

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

**Parent company and consolidated  
interim financial statements  
at September 30, 2020  
and report on review**



## **Report on review of interim financial statements**

To the Board of Directors and stockholders  
Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

### **Introduction**

We have reviewed the accompanying interim balance sheet of Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A. ("Company") as at September 30, 2020 and the related statements of income and comprehensive income for the quarter and nine-month period then ended, and the statements of changes in equity and cash flows for the nine-month period then ended. We have also reviewed the accompanying consolidated interim balance sheet of Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A. and its subsidiary ("Consolidated") as at September 30, 2020 and the related consolidated statements of income and comprehensive income for the quarter and nine-month then ended, and the consolidated statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these parent company interim financial statements in accordance with the accounting standard CPC 21 – "Interim Financial Reporting" and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these interim financial statements based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the interim financial statements**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements referred to above present fairly, in all material respects, the Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A. and Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A. and its subsidiary financial position as at September 30, 2020, and its financial performance and the cash flows for the nine-month period then ended, also its consolidated financial performance and consolidated cash flows for the quarter then ended in accordance with CPC 21 and with the international accounting standard IAS 34 - Interim Financial Reporting issued by International Accounting Standards Board (IASB).



Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

**Other matters**

**Statements of value added**

The quarterly information referred to above includes the parent company and consolidated statements of value added for the nine-month ended September 30, 2020. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information for the purpose of concluding whether they are reconciled with the interim accounting information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated interim accounting information taken as a whole.

Recife, November 12, 2020

A handwritten signature in blue ink, appearing to read "PricewaterhouseCoopers", written over the printed name of the auditor.

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5

A handwritten signature in blue ink, appearing to read "Vinicius Ferreira Britto Rego", written over the printed name of the accountant.

Vinicius Ferreira Britto Rego  
Contador CRC 1BA024501/O-9

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

Balance sheet as at September 30, 2020 and December 31, 2019

All amounts in thousands of reais

Assets	Parent company		Consolidated		Liabilities and equity	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019		09/30/2020	12/31/2019	09/30/2020	12/31/2019
<b>Current assets</b>					<b>Current liabilities</b>				
Cash and cash equivalents (Note 4)	221,319	63,607	222,235	65,702	Trade payables (Note 11)	192,865	116,580	193,827	116,629
Financial assets (Note 5)	16,009	13,097	16,009	13,097	Borrowings (Note 12)	498,500	184,650	546,849	184,650
Trade receivables (Note 6)	149,104	95,614	156,780	98,532	Salaries and social charges	36,153	20,485	36,240	20,580
Inventories (Note 7)	542,079	167,259	542,199	167,259	Taxes payable	9,960	2,304	10,261	2,304
Taxes recoverable (Note 8)	66,708	35,575	66,708	35,575	Advances from customers (Note 6)	21	-	282	-
Related parties (Note 21)	-	4,176	-	1,408	Dividends payable (Note 13)	50,000	4,758	50,000	4,758
Other receivables	45,271	16,007	46,027	16,262	Related parties (Note 21)	43,797	-	-	-
Derivative financial instruments (Note 19)	16,305	-	16,305	-	Other payables	4,543	4,421	4,701	4,599
<b>Total current assets</b>	<b>1,056,795</b>	<b>395,335</b>	<b>1,066,263</b>	<b>397,836</b>	<b>Total current liabilities</b>	<b>835,840</b>	<b>333,197</b>	<b>842,160</b>	<b>333,520</b>
<b>Non-current assets</b>					<b>Non-current liabilities</b>				
Taxes recoverable (Note 8)	70,474	56,282	70,474	56,282	Borrowings (Note 12)	529,777	191,827	529,777	191,827
Other receivables	1,507	2,411	1,507	2,411	Advances from customers (Note 6)	105,430	102,571	105,430	102,571
Investments (Note 23)	4,246	2,537	-	-	Deferred income tax and social contribution (Note 9)	549	-	549	-
Derivative financial instruments (Note 19)	18,822	1,093	18,822	1,093	<b>Total non-current liabilities</b>	<b>635,756</b>	<b>294,398</b>	<b>635,756</b>	<b>294,398</b>
Property, plant and equipment (Note 10)	491,551	343,625	492,650	343,985	<b>Total liabilities</b>	<b>1,471,596</b>	<b>627,595</b>	<b>1,477,916</b>	<b>627,918</b>
Intangible assets	484	522	484	522					
<b>Total non-current assets</b>	<b>587,084</b>	<b>406,470</b>	<b>583,937</b>	<b>404,293</b>	<b>Equity (Note 13)</b>				
					Share capital	37,340	36,183	37,340	36,183
					Revenue reserve	77,397	138,027	77,397	138,027
					Unrealized profits	56,445	-	56,445	-
					Carrying value adjustments	1,101	-	1,101	-
					<b>Total equity</b>	<b>172,284</b>	<b>174,210</b>	<b>172,284</b>	<b>174,210</b>
<b>Total assets</b>	<b>1,643,879</b>	<b>801,805</b>	<b>1,650,200</b>	<b>802,128</b>	<b>Total liabilities and equity</b>	<b>1,643,879</b>	<b>801,805</b>	<b>1,650,200</b>	<b>802,128</b>

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

## Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

### Statement of income

Three- and nine-month periods ended September 30

All amounts in thousands of reais unless otherwise stated

	Parent company		Parent company		Consolidated		Consolidated	
	07/01/2020 to 09/30/2020	07/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	07/01/2020 to 09/30/2020	07/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019
<b>Continuing operations</b>								
Net operating revenue (Note 14)	697,499	213,505	1,437,759	542,222	705,823	220,669	1,458,778	552,369
Cost of sales (Note 15)	(607,619)	(169,155)	(1,260,000)	(443,554)	(614,367)	(175,074)	(1,275,759)	(452,816)
Gross profit	89,880	44,349	177,759	98,669	91,456	45,596	183,019	99,553
Operating income (expenses):								
Selling, general and administrative expenses (Note 16)	(17,738)	(13,624)	(47,608)	(33,473)	(19,788)	(14,490)	(52,387)	(35,408)
Tax expenses	(172)	(41)	(551)	(221)	(172)	(41)	(551)	(221)
Other operating income, net (Note 17)	12,415	9,142	30,512	15,842	12,436	9,142	30,533	15,842
Equity in the earnings of subsidiary (Note 22)	(452)	345	608	(1,091)	-	-	-	-
Profit before finance result	83,933	40,170	160,721	79,725	83,932	40,206	160,614	79,766
Finance costs	(47,362)	(26,576)	(145,169)	(64,925)	(47,955)	(26,613)	(146,994)	(64,966)
Finance income	30,053	18,912	99,058	41,847	30,527	18,912	101,154	41,847
Finance result (Note 18)	(17,309)	(7,664)	(46,111)	(23,078)	(17,428)	(7,701)	(45,840)	(23,119)
Profit before income tax and social contribution	66,623	32,505	114,610	56,647	66,504	32,505	114,773	56,647
Income tax and social contribution - current (Note 9)	(9,629)	(4,459)	(16,490)	(8,231)	(9,509)	(4,459)	(16,654)	(8,231)
Income tax and social contribution - deferred (Note 9)	(549)	-	(549)	-	(549)	-	(549)	-
Profit for the period	56,445	28,046	97,571	48,416	56,445	28,046	97,571	48,416
Attributable to:								
Owners of the Parent company	56,445	28,046	97,571	48,416	56,445	28,046	97,571	48,416
Number of shares at the end of the period	615,829	609,671	615,829	609,671	615,829	609,671	615,829	609,671
ON - Registered common shares	615,829	609,671	615,829	609,671	615,829	609,671	615,829	609,671
Basic and diluted earnings per share – R\$ (Note 25)	0.09	0.05	0.16	0.08	0.09	0.05	0.16	0.08

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

## Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

### Statement of comprehensive income Nine-month period ended September 30, 2020

All amounts in thousands of reais

	Parent company		Parent company		Consolidated		Consolidated	
	07/01/2020 to 09/30/2020	07/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	07/01/2020 to 09/30/2020	07/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019
Profit for the period	56,445	28,046	97,571	48,416	56,445	28,046	97,571	48,416
Other comprehensive income that will be reclassified to profit or loss in subsequent periods								
Foreign exchange variations of subsidiary located abroad (Note 27)	137		1,101		137		1,101	
Total comprehensive income for the year	<u>56,582</u>	<u>28,046</u>	<u>98,672</u>	<u>48,416</u>	<u>56,582</u>	<u>28,046</u>	<u>98,672</u>	<u>48,416</u>

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

## Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

### Statement of changes in equity

Nine-month period ended September 30, 2020

All amounts in thousands of reais

	Revenue reserve				Unrealized profits	Carrying value adjustments	Total
	Share capital	Legal reserve	Revenue reserves	Tax incentive reserve			
At December 31, 2018	36,183	5,832	45,369	42,454	-	-	129,839
Profit for the period					48,416		48,416
At September 30, 2019	<u>36,183</u>	<u>5,832</u>	<u>45,369</u>	<u>42,454</u>	<u>48,416</u>	-	<u>178,255</u>
At December 31, 2019	<u>36,183</u>	<u>7,237</u>	<u>69,330</u>	<u>61,459</u>	-	-	<u>174,210</u>
Capital increase (Note 13)	1,157				-		1,157
Distribution of dividends (Note 13)			(69,330)		(32,425)		(101,755)
Profit for the period					97,571		97,571
Recognition of reserves (Note 13)				8,701	(8,701)		-
Foreign exchange variations of subsidiary located abroad						1,101	1,101
At September 30, 2020	<u><u>37,340</u></u>	<u><u>7,237</u></u>	<u><u>-</u></u>	<u><u>70,160</u></u>	<u><u>56,445</u></u>	<u><u>1,101</u></u>	<u><u>172,284</u></u>

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

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Statement of cash flows Nine-month period ended September 30, 2020 All amounts in thousands of reais

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Cash flows from operating activities				
<b>Profit for the period</b>	<b>97,571</b>	<b>48,416</b>	<b>97,571</b>	<b>48,416</b>
Adjustments to reconcile profit for the period to cash provided by (used in) operating activities				
Depreciation and amortization	16,448	8,486	16,527	8,501
Profit (loss) on disposal of property, plant and equipment	(4,460)	(4,536)	(4,460)	(4,536)
Deferred income tax and social contribution	549	-	549	-
Equity in the earnings of subsidiary (Note 23)	(608)	1,091	-	-
Foreign exchange variations on debt	1,911	(0)	4,545	225
Finance costs, net	33,806	24,169	36,406	24,169
Income from financial assets	(194)	(1,196)	(194)	(1,195)
	<b>145,023</b>	<b>76,430</b>	<b>150,944</b>	<b>75,580</b>
<b>Changes in assets and liabilities</b>				
Trade receivables	(53,490)	687	(57,191)	(3,540)
Inventories	(374,820)	(62,804)	(374,939)	(62,804)
Taxes recoverable	(45,325)	(8,514)	(45,325)	(8,514)
Other receivables	(28,359)	(13,531)	(28,758)	(13,731)
Trade payables	76,286	17,368	77,287	17,948
Social and labor obligations	(4,332)	10,568	(4,377)	10,567
Taxes payable	16,479	7,738	16,781	7,738
Advances from customers	2,880	40,449	3,142	40,449
Other payables	123	3,585	31	3,613
<b>Net cash (used in) provided by operating activities</b>	<b>(265,536)</b>	<b>71,975</b>	<b>(262,407)</b>	<b>67,307</b>
Income tax and social contribution paid	(8,824)	(7,921)	(8,824)	(7,921)
Interest paid on borrowings (Note 12)	(27,490)	(21,882)	(30,089)	(21,882)
<b>Net cash (used in) provided by operating activities</b>	<b>(301,850)</b>	<b>42,171</b>	<b>(301,320)</b>	<b>37,503</b>
<b>Cash flows from investing activities</b>				
Purchases of financial assets	(2,718)	(2,142)	(2,718)	(2,142)
Redemption of financial assets	-	16,013	-	16,013
Purchases of property, plant and equipment (Note 10)	(145,975)	(122,000)	(146,650)	(122,400)
Proceeds from sale of property, plant and equipment	6,217	8,058	6,217	8,058
Purchases of intangible assets	(118)	-	(118)	-
Acquisition of investment (Note 23)	(0)	(1,964)	(0)	-
<b>Net cash used in investing activities</b>	<b>(142,594)</b>	<b>(102,035)</b>	<b>(143,269)</b>	<b>(100,471)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings (Note 12)	832,019	225,342	916,630	225,342
Repayments of borrowings (Note 12)	(222,481)	(97,631)	(258,743)	(97,631)
Advance of dividends (Note 13)	-	(19,823)	-	(19,823)
Distribution of dividends (Note 13)	(56,513)	(8,887)	(56,513)	(8,887)
Capital contribution (Note 13)	1,157	-	1,157	-
Related parties	47,973	(2,199)	(1,408)	-
<b>Net cash provided by financing activities</b>	<b>602,155</b>	<b>96,802</b>	<b>601,123</b>	<b>99,002</b>
<b>Increase in cash and cash equivalents</b>	<b>157,712</b>	<b>36,939</b>	<b>156,534</b>	<b>36,034</b>
Cash and cash equivalents at the beginning of the period	63,607	67,363	65,702	68,788
Cash and cash equivalents at the end of the period	221,319	104,301	222,235	104,822
<b>Increase in cash and cash equivalents</b>	<b>157,712</b>	<b>36,939</b>	<b>156,534</b>	<b>36,034</b>

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



# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Statement of value added Nine-month period ended September 30, 2020 All amounts in thousands of reais

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
<b>Revenue</b>				
Gross sales and services	1,541,244	556,617	1,562,375	565,965
Other income	34,425	20,424	34,445	20,424
	<b>1,575,669</b>	<b>577,040</b>	<b>1,596,820</b>	<b>586,389</b>
<b>Inputs acquired from third parties</b>				
Cost of sales and services	(1,081,955)	(340,960)	(1,094,378)	(346,283)
Materials, electric power, outsourced services and other	(122,668)	(28,118)	(125,814)	(31,009)
	<b>(1,204,623)</b>	<b>(369,079)</b>	<b>(1,220,192)</b>	<b>(377,293)</b>
<b>Gross value added</b>	<b>371,046</b>	<b>207,962</b>	<b>376,628</b>	<b>209,096</b>
<b>Retentions</b>				
Depreciation and amortization	(16,448)	(8,486)	(16,525)	(8,501)
<b>Net value added generated</b>	<b>354,598</b>	<b>199,476</b>	<b>360,103</b>	<b>200,596</b>
<b>Value added received through transfer</b>				
Equity in the earnings of subsidiary	608	(1091)	-	-
Finance income	99,152	42,011	101,247	42,011
<b>Total value added to distribute</b>	<b>454,357</b>	<b>240,395</b>	<b>461,351</b>	<b>242,607</b>
<b>Distribution of value added</b>				
<b>Personnel and charges</b>	<b>156,105</b>	<b>92,762</b>	<b>159,957</b>	<b>93,854</b>
Direct compensation	112,535	68,882	115,835	69,757
Benefits	35,395	19,101	35,948	19,319
Government Severance Indemnity Fund For Employees (FGTS)	8,175	4,779	8,175	4,779
<b>Taxes and contributions</b>	<b>46,829</b>	<b>30,146</b>	<b>46,954</b>	<b>30,201</b>
Federal	45,965	29,750	46,080	29,805
State	824	388	833	388
Municipal	40	8	40	8
<b>Debt remuneration</b>	<b>153,852</b>	<b>69,072</b>	<b>156,869</b>	<b>70,136</b>
Interest	145,169	64,926	146,994	64,965
Rentals	8,683	4,146	9,875	5,170
<b>Equity remuneration</b>	<b>97,571</b>	<b>48,416</b>	<b>97,571</b>	<b>48,416</b>
Dividends and interest on capital	32,425	-	32,425	-
Tax incentive	8,701	10,286	8,701	10,286
Profits reinvested	56,445	38,130	56,445	38,130
	<b>454,357</b>	<b>240,395</b>	<b>461,351</b>	<b>242,607</b>

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

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim**

**financial statements at September 30, 2020**

**All amounts in thousands of reais unless otherwise stated**

---

### **1. Operations**

Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A. (the “Company”) is a closely-held corporation established in August 2010 headquartered at Rodovia CE 155, Km 02 - Complexo Industrial e Portuário do Pecém, Caucaia - CE, with strategic location. The construction of the plant in this region was motivated by the reduction of logistics costs, since about 70% of the Brazilian wind potential is less than 500 km from the plant, and due to the proximity to Port of Pecém, used both for the export of rotor blades and for receiving inputs via import or cabotage. The Company is engaged in the business of construction and sale of rotor blades for turbines in wind power generation, the provision of services related to its corporate purpose to third parties, and the holding of equity interests in other companies as a stockholder or quotaholder.

The Company's ultimate controlling parties are listed in Note 13.

Complementing the supply of rotor blades for wind turbines, the Company expanded its service provision operation with Aeris Service LLC USA. With a specialized operation and engineering team, the company provides rotor blade maintenance services in the United States and has worked with other markets, such as Argentina and Mexico.

In July 2020, the Company acquired a plot of land and certain warehouse structures to expand the production of wind turbine blades. This asset has similar characteristics to those of the Company, since it has been previously used in the same segment and is located in the Pecém industrial hub in the Ceará state.

In July 2020, a new contract was entered into with WEG S.A. Under this second contract, WEG will provide new generation 72 meter long wind turbine blades with nominal power of 4.2MW per turbine (\*).

The financial support in the third quarter of 2020 was provided with funds from stockholders and third parties. The funds from stockholders were received through capital contribution. Funds from third parties were received through long-term financing, mainly borrowing from Banco Santander of R\$ 100 million and Banco BTG Pactual of R\$ 150 million, as well as the release of the last portion of the BNB financing in the amount of R\$ 34 million.

The Company's management authorized the issuance of these interim financial statements on November 12, 2020, in which they consider the events after the reporting period that could have effect on these interim financial statements, when required.

(\*) information not reviewed.

### **COVID-19 Pandemic**

At the end of 2019, the World Health Organization (WHO) globally reported limited cases of a previously unknown virus. Subsequently, in January 2020, the virus (COVID-19) was identified and the occurrence of person to person transmission was reported. In mid-March 2020, the WHO declared a new coronavirus pandemic, affecting routines of the population and the global economic activity.

The Company has been monitoring the developments of this outbreak in Brazil to uphold the safety of its employees, maintaining the production and delivery of its contractual commitments with customers and mapping the effects of this pandemic on its business. In this regard, the Company has taken the following actions since the beginning of the pandemic.

Main actions:

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim**

### **financial statements at September 30, 2020**

All amounts in thousands of reais unless otherwise stated

---

- All international travel is suspended;
- All national air travel is suspended;
- Video calls or telephone meetings should be prioritized. Only meetings that are essential to the progress of operations should be held in person. In such cases, establish a maximum number of participants by prioritizing social distancing of 2 meters in any environment;
- All meeting rooms must have windows and or doors open;
- Face-to-face meetings must take place with a minimum spacing of 01 chair between the participants and must not exceed 15 people in a room;
- Only mandatory training will be continued which will meet the new standard of quantity and distribution in meeting rooms, complying with a minimum distance of 02 meters between participants. The procedure sent by the People Area must be followed.

The Company understands that its balance sheet, the result of its operations, its cash flows and value added should not be significantly affected during 2020. In addition, management represents that, to date, it has not observed significant impacts arising from COVID-19 on its operations that would result in changes to its adopted accounting estimates.

## **2. Basis of preparation**

### **2.1 Statement of compliance**

The interim financial statements have been prepared in accordance with CPC 21 – Interim Financial Reporting, and also in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and disclose all (and only) the applicable significant information related to the interim financial statements, which is consistent with the information utilized by management in the performance of its duties.

The interim financial statements have been prepared under the historical cost convention, unless otherwise stated, in the case of certain financial assets and liabilities (including derivative financial instruments).

#### **(a) Parent company financial statements**

The parent company financial statements have been prepared in accordance with the accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee (CPC), The financial statements have also been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). These parent company financial statements are disclosed together with the consolidated financial statements.

#### **(b) Consolidated financial statements**

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim**

**financial statements at September 30, 2020**

All amounts in thousands of reais unless otherwise stated

---

### **2.2 Functional and presentation currency**

The financial statements are presented with amounts in Brazilian reais (R\$), which is the Company's functional currency. All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand reais, unless otherwise stated.

#### **i. Foreign operations**

The amounts of assets and liabilities of the subsidiary abroad are translated into reais at the exchange rate effective at the end of the reporting period, and the amounts of the related statements of income are translated at the exchange rate effective at the transaction date. Translation differences are recognized separately in equity. Upon the sale of a subsidiary abroad, the accumulated deferred amount recognized in equity relating to this subsidiary is recognized in the statement of income.

### **2.3 Significant accounting judgments, estimates and assumptions**

The preparation of financial statements in accordance with CPCs and IFRS requires the use of certain critical accounting estimates. It requires the Company and its subsidiary' Management to exercise their judgment in the process of applying the accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and assumptions are continually reviewed, and such reviews are recognized in the periods in which they are reviewed and in any future periods affected.

Assets and liabilities subject to estimates and assumptions are described in Note 3.16.

### **2.4 Statement of value added**

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. The Statement of Value Added was prepared in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added" while it is not required by IFRS. Therefore, under IFRS, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

## **3. Significant accounting policies**

The significant accounting policies adopted by the Company are described in the specific explanatory notes related to the items presented. Those applicable, in general, in different aspects of the financial statements, are described below.

These policies have been consistently applied in the years presented, unless otherwise stated.

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim**

**financial statements at September 30, 2020**

**All amounts in thousands of reais unless otherwise stated**

---

### **3.1 Foreign currency translation**

Foreign-currency transactions are originally recorded at the functional currency's exchange rate effective on the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency's exchange rate effective at the balance sheet date.

All differences are recorded in the statement of income. Non-monetary items measured based on the historical cost in foreign currency are translated using the exchange rate effective at the dates of the initial transactions. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate prevailing on the date when the fair value was determined.

### **3.2 Financial instruments**

Financial instruments are recognized from the date the Company becomes a party to the contractual provisions of the financial instruments. Financial instruments are initially recognized at fair value, plus transaction costs directly attributable to their acquisition or issue, except for financial assets and liabilities classified as "at fair value through profit or loss", when these costs are recognized directly in profit or loss for the year.

The main financial assets recognized by the Company are cash and cash equivalents, financial investments and trade receivables.

The Company classifies its financial assets in the following measurement categories:

- . Measured at amortized cost.
- . Fair value through profit or loss

#### **i. Measured at amortized cost**

Assets that are held for receipt of the contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition of the asset is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of income.

#### **ii. Measured at fair value through profit or loss**

For assets measured at fair value, gains and losses will be recognized in profit or loss. For investments in debt instruments, this will depend on the business model in which the investment is held.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim**

**financial statements at September 30, 2020**

**All amounts in thousands of reais unless otherwise stated**

---

### Derivative financial instruments

The Company uses derivative financial instruments, with foreign exchange swaps and NDFs to hedge the risk of changes in exchange rates. Derivative financial instruments designated in hedge transactions are recognized at fair value.

### **3.3 Cash and cash equivalents**

Cash equivalents are held to meet short-term cash commitments and not for investment or any other purposes. The Company considers cash equivalents a financial investment that can be immediately converted into a known amount of cash and subject to an insignificant risk of change in value. Therefore, an investment normally qualifies as a cash equivalent when it has a short-term maturity, for example, three months or less, from the date of contracting.

### **3.4 Trade receivables**

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of the Company's business, and are recognized at the invoiced amount, adjusted by the provision for impairment, if necessary.

The Company assesses on a prospective basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company recognizes expected losses over its lifetime from the initial recognition of receivables.

### **3.5 Inventories**

Inventories are assets held for sale in the normal course of business, in the production process for sale or in the form of materials or supplies to be consumed or transformed in the production process or in the provision of services.

Inventories are stated at the lower of cost and net realizable value. Inventory cost includes all the acquisition costs, which comprise the purchase price, import duties and other taxes (except those recoverable from the tax authorities), and transport, insurance, handling and other costs directly attributable to the acquisition of finished goods, materials and services. Trade discounts, rebates and other similar items must be deducted in determining the acquisition cost and transformation cost, which include costs directly related to the units produced, such as direct labor, systematic allocation of overhead costs, fixed and variable, that are incurred to transform the materials into finished products.

Fixed production overheads are those costs that remain relatively constant regardless of the production volume, such as depreciation and maintenance of buildings and facilities, machinery and equipment, and the cost of factory management.

Variable production overheads are those costs that vary directly, or nearly directly, with the production volume, such as indirect materials and certain types of indirect labor.

Provisions for slow-moving or obsolete inventories are recognized whenever considered necessary by Management.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

---

### 3.6 Property, plant and equipment

They are presented at cost less accumulated depreciation and/or accumulated impairment losses, if applicable. Such cost includes the cost of replacing parts of property, plant and equipment, borrowing costs of long-term construction projects and the costs related to the testing periods of the assets when the recognition criteria are satisfied. When significant parts of property, plant and equipment are replaced, the Company recognizes these parts as an individual asset with a specific useful life and depreciation. Likewise, when a relevant inspection is made, its cost is recognized at the carrying amount of property, plant and equipment, if the recognition criteria are satisfied; All other repair and maintenance costs are recognized in the statement of income when incurred.

Depreciation is calculated on a straight-line basis over the useful lives of assets, at rates that take into consideration their estimated useful life as follows:

	<b>Annual depreciation rates %</b>
Machinery and equipment	6.15%
Furniture	10%
IT equipment	20%
Vehicles	20%
Buildings and improvements	1.67%
Facilities	10%
Tools	15%
Aircraft	5%

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of an asset (measured as the difference between the net selling price and the carrying amount of the asset) is recognized in profit or loss for the year in which the asset is derecognized.

The residual values, useful lives and depreciation methods are reviewed at the end of the reporting period and adjusted prospectively, where appropriate.

### 3.7 Investment in subsidiary

Investments in subsidiaries are accounted for using the equity method and are initially recognized at cost.

### 3.8 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Both general and specific borrowing costs directly related to the acquisition, construction or production of a qualifying asset that requires a substantial period of time to get ready for its intended use or sale are

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim**

**financial statements at September 30, 2020**

**All amounts in thousands of reais unless otherwise stated**

---

capitalized as part of the cost of that asset when it is probable that future economic benefits associated with the item will flow to the Company and costs can be measured reliably. The other borrowing costs are recognized as finance costs in the period in which they are incurred.

### **3.9 Revenue recognition**

Revenue is recognized to the extent that it is probable that economic benefits will be generated for the Company and it can be measured reliably. This occurs upon customer's final acceptance of the product, according to the established contractual conditions. Revenue is measured based on the fair value of the consideration received, net of discounts, rebates and taxes or charges on sales.

As of January 1, 2018, the Company adopted IFRS 15 / CPC 47 - "Revenue from Contracts with Customers", this new standard brought the principles that an entity must apply to determine the measurement of revenue and when it is recognized. This standard is based on the principle that revenue is recognized when the control of a good or service is transferred to a customer, accordingly, the principle of control replaced the principle of risks and rewards. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of activities. Revenue is shown net of discounts, rebates and taxes or charges on sales.

Costs directly related to the contracts, which generate funds used to fulfill the contract and are expected to be recovered, are capitalized as costs to fulfill a contract after the adoption of IFRS 15 / CPC 47, being included in the contract assets.

Revenue is recognized when control over the services of a given operation has been transferred to the customer. The Company evaluates revenue transactions in accordance with specific criteria in order to determine if it is acting as agent or principal and ultimately concluded that it has been acting as principal in all its revenue contracts. The specific criteria below should also be satisfied before the revenue recognition:

#### Sales of goods

The operating revenue from the sale of goods in the ordinary course of the activities is measured at the fair value of the consideration received or receivable. The operating revenue is recognized when the performance obligation is met by the Company and the product meets all technical aspects approved by the customer (formal acceptance), for purpose of transfer of control.

#### Services rendered

Created to meet customer demands, Aeris has a specialized division (Aeris Service), which uses the knowledge and infrastructure in the production of rotor blades to offer the wind turbine O&M market a differentiated service.

In 2018, Aeris internationalized its service area by investing in Aeris LLC, located in Delaware-Texas-USA with 100% Brazilian capital. The service company is booming with extensive maintenance in USA wind farms.

#### Other income

The amounts recorded as "Other income" mainly refer to the recognition of scrap sales and revenue from the beginning of the contract, referring to the development of projects.



# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

---

### 3.10 Taxes

#### Current income tax and social contribution

Current tax assets and liabilities for the last year and prior years are measured at the expected amount recoverable from or payable to the tax authorities. The current and deferred income tax and social contribution are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Taxes on profit are recognized in the statement of income, except to the extent that they relate to items recognized in comprehensive income or directly in equity, net of tax.

Taxes on profit include income tax and social contribution. Income tax is calculated at the rate of 15% on the taxable profits plus a 10% surtax on taxable profit exceeding R\$ 240, in the twelve-month period, and social contribution is calculated at the rate of 9% on taxable profits. Recognized on the accrual basis, therefore, when applicable, inclusions in the accounting profit of temporarily non-deductible expenses or exclusions of temporarily non-taxable revenues in order to determine the current taxable profit generate deferred tax assets or liabilities.

#### Income tax and social contribution - deferred

The current and deferred income tax and social contribution are calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred taxes are not accounted for if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

Deferred tax assets and liabilities are presented net in the balance sheet when there is a legally enforceable right and the intention to offset them upon the calculation of current taxes, generally when related to the same legal entity and the same tax authority. Accordingly, deferred tax assets and liabilities in different entities or in different countries are generally presented separately, and not on a net basis.

#### Taxes on purchases:

Purchases, expenses and assets are recognized net of taxes on purchases, except:

- When taxes incurred on purchase of goods and services are not recoverable from tax authorities, in which case taxes on purchases are recognized as part of the acquisition cost of the asset or expense item, as appropriate.

#### Taxes on sales:

- The net amount of taxes on sales, recoverable or payable, is included as a component of the accounts receivable or payable in the balance sheet.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

---

Description	Rates
PIS (Social Integration Program)	1.65%
COFINS (Social Contribution on Revenues)	7.60%
ICMS (Value-added Tax on Sales and Services)	Exempt
IPI (Excise Tax)	0%
ISS (Service Tax)	2%

The ICMS tax on the sale of the rotor blade through NCM 8503.00.90 is exempt under the Confaz 101/97 Agreement.

The accumulation of tax credits in the Company arises from incentives for sales to the foreign market and exempt sales in the domestic market.

Taxes (PIS and COFINS) are presented as sales deductions in the statement of income and credits arising from non-cumulative PIS / COFINS are deducted from the cost of sales in the statement of income.

The IPI tax on the sale of rotor blades has a 0% rate according to its NCM 8503.00.90 in the TIPI table. Exports are exempt from taxes (PIS and COFINS) and are not subject to IPI and ICMS taxes.

### 3.11 Government grants and assistance

Government grants are recognized in profit or loss when there is reasonable assurance that the grant will be received and that the conditions established for the benefit will be met by the Company. Subsequently, they are allocated to the tax incentive reserve in equity.

The Company enjoys tax benefits granted by the Superintendence for the Development of the Northeast - SUDENE, of a 75% reduction in income tax on operating profit and when using the benefits, the Company is required to set up a tax incentive reserve in the amount equivalent to the unpaid income tax. The effect of the benefit determined in the period is recognized in profit or loss as subsidy revenue, deducting the amount of current income tax calculated.

The Company also enjoys the tax benefit granted by the Government of the State of Ceará through the agency ADECE - FDI (Industrial Development Fund) with 75% of the ICMS collected monthly and 100% of the ICMS levied on imports of raw materials and inputs for use in the industrial process.

### 3.12 Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. When a provision is expected to be fully or partially reimbursed, e.g., in connection with an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is practically certain.

Expenses associated with any provisions are recorded in the statement of income, net of any reimbursements.

### 3.13 Uncertainty over Income Tax Treatments - ICPC 22 / IFRIC 23

On January 1, 2019, the new interpretation became effective, clarifying how to apply the recognition and measurement requirements of CPC 32 / IAS 12 - Income Taxes when tax treatments are uncertain, due to any tax procedures adopted in the calculation of Corporate Income Tax (IRPJ) or Social Contribution on Net Income (CSLL), which may be challenged by the tax authority and, consequently, entail an increase or decrease in current and deferred tax assets and/or tax liabilities.

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim**

**financial statements at September 30, 2020**

**All amounts in thousands of reais unless otherwise stated**

---

The Company must assess the likelihood of acceptance by the tax authorities in relation to tax treatment of income taxes considered to be uncertain and present them separately, determining any contingency.

The Company did not identify any impacts on the application of ICPC 22 / IFRIC 23, after the analyses carried out.

### **3.14 Leases – CPC 06 (R2) / IFRS 16**

The Company had no impact on its financial statements from the adoption of CPC 06 (R2)/IFRS 16, since the Company has few lease agreements, all of which are outside the scope of this new standard as they are short-term or low value.

### **3.15 New standards, interpretations and amendments to standards effective after January 1, 2020**

There are no IFRS or IFRIC interpretations that are not yet effective, which would be expected to have a material impact on the Company's interim financial statements.

### **3.16 Significant accounting judgments, estimates and assumptions**

#### **Judgments**

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, as well as the disclosures of contingent liabilities at the reporting date.

In the process of applying the Company's accounting policies, Management made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

#### **Estimates and assumptions**

The main assumptions related to sources of uncertainty in future estimates and other important sources of uncertainty in estimates at the balance sheet date, involving a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are presented below:

#### **Impairment of tax credits**

Current tax assets and liabilities for the current and previous years are measured at the expected amount to be recovered or paid to the tax authorities, using the tax rates that are approved at the end of the reporting year. The accumulation of tax credits in the Company's assets arises from incentives for sales to the foreign market and exempt sales in the domestic market.

Management has plans for the future realization of such ICMS credits, with some realization alternatives that are currently considered: (i) offset against other state taxes in accordance with the prevailing tax legislation; (ii) trading of credits with third parties with the consent of the State and; (iii) filing for approval and refund in cash of these tax credits with the tax authorities.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

### Useful life of property, plant and equipment

The economic useful life of the Company's property, plant and equipment items was established by its internal technical team, specifically the professionals responsible for the production and maintenance of the Company's facilities.

For this, the following assumptions were used:

- Planning of expenditures with property, plant and equipment: policy of substitution of machines, technological obsolescence of products and comparisons with the technology used by competitors, level of obsolescence, etc.;
- Technical or commercial obsolescence arising from changes or improvements in production, or from changes in market demand for the product derived from the asset;
- Conditions of use: installations, humidity in the environment, heat, dust, dirt;
- Assessment of historical data and comparison of similar assets, including comparisons with companies from the same sector;
- Company maintenance policy, to safeguard assets.

### 3.17 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. They are fully consolidated from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

Identifiable assets acquired and liabilities and contingent liabilities assumed for the acquisition of subsidiaries in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Non-controlling interests are determined on each acquisition. Acquisition-related costs are expensed as incurred.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. The accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 4. Cash and cash equivalents

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash	68	39	68	42
Banks	79,545	45,541	80,462	47,633
Financial investments	141,706	18,027	141,706	18,027
	<b>221,319</b>	<b>63,607</b>	<b>222,235</b>	<b>65,702</b>

Financial investments refer to short-term financial instruments, highly liquid, classified as amortized cost, readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

These financial investments refer substantially to Bank Deposit Certificates yielding an average rate of 100% of the CDI (100% of the CDI in 2019).

### 5. Financial assets – parent company and consolidated

	<u>09/30/2020</u>	<u>12/31/2019</u>
Banco do Nordeste	<u>16,009</u>	<u>13,097</u>
	<u><b>16,009</b></u>	<u><b>13,097</b></u>

Financial investments in current assets refer to financial instruments classified as measured at amortized cost. These financial investments refer substantially to Bank Deposit Certificates yielding an average rate of 100% of the CDI (100% of the CDI in 2019). As described in Note 12, these financial investments are maintained as guarantees for some borrowings, and as they are renewed annually, they are kept in current assets, however segregated from cash equivalents.

### 6. Trade receivables and advances from customers

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09/30/2020</u>	<u>12/31/2019</u>	<u>09/30/2020</u>	<u>12/31/2019</u>
Sale of rotor blades	132,499	87,768	132,499	87,768
Services rendered	<u>16,605</u>	<u>7,846</u>	<u>24,281</u>	<u>10,764</u>
	<u><b>149,104</b></u>	<u><b>95,614</b></u>	<u><b>156,780</b></u>	<u><b>98,532</b></u>

Aging list of trade receivables:

	<u>09/30/2020</u>	<u>12/31/2019</u>	<u>09/30/2020</u>	<u>12/31/2019</u>
Falling due up to 30 days	146,778	94,346	154,428	94,346
Falling due from 31 to 60 days	<u>2,326</u>	<u>1,268</u>	<u>2,352</u>	<u>4,186</u>
	<u><b>149,104</b></u>	<u><b>95,614</b></u>	<u><b>156,780</b></u>	<u><b>98,532</b></u>

The Company did not recognize estimated credit losses on trade receivables, since most of the Company's operations involve their early receipt under contracts with customers, as such, it does not expect losses on such receivables. The Company also has no history of default on the realization of its trade receivables.

At September 30, 2020, the Company has a balance of R\$ 105,451 and R\$ 105,712, parent and consolidated, respectively (December 31, 2019 -R\$ 102,571 – parent and consolidated) related to advances from customers. These amounts will be offset against future billings, usually towards the end of each contract, and most of the balance is recognized in non-current liabilities.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

### 7. Inventories

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Raw materials	254,718	58,565	254,718	58,565
Work in progress	105,759	44,311	105,759	44,311
Auxiliary material	44,019	13,213	44,138	13,213
Finished products	24,398	13,187	24,398	13,187
Maintenance supplies	7,214	4,758	7,214	4,758
Safety equipment	622	1,417	622	1,417
Advances to suppliers for inventory purchases (i)	102,831	28,571	102,831	28,571
Other	2,520	3,237	2,520	3,237
	<b>542,079</b>	<b>167,259</b>	<b>542,199</b>	<b>167,259</b>

(i) The volume of financial disbursement related to advances to suppliers grew directly in proportion to the volume of production. The foreign raw materials lead time has an average collection period of 90 days.

The cost of inventories recognized in profit or loss and included in "Cost of sales" accumulated in the nine-month period ended September 30, 2020 totaled R\$ 1,260,000 and R\$ 1,275,759, parent company and consolidated, respectively (R\$ 443,554 and R\$ 452,816 at September 30, 2019 - parent company and consolidated, respectively).

At September 30, 2020, the Company did not identify obsolete items in the inventory balance, based on the best estimate.

### 8. Taxes recoverable – Parent company and Consolidated

	09/30/2020	12/31/2019
ICMS (a)	80,578	60,836
IPI (b)	37,768	8,802
PIS (c)	2,955	3,286
COFINS (c)	13,289	14,985
REINTEGRA (d)	1,753	1,946
INSS (Social Security Contribution)	-	1,719
ISS (Service Tax)	21	-
Other taxes	817	283
	<b>137,182</b>	<b>91,857</b>
Current	<b>66,708</b>	<b>35,575</b>
Non-current	<b>70,474</b>	<b>56,282</b>

(a) ICMS credits basically refer to credits arising from the payment of ICMS on the purchase of raw materials for production, in a volume higher than the debts generated, given that sales to the foreign market are exempt.

The Company expects to recover these credits in full, either to offset taxes on sales in the domestic market or in the purchases of property, plant and equipment, sales to third parties, or even, through a request for refund in cash to the Government of the State of Ceará, as credits do not expire.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

The Company estimates that they will be realized within a maximum period of 9 years.

- (b) IPI credits basically refer to credits arising from the payment of IPI on the purchase of raw materials for production and are being carried out on a straight-line basis according to the Company's operation.
- (c) The PIS and COFINS credit derives from the purchase of raw materials for production. Due to the high export rates in 2019, around 70% of sales, the Company accumulated credit at the end of the year. Its realization will take place in the second half of 2020 with the billing in the domestic market of the product V150, with the generation of Pis and Cofins debit in its non-cumulative calculation.
- (d) Reintegra (Special Regime of Reintegration of Tax Values for Exporting Companies) is a program created by the government to encourage the export of manufactured products. Its objective is to partially or fully return the existing tax residue in the exported goods production chain.

## 9. Income tax and social contribution

- a) Reconciliation of Income Tax (IRPJ) and Social Contribution (CSLL) expenses and income and the effective rate applied to these taxes

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Accounting profit before income tax and social contribution	114,610	56,647	114,773	56,647
Combined tax rate	34%	34%	34%	34%
Income tax and social contribution at the combined statutory tax rate	(38,967)	(19,260)	(38,967)	(19,260)
<b>Permanent additions:</b>	<b>(1,766)</b>	<b>(2,095)</b>	<b>(1,766)</b>	<b>(2,095)</b>
Non-deductible expenses	(1,766)	(2,095)	(1,766)	(2,095)
<b>Permanent exclusions:</b>	<b>2,671</b>	<b>1,892</b>	<b>2,063</b>	<b>1,892</b>
Exclusions	2,671	1,892	2,063	1,892
Incentives	20,733	10,287	20,733	10,287
Other adjustments:	1,437	811	1,437	811
Current income tax and social contribution in profit for the period after additions/exclusions *34%	(16,490)	(8,231)	(16,654)	(8,231)
Effective rate	14.39%	14.53%	14.51%	14.53%

- b) Deferred taxes

The Company, based on CPC 27 - Property, plant and equipment, recognized temporary differences between depreciation for tax and accounting purposes, as well as deferred tax liabilities thereon:

	Parent company	
	09/30/2020	12/31/2019
Deferred income tax and social contribution liability		
Deferred taxes on depreciation rate	549	-
	<b>549</b>	<b>-</b>

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

c) Effect from income tax and social contribution on the statement of income for the period:

Income tax and social contribution recognized in profit or loss are shown below:

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
<b>Current</b>				
Income tax	(26,990)	(13,408)	(27,153)	(13,408)
Tax incentive	20,733	10,287	20,733	10,287
Social contribution	(10,233)	(5,109)	(10,233)	(5,109)
	<b>(16,490)</b>	<b>(8,231)</b>	<b>(16,654)</b>	<b>(8,231)</b>
<b>Deferred</b>				
Income tax	(404)	-	(404)	-
Social contribution	(145)	-	(145)	-
	<b>(549)</b>	<b>-</b>	<b>(549)</b>	<b>-</b>

d) Incentives

As described in Note 3.11, the Company enjoys tax benefits granted by the Superintendence for the Development of the Northeast - SUDENE, of a 75% reduction in income tax on tax incentive operations ("Lucro da Exploração").

## 10. Property, plant and equipment

	Parent company			
	09/30/2020	12/31/2019		
	Cost	Accumulated depreciation	Net	Net
Construction in progress	106,453	-	106,453	37,514
Machinery and equipment	108,010	(21,083)	86,926	74,658
Furniture	12,155	(3,694)	8,460	5,455
IT equipment	5,430	(3,305)	2,125	1,991
Land	52,551	-	52,551	21,789
Vehicles	2,899	(847)	2,052	1,325
Buildings and improvements	199,477	(12,671)	186,806	169,196
Facilities	56,009	(21,096)	34,913	30,129
Tools	2,060	(962)	1,099	839
Aircraft	10,891	(726)	10,165	
	<b>555,934</b>	<b>(64,384)</b>	<b>491,551</b>	<b>343,625</b>



## Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

### Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

	09/30/2020			Consolidated
	Cost	Accumulated depreciation	Net	12/31/2019 Net
Construction in progress	106,453	-	106,453	37,514
Machinery and equipment	108,411	(21,110)	87,300	74,658
Furniture	12,155	(3,694)	8,460	6,189
IT equipment	5,446	(3,308)	2,138	1,991
Land	52,551	-	52,551	21,789
Vehicles	2,961	(849)	2,112	1,325
Buildings and improvements	199,477	(12,671)	186,806	169,196
Facilities	56,009	(21,096)	34,913	30,129
Tools	2,798	(1,046)	1,751	1,158
Aircraft	10,891	(726)	10,165	
	<b>557,151</b>	<b>(64,501)</b>	<b>492,650</b>	<b>343,985</b>

## Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

### Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

Changes in property, plant and equipment balances are as follows:

	Parent company										
	Construction in progress	Machinery and equipment	Furniture	IT equipment	Land	Vehicles	Buildings and improvements	Facilities	Tools	Aircraft	Total
<b>December 31, 2018</b>	<b>3,733</b>	<b>35,901</b>	<b>5,455</b>	<b>1,686</b>	<b>13,740</b>	<b>765</b>	<b>97,053</b>	<b>35,053</b>	<b>913</b>	-	<b>194,298</b>
Additions	109,275	7,524	941	717	3,049	420	6	(57)	123	-	122,000
Depreciation	-	(1,999)	(577)	(459)	-	(176)	(1,265)	(3,650)	(208)	-	(8,334)
Disposals	-	(3,498)	(15)	(9)	-	-	-	-	-	-	(3,522)
Transfers	(664)	699	(94)	47	-	-	9	-	2	-	-
<b>At September 30, 2019</b>	<b>112,344</b>	<b>38,628</b>	<b>5,712</b>	<b>1,982</b>	<b>16,789</b>	<b>1,009</b>	<b>95,803</b>	<b>31,346</b>	<b>829</b>	-	<b>304,442</b>
<b>At December 31, 2019</b>	<b>37,514</b>	<b>74,658</b>	<b>6,183</b>	<b>1,991</b>	<b>21,789</b>	<b>1,325</b>	<b>169,197</b>	<b>30,129</b>	<b>839</b>	-	<b>343,625</b>
Additions (a)	72,704	16,284	2,777	749	30,762	1,403	21,379	8,675	469	10,891	166,093
Depreciation	-	(5,547)	(834)	(626)	-	(275)	(3,898)	(4,004)	(238)	(726)	(16,148)
Disposals	(118)	(1,383)	(119)	-	-	(400)	-	-	-	-	(2,019)
Transfers	(3,647)	2,914	453	11	-	0	129	113	29	-	-
<b>At September 30, 2020</b>	<b>106,453</b>	<b>86,926</b>	<b>8,460</b>	<b>2,125</b>	<b>52,551</b>	<b>2,052</b>	<b>186,806</b>	<b>34,913</b>	<b>1,099</b>	<b>10,165</b>	<b>491,551</b>

- (a) The increase in additions mainly refers to the purchase of a plot of land and certain buildings (warehouses) acquired in the period for setting up a branch. There has also been an increase in Property, plant and equipment in progress, referring to the plant expansion plan in connection with the new contracts with customers Nordex, Acciona and GE (a).

## Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

### Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

	Consolidated										
	Construction in progress	Machinery and equipment	Furniture	IT equipment	Land	Vehicles	Buildings and improvements	Facilities	Tools	Aircraft	Total
<b>At December 31, 2018</b>	<b>3,733</b>	<b>35,901</b>	<b>5,455</b>	<b>1,686</b>	<b>13,740</b>	<b>765</b>	<b>97,053</b>	<b>35,053</b>	<b>912</b>	<b>-</b>	<b>194,298</b>
Additions	109,275	7,565	941	723	3,049	420	6	(57)	475	-	122,400
Depreciation	-	(2,001)	(577)	(459)	-	(176)	(1,265)	(3,650)	(221)	-	(8,349)
Disposals	-	(3,498)	(15)	(9)	-	-	-	-	-	-	(3,522)
Transfers	(664)	699	(94)	47	-	-	9	-	2	-	0
<b>At September 30, 2019</b>	<b>112,344</b>	<b>38,666</b>	<b>5,712</b>	<b>1,988</b>	<b>16,789</b>	<b>1,009</b>	<b>95,803</b>	<b>31,346</b>	<b>1,169</b>	<b>-</b>	<b>304,827</b>
<b>At December 31, 2019</b>	<b>37,514</b>	<b>74,694</b>	<b>6,183</b>	<b>1,997</b>	<b>21,789</b>	<b>1,325</b>	<b>169,196</b>	<b>30,129</b>	<b>1,158</b>	<b>-</b>	<b>343,985</b>
Additions	72,704	16,644	2,777	759	30,762	1,465	21,379	8,675	857	10,891	166,912
Depreciation	-	(5,569)	(834)	(628)	-	(278)	(3,898)	(4,004)	(292)	(726)	(16,228)
Disposals	(118)	(1,383)	(119)	-	-	(400)	-	-	-	-	(2,019)
Transfers	(3,647)	2,914	453	11	-	0	129	113	29	-	0
<b>At September 30, 2020</b>	<b>106,453</b>	<b>87,300</b>	<b>8,460</b>	<b>2,138</b>	<b>52,551</b>	<b>2,112</b>	<b>186,806</b>	<b>34,913</b>	<b>1,751</b>	<b>10,165</b>	<b>492,650</b>

Depreciation is calculated using the straight-line method over their estimated useful lives, at rates that consider their estimated useful lives.

The Company's property, plant and equipment, after the analysis of internal sources, did not indicate impairment or physical damage which could compromise its future cash flow.

The Company does not have any collateral related to borrowings.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

### 11. Trade payables

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Local	119,524	70,640	119,524	70,640
Foreign	73,341	45,940	74,303	45,989
	<b>192,865</b>	<b>116,580</b>	<b>193,827</b>	<b>116,629</b>

The balance payable at September 30, 2020 and December 31, 2019 mainly refers to the purchase of raw materials and auxiliary materials for production.

### 12. Borrowings

Financial institution	Original currency	Type	Interest rate	Parent company		Consolidated	
				09/30/2020	12/31/2019	09/30/2020	12/31/2019
Banco do Nordeste	Real	Financing	2.66% p.a. + IPCA	168,467	112,585	168,467	112,585
Banco Votorantim	Real	WC	CDI + 3.5% p.a.	89,881	32,250	89,881	32,250
Banco Votorantim	USD	WC	CDI + 2.15% p.a.*	31,507	0	31,507	
Banco Votorantim	USD	WC	3.85% p.a.*	30,650	10,342	30,650	10,342
Banco BNDES	Real	Financing	TLP + 1.63% p.a.	119,382	25,404	119,382	25,404
Banco ABC	Real	WC	CDI + 3.5% p.a.	41,033	27,932	41,033	27,932
Banco Itaú	USD	WC	CDI + 2.14% p.a.*	-	31,555	0	31,555
Banco Itaú	Real	WC	CDI + 4.45% p.a.	30,661	-	30,661	-
FINEP	Real	Financing	7.0% p.a.	19,505	22,213	19,505	22,213
Citibank	Real	WC	CDI + 3.5% p.a.	40,154	18,621	40,154	18,621
Citibank	USD	WC	CDI + 2.90% p.a.*	29,488	31,670	29,488	31,670
Citibank	USD	WC	Libor + 2% p.a.	-	-	48,349	-
Banco BCG	Real	WC	CDI + 3.5% p.a.	12,772	13,965	12,772	13,965
Banco do Brasil	Real	WC	4.0% p.a.	40,229	30,422	40,229	30,422
Banco Santander	Real	WC	CDI + 4.0% p.a.	118,048	19,517	118,048	19,517
Banco Santander	USD	WC	5.70% p.a.	33,486	-	33,486	-
Banco BTG Pactual	Real	WC	CDI + 5% p.a.	151,415	-	151,415	-
Banco Safra (**)	Real	WC	5.8% p.a.	32,803	-	32,803	-
Other banks (**)	Real	WC	CDI + 5.5% p.a.	38,796	-	38,796	-
<b>Total</b>				<b>1,028,276</b>	<b>376,477</b>	<b>1,076,625</b>	<b>376,477</b>
Current				498,500	184,650	546,849	184,650
Non-current				529,777	191,827	529,777	191,827
<b>Total</b>				<b>1,028,276</b>	<b>376,477</b>	<b>1,076,625</b>	<b>376,477</b>

(\*) Borrowings with swap.

(\*\*) Bridge loans to be settled in 2020.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

Changes in borrowings are as follows:

	Parent company		
	Current	Non-current	Total
At December 31, 2018	<b>73,022</b>	<b>233,893</b>	<b>306,915</b>
Proceeds from borrowings	182,497	42,845	225,342
Interest and foreign exchange variations	32,947	298.34	33,245
Repayment of principal	(78,900)	(79,853)	(158,753)
Payment of interest	(30,272)	-	(30,272)
Transfer	5,356	(5,356)	-
At December 31, 2019	<b>184,650</b>	<b>191,827</b>	<b>376,477</b>
Proceeds from borrowings	464,735	374,361	839,097
Interest and foreign exchange variations	64,243	11,657	75,900
Repayment of principal	(181,690)	(40,701)	(222,392)
Payment of interest	(38,133)	(2,672)	(40,805)
Transfer	4,695	(4,695)	-
At September 30, 2020	<b>498,500</b>	<b>529,777</b>	<b>1,028,276</b>

	Consolidated		
	Current	Non-current	Total
<b>At December 31, 2018</b>	<b>73,022</b>	<b>233,893</b>	<b>306,915</b>
Proceeds from borrowings	182,497	42,845	225,342
Interest and foreign exchange variations	32,947	298.34	33,245
Repayment of principal	(78,900)	(79,853)	(158,753)
Payment of interest	(30,272)	-	(30,272)
Transfer	5,356	(5,356)	-
<b>At December 31, 2019</b>	<b>184,650</b>	<b>191,827</b>	<b>376,477</b>
Proceeds from borrowings	408,859	167,980	576,839
Interest and foreign exchange variations	65,655	11,365	77,020
Repayment of principal	(110,169)	(35,816)	(145,985)
Payment of interest	(46,756)	(11,657)	(58,413)
Transfer	(53,081)	53,081	-
<b>At September 30, 2020</b>	<b>546,849</b>	<b>529,777</b>	<b>1,076,625</b>

The maturity date of the borrowings is as follows:

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
2020	238,407	184,562	250,407	184,562
2021	378,101	63,375	414,450	63,375
2022	277,521	49,436	277,521	49,436
2023	40,699	79,104	40,699	79,104
2024 onwards	93,549	-	93,549	-
	<b>1,028,276</b>	<b>376,477</b>	<b>1,076,625</b>	<b>376,477</b>

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim financial statements at September 30, 2020 All amounts in thousands of reais unless otherwise stated

### Financial guarantees

The guarantees for borrowings are as follows:

Type of guarantee	<u>09/30/2020</u>	<u>12/31/2019</u>
Personal guarantee	183,628	25,404
Financial investments	16,009	13,097
Letter of guarantee	<u>130,736</u>	<u>5,283</u>
	<b><u>330,373</u></b>	<b><u>43,784</u></b>

### Borrowing costs

The amount of borrowing costs capitalized as at September 30, 2020 totaled R\$ 5.3 million (R\$ 2,672,799 as at September 30, 2019).

### Covenants

The Company has some borrowing agreements that provide for debt early maturity clauses in case of non-compliance with certain contractual requirements. At September 30, 2020 and December 31, 2019, the Company complied with all these requirements.

## 13. Equity

### i. Share capital

At September 30, 2020 and December 31, 2019, the share capital was R\$ 37,340 and R\$ 36,183, respectively, comprised as follows (in units):

	<u>09/30/2020</u>	<u>12/31/2019</u>
ON - Registered common shares	<u>615,828,842</u>	<u>609,670,554</u>
	<b><u>615,828,842</u></b>	<b><u>609,670,554</u></b>

Stockholders	Number of shares	
	Common shares (ON)	% ON
Alexandre Funari Negrão	463,349,621	70.29%
Alexandre Sarnes Negrão	30,483,527	4.95%
Vera Sarnes Negrão	30,483,527	4.95%
Bruno Vilela Cunha	18,290,117	2.97%
Bruno Lolli	13,717,587	2.23%
Cassio Cancela e Penna	13,717,587	2.23%
Daniel Henrique da Costa Mello	13,717,587	2.23%
Vitor de Araujo Santos	13,717,587	2.23%
Gisela Sarnes Negrão Assis	12,193,412	1.98%
Fernanda Sarnes Negrão	12,193,412	1.98%
Marcio José Marzola	12,193,412	1.98%
Edson Ticle de Andrade Melo e Souza Filho	6,158,288	1.00%
Luiz Henrique Thonon	6,096,706	0.99%
Total	<u>615,828,842</u>	<u>100%</u>

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim financial statements at September 30, 2020** All amounts in thousands of reais unless otherwise stated

---

On August 25, 2020, the Extraordinary Shareholders' Meeting approved capital increase of R\$ 1,157, through the issue of shares, at the value of R\$ 0.18787851 per share, defined pursuant to paragraph 1, item II of article 170, of the Brazilian Corporation Law. This amount was fully allocated to the formation of the Company's share capital, referring to the admission of a new shareholder; namely, Edson Ticle de Andrade Melo e Souza Filho. The amount was fully paid up on September 30, 2020.

The shares are classified as follows:

ON - Registered common shares;

The shares are indivisible in relation to the Company and each share, common or preferred, entitles its holder the right to one vote in corporate resolutions.

The Company may, up to the maximum limit permitted by law, issue preferred shares, with or without voting rights, in one or more classes, even if more favored than those previously existing, establishing their respective preferences and advantages.

The issue of preferred shares, with or without voting rights, or the increase of existing classes without keeping proportion with the other types and classes, will not give dissenting stockholders the right of withdrawal referred to in article 137 of Law 6,404/76, as amended.

The preferred shares issued by the Company will grant their holders the following rights:

- (i) Class "D" registered preferred shares, with no par value, convertible into common and redeemable shares, will give their holders top priority in the distribution of dividends over class "A" and "B" registered preferred shares and registered common shares issued by the Company, and on equal terms with the class "C" registered preferred shares issued by the Company, and fixed and cumulative dividends, due and calculated on the issue price, defined by the equivalent of 100% of the Interbank Deposit Certificates ("CDI"), plus 5.5% p.a.. Class "D" registered preferred shares will be redeemable by the Company, at any time, upon request by the stockholder holding such shares, for the subscription value of such shares, together with any fixed and cumulative dividends due and not yet paid. At September 30, 2020 and December 31, 2019, the Company did not issue shares of this nature.

In addition, class "D" preferred shares will be convertible into registered common shares with no par value of the Company; the number of common shares to be issued due to the conversion will be calculated considering (i) the issue price of class "D" preferred shares and any fixed and cumulative dividends due up to the conversion date calculated pro rata die; and (ii) the equity value of the Company's shares, determined according to the balance sheet drawn up at least 30 days prior to the conversion.

### **ii. Allocation of profits**

According to the bylaws, the profits corresponding to each fiscal year will be allocated as follows: The legal reserve is credited annually with 5% of the profit for the year and cannot exceed 20% of capital. Under the Company's Bylaws, stockholders will be entitled as a minimum mandatory dividend to 1% of the Company's profits in proportion to their respective equity interests in the form of mandatory dividends. The remaining balance of the profit will be allocated as decided by the stockholders at the general meeting, subject to the provisions of Article 24 of the Bylaws.

### **Tax incentive reserve**

It is set up annually from the portion of the profit resulting from government grants received by the Company.

### **Distribution of dividends**

In 2020, the distribution of dividends in the amount of R\$ 101,755 was approved by stockholders, of which until September 30, 2020, R\$ 51,755 had been paid and R\$ 50,000 were accrued in current liabilities.

## Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

### Notes to the interim

#### financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

#### 14. Net operating revenue

	Parent company		Parent company		Consolidated		Consolidated	
	07/01/2020 to 09/30/2020	07/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	07/01/2020 to 09/30/2020	07/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019
Gross revenue								
Sale of goods	734,044	210,831	1,516,231	541,421	734,044	210,831	1,516,231	541,421
Services rendered	16,542	9,458	25,013	14,387	24,928	16,623	46,144	24,534
Sale of goods purchased from third parties	-	-	-	11	-	-	-	11
	<b>750,585</b>	<b>220,289</b>	<b>1,541,244</b>	<b>555,818</b>	<b>758,972</b>	<b>227,454</b>	<b>1,562,375</b>	<b>565,965</b>
Deductions								
Taxes on sales (a)	(51,325)	(5,721)	(100,771)	(12,029)	(51,325)	(5,721)	(100,771)	(12,029)
Taxes on services	(1,761)	(1,064)	(2,714)	(1,567)	(1,824)	(1,064)	(2,827)	(1,567)
	<b>(53,086)</b>	<b>(6,785)</b>	<b>(103,485)</b>	<b>(13,596)</b>	<b>(53,149)</b>	<b>(6,785)</b>	<b>(103,597)</b>	<b>(13,596)</b>
Net operating revenue	<b>697,499</b>	<b>213,505</b>	<b>1,437,759</b>	<b>542,222</b>	<b>705,823</b>	<b>220,669</b>	<b>1,458,778</b>	<b>552,369</b>

(a) Taxation on sales is shown in item 3.10 of the accounting policies.



# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

### financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

#### 15. Cost of sales

	Parent company		Parent company		Consolidated		Consolidated	
	07/01/2020	07/01/2019	01/01/2020	01/01/2019	07/01/2020	07/01/2019	01/01/2020	01/01/2019
	to	to	to	to	to	to	to	to
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Cost of materials	(522,404)	(124,072)	(1,023,751)	(319,860)	(522,854)	(124,604)	(1,024,624)	(320,771)
Personnel	(55,468)	(30,786)	(160,224)	(83,253)	(60,578)	(35,175)	(172,645)	(90,035)
Depreciation and amortization	(5,559)	(2,947)	(14,984)	(8,801)	(5,594)	(2,958)	(15,061)	(8,816)
Utilities	(11,328)	(5,082)	(28,677)	(13,922)	(11,384)	(5,098)	(28,812)	(13,955)
Services rendered	(5,880)	(3,356)	(14,944)	(10,085)	(5,881)	(3,374)	(14,947)	(10,104)
Rentals	(3,042)	(1,206)	(7,135)	(2,971)	(3,375)	(1,463)	(7,485)	(3,325)
Other	(3,938)	(1,706)	(10,284)	(4,662)	(4,700)	(2,403)	(12,184)	(5,811)
	<b>(607,619)</b>	<b>(169,155)</b>	<b>(1,260,000)</b>	<b>(443,554)</b>	<b>(614,367)</b>	<b>(175,074)</b>	<b>(1,275,759)</b>	<b>(452,816)</b>

#### 16. Selling, general and administrative expenses

	Parent company		Parent company		Consolidated		Consolidated	
	07/01/2020	07/01/2019	01/01/2020	01/01/2019	07/01/2020	07/01/2019	01/01/2020	01/01/2019
	to	to	to	to	to	to	to	to
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Personnel	(11,635)	(9,404)	(30,330)	(22,873)	(13,401)	(10,077)	(34,359)	(24,234)
Services rendered	(3,058)	(1,430)	(7,633)	(3,187)	(3,219)	(1,561)	(8,067)	(3,587)
Depreciation and amortization	(617)	(234)	(1,706)	(686)	(617)	(234)	(1,706)	(686)
Travel expenses	(1,045)	(1,792)	(4,091)	(4,701)	(1,045)	(1,792)	(4,091)	(4,701)
Rentals	(203)	(103)	(458)	(243)	(271)	(129)	(658)	(349)
Utilities	(545)	(338)	(1,529)	(861)	(545)	(338)	(1,529)	(861)
Other	(635)	(323)	(1,860)	(923)	(690)	(359)	(1,977)	(991)
	<b>(17,738)</b>	<b>(13,624)</b>	<b>(47,608)</b>	<b>(33,473)</b>	<b>(19,788)</b>	<b>(14,490)</b>	<b>(52,387)</b>	<b>(35,408)</b>

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

### 17. Other operating income (expenses), net

	Parent company		Parent company		Consolidated		Consolidated	
	07/01/2020	07/01/2019	01/01/2020	01/01/2019	07/01/2020	07/01/2019	01/01/2020	01/01/2019
	to	to	to	to	to	to	to	to
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Profit (loss) on sale of assets	4,517	4,561	4,687	4,561	4,517	4,561	4,687	4,561
Other income (i)	9,549	5,718	28,888	14,382	9,569	5,718	28,908	14,382
Warranty expenses	(228)	(48)	(450)	(1,590)	(228)	(48)	(450)	(1,590)
Donations (ii)	(333)	(459)	(821)	(479)	(333)	(459)	(821)	(479)
Other operating expenses	(1,091)	(629)	(1,790)	(1,032)	(1,091)	(629)	(1,790)	(1,032)
	<b>12,415</b>	<b>9,142</b>	<b>30,512</b>	<b>15,842</b>	<b>12,436</b>	<b>9,142</b>	<b>30,533</b>	<b>15,842</b>

(i) Revenue from the beginning of a project development contract.

(ii) Donations Rouanet Law/ FCAD / Elderly / Sport.

### 18. Finance results

	Parent company		Parent company		Consolidated		Consolidated	
	07/01/2020 to	07/01/2019 to	01/01/2020 to	01/01/2019 to	07/01/2020 to	07/01/2019 to	01/01/2020 to	01/01/2019 to
	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019	09/30/2020	09/30/2019
<b>Finance costs</b>								
Derivative financial instruments	(7,592)	(9,684)	(40,206)	(22,838)	(7,592)	(9,684)	(40,206)	(22,838)
Foreign exchange loss	(18,836)	(4,809)	(60,827)	(10,733)	(18,836)	(4,809)	(60,827)	(10,733)
Interest on borrowings	(20,455)	(11,578)	(41,852)	(29,995)	(21,038)	(11,578)	(43,645)	(29,995)
Other	(480)	(506)	(2,283)	(1,359)	(489)	(542)	(2,316)	(1,400)
	<b>(47,362)</b>	<b>(26,576)</b>	<b>(145,169)</b>	<b>(64,925)</b>	<b>(47,955)</b>	<b>(26,613)</b>	<b>(146,994)</b>	<b>(64,966)</b>
<b>Finance income</b>								
Derivative financial instruments	8,402	9,684	41,016	22,838	8,402	9,684	41,016	22,838
Foreign exchange gains	18,365	5,920	51,544	11,666	18,365	5,920	51,544	11,666
Income from financial investments	2,647	2,723	3,253	4,944	1,083	2,723	3,310	4,944
Other	640	585	3,245	2,399	2,678	585	5,283	2,399
	<b>30,053</b>	<b>18,912</b>	<b>99,058</b>	<b>41,847</b>	<b>30,527</b>	<b>18,912</b>	<b>101,154</b>	<b>41,847</b>
Finance results	<b>(17,309)</b>	<b>(7,664)</b>	<b>(46,111)</b>	<b>(23,078)</b>	<b>(17,428)</b>	<b>(7,701)</b>	<b>(45,840)</b>	<b>(23,119)</b>

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim financial statements at September 30, 2020 All amounts in thousands of reais unless otherwise stated

### 19. Financial instruments, objectives and policies for financial risk management

The following shows the classification of financial instruments by category:

	Parent company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
<b>Measured at amortized cost</b>				
Financial assets	16,009	13,097	16,009	13,097
Cash and cash equivalents	221,319	63,607	222,235	65,702
Trade receivables	149,104	95,614	156,780	98,532
Other receivables	46,778	18,418	47,534	18,674
Trade payables	192,865	116,580	193,827	116,629
Borrowings	1,028,276	376,477	1,076,625	376,477
<b>Measured at fair value through profit or loss</b>				
Derivative financial instruments	35,127	1,093	35,127	1,093

#### Measurement

The carrying values of trade receivables and payables, less impairment provision in the case of trade receivables, are assumed to approximate their fair values.

The table below classifies assets and liabilities carried at fair value, by valuation method. The different levels have been defined as follows:

- . Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- . Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- . Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The process of Company's measurement of fair value of financial instruments is classified as Level 1. Only derivative financial instruments are classified as Level 2, whose balance at September 30, 2020 is R\$ 35,127 (R\$ 1,093 at December 31, 2019) and whose maturities are short- and long-term. At September 30, 2020 and December 31, 2019, the Company did not identify any significant differences between the fair values of financial instruments and their carrying amounts.

#### **Financial risk factors**

The Company is exposed to the following risks arising from the use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Foreign currency and interest rate risk.

This note presents information on the exposure to each of the aforementioned risks and the objectives of the Company.

Risk management is carried out by the Company's treasury department according to policies approved by the Board of Directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

---

### Credit risk

This arises from the possibility that the Company may suffer losses due to the default of its counterparties. To mitigate these risks, the Company adopts the procedure of analyzing the financial position of its counterparties, setting credit limits and constantly monitoring the customers outstanding balances.

### Liquidity risk

The main sources of financial resources used by the Company are derived from borrowings from financial institutions with long-term maturities and the sale of Company's products.

The main needs for the Company's financial resources arise from the need to pay for raw materials for production, operating expenses, expenses with salaries and other operating disbursements.

The maturity date of the non-current portion of the borrowings is presented in Note 12.

### **Market risk**

#### Foreign exchange risk

The Company's results are subject to significant variations due to the effects of exchange rate volatility on liabilities denominated in foreign currencies, mainly the US dollar, resulting from borrowings taken in 2019 and 2020.

The Company evaluates the contracting of hedge or swap operations to mitigate these risks. In addition, its export volume is used to balance this inflow and outflow of foreign currency, thus having a natural hedge established.

In the period ended September 30, 2020, Management opted to contract foreign exchange swaps and NDFs in order to fully hedge the effect of foreign exchange variations on the consolidated debt of USD 33.3 million; Banco Votorantim (USD 11 million), Citibank (USD 17.1 million) and Santander (USD 8.6 million).

Such instrument at market value at September 30, 2020 is R\$ 35,127 (R\$ 1,092 at December 31, 2019) and matures on the same date as the referred financing.

The following shows the Company's foreign currency exposure:

	<u>09/30/2020</u>	<u>12/31/2019</u>
	(USD)	(USD)
US dollar-indexed balances		
Borrowings	33,378	17,681
Foreign suppliers	13,191	11,397
Advances from foreign suppliers	(12,482)	(4,051)
Customers abroad	(18,853)	-
Swap contracts	(30,755)	(18,252)
Net position	<u>(15,521)</u>	<u>6,775</u>

### Sensitivity analysis to foreign exchange

The purpose of the sensitivity analysis is to measure the impact of changes in market variables on each financial instrument. However, the settlement of transactions involving these estimates may result in different amounts due to the subjectivity contained in the process used for preparation of such analyses. The probable scenario (base scenario) and two other scenarios are presented, under the terms determined

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

### financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

by CVM Instruction 475/08, representing a deterioration of the risk variable by 25% (possible) and 50% (remote). The probable scenario was defined using assumptions available in the market (B3 and BC Focus Bulletin).

The calculations estimated by the Company's management are reflected in the probable scenario, as shown in the table below:

<b>09/30/2020</b>				Probable scenario		Possible scenario - 25%		Remote scenario - 50%	
	Risk factor	Annual average rate	Exposed amounts	Annual average rate	Effect on profit or loss	Annual average rate	Effect on profit or loss	Annual average rate	Effect on profit or loss
Long position	USD	5.6407	279,825	5.2500	(19,382)	6.5625	45,729	7.875	110,840
Short position	USD	5.6407	(192,275)	5.2500	13,318	6.5625	-31,421	7.875	76,161
Net exposure			87,550		(6,064)		14,307		34,679

<b>12/31/2019</b>				Probable scenario		Possible scenario - 25%		Remote scenario - 50%	
	Risk factor	Annual average rate	Exposed amounts	Annual average rate	Effect on profit or loss	Annual average rate	Effect on profit or loss	Annual average rate	Effect on profit or loss
Long position	USD	4.0307	73,568	4.1000	1,265	5.1250	19,973	6.1500	38,681
Short position	USD	4.0307	(100,876)	4.1000	-1,734	5.1250	(27,387)	6.1500	(53,040)
Net exposure			(27,308)		(470)		(7,414)		(14,358)

### Interest rate risk

The Company is exposed mainly to changes in CDI interest rates on financial investments and borrowings. At September 30, 2020 and December 31, 2019, financial assets and liabilities have the following amounts:

	<b>09/30/2020</b>	<b>12/31/2019</b>
Floating rate - CDI		
Financial assets	157,712	28,957
Financial liabilities	(583,755)	(215,183)
	<b>(426,043)</b>	<b>(186,226)</b>

### Sensitivity analysis to interest rate

The purpose of the sensitivity analysis is to measure the impact of changes in market variables on each financial instrument. However, the settlement of transactions involving these estimates may result in different amounts due to the subjectivity contained in the process used for preparation of such analyses. The probable scenario (base scenario) and two other scenarios are presented, under the terms determined by CVM Instruction 475/08, representing a deterioration of the risk variable by 25% (possible) and 50% (remote). The probable scenario was defined using assumptions available in the market (B3 and BC Focus Bulletin).

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

The table below shows the sensitivity to possible changes in the level, indicating the deterioration in the Company's financial situation through the increase in interest rates on the portion of borrowings affected below:

09/30/2020				Probable scenario		Possible scenario		Remote scenario	
	Risk factor	Annual average rate	Exposed amounts	Annual average rate	Effect on profit or loss	Annual average rate	Effect on profit or loss	Annual average rate	Effect on profit or loss
Long position	CDI	1.90%	157,712	1.90%	2,997	2.38%	3,746	2.85%	4,495
Short position	CDI	1.90%	(583,755)	1.90%	(11,091)	2.38%	(13,864)	2.85%	(16,637)
			(426,043)						
Net exposure				(8,095)		(10,119)		(12,142)	

12/31/2019				Probable scenario		Possible scenario		Remote scenario	
	Risk factor	Annual average rate	Exposed amounts	Annual average rate	Effect on profit or loss	Annual average rate	Effect on profit or loss	Annual average rate	Effect on profit or loss
Long position	CDI	4.40%	28,957	4.40%	1,274	5.50%	1,593	6.60%	1,911
Short position	CDI	4.40%	(215,183)	4.40%	(9,468)	5.50%	(11,835)	6.60%	(14,202)
Net exposure			(186,226)	(8,194)		(10,242)		(12,291)	

### Capital management

The Company's objectives when managing capital are to safeguard the Company and its subsidiary's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure of the Company, management can make, or may propose to the stockholders when their approval is required, adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio corresponds to the net debt expressed as a percentage of total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

The gearing ratios at September 30, 2020 and December 31, 2019 were as follows:

	<b>Consolidated</b>	
	<b>09/30/2020</b>	<b>12/31/2019</b>
Total borrowings (Note 12)	1,076,625	376,477
(-) Cash and cash equivalents (Note 4)	(222,235)	(65,702)
(-) Financial assets (Note 5)	(16,009)	(13,097)
(-) Derivative instruments	(35,127)	(1,093)
Net debt	<u>803,254</u>	<u>296,585</u>
Total equity (Note 13)	<u>172,284</u>	<u>174,210</u>
	<u>975,538</u>	<u>470,795</u>
Gearing ratio - %	82%	63%

Capital is managed considering the consolidated position, not only the parent company.

## 20. Provision for contingencies

The Company is a party to labor litigation arising from the normal course of operations. Management periodically assesses contingent risks based on legal and economic bases, in order to classify them according to their likelihood and enforceability, as probable, possible or remote, taking into account, as the case may be, the analyses of the legal advisors handling the Company's lawsuits.

At September 30, 2020, the lawsuits assessed by the legal advisors as possible risk of loss are R\$ 23,830 (R\$ 6,004 at December 31, 2019, not accrued, related to administrative and labor claims). There are no lawsuits with probable risk of loss.

### Tax assessment notice – Federal Revenue of Brazil

Among the administrative proceedings with possible likelihood of loss, we highlight the tax assessment notices issued by the Federal Revenue of Brazil, in June 2020 in the amount of R\$ 19,621, under the allegation of error in the tax classification of a certain raw material imported by the Company. The Company filed a writ of mandamus seeking the nullity of the records. The Company's legal advisors understand that the allegation is undue and, for this reason, the amounts are not accrued at September 30, 2020.

## 21. Related parties

The Company maintains transactions and balances with related parties, of which we highlight:

<b>Current assets</b>	<b>Transaction</b>	<b>09/30/2020</b>	<b>12/31/2019</b>
Receivables from related parties (i)	Loan	-	1,408
Loan Aeris LLC (ii)	Loan	-	<u>2,768</u>
Total		-	4,176

(i) Loan between related parties, according to contracts signed in 2017.

(ii) Loan between the Company and its USA subsidiary, according to the signed contract. The balance of R\$ 2,768 was received from the parties in the first quarter of 2020.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

<b>Liabilities and equity</b>	<b>Transaction</b>	<b>09/30/2020</b>	<b>12/31/2019</b>
<b>Current</b>			
Loan Aeris LLC (i)	Loan	43,797	-

- (i) Loan with the subsidiary according to the contract signed in January 2020, with an estimated value limit of up to USD 15 million and expected to be settled in 2021.

### **Compensation of key management personnel**

Key management includes members of the Executive Board and Board of Directors. The compensation paid or payable to key management personnel for their services is shown below:

	<b>09/30/2020</b>	<b>12/31/2019</b>
Management's salaries and other short-term benefits	13,541	14,209

## **22. Investment in subsidiary**

	<b>09/30/2020</b>	<b>12/31/2019</b>
Investment in subsidiary	4,246	2,537
Total	<b>4,246</b>	<b>2,537</b>
Changes in investment		

The Company has investment in a subsidiary, and the changes in this investment are shown below:

	<b>09/30/2020</b>	<b>12/31/2019</b>
Opening balance at January 1	2,537	1,798
Capital contribution to subsidiary (a)	-	2,107
Cumulative translation adjustments	1,101	-
Equity in the earnings of subsidiary	608	(1,368)
Closing balance	<b>4,246</b>	<b>2,537</b>

(a) The Company made 2 capital contributions to its subsidiary to proceed with the wind farm maintenance services project in The Woodlands - Texas.



# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim financial statements at September 30, 2020 All amounts in thousands of reais unless otherwise stated

### Subsidiary's financial statements

The table below provides summarized financial information on the Company's subsidiary at September 30, 2020 and December 31, 2019:

Year	Ownership - %	Assets	Liabilities and equity	Equity	(Profit/Loss for the period/year)
09/30/2020	100	54,472	54,472	4,246	695
12/31/2019	100	5,627	5,627	2,537	(1,349)

### 23. Segment reporting

The determination of the Company's operating segments is based on its Corporate Governance structure, which divides the business into: Production of rotor blades for wind turbines and maintenance service of rotor blades for wind turbines. However, the maintenance services segment still does not have a relevant representation in the context of the Company's Business, at September 30, 2020, this type of operation represented only 2.9% of its net sales.

In this context, all decisions are made based on consolidated reports and the decisions related to strategic planning, finance, purchases, investments and investment of resources are made on a consolidated basis, the Company concluded that it has only one relevant reporting segment.

### 24. Insurance (unaudited)

The Company has a risk management program, seeking in the market coverages compatible with its size and operations. The insured amounts are considered sufficient by Management to cover possible losses, taking into account the nature of the activities, the risks involved in the operations and the advice of its insurance brokers.

At September 30, 2020, the Company had the following main insurance policies contracted with third parties:

Insurance	Coverage
Corporate	363,000
Civil liability	125,000

The scope of the work of our independent auditors does not include the issuance of an opinion on the sufficiency of the coverage, which was determined by the Company's Management.

### 25. Earnings per share

#### (a) Basic and diluted

Basic earnings per share are calculated by dividing the profit attributable to owners of the Parent company by the weighted average number of common shares issued during the period. Diluted earnings per share are calculated by adjusting the weighted average number of outstanding common shares to presume conversion of all potential common shares with dilutive effects, which has no differences at September 30, 2020 and 2019, since the Company has only one category of shares.

# Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.

## Notes to the interim

financial statements at September 30, 2020

All amounts in thousands of reais unless otherwise stated

	Parent company and Consolidated	
	09/30/2020	09/30/2019
Profit for the period	97,571	48,416
Opening balance at January 1	609,671	609,671
Effect of stock split	6,158	-
Closing balance at September 30	615,829	609,671
Weighted average number of shares for diluted earnings per share	611,039	609,671
<b>Basic earnings per share</b>	<b>0.15844</b>	<b>0.07941</b>
<b>Diluted earnings per share</b>	<b>0.15968</b>	<b>0.07941</b>

### 26. Share-based compensation

The Extraordinary Shareholders' Meeting held on August 20, 2020 approved the Plan for Granting Stock Options Issued by Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A. (the "Plan"), which is conditional upon its listing as a publicly traded company with the Brazilian Securities and Exchange Commission ("CVM") and the beginning of trading of the Company's shares in the Novo Mercado of Brasil, Bolsa e Balcão - B3. Only after these conditions are satisfied, can the programs that will discipline the granting of purchase options to the Company's management be prepared.

According to the Plan, executives, members of the Board of Directors, statutory and non-statutory directors, managers, supervisors and employees of the Company and its subsidiaries that are considered key personnel for the development of the business of the Company and its subsidiaries are eligible to receive stock options issued by the Company, as they come to be chosen by the Company's Board of Directors or special committee created to manage the Plan to receive the options ("Participants").

### 27. Events after the reporting period (IPO)

#### Initial Public Offering

On August 26, 2020, the Company submitted to CVM the application for its registration as category "A" securities issuer and the application for registration of the public offering for primary distribution of common shares of its issue. On November 9, 2020, the Company obtained registration as publicly-traded company, category "A" under No. 2528-3 with CVM and, on November 10, 2020, it obtained registration of the public offering for primary distribution of 130,769,230 shares to be issued by the Company and 46,153,840 shares issued by the Company and held by the selling shareholders, this being considered the date of beginning of the distribution.

The Company's Board of Directors' Meeting held on November 9, 2020, approved the increase of the Company's share capital by R\$ 725,769,226.50, from R\$ 37,340,397.13 to R\$ 763,109,623.63, through the issuance of 130,769,230 new common shares of R\$ 5.55 each, all being registered, book-entry shares with no par value, subject matter of the initial public offering of shares of the Company, as such, the Company's share capital was increased from 615,828,842 to 746,598,072 common shares.

Common shares started to be traded on B3 on November 11, 2020 under ticker symbol "AERI3".

# **Aeris Indústria e Comércio de Equipamentos para Geração de Energia S.A.**

## **Notes to the interim financial statements at September 30, 2020** All amounts in thousands of reais unless otherwise stated

---

### **Executive Board**

Alexandre Sarnes Negrão  
Chief Executive Officer

Gianna Karla Batista da Rocha Cunha  
Chief People Management Officer

Bruno Vilela Cunha  
Chief Commercial Officer

Cássio Cancela e Penna  
Chief Operations Officer

Erica Maria Cordeiro  
Chief Supplies Officer

Daniel Henrique da Costa Mello  
Chief Industrial Officer

Márcio José Marzola  
Chief Administrative and Financial  
Officer

Vitor de Araújo Santos  
Chief Technology  
Officer

Bruno Lolli  
Chief Planning Officer

Sandra Karla Rodrigues Coutinho  
Accountant CRC-CE-015141/O-0