



**NEOENERGIA**

Intermediate Financial  
Statements

March 31, 2021



Rio de Janeiro, May 6<sup>th</sup>, 2021 – Neoenergia discloses on this date the company's results for the first quarter of 2021 (1Q21).

ICO2 B3 ISE B3 IEE B3 IBRX100 B3 MERCADO



HIGHLIGHTS (R\$ MM) 1Q21	1Q21	1Q20	Δ %
Net Operating Revenue	8,580	6,777	27%
Gross Margin	3,188	2,389	33%
Operating Expenses (PMSO)	(801)	(753)	6%
EBITDA	2,284	1,525	50%
Financial Income (Loss)	(382)	(314)	22%
Profit assigned to controlling shareholder	1,007	577	75%
Financial Asset (Concession)	323	71	355%
IFRS 15	401	102	293%



OPERATING INDICATORS			
Captive Market (GWh)	11,503	10,931	5.2%
Captive + Free Market (GWh)	15,985	14,825	7.8%
Volume of injected energy (GWh)	18,508	17,422	6.2%
Number of Customers (thousand)	15,466	14,109	9.6%

Financial Debt Indicators	1Q21	2020	Variation
Net Debt(1)/EBITDA(2)	3.28	2.85	-
EBITDA/Financial Result(2)	6.61	6.31	-
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:

- 18,508 GWh of injected energy in 1Q21, +6.2% vs. 1Q20 (+2.7% disregarding CEB-D), confirming the recovery of the market in Neoenergia's concession areas;
- Operating expenses of R\$ 801 million in the 1Q21. Disregarding the non-recurring positive effect of R\$ 25.5 million in the 1Q20 from arbitration proceedings, and R\$ 25 million associated with the 28-day of CEB-D consolidation in the 1Q21, a reduction of R\$ 3 million vs. 1Q20 can be noted, confirming the group's cost discipline;
- EBITDA of R\$ 2.3 billion in 1Q21 (+50% vs. 1Q20);
- Profit of R\$ 1,007 million in 1Q21 (+75% vs. 1Q20);
- CAPEX of R\$ 1.8 billion in 1Q21 (+89% vs. 1Q20) due to the progress of Transmission and Wind projects;
- Net Debt/EBITDA of 3.28 in 1Q21 (2.85x in 4Q20 and 2.98x in 1Q20).

**TELECONFERENCE 1Q21**

Friday, May 7<sup>th</sup>, 2021

**Time:** 11am (BRT) | 10am (EST)

**(with simultaneous translation into English)**

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NEOENERGIA S.A., DISCLOSES THE RESULTS FOR THE FOURTH QUARTER (1Q21) BASED ON MANAGEMENT ANALYSES THAT THE BOARD OF DIRECTORS UNDERSTANDS TO TRANSLATE THE COMPANY'S BUSINESS IN THE BEST MANNER, RECONCILED WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS).

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## 1. ECONOMIC AND FINANCIAL DEVELOPMENT

### 1.1. Consolidated

CONSOLIDATED STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Operating Revenue (1)	8,580	6,777	1,803	27%
Costs with Energy (2)	(5,715)	(4,459)	(1,256)	28%
<b>Gross Margin w/out Concession Financial Assets</b>	<b>2,865</b>	<b>2,318</b>	<b>547</b>	<b>24%</b>
Concession Financial Assets (VNR)	323	71	252	355%
<b>GROSS MARGIN</b>	<b>3,188</b>	<b>2,389</b>	<b>799</b>	<b>33%</b>
Operating Expenses (PMSO)	(801)	(753)	(48)	6%
Provision for Doubtful Receivables (PECLD)	(113)	(108)	(5)	5%
(+) Equity Accounting	10	(3)	13	(433%)
<b>EBITDA</b>	<b>2,284</b>	<b>1,525</b>	<b>759</b>	<b>50%</b>
Depreciation	(433)	(380)	(53)	14%
Financial Income (Loss)	(382)	(314)	(68)	22%
IR/CS	(430)	(233)	(197)	85%
Minority shareholdings	(32)	(21)	(11)	52%
<b>NET INCOME</b>	<b>1,007</b>	<b>577</b>	<b>430</b>	<b>75%</b>

(1) Considers Construction Revenue

(2) Considers Construction Costs

As expressed in Technical Guideline CPC 08, the recognition and measurement of the variations between the non-manageable costs actually incurred compared to tariffs approved are always classified in the Operating Revenue line as Amounts 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 result for the period. 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\$ 3,188 million in the 1Q21, +R\$ 799 million vs. 1Q20, explained by the effects of the Tariff Reset of the four Discos and by greater Concession Financial Assets – VNR (+R\$ 252 million vs. 1Q20), due to the higher IPCA for the period, in addition to the use of IFRS15 of R\$ 401 million in transmission (+R\$ 299 million vs. 1Q20) due to greater Capex in the 1Q21.

Operating expenses amounted to R\$ 801 million in the 1Q21 (+6% vs. 1Q20). It is important to note that in the 1Q20 there was a non-recurring positive effect recorded at the Holding referring to two arbitration proceedings, net effect of which was +R\$ 25.5 million. Excluding that effect from the 1Q20, as well as the R\$ 25 million referring to the 28 days of the consolidation of CEB-D in the 1Q21, we ended the quarter with savings of R\$ 3 million compared to the previous year's quarter, proving the pursuit of efficiencies and cost discipline that have allowed expenses to keep growing below inflation, absorbing the growth of the customer base and the largest headcount as a result of the process of insourcing activities.

The Allowance for Doubtful Accounts – AFDA amounted to R\$ 113 million, only R\$ 5 million in excess of that recorded in the 1Q20. Excluding the R\$ 4 million referring to the 28 days of consolidation of CEB-D in the 1Q21, we ended the quarter in line with the 1Q20, thus returning to pre-pandemic levels.

We also observed, in 1Q21, the negative impact of Covid-19 in the market of our Discos by around \$ 58 million and in PECLD around R\$ 24 million.

Equity in the quarter was R\$ 10 million, mainly explained by the non-recurring effect of Teles Pires GSF settlement (+R\$ 6 million).

As a result of the abovementioned effects, EBITDA amounted to R\$ 2,284 million in the 1Q21 (+50% vs. 1Q20), confirming the recovery of the market, the maintenance of efficiency and the progress in the construction of transmission projects. As to net income, the company ended the period with R\$ 1,007 million (+75% vs. 1Q20).

## 1.2. Networks

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

NETWORKS STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	8,287	6,516	1,771	27%
Costs with energy	(5,845)	(4,487)	(1,358)	30%
<b>Gross Margin w/out Concession Financial Assets</b>	<b>2,442</b>	<b>2,029</b>	<b>413</b>	<b>20%</b>
Concession Financial Assets (VNR)	323	71	252	355%
<b>Gross Margin</b>	<b>2,765</b>	<b>2,100</b>	<b>665</b>	<b>32%</b>
Operating Expenses (PMSO)	(652)	(631)	(21)	3%
Provision for Doubtful Receivables (PECLD)	(113)	(108)	(5)	5%
<b>EBITDA</b>	<b>2,000</b>	<b>1,361</b>	<b>639</b>	<b>47%</b>
Depreciation	(325)	(280)	(45)	16%
Financial Income (Loss)	(314)	(259)	(55)	21%
IR CS	(381)	(210)	(171)	81%
<b>NET INCOME</b>	<b>980</b>	<b>612</b>	<b>368</b>	<b>60%</b>

The Networks segment ended the 1Q21 with a Gross Margin of R\$ 2,765 million, R\$ 665 million in excess of that recorded in the 1Q20, due to the effects of the Tariff Reset of the four distributors and greater Concession Financial Assets – VNR (+R\$ 252 million vs. 1Q20), explained by the higher IPCA in the period, in addition to the application of IFRS15 of R\$ 401 million to transmission (+R\$ 299 million vs. 1Q20).

As to operating expenses, R\$ 652 million were recorded in the 1Q21 (+3% vs. 1Q20). If we disregard the R\$ 25 million referring to the 28 days of the consolidation of CEB-D, we ended the 1Q21 with savings of R\$ 4 million, or 1% less than in the 1Q20, absorbing the growth of the distributors' customer base, the growth in the transmission segment, the inflation for the period, and the increased headcount due to the process of activities insourcing.

Allowance for Doubtful Accounts – AFDA amounted to R\$ 113 million, R\$ 5 million in excess of the 1Q20. Excluding the R\$ 4 million referring to the 28 days consolidation of CEB-D in the 1Q21, we ended the quarter in line with the 1Q20, thus returning to pre-pandemic levels.

The Networks EBITDA ended the 1Q21 at R\$ 2,000 million (+47% vs. 1Q20), confirming market recovery, the maintenance of efficiency and the progress in the construction of transmission assets. As to Net Income for the quarter, it was R\$ 980 million (+60% vs. 1Q20).

### 1.2.1. COELBA

COELBA STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	2,935	2,461	474	19%
Costs with Energy	(2,069)	(1,597)	(472)	30%
Concession Financial Assets (VNR)	164	38	126	332%
<b>Gross Margin</b>	<b>1,030</b>	<b>902</b>	<b>128</b>	<b>14%</b>
Operating Expenses (PMSO)	(284)	(276)	(8)	3%
Provision for Doubtful Receivables (PECLD)	(41)	(33)	(8)	24%
<b>EBITDA</b>	<b>705</b>	<b>593</b>	<b>112</b>	<b>19%</b>
Depreciation	(151)	(131)	(20)	15%
Financial Income (Loss)	(113)	(117)	4	(3%)
IR CS	(104)	(71)	(33)	46%
<b>NET INCOME</b>	<b>337</b>	<b>274</b>	<b>63</b>	<b>23%</b>

Coelba ended the 1Q21 with a Gross Margin of R\$ 1,030 million (+14% vs. 1Q20) driven by the tariff reset and greater Financial Concession Assets - VNR (+R\$ 126 million), explained by the higher IPCA for the period.

Operating expenses amounted to R\$ 284 million in the 1Q21, +3% vs. 1Q20, absorbing both the growth of the customer base (+1.7% vs. 1Q20) and the inflation for the period, as well as the increase in headcount according to the company's plan to insource operating processes.

In the 1Q21, the AFDA amounted to R\$ 41 million, an increase of R\$ 8 million compared to the 1Q20.

As a result of the aforementioned variations, EBITDA for the 1Q21 was R\$ 705 million, a 19% increase vs. 1Q20. Net Income was R\$ 337 million (+23% vs. 1Q20).

### 1.2.2. CELPE

CELPE STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	1,773	1,523	250	16%
Energy costs	(1,351)	(1,104)	(247)	22%
Concession Financial Assets (VNR)	62	12	50	417%
<b>Gross Margin</b>	<b>484</b>	<b>431</b>	<b>53</b>	<b>12%</b>
Operating Expenses (PMSO)	(158)	(180)	22	(12%)
Provision for Doubtful Receivables (PECLD)	(43)	(45)	2	(4%)
<b>EBITDA</b>	<b>283</b>	<b>206</b>	<b>77</b>	<b>37%</b>
Depreciation	(76)	(67)	(9)	13%
Financial Income (Loss)	(73)	(85)	12	(14%)
IR CS	(34)	(15)	(19)	127%
<b>NET INCOME</b>	<b>100</b>	<b>39</b>	<b>61</b>	<b>156%</b>

Celpe ended the 1Q21 with a Gross Margin of R\$ 484 million, +12% compared to the 1Q20, driven by the tariff reset and greater VNR (+R\$ 50 million), explained by the higher IPCA for the period.

Operating expenses amounted to R\$ 158 million in the 1Q21, (-R\$ 22 million vs. 1Q20), absorbing both the growth of the customers' base and the inflation for the period, as well as the increase in headcount according to the company's insourcing of operating processes plan.

In the 1Q21, AFDA amounted to R\$ 43 million, a reduction of R\$ 2 million compared to 1Q20 owed to the success of collection actions.

As a result of the aforementioned variations, EBITDA for the 1Q21 was R\$ 283 million, a 37% increase compared to the 1Q20 and Net Income was R\$ 100 million (+156% vs. 1Q20).

### 1.2.3. COSERN

COSERN STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	709	622	87	14%
Costs with Energy	(510)	(420)	(90)	21%
Concession Financial Assets (VNR)	33	6	27	450%
<b>Gross Margin</b>	<b>232</b>	<b>208</b>	<b>24</b>	<b>12%</b>
Operating Expenses (PMSO)	(56)	(63)	7	(11%)
Provision for Doubtful Receivables (PECLD)	1	0.4	1	-
<b>EBITDA</b>	<b>177</b>	<b>145</b>	<b>32</b>	<b>22%</b>
Depreciation	(28)	(24)	(4)	17%
Financial Income (Loss)	(6)	(22)	16	(73%)
IR CS	(31)	(18)	(13)	72%
<b>NET INCOME</b>	<b>112</b>	<b>81</b>	<b>31</b>	<b>38%</b>

Cosern ended the 1Q21 with a Gross Margin of R\$ 232 million, +12% vs. 1Q20 driven by the tariff reset and greater VNR (+R\$ 27 million), explained by the higher IPCA for the period.

Operating expenses amounted to R\$ 56 million in the 1Q21 (-11% vs. 1Q20) due by greater efficiencies.

In the 1Q21, AFDA was R\$ 1 million positive (vs. +R\$ 0.4 million in 1Q20), confirming the success of collection actions that allowed for the reversal of amounts previously accrued.

As a result of the abovementioned variations, EBITDA for the 1Q21 was R\$ 177 million, a 22% increase compared to the 1Q20.

Net Income in the 1Q21 was R\$ 112 million (+38% vs. 1Q20), explained by the improvement to EBITDA and the financial result.

#### 1.2.4. ELEKTRO

ELEKTRO STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	1,837	1,543	294	19%
Costs with Energy	(1,354)	(1,119)	(235)	21%
Concession Financial Assets (VNR)	62	15	47	313%
<b>Gross Margin</b>	<b>545</b>	<b>439</b>	<b>106</b>	<b>24%</b>
Operating Expenses (PMSO)	(123)	(111)	(12)	11%
Provision for Doubtful Receivables (PECLD)	(25)	(30)	5	(17%)
<b>EBITDA</b>	<b>397</b>	<b>298</b>	<b>99</b>	<b>33%</b>
Depreciation	(64)	(57)	(7)	12%
Financial Income (Loss)	(24)	(31)	7	(23%)
IR CS	(104)	(71)	(33)	46%
<b>NET INCOME</b>	<b>205</b>	<b>139</b>	<b>66</b>	<b>47%</b>

Elektro ended the 1Q21 with a Gross Margin of R\$ 545 million, +24% vs. 1Q20, due to the tariff reset of August 2020 and greater VNR (+ R\$ 47 million), explained by the higher IPCA for the period.

Operating expenses amounted to R\$ 123 million in the 1Q21 (+11% vs. 1Q20). It is important to note that in the 1Q20 a positive non-recurring event took place in the order of R\$ 22 million due to the hiring of labor-related accidental death insurance that allowed for the reversal in the same amount of the mathematical reserve provided in the company's pension fund. Disregarding this 1Q20 non-recurring expense, Elektro's expenses level decreased by 7%, confirming the pursuit of efficiencies.

In the 1Q21, AFDA was R\$ 25 million, improved by R\$ 5 million when compared to the 1Q20, explained by reversals, confirming the success of collection actions and the return to pre-pandemic levels.

As a result of the abovementioned variations, EBITDA in the 1Q21 was R\$ 397 million, an increase of 33% vs. 1Q20. Net Income in the 1Q21 was R\$ 205 million (+ 47% vs. 1Q20), explained by the improvements in EBITDA and the financial result.

### 1.2.5. CEB-D

CEB-D STATEMENT OF INCOME (R\$ MN)		1Q21
Net Revenue		240
Costs with Energy		(205)
Concession Financial Assets (VNR)		3
<b>Gross Margin</b>		<b>38</b>
Operating Expenses (PMSO)		(25)
Provision for Doubtful Receivables (PECLD)		(4)
<b>EBITDA</b>		<b>8</b>
Depreciation		(4)
IR CS		(2)
<b>NET INCOME</b>		<b>2</b>

CEB-D was merged into the Group on March 2, 2021, and as of this date results were 100% consolidated.

### 1.3. Renewables

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

RENEWABLES STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	243	203	40	20%
Costs with Energy	7	(45)	52	(116%)
<b>GROSS MARGIN</b>	<b>250</b>	<b>158</b>	<b>92</b>	<b>58%</b>
Operating Expenses (PMSO)	(46)	(56)	10	(18%)
(+ )Equity Accounting	10	(3)	13	(433%)
<b>EBITDA</b>	<b>214</b>	<b>99</b>	<b>115</b>	<b>116%</b>
Depreciation	(46)	(46)	-	-
Financial Income (Loss)	(38)	(42)	4	(10%)
IR/CS	(29)	(6)	(23)	383%
<b>NET INCOME</b>	<b>101</b>	<b>5</b>	<b>96</b>	<b>1920%</b>

HYDRO PLANTS STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net revenue	144	136	8	6%
Costs with Energy	18	(36)	54	(150%)
<b>GROSS MARGIN</b>	<b>162</b>	<b>100</b>	<b>62</b>	<b>62%</b>
Operating Expenses (PMSO)	(20)	(27)	7	(26%)
(+) Equity Accounting	10	(3)	13	(433%)
<b>EBITDA</b>	<b>152</b>	<b>70</b>	<b>82</b>	<b>117%</b>
Depreciation	(19)	(19)	-	-
Financial Income (Loss)	(18)	(18)	-	-
IR/CS	(29)	(17)	(12)	71%
<b>NET INCOME (LOSS)</b>	<b>86</b>	<b>16</b>	<b>70</b>	<b>438%</b>

WIND FARMS STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net revenue	99	67	32	48%
Costs with Energy	(11)	(9)	(2)	22%
<b>GROSS MARGIN</b>	<b>88</b>	<b>58</b>	<b>30</b>	<b>52%</b>
Operating Expenses (PMSO)	(26)	(29)	3	(10%)
<b>EBITDA</b>	<b>62</b>	<b>29</b>	<b>33</b>	<b>114%</b>
Depreciation	(27)	(27)	-	-
Financial Income (Loss)	(20)	(24)	4	(17%)
IR/CS	-	11	(11)	(100%)
<b>NET INCOME</b>	<b>15</b>	<b>(11)</b>	<b>26</b>	<b>(236%)</b>

The Renewables segment ended the 1Q21 with a gross margin of R\$ 250 million (+R\$ 92 million vs. 1Q20) positively impacted by the hydroelectric plants (+R\$ 62 million) given the seasonality and the non-recurring effect Itapebi GSF settlement (revenue of +R\$ 37 million), as well as by the wind farms (+R\$ 30 million) due to higher wind speeds and adjustments to agreements.

Operating expenses ended the 1Q21 at R\$ 46 million, -R\$ 10 million compared to the 1Q20 due to an extraordinary tax contingency (R\$ 5 million) in the 1Q20 and R\$ 5 million in efficiency.

Net equity for the quarter was R\$ 10 million, mainly explained by the non-recurring effect of Teles Pires GSF settlement (+R\$ 6 million).

EBITDA in the Renewables segment was R\$ 214 million (+R\$ 115 million vs. 1Q20) due to the good performance of both hydro and wind power, whereas net income was R\$ 101 million (+R\$ 96 million vs. 1Q20).

#### 1.4. Liberalized

LIBERALIZED STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	565	555	10	2%
Costs with Energy	(389)	(419)	30	(7%)
<b>Gross Margin</b>	<b>176</b>	<b>136</b>	<b>40</b>	<b>29%</b>
Operating Expenses (PMSO)	(52)	(44)	(8)	18%
<b>EBITDA</b>	<b>124</b>	<b>92</b>	<b>32</b>	<b>35%</b>
Depreciation	(15)	(14)	(1)	7%
Financial Income (Loss)	(17)	(28)	11	(39%)
IR CS	(17)	(11)	(6)	55%
<b>NET INCOME</b>	<b>75</b>	<b>39</b>	<b>36</b>	<b>92%</b>

TERMOPERNAMBUCO STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	300	273	27	10%
Costs with Energy	(142)	(164)	22	(13%)
<b>Gross Margin</b>	<b>158</b>	<b>109</b>	<b>49</b>	<b>45%</b>
Operating Expenses (PMSO)	(39)	(34)	(5)	15%
<b>EBITDA</b>	<b>119</b>	<b>75</b>	<b>44</b>	<b>59%</b>
Depreciation	(15)	(13)	(2)	15%
Financial Income (Loss)	(14)	(26)	12	(46%)
IR CS	(16)	(6)	(10)	167%
<b>NET INCOME</b>	<b>74</b>	<b>30</b>	<b>44</b>	<b>147%</b>

NC STATEMENT OF INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Revenue	266	283	(17)	(6%)
Costs with Energy	(248)	(255)	7	(3%)
<b>Gross Margin</b>	<b>18</b>	<b>28</b>	<b>(10)</b>	<b>(36%)</b>
Operating Expenses (PMSO)	(12)	(10)	(2)	20%
<b>EBITDA</b>	<b>6</b>	<b>18</b>	<b>(12)</b>	<b>(67%)</b>
Depreciation	-	(1)	1	(100%)
Financial Income (Loss)	(3)	(3)	-	-
IR CS	(1)	(5)	4	(80%)
<b>NET INCOME</b>	<b>2</b>	<b>9</b>	<b>(7)</b>	<b>(78%)</b>

The Liberalized segment consolidated a gross margin of R\$ 176 million in the 1Q21, +R\$ 40 million vs. 1Q20 due to the result of Termopernambuco (+R\$ 49 million), influenced by the effect of the dollarized tariff reset.

Operating expenses amounted to R\$ 52 million in the 1Q21 (+R\$ 8 million vs. 1Q20), explained by adjustments to the O&M contracts of Termopernambuco and the increase to the number of NC employees.

EBITDA of the Liberalized segment was R\$ 124 million in the 1Q21 (+R\$ 32 million) and net income was R\$ 75 million in the 1Q21 (+R\$ 36 million).

## 2. EBITDA

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

EBITDA (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
Net Income for the Period (A)	1,007	577	430	75%
Profit assigned to minority shareholders (B)	(32)	(21)	(11)	52%
Financial Expenses (C)	(578)	(461)	(117)	25%
Financial Revenues (D)	163	133	30	23%
Other net financial income (loss) (E)	33	14	19	136%
Income tax and social contribution (F)	(430)	(233)	(197)	85%
Depreciation and amortization (G)	(433)	(380)	(53)	14%
<b>EBITDA = (A-(B+C+D+E+F+G))</b>	<b>2,284</b>	<b>1,525</b>	<b>759</b>	<b>50%</b>

## 3. FINANCIAL INCOME (LOSS)

NET FINANCIAL INCOME (R\$ MN)	1Q21	1Q20	Variation	
			R\$	%
<b>Revenue from financial investments</b>	<b>18</b>	<b>39</b>	(21)	(54%)
<b>Charges, monetary and exchange variations and debt derivative financial Instruments</b>	<b>(426)</b>	<b>(329)</b>	(97)	29%
<b>Other financial income (loss) not related to debt</b>	<b>26</b>	<b>(24)</b>	50	(208%)
Interest, commissions and arrears interest	136	58	78	134%
Monetary and exchange variations - other	-	(11)	11	(100%)
Adjustment to provision for contingencies / judicial deposits	(50)	(46)	(4)	9%
Adjustment to sector financial assets / liabilities	(3)	4	(7)	(175%)
Post-employment liabilities	(20)	(16)	(4)	25%
Other net financial revenues (expenses)	(37)	(13)	(24)	185%
<b>Total</b>	<b>(382)</b>	<b>(314)</b>	<b>(68)</b>	<b>22%</b>

Neoenergia's Financial Income/Loss was -R\$ 382 million in the 1Q21, a reduction of R\$ 68 million compared to the 1Q20. That variation is explained mainly by higher expenses with debt charges (R\$ 97 million), mitigated by the increase of arrears interest, adjusted by a higher IGPM compared to the 1Q20.

## 4. INVESTMENTS

Neoenergia made total investments of the order of R\$ 1.8 billion in the 1Q21 in the companies that it consolidates, as displayed below:

CAPEX Neoenergia (R\$ million)	1Q21	1Q20	Δ %
<b>Networks</b>	<b>1,350</b>	<b>905</b>	<b>49%</b>
Distributors	873	670	30%
Transmission Lines	477	235	103%
<b>Renewables</b>	<b>461</b>	<b>40</b>	<b>N/A</b>
<b>Liberalized</b>	<b>12</b>	<b>19</b>	<b>(40%)</b>
<b>Holding</b>	<b>0</b>	<b>1</b>	<b>(100%)</b>
<b>TOTAL</b>	<b>1,822</b>	<b>965</b>	<b>89%</b>

## 4.1. Networks

### 4.1.1. Distribution

In the 1Q21, the Discos Capex amounted to R\$ 873 million, of which R\$ 590 million were used for the expansion of networks, R\$ 130 million for the renewal of assets, R\$ 112 million in anti-loss and default fighting projects, and other.

INVESTMENTS MADE (amounts in R\$ MN)	   				CONSOLIDATED	
	1Q21				1Q21	
<b>Network Expansion</b>	(343)	(78)	(44)	(125)	(590)	63%
Program Luz para Todos	(116)	-	-	-	(116)	
New Connections	(125)	(68)	(22)	(60)	(276)	
New SE's and RD's	(102)	(10)	(21)	(65)	(199)	
<b>Assets Renewal</b>	(49)	(25)	(15)	(41)	(130)	15%
<b>Network Improvement</b>	(47)	(14)	(7)	(12)	(81)	9%
<b>Losses and Default</b>	(35)	(19)	(5)	(5)	(64)	7%
<b>Other</b>	(23)	(10)	(4)	(11)	(48)	6%
Movement of Material (Inventory x Works)	(83)	(45)	(9)	(27)	(165)	
<b>(=) Gross Investment</b>	<b>(580)</b>	<b>(191)</b>	<b>(84)</b>	<b>(222)</b>	<b>(1,078)</b>	
GRANTS	5	3	0	31	40	
<b>(=) Net Investment</b>	<b>(575)</b>	<b>(188)</b>	<b>(84)</b>	<b>(191)</b>	<b>(1,038)</b>	
Movement of Material (Inventory x Works)	83	45	9	27	165	
<b>(=) CAPEX</b>	<b>(492)</b>	<b>(143)</b>	<b>(75)</b>	<b>(164)</b>	<b>(873)</b>	
Regulatory Annuity Basis	(23)	(10)	(4)	(11)	(48)	5%
Regulatory Remuneration Basis	(474)	(136)	(71)	(183)	(864)	95%

### 4.1.2. Transmission

In the 1Q21, Capex of transmission lines amounted to R\$ 477 million, R\$ 242 million in excess of the 1Q20.

The progress of the construction works of the two last sections of the Dourados lot (April 2017 auction), and the lots purchased in December 2017 are worthy of note. The lots of the December 2018 auction have 100% of the main equipment and cables and towers already contracted, and are in the process of environmental licensing.

## 4.2. Renewables

### 4.2.1. Wind Farms

Investments made in wind farms totaled R\$ 416 million in the 1Q21:

(i) Chafariz Complex: 100% of Capex contracted. Connection agreements with the transmission company have already been signed and the assembly of the 136 windmills has already started; and

(ii) Oitis Complex: Works began in the 4Q20.

#### 4.2.2. Hydroelectric Plants

Investments of the order of R\$ 45 million in the 1Q21, with highlight on the R\$ 37 million recorded on intangible assets of Itapebi regarding GSF settlement.

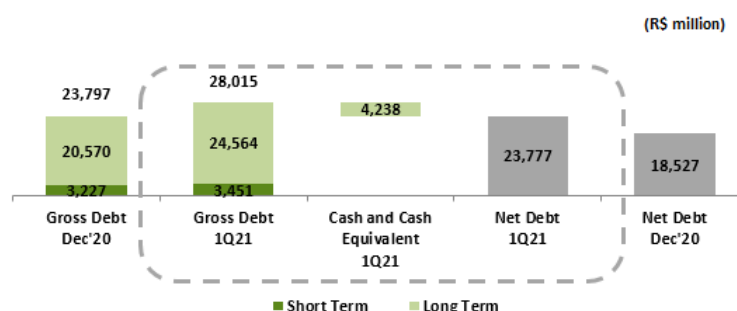
#### 4.3. Liberalized

Termopernambuco made investments of R\$ 11 million in the 1Q21, 41% less than actual investments in the 1Q20, when equipment for a Major Inspection was purchased.

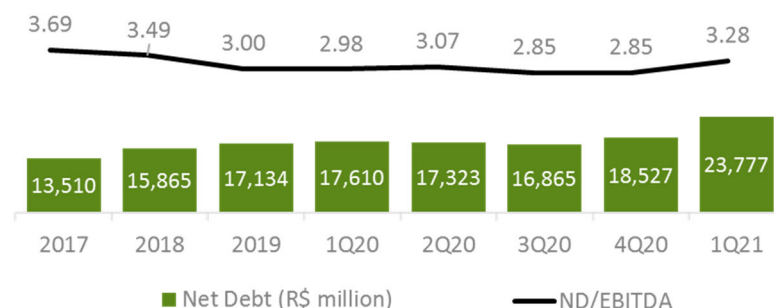
### 5. INDEBTEDNESS

#### 5.1. Status of Financial Debt and Leverage

In March 2021, the consolidated gross debt of Neoenergia, including loans, financing, debentures and financial instruments reached R\$ 28,015 million (net debt R\$ 23,777 million), showing an increase of 18% (R\$ 4,218 million) compared to December 2020, with highlight on the R\$2.5 billion financing referring to the acquisition of CEB-D. As regards the segregation of the debt balance, Neoenergia has 88% of the debt recorded in the long term and 12% in the short term.



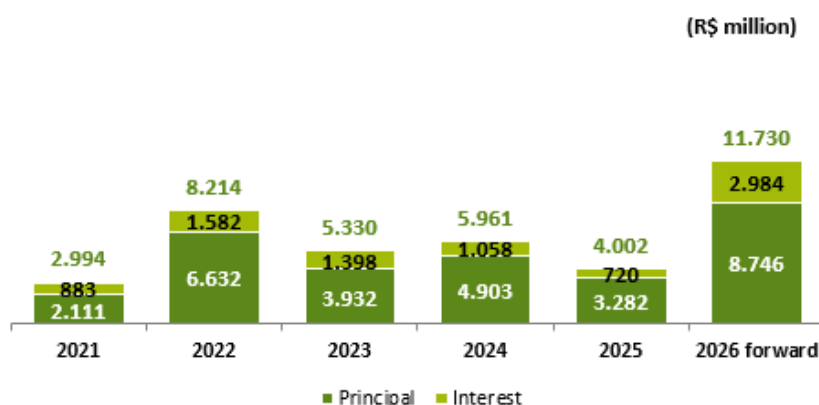
The financial indicator Total Net Debt/ EBITDA increased from 2.85 on December 31, 2020 to 3.28x on March 31, 2021.



#### 5.2 Debt amortization schedule

The chart below displays the schedule of maturities of the debt principal and interest using the forward market curves for the indexes and currencies associated with the indebtedness at the end of March 2021. The average indebtedness term of Neoenergia in March 2021 was 4.56 years

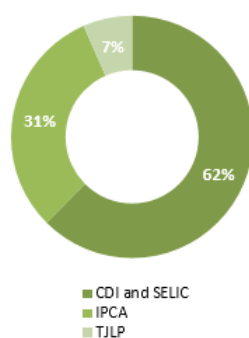
(vs. 4.66 years in December 2020). It is worth noting the one-off increase in the amortization of 2022 of about R\$ 2.5 billion regarding the bridge loan for the acquisition of CEB-D.



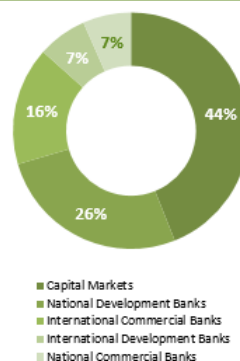
### 5.3. Debt Profile

The charts below display the balance of the debts segregated by funding source and index. The average cost of the consolidated debt in the 1Q21 was 4.9% (vs. 4.7% in December 2020).

DEBT BY INDEX (pós swap)



DEBT BY FUNDING



In the 1Q21 we had total funding in the amount of R\$ 4,792 million. We highlight below the following debt contracting lines:

- (i) Grant of three 4131 lines of credit with Scotia entered into in December 2020, in the total amount of R\$ 500 million (R\$ 400 million to Celpe and R\$ 100 million to Cosern); 3-year term;
- (ii) Grant of one 4131 line with MUFG to Coelba, in the amount of R\$ 200 million; 1-year term;
- (iii) Third grant from BNDES to Neoenergia Dourados in the amount of R\$ 53 million; 24-year term;
- (iv) Grant of one 4131 line with BOFA to Coelba, in the amount of R\$ 200 million; 3-year term;
- (v) BNDES financing to Celpe, in the amount of R\$ 286 million; term of up to 20 years;
- (vi) Grant of one 4131 line with BNP to Neoenergia, in the amount of R\$ 500 million; 1.1-year term;
- (vii) Outlay of R\$ 2,000 million referring to the 7th Issue of Neoenergia Debentures; 1.6-year term;
- (viii) BNDES financing to Coelba, in the amount of R\$ 640 million; term of up to 20 years;
- (ix) BNB grant to Chafariz 6 in the amount of R\$ 13 million; 24-year term;

- (x) Grant of two 4131 lines with Santander, in the total amount of R\$ 400 million (R\$ 200 million to Elektro and R\$ 200 million to CEB); 5-year term;

## 6. RECONCILIATION NOTE

Neoenergia S.A. discloses the results for the 1Q21 based on managerial analyzes that management understands to best translate the company's business, reconciled with the International Financial Reporting Standards (IFRS).

Calculation Memory (CONSOLIDATED)	Current Year	Previous Year	Corresponding Explanatory Notes
	Quarter	Quarter	
(+) Net Revenue	8,997	6,920	Income Statement
(-) Estimated Replacement Value of Concession	(323)	(71)	Note 5
(-) Other revenues	(111)	(86)	Note 5
(+) Gain/Loss on RAP	(5)	0	Note 5.4
(+) Revenue from Operation and Maintenance	10	6	Note 5.4
(+) Photovoltaic Operations	5	0	Note 5.4
(+) Other revenues - Other revenues	7	8	Note 5.4
<b>= Net Operating REVENUE</b>	<b>8,580</b>	<b>6,777</b>	
(+) Costs with electric energy	(4,248)	(3,291)	Income Statement
(+) Fuel for energy production	(95)	(138)	Note 7
(+) Construction costs	(1,372)	(1,030)	Income Statement
<b>= Energy costs</b>	<b>(5,715)</b>	<b>(4,459)</b>	
(+) Estimated replacement value of concession	323	71	Note 5
<b>= GROSS MARGIN</b>	<b>3,188</b>	<b>2,389</b>	
(+) Operating costs	(923)	(935)	Income Statement
(+) Sales expenses	(77)	(69)	Income Statement
(+) Other general and administrative revenues/expenses	(375)	(298)	Income Statement
(-) Fuel for energy production	95	138	Note 7
(-) Depreciation	385	339	Note 7
(+) Gain/Loss on RAP	111	86	Note 5
(-) Gain/Loss on RAP	5	0	Note 5.4
(-) Revenue from operation and maintenance	(10)	(6)	Note 5.4
(-) Photovoltaic Operations	(5)	0	Note 5.4
(-) Other revenues - Other revenues	(7)	(8)	Note 5.4
<b>= Operating Expenses (PMSO)</b>	<b>(801)</b>	<b>(753)</b>	
Provision for Doubtful Receivables (PECLD)	(113)	(108)	Income Statement
(+) Equity Accounting	10	(3)	Income Statement
<b>EBITDA</b>	<b>2,284</b>	<b>1,525</b>	
(+) Depreciation and Amortization	(433)	(380)	Income Statement and Note 7
(+) Financial Income/Loss	(382)	(314)	Income Statement
(+) IR/CS	(430)	(233)	Income Statement
(+) Minority shareholders	(32)	(21)	Income Statement
<b>NET INCOME</b>	<b>1,007</b>	<b>577</b>	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 NEOENERGIA.

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

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

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

## Summary

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**STATEMENT OF INCOME**

For the three-month period ended on March 31, 2021 and 2020

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

	Notes	Consolidated		Parent Company	
		2021/03/31	2020/03/31	2021/03/31	2020/03/31
<b>Operating income, net</b>	<b>5</b>	<b>8,997</b>	<b>6,920</b>	<b>1</b>	<b>1</b>
<b>Service costs</b>		<b>(6,543)</b>	<b>(5,256)</b>	-	-
Energy costs	6	(4,248)	(3,291)	-	-
Construction costs	7	(1,372)	(1,030)	-	-
Operating costs	8	(923)	(935)	-	-
<b>Gross profit</b>		<b>2,454</b>	<b>1,664</b>	<b>1</b>	<b>1</b>
Expected credit loss	12.2	(113)	(108)	-	-
Sales expenses	8	(77)	(69)	-	-
Other standard administrative revenues (expenses)	8	(375)	(298)	(54)	(29)
Amortization of appreciation	15	(48)	(41)	(41)	(40)
Equity equivalence	15	10	(3)	1,117	635
<b>Operating income</b>		<b>1,851</b>	<b>1,145</b>	<b>1,023</b>	<b>567</b>
<b>Financial result</b>	<b>9</b>	<b>(382)</b>	<b>(314)</b>	<b>(22)</b>	<b>10</b>
Financial revenues		163	133	41	47
Financial expenses		(578)	(461)	(62)	(33)
Other financial results, net		33	14	(1)	(4)
<b>Income before taxes</b>		<b>1,469</b>	<b>831</b>	<b>1,001</b>	<b>577</b>
<b>Income taxes</b>	<b>10.1.1</b>	<b>(430)</b>	<b>(233)</b>	-	<b>(4)</b>
Current		(208)	(152)	-	(4)
Deferred		(222)	(81)	-	-
<b>Net income of the period</b>		<b>1,039</b>	<b>598</b>	<b>1,001</b>	<b>573</b>
<b>Attributable to:</b>					
Controlling interest		1,007	577	1,001	573
Non-controlling interest		32	21	-	-
<b>Basic and diluted earnings per share – R\$:</b>	<b>23.2</b>	<b>0.83</b>	<b>0.49</b>	<b>0.82</b>	<b>0.47</b>

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

STATEMENT OF COMPREHENSIVE INCOME  
For the three-month period ended on March 31, 2021 and 2020  
(Amounts expressed in millions of Reais)

	Consolidated		Parent Company	
	2021/03/31	2020/03/31	2021/03/31	2020/03/31
<b>Net income of the period</b>	<b>1,039</b>	<b>598</b>	<b>1,001</b>	<b>573</b>
<b>Other comprehensive income</b>				
<b>Items which will not be reclassified to profit or loss:</b>				
Post-employment benefits obligations	-	(23)	-	-
Cash flow hedge	(222)	256	-	-
Deferred income taxes on comprehensive income/loss	-	8	-	-
Result of hedge operations and obligations with benefits to employees of investees	-	-	(222)	240
<b>Total items which will not be reclassified to profit or loss</b>	<b>(222)</b>	<b>241</b>	<b>(222)</b>	<b>240</b>
<b>Items which will be reclassified to profit or loss:</b>				
Cash flow hedge	(94)	181	(53)	-
Deferred income taxes on comprehensive income/loss	18	(63)	-	-
Result of hedge operations and obligations with benefits to employees of investees	-	-	(21)	117
<b>Total items which will be reclassified to profit or loss</b>	<b>(76)</b>	<b>118</b>	<b>(74)</b>	<b>117</b>
<b>Other comprehensive income/loss of the period, net of income taxes</b>	<b>(298)</b>	<b>359</b>	<b>(296)</b>	<b>357</b>
<b>Comprehensive income of the period</b>	<b>741</b>	<b>957</b>	<b>705</b>	<b>930</b>
<b>Attributable to:</b>				
Controlling interest	711	934	705	930
Non-controlling interest	30	23	-	-

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

**STATEMENT OF CASH FLOWS**

For the three-month period ended on March 31, 2021 and 2020

(Amounts expressed in millions of Reais)

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>	<b>2021/03/31</b>	<b>2020/03/31</b>
<b>Cash flow from operating activities</b>				
<b>Net income of the period</b>	<b>1,039</b>	<b>598</b>	<b>1,001</b>	<b>573</b>
<b>Adjusted by:</b>				
Depreciation and amortization (*)	392	344	1	1
Writtle-off on non-current assets	39	22	-	-
Amortization of appreciation	48	41	41	40
Participation in investees results	(10)	3	(1,117)	(635)
Income taxes	430	233	-	4
Financial results, net	382	314	22	(10)
Others	(480)	115	-	(6)
<b>Changes in working capital:</b>				
Trade accounts and other receivables	137	(90)	-	-
Public Service Concession (Contractual and financial assets)	(818)	(344)	-	-
Suppliers and accounts payable to contractors	(1,039)	(659)	24	(53)
Wages, employment benefits and charges payable, net	(75)	(92)	(14)	-
Sectoral financial assets and liabilities, net (Portion A and others)	(315)	210	-	-
Other recoverable (payable) taxes and sectoral charges, net	(236)	(96)	13	-
Provisions, net of judicial deposits	(4)	(26)	-	-
Other assets and liabilities, net	(106)	(28)	(250)	20
<b>Cash flow from operating activities, net</b>	<b>(616)</b>	<b>545</b>	<b>(279)</b>	<b>(66)</b>
Proceeds from dividends and interest on own capital	-	-	239	20
Payment of debts charges	(242)	(236)	-	-
Derivative financial instruments paid, net	75	11	15	-
Income from financial application	18	27	1	-
Payment of interest – Leases	(3)	(3)	-	-
Income taxes paid	(85)	(122)	-	(6)
<b>Cash flow provided by operating activities</b>	<b>(853)</b>	<b>222</b>	<b>(24)</b>	<b>(52)</b>
<b>Cash flow from investing activities</b>				
Property, plant and equipment (PP&E) and intangible assets acquisition	(410)	(62)	-	-
CEB's acquisition of control, net of cash that was obtained through the acquisition	(2,415)	-	-	-
Capital increase	-	-	(2,606)	(314)
Public Service Concession (Contractual and financial assets)	(1,065)	(788)	-	-
Investments on securities and marketable securities	(59)	(28)	-	-
Redemption of securities and marketable securities	2	12	-	-
<b>Cash flow used in investing activities</b>	<b>(3,947)</b>	<b>(866)</b>	<b>(2,606)</b>	<b>(314)</b>
<b>Cash flow from financing activities</b>				
Fundraising through loans and financings	4,792	1,523	2,500	-
Payment of fundraising costs	(22)	(16)	(9)	-
Amortization of principal from loans and financings	(1,491)	(240)	-	-
Collateral deposits	-	2	-	-
Public Service Concessions obligations	42	20	-	-
Payment of principal – leases	(8)	(6)	-	-
Derivative financial instruments received, net	417	10	-	-
Dividends and interest on own capital paid to Neoenergia's shareholders	-	(93)	-	(93)
Dividends and interest on own capital paid to non-controlling interest	(16)	(105)	-	(105)
<b>Cash flow generated (used) in financing activities</b>	<b>3,714</b>	<b>1,095</b>	<b>2,491</b>	<b>(198)</b>
<b>Increase (reduction) in cash and cash equivalents of the period</b>	<b>(1,086)</b>	<b>451</b>	<b>(139)</b>	<b>(564)</b>

**STATEMENT OF CASH FLOWS**

For the three-month period ended on March 31, 2021 and 2020

(Amounts expressed in millions of Reais)

Cash and cash equivalents at the beginning of the period	5,060	4,041	367	999
<b>Cash and cash equivalents at the end of the period</b>	<b>3,974</b>	<b>4,492</b>	<b>228</b>	<b>435</b>
<b>Non-cash transactions:</b>				
Interest and financial charges capitalized in fixed and intangible assets	9	11	-	-
Leasing contracts - IFRS 16	12	5	-	-
Net asset – business combination (note 15.3)	1,920	-	-	-
Addition of special obligations	9	-	-	-
Addition and updating of capitalized provisions	11	-	-	-

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

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

STATEMENT OF FINANCIAL POSITION { XE "Balanços patrimoniais" }  
 On March 31, 2021 and December 31, 2020  
 (Amounts expressed in millions of Reais)

Asset	Notes	Consolidated		Parent Company	
		2021/03/31	2020/12/31	2021/03/31	2020/12/31
<b>Asset</b>					
<b>Current</b>					
Cash and cash equivalents	11	3,974	5,060	228	367
Trade accounts receivable and others	12	6,808	6,187	-	-
Securities and marketable securities		15	16	-	-
Derivative financial instruments	19	438	722	-	12
Recoverable income taxes	10.1.3	642	635	133	213
Other recoverable taxes	10.3.1	1,708	1,629	-	-
Receivable dividends and interest on own capital		16	16	421	659
Sectoral financial asset (Portion A and others)	13	225	92	-	-
Public Service Concession (Contractual asset)	14.2	184	133	-	-
Other current assets		915	487	200	79
<b>Total current assets</b>		<b>14,925</b>	<b>14,977</b>	<b>982</b>	<b>1,330</b>
<b>Non-current</b>					
Trade accounts receivable and others	12	381	342	-	-
Securities and marketable securities		249	194	-	-
Derivative financial instruments	19	2,392	1,998	-	-
Recoverable income taxes	10.1.3	1	1	-	-
Other recoverable taxes	10.3.1	4,930	5,065	-	-
Dividends and interest on own capital		-	-	25	25
Deferred income taxes	10.1.2	909	656	-	-
Judicial deposits	20	1,001	1,008	53	52
Public Service Concession (Financial asset)	14.1	15,282	14,403	-	-
Public Service Concession (Contractual asset)	14.2	10,012	8,741	-	-
Other non-current assets		111	114	318	157
Investments in subsidiaries, associates and joint ventures	15	2,437	2,427	26,215	22,777
Right of use		96	89	-	-
Property, Plant & Equipment ("PP&E")	16	7,113	6,821	26	27
Intangible assets	17	12,478	9,461	1	1
<b>Total non-current assets</b>		<b>57,392</b>	<b>51,320</b>	<b>26,638</b>	<b>23,039</b>
<b>Total assets</b>		<b>72,317</b>	<b>66,297</b>	<b>27,620</b>	<b>24,369</b>

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

STATEMENT OF FINANCIAL POSITION { XE "Balanços patrimoniais" }  
 On March 31, 2021 and December 31, 2020  
 (Amounts expressed in millions of Reais)

Liability	Notes	Consolidated		Parent Company	
		2021/03/31	2020/12/31	2021/03/31	2020/12/31
<b>Current</b>					
Suppliers and trade accounts payable to contractors	18	3,564	4,300	158	138
Loans and financings	19.2	3,864	3,936	554	29
Ongoing liability		28	28	-	-
Derivative financial instruments	19.3	25	14	5	3
Wages, employment benefits and charges payable	22	503	525	10	25
Payable income taxes	10.1.3	121	16	-	-
Sectoral financial liability (Portion A and others)	13	63	149	-	-
Other taxes and sectoral charges payable	10.3.2	1,074	1,148	54	120
Reimbursements to consumers – Federal taxes	10.4	6	6	-	-
Dividends and interest on own capital		463	476	442	442
Provisions	20	257	221	-	-
Others current liabilities	21	1,277	1,181	223	221
<b>Total current liabilities</b>		<b>11,245</b>	<b>12,000</b>	<b>1,446</b>	<b>978</b>
<b>Non-current</b>					
Suppliers and trade accounts payable to contractors	18	130	128	-	-
Loans and financings	19.2	26,883	22,444	4,200	2,099
Lease obligations		75	67	-	-
Derivative financial instruments	19.3	73	123	73	103
Other taxes and sectoral charges payable		1,076	764	-	-
Income taxes	10.1.3	26	26	7	7
Deferred income taxes	10.1.2	1,236	503	3	3
Reimbursements to consumers – Federal taxes	10.4	5,975	5,749	-	-
Provisions	20	1,380	1,206	2	2
Wages, employment benefits and charges payable	22	1,092	1,009	-	-
Sectoral financial liability (Portion A and others)	13	608	516	-	-
Others non-current liabilities	21	262	253	24	23
<b>Total non-current liabilities</b>		<b>38,816</b>	<b>32,788</b>	<b>4,309</b>	<b>2,237</b>
<b>Shareholders' equity</b>	23				
Attributable to controlling interest		21,884	21,167	21,865	21,154
Attributable to non-controlling interest		372	342	-	-
<b>Total shareholders' equity</b>		<b>22,256</b>	<b>21,509</b>	<b>21,865</b>	<b>21,154</b>
<b>Total liabilities and shareholders' equity</b>		<b>72,317</b>	<b>66,297</b>	<b>27,620</b>	<b>24,369</b>

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the three-month period ended on March 31, 2021 and 2020  
(Amounts expressed in millions of Reais)



	Consolidated										
	Share capital	Capital reserve	Shareholder's transaction reserve	Other comprehensive results	Legal reserve	Income reserves Unrealized profit reserve	Profit retention reserve	Retained earnings	Attributed to controlling interest	Attributed to non-controlling interest	Total
<b>Balance as of December 31, 2020</b>	<b>12,920</b>	<b>96</b>	<b>(1,597)</b>	<b>3</b>	<b>1,006</b>	<b>247</b>	<b>8,492</b>	-	<b>21,167</b>	<b>342</b>	<b>21,509</b>
Net income of the period	-	-	-	-	-	-	-	1,007	1,007	32	1,039
Other comprehensive results	-	-	-	(296)	-	-	-	-	(296)	(2)	(298)
Share-based payment	-	6	-	-	-	-	-	-	6	-	6
<b>Balance as of March 31, 2021</b>	<b>12,920</b>	<b>102</b>	<b>(1,597)</b>	<b>(293)</b>	<b>1,006</b>	<b>247</b>	<b>8,492</b>	<b>1,007</b>	<b>21,884</b>	<b>372</b>	<b>22,256</b>
<b>Balance as of December 31, 2019</b>	12,920	93	(1,597)	(123)	866	234	6,582	-	18,975	284	19,259
Net income of the period	-	-	-	-	-	-	-	577	577	21	598
Other comprehensive results	-	-	-	357	-	-	-	-	357	2	359
<b>Balance as of March 31, 2020</b>	<b>12,920</b>	<b>93</b>	<b>(1,597)</b>	<b>234</b>	<b>866</b>	<b>234</b>	<b>6,582</b>	<b>577</b>	<b>19,909</b>	<b>307</b>	<b>20,216</b>

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the three-month period ended on March 31, 2021 and 2020  
(Amounts expressed in millions of Reais)

	Parent Company								
	Share capital	Capital reserve	Shareholder's transaction reserve	Other comprehensive results	Legal reserve	Income reserves Unrealized profit reserve	Profit retention reserve	Retained earnings	Total
<b>Balance as of December 31, 2020</b>	<b>12,920</b>	<b>96</b>	<b>(1,597)</b>	<b>3</b>	<b>1,006</b>	<b>234</b>	<b>8,492</b>	<b>-</b>	<b>21,154</b>
Net income of the period	-	-	-	-	-	-	-	1,001	1,001
Other comprehensive results	-	-	-	(296)	-	-	-	-	(296)
Share-based payment	-	6	-	-	-	-	-	-	6
<b>Balance as of March 31, 2021</b>	<b>12,920</b>	<b>102</b>	<b>(1,597)</b>	<b>(293)</b>	<b>1,006</b>	<b>234</b>	<b>8,492</b>	<b>1,001</b>	<b>21,865</b>
<b>Balance as of December 31, 2019</b>	<b>12,920</b>	<b>93</b>	<b>(1,597)</b>	<b>(123)</b>	<b>866</b>	<b>234</b>	<b>6,582</b>	<b>-</b>	<b>18,975</b>
Net income of the period	-	-	-	-	-	-	-	573	573
Other comprehensive results	-	-	-	357	-	-	-	-	357
<b>Balance as of March 31, 2020</b>	<b>12,920</b>	<b>93</b>	<b>(1,597)</b>	<b>234</b>	<b>866</b>	<b>234</b>	<b>6,582</b>	<b>573</b>	<b>19,905</b>

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

STATEMENT OF ADDED VALUE  
For the three-month period ended on March 31, 2021 and 2020  
**(Amounts expressed in millions of Reais)**

	Consolidated		Parent Company	
	2021/03/31	2020/03/31	2021/03/31	2020/03/31
<b>Revenues</b>				
Sales of energy, services and others	12,636	9,996	1	1
Revenue from the construction of own assets	116	32		
Expected credit loss	(113)	(108)	-	-
	<b>12,639</b>	<b>9,920</b>	<b>1</b>	<b>1</b>
<b>Inputs acquired from third parties</b>				
Electricity purchased for resale	(3,375)	(2,989)	-	-
Transmission network use charges	(1,341)	(666)	-	-
Consumed raw materials	(95)	(138)	-	-
Materials, third party services and others	(1,939)	(1,469)	(37)	(15)
	<b>(6,750)</b>	<b>(5,262)</b>	<b>(37)</b>	<b>(15)</b>
<b>Gross added value</b>	<b>5,889</b>	<b>4,658</b>	<b>(36)</b>	<b>(14)</b>
Depreciation and amortization (*)	(440)	(386)	(42)	(41)
<b>Net added value produced by the company</b>	<b>5,449</b>	<b>4,272</b>	<b>(78)</b>	<b>(55)</b>
<b>Added value received through transfer</b>				
Financial revenue	982	2,458	48	47
Result from the equity equivalence	10	(3)	1,117	635
	<b>992</b>	<b>2,455</b>	<b>1,165</b>	<b>682</b>
<b>Total added value to allocate</b>	<b>6,441</b>	<b>6,727</b>	<b>1,087</b>	<b>627</b>
<b>Added value allocation</b>				
<b>Staff</b>				
Wages	222	185	-	-
Provision for vacation and 13th salary	43	38	-	-
Social charges (except INSS)	27	25	-	-
Employee benefits	141	126	-	-
Management compensation	15	20	12	10
Others	(94)	(51)	1	1
<b>Subtotal</b>	<b>354</b>	<b>343</b>	<b>13</b>	<b>11</b>
<b>Taxes, fees and contributions</b>				
National Institute of Social Security (INSS)(over the payroll)	54	47	2	1
Added value from Tax over Merchandise and Services circulation – ICMS	1,956	1,756	-	-
PIS/COFINS over revenue	594	453	2	-
Income taxes	430	233	-	4
Intra-sectoral obligations	624	504	-	-
Others	24	20	1	1
<b>Subtotal</b>	<b>3,682</b>	<b>3,013</b>	<b>5</b>	<b>6</b>
<b>Return on capital third party capital</b>				
Interest and foreign exchange rate variations	1,372	2,772	68	37
Leases	(6)	1	-	-
<b>Subtotal</b>	<b>1,366</b>	<b>2,773</b>	<b>68</b>	<b>37</b>
<b>Stakeholders' remunerations</b>				
Retained profits	1,007	577	1,001	573
Non-controlling interests	32	21	-	-
	<b>1,039</b>	<b>598</b>	<b>1,001</b>	<b>573</b>
<b>Added value distributed</b>	<b>6,441</b>	<b>6,727</b>	<b>1,087</b>	<b>627</b>

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

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the three-month period ended on March 31, 2021  
(Amounts expressed in millions of Reais, unless otherwise indicated)

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## 1. OPERATIONAL CONTEXT

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

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

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

During the first quarter that ended on March 31, 2021, the following changes regarding the structures of the concession contracts and authorization of public services that the Company Operates occurred.

#### a) Public Service Concessions

##### Networks

In March 2021, it was signed the concession contract for the batch acquired in the Auction nº 01/2020, which corresponds to the Energy Transmitter EKTT-7, whose deadline is 30 years and with a construction period of 48 months following the signature of the respective contract. This batch comprehends the construction of three transmission lines of 500 kV, 01 transmission line of 230 kV, 300 MVA of transformation capacity, totaling an extension of 1,091 km, with an investment estimated by ANEEL around R\$ 2 billion and Annual Allowed Revenue – RAP of approximately R\$ 160 million.

On December 04, 2020, the Company, through its subsidiary Bahia Geração de Energia S.A. (“Bahia PCH III“), was the winner in the Public Session of the Auction nº 01/2020-CEB-D (“Auction“) to decentralize the electrical energy distributor CEB-D, having presented the winning bid of R\$ 2,515, which represents the acquisition price of 100% of the shares issued by CEB-D, whose cash-settlement occurred on March 02, 2021.

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

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

### 1.2 Coronavirus (“Covid-19“)

#### a) General context

On March 11, 2020, the World Health Organization (WHO) declared the outbreak of Coronavirus (COVID-19) as a pandemic and since then has been strengthening the need to adopt restrictive measures as one of the pillars to face the pandemic, especially regarding social distancing. In Brazil, as well as in other countries, the pandemic provoked the closing of companies in all segments,

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended on March 31, 2021

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affecting the production procedures, interrupting chains of supplies and also incurred in relevant reduction of consumption, thus resulting in a significant economic impact.

**b) Impact in the financial statements**

On March 31, 2021, the Company's performance was mainly affected in the following items:

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

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

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

	<u>2021</u>
Retraction of the market demand	(58)
Expected credit loss	<u>(24)</u>
<b>Operational income</b>	<b>(82)</b>
Income taxes	<u>22</u>
<b>Net effect</b>	<b><u>(60)</u></b>

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

- (ii) **Renewables:** This segment's revenues are mainly bound to sales contracts of energy in the regulated and free environments related to the infrastructure's availability regarding the generation of electrical energy, as well as hydrological risk ("GSF") and the Settlement Price for the Differences ("PLD"). Until the moment no change has been perceived in the availability of the generators caused by the measures to fight COVID-19. We observe a reduction of approximately 5% of the *flat* GSF in relation to the same period of 2020. The accumulated PLD until March 2021 decreased in relation to the same period in the previous year, in 9% in the Southeast, 22% in the South and 10% in the Northeast submarkets. These items'

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended on March 31, 2021

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

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variations are due to the period's unfavorable hydrological conditions associated with ONS's operation planning.

- (iii) **Liberalized:** This segment's revenues are bound to the infrastructure's availability of thermoelectrical generation as well as the PLD value and the energy contracts of purchase and sale with other agents and with the final consumers in the free market. Until the moment, no change has been perceived in the generator's availability due to the measure to fight COVID-19. We observe only a decrease in the accumulated in relation to the same period of the previous year, in the PLD's value of 9% in the Southeast and 10% in the Northeast submarkets.

### c) Impact mitigation measures

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

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

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

### 1.3 Management of financial and operational risks

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

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

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
For the three-month period ended on March 31, 2021  
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## 2. BASIS FOR THE ELABORATION OF THE FINANCIAL STATEMENTS

### 2.1 Basis of preparation

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

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

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

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

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

The disclosure of these intermediate financial statements was authorized by the Board of Directors on May 06, 2021.

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

### 2.2 Functional and presentation currency

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

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

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### 2.3 Critical accounting policies and estimates

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

### 2.4 New active and non-active norms

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

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

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

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

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

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

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

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

	Net profit		Shareholders' equity	
	2021/03/31	2020/12/31	2021/03/31	2020/12/31
Parent Company	1,001	2,796	21,865	21,154
Capitalization of financial charges	9	20	29	20
Income taxes	(3)	(7)	(10)	(7)
<b>Consolidated</b>	<b>1,007</b>	<b>2,809</b>	<b>21,884</b>	<b>21,167</b>

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended on March 31, 2021

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

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

### 4. SEGMENT INFORMATION

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

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

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4.1 Result by segment

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

	Consolidated										
	03/31/2021										
	Networks			Renewables			Liberalized		Others		Result
Distribution	Transmission	Total networks	Wind generation	Hydraulic generation	Total Renewables	Gas generation	Marketing and services	Total liberalized	Total		
Gross revenue from third parties	11,276	872	12,148	93	81	174	25	289	314	-	12,636
Inter-segment gross revenue	2	10	12	18	84	102	376	27	403	1	518
Deductions from gross revenue	(3,372)	(82)	(3,454)	(12)	(21)	(33)	(102)	(50)	(152)	-	(3,639)
Operating costs and expenses <sup>1</sup>	(5,823)	(367)	(6,190)	(30)	7	(23)	(165)	(177)	(342)	(55)	(6,610)
Inter-segment operating costs and expenses <sup>1</sup>	(401)	(2)	(403)	(7)	(9)	(16)	(16)	(83)	(99)	-	(518)
Expected credit losses	(113)	-	(113)	-	-	-	-	-	-	-	(113)
Results from equity interest	-	-	-	-	10	10	-	-	-	-	10
<b>EBITDA</b>	<b>1,569</b>	<b>431</b>	<b>2,000</b>	<b>62</b>	<b>152</b>	<b>214</b>	<b>118</b>	<b>6</b>	<b>124</b>	<b>(54)</b>	<b>2,284</b>
Depreciation and amortization <sup>2</sup>	(325)	-	(325)	(27)	(19)	(46)	(15)	-	(15)	(47)	(433)
<b>Operating profit</b>	<b>1,244</b>	<b>431</b>	<b>1,675</b>	<b>35</b>	<b>133</b>	<b>168</b>	<b>103</b>	<b>6</b>	<b>109</b>	<b>(101)</b>	<b>1,851</b>
Financial result, net	(216)	(98)	(314)	(20)	(18)	(38)	(14)	(3)	(17)	(13)	(382)
Income taxes	(273)	(108)	(381)	-	(29)	(29)	(16)	(1)	(17)	(3)	(430)
<b>Net profit</b>	<b>755</b>	<b>225</b>	<b>980</b>	<b>15</b>	<b>86</b>	<b>101</b>	<b>73</b>	<b>2</b>	<b>75</b>	<b>(117)</b>	<b>1,039</b>

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

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

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	Consolidated 03/30/2020										
	Networks			Renewables			Liberalized		Others		
	Distribution	Transmission	Total networks	Wind generation	Hydraulic generation	Total Renewables	Gas generation	Marketing and services	Total liberalized	Total	Result
Gross revenue from third parties	9,181	368	9,549	63	74	137	29	281	310	-	9,996
Inter-segment gross revenue	4	7	11	16	81	97	334	55	389	1	498
Deductions from gross revenue	(2,898)	(3)	(2,901)	(12)	(19)	(31)	(91)	(53)	(144)	-	(3,076)
Operating costs and expenses <sup>1</sup>	(4,575)	(255)	(4,830)	(36)	(35)	(71)	(169)	(186)	(355)	(28)	(5,284)
Inter-segment operating costs and expenses <sup>1</sup>	(358)	(2)	(360)	(2)	(28)	(30)	(29)	(79)	(108)	-	(498)
Expected credit losses	(108)	-	(108)	-	-	-	-	-	-	-	(108)
Results from equity interest	-	-	-	-	(3)	(3)	-	-	-	-	(3)
<b>EBITDA</b>	<b>1,246</b>	<b>115</b>	<b>1,361</b>	<b>29</b>	<b>70</b>	<b>99</b>	<b>74</b>	<b>18</b>	<b>92</b>	<b>(27)</b>	<b>1,525</b>
Depreciation and amortization <sup>2</sup>	(280)	-	(280)	(27)	(19)	(46)	(13)	-	(13)	(41)	(380)
<b>Operating profit</b>	<b>966</b>	<b>115</b>	<b>1,081</b>	<b>2</b>	<b>51</b>	<b>53</b>	<b>61</b>	<b>18</b>	<b>79</b>	<b>(68)</b>	<b>1,145</b>
Financial result, net	(255)	(4)	(259)	(24)	(18)	(42)	(25)	(4)	(29)	16	(314)
Income taxes	(177)	(33)	(210)	11	(17)	(6)	(6)	(5)	(11)	(6)	(233)
<b>Net profit</b>	<b>534</b>	<b>78</b>	<b>612</b>	<b>(11)</b>	<b>16</b>	<b>5</b>	<b>30</b>	<b>9</b>	<b>39</b>	<b>(58)</b>	<b>598</b>

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

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

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## 4.2 Assets by allocated segments

	<b>Accounts receivable</b>	<b>Sectoral financial assets (liabilities)</b>	<b>Public service concessions<sup>1</sup></b>	<b>Investments in subsidiaries, associates and joint ventures</b>	<b>Consolidated 2021/03/31 Right of use, PP&amp;E and intangibles</b>
<b>Networks</b>					
Distribution	6,864	(446)	19,620	2	12,415
Transmission	16	-	5,858	-	9
	<b>6,880</b>	<b>(446)</b>	<b>25,478</b>	<b>2</b>	<b>12,424</b>
<b>Renewables</b>					
Wind generation	113	-	-	-	3,484
Hydraulic generation	40	-	-	2,435	2,849
	<b>153</b>	<b>-</b>	<b>-</b>	<b>2,435</b>	<b>6,333</b>
<b>Liberalized</b>					
Gas generation	10	-	-	-	987
Marketing and services	146	-	-	-	8
	<b>156</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>995</b>
<b>Others</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>
	<b>7,189</b>	<b>(446)</b>	<b>25,478</b>	<b>2,437</b>	<b>19,797</b>
					<b>Consolidated 2020/12/31</b>
	<b>Accounts receivable</b>	<b>Sectoral financial assets (liabilities)</b>	<b>Public service concessions<sup>1</sup></b>	<b>Investments in subsidiaries, associates and joint ventures</b>	<b>Right of use, PP&amp;E and intangibles</b>
<b>Networks</b>					
Distribution	6,107	(573)	18,253	2	9,269
Transmission	14	-	5,024	-	8
	<b>6,121</b>	<b>(573)</b>	<b>23,277</b>	<b>2</b>	<b>9,277</b>
<b>Renewables</b>					
Wind generation	148	-	-	-	3,227
Hydraulic generation	45	-	-	2,425	2,824
	<b>193</b>	<b>-</b>	<b>-</b>	<b>2,425</b>	<b>6,051</b>
<b>Liberalized</b>					
Gas generation	36	-	-	-	989
Marketing and services	179	-	-	-	8
	<b>215</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>997</b>
<b>Others</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46</b>
	<b>6,529</b>	<b>(573)</b>	<b>23,277</b>	<b>2,427</b>	<b>16,371</b>

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

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

	2021/03/31		2020/03/31	
	Public service concessions	Investments, right of use, fixed and intangible assets	Public service concessions	Investments, right of use, fixed and intangible assets
<b>Networks</b>				
Distribution	1,030	12	780	5
Transmission	738	1	235	-
	<b>1,768</b>	<b>13</b>	<b>1,015</b>	<b>5</b>
<b>Renewables</b>				
Wind generation	-	404	-	32
Hydraulic generation	-	10	-	30
	-	<b>414</b>	-	<b>62</b>
<b>Liberalized</b>				
Gas generation	-	13	-	19
Marketing and services	-	-	-	-
	-	<b>13</b>	-	<b>19</b>
<b>Others</b>	-	-	-	-
	<b>1,768</b>	<b>440</b>	<b>1,015</b>	<b>86</b>

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

**5. NET OPERATIONAL REVENUE**

	Consolidated			
	Networks	Renewables	Liberalized	Total
Energy supply (note 5.1)	4,543	156	281	4,980
Distribution grid availability (note 5.2)	4,748	-	-	4,748
Construction revenue of the concession infrastructure <sup>1</sup>	1,752	-	-	1,752
Energy Trading Chamber – CCEE	239	13	27	279
Surplus vending mechanism – MVE	(2)	-	-	(2)
Estimated replacement value of the concession <sup>2</sup>	323	-	-	323
Contractual asset remuneration	130	-	-	130
Sectoral financial instruments effects (note 5.3)	315	-	-	315
Other revenues (note 5.4)	100	5	6	111
<b>Gross operational revenue</b>	<b>12,148</b>	<b>174</b>	<b>314</b>	<b>12,636</b>
(-) Gross revenue deductions (note 5.5)	(3,454)	(33)	(152)	(3,639)
<b>Operational revenue, net</b>	<b>8,694</b>	<b>141</b>	<b>162</b>	<b>8,997</b>

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
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	<b>Consolidated</b>			
	<b>2020/03/31</b>			
	<b>Networks</b>	<b>Renewables</b>	<b>Liberalized</b>	<b>Total</b>
Energy supply (note 5.1)	4,590	125	270	4,985
Distribution grid availability (note 5.2)	3,740	-	-	3,740
Construction revenue of the concession infrastructure <sup>1</sup>	1,101	-	-	1,101
Energy Trading Chamber – CCEE	149	8	35	192
Surplus vending mechanism – MVE	1	-	-	1
Estimated replacement value of the concession <sup>2</sup>	71	-	-	71
Contractual asset remuneration	47	-	-	47
Sectoral financial instruments effects (note 5.3)	(227)	-	-	(227)
Other revenues (note 5.4)	77	4	5	86
<b>Gross operational revenue</b>	<b>9,549</b>	<b>137</b>	<b>310</b>	<b>9,996</b>
(-) Gross revenue deductions (note 5.5)	(2,901)	(31)	(144)	(3,076)
<b>Operational revenue, net</b>	<b>6,648</b>	<b>106</b>	<b>166</b>	<b>6,920</b>

(<sup>1</sup>) In 2021, the total Revenue from the concession's infrastructure construction, the amount of R\$1,015 and R\$ 736 (In 2020 R\$ 782 and R\$ 319) refers to the revenue from the construction of the distributors and transmitters, respectively.

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

### 5.1 Supply of electrical energy

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
Residential	4,315	3,721
Commercial	1,565	1,499
Industrial	1,237	1,164
Rural	507	409
Government	348	327
Public lighting	258	222
Public utility	290	252
Other	3	103
Transfer – Distribution grid availability <sup>1</sup>	(4,134)	(3,255)
Subsidy to the social tariff	591	543
	<b>4,980</b>	<b>4,985</b>

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

### 5.2 Distribution grid availability

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

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
Free consumer	614	485
Captive consumer <sup>1</sup>	4,134	3,255
	<b>4,748</b>	<b>3,740</b>

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

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The observed increase in the revenues related to the availability of the electric network is impacted by the effects of tariff readjustments from the subsidiaries Coelba, Cosern, Celpe and Elektro, accordingly with what was disclosed in the annual financial statements that ended on December 31, 2020.

**5.3 Efeitos de ativos e passivos financeiros setoriais**

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
CVA and Neutrality		
Energy (i)	122	(322)
System service charges – ESS (ii)	209	34
Energy Development Account - CDE (iii)	93	(21)
TUST (iv)	208	39
Neutrality of sectoral charges	(34)	10
Others	21	(26)
	<b>619</b>	<b>(286)</b>
Financial components and subsidies		
Over-contracting onlending (v)	16	132
Hydrological risk	(65)	(25)
Exceedance of demand/Reactive Surplus	(42)	(42)
Compensation of bilateral agreements - CCEAR	(38)	(2)
COVID account - Liability (vi)	(173)	-
Others	(2)	(4)
	<b>(304)</b>	<b>59</b>
	<b>315</b>	<b>(227)</b>

- (i) Energy: Increase of the constitution due to difference between costs incurred with the tariff coverage from ANEEL, with emphasis to the financial events related with the accounting of CCEE and the amortization of homologated balances in the tariff readjustment proceedings;
- (ii) System Service Charges - ESS: Increase of the constitution due to difference between costs incurred with the tariff coverage from ANEEL and the amortization of homologated balances in the tariff readjustment proceedings;
- (iii) Energy Development Account - CDE: recoverable CVA due to difference between costs incurred with the tariff coverage from ANEEL and the amortization of homologated balances in the tariff readjustment proceedings;
- (iv) TUST – Basic Network: Increase of the constitution due to the REH nº 2.725/2020, that established the Allowed Annual Revenue - RAP of the transmitters, with effect from July 01, 2020 and the amortization of homologated balances in the tariff readjustment proceedings;
- (v) Onlending transfer: Decrease of the constitution designated to negate the effects over the result obtained with the purchase and sale of energy surplus in the short-term market until the regulatory limit and the amortization of homologated balances in the tariff readjustment proceedings; and
- (vi) Liability - COVID account: Passive constitution of a financial component which corresponds to the amortization of the balance from the sectoral financial asset provided in item V in the head of the third article in accordance with the invoiced market, under the established in REN ANEEL nº 885/2020.

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#### 5.4 Other revenues

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
Service rendering revenue	7	8
Leases and rents	67	44
Taxed service	4	3
Public lighting fee	2	2
Fraud invoices management	1	1
Third party service commission	13	14
Gain/loss on RAP	(5)	-
Operation and maintenance revenue	10	6
Photovoltaic operations	5	-
Other revenues	7	8
	<b>111</b>	<b>86</b>

#### 5.5 Gross revenue deductions

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
<b>Taxes</b>		
Tax over Merchandise and Services Circulation – ICMS	(1,956)	(1,756)
Social Interaction Program - PIS and Contribution for Social Security Financing – COFINS	(1,053)	(811)
Services tax – ISS	(6)	(5)
	<b>(3,015)</b>	<b>(2,572)</b>
<b>Sectoral charges</b>		
Energy Development Account – CDE	(508)	(387)
Energy Efficiency Program – PEE	(32)	(27)
Consumers' charges – PROINFA and CCRBT	(34)	(46)
Other charges <sup>1</sup>	(50)	(44)
	<b>(624)</b>	<b>(504)</b>
	<b>(3,639)</b>	<b>(3,076)</b>

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

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## 6. ENERGY COSTS

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
<b>Energy purchased for sale</b>		
Energy acquired through regulated environment auction – ACR	(1,889)	(1,412)
Energy acquired in the Free Contracting Environment – ACL	(270)	(271)
Variable Costs from the Short-Term Market – MCP	(297)	(350)
Short-Term Energy – PLD and MRE	(70)	(163)
Agreements based on physical assurance quotas	(375)	(353)
Energy acquired from a bilateral agreement	(95)	(45)
Quotas from Angra I and Angra II Power Plants	(109)	(128)
Others	(270)	(269)
<b>Subtotal</b>	<b>(3,375)</b>	<b>(2,991)</b>
PIS and COFINS credits	343	305
<b>Total</b>	<b>(3,032)</b>	<b>(2,686)</b>
<b>Transmission and distribution system usage charges</b>		
Basic grid charges (i)	(840)	(579)
Connection charges	(57)	(42)
System service charges – ESS (ii)	(400)	(3)
Other charges	(44)	(41)
<b>Subtotal</b>	<b>(1,341)</b>	<b>(665)</b>
PIS and COFINS credits	125	60
<b>Total</b>	<b>(1,216)</b>	<b>(605)</b>
<b>Total energy costs</b>	<b>(4,248)</b>	<b>(3,291)</b>

(i) The addition of basic network charges is due to the usage tariffs readjustment, accordingly with what is defined in the REH 2.726/2020, from July 14, 2020; and

(ii) System Service Charges - ESS: Increase of the thermal power plants generation to ensure the safety of the national energy supply, due to a determination from the Monitoring Committee of the Energy Sector (CMSE) along with the ONS.

## 7. CONSTRUCTION COSTS

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
Personnel	(97)	(75)
Material	(826)	(503)
Third-party services	(524)	(406)
Interest on constructions in progress	(9)	(14)
Others	37	(53)
Special obligations	47	21
<b>Total</b>	<b>(1,372)</b>	<b>(1,030)</b>

In 2021, the construction cost related to the concession's infrastructure, the amount of R\$ 1,017 and R\$ 355 (In 2020, R\$ 782 and R\$ 248) refers to the construction revenue of the distributors and transmitters, respectively.

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**8. OPERATING COSTS AND OPERATING EXPENSES**

	<b>Consolidated</b>			
	<b>2021/03/31</b>			
	<b>Operating costs</b>	<b>Selling expenses</b>	<b>Other revenues/ Standard and administrative expenses</b>	<b>Total</b>
Staff and employee benefits	(209)	(24)	(139)	(372)
Management	-	-	(18)	(18)
Third party services	(210)	(48)	(126)	(384)
Photovoltaic operations	(4)	-	-	(4)
Depreciation and amortization	(351)	-	(34)	(385)
Fuel for energy production	(95)	-	-	(95)
Provision for judicial lawsuits	-	-	(34)	(34)
Taxes	-	-	(16)	(16)
Other revenues and expenses, net	(54)	(5)	(8)	(67)
<b>Total</b>	<b>(923)</b>	<b>(77)</b>	<b>(375)</b>	<b>(1,375)</b>

	<b>Consolidated</b>			
	<b>2020/03/31</b>			
	<b>Operating costs</b>	<b>Selling expenses</b>	<b>Other revenues/ Standard and administrative expenses</b>	<b>Total</b>
Staff and employee benefits	(215)	(31)	(112)	(358)
Management	-	-	(22)	(22)
Third party services	(208)	(33)	(129)	(370)
Depreciation and amortization	(315)	-	(24)	(339)
Fuel for energy production	(138)	-	-	(138)
Provision for judicial lawsuits	(1)	-	(41)	(42)
Taxes	-	-	(15)	(15)
Other revenues and expenses, net	(58)	(5)	45	(18)
<b>Total</b>	<b>(935)</b>	<b>(69)</b>	<b>(298)</b>	<b>(1,302)</b>

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## 9. FINANCIAL RESULT

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
<b>Financial revenue</b>		
Interest on financial applications	18	39
(-) Taxes on financial income	(10)	(9)
Interest and charges from accounts receivable and other securities	136	58
Correction of judicial deposits	-	4
Monetary variation on sectoral financial asset	1	4
Post-employment benefits and other benefits	1	-
Other financial revenue	17	37
	<b>163</b>	<b>133</b>
<b>Financial expenses</b>		
Charges on debt instruments <sup>(1)</sup>	(459)	(354)
Post-employment benefits and other benefits	(21)	(16)
Monetary variation on sectoral financial liability	(4)	-
Monetary variation on provision for judicial lawsuits	(50)	(50)
IOF - Financial Transaction Tax	(4)	(5)
Other financial expenses	(40)	(36)
	<b>(578)</b>	<b>(461)</b>
<b>Other financial results, net</b>		
Losses on exchange variations and mark-to-market – Debt	(674)	(2,226)
Gains on exchange variations and mark-to-market – Debt	19	69
Losses on derivative financial instruments – Note 19.3. b	(98)	(74)
Gains on derivative financial instruments – Note 19.3. b	786	2,256
Losses with exchange and monetary variations	(4)	(12)
Gains with exchange and monetary variations	4	1
	<b>33</b>	<b>14</b>
<b>Net financial result</b>	<b>(382)</b>	<b>(314)</b>

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

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

### 10.1 Income taxes

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

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

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

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
Income before taxes	1,469	831

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<b>Nominal income taxes rate - 34%</b>	<b>(499)</b>	<b>(283)</b>
<b>Adjustment affecting the calculation for income taxes:</b>		
Tax benefit on interest on own capital	-	-
Tax incentives	101	112
Results from equity interest	48	(7)
Presumption difference from the basis of assumed profit	-	-
Addition (reversals) of non-recognized tax assets	(45)	(11)
Other permanent additions (reversals)	(35)	(44)
<b>Income taxes</b>	<b>(430)</b>	<b>(233)</b>
Effective income tax rates	29%	28%
Current	(208)	(152)
Deferred	(222)	(81)

**10.1.2 Deferred tax assets and liabilities**

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

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>
Tax loss (includes negative basis)	358	191
Added value and provision for maintaining the shareholder's equity integrity (PMIPL)	522	540
Temporary differences:		
Business combination (note 15.3)	(607)	-
Obligations with post-employment benefits	385	386
Judicial lawsuits provision	313	285
Estimated credit losses - Accounts receivable	273	164
Use rights of the overtaking concession revenue	101	102
Added value linked to Property, Plant & Equipment and intangible assets	40	48
Fair value of indemnified financial assets	(818)	(703)
Debt interest capitalization	(268)	(275)
Accelerated depreciation	(36)	(35)
Fair value of financial instruments	(245)	(226)
Others	(345)	(324)
<b>Total</b>	<b>(327)</b>	<b>153</b>
Non-current assets	909	656
Non-current liabilities	(1,236)	(503)

The variations in the deferred taxes are as follows:

	<b>Consolidated</b>	
	<b>Asset</b>	<b>Liability</b>
<b>Balance as of 31 December, 2020</b>	<b>656</b>	<b>(503)</b>
Addition by the business combination (note 15.3)	331	(607)
Recognized effects on income	(100)	(122)
Recognized effects on other comprehensive results	14	4
Transfers between assets and liabilities	8	(8)
<b>Balance as of 31 March, 2021</b>	<b>909</b>	<b>(1,236)</b>
<b>Balance as of 31 December, 2019</b>	<b>752</b>	<b>(222)</b>
Recognized effects on income	(40)	(41)
Recognized effects on other comprehensive results	(45)	(10)

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Transfers between assets and liabilities	(1)	1
<b>Balance as of 31 March, 2020</b>	<b>666</b>	<b>(272)</b>

**10.1.3 Current tax - assets and liabilities**

	<u>2021/03/31</u>	<u>Consolidated 2020/12/31</u>
IRPJ	562	558
CSLL	81	78
<b>Asset</b>	<b>643</b>	<b>636</b>
Current	642	635
Non-current	1	1

	<u>2021/03/31</u>	<u>Consolidated 2020/12/31</u>
IRPJ	101	38
CSLL	46	4
<b>Liability</b>	<b>147</b>	<b>42</b>
Current	121	16
Non-current	26	26

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

Besides the tax uncertainties regarding the treatment of income taxes that were recognized, on March 31, 2021 and December 31, 2020, the Company has the amount of R\$ 3,176 and R\$ 3,146 which refers to the adopted tax treatment and that are susceptible to the questioning of taxation authorities. The prognosis of the Company regarding this situation, supported by its legal advisors, is that such adopted tax treatments should be admitted by the authorities on both, administrative and/or judicial levels when needed. The main natures are listed below, as follows:

- (i) Non-addition of the expenses regarding the amortization of goodwill in the calculation basis of IRPJ and CSLL, in the following amount, R\$1,383 (R\$ 1,851 on December 31, 2020).
- (ii) Infraction notices deriving from the deduction of expenses regarding the amortization of goodwill in the calculation basis of IRPJ and CSLL which also resulted in the disallowance of credits calculated that were already used in compensations of federal taxes, totalling R\$ 1,388 (R\$ 1,295 on December 31, 2020).
- (iii) Administrative procedures originating from the nonrecognition of compensation requests fulfilled through credit rights of IRPJ and CSLL, totalling R\$ 111 (R\$186 on December 31, 2020).

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## 10.2 Other taxes

### 10.2.1 Others recoverable taxes

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>
Tax over Merchandise and Services Circulation - ICMS	727	685
Social Interaction Program - PIS (a)	1,044	1,063
Contribution for Social Security Financing - COFINS (a)	4,824	4,907
National Institute of Social Security – INSS	27	27
Others	16	12
<b>Other recoverable taxes</b>	<b>6,638</b>	<b>6,694</b>
Current	1,708	1,629
Non-current	4,930	5,065
(a) See note 10.3		

### 10.2.2 Other taxes and sectoral charges payable

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>
Tax over Merchandise and Services Circulation - ICMS	677	356
Social Interaction Program - PIS	132	127
Contribution for Social Security Financing - COFINS	620	583
Withholding taxes and contributions	50	160
Others	56	57
<b>Other taxes payable</b>	<b>1,535</b>	<b>1,283</b>
Research and Development - R&D	232	204
Energy Efficiency Program – PEE	324	240
Others	59	185
<b>Sectoral charges</b>	<b>615</b>	<b>629</b>
<b>Total Other taxes and sectoral charges payable</b>	<b>2,150</b>	<b>1,912</b>
Current	1,074	1,148
Non-current	1,076	764

## 10.3 Reimbursement to consumers – Federal taxes

The constitution of the liability results from the adoption of the needed caution and due diligence given the possible understanding by ANEEL that the amount to be appropriated through compensation of tax credits recognized must be fully transferred to the consumers, under the agency's interpretation of the regulations from the electric sector and the concession contract. The topic, however, is under the Agency's public consultation and is not concluded until the present date.

The movimentation of reimbursement to consumers is presented below:

<b>Balance as of December 31, 2019</b>	<b>3,282</b>
Constitution	1,638
Update	838
Payment	(3)
<b>Balance as of December 31, 2020</b>	<b>5,755</b>
Addition by the business combination (note 15.3)	147
Constitution	53

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Update	26
<b>Balance as of March 31, 2021</b>	<b>5,981</b>

## 11. CASH AND CASH EQUIVALENTS

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<u>2021/03/31</u>	<u>2020/12/31</u>	<u>2021/03/31</u>	<u>2020/12/31</u>
Cash and bank deposit at sight	180	227	-	-
Bank Deposit Certificate (CDB)	1,245	1,598	197	275
Investment funds	2,549	3,235	31	92
<b>Total</b>	<b><u>3,974</u></b>	<b><u>5,060</u></b>	<b><u>228</u></b>	<b><u>367</u></b>

The financial instruments portfolio classified as cash and cash equivalents are made with the purpose of better profitability and a lower level of risk. The average remuneration of these portfolios on March 31, 2021 is 98% of the CDI.

## 12. TRADE ACCOUNTS RECEIVABLES AND OTHERS

	<u>2021/03/31</u>			<u>Consolidated 2020/12/31</u>		
	<u>Trade Receivable s</u>	<u>Expected credit loss</u>	<u>Trade accounts receivable, net</u>	<u>Trade Receivables</u>	<u>Expected credit loss</u>	<u>Trade accounts receivabl e, net</u>
Energy supply (note 12.1)	6,873	(1,390)	5,483	6,126	(1,216)	4,910
Commercialization of energy at CCEE	248	-	248	352	-	352
Distribution grid availability	578	(6)	572	551	(4)	547
Government Grants and subsidies	490	-	490	425	-	425
Other receivables	531	(135)	396	346	(51)	295
<b>Total</b>	<b><u>8,720</u></b>	<b><u>(1,531)</u></b>	<b><u>7,189</u></b>	<b><u>7,800</u></b>	<b><u>(1,271)</u></b>	<b><u>6,529</u></b>
Current asset			6,808			6,187
Non-current asset			381			342

### 12.1 Energy supply

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

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

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	2021/03/31		Consolidated 2020/12/31	
	Trade Receivables	Expected credit loss	Trade Receivables	Expected credit loss
Residential	2,416	(708)	2,078	(651)
Commercial	753	(230)	603	(181)
Industrial	814	(173)	805	(157)
Rural	350	(122)	331	(115)
Government	470	(81)	386	(63)
Public lighting	328	(45)	259	(23)
Public service	254	(23)	204	(17)
Unbilled services	1,488	(8)	1,460	(9)
<b>Total</b>	<b>6,873</b>	<b>(1,390)</b>	<b>6,126</b>	<b>(1,216)</b>

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

	2021/03/31		Consolidated 2020/12/31	
	Trade Receivables	Expected credit loss	Trade Receivables	Expected credit loss
Due receivables	3,491	(68)	3,263	(66)
Overdue receivables:				
90 days	1,416	(83)	1,088	(84)
Between 91 and 180 days	333	(144)	262	(85)
Between 181 and 360 days	394	(166)	433	(173)
After 361 days	1,239	(929)	1,080	(808)
	<b>6,873</b>	<b>(1,390)</b>	<b>6,126</b>	<b>(1,216)</b>

**12.2 Variation of expected credit losses – PCE**

	Consolidated	
	2021/03/31	2020/03/31
<b>Balance at the beginning of the period</b>	<b>(1,271)</b>	<b>(1,122)</b>
Addition by the business combination (note 15.3)	(197)	-
Recognized effect in the period's result	(113)	(108)
Effective losses written-off	50	63
<b>Balance at the end of the period</b>	<b>(1,531)</b>	<b>(1,167)</b>

On March 31, 2021, the Expected Credit Loss (PCE) totalled R\$ 113 (R\$ 108 on March 31, 2020), mostly reflecting the COVID-19 impacts of R\$24.



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

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

	2021/03/31			Consolidated 2020/12/31		
	Rights	Obligations	Net effect	Rights	Obligations	Net effect
<b>CVA and Neutrality</b>						
Energy	1,128	(243)	<b>885</b>	782	(88)	<b>694</b>
System Service Charges – ESS	290	(70)	<b>220</b>	75	(117)	<b>(42)</b>
Energy Development Account – CDE	87	(9)	<b>78</b>	5	(52)	<b>(47)</b>
Tariff on Use of Transmission Network – TUST	516	(14)	<b>502</b>	305	(20)	<b>285</b>
Others	71	(88)	<b>(17)</b>	17	(57)	<b>(40)</b>
<b>Financial Components and Subsidies</b>						
Overcontracting pass-through	190	(358)	<b>(168)</b>	129	(170)	<b>(41)</b>
Hydrological Risks	77	(945)	<b>(868)</b>	-	(660)	<b>(660)</b>
Demand's Overtaking / Surplus	-	(753)	<b>(753)</b>	-	(666)	<b>(666)</b>
Compensation of CCEAR Bilateral agreements	41	-	<b>41</b>	65	-	<b>65</b>
COVID account – Liability	-	(270)	<b>(270)</b>	-	(98)	<b>(98)</b>
Others	88	(184)	<b>(96)</b>	68	(91)	<b>(23)</b>
<b>Total</b>	<b>2,488</b>	<b>(2,934)</b>	<b>(446)</b>	<b>1,446</b>	<b>(2,019)</b>	<b>(573)</b>
Values Homologated by Aneel	260	(609)	<b>(349)</b>	175	(643)	<b>(468)</b>
Values to be Homologated by Aneel	2,178	(2,275)	<b>(97)</b>	1,271	(1,376)	<b>(105)</b>
<b>Total</b>	<b>2,438</b>	<b>(2,884)</b>	<b>(446)</b>	<b>1,446</b>	<b>(2,019)</b>	<b>(573)</b>
Current Assets			225			92
Non-Current Liabilities			(63)			(149)
Non-Current Liabilities			(608)			(516)

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**14. PUBLIC SERVICE CONCESSIONS**

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

**14.1 Financial asset**

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

	<b>Consolidated</b>	
	<u>2021/03/31</u>	<u>2020/03/31</u>
<b>Balance at the beginning of the period</b>	<b>14,403</b>	<b>11,743</b>
Addition by the business combination (note 15.3)	137	-
Disposals	(5)	(8)
Reversals	1	-
Transfers – contractual assets <sup>1</sup>	420	369
Transfers – intangible assets	2	6
Fair value adjustments	324	71
<b>Balance at the end of the period</b>	<b><u>15,282</u></b>	<b><u>12,181</u></b>
Non-current assets	15,282	12,181

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

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

**14.2 Contractual asset**

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

	<u>2021/03/31</u>			<u>2020/12/31</u>		
	<u>Transmission</u>	<u>Distribution</u>	<u>Total</u>	<u>Transmission</u>	<u>Distribution</u>	<u>Total</u>
Current	184	-	184	133	-	133
Non-current	5,673	4,339	10,012	4,892	3,849	8,741
<b>Total</b>	<b><u>5,857</u></b>	<b><u>4,339</u></b>	<b><u>10,196</u></b>	<b><u>5,025</u></b>	<b><u>3,849</u></b>	<b><u>8,874</u></b>

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These assets presented the following changes in the period:

	<b>Consolidated</b>		
	<b>Transmission</b>	<b>Distribution</b>	<b>Total</b>
<b>Balance as of December 31, 2020</b>	<b>5,025</b>	<b>3,849</b>	<b>8,874</b>
Addition by business combination (note15.3)	-	134	134
Additions <sup>1</sup>	738	1,031	1,769
Disposals	-	(18)	(18)
Transfers - intangible in progress <sup>1</sup>	-	(236)	(236)
Transfers - financial assets <sup>1</sup>	-	(420)	(420)
Transfers – others	-	(2)	(2)
Contractual asset amortization	(35)	-	(35)
Monetary variation	130	-	130
<b>Balance as of March 31, 2021</b>	<b>5,858</b>	<b>4,338</b>	<b>10,196</b>
Current Asset			184
Non-current Assets			10,012
Cost	5,858	4,767	10,625
Special obligations	-	(429)	(429)
	<b>Consolidated</b>		
	<b>Transmission</b>	<b>Distribution</b>	<b>Total</b>
<b>Balance as of December 31, 2019</b>	<b>1,756</b>	<b>3,877</b>	<b>5,633</b>
Additions <sup>1</sup>	319	780	1,099
Disposals	-	(1)	(1)
Transfers - intangible in progress <sup>1</sup>	-	(289)	(289)
Transfers - financial assets <sup>1</sup>	-	(369)	(369)
Transfers – others	-	2	2
Contractual asset amortization	(17)	-	(17)
Monetary variation	47	-	47
<b>Balance as of March 31, 2020</b>	<b>2,105</b>	<b>4,000</b>	<b>6,105</b>
Current Asset			98
Non-current Assets			6,007
Cost	2,105	4,388	6,493
Special obligations	-	(388)	(388)

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

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

### 15.1 Changes that occurred during the period

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

	Joint ventures	Associates	Total Consolidated	Subsidiaries	Total Company	Parent
<b>Balance as of December 31, 2020</b>	<b>1,026</b>	<b>1,401</b>	<b>2,427</b>	<b>20,350</b>	<b>22,777</b>	
Capital increase	-	-	-	2,606	2,606	2,606
Participation in investees results	22	(12)	10	1,107	1,117	1,117
Amortization of appreciation	-	-	-	(41)	(41)	(41)
Participation in other comprehensive income/(loss)	-	-	-	(243)	(243)	(243)
Dividend allocation	-	-	-	(2)	(2)	(2)
Others	-	-	-	1	1	1
<b>Balance as of March 31, 2021</b>	<b>1,048</b>	<b>1,389</b>	<b>2,437</b>	<b>23,778</b>	<b>26,215</b>	
<b>Balance as of December 31, 2019</b>	<b>1,040</b>	<b>1,461</b>	<b>2,501</b>	<b>16,627</b>	<b>19,128</b>	
Capital increase	-	-	-	314	314	314
Participation in investees results	5	(8)	(3)	638	635	635
Amortization of appreciation	-	-	-	(40)	(40)	(40)
Participation in other comprehensive income/(loss)	-	-	-	357	357	357
<b>Balance as of March 31, 2020</b>	<b>1,045</b>	<b>1,453</b>	<b>2,498</b>	<b>17,896</b>	<b>20,394</b>	

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**15.2 Breakdown by investment class**

Additional information about the main investees are demonstrated below:

	Segment	Participation and voting capital	Balance of Investments		Result of participation		Dividends received	
			2021/03/31	2020/12/31	2021/03/31	2020/03/31	2021/03/31	2020/03/31
<b>Subsidiaries</b>								
<b>Wholly owned subsidiaries</b>	Networks	100.00%	2,640	2,355	213	68	6	-
	Liberalized	100.00%	1,455	1,355	104	44	15	20
	Renewables	100.00%	4,009	4,138	61	-	2	-
	Outros	100.00%	2,526	14	(5)	-	-	-
<b>Other subsidiaries</b>								
Coelba	Networks	96.65%	6,341	6,041	326	266	216	-
Elektro Redes	Networks	99.68%	3,878	3,697	204	138	-	-
Celpe	Networks	89.65%	1,797	1,721	90	35	-	-
Cosern	Networks	91.50%	1,377	1,285	102	74	-	-
Afluenta T	Networks	87.84%	170	165	5	5	-	-
			<b>24,193</b>	<b>20,771</b>	<b>1,100</b>	<b>630</b>	<b>239</b>	<b>20</b>
<b>Associates and joint ventures</b>								
Teles Pires Participações	Renewables	50.56%	768	765	4	(10)	-	-
Companhia Hidrelétrica								
Teles Pires	Renewables	51.00%	25	25	-	-	-	-
Águas da Pedra	Renewables	51.00%	279	260	17	15	-	-
Norte Energia S.A. (NESA)								
( <sup>1</sup> )	Renewables	10.00%	1,308	1,322	(13)	(9)	-	-
Energética Corumbá III	Renewables	25.00%	56	55	1	1	-	-
			<b>2,436</b>	<b>2,427</b>	<b>9</b>	<b>(3)</b>	<b>-</b>	<b>-</b>
<b>Shareholders transactions</b>			(414)	(421)	8	8	-	-
<b>Total</b>			<b>26,215</b>	<b>22,777</b>	<b>1,117</b>	<b>635</b>	<b>239</b>	<b>20</b>

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

In 2015, NESA hired specialized law and audit offices, in connection with the internal investigation process conducted by the Independent Commission approved in the context of one of the investee’s shareholders, Centrais Elétricas Brasileiras S.A. - Eletrobrás, whose work was completed in 2016, in which it was concluded that certain contracts contained an

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estimated overprice of 1% of the contract amount. Consequently, NESAs recognized impairment losses in proportion to its participation in the project. Considering that the MPF investigation is still ongoing and there are no new facts, it is not possible to predict any outcome on the investee.

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

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

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

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

Value of the consideration paid	2,515
(-) Cash received	(100)
<b>Net value of the cash outflow</b>	<b>2,415</b>
Acquired assets	
Trade accounts receivable and others	659
Public Service Concession (financial asset)	137
Public Service Concession (contractual asset)	134
Current and deferred income taxes	371
Other assets	144
Fixed and other intangible assets	54
Intangible asset (Concession contract) (i)	2,517
	<b>4,016</b>
(–) Assumed liabilities	
Suppliers and trade accounts payable to contractors	(274)
Other sectoral taxes and charges payable	(262)
Loans and financings	(225)
Wages, employee benefits and charges payable	(115)
Sectoral financial liability (Portion A and others)	(183)
Provision (ii)	(173)
Reimbursement to consumers – Federal taxes	(147)
Deferred income taxes (ii)	(791)
Other liabilities	(40)
	<b>(2,210)</b>
<b>Net acquired asset</b>	<b>1,806</b>
<b>(=) Goodwill</b>	<b>609</b>

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

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

(i) Intangible related to the public service concession contract related to the electrical energy distribution in Distrito Federal ("Federal District") until July 07, 2045, in the amount of R\$2,516 and the adjustment to fair value made in the process of purchase price allocation of R\$ 1,850. The intangible's fair value (concession contract) was evaluated with the revenue approach through the *multi-period excess earnings* method, which considers the present value of the expected net cash flows from the concession, including the benefits from tax amortization. The key assumptions were:

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

(ii) Contingent liabilities related to judicial lawsuits in the tributary, civil, labor and regulatory matters, based on the best estimation of loss accordingly with the Administration's judgment, of R\$ 173 and the accomplished adjustment to fair value in the process of purchase price allocation of R\$ 89, which reflect a better expectation of the Administration for disbursements related to ongoing judicial lawsuits, based on recent judicial decision and broadly established jurisprudence in regards to the claims from the aforementioned judicial lawsuits. The fair values of the judicial procedures in civil, tributary, labor and regulatory matters in the acquisition date are demonstrated below:

Judicial lawsuits	
Civil	23
Labor	34
Tax	31
Regulatory	85
<b>Contingent liabilities at fair value</b>	<b>173</b>
( - ) Provision for contingencies that were previously recognized by CEB-D	(84)
<b>(=) Fair value adjustments</b>	<b>89</b>

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(iii) The calculated deferred income tax over the adjustment between the book values and fair values of the assets and liabilities aforementioned in the items (i) and (ii), to the nominal rate of 34%, totalled R\$ 609. It is worth highlighting that the goodwill and the adjustment of provision for fiscal contingencies in the respective amount of R\$ 609 e R\$ 31, respectively, are not part of the calculation basis.

### 15.4 Accounting practice and critical judgments

#### a) Accounting practice

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

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

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

#### b) Estimates and critical judgments

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

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

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## 16. PP&E

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

	Consolidated						
	Wind farms	Combined cycle plants	Hydropower plants	Constructions and terrains	Others	Assets under development	Total
<b>Depreciation rate per year</b>	<b>3.03% - 16.70%</b>	<b>2.50% - 20.00%</b>	<b>2.00% - 20.00%</b>	<b>0.00% - 16.67%</b>	<b>2.5% - 25.00%</b>		
<b>Balance at 31 December 2020</b>	<b>1,699</b>	<b>776</b>	<b>1,806</b>	<b>1,074</b>	<b>39</b>	<b>1,427</b>	<b>6,821</b>
Addition with business combinations (note 15.3)	-	-	-	-	10	36	46
Additions	-	-	-	-	-	413	413
Capitalized costs <sup>1</sup>	-	-	-	-	-	32	32
Depreciation	(22)	(13)	(14)	(7)	(2)	-	(58)
Transfers between classes	13	-	3	(11)	1	(6)	-
Transfers - Others assets	-	-	-	-	-	(141)	(141)
<b>Balance as of March 31, 2021</b>	<b>1,690</b>	<b>763</b>	<b>1,795</b>	<b>1,056</b>	<b>48</b>	<b>1,761</b>	<b>7,113</b>
Cost	2,329	1,323	2,219	1,276	135	1,761	9,043
Accumulated depreciation	(639)	(560)	(424)	(220)	(87)	-	(1,930)
<b>Balance as of December 31, 2019</b>	<b>1,798</b>	<b>613</b>	<b>1,847</b>	<b>1,107</b>	<b>42</b>	<b>753</b>	<b>6,160</b>
Additions	-	-	-	-	-	57	57
Capitalized costs <sup>1</sup>	6	-	-	-	-	2	8
Depreciation	(22)	(11)	(13)	(7)	(1)	-	(54)
Transfers between classes	1	2	-	1	2	(6)	-
Transfers – Other assets	3	-	-	-	-	(75)	(72)
<b>Balance as of March 31, 2020</b>	<b>1,786</b>	<b>604</b>	<b>1,834</b>	<b>1,101</b>	<b>43</b>	<b>731</b>	<b>6,099</b>
Cost	2,351	1,080	2,202	1,296	57	731	7,717
Accumulated depreciation	(565)	(476)	(368)	(195)	(14)	-	(1,618)

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

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## 17. INTANGIBLE ASSETS

The intangible variations, by nature, are demonstrated below:

	Consolidated				
	Concession	Software	Others	Assets under development	Total
<b>Amortization rate per year</b>	<b>2.86% - 3.96%</b>	<b>5% - 20%</b>	<b>4.74% - 10%</b>		
<b>Balance as of December 31, 2020</b>	<b>9,366</b>	<b>6</b>	<b>84</b>	<b>5</b>	<b>9,461</b>
Addition by the business combinations (note 15.3)	3,125	8	-	-	3,133
Additions	-	-	35	5	40
Disposals	(15)	-	-	-	(15)
Amortization	(371)	(2)	(2)	-	(375)
Transfers – between intangibles	-	-	3	(3)	-
Transfers – Financial asset <sup>1</sup>	(2)	-	-	-	(2)
Transfers – Contractual asset <sup>2</sup>	234	2	-	-	236
Transfers – others	-	-	-	-	-
<b>Balance as of March 31, 2021</b>	<b>12,337</b>	<b>14</b>	<b>120</b>	<b>7</b>	<b>12,478</b>
Cost	29,674	118	139	7	29,938
Accumulated amortization	(15,258)	(104)	(19)	-	(15,381)
Special obligations	(2,079)	-	-	-	(2,079)
<b>Balance as of December 31, 2019</b>	<b>9,248</b>	<b>43</b>	<b>69</b>	<b>6</b>	<b>9,366</b>
Additions	-	25	-	1	26
Disposals	(13)	-	-	-	(13)
Amortization	(318)	(5)	(1)	-	(324)
Transfers – intangíveis	-	3	-	(3)	-
Transfers – Financial asset <sup>1</sup>	(6)	-	-	-	(6)
Transfers – Contractual asset <sup>2</sup>	283	6	-	-	289
Transfers – others	-	-	-	2	2
<b>Balance as of March 31, 2020</b>	<b>9,194</b>	<b>72</b>	<b>68</b>	<b>6</b>	<b>9,340</b>
Cost	20,390	230	79	6	20,705
Accumulated amortization	(9,298)	(158)	(11)	-	(9,467)
Special obligations	(1,898)	-	-	-	(1,898)

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

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

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

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ANEEL through the Normative Resolution nº 895 from December 01, 2020, which established the methodology to calculate the compensations.

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

Based on the calculation disclosed by CCEE on March 02, 2021, the subsidiaries Itapebi, Baguari and Geração CIII recognized an addition to their intangible in the amount of R\$ 38, which is equivalent to an extension of 393 days on their concession period, whose realization will occur after the homologation from ANEEL and the Consent Term's signature by part of the generator. This amount represents the fair value of the reimbursements that the Company has the right to receive on March 31, 2021, plus a cost of own capital equivalent to 9.63%.

On March 30, 2021, ANEEL issued the Normative Resolution nº 930, published on April 13 in the Union Official Journal, establishing that the hydroelectric that have already made a new GSF agreement in 2015 would have the right to be reimbursed, regarding the period before 2015. This decision would imply the revision of the calculations presented by CCEE on March 02, 2021, with the extension of gain corresponding to the extension of concessions calculated on March 02, 2021 for the hydropower plants. However, the Tribunal de Contas da União (Court of Audit of the Union – TCU) notified ANEEL, determining that it should abstain itself from performing any action stemming from this Normative Resolution until the analysis of the merit by the Court, bearing in mind that the initial understanding is that the Law 14.052 did not specify the right to be reimbursed due to the non-hydrological risk in the period before 2015 concerning the energy installments renegotiated as of 2015. Therefore, no amount referring to this Resolution is being recognized in the First quarter of 2021.

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

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>
Energy	1,335	1,937
Network usage charges	664	519
Materials and services	1,566	1,846
Liberalized energy	129	126
<b>Total</b>	<b>3,694</b>	<b>4,428</b>
Current	3,564	4,300
Non-current	130	128

In 2020, the Company negotiated with some suppliers to change the due date for new purchases from 45 to 102 days, on average. For these new purchases, there was also a change in the prices, thus indicating an average financial cost of approximately 3.01% per year.

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

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On March 31, 2021, the present value of these operations totalled R\$93 (R\$ 557 on December 31, 2020). The interests incurred are recognized as a financial expense in the period's result or as construction costs of the fixed or intangible asset.

**19. LOANS, FINANCINGS AND DERIVATIVE FINANCIAL INSTRUMENTS**
**19.1 Net debt**

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>	<b>2021/03/31</b>	<b>2020/12/31</b>
Bank loans	8,057	6,839	501	-
Funding agencies	10,200	9,069	844	772
Capital market	12,490	10,472	3,409	1,356
<b>Loans and financings<sup>1</sup></b>	<b>30,747</b>	<b>26,380</b>	<b>4,754</b>	<b>2,128</b>
(+) Derivative financial instruments (note 19.3)	(2,732)	(2,583)	78	94
(-) Cash and cash equivalents (note 11)	(3,974)	(5,060)	(228)	(367)
(-) Securities and marketable securities	(264)	(210)	-	-
<b>Net debt</b>	<b>23,777</b>	<b>18,527</b>	<b>4,604</b>	<b>1,855</b>

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

**19.2 Loans and financings**

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

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

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>	<b>2021/03/31</b>	<b>2020/12/31</b>
<b>Denominated in R\$</b>	<b>22,404</b>	<b>18,511</b>	<b>3,955</b>	<b>1,399</b>
Floating interest rates	21,912	18,011	3,955	1,399
Fixed interest rates	492	500	-	-
<b>Denominated in US\$</b>	<b>7,136</b>	<b>6,902</b>	<b>850</b>	<b>772</b>
Floating interest rates	1,376	1,542	-	-
Fixed interest rates	5,760	5,360	850	772

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<b>Denominated in other currencies</b>	<b>1,465</b>	<b>1,209</b>	-	-
Fixed interest rates	1,465	1,209	-	-
	<b>31,005</b>	<b>26,622</b>	<b>4,805</b>	<b>2,171</b>
(-) Collateral deposits	(102)	(102)	-	-
(-) Borrowing costs	(156)	(140)	(51)	(43)
	<b>30,747</b>	<b>26,380</b>	<b>4,754</b>	<b>2,128</b>
Current liabilities	3,864	3,936	554	29
Non-current liabilities	26,883	22,444	4,200	2,099

On 31 March 2021, the debts' average cost in percentage are as follows:

	<b>Consolidated</b>		<b>Parent Company</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>	<b>2021/03/31</b>	<b>2020/12/31</b>
Average cost in % of CDI <sup>2</sup>	217.4%	172.4%	356.8%	332.0%
Average cost in fixed interest rate	4.9%	4.7%	8.0%	9.0%
Debt balance	30,747	26,380	4,754	2,128
Derivative financial instruments	(2,732)	(2,583)	78	94
<b>Total debt, net of derivatives</b>	<b>28,015</b>	<b>23,797</b>	<b>4,832</b>	<b>2,222</b>

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

**b) Loans and financings amortization schedule**

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

				<b>Consolidated</b>
	<b>Principal<sup>3</sup></b>	<b>Interest<sup>3</sup></b>	<b>Derivative financial instruments</b>	<b>Total</b>
2021	2,425	904	(335)	2,994
2022	7,487	1,363	(636)	8,214
2023	4,247	1,129	(46)	5,330
2024	5,964	860	(863)	5,961
2025	4,177	617	(792)	4,002
Between 2026 and 2030	6,158	1,611	(589)	7,180
Between 2031 and 2035	2,314	737	(356)	2,695
2036 onwards	1,485	370	-	1,855
<b>Total</b>	<b>34,257</b>	<b>7,591</b>	<b>(3,617)</b>	<b>38,231</b>

(3) The estimated future payment flow, including the principal and interest is calculated based on the interest rate curves (pre and post rates) and exchange rate in effect on March 31, 2021 and considering that all amortizations and payments upon maturity of the loans and financings will be made in the contracted deadlines. The amounts include estimated future payment of charges to incur (still not provisioned) and the incurred charges that are already recognized in the financial statements.

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**c) Reconciliation of the debt with the cash flows and other transactions**

	Consolidated		Parent Company	
	2021/03/31	2020/03/31	2021/03/31	2020/03/31
<b>Balance at the beginning of the period</b>	<b>26,380</b>	<b>22,664</b>	<b>2,128</b>	<b>1,287</b>
Addition by business combination (note 15.3)	226	-	-	-
Cash transactions:				
Proceeds	4,792	1,523	2,500	-
Principal's amortization	(1,491)	(240)	-	-
Borrowing costs	(22)	(16)	(9)	-
Charges paid	(242)	(236)	-	-
Collateral deposits (redemption), net	-	2	-	-
Non-cash transactions:				
Charges incurred	449	365	61	35
Foreign exchange rate variation	688	2,182	74	-
Fair value adjustments	(33)	(25)	-	-
<b>Balance at the end of the period</b>	<b>30,747</b>	<b>26,219</b>	<b>4,754</b>	<b>1,322</b>

On the three months that ended on March 31, 2021, the Group raised R\$ 4,792, as follows: (i) R\$ 1,100 through bank loans and financings in foreign currency, along with the contracting of foreign exchange swaps; (ii) R\$ 2,000 through debenture issuances; and (iii) R\$ 992 through financings with national funding banks, among them, BNDES and BNB; and (iv) R\$ 700 through Bank Credit Notes (CCB).

**d) Credit lines**

Type	Currency	Fundraising deadline	Total amount	Consolidated Used amount
Financings	R\$	2023/09/15	9,280	4,538
Financings	€	2022/12/03	1,672	836
			<b>10,952</b>	<b>5,374</b>

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

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

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

**19.3 Derivative financial instruments**

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

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<u>2021/03/31</u>	<u>2020/12/31</u>	<u>2021/03/31</u>	<u>2020/12/31</u>
<b>Loans and financings hedging instruments:</b>				
Foreign exchange rate variation risk (NDF, Options and other derivatives)	4	(3)	-	(4)
Currency swap – US\$ vs R\$	2,094	2,027	(62)	(85)
Currency swap – Other currencies vs R\$	386	321	-	-
Interest rate swap – R\$	182	201	-	-
<b>Other transactions hedging instruments:</b>				
Foreign exchange rate variation risk – Goods and services	80	49	(2)	7
Price risk of own shares (NEOE3)	(14)	(12)	(14)	(12)
<b>Net exposure</b>	<u><b>2,732</b></u>	<u><b>2,583</b></u>	<u><b>(78)</b></u>	<u><b>(94)</b></u>
Current assets	438	722	-	12
Non-current assets	2,392	1,998	-	-
Current liabilities	(25)	(14)	(5)	(3)
Non-current liabilities	(73)	(123)	(73)	(103)

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

	<b>Consolidated</b>		<b>Parent Company</b>	
	<u>2021/03/31</u>	<u>2020/12/31</u>	<u>2021/03/31</u>	<u>2020/12/31</u>
<b>Derivatives not designated as for hedge accounting</b>				
Loans and financings hedging	54	70	-	-
Other transactions hedging	(19)	(12)	(14)	(12)
<b>Derivatives designated as for hedge accounting – cash flow</b>				
Loans and financings hedging	1,665	1,560	(62)	(89)
Other transactions hedging	85	49	(2)	7
<b>Derivatives designated as for hedge accounting – fair value</b>				
Loans and financings hedging	947	916	-	-
	<u><b>2,732</b></u>	<u><b>2,583</b></u>	<u><b>(78)</b></u>	<u><b>(94)</b></u>

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

	2021/03/31			Consolidated 2020/03/31		
	Loans and financings hedging	Other operations hedging	Total	Loans and financings hedging	Other operations hedging	Total
	<b>Initial balance</b>	<b>2,546</b>	<b>37</b>	<b>2,583</b>	<b>1,338</b>	<b>(20)</b>
Gain (loss) recognized in profit or loss	688	36	724	2,182	13	2,195
Gain (loss) recognized as capex	-	1	1	-	5	5
Financial settlement inflow (outflow)	(448)	(44)	(492)	(3)	(18)	(21)
Gain (loss) recognized in other comprehensive income (loss)	(120)	36	(84)	88	344	432
<b>Final balance</b>	<b>2,666</b>	<b>66</b>	<b>2,732</b>	<b>3,605</b>	<b>324</b>	<b>3,929</b>
<b>Gain (loss) recognized in profit or loss</b>						
Cost of operations	-	40	40	-	15	15
Financial result, net	688	(4)	684	2,182	(2)	2,180

	2021/03/31			Parent Company 2020/03/31		
	Loans and financings hedging	Other operations hedging	Total	Loans and financings hedging	Other operations hedging	Total
	<b>Initial balance</b>	<b>(89)</b>	<b>(5)</b>	<b>(94)</b>	-	-
Gain (loss) recognized in profit or loss	73	11	84	-	-	-
Financial settlement inflow (outflow)	-	(15)	(15)	-	-	-
Gain (loss) recognized in other comprehensive income (loss)	(45)	(8)	(53)	-	-	-
<b>Final balance</b>	<b>(61)</b>	<b>(17)</b>	<b>(78)</b>	-	-	-
<b>Gain (loss) recognized in profit or loss</b>						
Costs of operations	-	14	14	-	-	-
Financial result, net	73	(3)	70	-	-	-

**20. PROVISIONS AND JUDICIAL DEPOSITS**

	Consolidated	
	2021/03/31	2020/12/31
Provision for judicial lawsuits (note 20.1.a)	1,380	1,189
Provision for environmental obligations	118	115
Provision for asset dismantling obligations	41	40
Provision for reimbursement	98	83
	<b>1,637</b>	<b>1,427</b>
Current liabilities	257	221

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Non-current liabilities	1,380	1,206
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## 20.1 Provisions for judicial lawsuits, contingent liabilities and judicial deposits

### a) Provision for judicial lawsuits

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

Provisions for losses on lawsuits are as follows:

	Consolidated				
	Civil	Labor	Tax	Regulatory	Total
<b>Balance as of December 31, 2020</b>	<b>623</b>	<b>405</b>	<b>149</b>	<b>12</b>	<b>1,189</b>
Business combination (Note 15.3)	19	38	31	85	173
Additions and reversals, net	34	7	1	3	45
Payments	(29)	(17)	(38)	-	(84)
Monetary variation	42	15	-	-	57
<b>Balance as of march 31, 2021</b>	<b>689</b>	<b>448</b>	<b>143</b>	<b>100</b>	<b>1,380</b>
<b>Balance as of December 31, 2019</b>	514	403	137	13	1,067
Additions and reversals, net	26	17	(5)	1	39
Payments	(34)	(10)	-	-	(44)
Monetary variation	28	16	6	-	50
<b>Balance as of march 31, 2020</b>	<b>534</b>	<b>426</b>	<b>138</b>	<b>14</b>	<b>1,112</b>

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

(i) Civil lawsuits: From the total of R\$ 757 (R\$ 623 as of December 31, 2020) provisioned, we highlight:

- Civil lawsuits where indemnities for moral and material damage, among others, from incidents that occurred during the usual course of business, amounting to R\$ 288 (R\$ 159 as of December 31, 2020).
- The Company is a party involved in civil lawsuits in the administrative and judicial levels, regarding landholding indemnity lawsuits, arising from discrepancies between the Company's evaluation value and the one claimed by the property owner. The provisions for losses arising from these lawsuits are estimated and refreshed by the Company, supported by the opinion of its legal advisors, of R\$ 45 (R\$43 as of December 31, 2020).
- Land expropriation, in the amount of R\$ 21 (R\$20 as of December 31, 2020).
- It is about a lawsuit for the Enforcement Arbitral Award, Related to the arbitration 22/2015, filed by M&G E Polímeros Brasil S.A., due to a controversy involving the Purchase and Sale contract of Electric Energy signed by Nc Energia AND M&G Polímeros BR, in the amount of R\$ 12 (R\$11 as of December 31, 2020).

(ii) Labor claims: Total of R\$444 (R\$ 405 as of December 31, 2020) provisioned, the following stand out:

- Collective action filed by the Electricians Union of Rio Grande do Norte, for the

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implementation of the Career and Salary Positions Plan, thus claiming the promotions for merit and seniority with all the legal consequences. Part of the court decision was upheld, and the process is in the sentence settlement stage. The amount provisioned in the amount of R\$82 (R\$ 80 as of December 31, 2020), corresponds to the probable estimate of resources to settle this discussion.

- Lawsuits filed by employees and former employees against the Company, involving the charges of overtime hours, additional pay for dangerousness, salary equalization/reframing, discussion about the career and salary positions plan and others, whose provisioned value is R\$ 207 (R\$ 224 as of December 31, 2020);
- Lawsuits filed by former employees from contractors (joint and/or subsidiary responsibility) involving the charge of indemnifying installments and others, where the estimated amount is R\$ 123 (R\$ 101 as of December 31, 2020).

(iii) Tax proceedings: From the total of R\$143 (R\$ 149 as of December 31, 2020) provisioned, the following stand out:

- Tax execution due to an infraction notice related to the alleged undue ICMS credit from the period between January 2004 to November 2007, which is pending decision in the Superior Courts. The provisioned amount is R\$15 (Action received in 2020);
- Declaratory Action on the absence of a legal and tax relationship to be cumulated with an overpayment repetition along with an urgent Application for Interim Protection of Rights“ filed by the Windpower generating concessionaires, against the city of Bodó/RN The provisioned value is R\$2.
- Tax execution of ISS calculated from the AI 15/2011, CDA 01/2012, of R\$ 9, due to the implementation of the wind farm rn 15 from 01/2006 to 04/2008.
- Tax execution. Nonrecognition of compensations. PAF n° 10480.915412/2009-91 (CDA n° 70611015105-86 - DCOMP n° 19369.24651.070507.1.3.04-7908 – cofins credit 04/2007; PAF n° 10480.902224/2010-36 (CDA n° 70711003320-70 - DCOMP n° 32383.30141.140604.1, of R\$3.
- Annulment action of the infraction notice n° 03.472093-8 - PAF E04/036/000183/2015 - CDA 2018/015177-9, for an alleged incorrect indication at DECLAN IPM - 2013, presented in 2014. A fine has been charged with the rate of 0.25% from the total value of the period's operations, of R\$ 3.
- Annulment of the infraction notice 03.472094-6 - CDA 2018/007882-4 – Administrative Proceeding 04-03600027/2016 – registered for the collection of fine of R\$ 5, due to an alleged non-compliance of accessory obligation related to ICMS.

**b) Contingent liabilities**

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

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	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>
Civil lawsuits (ii)	2,261	2,241
Labor lawsuits (iii)	708	645
Tax lawsuits (i)	2,891	2,643
Other lawsuits	211	202
	<b>6,071</b>	<b>5,731</b>

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

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

- Tax assessment notices related to ICMS credit whose bookkeeping in the “Credit Control of ICMS regarding the permanent asset” (CIAP) was allegedly in disagreement with the revised rules in the tax legislation, estimated in R\$ 343 (R\$ 342 on December 31, 2020);
- Tax assessment notices related to ICMS credit on assets destined to the Company’s fixed assets and fuels used in the operating fleet, estimated at R\$ 279 (R\$ 278 on December 31, 2020);
- Tax assessment related to reversals of ICMS debts (Agreement 30) related to the re-invoicing of electricity bills, estimated a R\$135 (R\$129 on December 31, 2020);
- Tax assessment for alleged use of ICMS in the acquisition of fixed assets, from micro-company suppliers, duplicate credits and in the acquisitions of purchases with future delivery, estimated at R\$ 280 (R\$ 279 on December 31, 2020);
- Tax assessment notices related to social contributions (INSS) on amounts paid under PLR, private pension, medical assistance, Workers' Food Program - PAT as well as amounts paid as labor assignments, estimated at R\$92 (R\$ 92 on December 31, 2020).
- Posting tax notification issued by the city of Salvador, to promote the billing of COSIP (Contribution to fund the street lighting service) from the period of 01/2018 to 12/2019, due to allegedly differences of charges under the contribution’s original value, in the estimated amount of R\$ 66 (action received in 2020).
- Public Civil Action filed by ICDESCA, from the PIS and COFINS credit with the exclusion of the ICMS from the calculation basis, estimated in R\$ 712.
- It refers to the charge of Urban land and Building Tax - IPTU. The values were financially updated by the variation of the SELIC rate. (AFLT), Estimated in R\$ 1.

The amounts were adjusted for inflation based on the variation in the SELIC rate.

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

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- Action proposed by the Federal Public Ministry in 2017 questioning the collection of home insurance by Elektro and offered to its consumers together with the electricity bill. In 2020, the lower court judged the illegitimacy of ANEEL and the Union to be part of the lawsuit and declared the Federal Court's absolute incompetence to judge the deed. Thus, it determined the transfer of the records to the State Justice for processing the action. Elektro filed declaratory embargoes on such a decision in order to obtain also the declaration of MPF's active illegitimacy for the filing of the lawsuit (sole plaintiff), which would lead to the extinction of the fact. The estimated amount of the claim is R\$187 (R\$ 177 on December 31, 2020).
- Writ of mandamus seeking to recognize the illegality of the act that annulled Dispatch SFF / ANEEL No. 2517 of August 26, 2010, which provides for a settlement of free energy between generators and electricity distributors, in the estimated amount of R\$84 (R\$ 81 on December 31, 2020).
- Ordinary action to annul ANEEL Normative Resolution No. 387, of 12/15/2009 and Dispatch SFF / ANEEL No. 2,517 of 8/26/2010, which provides for a settlement of free energy between generators and electricity distributors. Values estimated at R\$61 (R\$ 58 on December 31, 2020).
- Indemnity action filed by Jaguaripe Agro Industrial S / A, against Coelba due to a power cut at its facilities without prior notice, in the estimated amount of R\$55 (R\$ 53 on December 31, 2020).
- Indemnity actions filed by third parties due to accidents (Electroplession) with the electric network at Celpe. Non-compliance by the population / consumer with safety rules and distances, as well as wire breakage, due to natural phenomena or technical failures, with an estimated value of R\$ 65 (R\$ 62 on December 31, 2020).
- Itapebi is a defendant in several civil lawsuits related to indemnity lawsuits filed by residents of Salto da Divisa claiming damage to their properties after the implantation of the Itapebi HPP, with an estimated total of R\$ 201 on March 31, 2021 (R\$ 192 on December 31, 2020).
- Lawsuits over the payment regarding the real estate expropriation and bondages originating from divergencies between the evaluation value and the value claimed by the landlord, which makes up the estimated amount of R\$ 29 (R\$ 25 on December 31, 2020);

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

(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.

- Lawsuits filed by employees and former employees against the Company, involving the

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charges of overtime hours, additional pay for dangerousness, salary equalization/reframing, discussion about the career and salary positions plan and others, whose provisioned value is R\$ 260 (R\$ 234 on December 31, 2020); and

- Lawsuits filed by former employees from contractors (joint and/or subsidiary responsibility) involving the charge of indemnifying installments and others, where the estimated amount is de R\$ 35 (R\$ 17 on December 31, 2020).

(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.

**c) Judicial deposits**

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

	<b>Consolidated</b>	
	<u>2021/03/31</u>	<u>2020/12/31</u>
Civil lawsuits	400	391
Labor lawsuits	365	369
Tax lawsuits	207	237
Other lawsuits	29	11
	<b><u>1,001</u></b>	<b><u>1,008</u></b>

**21. OTHER LIABILITIES**

	<b>Consolidated</b>	
	<u>2021/03/31</u>	<u>2020/12/31</u>
Collateral deposits <sup>1</sup>	644	666
Shares purchase obligation with - PREVI <sup>2</sup>	209	209
Returns to consumers	181	162
Contribution for Public Lighting Service Funding - COSIP	82	66
Use of public good - UBP	69	67
Others	354	264
<b>Total</b>	<b><u>1,539</u></b>	<b><u>1,434</u></b>
Current liabilities	1,277	1,181
Non-current liabilities	262	253

(1) Collateral deposits are constituted in cash to ensure the contracts' fulfillment in both, operational clauses and compulsory

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payment of charges regarding the employees from the companies providing services.

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

## 22. WAGES, EMPLOYEE BENEFITS AND CHARGES PAYABLE

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

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

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

The values recognized in the financial statement are demonstrated below:

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/12/31</b>
Salaries, vacations and 13th salary and charges payable	386	409
Short-term benefits	105	115
Long-term benefits – Post-employment	1,070	975
	<b>1,561</b>	<b>1,499</b>
Non-current assets <sup>1</sup>	(35)	(35)
Current liabilities	504	525
Non-current liabilities	1,092	1,009

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

## 23. SHAREHOLDERS' EQUITY

### 23.1 Share capital

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

On March 31, 2021 and December 31, 2020 the share capital is of R\$12,920 corresponding to 1,213,797,248 registered shares, fully subscribed, paid-up and without par value.

	<b>Shareholders</b>		
	<b>ON</b>	<b>ON %</b>	<b>R\$</b>
Iberdrola Energia S A. ("Iberdrola")	606,898,625	50.00%	6,460
Iberdrola S.A.	12,618,700	1.04%	134
Previ-Caixa de Prev. dos Func. do Banco do Brasil ("Previ")	367,647,583	30.29%	3,914
Other shareholders – Free float	226,095,383	18.63%	2,407
Advisors and directors	536,957	0.04%	5
<b>Total outstanding shares</b>	<b>1,213,797,248</b>	<b>100.00%</b>	<b>12,920</b>

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## 23.2 Profits per share and shareholders' remuneration

### a) Profits per share

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

	Attributed to shareholders of Neoenergia S/A			
	Consolidated		Parent Company	
	2021/03/31	2020/03/31	2021/03/31	2020/03/31
Net income for the period	1,007	577	1,001	573
Weighted average of the number of the outstanding shares number	1,214	1,214	1,214	1,214
<b>Basic net income and diluted per share</b>	<b>0.83</b>	<b>0.48</b>	<b>0.82</b>	<b>0.47</b>

## 24. RELATED PARTIES' TRANSACTIONS

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

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

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

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

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### 24.1 Open balance with related parties

	2021/03/31				Consolidated 2020/12/31			
	Neoenergia's subsidiaries	Parent Company	Shareholders Associates, joint ventures and others	Total	Neoenergia's subsidiaries	Parent Company	Shareholders Associates, joint ventures and others	Total
<b>Assets</b>								
Accounts receivable and others	-	1	-	1	-	1	-	1
Dividends and interest on own capital receivable	15	1	-	16	15	1	-	16
Other assets	-	-	29	29	-	-	21	21
	15	2	29	46	15	2	21	38
<b>Liabilities</b>								
Suppliers and accounts payable	43	108	129	280	40	103	106	249
Employee benefits	-	-	56	56	-	-	60	60
Dividends and interest on own capital payable	-	-	463	463	-	-	476	476
Other liabilities	-	-	210	210	-	-	216	216
	<b>43</b>	<b>108</b>	<b>858</b>	<b>1,009</b>	<b>40</b>	<b>103</b>	<b>858</b>	<b>1,001</b>

	2021/03/31				Parent Company 2020/12/31			
	Neoenergia's subsidiaries	Parent Company	Shareholders Associates, joint ventures and others	Total	Neoenergia's subsidiaries	Parent Company	Shareholders Associates, joint ventures and others	Total
<b>Assets</b>								
Accounts receivable and others	-	-	-	-	-	-	-	-
Dividends and interest on own capital receivable	431	15	-	446	669	15	-	684
Other assets	271	-	-	271	77	-	-	77
	702	15	-	717	746	15	-	761
<b>Liabilities</b>								
Suppliers and accounts payable	-	-	127	127	-	-	104	104
Employee benefits	-	-	-	-	-	-	-	-
Dividends and interest on own capital payable	-	-	442	442	-	-	442	442
Other liabilities <sup>1</sup>	7	-	209	216	11	-	209	220
	<b>7</b>	<b>-</b>	<b>778</b>	<b>785</b>	<b>11</b>	<b>-</b>	<b>755</b>	<b>766</b>

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## 24.2 Related parties' transactions

	2021/03/31				Consolidated 2020/03/31			
	Joint ventures	Associates	Shareholders and others	Total	Joint ventures	Associates	Shareholders and others	Total
Period result								
Operational revenue, net	3	-	-	3	3	1	-	4
Cost of services	(107)	(243)	(18)	(368)	(101)	(229)	(25)	(355)
Overhead and administrative expenses	-	-	(31)	(31)	-	-	(18)	(18)
Net financial result	-	-	(2)	(2)	-	-	(2)	(2)
	<b>(104)</b>	<b>(243)</b>	<b>(51)</b>	<b>(398)</b>	<b>(98)</b>	<b>(228)</b>	<b>(45)</b>	<b>(371)</b>

	2021/03/31				Parent Company 2020/03/31			
	Subsidiaries	Joint ventures and Associates	Shareholders and others	Total	Subsidiaries	Joint ventures and Associates	Shareholders and others	Total
Period result								
Operational revenue, net	1	-	-	1	1	-	-	1
Overhead and administrative expenses	-	-	(23)	(23)	-	-	(20)	(20)
Net financial result	40	-	-	40	40	-	-	40
	<b>41</b>	<b>-</b>	<b>(23)</b>	<b>18</b>	<b>41</b>	<b>-</b>	<b>(20)</b>	<b>21</b>

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### 24.3 Key-management personnel compensation

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

	<b>Consolidated</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
Wages and recurring benefits	10	8
Other short-term benefits	3	5
Long-term benefits	6	6
	<b>19</b>	<b>19</b>

	<b>Parent Company</b>	
	<b>2021/03/31</b>	<b>2020/03/31</b>
Wages and recurring benefits	7	6
Other short-term benefits	3	2
Long-term benefits	5	5
	<b>15</b>	<b>13</b>

### 24.4 Given financial guarantee

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

On March 31, 2021, the total financial guarantees granted by the Company to particular *joint ventures* and subsidiaries totalled R\$4,543.

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

### 25.1 Financial instruments classification and measurement

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

	2021/03/31			Consolidated 2020/12/31		
	AC	FVTOCI	FVTP&L	AC	FVTOCI	FVTP&L
<b>Financial assets</b>						
Cash and cash equivalents	1,425	-	2,549	1,825	-	3,235
Securities and marketable securities	170	-	94	116	-	94
Trade and other receivables	8,720	-	-	7,800	-	-
Derivative financial instruments	-	1,828	1,002	-	1,757	963
Sectoral financial assets (Portion A and others)	225	-	-	92	-	-
Public service concession (financial asset)	-	-	15,282	-	-	14,403
Other Financial assets	1	-	-	-	-	-
	<b>10,541</b>	<b>1,828</b>	<b>18,927</b>	<b>9,833</b>	<b>1,757</b>	<b>18,695</b>
<b>Financial liabilities</b>						
Suppliers and accounts payable to contractors	3,694	-	-	4,428	-	-
Loans and financings	28,403	-	2,344	23,973	-	2,407
Sectoral financial liabilities (Portion A and others)	671	-	-	665	-	-
Derivative financial instruments	-	83	15	-	126	11
Lease obligations	103	-	-	95	-	-
Use of public good	26	-	-	67	-	-
Other financial liabilities	190	-	-	6	-	-
	<b>33,087</b>	<b>83</b>	<b>2,359</b>	<b>29,234</b>	<b>126</b>	<b>2,418</b>

AC– Amortized cost

FVTOCI– Fair value through other comprehensive income

FVTP&L– Fair value through profit and loss

### 25.2 Fair value estimates

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

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

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

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

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

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

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

	2021/03/31			Consolidated 2020/12/31		
	Level 2	Level 3	Total	Level 2	Level 3	Total
<b>Financial assets</b>						
Cash and cash equivalents	2,549	-	2,549	3,235	-	3,235
Securities and marketable securities	94	-	94	94	-	94
Derivative financial instruments	2,830	-	2,830	2,720	-	2,720
Public sService concession (financial asset)	-	15,282	15,282	-	14,403	14,403
	<b>5,473</b>	<b>15,282</b>	<b>20,755</b>	<b>6,049</b>	<b>14,403</b>	<b>20,452</b>
<b>Financial liabilities</b>						
Loans and financings	2,344	-	2,344	2,407	-	2,407
Derivative financial instruments	98	-	98	137	-	137
	<b>2,442</b>	<b>-</b>	<b>2,442</b>	<b>2,544</b>	<b>-</b>	<b>2,544</b>

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

The gains and losses recognized in the result on the three months ended on March 31, 2021 and 2020, related to the financial assets and liabilities measured through level 3 techniques, were R\$ 323 and R\$ 71, respectively. The other transfers for these assets and liabilities are disclosed in note 14.1.

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

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

	2021/03/31		Consolidated 2020/12/31	
	Carrying amount	Fair value estimate - Level 2	Carrying amount	Fair value estimate - Level 2
Loans and financings	28,403	28,394	23,973	24,207

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

### 25.5 Methods and evaluation techniques

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

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended on March 31, 2021

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

**25.6 Complementary information about the derivative instruments**

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

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

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

On March 31, 2021, there was no deposited margin value in regards to positions with derivative financial instruments.

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

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

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

<u>Swap US\$ float vs R\$ float</u>	<u>Notional amount</u>		<u>Due date (Year)</u>	<u>Fair value</u>		<u>Cumulative effect Amount receivable / received or payable/ paid</u>
	<u>2021/03/31</u>	<u>2020/12/31</u>		<u>2021/03/31</u>	<u>2020/12/31</u>	<u>2021/03/31</u>
Company						
Asset	US\$ 177	US\$ 182	2021 - 2029	1,015	952	-
Liability	US\$ 570	US\$ 583		(553)	(570)	-
<b>Net exposure</b>				<b>462</b>	<b>382</b>	<b>80</b>

<u>Swap US\$ fixed vs R\$ float</u>	<u>Notional amount</u>		<u>Due date (Year)</u>	<u>Fair value</u>		<u>Cumulative effect Amount receivable / received or payable/ paid</u>
	<u>2021/03/31</u>	<u>2020/12/31</u>		<u>2021/03/31</u>	<u>2020/12/31</u>	<u>2021/03/31</u>
Company						
Asset	US\$ 105	US\$ 137	2020 - 2027	624	748	-
Liability	US\$ 272	US\$ 373		(268)	(370)	-
<b>Net exposure</b>				<b>356</b>	<b>378</b>	<b>(22)</b>

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

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Swap US\$ float vs R\$ float	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	2021/03/31
Company						
Asset	US\$ 63	US\$ 114	2021 - 2030	363	594	-
Liability	US\$ 204	US\$ 367		(206)	(369)	-
<b>Net exposure</b>				<b>157</b>	<b>225</b>	<b>(68)</b>

Swap US\$ fixed vs R\$ float	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	2021/03/31
Company						
Asset	US\$ 903	US\$ 889	2021 - 2035	5.232	4.831	-
Liability	US\$ 4,006	US\$ 3,698		(4,115)	(3,790)	-
<b>Net exposure</b>				<b>1,117</b>	<b>1,041</b>	<b>76</b>

### Hedging program of loans and financings in Euro

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

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

Swap EUR \$ fixed vs R\$ float	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	2021/03/31
Company						
Asset	€ 159	€ 159	2022 - 2024	1,111	1,042	-
Liability	€ 703	€ 703		(713)	(710)	-
<b>Net exposure</b>				<b>398</b>	<b>332</b>	<b>66</b>

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

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

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

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Swap IPCA vs CDI	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	
				2021/03/31	2021/03/31	
Company						
Asset	R\$ 790	R\$ 768	2021 - 2025	837	841	-
Liability	R\$ 663	R\$ 662		(662)	(661)	-
<b>Net exposure</b>				<b>175</b>	<b>180</b>	<b>(5)</b>

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

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

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

NDF	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	
				2021/03/31	2021/03/31	
USD Disbursements						
Forward	US\$ 247	US\$ 110	2020 - 2024	71	29	-
<b>Net exposure</b>				<b>71</b>	<b>29</b>	<b>42</b>

NDF	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	
				2021/03/31	2021/03/31	
USD Disbursements						
Call purchase	US\$ 43	-	2022/01	9	-	-
<b>Net exposure</b>				<b>9</b>	<b>-</b>	<b>9</b>

### Hedging program for disbursements in Euro

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

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

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	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	
	NDF					
EUR Disbursements Forward	€ 57	€ 53	2020 - 2022	10	16	-
<b>Net exposure</b>				<b>10</b>	<b>16</b>	<b>(6)</b>

### Hedging program for disbursements in Reais

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

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

	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	
	Swap R\$ fixed vs R\$ float					
Company Asset	R\$ 330	R\$ 336	2022	336	352	-
Liability	R\$ 327	R\$ 328		(328)	(329)	-
<b>Net exposure</b>				<b>8</b>	<b>23</b>	<b>(15)</b>

### Hedging program of loans and financings in Reais indexed to fixed-rates

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

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

	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	
	Swap Equity					
Company Asset	R\$ 43	R\$ 45		43	45	
Liability	R\$ 56	R\$ 56	2022/01	(57)	(57)	
<b>Net exposure</b>				<b>(14)</b>	<b>(12)</b>	<b>(2)</b>

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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### Hedging program of loans and financings in Yen

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

Swap JPY fixed vs R\$ float	Notional amount		Due date (Year)	Fair value		Cumulative effect Amount receivable / received or payable/ paid
	2021/03/31	2020/12/31		2021/03/31	2020/12/31	
Company						
Asset	JPY 7,790	JPY 3,887	2021	396	196	-
Liability	JPY 407	JPY 204		(408)	(206)	-
<b>Net exposure</b>				<b>(12)</b>	<b>(10)</b>	<b>(2)</b>

### 25.7 Sensitivity analysis

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

- Probable scenario: In the evaluation date, the future cash flows were projected, considering the balances and eventual charges and interest, estimated based on the foreign and/or interest rates in effect at the market on March 31, 2021.

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

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

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

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

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Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Scenario impact (II)	Scenario impact (III)
U.S. Dollars denominated debt	Dollars (US\$)	Dollar appreciation	5.6973	(7,136)	(1,784)	(3,568)
Swap receivable leg in U.S. Dollars		Dollar depreciation		7,234	1,808	3,617
<b>Net exposure</b>				<b>98</b>	<b>24</b>	<b>49</b>
Euro denominated debt	Euro (€)	Euro appreciation	6.6915	(1,062)	(266)	(532)
Swap receivable leg in Euro		Euro depreciation		1,111	277	555
<b>Net exposure</b>				<b>49</b>	<b>11</b>	<b>23</b>
Yen denominated debt	Yen (JPY)	Yene appreciation	0.0515	(401)	(100)	(201)
Swap receivable leg in Yen		Yene depreciation		396	99	198
<b>Net exposure</b>				<b>(5)</b>	<b>(1)</b>	<b>(3)</b>

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

Operation	Currency	Risk	Rate	Exposure (Balance/ Notional)	Scenario impact (II)	Scenario impact (III)
NDF	Dollars (US\$)	Dollar appreciation		(1,669)	406	813
Hedge item: portion of payments in USD		Dollar depreciation	5.6973	1,669	(406)	(813)
<b>Net exposure</b>				<b>-</b>	<b>-</b>	<b>-</b>
NDF	Euro (€)	Euro appreciation		(427)	105	210
Hedge item: portion of payments in Euro		Euro depreciation	6.6915	386	(95)	(190)
<b>Net exposure</b>				<b>(41)</b>	<b>10</b>	<b>20</b>

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

Operation	Indexer	Risk	Rate at the year	Exposure (Balance/ Notional)	Probable Scenario	Scenario Impact (II)	Scenario Impact (III)
<b>Financial assets</b>							
Marketable securities at CDI	CDI	CDI depreciation	2.65%	4,158	26	(7)	(13)
<b>Financial liabilities</b>							
Debt instruments at CDI	CDI	CDI appreciation	2.65%	(9,930)	(82)	(21)	(42)
Swaps Dollar x CDI (payable leg)	CDI	CDI appreciation	2.65%	(8,676)	(66)	(16)	(32)
Debt instruments at IPCA	IPCA	IPCA appreciation	5.20%	(9,604)	(227)	(30)	(59)
Swaps IPCA x CDI (receivable leg)	IPCA	IPCA appreciation	5.20%	837	22	3	6
Debt instruments at LIBOR 3M	LIBOR	LIBOR 3M appreciation	0.19%	(57)	-	-	-
Swaps Libor 3M x CDI (receivable leg)	LIBOR	LIBOR 3M appreciation	0.19%	57	-	-	-
Debt instruments at LIBOR 6M	LIBOR	LIBOR 6M appreciation	0.21%	(1,321)	(4)	-	-
Swaps Libor 6M x CDI (receivable leg)	LIBOR	LIBOR 6M appreciation	0.21%	1,321	4	-	-
Debt instruments at SELIC	SELIC	SELIC appreciation	2.65%	(466)	(7)	-	(1)
Debt instruments at TJLP	TJLP	TJLP appreciation	4.61%	(1,913)	(32)	(5)	(11)

**EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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

Operation	Indexer	Risk	Rate at the year	Exposure (Balance/ Notional)	Most likely Scenario	Impact Scenario (II)	Impact Scenario (III)
<b>Other Financial Assets</b>							
Active Swap in Equities	NEOE3	Stock depreciation (NEO3)	16.6500	43	3	11	21

## 26.SUBSEQUENT EVENTS

### Capital raising through debt – Coelba

On March 30, 2021, the Company has signed a financing contract along with the multilateral agency, Multilateral Japan International Cooperation Agency (“JICA”) and the MUFG BANK, LTD (“MUFG”) in the amount of R\$ 768 (USD 150), being 2/3 from JICA, with a deadline of 10 years and 1/3 from MUFG with a deadline of 5 years, both with a grace period of up to 2 years and disbursement expected to happen on May 07, 2021.

### Infraction notice – Incorporation of Elektro Holding S.A.

On April 12, 2021, the Receita Federal do Brasil assessed an infraction notice against Neoennergia S.A., in the updated value of R\$ 355, by which the taxation authorities demand the collecting of withholding tax due to, in the Authority's view, alleged capital gain determined in favor of a foreign partner in the corporate transaction that resulted in the incorporation of Elektro Holding S/A, held on August 2017.

The taxation authorities claim that, in short, the incorporation would represent an asset alienation, being characterized as an authentic purchase and sale, thus being open to the realization of capital gains and consequent tax incidence. The Company understands that the accomplished operation has a corporate type that is distinct of a purchase and sale, especially due to the absence of cash-settlement regarding any assets and rights, thus not subsisting the alleged capital gain. At this moment, it assesses with its legal advisers, the adoption of appropriate measures, under the regulatory deadline.

### Payment of interest on own capital

On April 22, 2021, the Board of Directors From Neoennergia S.A, approved, in a meeting on December 09, 2020, the declaration of Interest on Own Capital, based on the results achieved until 12/31/2020, for R\$ 267. The payment will be made from April 30, 2021 without monetary correction. Based on the shareholder position of 01/06/2021. It will be deducted from the income tax accordingly with the Law 9,249 from 12/26/1995, except for shareholders which have proved, with Bank Itaú, the condition of being excused from retention of the referred tax.

## EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the three-month period ended on March 31, 2021

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

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### Tariff readjustment from Coelba and Cosern

On April 22, 2021, ANEEL approved the Annual tariff readjustment from the subsidiaries Coelba and Cosern, with validity from that date. The tariff readjustment will bring an average effect for consumers of 8.98% and 8.96%, but for the high tension consumers, the readjustment will be 12.28% and 11.18%, meanwhile for the low tension ones, 7.82% and 8.27%, respectively for Coelba and Cosern.

The use of tax credits from the *res judicata* regarding the ICMS exclusion from the calculation basis of PIS/COFINS, as well as the reversal anticipation for the tariff moderateness related to revenues of the demand's exceedance and the reactive surplus, constituted until March/2021, contributed for the reduction of the average effect for the consumer, whereas the readjustment of the items from Portion B was fully applied as of this date.

### Tariff readjustment from Celpe

The directors of the Brazilian Electricity Regulatory Agency (ANEEL), homologated on April 27, 2021, the results from the Company's fifth Tariff readjustment, with effect from April 29, 2021 onwards, accordingly with Resolution nº 2,861/2021 from ANEEL. The average effect for the consumers will be 8.99%, being 11.89% for the high voltage consumers and 8.01% for the low voltage consumers.

The use of tax credits referent to the *res judicata* of the ICMS exclusion from the basis of PIS/COFINS, as well as the reshaping of the Basic Network and the Covid-Account contributed to a reduction of the average effect for the consumer, whereas the readjustment of the items from Portion B was fully applied from April 29, 2021 onwards.

### Entry into operation of Dourados' 4<sup>o</sup> stretch

On April 25, 2021, the fourth of the five stretches that are part of the Dourados enterprise (Batch 4 – Transmission Auction nº 05/2016, from April, 2017) went into commercial operation. The referred stretch. LT 230 kV Campo Grande 2 – Imbirissu has an extension of 52 km and has the support of the connections from the transmission lines in the following Substations: Imbirissu and Campo Grande 2. This delivery was made with an anticipation of 15 months in relation to Aneel's contractual deadline.



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## Independent Auditor's Review Report on quarterly information – ITR

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

To the Board of Directors of

**Neoenergia S.A.**  
Rio de Janeiro - RJ

### Introduction

We have reviewed the parent and consolidated interim accounting information of Neoenergia S.A. ("Company"), included in the quarterly information form - ITR for the quarter ended March 31, 2021, which comprises the parent and consolidated financial position as of March 31, 2021 and the respective statements of income, comprehensive income, changes in shareholders' equity and of cash flows for the three month period then ended, including the explanatory notes.

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

### Scope of Review

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



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

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

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

The quarterly information referred above includes the parent and consolidated statements of added value for the period of three months ended March 31, 2021, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34. These statements were submitted to the review procedures followed together with the review of the Company's quarterly information, in order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and accounting records, as applicable, and whether their forms and contents are in accordance with the criteria defined in Technical Pronouncement CPC 09 - Statement of Added Value. Based on our review, we are not aware of any other event that make us believe that these statements of added value were not prepared, in all material respects, in accordance with the parent and consolidated interim financial information taken as a whole.

Rio de Janeiro, May 26, 2021

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

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