(4,977)**	(32)	(40)	**(72)**	(161)	(356)	**(517)**	**(56)**	**(5,622)**
Inter-segments operating costs and expenses[1]	(361)	(2)	**(363)**	(7)	(26)	**(33)**	(25)	(66)	**(91)**	-	**(487)**
Provision for credit risk on trade receivables	(106)	-	**(106)**	-	-	**-**	-	-	**-**	21	**(85)**
Participation in investees results[2]	-	-	**-**	-	36	**36**	-	-	**-**	-	**36**
EBITDA	**1,207**	**64**	**1,271**	**72**	**99**	**171**	**89**	**10**	**99**	**(34)**	**1,507**
Depreciation and amortization[3]	(267)	-	**(267)**	(26)	(22)	**(48)**	(13)	-	**(13)**	(41)	**(369)**
Operating profit	**940**	**64**	**1,004**	**46**	**77**	**123**	**76**	**10**	**86**	**(75)**	**1,138**
Financial income net	(283)	-	**(283)**	(20)	(17)	**(37)**	(29)	(4)	**(33)**	43	**(310)**
Income taxes	(168)	(16)	**(184)**	(4)	(7)	**(11)**	(12)	(3)	**(15)**	(1)	**(211)**
Net income	**489**	**48**	**537**	**22**	**53**	**75**	**35**	**3**	**38**	**(33)**	**617**

([1]) Do not include depreciation and amortization.
([2]) Changes in segment information for the three-month period ended September 30, 2019 were substantially impacted by participation in investees' results (R$1), due to changes in the allocations of Teles Pires and EAPSA between Others and Renewable segments.
([3]) Includes appreciation appropriation

(Amounts expressed in millions of Reais, except otherwise stated)

											Consolidated
											Nine-Month period ended September 30, 2019
			Networks			**Renewables**			**Liberalized**	**Other**	
	Distribution	Transmission	**Total networks**	Wind farms	Hydroelectric plants	**Total renewables**	Thermoelectric plants	Commercialization and services	**Total liberalized**	**Other**	**Result**
Gross revenues from third-parties	28,143	635	**28,778**	291	225	**516**	39	1,290	**1,329**	**3**	**30,626**
Gross revenues inter-segments	10	23	**33**	39	250	**289**	957	126	**1,083**	**-**	**1,405**
Gross revenues' deductions	(9,076)	(4)	**(9,080)**	(26)	(54)	**(80)**	(258)	(200)	**(458)**	**-**	**(9,618)**
Operating costs and expenses[1]	(14,370)	(460)	**(14,830)**	(90)	(96)	**(186)**	(431)	(1,048)	**(1,479)**	**(145)**	**(16,640)**
Inter-segments operating costs and expenses[1]	(1,027)	(5)	**(1,032)**	(12)	(80)	**(92)**	(49)	(232)	**(281)**	-	**(1,405)**
Provision for credit risk on trade receivables	(239)	-	**(239)**	-	(1)	**(1)**	-	-	**-**	16	**(224)**
Participation in investees results[2]	-	-	**-**	-	62	**62**	-	-	**-**	-	**62**
EBITDA	**3,441**	**189**	3,630	**202**	**306**	508	**258**	**(64)**	194	**(126)**	4,206
Depreciation and amortization[3]	(786)	-	**(786)**	(78)	(57)	**(135)**	(37)	(1)	**(38)**	(128)	**(1,087)**
Operating profit	**2,655**	**189**	**2,844**	**124**	**249**	**373**	**221**	**(65)**	**156**	**(254)**	**3,119**
Financial income net	(863)	1	**(862)**	(70)	(45)	**(115)**	(76)	(4)	**(80)**	84	**(973)**
Income taxes	(383)	(43)	**(426)**	(12)	(42)	**(54)**	(19)	22	**3**	(2)	**(479)**
Net income	**1,409**	**147**	**1,556**	**42**	**162**	**204**	**126**	**(47)**	**79**	**(172)**	**1,667**

([1]) Do not include depreciation and amortization.
([2]) Changes in segment information for the three-month period ended September 30, 2019 were substantially impacted by participation in investees' results (R$13), due to changes in the allocations of Teles Pires and EAPSA between Others and Renewable segments.
([3]) Includes appreciation appropriation

(Amounts expressed in millions of Reais, except otherwise stated)

4.2 Segments assets

					Consolidated
					Balances as of September 30, 2020
	Trade and other receivables	Sectoral financial assets (liabilities)	Service concession arrangements¹	Investments in subsidiaries, associates and joint ventures	Right of Use, PP&E and Intangible Assets
Networks					
Distribution	5,551	(1,407)	17,576	2	9,170
Transmission	14	-	3,328	-	3
	5,565	**(1,407)**	**20,904**	**2**	**9,173**
Renewables		-	-	-	
Wind farms	139	-	-	-	2,859
Hydroelectric plants	40	-	-	2,492	2,837
	179	**-**	**-**	**2,492**	**5,696**
Liberalized					
Thermoelectric plants	-	-	-	-	988
Commercialization and services	168	-	-	-	6
	168	**-**	**-**	**-**	**994**
Other	**-**	**-**	**-**	**-**	47
	5,912	**(1,407)**	**20,904**	**2,494**	**15,910**

					Consolidated
					Balances as of December 31, 2019
	Trade and other receivables	Sectoral financial assets (liabilities)	Service concession arrangements¹	Investments in subsidiaries, associates and joint ventures	Right of Use, PP&E and Intangible Assets
Networks					
Distribution	5,592	82	15,620	2	9,168
Transmission	6	-	1,756	-	62
	5,598	**82**	**17,376**	**2**	**9,230**
Renewables					
Wind farms	130	-	-	-	2,508
Hydroelectric plants	39	-	-	2,499	2,865
	169	**-**	**-**	**2,499**	**5,373**
Liberalized					
Thermoelectric plants	37	-	-	-	947
Commercialization and services	212	-	-	-	16
	249	**-**	**-**	**-**	**963**
Other	**-**	**-**	**-**	**-**	**51**
	6,016	**82**	**17,376**	**2,501**	**15,617**

(²)Include service concession arrangements classified as financial assets and/or contractual assets.

(Amounts expressed in millions of Reais, except otherwise stated)

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

	Consolidated			
	3-month period ended			
	09/30/2020		09/30/2019	
	Service concession arrangements	**Investments, right of use, PP&E and intangible**	**Service concession arrangements**	**Investments, right of use, PP&E and intangible**
Networks				
Distribution	1,150	48	905	32
Transmission	503	1	160	-
	1,653	**49**	**1,065**	**32**
Renewables				
Wind farms	-	190	-	33
Hydroelectric plants	-	30	-	52
	-	**220**	**-**	**85**
Liberalized				
Gas generation	-	24	-	34
Commercialization of services	-	1	-	1
	-	**25**	**-**	**35**
	-	**1**	-	-
	1,653	**295**	**1,065**	**152**

	Consolidated			
	9-month period ended			
	09/30/2020		09/30/2019	
	Service concession arrangements	**Investments, right of use, PP&E and intangible**	**Service concession arrangements**	**Investments, right of use, PP&E and intangible**
Networks				
Distribution	2,845	53	2,571	69
Transmission	1,108	2	423	73
	3,953	**55**	**2,994**	**142**
Renewables				
Wind farms	-	355	-	43
Hydroelectric plants	-	63	-	103
	-	**418**	**-**	**146**
Liberalized				
Gas generation	-	85	-	96
Commercialization of services	-	1	-	1
	-	**86**	**-**	**97**
Other	-	**1**	-	1
	3,953	**560**	**2,994**	**386**

(Amounts expressed in millions of Reais, except otherwise stated)

5. NET REVENUE

									Consolidated
	Three-month period ended September 30,2020				Three-month period ended September 30,2019				
	Networks	Renewables	Renewables	Total	Networks	Renewables	Renewables	Other	Total
Energy supply (note 5.1)	3,681	201	306	4,188	4,054	168	433	-	4,655
Distribution grid availability (note 5.2)	4,053	-	-	4,053	3,799	-	-	-	3,799
Service concession infrastructure construction revenue (a)	1,807	-	-	1,807	1,113	-	-	-	1,113
Electricity trading chamber	190	12	3	205	339	10	43	-	392
Mecanismo de Venda Excedente – MVE (Over-selling mechanism)	1	-	-	1	31	-	-	-	31
Fair value adjustments and interest on financial assets[1]	131	-	-	131	194	-	-	-	194
Contractual asset remuneration	80	-	-	80	19	-	-	-	19
Sectoral financial instruments effects (note 5.3)	338	-	-	338	(101)	-	-	-	(101)
Other revenues (note 5.4)	75	13	(3)	85	99	6	3	1	109
Gross operating revenue	**10,356**	**226**	**306**	**10,888**	**9,547**	**184**	**479**	**1**	**10,211**
(-) Revenue deductions (note 5.5)	(2,731)	(27)	(150)	(2,908)	(2,841)	(29)	(163)	-	(3,033)
Net revenue	**7,625**	**199**	**156**	**7,980**	**6,706**	**155**	**316**	**1**	**7,178**

(¹) Update of the financial asset arising from the indemnifiable portion of the concession, by the Regulatory Remuneration Base - BRR, the Broad Consumer Price Index - IPCA.

(a) Of the total Construction revenue from the concession infrastructure, the amount of R$ 1,152 refers to the construction revenue of the distributors and R$ 655 refers to the construction revenue of the transmission companies. Additionally, of the total construction cost presented in the Income Statement of R$ 1,689, the amount of R$ 1,152 refers to the construction cost of the distributors and R$ 537 refers to the construction cost of the transmission companies.

(Amounts expressed in millions of Reais, except otherwise stated)

									Consolidated
	Nine-Month period ended September 30,2020				Nine-Month period ended September 30,2019				
	Networks	**Renewables**	**Liberalized**	**Total**	**Networks**	**Renewables**	**Renewables**	**Other**	**Total**
Energy supply (note 5.1)	11,053	473	844	12,370	12,390	463	1,241	-	14,094
Distribution grid availability (note 5.2)	12,251	-	-	12,251	11,710	-	-	-	11,710
Service concession infrastructure construction revenue	4,314	-	-	4,314	3,093	-	-	-	3,093
Electricity trading chamber	493	25	44	562	1,051	38	83	-	1,172
Mecanismo de Venda Excedente – MVE (Over-selling mechanism)	3	-	-	3	83	-	-	-	83
Fair value adjustments and interest on financial assets[1]	145	-	-	145	400	-	-	-	400
Contractual asset remuneration	188	-	-	188	53	-	-	-	53
Sectoral financial instruments effects (note 5.3)	174	-	-	174	(230)	-	-	-	(230)
Other revenues (note 5.4)	212	22	6	240	228	15	5	3	251
Gross operating revenue	**28,833**	**520**	**894**	**30,247**	**28,778**	**516**	**1,329**	**3**	**30,626**
(-) Revenue deductions (note 5.5)	(8,217)	(91)	(437)	(8,745)	(9,080)	(80)	(458)	-	(9,618)
Net revenue	**20,616**	**429**	**457**	**21,502**	**19,698**	**436**	**871**	**3**	**21,008**

([1]) Update of the financial asset arising from the indemnifiable portion of the concession, by the Regulatory Remuneration Base - BRR, the Broad Consumer Price Index - IPCA.

(a) Of the total Construction revenue from the concession infrastructure, the amount of R$ 2,868 refers to the construction revenue of the distributors and R$ 1,442 refers to the construction revenue of the transmission companies. Additionally, of the total construction cost presented in the Income Statement of R$ 4,044, the amount of R$ 2,868 refers to the construction cost of the distributors and R$ 1,171 refers to the construction cost of the transmission companies.

Revenue from electricity supply decreased due to the impacts of the COVID-19 pandemic, reflecting preventive measures and social distance, factors that put pressure on energy consumption, as described in note 1.2.

(Amounts expressed in millions of Reais, except otherwise stated)

Annual Tariff readjustment – IRT 2020

ANEEL, through Resolution nº 2,675, 2,677, 2,683 and 2,762 of April 22, 2020, April 28, 2020 and August 27, 2020, approved the result of the Annual Tariff Readjustment of the subsidiaries Coelba, Cosern, Celpe and Elektro respectively, effective from April 22, 2020, April 29, 2020 and August 27, 2020. The tariff readjustment will have a medium effect for consumers of 5.00% for Coelba, 3.40% for Cosern, 5.16% for Celpe 5.36% for Elektro, and for consumers of high voltage, the increase will be 5.38% for Coelba, 4.72% for Cosern, 5.93% for Celpe and 6.00% for Elektro, while for low voltage, they will be 4.85% for Coelba, 2.92% for Cosern, 4.88% for Celpe and 5.02% for Elektro.

5.1 Energy supply

				Consolidated
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Residential	3,369	3,252	10,277	10,365
Commercial	1,125	1,567	3,731	4,927
Industrial	1,298	1,272	3,588	3,746
Rural	467	475	1,267	1,304
Government	261	322	852	992
Public lighting	236	254	670	708
Public utility	261	272	753	782
Other	168	(34)	108	116
Transfer – Distribution grid availability (i)	(3,521)	(3,354)	(10,775)	(10,335)
Subsidy to the social tariff (ii)	524	629	1,899	1,489
	4,188	**4,655**	**12,370**	**14,094**

(i) Revenues referring to the distribution grid availability, measured by using the average *Tarifa de Uso do Sistema de Distribuição* – TUSD ("Use of Distribution Grid Tariff") after its approval by ANEEL for the captive consumer.

(ii) The increase in subsidy revenue to the social tariff is impacted by the application of Provisional Measure No. 950/2020, as described in note 1.2.

5.2 Distribution grid availability

Revenue from TUSD refers basically to the sale of energy to free and captive consumers charging tariffs for the use of the distribution grid.

				Consolidated
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Free consumers	532	445	1,476	1,375
Captive consumers (i)	3,521	3,354	10,775	10,335
	4,053	**3,799**	**12,251**	**11,710**

(i) Revenues referring to the availability of the electricity grid infrastructure, measured using the Tariff for Use of the Distribution System - average TUSD, after its approval by ANEEL for the captive consumer.

(Amounts expressed in millions of Reais, except otherwise stated)

5.3 Assets and Liabilities effects sectoral financial instruments

	Consolidated			
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
CVA and neutrality				
Energy (i)	(220)	(114)	(801)	(977)
Encargos do Serviço do Sistema – ESS (Network Service Charges)(ii)	93	60	16	244
Tarifa de Uso do Sistema de Transmissão – TUST	232	37	215	(15)
Sectoral charges neutrality	56	26	141	(23)
Other	-	49	(59)	201
	161	**58**	**(488)**	**(570)**
Financial components and subsidies				
Over-contracting pass-through (iii)	218	(236)	743	195
Hydrological risk	(32)	16	(86)	92
Reactive demand/surplus overcoming	(23)	(22)	(65)	(85)
R&D reimbursement	-	11	-	63
Adjustment deferral (iv)	22	-	122	-
Other	(8)	72	(52)	75
	177	**(159)**	**662**	**340**
	338	**(101)**	**174**	**(230)**

(i) On September 30, 2010, the Group's distributors calculated the CVA de Energia, the lowest amount being recognized between the periods, resulting from the reduction of the constitution, resulting from the differences between the costs incurred in relation to the ANEEL tariff coverage, with highlight to the CCEE accounting financial events, and the amortization of the balances approved in the tariff adjustment processes.

(ii) On September 30, 2020, the Group's distributors calculated a passive CVA arising from the reserve fund of the Electric Energy Trading Chamber - CCEE (note 1.2).

(iii) On September 30, 2020, the Group's distributors calculated Basic Network CVA, the higher amount being recognized between the periods, due to the increase in the constitution, due to REH No. 2,725 / 2020, which established the Permitted Annual Revenues - RAP transmission companies, effective as of July 1, 2020.

(iv) On September 30, 2020, the Group's distributors determined the financial over-contracting adjustment, the higher amount being recognized between the periods, resulting from the increase in the constitution, to cancel the effects on the result obtained with the purchase and the sale of surplus energy in the short-term market, and the amortization of balances approved in the tariff adjustment processes.

(v) Recognition of revenue resulting from the deferral of the tariff adjustment from April 22, 2020 to July 1, 2020, for the subsidiaries Coelba and Cosern and April 29, 2020 for July 1, 2020 for the subsidiary Celpe.

5.4 Other revenues

	Consolidated			
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Service rendering revenue	9	4	23	15
Leases	50	42	144	121
Charged service	1	5	7	13
Public lighting fee	2	2	5	8
Fraud invoices management	2	2	5	5
Third party service commission	11	14	37	39
RAP gain / loss	(3)	4	(14)	(2)
O&M revenues	17	22	28	32

(Amounts expressed in millions of Reais, except otherwise stated)

				Consolidated
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Contractual and regulatory penalties	(1)	-	-	-
Photovoltaic operations	2	1	5	1
Other revenues	(5)	13	-	19
Total	**85**	**109**	**240**	**251**

5.5 Revenue deductions

				Consolidated
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Taxes				
Imposto sobre Circulação de Mercadorias - ICMS (Value Added	(1,578)	(1,618)	(4,849)	(5,043)
Programa de Integração Social – PIS (Employees' Profit Participation Program) and *Contribuição para o Financiamento da Seguridade Social* - COFINS (Tax for Social Security Financing)	(839)	(789)	(2,416)	(2,516)
Imposto sobre Serviços – ISS (Services Tax)	(4)	(4)	(12)	(10)
	(2,421)	**(2,411)**	**(7,277)**	**(7,569)**
Sectoral charges				
Conta de Desenvolvimento Energético – CDE (energy development account)	(387)	(532)	(1,161)	(1,784)
Programa de Eficiência Energética – PEE (Energy Research	(29)	(28)	(80)	(81)
Consumer charges – PROINFA e CCRBT	(24)	(21)	(97)	(58)
Other charges	(47)	(41)	(130)	(126)
	(487)	**(622)**	**(1,468)**	**(2,049)**
	(2,908)	**(3,033)**	**(8,745)**	**(9,618)**

6. ENERGY COSTS

				Consolidated
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Energy purchased for sale				
Energy acquired through regulated environment auction – ACR	(1,571)	(1,590)	(4,797)	(4,571)
Energy acquired in the liberalized environment – ACL	(247)	(462)	(805)	(1,386)
Variable MCP costs	(260)	(540)	(856)	(1,023)
Energy spot market – PLD[(1)] e MRE[(2)]	(181)	(102)	(554)	(1,486)
Agreement based on physical assurance quotas	(383)	(351)	(1,055)	(1,005)
Energy acquired bilateral contract	(30)	(73)	(147)	(166)
Quotas of the Angra I and Angra II Plants	(123)	(106)	(377)	(330)
Other	(74)	(99)	(189)	(274)
Total	(2,869)	(3,323)	(8,780)	(10,241)
PIS and COFINS credits	281	326	859	1,048
Total	**(2,588)**	**(2,997)**	**(7,921)**	**(9,193)**
Transmission and distribution system usage charges				
Basic grid charges	(795)	(551)	(1,886)	(1,546)
Connection charges	(74)	(50)	(208)	(145)
Other charges	(115)	(76)	(38)	(163)
Subtotal	(984)	(677)	(2,132)	(1,854)
PIS and COFINS credits	78	60	192	168

(Amounts expressed in millions of Reais, except otherwise stated)

				Consolidated
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Total	**(906)**	**(617)**	**(1,940)**	**(1,686)**
Total energy costs	**(3,494)**	**(3,614)**	**(9,861)**	**(10,879)**

(1) PLD – *Preço de Liquidação de Diferenças* (“Differences Settlement Price”)
(2) MRE – *Mecanismo de Realocação de Energia* (“Energy Relocation Mechanism”)

(i) In this caption, we consider the amount of the reserve energy charge - ERR, which is impacted by the release of the reserve fund of the Electricity Trading Chamber - CCEE (note 1.2)

(Amounts expressed in millions of Reais, except otherwise stated)

7. OPERATING COSTS AND EXPENSES

Consolidated

	3-month period ended September 30, 2020				3-month period ended September 30, 2019			
	Operating costs	Sales expenses	Other general and administrative income	Total	Operating costs	Sales expenses	Other general and administrative income	Total
Staff ([1])	(178)	(22)	(136)	**(336)**	(182)	(28)	(113)	**(323)**
Management	-	-	(14)	**(14)**	-	-	(15)	**(15)**
Third party services	(178)	(39)	(133)	**(350)**	(201)	(36)	(127)	**(364)**
Photovoltaic operations	(1)	-	-	**(1)**	-	-	-	-
Depreciation and amortization	(336)	-	(31)	**(367)**	(287)	-	(39)	**(326)**
Fuel for energy generation	(83)	-	-	**(83)**	(136)	-	-	**(136)**
Provision for losses on lawsuits	-	-	(31)	**(31)**	(2)	-	(46)	**(48)**
Taxes, charges and contributions	-	-	1	**1**	(2)	-	(1)	**(3)**
Other revenues and expenses, net	(39)	(9)	(53)	**(101)**	(49)	(6)	-	**(55)**
Total	**(815)**	**(70)**	**(397)**	**(1,282)**	**(859)**	**(70)**	**(341)**	**(1,270)**

(1) Includes post-employment and other benefits.

Consolidated

	9-month period ended September 30, 2020				9-month period ended September 30, 2019			
	Operating costs	Sales expenses	Other general and administrative income	Total	Operating costs	Sales expenses	Other general and administrative income	Total
Staff ([1])	(581)	(80)	(365)	**(1,026)**	(581)	(81)	(347)	**(1,009)**
Management	-	-	(50)	**(50)**	-	-	(51)	**(51)**
Third party services	(563)	(105)	(396)	**(1,064)**	(639)	(105)	(353)	**(1,097)**
Photovoltaic operations	(4)	-	-	**(4)**	-	-	-	-
Depreciation and amortization	(977)	(3)	(84)	**(1,064)**	(851)	-	(108)	**(959)**
Fuel for energy generation	(306)	-	-	**(306)**	(302)	-	-	**(302)**
Provision for losses on lawsuits	(2)	-	(109)	**(111)**	(3)	-	(115)	**(118)**
Taxes, charges and contributions	(1)	-	(20)	**(21)**	(4)	-	(17)	**(21)**
Other revenues and expenses, net	(145)	(20)	(6)	**(171)**	(153)	(18)	(20)	**(191)**
Total	**(2,579)**	**(208)**	**(1,030)**	**(3,817)**	**(2,533)**	**(204)**	**(1,011)**	**(3,748)**

(1) Includes post-employment and other benefits.

(Amounts expressed in millions of Reais, except otherwise stated)

8. CONSTRUCTION COST

				Consolidated
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Staff	(92)	(74)	(246)	(210)
Material	(858)	(412)	(2,034)	(1,482)
Third party services	(646)	(520)	(1,555)	(1,274)
Interest on works in progress	(12)	(12)	(36)	(36)
Others	(116)	(66)	(249)	(142)
Special obligations	35	20	76	172
Total	**(1,689)**	**(1,064)**	**(4,044)**	**(2,972)**

(Amounts expressed in millions of Reais, except otherwise stated)

9. FINANCIAL RESULTS

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	Consolidated				Parent Company			
	3-month period ended		9-month period ended		3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Financial income								
Financial income on cash equivalents and marketable securities	29	53	106	147	2	12	12	18
(-) Taxes on financial income	(10)	(10)	(28)	(30)	(2)	(3)	(7)	(8)
Interest and charges on delayed proceeds	137	41	292	145	-	-	-	-
Judicial deposits monetary variation	2	6	6	14	-	1	1	2
Monetary variation on sectoral financial assets	(1)	15	6	37	-	-	-	-
Financial income on post-employment and other benefits	1	2	2	3	-	-	-	-
Other financial income	10	25	37	78	37	54	117	146
	168	**132**	**421**	**394**	**37**	**64**	**123**	**158**
Financial expenses								
Charges on debt instruments[1]	(296)	(312)	(867)	(975)	(30)	(16)	(67)	(36)
Financial expenses on post-employment and other benefits	(16)	(22)	(47)	(64)	-	-	-	-
Update of sector financial liabilities	-	-	(4)	-	-	-	-	-
Monetary variation on provision for losses on lawsuits	(47)	(32)	(136)	(93)	-	-	2	(2)
Imposto sobre Operações Financeiras – IOF (“Tax on Financial Operations”)	(2)	(2)	(12)	(17)	-	-		(1)
Other financial expenses	(37)	(38)	(105)	(145)	1	(1)	(2)	(34)
	(398)	**(406)**	**(1,171)**	**(1,294)**	**(29)**	**(17)**	**(67)**	**(73)**
Other financial income (expenses), net								
Losses on foreign exchange rate variation and fair value adjustments – Debt	(913)	(748)	(4,026)	(1,451)	-	(12)	-	(21)
Gain on foreign exchange rate variation and fair value adjustments – Debt	599	213	974	933	-	2	-	15
Losses on derivative financial instruments – Note 19.3.b	(609)	(274)	(991)	(1,045)	(13)	(5)	(13)	(15)
Gain on derivative financial instruments – Note 19.3.b	967	786	4,157	1,519	-	10	-	17
Losses on foreign exchange rate variation and monetary	(11)	(11)	(46)	(36)	(2)	-	(13)	-
Gain on foreign exchange rate variation and monetary	-	(2)	2	7	-	1	-	3
	33	**(36)**	**70**	**(73)**	**(15)**	**(4)**	**(26)**	**(1)**
Financial results								
Other financial income (expenses), net	**(197)**	**(310)**	**(680)**	**(973)**	**(7)**	**43**	**30**	**84**

([1]) Includes the variable portion of interest related to price ratios on national currency debts; such as IPCA, *Índice Geral de Preços de Mecado* - IGP-M ("Overall Market Prices Ratio") among others and appropriation of borrowing costs

(Amounts expressed in millions of Reais, except otherwise stated)

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

10.1 Income taxes

Current and deferred income taxes are comprised by *Imposto de Renda* ("IRPJ") and *Contribuição Social sobre o Lucro Líquido* ("CSLL") and are calculated based on the 34% nominal rate on income before taxes (IRPJ - 25% and CSLL - 9%), and consider the offsetting of tax loss carryforwards, limited to 30% of the taxable income for the period.

10.1.1 Income taxes recognized in the statement of income reconciliation

The reconciliation between taxes calculated at nominal rates and the amount of income taxes recognized in the statement of income is as follows:

				Consolidated
	Three-month period ended		Nine-Month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Income before taxes	**1,159**	**828**	**2,527**	**2,146**
Nominal income taxes rate - 34%	**(447)**	**(282)**	**(859)**	**(730)**
Adjustments to income tax calculation:				
Tax benefit on interest on own capital	-	82	95	120
Tax incentives	102	70	249	172
Difference on income taxes calculated based on assumed profit	35	16	44	40
Additions (reversals) to non-recognized tax loss carryforwards	(39)	(16)	(141)	(69)
Other permanent additions (reversals)	33	(81)	(39)	(12)
Income taxes	**(316)**	**(211)**	**(651)**	**(479)**
Effective income taxes rate	-27%	-25%	-26%	-22%
Current	**(195)**	**(128)**	**(477)**	**(257)**
Deferred	**(121)**	**(83)**	**(174)**	**(222)**

10.1.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized based on tax loss carryforwards and temporary differences between the amounts in the consolidated financial statements and the corresponding amounts used for tax purposes.

		Consolidated
	09/30/2020	31/12/2019
Tax loss carryforwards	183	176
Tax credit on appreciation and reversal of *Provisão para Manutenção da Integridade do Patrimônio Líquido* – PMIPL (Provision for Shareholders' Equity Integrity Maintenance)	560	621
Temporary differences:		
Current and post-employment benefits obligations	294	67
Provision for losses on lawsuits	274	531
Environmental and dismantling provision	3	2
Provision for credit risk on trade receivables	189	140

(Amounts expressed in millions of Reais, except otherwise stated)

		Consolidated
	09/30/2020	31/12/2019
Right of use of overtaking revenue	103	106
Capital gains linked to property, plant and equipment and intangible	35	32
Profit sharing	30	2
Fair value adjustments and interest on indemnifiable financial assets	(605)	(545)
Capitalized charges on debt instruments	(262)	(265)
Accelerated depreciation	(34)	(28)
Fair value on financial instruments	(217)	(179)
Other	(245)	(130)
	308	**530**
Non-current assets	688	752
Non-current liabilities	(380)	(222)

Changes in deferred taxes are as follows:

		Consolidated
	Assets	Liabilities
Balance as of December 31, 2019	**752**	**(222)**
Amounts recognized in profit or loss	(31)	(143)
Amounts recognized in other comprehensive income/loss	(32)	(16)
Transfers between assets and liabilities	(1)	1
Balance as of September 30, 2020	**688**	**(380)**
Balance as of December 31, 2018	**1.031**	**(117)**
Amounts recognized in profit or loss	(182)	(40)
Amounts recognized in other comprehensive income/loss	(25)	-
Transfers between assets and liabilities	(2)	2
Balance as of September 30, 2019	**822**	**(155)**

10.1.3 Current tax assets and liabilities

		Consolidated
	09/30/2020	12/31/2019
IRPJ	490	393
CSLL	68	66
Assets	**558**	**459**
Current	555	456
Non-current	3	3

		Consolidated
	09/30/2020	12/31/2019
IRPJ	46	6
CSLL	28	3
Liabilities	**74**	**9**
Current	74	9

(Amounts expressed in millions of Reais, except otherwise stated)

10.2 Other taxes

10.2.1 Other recoverable taxes

	09/30/2020	12/31/2019
ICMS	706	625
PIS	656	608
COFINS	3,038	2,812
INSS	26	26
Other	13	13
Other recoverable taxes	**4,439**	**4,084**
Current	1,141	1,299
Non-current	3,298	2,785

10.2.2 Other payable taxes and sectoral charges

	09/30/2020	12/31/2019
ICMS	355	383
PIS	89	38
COFINS	410	173
Withholding taxes	45	104
Other	73	50
Other payable taxes	**972**	**748**
R&D	215	197
PEE	209	212
Other	104	37
Sectoral payable charges	**528**	**446**
Total Other payable taxes and sectoral charges	**1,500**	**1,194**
Current	1,181	903
Non-current	319	291

(i) On September 30, 2020, the PIS and COFINS taxes increased, respectively, by R$ 50 and R$ 236, as a result of the postponement of the payment terms of these taxes, in the March, April and May competencies to August, October and November 2020, as described in note 1.2

10.3 Reimbursement to consumers – Federal Taxes

Correspond to balances which were presented as “Other non-current liabilities” on the Company's consolidated financial statements for the year ended December 31, 2019, related to tax credits net of success fees arising from the decision that excluded ICMS from PIS and COFINS tax calculation basis. The Company understands that such tax credits shall be fully reimbursed to consumers and corresponding entry to such balances is recognized as “Other recoverable taxes”.

Variation during the period corresponds solely to monetary variation bearing at SELIC.

(Amounts expressed in millions of Reais, except otherwise stated)

11. CASH AND CASH EQUIVALENTS

Cash equivalents are highly liquid operations, with no use restrictions, promptly convertible into a known amount of cash and are subject to an insignificant risk of change in value.

	Consolidated		Parent Company	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Cash and bank deposits	230	323	-	-
Bank Deposit Certificates – CDB	1,650	671	156	341
Investment funds	3,952	3,047	41	658
	5,832	**4,041**	**197**	**999**

The Company’s investment funds' portfolios consist of several financial instruments, aiming better profitability and lowest risk level, as follows:

	Consolidated		Parent Company	
	09/30/2020	**12/31/2019**	**09/30/2020**	**12/31/2019**
Repurchase agreements covered by government bonds	3,952	3,047	41	658
	3,952	**3,047**	**41**	**658**

12. TRADE AND OTHER RECEIVABLES

						Consolidated
	09/30/2020			**12/31/2019**		
	Trade receivables	**Provision for credit risk**	**Trade receivables, net**	**Trade receivables**	**Provision for credit risk**	**Trade receivables, net**
Energy supply (note 12.1)	5,734	(1,273)	4,461	5,688	(1,063)	4,625
Câmara de comercialização de energia elétrica – CCEE (Electric energy commercialization	277	-	277	337	-	337
Distribution grid availability	529	(4)	525	575	(5)	570
Government grants	371	-	371	291	-	291
Other receivables	335	(57)	278	247	(54)	193
	7,246	**(1,334)**	**5,912**	**7,138**	**(1,122)**	**6,016**
Current			5,639			5,718
Non-current			273			298

(Amounts expressed in millions of Reais, except otherwise stated)

12.1 Energy supply

Energy supply receivables comprise receivables from energy distribution, generation and sale.

Trade receivables from energy supply, by consumer class, are as follows:

				Consolidated
		09/30/2020		12/31/2019
	Trade receivables	Provision for credit risk	Trade receivables	Provision for credit risk
Residential	1,956	(683)	1,944	(550)
Commercial	621	(189)	826	(154)
Industrial	846	(171)	710	(145)
Rural	361	(117)	358	(100)
Government	420	(62)	459	(64)
Public lighting	246	(23)	239	(32)
Public utility	231	(18)	208	(15)
Unbilled services	1,053	(10)	944	(3)
	5,734	**(1,273)**	**5,688**	**(1,063)**

Energy supply receivables' aging is presented as follows:

				Consolidated
		09/30/2020		12/31/2019
	Trade receivables	Provision for credit risk	Trade receivables	Provision for credit risk
Due receivables	2,941	(91)	3,119	(56)
Overdue receivables:				
90 days	983	(87)	1,081	(68)
Between 91 e 180 days	320	(102)	246	(75)
Between 181 e 360 days	457	(192)	358	(155)
After 361 days	1,033	(801)	884	(709)
	5,734	**(1,273)**	**5,688**	**(1,063)**

As we can see in the table above, overdue accounts receivable was impacted by the effects of the COVID-19 pandemic. Between December 2019 and September 2020, overdue balances increased by R$ 433 (R$ 224 nets of the effective write-off of bad debts). The effects of this increase are recognized in the expected credit loss shown below

12.2 Changes in provision for credit risk losses

		Consolidated
	9-month period ended	
	09/30/2020	09/30/2019
Balance at the beginning of the period	**(1,122)**	**(985)**
Amounts recognized in profit or loss of the period	(421)	(224)
Effective losses written-off	209	127
Balance at the end of the period	**(1,334)**	**(1,082)**

(Amounts expressed in millions of Reais, except otherwise stated)

As of September 30, 2020, Expected Credit Losses (PCE) totaled R$ 421 (R$ 224 on September 30, 2019), mainly reflecting the impacts of COVID-19 of R$ 166.

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

Tariffs that operators are authorized to charge their consumers are reviewed by ANEEL: (i) annually on the anniversary date of the service concession arrangement, for tariff adjustment purposes; and (ii) every four years, on average, aiming to recompose a portion of Parcel B (manageable costs) and to adjust Parcel A (non-manageable costs) of certain tariff components. Such tariff set mechanism allows to give rise to timing difference that arise from the difference between the costs budgeted considered in the tariff at the beginning of the tariff period, and those effectively incurred during the tariff period.

The aforementioned differences constitute rights or obligations, according to the principle of economic and financial balance set by the service concession arrangements. Sectorial financial assets and liabilities are as follows:

						Consolidated
	Balance as of 09/30/2020			Balance as of 12/31/2019		
	Rights	Obligations	Net amount	Rights	Obligations	Net amount
CVA e Neutrality						
Energy	252	(243)	9	1,715	(8)	1,707
ESS	39	(325)	(286)	-	(580)	(580)
CDE	14	(60)	(46)	118	(6)	112
TUST	139	(23)	116	187	(4)	183
Neutrality of sector charges	15	(24)	(9)	2	(66)	(64)
Other	9	(5)	4	26	-	26
Financial components and subsidies						
Over-contracting pass-through	191	(241)	(50)	-	(396)	(396)
Hydrological risk	-	(597)	(597)	-	(503)	(503)
Termope Energy Recomposition	57	-	57	57	-	57
Reactive demand/surplus overcoming	-	(627)	(627)	-	(504)	(504)
Compensation ref. Bilateral CCEAR Agreements	66	-	66	74	-	74
Other	11	(55)	(44)	8	(38)	(30)
	793	**(2,200)**	**(1,407)**	**2,187**	**(2,105)**	**82**
Current assets			(621)			395
Non-current liabilities			(786)			(313)

In the statement of financial position as of December 31, 2019, this item was disclosed named as "Offsetable amounts from Portion A and other financial items".

On August 27, 2020, ANEEL Order No. 2,508 was published, which classified exposures related to the 2016/2017 biennium as involuntary, based on a new evaluation criterion established by Technical Note 97, which was not provided for in the rules regulations in force during that biennium. For this reason, an appeal was filed at ANEEL with a request for attribution of suspensive effect to Order No. 2,508, which is awaiting decision by ANEEL's Board of Directors.

(Amounts expressed in millions of Reais, except otherwise stated)

Any decision to maintain Order No. 2,508 could result in the recognition of Elektro's liabilities in the amount of R$ 14, and a CCEE fine in the amount of R$ 21, with a counterpart in the total amount of R$ 35 in the result and in Coelba it could imply in the derecognition of assets in the amount of R$ 85, with a counterpart in the result

14. SERVICE CONCESSION ARRANGEMENTS

The service concession arrangements of the distribution and transmission operators are not onerous, therefore there are no fixed financial obligations and future payments to the grantor. The service concession arrangements granted are 30-year term and provide a term extension option, at solely discretion of the grantor, upon request by the operator. In case of termination of the service concession arrangement due to the expiration of the contractual term or another contractually foreseen hypotheses, the infrastructure related to the provision of the service shall be reverted to the grantor, leading to the surveys, assessments and determination of the indemnification amount due to the operator, observing the amounts and dates of its incorporation into the energy system.

14.1 Financial asset

The amount related to the infrastructure which will not be amortized until the end of the service concession arrangement is classified as financial asset as it represents an unconditional right to receive cash or another financial asset directly from the grantor. The financial asset amount, changes in fair value and effective interest rates are reviewed on a monthly-basis based on the variation of IPCA and the four-year tariff review for Celpe and Elektro Redes, and the five-year tariff review for Coelba and Cosern. During the period, such asset balances presented changes as follows:

	Consolidated	
	9-month period ended	
	09/30/2020	09/30/2019
Balance at the beginning of the period	**11,743**	**9,256**
Additions	-	3
Disposals	(21)	(19)
Reversals	1	1
Transfers – contractual assets (a)	1,353	1,410
Transfer others	16	10
Transfers – intangible assets	3	-
Fair value adjustments	145	400
Balance at the end of the period	**13,240**	**11,061**

(a) Transfer of the distribution operators' financial assets, classified as contractual assets during the construction period.

The tariff review that occurs every four years at Celpe and Elektro Redes, and every five years at Coelba and Cosern.

(Amounts expressed in millions of Reais, except otherwise stated)

14.2 Contractual asset

The amount related to the infrastructure whose right to compensation is subject to the satisfaction of performance obligations, are classified as contractual assets and during the period presented the balances as follows:

						Consolidated
	09/30/2020			12/31/2019		
	Transmission	Distribution	Total	Transmission	Distribution	Total
Current	118	-	118	90	-	90
Non-current	3,210	4,336	7,546	1,666	3,877	5,543
Total	**3,328**	**4,336**	**7,664**	**1,756**	**3,877**	**5,633**

Changes in contractual assets during the period were as follows:

			Consolidated
	9-month period ended September 30, de 2020		
	Transmission	Distribution	Total
Balance as of December 31, 2019	**1,756**	**3,877**	**5,633**
Additions	1,441	2,845	**4,286**
Disposals	-	(5)	**(5)**
Transfers - intangible in progress (a)	-	(1,058)	**(1,058)**
Transfers - financial assets (a)	-	(1,353)	**(1,353)**
Transfers – other	-	30	**30**
Contractual asset appropriation	(57)	-	**(57)**
Monetary variation	188	-	**188**
Balance as of September 30, 2020	**3,328**	**4,336**	**7,664**
Cost	3,328	4,561	**7,889**
Special obligations	-	(225)	**(225)**

			Consolidated
	9-month period ended September 30, de 2019		
	Transmission	Distribution	Total
Balance as of December 31, 2018	**797**	**3,568**	**4,365**
Additions	587	2,571	**3,158**
Disposals	-	(23)	**(23)**
Transfers - intangible in progress (a)	-	(986)	**(986)**
Transfers - financial assets (a)	-	(1,410)	**(1,410)**
Transfers – other	(2)	55	**53**
Contractual asset appropriation	(43)	-	**(43)**
Monetary variation	53	-	**53**
Balance as of September 30, 2019	**1,392**	**3,775**	**5,167**
Cost	1,392	3,902	5,294
Special obligations	-	(127)	(127)

(a) During the construction period, the distribution infrastructure is recognized as contractual assets and measured at the cost of acquisition plus borrowing costs related to the construction funding instrument incurred in such period. After completion of the construction, such assets are bifurcated between financial and intangible assets.

(Amounts expressed in millions of Reais, except otherwise stated)

15. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Changes in investments in subsidiaries, associates and joint ventures are as follows:

	Joint ventures	Associates	Total Consolidated	Subsidiaries	Total Parent Company
Balance as of December 31, 2019	**1,040**	**1,461**	**2,501**	**16,627**	**19,128**
Capital increase	21	-	**21**	661	**682**
Participation in investees results	21	(49)	**(28)**	2,071	**2,043**
Appreciation appropriation	-	-	**-**	(123)	**(123)**
Participation in other comprehensive income/(loss)	-	-	**-**	366	**366**
Dividend allocation	-	-	**-**	(294)	**(294)**
Balance as of September 30, 2020	**1,082**	**1,412**	**2,494**	**19,308**	**21,802**
Balance as of December 31, 2018	**994**	**1,422**	**2,416**	**15,071**	**17,487**
Capital increase	36	-	**36**	599	**635**
Participation in investees results	13	49	**62**	1,721	**1,783**
Appreciation appropriation	-	-	**-**	(125)	**(125)**
Participation in other comprehensive income	-	-	**-**	75	**75**
Dividend allocation	-	(2)	**(2)**	(1,407)	**(1,409)**
Balance as of September 30, 2019	**1,043**	**1,469**	**2,512**	**15,934**	**18,446**

(Amounts expressed in millions of Reais, except otherwise stated)

Additional information regarding the main investees are as follows:

	Segment	Participation held and voting share (%)	Investment balance as of		Participation in investees results		Proceeds from dividends	
					Nine-Month period ended		Nine-Month period ended	
			09/30/2020	12/31/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Subsidiaries								
Wholly-owned subsidiaries	Networks	100,00%	1,680	1,040	273	95	-	-
	Liberalized	100,00%	1,367	1,195	172	117	130	93
	Renewables (*)	100,00%	3,824	3,234	152	113	69	98
	Other	100,00%	14	15	-	-	-	-
Other subsidiaries								
Coelba	Networks	96,65%	5,932	5,209	724	709	-	776
Elektro Redes	Networks	99,68%	3,770	3,476	366	369	-	180
Celpe	Networks	89,65%	1,715	1,678	123	99	-	76
Cosern	Networks	91,50%	1,271	1,043	222	177	-	175
Afluente T	Networks	87,84%	164	188	16	19	30	-
			19,737	**17,078**	**2,048**	**1,698**	**229**	**1,398**
Associates and *joint ventures*								
Teles Pires Participações	Renewables	50,56%	767	772	(25)	(28)	-	-
Companhia Hidrelétrica Teles Pires	Renewables	51,00%	26	26	-	-	-	-
Águas da Pedra	Renewables	51,00%	288	243	46	41	14	12
Norte Energia S,A, (NESA) (a)	Renewables	10,00%	1,354	1,406	(53)	29	-	-
Energética Corumbá III	Renewables	25,00%	58	54	4	20	-	3
			2,493	**2,501**	**(28)**	**62**	**14**	**15**
Shareholders' transactions			(428)	(451)	23	23	-	-
			21,802	**19,128**	**2,043**	**1,783**	**243**	**1,413**

(a) Risks related to legal compliance at NESA: In 2014, the *Ministério Público Federal* - MPF ("Federal Public Prosecution") started investigations regarding irregularities involving UHE Belo Monte project contractors and suppliers 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 contract amount. As a consequence, NESA recognized impairment losses in proportion to its participation on the project. Considering that the MPF investigation is still ongoing and there are not new facts, it is not possible to predict any outcome on the investee.

(Amounts expressed in millions of Reais, except otherwise stated)

16. PP&E

Changes in PP&E, by class, are as follows:

							Consolidated
	Wind farms	Combined cycle plants	Hydroelectric power stations	Land and buildings	Other	Work in progress	Total
Depreciation rate p.y.	**3.03%-25%**	**2.5% - 20%**	**2.0% - 20 %**	**0% - 6.67%**	**2.5%-25%**	**-**	
Balance as of December 31. 2019	**1,788**	**612**	**1,847**	**1,107**	**53**	**753**	**6,160**
Additions	-	-	-	-	-	538	**538**
Capitalized costs¹	-	-	-	-	-	2	**2**
Disposals	-	-	-	-	-	(7)	**(7)**
Depreciation	(65)	(37)	(40)	(22)	(7)	-	**(171)**
Transfers between PP&E classes	1	121	5	5	7	(139)	**-**
Transfers - Other assets	1	7	-	(1)	5	(78)	**(66)**
	1,725	**703**	**1,812**	**1,089**	**58**	**1,069**	**6,456**
Balance as of September 30. 2020							
Acquisition cost	2,325	1,236	2,207	1,296	91	1,069	**8,224**
Accrued depreciation	(600)	(533)	(395)	(207)	(33)	-	**(1,768)**
Balance as of December 31. 2018	**1,889**	**568**	**741**	**507**	**29**	**2,145**	**5,879**
Additions	-	-	-	-	-	268	**268**
Capitalized costs¹	-	-	-	-	-	4	**4**
Disposals	-	-	-	-	-	-	**-**
Depreciation	(66)	(31)	(50)	(16)	(3)	-	**(166)**
Transfers between PP&E classes	1	42	957	567	12	(1,579)	**-**
Transfers - Other assets	(17)	-	-	(3)	4	1	**(15)**
Balance as of September 30. 2019	**1,807**	**579**	**1,648**	**1,055**	**42**	**839**	**5,970**

([1])Capitalization of costs related to the personnel allocated to the infrastructure construction; financial charges for loans and financings; addition (reversal) to the provision for dismantling assets and business units; as well as respective environmental obligations.

(Amounts expressed in millions of Reais, except otherwise stated)

17. INTANGIBLE ASSETS

Changes in intangible assets, by nature, are as follows:

					Consolidated
	Service concession arrangements	Software	Other	Work in progress	Total
Amortization rate p,y,	**2.86% - 3.23%**	**5% – 20%**	**4.74% - 10% 10%**	**-**	
Balance as of December 31, 2019	**9,285**	**6**	**69**	**6**	**9,366**
Additions	-	25	-	3	**28**
Disposals	(46)	-	-	-	**(46)**
Amortization	(1,004)	(7)	(3)	-	**(1,014)**
Transfers between intangible assets	-	5	(3)	(2)	**-**
Transfers - financial assets[1]	(16)	-	-	-	**(16)**
Transfers – contractual assets[2]	1,058	-	-	-	**1,058**
Transfers – other assets	(4)	-	(1)	(3)	**(8)**
Balance as of September 30, 2020	**9,273**	**29**	**62**	**4**	**9,368**
Cost of acquisition	23,351	44	76	4	**23,475**
Accrued amortization	(12,224)	(15)	(14)	-	**(12,253)**
Special obligations	(1,854)	-	-	-	**(1,854)**
Balance as of December 31, 2018	**9,212**	**44**	**68**	**6**	**9,330**
Additions	-	-	-	2	**2**
Disposals	(47)	-	-	-	**(47)**
Amortization	(913)	(2)	(2)	-	**(917)**
Transfer – intangible	-	2	-	(2)	**-**
Transfers - financial assets[1]	(10)	-	-	-	**(10)**
Transfers – contractual assets[2]	986	-	-	-	**986**
Transfers – other assets	4	-	-	-	**4**
Balance as of September 30, 2019	**9,232**	**44**	**66**	**6**	**9,348**

([1]) Refer to the distribution operators contractual right to receive cash from users for the energy distribution infrastructure construction or improvement service, when such assets start to operate. Upon completion of the infrastructure construction, such assets will be classified as indemnifiable financial assets or intangible assets, depending on the form of remuneration.

([2]) Refer to contractual rights classified as contractual assets until the accomplishment of the performance obligations set in the service concession arrangement.

The facilities related to the service concession arrangement have an amortization rate that represents their economic-useful life, limited to the service concession arrangement maturity.

(Amounts expressed in millions of Reais, except otherwise stated)

18. TRADE PAYABLES

	Consolidated	
	09/30/2020	**12/31/2019**
Energy	1,209	1,634
Network usage charges	342	203
Materials and services	1,380	1,229
Liberalized energy	124	119
Total	**3,055**	**3,185**
Current	2,930	3,049
Non-current	125	136

During 2020, the Company negotiated with some suppliers the extension of the payment term for its commercial invoices at an average financial cost of approximately 2.9% per year. The average payment term after the extension for these suppliers changed from 45 to 150 days.

In these circumstances, some suppliers may choose to discount their receivables with financial institutions before the original maturity of the security, without any obligation or co-obligation from the Company. Eventual transactions between suppliers and financial institutions do not change the terms, prices and conditions previously established with suppliers.

Management has determined that the original liabilities to which the agreements apply have not been extinguished or substantially modified in the signing of the agreements. Therefore, the balances continue to be classified as Suppliers and accounts payable to contractors in the Balance Sheet and the associated cash flows are included in the cash flows from operating activity.

As of September 30, 2020, the present value of these operations totaled R$ 168. The interest incurred is recognized as a financial expense in the income statement or as a construction cost of property, plant and equipment or intangible assets.

(Amounts expressed in millions of Reais, except otherwise stated)

19. LOANS, FINANCINGS AND DERIVATIVE FINANCIAL INSTRUMENTS

19.1 Net debt

The Company evaluates net debt in order to ensure the business long-term continuity, able to add value for its shareholders, through the payment of dividends and capital appreciation. Net debt is comprised as follows:

		Consolidated
	09/30/2020	**12/31/2019**
Loans and financings from financial institutions	7,352	6,017
Development agencies	8,739	6,718
Capital markets (debentures)	10,549	9,929
Loans and financings[1]	**26,640**	**22,664**
(+) Debt hedging derivative financial instruments (note 19.3)	(3,724)	(1,318)
(-) Cash and cash equivalents (note 11)	(5,832)	(4,041)
(-) Marketable securities	(219)	(171)
Net debt	**16,865**	**17,134**

([1]) In the statement of financial position, the Company presents loans and financings net of collateral deposits related to debts. This presentation better represents these transactions because such collaterals are realized exclusively by amortizing the related debts.

19.2 Loans and financings

The Company's loans and financings are mainly comprised by funding raised from bank loans, development agencies and the capital market (debentures), mainly denominated in Reais ("R$") and U.S. Dollars ("US$"). Loans and financings are initially recognized at fair value, which normally reflects the amount received, net of borrowing costs (direct costs to issuance) and any payments. Subsequently, loans and financings are recognized at: i) amortized cost; or ii) fair value through profit or loss.

The Company contracted derivative financial instruments to hedge its exposure to changes in the cash flows of the Company's foreign currency-denominated loans and financings, consequently substantially mitigating the risk of foreign exchange exposure.

(Amounts expressed in millions of Reais, except otherwise stated)

a) Loans and financings agreements by currency and interest rate

	Consolidated	
	09/30/2020	**12/31/2019**
Denominated in R$	**18,131**	**15,945**
Floating interest rates	17,555	15,305
Fixed interest rates	576	640
Denominated in US$	**7,541**	**6,262**
Floating interest rates	1,666	2,514
Fixed interest rates	5,875	3,748
Denominated in other currencies	**1,258**	**720**
Fixed interest rates	1,258	720
	26,930	**22,927**
(-) Collateral deposits	(143)	(131)
(-) Borrowing costs	(147)	(132)
	26,640	**22,664**
Current liabilities	5,039	3,706
Non-current liabilities	21,601	18,958

As of September 30, 2020, the average annual borrowing costs are as follows:

	Consolidated	
	09/30/2020	**12/31/2019**
Average cost in % of CDI²	138.8%	108.9%
Average cost in fixed interest rate	4.7%	6.4%
Debt balance	26,640	22,664
Derivative financial instruments	(3,724)	(1,318)
Total debt, net of derivatives	**22,916**	**21,346**

(²) Interest rate considers average debt balance for the last 13 months and the accrued charges and CDI for the last 12 months.

b) Loans and financings amortization schedule

Future loans and financings amortization and interest payment flows are as follows:

				Consolidated
	Principal³	**Interest³**	**Derivative financial instruments**	**Total**
2020	1,380	254	(570)	1,064
2021	4,226	968	(950)	4,244
2022	4,850	974	(745)	5,079
2023	3,362	865	(175)	4,052
2024	4,860	707	(695)	4,872
Between 2025 and 2029	8,293	1,503	(1,291)	8,505
Between 2030 and 2035	1,325	527	(24)	1,828
As from 2036	1,098	345	-	1,443
	29,394	**6,143**	**(4,450)**	**31,087**

(³) Estimated future amortization and interest payments flows are calculated based on the interest rates (fixed and float) and exchange rate curves on September 30, 2020 considering amortizations and interest payments according to loans and financings agreements schedule. The amount includes estimated future charges payments (not recognized yet), further to charges already recognized in the consolidated financial statements.

(Amounts expressed in millions of Reais, except otherwise stated)

c) Changes in loans and financings

	Consolidated	
	9-month period ended	
	09/30/2020	09/30/2019
Balance at the beginning of the period	**22,664**	**21,056**
Cash transactions:		
Proceeds	3,575	5,959
Amortization	(2,815)	(4,727)
Borrowing costs paid	(38)	(75)
Charges paid	(694)	(828)
Collateral deposits (redemption), net	(11)	(18)
Non-cash transactions:		
Charges incurred	907	1,069
Foreign exchange rate variation	3,060	477
Transfers	-	(16)
Fair value adjustments	(8)	41
Balance at the end of the period	**26,640**	**22,938**

In the Nine-Month period ended September 30, 2020, the Group raised R$ 3,573, of which: (i) R$ 1,627 million through bank loans in foreign currency, also contracting foreign exchange swaps; (ii) R$ 560 million through the issuance of debentures; and (iii) R$ 1,286 million through financing with development banks, including BNDES and BNB; and (iv) R$ 100 million through Bank Credit Notes (CCB).

d) Credit lines

Type	Currency	Disbursement dead-line	Total amount	Disbursed amount
Financings	R$	09/15/2023	8,641	2,280
Financings	US$	12/05/2022	1,653	-
			10,294	**2,280**

e) Financial covenants

Some of the Company's loans and financings agreements contain financial covenant clauses. The Company's main financial covenants require the maintenance of certain ratios, such as Debt to EBITDA (Earnings before interest, taxes, depreciation and amortization) and interest coverage.

The Company did not verify any event of non-compliance as of September 30, 2020 and December 31, 2019.

(Amounts expressed in millions of Reais, except otherwise stated)

19.3 Derivative financial instruments

The Company is exposed to several risks arising from its operations, including risks related to foreign exchange rates, interest rates and price ratios. The Company uses swaps, forward contracts, options and other derivatives financial instruments for economic and financial protection purposes, as a part of the Company's risk management strategy. General considerations on the risk management strategy are set out in note 24.7.

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

		Consolidated
	30/06/2020	**12/31/2019**
Loans and financings hedging instruments:		
Foreign exchange rate variation risk (NDF, Options and other derivatives)	3	-
Currency swap – US$ vs R$	2,984	1,133
Currency swap – Other currencies vs R$	348	21
Interest rate swap – R$	217	184
Other transactions hedging instruments:		
Foreign exchange rate variation risk – Goods and services	185	(20)
Price risk of own shares (NEOE3)	(13)	-
Net exposure	**3,724**	**1,318**
Current assets	1,281	509
Non-current assets	2,479	861
Current liabilities	-	47
Non-current liabilities	36	5

The Company has derivative financial instruments contracted for protection purposes, designated for hedge accounting, as follows:

		Consolidated
	09/30/2020	**12/31/2019**
Derivatives not designated as for hedge accounting		
Loans and financings hedging	97	84
Hired to protect their own share price (NEOE3)	(13)	-
Derivatives designated as for hedge accounting – cash flow		
Loans and financings hedging	2,087	351
Other transactions hedging	185	(20)
Derivatives designated as for hedge accounting – fair value		
Loans and financings hedging	1,368	903
	3,724	**1,318**

(Amounts expressed in millions of Reais, except otherwise stated)

b) Derivative financial instruments assets (liabilities) presented in profit or loss, other comprehensive income/(loss) and statement of cash flows

	Consolidated Nine-Month period ended					
	09/30/2020			09/30/2019		
	Loans and financings hedging	Other operations hedging	Total	Loans and financings hedging	Other operations hedging	Total
Balance at the beginning of the period	**1,338**	**(20)**	**1,318**	**1,100**	**26**	**1,126**
Gain/(loss) recognized in profit or loss	3,155	69	3,224	467	22	489
Gain/(loss) recognized as capex	-	34	34	-	-	-
Derivatives proceeds (payments)	72	377	449	98	2	100
Gain/(loss) recognized in other comprehensive income/(loss)	(1,026)	(275)	(1,301)	(67)	(20)	(87)
Balance at the end of the period	**3,539**	**185**	**3,724**	**1,598**	**30**	**1,628**
Gain/(loss) recognized in profit or loss						
Cost of operations	-	70	70	-	16	16
Financial result, net	3,155	-	3,155	467	7	474

20. PROVISIONS AND JUDICIAL DEPOSITS

	Consolidated	
	09/30/2020	12/31/2019
Provision for losses on lawsuits (note 20.1.a)	1,148	1,067
Provision for environmental obligations	127	110
Provision for asset dismantling obligations	53	69
Provision for reimbursement	89	46
	1,417	**1,292**
Current liabilities	232	188
Non-current liabilities	1,185	1,104

20.1 Provision for losses on lawsuits, contingent liabilities and judicial deposits

a) Provision for losses on lawsuits

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

	Consolidated				
	Civil	Labor	Tax	Regulatory	Total
Balance as of December 31, 2019	514	403	137	13	1,067
Additions and reversals, net	103	24	-	1	128
Payments	(123)	(54)	(6)	-	(183)
Monetary variation	79	43	13	1	136
Balance as of September 30, de	**573**	**416**	**144**	**15**	**1,148**

(Amounts expressed in millions of Reais, except otherwise stated)

					Consolidated
	Civil	Labor	Tax	Regulatory	Total
Balance as of December 31, 2018	415	360	131	10	916
Additions and reversals, net	90	29	-	3	122
Payments	(118)	(44)	-	(1)	(163)
Monetary variation	72	30	1	1	104
Balance as of September 30, de	**459**	**375**	**132**	**13**	**979**

b) Contingent liabilities

Contingent liabilities correspond to not recognized lawsuits, since do constitute present obligations whose cash outflows are not likely or for which it is not possible to reliably measure an estimate of the obligation amount, based on legal opinions. Contingent liabilities are presented as follows:

		Consolidated
	09/30/2020	12/31/2019
Tax lawsuits (i)	5,674	5,612
Civil lawsuits (ii)	1,983	1,766
Labor lawsuits (iii)	603	673
Regulatory lawsuits (iv)	237	221
	8,497	**8,272**

Relevant lawsuits whose likelihood of loss is considered possible are as follows:

(i) Tax lawsuits: Refer to tax lawsuits and collection impugnation, subpoenas and notices of violation referring to several taxes, such as ICMS, ISS, CPMF, IRPJ, CSLL, IPTU, REFIS, PIS/COFINS, INSS, CIDE, ITD on received donations, among others. Such amounts were adjusted for inflation based on SELIC interest rate variation.

(ii) Civil lawsuits: They refer to actions of a commercial and indemnity nature, brought by individuals and legal entities, involving repetition of undue damages, material damages, moral damages, among others. The amounts were adjusted for inflation based on the INPC variation, plus interest of 1% p.m.

(iii) 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.

(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.

(Amounts expressed in millions of Reais, except otherwise stated)

c) Judicial deposits

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

	Consolidated	
	09/30/2020	**12/31/2019**
Civil lawsuits	341	298
Labor lawsuits	367	379
Tax lawsuits	235	231
Regulatory lawsuits	11	12
	954	**920**

21. WAGES, EMPLOYMENT BENEFITS AND RELATED CHARGES

The Company grants its employees short and long-term benefits, in addition to wages, vacation and other legally required benefits, as well as the respective labor charges on these benefits.

Short-term benefits include: (i) profit sharing program; (ii) health and dental care plans; and (iii) other usual market benefits.
Long-term benefits include: (i) pension plan; and (ii) post-employment health care plan.

The amounts recognized in the statement of financial position are as follows:

	Consolidated	
	09/30/2020	**12/31/2019**
Wages, vacation, 13th salary and related charges	333	280
Short-term benefits	61	98
Long-term benefits	794	759
	1,188	**1,137**
Non-current assets[1]	(28)	(33)
Current liabilities	395	379
Non-current liabilities	821	791

([1]) The presentation of post-employment benefit balance is in Other non-current assets.

22. SHAREHOLDERS' EQUITY

22.1 Share capital

The authorized share capital is fully subscribed and paid up on September 30, 2020 and December 31, 2019 in the amount of R $ 12,920. The composition of paid-up capital by class of shares (with no par value) and main shareholders is as follows:

Shareholders	**Common shares**	**%**
Iberdrola Energia S A. ("Iberdrola")	606,898,625	50.00%
Iberdrola S.A.	12,618,700	1.04%
Previ - Caixa de Previdência dos Funcionários do Banco do Brasil ("Previ")	367,647,583	30.29%
Key-management personnel	519,016	0.04%
Other shareholders	226,113,324	18.63%
Total	**1,213,797,248**	**100.00%**

(Amounts expressed in millions of Reais, except otherwise stated)

22.2 Earnings per share

Basic and diluted earnings per share are presented as follows:

	Consolidated			
	3-month period ended		9-month period ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net income for the period	843	617	1,876	1,667
Weighted-average shares held by the controlling interest	1,214	1,214	1,214	1,214
Earnings per share	**0,69**	**0,51**	**1,55**	**1,37**

	Parent Company			
	3-month period ended		9-month period ended	
	30/06/2020	30/06/2019	30/06/2020	30/06/2019
Net income for the period	812	600	1,806	1,611
Weighted-average shares held by the controlling interest	1,214	1,214	1,214	1,214
Earnings per share	**0.67**	**0.49**	**1.49**	**1.33**

22.3 Other comprehensive income/(loss)

The Company has by accounting policy do not impact net income with actuarial gains and/or losses arising from changes in expected earnings from actuarial post-employment benefit assets and liabilities and fluctuations in cash flow hedges fair values, therefore adopting hedge accounting. That implies recognizing such impacts in “Other Comprehensive Income”, net of deferred taxes on such items.

In February 2020, the Company contracted with Icatu Seguros, actuarial risks coverage related to the disability or death benefits for employees allocated in the energy distribution operations (São Paulo and Mato Grosso do Sul). The insurance policy covers all the risks related to the mathematical reserve restore and will be constantly renewed in subsequent periods, complying with the Company's actuarial risk management policy.

The contracting of such insurance policy exempted the Company from the responsibility of settling actuarial obligations of these benefits, resulting in the liability reversal and consequently recognizing a gain of R$23 in the result for the period.

22.4 Interest on equity

The following table lists the amounts approved for the distribution of interest on equity by the Board of Directors and Shareholders for the years ended September 30, 2020 and 2019:

Deliberation	Income	Deliberate value	Value per share ON
2020			
RCA of June 15, 2020	Interest on Equity 2020	278	0.2293645
		278	
2019			
RCA of June 29, 2019	Interest on Equity 2019	338	0.2784645
		338	

(Amounts expressed in millions of Reais, except otherwise stated)

23. RELATED PARTIES TRANSACTIONS

The Company's related parties are subsidiaries, associates, joint ventures, shareholders and their related entities and the Company's key-management personnel.

The main commercial transactions with related parties recognized as trade receivables and/or trade payables and the respective revenues and/or costs/expenses are related to: (i) energy purchase and sale agreements; (ii) energy distribution or transmission system usage agreements; (iii) operation and maintenance service rendering; (iv) administrative services agreements.

Transactions with pension funds responsible for managing short and long-term benefits granted to the Company’s employees are classified as "Shareholders and Others" in this note.

Information on related parties transactions and the related impact on the Company's consolidated financial statements are presented as follows:

23.1 Related parties balances

								Consolidated
				09/30/2020				12/31/2019
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
Assets								
Trade and other receivables	1	1	-	**2**	-	-	-	**-**
Dividends and interest on capital	-	-	-	**-**	1	14	-	**15**
Other assets	-	-	30	**30**	-	-	23	**23**
	1	**1**	**30**	**32**	**1**	**14**	**23**	**38**
Liabilities								
Trade and other payables	93	37	80	**210**	172	43	83	**298**
Employee benefits	-	-	63	**63**	-	-	76	**76**
Dividends and interest on capital	-	-	278	**278**	-	-	214	**214**
Other liabilities	-	-	210	**210**	-	-	214	**214**
	93	**37**	**631**	**761**	**172**	**43**	**587**	**802**

(Amounts expressed in millions of Reais, except otherwise stated)

								Parent Company
				09/30/2020				12/31/2019
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associates	Shareholders and others	Total
Assets								
Dividends and interest on capital	435	-	-	**435**	375	14	-	**389**
Other assets	20	-	-	**20**	22	-	-	**22**
	455	**-**	**-**	**455**	**397**	**14**	**-**	**411**
Liabilities								
Trade and other payables	-	-	79	**79**	-	-	81	**81**
Dividends and interest on capital	-	-	253	**253**	-	-	198	**198**
Other liabilities	16	-	209	**225**	109	-	209	**318**
	16	**-**	**541**	**557**	**109**	**-**	**488**	**597**

[1] On June 9, 2020, according to the Second Amendment to the Company's Shareholders' Agreement, the deadline for the Company to send Previ a firm proposal for the acquisition of its minority interests in Coelba, Cosern and Afluente T.

23.2 Related parties transactions

								Consolidated
								9-month period ended
				09/30/2020				09/30/2019
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
Profit or loss								
Net revenue	9	-	-	**9**	14	-	-	**14**
Cost of services	(298)	(649)	(67)	**(1,014)**	(316)	(567)	(42)	**(925)**
General and administrative expenses	-	-	(68)	**(68)**	-	-	-	**-**
Financial results, net	-	-	(5)	**(5)**	-	-	(42)	**(42)**
	(289)	**(649)**	**(140)**	**(1,078)**	**(302)**	**(567)**	**(84)**	**(953)**

								Parent Company
								9-month period ended
				09/30/2020				09/30/2019
	Subsidiaries	Joint ventures and associates	Shareholders and others	Total	Subsidiaries	Joint ventures and associates	Shareholders and others	Total
Profit or loss								
Net revenue	3	-	-	**3**	-	-	-	**-**
General and administrative expenses	-	-	(79)	**(79)**	-	-	(43)	**(43)**
Financial results, net	112	-	-	**112**	136	-	-	**136**
	115	**-**	**(79)**	**36**	**136**	**-**	**(43)**	**93**

(Amounts expressed in millions of Reais, except otherwise stated)

23.3 Key-management personnel compensation

Employees' compensation, including those occupying executive positions and members of the Company's Board of Directors, recognized in the statement of income for the period are presented as follows:

				Consolidated
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Wages and recurring benefits	3	2	9	8
Short-term variable compensation	1	2	5	6
Long-term benefits	-	-	2	1
Contract terminations	-	-	-	2
	4	**4**	**16**	**17**

				Parent Company
	3-month period ended		9-month period ended	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Wages and recurring benefits	7	6	19	12
Short-term variable compensation	3	3	7	16
Long-term benefits	2	2	8	5
	12	**11**	**34**	**33**

23.4 Granted financial guarantees

Guarantees granted by the Company are done based on contractual clauses that support the financial transactions between the joint ventures/associates and third parties, assuring assumption of the obligation accomplishment, in case the original debtor does not comply with the set financial commitments.

As of September 30, 2020, the total financial guarantees granted by the Company to certain joint ventures and associates amounted to R$4,435.

24. FINANCIAL INSTRUMENTS FAIR VALUES CLASSIFICATION AND ESTIMATES

24.1 Financial instruments classification and measurement

The Company classifies financial instruments according to their business model and the purpose for which they were acquired. Financial instruments are classified and measured as follows:

						Consolidated
			09/30/2020			12/31/2019
	AC	FVTOCI	FVTP&L	AC	FVTOCI	FVTP&L
Financial assets						
Cash and cash equivalents	1,880	-	3,952	994	-	3,047
Marketable securities	127	-	92	6	-	165
Trade and other receivables	7,246	-	-	7,138	-	-
Derivative financial instruments	-	2,314	1,446	-	394	976
Sectoral financial assets (Portion A and other)	-	-	-	395	-	-
Service concession arrangement (financial asset)	-	-	13,240	-	-	11,743
	9,253	**2,314**	**18,730**	**8,533**	**394**	**15,931**

(Amounts expressed in millions of Reais, except otherwise stated)

						Consolidated
			09/30/2020			12/31/2019
	AC	FVTOCI	FVTP&L	AC	FVTOCI	FVTP&L
Financial liabilities						
Trade payables and payables to contractors	3,055	-	-	3,185	-	-
Loans and financings	23,310	-	3,330	18,606	-	4,058
Sectoral financial liabilities (Portion A and other)	1,407	-	-	313	-	-
Derivative financial instruments	-	23	13	-	52	-
Lease obligations	92	-	-	97	-	-
Use of public property	60	-	-	60	-	-
	27,924	**23**	**3,343**	**22,261**	**52**	**4,058**

AC – Amortized cost
FVTOCI – Fair value through other comprehensive income
FVTP&L – Fair value through profit and loss

24.2 Fair value estimates

For fair value measurement and determination purposes, the Company uses several methods including market, result or cost approaches, in order to estimate the value that market participants would use to set the price of an asset or a liability. Financial assets and liabilities recognized at fair value are classified and disclosed according to the levels as follows:

Level 1 - Quoted prices (not adjusted) in active, liquid and visible markets for identical assets and liabilities that are accessible on the measurement date;

Level 2 - Quoted prices (which may or may not be adjusted) for similar assets or liabilities in active markets; and

Level 3 - Assets and liabilities whose prices do not exist or where these prices or valuation techniques are supported by a small or non-existent, unobservable or illiquid market.

The analysis on the impact if actual results differ from Management's estimate is disclosed in Note 24.8 (sensitivity analysis).

24.3 Financial instruments recognized at fair value ("FVTP&L" or "FVTOCI")

The measurement level of financial assets and liabilities recognized at fair value are as follows:

						Consolidated
			09/30/2020			12/31/2019
	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial assets						
Cash and cash equivalents	3,952	-	3,952	3,047	-	3,047
Marketable securities	92	-	92	165	-	165
Derivative financial instruments	3,760	-	3,760	1,370	-	1,370
Service concession arrangement (financial	-	13,240	13,240	-	11,743	11,743
	7,804	**13,240**	**21,044**	**4,582**	**11,743**	**16,325**

(Amounts expressed in millions of Reais, except otherwise stated)

						Consolidated
			09/30/2020			12/31/2019
	Level 2	Level 3	Total	Level 2	Level 3	Total
Financial liabilities						
Loans and financings	3,330	-	3,330	4,058	-	4,058
Derivative financial instruments	36	-	36	52	-	52
	3,366	**-**	**3,366**	**4,110**	**-**	**4,110**

There was no financial instruments transfer between the fair value measurement levels.

Gain and losses recognized in profit or loss for the Nine-Month period ended September 30, 2020 and 2019, referring to financial assets and liabilities measured using level 3 techniques, amounted to R$145 and R$400, respectively. Other changes in such financial assets and liabilities are disclosed in note 14.1.

24.4 Financial instruments recognized at amortized cost (“AC”)

Fair value of financial instruments measured at amortized cost may differ from the carrying amount due to the long-term realization cycle. Financial assets and liabilities recognized at amortized cost have fair values as follows:

		09/30/2020		12/31/2019
	Carrying amount	Fair value estimate - Level 2	Carrying amount	Fair value estimate - Level 2
Loans and financings	23,310	23,695	18,606	18,830

In September 2020, for purposes of comparability with the book balance measured at amortized cost, the debentures started to be measured based on the market approach, the reference being the last trading price or PU quotation, both available at Cetip or Anbima, respectively. Debentures not traded on the secondary market are measured using valuation techniques.

Due to the short-term cycle, it is assumed that the fair value of the balances of cash and cash equivalents, bonds and securities, accounts receivable from customers, accounts payable to suppliers and sectorial financial assets and liabilities are equal to the amounts measured at amortized cost (book balance).

24.5 Assessment methods and techniques

(i) Service concession arrangements

The Company uses a replacement cost approach based on ANEEL's price tables set for assets inherent to operations subject to indemnification by the grantor, for fair value measurement purposes. Relevant factors for fair value measurement purposes are not observable and there is no active market. Therefore, fair value classification hierarchy is level 3.

(ii) Loans and financings

Loans allocated at level 2 are based on the result approach and the fair value of both fixed rate and floating rate debt is determined from the discounted cash flow using the future CDI rate and the bond curve of the Company.

(iii) Derivative financial instruments

Estimated fair value of derivative financial instruments is calculated by using the discounted cash flows from curves of exchange rate coupon for the receivable leg and future interbank deposit rates (DI) for the payable leg, both disclosed by B3.

24.6 Financial and operating risk management

The Group's financial and operational risk policies have been updated in relation to the policies disclosed in the Company's consolidated financial statements as of December 31, 2019, complying with the periodic review process.

On the Financial Risk Policy are set guidelines for foreign exchange risk protection, interest rate risk and the use of derivative financial instruments, establishing adequate levels of risk, in addition to other guidelines. The Operational Risk Policy in Market Transactions sets risks control and management in energy and treasury management for long and short-term transactions.

24.7 Additional information on derivative financial instruments

As of September 30,2020, there was no margin amount deposited related to derivative financial instruments positions.

The Company has derivative financial instruments for economic and financial hedging purposes against the risk of changes in foreign exchange rates and interest rates. Swaps, Non-Deliverable Forwards (NDF) and options are the main instruments used.

All derivative operations of the Company's hedge programs are detailed in tables as follows, which include information on the type of instrument, notional amounts, maturity, fair value including credit risk and receivable or payable amounts.

Aiming to assess the economic relationship between the hedged item and the hedge instrument, the Company adopts prospective effectiveness testing methodology through the critical terms of the hedged item and hedging instrument, to conclude whether an expectation that changes in the cash flows of the hedged item and the hedging instrument may mutually offset.

U.S. Dollars loans and financings hedging program

For economic and financial hedging purposes, the Company may contract swaps to translate loans and financings denominated in US$ into R$. In such swaps, the Company holds a payable position in R$ bearing at CDI and a receivable position in US$ bearing at fixed or floating interest rates (Libor).

(Amounts expressed in millions of Reais, except otherwise stated)

The programs as follows are designated as for hedge accounting and measured at fair value through profit or loss:

	Notional amount			Fair value		Accrued amount Receivable/received or payable/paid amount
Swap US$ float vs R$ float	**09/30/2020**	**12/31/2019**	**Due date (Year)**	**09/30/2020**	**12/31/2019**	**09/30/2020**
Receivable leg	US$ 185	US$ 501	2021 - 2029	1,026	2,025	
Payable leg	R$ 593	R$ 1,596		(577)	(1,579)	
Net				**449**	**446**	**3**

	Notional amount			Fair value		Accrued amount Receivable/received or payable/paid amount
Swap US$ fixed vs R$ float	**09/30/2020**	**12/31/2019**	**Due date (Year)**	**09/30/2020**	**12/31/2019**	**09/30/2020**
Receivable leg	US$ 277	US$ 332	2020 - 2027	1,596	1,352	
Payable leg	R$ 820	R$ 1,007		(816)	(1,006)	
Net				**780**	**346**	**434**

The programs as follows are designated as for hedge accounting and classified as for cash flow hedge:

	Notional amount			Fair value		Accrued amount Receivable/received or payable/paid amount
Swap US$ float vs R$ float	**09/30/2020**	**12/31/2019**	**Due date (Year)**	**09/30/2020**	**12/31/2019**	**09/30/2020**
Receivable leg	US$ 114	US$ 122	2021-2030	631	491	
Payable leg	R$ 366	R$ 396		(368)	(398)	
Net				**263**	**93**	**170**

	Notional amount			Fair value		Accrued amount Receivable/received or payable/paid amount
Swap US$ fixed vs R$ float	**09/30/2020**	**12/31/2019**	**Due date (Year)**	**09/30/2020**	**12/31/2019**	**09/30/2020**
Receivable leg	US$ 907	US$ 593	2021-2035	5,319	2,462	
Payable leg	R$ 3,747	R$ 2,187		(3,828)	(2,215)	
Net				**1,491**	**247**	**1,244**

Euro loans and financings hedging program

For economic and financial hedging purposes, the Company may contract swaps to translate loans and financings denominated in EUR into R$. In such swaps, the Company holds a payable position in R$ bearing at CDI and a receivable position in EUR bearing at fixed or floating interest rates (Euribor).

(Amounts expressed in millions of Reais, except otherwise stated)

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

	Notional amount			Fair value		Accrued amount Receivable/received or payable/paid amount
Swap US$ fixed vs R$ float	**09/30/2020**	**12/31/2019**	**Due date (Year)**	**09/30/2020**	**12/31/2019**	**09/30/2020**
Receivable leg	€ 159	€ 178	2022-2024	1,057	742	
Payable leg	R$ 703	R$ 715		(711)	(721)	
Net				**346**	**21**	**325**

Hedging program for loans and financings denominated in Reais bearing at IPCA inflation rate

For economic and financial hedging purposes, the Company may contract swaps to convert loans and financings in R$ bearing at IPCA into CDI. In such swaps, the Company holds a payable position in CDI and a receivable position in IPCA.

The programs as follows are designated as for hedge accounting and measured at fair value through profit or loss:

	Notional amount			Fair value		Accrued amount Receivable or payable amount
Swap IPCA vs CDI	**09/30/2020**	**12/31/2019**	**Due date (Year)**	**09/30/2020**	**12/31/2019**	**09/30/2020**
Receivable leg	R$ 863	R$ 747		937	904	
Payable leg	R$ 741	R$ 732	2021 - 2025	(740)	(731)	
Net				**197**	**173**	**24**

Hedging program for U.S. Dollars payments

Aiming to reduce cash flow volatility, the Company may contract NDF or options operations to mitigate foreign exchange rates variations exposure arising from disbursements denominated or subject to ratios in U.S. Dollars.

Such program is designated as for hedge accounting and classified as for cash flow hedge, therefore measured at fair value through other comprehensive income.

	Notional amount			Fair value		Accrued amount Receivable or payable amount
NDF	**09/30/2020**	**12/31/2019**	**Due date (Year)**	**09/30/2020**	**12/31/2019**	**09/30/2020**
USD Payments						
Forward	US$ 119	US$ 217	2020-2024	132	(5)	
Net				**132**	**(5)**	**137**

(Amounts expressed in millions of Reais, except otherwise stated)

NDF	Notional amount		Due date (Year)	Fair value		Accrued amount Receivable or payable amount
	09/30/2020	12/31/2019		09/30/2020	12/31/2019	09/30/2020
Call sell	US$ 1	US$ 3	2020	1	2	
Put buy	-	-		-	-	
Net				**1**	**2**	**(1)**

Hedging program for Euro payments

Aiming to reduce cash flow volatility, the Company may contract NDF operations to mitigate foreign exchange rates variations exposure arising from disbursements denominated or subject to ratios in Euro.

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

NDF	Notional amount		Due date (Year)	Fair value		Accrued amount Receivable or payable amount
	09/30/2020	12/31/2019		09/30/2020	12/31/2019	09/30/2020
EUR Payments						
Forward	€ 48	€ 44	2020-2022	54	(16)	
Net				**54**	**(16)**	**70**

Hedging program for Reais payments

For economic and financial hedging purposes, the Company may contract swaps to convert loans and financings denominated in R$ bearing fixed interest rates into CDI. In such swaps, the Company holds a payable position in CDI and a receivable position at a fixed interest rate.

Such programs are designated as for hedge accounting and measured at fair value through profit or loss, as follows:

Swap R$ fixed vs R$ float	Notional amount		Due date (Year)	Fair value		Accrued amount Receivable or payable amount
	09/30/2020	12/31/2019		09/30/2020	12/31/2019	09/30/2020
Receivable leg	R$ 330	R$ 336	2022	348	347	
Payable leg	R$ 327	R$ 334		(328)	(337)	
Net				**20**	**10**	**10**

Equity Swap program to protect the share price

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

This program is classified according to an economic hedge, not designated for hedge accounting, and is measured at fair value through profit or loss.

(Amounts expressed in millions of Reais, except otherwise stated)

Swap Equity	Notional amount 09/30/2020	Notional amount 12/31/2019	Due date (Year)	Fair value 09/30/2020	Fair value 12/31/2019	Accrued amount Receivable or payable amount 09/30/2020
Receivable leg	R$ 43		2022	43	-	
Payable leg	R$ 55			(56)	-	
Net				**(13)**	**-**	**(13)**

Yen loans and financings hedging program

For economic and financial protection, the Company may contract swap operations for the CDI converter such as debts and loans in R$ fixed rates. Nesting swaps, the Company takes a passive position in the CDI and an active position in a pre-fixed tax.

Swap JPY fixed vs R$ float	Notional amount 09/30/2020	Notional amount 12/31/2019	Due date (Year))	Fair value 09/30/2020	Fair value 12/31/2019	Accrued amount Receivable or payable amount 09/30/2020
Assets	JPY 3.873	-	2021	207	-	
Liabilities	R$ 202	-		(205)	-	
Net				**2**	**-**	**2**

24.8 Sensitivity analysis

Sensitivity analysis estimates financial instruments potential value in hypothetical scenarios by stressing out the main market risk factors that impact each position, while maintaining all other variables constant.

- Likely Scenario: Financial income and expenses were projected for the next period, considering balances, foreign exchange rates and/or interest rates on September 30, 2020.

- Scenario II: Fair value estimate considering 25% deterioration on risk variables.

- Scenario III: Estimated fair value considering 50% deterioration on risk variables.

For derivative financial instruments sensitivity analysis purposes, the Company understands that it is not necessary to consider hedged liabilities, exposed to fluctuations in foreign exchange rates or price ratios and that are recognized in the statement of financial position.

(Amounts expressed in millions of Reais, except otherwise stated)

As 100% of foreign currency loans and financings are hedged by swaps, the risk of foreign exchange rates fluctuations is irrelevant, as follows:

Operation	Currency	Risk	Rate	Exposure (Balance/ National)	Impact Scenario (II)	Impact Scenario (III)
U.S. Dollars denominated debt	Dollars (US$)	Dollar appreciation	5.6407	(7,541)	(1,885)	(3,771)
Swap receivable leg in U.S. Dollars		Dollar depreciation		7,740	1,935	3,870
Net exposure				**199**	**50**	**99**
Euro denominated debt	Euro (€)	Euro appreciation	6.6132	(1,051)	(263)	(525)
Swap receivable leg in Euro		Euro depreciation		1,057	264	529
Net exposure				**6**	**1**	**4**
Collar	Dollars (US$)	Dollar depreciation	5.6404			
Hedge item: portion of payments in USD				1	(1)	(1)
Net exposure				**1**	**(1)**	**(1)**
NDF	Dollars (US$)	Dollar depreciation	5.6407			
Hedge item: portion of payments in USD				132	(167)	(333)
Net exposure				**132**	**(167)**	**(333)**
NDF	Euro (€)	Euro depreciation	6.6132			
Hedge item: portion of payments in Euro				54	(79)	(157)
Net exposure				**54**	**(79)**	**(157)**
Yen denominated debt	Yene (JPY)	Yene appreciation	0.0534	(207)	(52)	(103)
Swap receivable leg in Yen		Yene depreciation		207	52	104
Net exposure				**-**	**-**	**1**

Regarding the NDFs presented above, the observed exposure refers only to the impacts related to the derivative financial instrument.

Loss (gain) referring to changes in interest rates that may be recognized in the Company's statement of income next year, whether one of the stress scenarios occur are as follows:

Operation	Index	Risk	Rate at the period	Exposure (Balance/ Notional)	Most likely Scenario	Impact Scenario (II)	Impact Scenario (III)
Financial assets							
Marketable securities at CDI	CDI	CDI depreciation	1.90%	5.960	27	(6)	(15)
Financial liabilities							
Loans and financings							
Debt instruments at CDI	CDI	CDI appreciation	1.90%	(6,508)	(36)	(9)	(18)
Swaps Dollar x CDI (payable leg)	CDI	CDI appreciation	1.90%	(6,774)	(36)	(9)	(18)
Debt instruments at IPCA	IPCA	IPCA appreciation	2.44%	(7,794)	(137)	(12)	(24)
Swaps IPCA x CDI (receivable leg)	IPCA	IPCA appreciation	2.44%	937	19	1	3
Debt instruments at LIBOR 3M	LIBOR	LIBOR 3M appreciation	0.23%	(319)	(1)	-	-

(Amounts expressed in millions of Reais, except otherwise stated)

Operation	Index	Risk	Rate at the period	Exposure (Balance/ Notional)	Most likely Scenario	Impact Scenario (II)	Impact Scenario (III)
Swaps Libor 3M x CDI (receivable leg)	LIBOR	LIBOR 3M appreciation	0.23%	316	2	-	-
Debt instruments at LIBOR 6M	LIBOR	LIBOR 6M appreciation	0.26%	(1,341)	(4)	-	-
Swaps Libor 6M x CDI (receivable leg)	LIBOR	LIBOR 6M appreciation	0.26%	1,341	4	-	1
Debt instruments at SELIC	SELIC	SELIC appreciation	1.90%	(539)	(6)	(1)	(1)
Debt instruments at TJLP	TJLP	TJLP appreciation	4.55%	(2,712)	(45)	(8)	(15)

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 period:

Operation	Index	Risk	Rate at the period	Exposure (Balance/ Notional)	Most likely Scenario	Impact Scenario (II)	Impact Scenario (III)
Other Financial Assets							
Active Swap in Equities	NEOE3	Action depreciation	16.9800	43	2,555	11	22

25. Subsequent events

Fund-raising

On October 2, 2020, the subsidiary Coelba contracted two financial operations via CCB, one with the Sumitomo bank in the amount of R$ 155 and the second with the Mizuho bank in the amount of R$ 50. Both operations have a 3-year term with payment of principal at maturity and semi-annual interest.

On October 5, 2020, Neoenergia disbursed the 1st installment in the amount of R$ 836 million related to the financing agreement signed with the European Investment Bank - EIB on December 3, 2019 in the total amount of EUR 250 million destined for the capex financing for Oitis and Chafariz Wind Complexes.

On October 19, 2020, the subsidiary Neoenergia Jalapão captured R$ 245 through financing from development agencies, notably the BNDES referring to the 2nd installment of funds from the financing contract signed for the capex of the project for the construction of the transmission infrastructure of Neoenergia Jalapão Transmissão de Energia SA (Lot 4 of Transmission Auction nº 02/2017, December 2017).

Néos Incorporation

In June 2020, the National Superintendency of Complementary Welfare ('PREVIC') authorized the incorporation of the COELBA Foundation for Complementary Welfare ('FAELBA'), CELPE Social Security Foundation ('CELPOS') and the COSERN Welfare Foundation ('FASERN') ') by NÉOS Previdência Complementar (' NÉOS ') and as of October 1, 2020, the assets, rights and obligations of the resources of defined benefit plans and defined contributions managed by these entities were effectively incorporated into NÉOS.