

# Equatorial Energia S.A.

Quarterly Financial Information

September, 30, 2020

(A free translation of the original report in Portuguese,  
prepared in accordance with the accounting practices  
adopted in Brazil)

Independent auditor's review report on quarterly information	1
Statements of financial position	3
Statement of profit and loss	4
Statements of comprehensive income	5
Statements of changes in equity	6
Statements of cash flows - Indirect method	7
Statements of value added	8
Notes to the individual and consolidated interim financial information	9

## **Independent Auditor's Review Report On Quarterly Information**

To the shareholders of  
**Equatorial Energia S.A.**  
São Luis - MA

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Equatorial Energia S.A. ("Company"), for the quarter ended September 30, 2020, comprising the statement of financial position as of September 30, 2020 and the related statements of profit or loss and of comprehensive income for the three and nine month periods then ended, and of changes in equity and of cash flows for the nine month period then ended, including the explanatory notes.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and international standards on review engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of 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 auditing standards 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 individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

## **Other matters**

### *Statements of value added*

The abovementioned quarterly information include the individual and consolidated statement of value added (SVA) for the nine month periods ended September 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

### **Audit and review of prior year/period corresponding figures**

The amounts corresponding to the statement of financial position as at December 31, 2019, and the statements of profit or loss and of comprehensive income, for the three and nine month periods ended September 30, 2019, and of changes in equity, cash flows and value added for the nine-month period then ended, presented for comparison purposes, were previously audited and reviewed, respectively, by other independent auditors, who issued an unmodified independent auditor's report on the financial statements dated May 22, 2020, and an unmodified review report on the interim financial information dated November 12, 2019.

Fortaleza, November 12, 2020.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC 2SP015199/O-6



Carlos Santos Mota Filho  
Accountant CRC-PE020728/O-7-T-CE

## Equatorial Energia S.A. and Consolidated

### Statement of financial position as of September 30, 2020 and December 31, 2019

(In thousands of Reais)

Asset	Note	Parent company		Consolidated		Liabilities	Note	Parent company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019			09/30/2020	12/31/2019		
<b>Asset</b>						<b>Liabilities</b>					
Current						Current					
Cash and cash equivalents	4	39.586	536.313	3.311.664	1.785.203	Trade payables	14	1.958	2.081	1.725.508	1.969.016
Short-term investments	5	86.037	871.556	3.706.309	4.043.717	Payroll charges and obligations		725	722	86.178	60.940
Trade accounts receivable	6	-	-	3.408.250	3.503.757	Loans and borrowings	15	-	507.358	2.030.816	1.742.280
Accounts receivable - rate tiers		-	-	1.337	1.291	Debentures	16	12.997	11.622	126.070	144.283
Fuel purchased - CCC account		-	-	39.208	36.376	A "Component" revenue returnable and other financial items	7	-	-	708.158	10.077
Services in progress		-	-	429.077	365.462	Taxes and contributions payable	17	2.946	2.761	560.219	564.352
A "Component" revenue returnable and other financial items	7	-	-	49.743	231.463	Income taxes and social contribution payable		11	41	84.881	100.793
Judicial deposits	21	-	-	5.113	3.052	Dividends		322.469	322.581	326.818	341.119
Derivative financial instruments	30.4	-	-	17.724	17.554	Public lighting fee		-	-	87.159	79.326
Inventories		-	-	51.728	31.895	Energy efficiency research and development		-	-	271.679	272.806
Dividends receivable	9	51.295	98.381	652	5.175	Profit sharing		17.026	17.466	107.730	132.664
Recoverable taxes and contributions	8	34	862	1.093.211	256.066	Payable under the judicial reorganization plan - Equatorial Pará	19	-	-	88.037	22.275
Recoverable income tax and social contribution		5.743	1.428	176.869	143.132	Lease liability		141	150	9.637	10.569
Other receivables		6.633	4.574	538.028	295.192	Provision for civil, tax, labor and regulatory claims	21	-	-	209.302	254.775
Contractual assets	13	-	-	708.900	699.692	PIS/COFINS to be reimbursed to consumers	22	-	-	903.854	75.999
						Other accounts payable		1	15	342.967	373.148
<b>Total current assets</b>		<b>189.328</b>	<b>1.513.114</b>	<b>13.537.813</b>	<b>11.419.027</b>	<b>Total current liabilities</b>		<b>358.274</b>	<b>864.797</b>	<b>7.669.013</b>	<b>6.154.422</b>
Noncurrent						Noncurrent					
Securities	5	-	18.129	117.700	126.756	Trade payables	14	-	-	6.731	7.094
Trade accounts receivable	6	-	-	890.285	882.598	Loans and borrowings	15	-	-	10.206.488	9.362.674
A "Component" revenue returnable and other financial items	7	-	-	1.016.965	865.227	Debentures	16	559.420	1.252.232	4.882.355	5.559.184
Judicial deposits	21	151	124	250.929	299.175	Retirement and pension plan		-	-	139.562	139.562
Services in progress		-	-	6.591	6.591	Taxes and contributions payable	17	-	-	233.573	235.339
Derivative financial instruments	30.4	-	-	551.836	43.001	Deferred income and social contribution taxes	18	50	50	1.733.835	1.307.386
Recoverable taxes and contributions	8	12	12	1.468.122	1.633.437	Deferred PIS and COFINS	18.1	-	-	1.067.229	860.503
Recoverable income tax and social contribution		32.960	35.017	82.636	90.340	Provision for civil, tax, labor and regulatory claims	21	-	-	1.022.219	1.037.472
CCC subrogation - amounts allocated		-	-	85.120	85.120	A "Component" revenue returnable and other financial items	7	-	-	478.473	132.374
Retirement and pension plan		-	-	22.065	22.065	Energy efficiency research and development		-	-	204.208	186.483
Other receivables		171.296	9.569	44.091	389.340	Payable under the judicial reorganization plan - Equatorial Pará	19	-	-	824.697	849.624
Concession's	11	-	-	5.218.747	4.945.545	PIS/COFINS to be reimbursed to consumers	22	-	-	1.410.247	1.263.422
Investment	10	10.254.570	8.664.022	135.107	122.217	CCC Sector charges - Equatorial Pará	20	-	-	267.016	254.672
Property, plant and equipment		2.782	2.782	17.304	14.557	Lease liability		688	792	18.709	19.344
Intangible assets	12	1.437	1.437	8.889.863	9.007.974	Other accounts payable		16.450	16.450	360.425	387.168
Right-of-use		903	992	28.966	32.573	<b>Total non-current liabilities</b>		<b>576.608</b>	<b>1.269.524</b>	<b>22.855.767</b>	<b>21.602.301</b>
Contractual assets	13	-	-	9.771.870	7.544.552	<b>Equity</b>					
						Share capital	23.1	3.489.736	2.741.931	3.489.736	2.741.931
<b>Total noncurrent assets</b>		<b>10.464.111</b>	<b>8.732.084</b>	<b>28.598.197</b>	<b>26.111.068</b>	Capital reserves	23.2	103.479	529.934	103.479	529.934
						Revenue reserves		4.712.142	4.993.923	4.712.142	4.993.923
						Asset and liability valuation adjustments		(160.445)	(154.911)	(160.445)	(154.911)
						P&L for the period		1.573.645	-	1.573.645	-
						<b>Shareholders' equity attributable to Company shareholders</b>		<b>9.718.557</b>	<b>8.110.877</b>	<b>9.718.557</b>	<b>8.110.877</b>
						<b>Non-Controlling Interest (NCI)</b>		<b>-</b>	<b>-</b>	<b>1.892.673</b>	<b>1.662.495</b>
						<b>Total equity</b>		<b>9.718.557</b>	<b>8.110.877</b>	<b>11.611.230</b>	<b>9.773.372</b>
<b>Total assets</b>		<b>10.653.439</b>	<b>10.245.198</b>	<b>42.136.010</b>	<b>37.530.095</b>	<b>Total liabilities and equity</b>		<b>10.653.439</b>	<b>10.245.198</b>	<b>42.136.010</b>	<b>37.530.095</b>

See accompanying notes.

# Equatorial Energia S.A. and Consolidated

## Statement of profit and loss

Periods ended September 30, 2020 and 2019

(In thousands of Reais)

Note	Parent company				Consolidated				
	01/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	01/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	01/01/2019 to 09/30/2019	
Net operating revenue	24	-	-	-	-	11.896.741	4.208.029	12.611.052	4.875.373
Electricity purchased for resale and transmission costs	26	-	-	-	-	(4.822.236)	(1.786.395)	(4.996.964)	(1.844.472)
Construction cost		-	-	-	-	(2.178.828)	(619.750)	(3.625.182)	(1.455.122)
Operating cost		-	-	-	-	(1.061.243)	(429.951)	(676.614)	(319.203)
Costs of electricity, construction and operation	25	-	-	-	-	(8.062.307)	(2.836.096)	(9.298.760)	(3.618.797)
<b>Gross profit</b>		-	-	-	-	<b>3.834.434</b>	<b>1.371.933</b>	3.312.292	1.256.576
<b>Operating expenses</b>									
Sales expenses	25	-	-	-	-	(56.014)	69.927	(158.001)	81.178
General and administrative expenses	25	(134.887)	(45.052)	(22.215)	(6.547)	(697.717)	(282.937)	(624.260)	(269.969)
Impairment	25	-	-	-	-	(289.649)	(37.260)	(66.918)	(31.013)
Concession right amortization		-	-	(73.919)	(23.304)	-	-	(73.919)	(23.304)
Share of profit (loss) of equity-accounted investees	10	1.746.446	789.894	1.294.282	610.551	23.434	7.895	22.323	7.357
Other net operating income (expenses)	27	(9.660)	(9.732)	(32)	(538)	(66.149)	(41.333)	(251.817)	(81.458)
<b>Total operating revenue (expense)</b>		<b>1.601.899</b>	<b>735.110</b>	1.198.116	580.162	<b>(1.086.095)</b>	<b>(283.708)</b>	(1.152.592)	(317.209)
<b>Income before net financial items, income tax and social contributions</b>		<b>1.601.899</b>	<b>735.110</b>	1.198.116	580.162	<b>2.748.339</b>	<b>1.088.225</b>	2.159.700	939.367
Financial revenue		20.782	3.499	22.811	8.039	1.041.795	249.400	792.290	340.297
Finance costs		(49.036)	(10.652)	(117.528)	(39.658)	(1.375.852)	(365.613)	(1.138.808)	(455.498)
<b>Financial income, net</b>	28	<b>(28.254)</b>	<b>(7.153)</b>	(94.717)	(31.619)	<b>(334.057)</b>	<b>(116.213)</b>	(346.518)	(115.201)
<b>Net income before income and social contribution taxes</b>		<b>1.573.645</b>	<b>727.957</b>	1.103.399	548.543	<b>2.414.282</b>	<b>972.012</b>	1.813.182	824.166
Current income and social contribution taxes	18	-	-	-	-	(155.249)	(50.816)	(94.317)	(45.608)
Deferred income and social contribution taxes	18	-	-	-	-	(422.932)	(73.986)	(435.919)	(162.802)
<b>Income taxes</b>		<b>-</b>	<b>-</b>	-	-	<b>(578.181)</b>	<b>(124.802)</b>	(530.236)	(208.410)
<b>Net income for the period</b>		<b>1.573.645</b>	<b>727.957</b>	1.103.399	548.543	<b>1.836.101</b>	<b>847.210</b>	1.282.946	615.756
<b>Income attributable to:</b>									
Shareholders of parent entity		1.573.645	727.957	1.103.399	548.543	1.573.645	727.957	1.103.399	548.543
Non-controlling interests		-	-	-	-	262.456	119.253	179.547	67.213
<b>Net income for the period</b>		<b>1.573.645</b>	<b>727.957</b>	1.103.399	548.543	<b>1.836.101</b>	<b>847.210</b>	1.282.946	615.756
Basic earnings per share - R\$		1,55728	0,72020	5,46583	2,71896				
Diluted earnings per share - R\$		1,55728	0,72039	5,44355	2,69330				
<b>Number of common shares at period-end (in thousands of shares)</b>		<b>1.010.511</b>	<b>1.010.511</b>	201.872	201.747				

See accompanying notes.

## Equatorial Energia S.A. and Consolidated

### Statement of comprehensive income

Periods ended September 30, 2020 and 2019

(In thousands of Reais)

	Parent company				Consolidated			
	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	07/01/2019 to 09/30/2019	01/01/2020 to 09/30/2020	07/01/2020 to 09/30/2020	01/01/2019 to 09/30/2019	07/01/2019 to 09/30/2019
Net income for the period	1.573.645	727.957	1.103.399	548.543	1.836.101	847.210	1.282.946	615.756
Other comprehensive income								
Items that will be subsequently reclassified to profit or loss								
Loss on cash flow hedge	(5.534)	(6.093)	(5.983)	(2.002)	(6.154)	(6.787)	(6.257)	(2.043)
Other comprehensive income of the period, net of tax	(5.534)	(6.093)	(5.983)	(2.002)	(6.154)	(6.787)	(6.257)	(2.043)
Total comprehensive income	1.568.111	721.864	1.097.416	546.541	1.829.947	840.423	1.276.689	613.713
Shareholders of parent entity	1.568.111	721.864	1.097.416	546.541	1.568.111	721.864	1.097.416	546.542
Non-controlling interests	-	-	-	-	261.836	118.559	179.273	67.171
Total comprehensive income	1.568.111	721.864	1.097.416	546.541	1.829.947	840.423	1.276.689	613.713

See accompanying notes.

## Equatorial Energia S.A. and Consolidated

### Statement of changes in equity

Periods ended September 30, 2020 and 2019

(In thousands of Reais)

	Revenue reserves							Retained earnings	Shareholders' equity of parent	Non-controlling interests	Consolidated equity
	Share capital	Reserves capital	Legal	Investment and expansion reserve	Unrealized profit reserve	Additional dividends reserve	Adjustments to equity valuation				
<b>Balances as of December 31, 2018</b>	2.375.354	60.780	45.896	2.944.000	219.429	889	(50.316)	-	5.596.032	956.839	6.552.871
Capital increase	363.779	-	(45.896)	(262.613)	-	-	-	-	55.270	5.149	60.419
Net income for the period	-	-	-	-	-	-	-	1.103.399	1.103.399	179.547	1.282.946
Change in relative interest held in subsidiaries	-	(112.923)	-	-	-	-	-	-	(112.923)	112.923	-
NCI in equity of subsidiaries	-	-	-	-	-	-	-	-	-	(95.676)	(95.676)
Other comprehensive income	-	-	-	-	-	-	(5.983)	-	(5.983)	(274)	(6.257)
Dividends	-	-	-	-	-	-	-	-	-	(85.077)	(85.077)
<b>Balances as of September 30, 2019</b>	2.739.133	(52.143)	-	2.681.387	219.429	889	(56.299)	1.103.399	6.635.795	1.073.431	7.709.226
<b>Balances as of December 31, 2019</b>	2.741.931	529.934	120.781	3.648.222	1.224.184	736	(154.911)	-	8.110.877	1.662.495	9.773.372
Capital increase (Note 23.1)	747.805	(464.994)	(120.781)	(161.000)	-	-	-	-	1.030	-	1.030
Net income for the period	-	-	-	-	-	-	-	1.573.645	1.573.645	262.456	1.836.101
Awarded options recognized (Note 23.2)	-	38.539	-	-	-	-	-	-	38.539	-	38.539
Cash flow hedge accounting gains (losses)	-	-	-	-	-	-	(5.534)	-	(5.534)	(620)	(6.154)
NCI in equity of subsidiaries	-	-	-	-	-	-	-	-	-	(3.510)	(3.510)
Dividends (Note 23.4)	-	-	-	-	-	-	-	-	-	(28.148)	(28.148)
<b>Balances as of September 30, 2020</b>	<b>3.489.736</b>	<b>103.479</b>	<b>-</b>	<b>3.487.222</b>	<b>1.224.184</b>	<b>736</b>	<b>(160.445)</b>	<b>1.573.645</b>	<b>9.718.557</b>	<b>1.892.673</b>	<b>11.611.230</b>

See accompanying notes.



## Equatorial Energia S.A. and Consolidated

### Statement of cash flows - Indirect method

Periods ended September 30, 2020 and 2019

(In thousands of Reais)

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
<b>Cash flows from operating activities</b>				
Net income for the year	1.573.645	1.103.399	1.836.101	1.282.946
Adjustments for:				
Amortization and depreciation	89	38	569.541	423.161
Amortization of concession rights	-	73.919	(3.630)	73.919
Share of profit (loss) of equity-accounted investees	(1.672.501)	(1.294.282)	(23.434)	(22.323)
Write-off of intangible and financial assets	-	-	15.106	227.705
Contractual asset write-off	-	-	8.375	-
Indexation of contractual and financial assets	-	-	(895.920)	(100.189)
Construction margin	-	-	(1.150.094)	-
Debt charges, net interest and monetary and exchange variance	42.131	114.511	1.326.694	924.639
Share of profit (loss) of equity-accounted investees	-	-	(508.537)	(77.694)
Adjustment to present value	-	(805)	39.780	32.249
Reversal of securities written off	-	-	289.649	66.918
Allowance for doubtful accounts	-	-	(134.283)	-
Restatement and provision for energy efficiency research and development	-	-	17.898	-
Provision for civil, tax, labor and regulatory claims	-	-	87.190	76.329
A "Component" (receivable) returnable and other financial items	-	-	5.362	157.670
Earnings on investments	-	-	1.074.162	276.567
Deferred PIS/COFINS - Transmission firms	(21.778)	-	(116.447)	-
Deferred income and social contribution taxes	-	-	204.984	314.269
Current income and social contribution taxes	-	-	422.932	435.919
Share-based payments	-	-	155.249	94.317
Option to repurchase	38.539	-	38.538	-
PIS/COFINS to be reimbursed to consumers	-	-	(197.833)	(10.285)
Provision for profit sharing	3.198	-	43.645	-
Special obligations and provisions - Eletrobrás - CCEE	9.573	-	10.192	-
Other	-	-	-	(84.650)
	(27.104)	(3.220)	3.115.220	4.091.467
<b>Changes in current and noncurrent assets and liabilities</b>				
Trade accounts receivable	-	-	(89.387)	(72.295)
Accounts receivable - rate tiers	-	-	(46)	581
Fuel purchased - CCC account	-	-	9.512	28.908
Services in progress	-	-	(64.327)	(72.022)
Judicial deposits	(27)	1.865	46.185	(62.563)
Inventories	-	-	(19.833)	5.559
Recoverable taxes and contributions	2.885	(216)	216.334	(1.489)
Recoverable income tax and social contribution	(4.315)	(2.780)	(26.033)	14.988
CCC sub-rogation	-	-	-	(9.322)
Acquisitions of contractual assets	-	-	-	(3.477.243)
Other receivables	(163.787)	1.996	102.414	118.766
Trade payables	(236)	(354)	(243.871)	(313.012)
Payroll charges and obligations	116	136	25.236	8.697
Taxes and contributions payable	155	(382)	175.643	(50.460)
Taxes and contributions payable on net income	-	(8)	(18.908)	(104.147)
Consumer charges	-	-	-	(65.602)
Public lighting fee	-	-	7.833	(25.302)
Energy efficiency research and development	-	-	(70.592)	(48.046)
Profit sharing	(3.638)	(331)	(68.579)	(4.316)
Related-party transactions	-	(98)	-	1.612
Retirement and pension plan	-	-	-	(2.539)
Provision for civil, tax, labor and regulatory claims	-	-	(66.088)	(191.328)
Other accounts payable	(14)	(10.956)	(56.925)	41.563
PIS/COFINS to be reimbursed to consumers	-	-	26.627	-
Dividends received	172.909	578.111	14.786	16.134
	4.048	566.983	(100.019)	(4.262.878)
Income and social contribution taxes paid	-	-	(74.652)	(48.106)
Interest paid	(45.412)	(98.012)	(424.735)	(562.010)
	(45.412)	(98.012)	(499.387)	(610.116)
<b>Cash flows (used in) produced by operating activities</b>	<b>(68.468)</b>	<b>465.751</b>	<b>2.515.814</b>	<b>(781.527)</b>
<b>Cash flows from investing activities</b>				
Acquisitions of intangible assets and property, plant and equipment	-	(134)	(4.389)	(1.765)
Special obligations additions	-	-	300.254	11.463
Acquisitions of contractual assets	-	-	(1.224.811)	(1.179.449)
Net cash acquired on the acquisition of investments	-	(46)	-	71.933
Acquisition of investment	(58.976)	(824.031)	-	5.149
Capital reduction in investees	-	170.000	-	-
Redemptions/ short-term investments	825.426	-	462.911	(470.910)
<b>Cash flow (used in) provided by investment activities</b>	<b>766.450</b>	<b>(654.211)</b>	<b>(466.035)</b>	<b>(1.563.579)</b>
<b>Cash flows from financing activities</b>				
Amortization of loans and borrowings	(1.195.500)	(820.000)	(1.267.859)	(3.109.443)
Loans and borrowing obtained	-	500.000	1.639.823	3.803.966
Amortization of debentures	-	-	(786.398)	(300.148)
Debenture issue	-	-	-	1.595.000
Amortization of lease liability	(127)	-	(10.212)	-
Amounts paid under the judicial reorganization plan	-	-	(47.061)	(32.719)
Capital increase	1.030	55.270	1.030	55.270
Dividends paid	(112)	(210)	(52.641)	(134.856)
<b>Cash flows from (used in) financing activities</b>	<b>(1.194.709)</b>	<b>(264.940)</b>	<b>(523.318)</b>	<b>1.877.070</b>
<b>Decrease in cash and cash equivalents</b>	<b>(496.727)</b>	<b>(453.400)</b>	<b>1.526.461</b>	<b>(468.036)</b>
Cash and cash equivalents at beginning of period	536.313	718.146	1.785.203	4.743.990
Cash and cash equivalents at end of period	39.586	264.746	3.311.664	4.275.954
<b>Decrease in cash and cash equivalents</b>	<b>(496.727)</b>	<b>(453.400)</b>	<b>1.526.461</b>	<b>(468.036)</b>

See accompanying notes.

# Equatorial Energia S.A. and Consolidated

## Statement of value added

Periods ended September 30, 2020 and 2019

(In thousands of Reais)

	Parent company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
<b>Revenue</b>				
Sales of products, services and construction revenue	-	-	15.893.175	17.033.435
Provision for allowance for doubtful accounts	-	-	(289.649)	(66.918)
Provision (reversal) for civil, labor, tax and regulatory litigation	(24)	-	(25.422)	(79.661)
Other operating expenses/revenue	(9.660)	(32)	(37.221)	(121.719)
Other non-recurrent expenses / revenue	-	-	(28.928)	(130.098)
	<u>(9.684)</u>	<u>(32)</u>	<u>15.511.955</u>	<u>16.635.039</u>
<b>Consumables acquired from third parties (including ICMS and IPI)</b>				
Costs of goods sold and services rendered	-	-	(7.001.064)	(8.622.146)
Materials, energy, third-party services and others	(8.787)	(10.601)	(720.430)	(525.502)
CCC subsidy	-	-	(98.500)	(84.514)
	<u>(8.787)</u>	<u>(10.601)</u>	<u>(7.819.994)</u>	<u>(9.232.162)</u>
Gross added value used	<u>(18.471)</u>	<u>(10.633)</u>	<u>7.691.961</u>	<u>7.402.877</u>
Depreciation and amortization	<u>(89)</u>	<u>(38)</u>	<u>(484.856)</u>	<u>(443.210)</u>
<b>Net added value (used in) produced by the Company</b>	<u>(18.560)</u>	<u>(10.671)</u>	<u>7.207.105</u>	<u>6.959.667</u>
<b>Transferred added value</b>				
Finance income	21.778	22.811	1.068.124	792.290
Share of profit (loss) of equity-accounted investees	1.746.446	1.294.282	23.434	22.323
Amortization of concession rights	(73.944)	(73.919)	(84.453)	(73.919)
	<u>1.694.280</u>	<u>1.243.174</u>	<u>1.007.105</u>	<u>740.694</u>
<b>Total value added to distribute</b>	<u>1.675.720</u>	<u>1.232.503</u>	<u>8.214.210</u>	<u>7.700.361</u>
<b>Distribution of value added</b>				
Employees				
Direct compensation	48.013	8.853	350.132	178.500
Benefits	599	365	99.800	91.829
FGTS	62	62	33.870	83.554
Other	3.145	1.941	(47.361)	1.079
	<u>51.819</u>	<u>11.221</u>	<u>436.441</u>	<u>354.962</u>
Taxes				
Federal	996	-	2.198.696	2.525.857
State	-	-	2.347.615	2.364.539
Municipal	-	-	9.056	8.393
	<u>996</u>	<u>-</u>	<u>4.555.367</u>	<u>4.898.789</u>
Return on debt capital				
Interest	42.672	116.641	1.159.327	639.064
Rent	224	355	10.449	24.856
Other financial expenses	6.364	887	216.525	499.744
	<u>49.260</u>	<u>117.883</u>	<u>1.386.301</u>	<u>1.163.664</u>
Return on equity capital				
Retained earnings in the year	1.573.645	1.103.399	1.573.645	1.103.399
Noncontrolling interests in earnings for the year	-	-	262.456	179.547
	<u>1.573.645</u>	<u>1.103.399</u>	<u>1.836.101</u>	<u>1.282.946</u>
<b>Value added</b>	<u>1.675.720</u>	<u>1.232.503</u>	<u>8.214.210</u>	<u>7.700.361</u>

See accompanying notes.

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information  
 Period ended September 30, 2020  
 (In thousands of Reais)

## 1 Operations

Equatorial Energia S.A. (“Company” or “Equatorial” or “Parent Company” or in conjunction with its Subsidiaries, “Group”), headquartered in São Luís, Maranhão, Brazil, is a publicly traded holding corporation with interests primarily in electric power generation, distribution and transmission operations. The Company is listed on B3 under the ticker “EQTL3” and has been listed on Novo Mercado since 2008.

### 1.1 Subsidiaries and joint ventures

Equatorial has the following interests:

Direct interest	Note	09/30/2020	12/31/2019
55 Soluções S.A.	(a)	100.00%	100.00%
Geradora de Energia do Maranhão S.A.	(b)	25.00%	25.00%
Vila Velha Termoeletricas Ltda.	(c)	50.00%	50.00%
Equatorial Transmissão S.A.	(d)	100.00%	100.00%
Integração Transmissora de Energia S.A. – INTESA	(e)	100.00%	100.00%
Equatorial Piauí Distribuidora de Energia S.A.	(f)	94.47%	94.47%
Equatorial Alagoas Distribuidora de Energia S.A.	(g)	96.37%	96.37%
Equatorial Energia Distribuição S.A.	(h)	90.15%	90.15%
Indirect interest	Note	09/30/2020	12/31/2019
Equatorial Transmissora 1 SPE S.A.	(i)	100.00%	100.00%
Equatorial Transmissora 2 SPE S.A.	(j)	100.00%	100.00%
Equatorial Transmissora 3 SPE S.A.	(k)	100.00%	100.00%
Equatorial Transmissora 4 SPE S.A.	(l)	100.00%	100.00%
Equatorial Transmissora 5 SPE S.A.	(m)	100.00%	100.00%
Equatorial Transmissora 6 SPE S.A.	(n)	100.00%	100.00%
Equatorial Transmissora 7 SPE S.A.	(o)	100.00%	100.00%
Equatorial Transmissora 8 SPE S.A.	(p)	100.00%	100.00%
Solenergias Comercializadora de Energia S.A	(q)	51.00%	51.00%
Helios Energia Comercializadora e Serviços Ltda.	(r)	99.99%	99.99%
Equatorial Telecomunicações Ltda.	(s)	100.00%	100.00%
Equatorial Maranhão Distribuidora de Energia S.A.	(t)	58.69%	58.69%
Equatorial Pará Distribuidora de Energia S.A.	(u)	86.99%	86.99%

- (a) 55 Soluções S.A. (“55 Soluções”): A privately held company held corporation headquartered in São Luís, Maranhão, Brazil, and primarily engaged in: a) services in the electric power, telecommunications and data transmission businesses; b) electricity bill collection services for third parties; and c) third-party facilities operation, maintenance and planning services under Equatorial’s control;
- (b) Geradora de Energia do Maranhão S.A. (“GERAMAR”): Company responsible for the development and operation of the Tocantinópolis and Nova Olinda thermal power stations in the municipality of Miranda do Norte, Maranhão, Brazil, with a combined installed capacity of 330 MW to be delivered to the National Interconnected System. On October 1, 2008, Equatorial acquired a 25% interest in the share capital of Geradora de Energia do Norte S.A.: The consortium that controls Geradora de Energia do Norte S.A. consists of Equatorial Energia S.A. (25%), Fundo de Investimentos em Participações Brasil Energia (25%) and GNP S.A. (50%). GNP S.A., in turn, is controlled by Servtec Investimentos e Participações Ltda. (50%) and Company Ligna de Investimentos (50%). The control of Geradora de Energia do Norte S.A. is shared and governed by a Shareholders’ Agreement;
- (c) Vila Velha Termoeletricas Ltda. (“Vila Velha”): Company responsible for the development and operation of thermal power stations in the state of Espírito Santo. Equatorial Energia S.A. has a 50% interest in the company. Control of Vila Velha Termoeletricas Ltda. is shared and governed by a Shareholders’ Agreement;
- (d) Equatorial Transmissão S.A. (“Equatorial Transmissão”): A privately held company, having its registered office in Brasília, Distrito Federal. Equatorial Transmissão’s core activities are the: a) transmit and sell energy and provide related services; b) study, plan, design, implement, operate and maintain energy transmission systems; c) provide consultancy and engineering services within their operating remit; d) participate in technical, scientific and entrepreneurial associations and organizations; and e) acquire interests in other Brazilian or foreign companies as partner or shareholder. Equatorial Transmissão is the holding company for the Group’s transmission companies, and owns SPEs 01 to 08;
- (e) Integração Transmissora de Energia S.A. (INTESA): having its registered office in Distrito Federal is a privately held corporation. Its registered business interests include the construction, development, operation and maintenance of electric utility facilities within the interconnected grid and specifically the Colinas/Serra da Mesa 2 500kV Transmission Line in the states of Tocantins and Goiás, which serves 25 municipalities between Colinas do Tocantins (TO) and Colinas do Sul (GO). The public power transmission concession contract (no. 002/2006) between the National Electricity Regulatory Agency - ANEEL and INTESA on April 27, 2006, has a term extending to April 2036 and is extendable for a further maximum term of 30 years;

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

## 1 Operations - (Continued)

### 1.1 Subsidiaries and joint ventures - (Continued)

- (f) Equatorial Piauí Distribuidora de Energia S.A. (“Equatorial Piauí”): A privately held company primarily engaged in electric power distribution in its legal concession area which embraces the entire state of Piauí, serving more than 1.3 million customers in 224 municipalities and covering an area in excess of 252 thousand km<sup>2</sup> as of September 30, 2020. On July 26, 2018, Equatorial Energia SA was the winner in the bidding process in the auction mode (“Auction”), carried out in the form of bidding n°. 2/2018-PPI / PND (“Notice”), for the concession of public distribution service associated with the transfer of Equatorial Piauí’s share control. On October 17, 2018, the purchase and sale agreement and other covenants were signed, in which Centrais Elétricas Brasileiras SA - ELETROBRAS sold shares accounting for 89.94% of Equatorial Piauí’s total share capital to Equatorial Energia S.A. Under item 5.1. (i) of this notice, Equatorial Energia S.A. made a capital increase at Equatorial Piauí of R\$ 720,916 on October 17, 2018. On January 02, 2019, Equatorial Energia S.A bought back 2,580,200 shares for R\$ 294.88 (in reais). By way of the capital increases of Equatorial Energia S.A., the Board of Directors Meeting of Equatorial Piauí held March 13, 2019 acquired 604,881,182 shares, consisting of 577,684,454 registered common shares with no par value, and 27,196,728 registered preferred shares with no par value, which resulted in the interest in this distribution company’s share capital rising from 89.94% to 94.47%. Distribution concession contract no. 01/2018 entered into by ANEEL and Equatorial Piauí on October 18, 2018 is valid until October 17, 2048. The minutes from the Board of Directors’ meeting held March 29, 2019 approved the change to the company’s name from “Companhia Energética do Piauí – CEPISA”, to “Equatorial Piauí Distribuidora de Energia S.A.”;
- (g) Equatorial Alagoas Distribuidora de Energia S.A. (“Equatorial Alagoas”): A privately held company primarily engaged in electric power distribution in its legal concession area which embraces the entire state of Alagoas, serving more than 1.1 million customers in 102 municipalities and covering an area in excess of 27 thousand km<sup>2</sup> as of September 30, 2020. On December 28, 2018, Equatorial Energia SA was the winner in the bidding process in the auction mode (“Auction”), carried out in the form of bidding n°. 2/2018-PPI / PND (“Notice”), for the concession of public distribution service associated with the transfer of Equatorial Alagoas’ share control. On February 27, 2019, the purchase and sale agreement and other covenants were signed, in which Centrais Elétricas Brasileiras SA - ELETROBRAS sold shares accounting for 89.94% of Equatorial Alagoas’ total share capital to Equatorial Energia S.A. By way of the Board of Directors’ meeting of Equatorial Alagoas held March 18, 2019, Equatorial Energia S.A. acquired 1,436,238,120 shares, consisting of 1,412,317,458 registered common shares with no par value, and 23,920,662 registered preferred shares with no par value, which resulted in the interest in this distribution company’s share capital rising from 89.94% to 96.37%. Distribution concession contract no. 02/2019 entered into by ANEEL and Equatorial Alagoas on March 19, 2019 is valid until March 18, 2049. The minutes from the Board of Directors’ meeting held May 02, 2019 approved the change to the company’s name from “Companhia Energética de Alagoas – CEAL”, to “Equatorial Alagoas Distribuidora de Energia S.A.”;
- (h) Equatorial Energia Distribuição S.A. (“Equatorial Distribuição”), headquartered in São Luís, Maranhão, Brazil, is a privately held company with the core activity of holding interests primarily in electric power distribution utilities. On November 05, 2019, the interests of 65.11% in Equatorial Maranhão and 96.50% in Equatorial Pará were transferred from Equatorial Energia to Equatorial Distribuição. In this process the Company has an interest of 90.15% and Itaú S.A. 9.9%.
- (i) Equatorial Transmissora 1 SPE S.A. (“SPE 01”): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 01’s core activity is to: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2<sup>nd</sup> Republication Stage, consisting of the 251-km, 500 kV Rio das Águas - Barreiras II C2 Transmission Line, and was incorporated on November 17, 2016; On February 10, 2017, the federal government and SPE 01 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. On May 1, 2020, 100% of the transmission projects that make up SPE 01 went into commercial operation, with a total RAP (Annual Permitted Compensation) of R\$ 88,119 (amounts re. Jul/2020), and their operation start-up represents an anticipation of approximately 21 months in relation to the regulatory term (February/2022);
- (j) Equatorial Transmissora 2 SPE S.A. (“SPE 02”): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 02’s core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2<sup>nd</sup> Republication Stage, consisting of the (a) 213-km, 500 kV Barreiras II, Buritirama C1 Transmission Line, and (b) 500kV Buritirama Substation (new substation for line connections and compensation of reactive power), incorporated on November 17, 2016. On February 10, 2017, the federal government and SPE 02 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. On February 9, 2020, 100% of the transmission projects that make up SPE 02 went into commercial operation, with a total RAP (Annual Permitted Compensation) of R\$ 79,917 (amounts re. Jul/2020), and their operation start-up represents an anticipation of approximately 24 months in relation to the regulatory term (February/2022);
- (k) Equatorial Transmissora 3 SPE S.A. (“SPE 03”): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 03’s core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2<sup>nd</sup> Republication Stage, consisting of the 380-km, 500 kV Buritirama - Queimada Nova II, C2, Transmission Line, and was incorporated on November 17, 2016. On February 10, 2017, the federal government and SPE 03 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 03 is expected to invest R\$ 543,000 and to begin operations by February 9, 2022;
- (l) Equatorial Transmissora 4 SPE S.A. (“SPE 04”): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 04’s core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2<sup>nd</sup> Republication Stage, consisting of the 257-km, 500 kV Igaporã III - Janaúba 3 C2 Transmission Line, incorporated on November 17, 2016. (b) 337-km, 500 kV Janaúba 3 - Presidente Juscelino C1 Transmission Line; and (c) 500 kV Janaúba 3 (new 500 kV yard - part 1) substation, founded on November 17, 2016. On February 10, 2017, the federal government and SPE 04 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 04 is expected to invest R\$ 1,020,000 and to begin operations by February 9, 2022;
- (m) Equatorial Transmissora 5 SPE S.A. (“SPE 05”): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 05’s core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2<sup>nd</sup> Republication Stage, consisting of the 257-km, 500 kV Igaporã III - Janaúba 3 C2 Transmission Line, incorporated on November 17, 2016. On February 10, 2017, the federal government and SPE 05 signed the Concession Agreement

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

## 1 Operations - (Continued)

### 1.1 Subsidiaries and joint ventures - (Continued)

for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 05 is expected to invest R\$ 423,000 and to begin operations by February 9, 2022;

- (n) Equatorial Transmissora 6 SPE S.A. ("SPE 06"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 06's core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2<sup>nd</sup> Republication Stage, consisting of the 330-km, 500 kV Janaúba 3 - Presidente Juscelino C2 Transmission Line, incorporated on November 17, 2016. On February 10, 2017, the federal government and SPE 06 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. In accordance with the commitment made, SPE 06 is expected to invest R\$ 499,000 and to begin operations by February 9, 2022;
- (o) Equatorial Transmissora 7 SPE S.A. ("SPE 07"): A privately held company, having its registered office in Brasília, Distrito Federal. SPE 07's core activity is to: explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2<sup>nd</sup> Republication Stage, consisting of the 56.1-km, 500 kV Vila do Conde - Marituba Transmission Line (b) 68.6-km, 230 kV Marituba - Castanhal - Transmission Line; (c) 500/230 kV Marituba - (3+1R)x300 MVA substation; and (d) 230/69 kV Marituba 2x200 MVA substation, founded on November 17, 2016. On February 10, 2017, the federal government and SPE 07 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. On September 29, 2020, the National System Operator (ONS) issued the Definitive Release Terms - TLD for part of the Company's Transmission Functions, keeping 34% of the transmission line in commercial operation. Worth mentioning that, due to the start of operations at the end of the month, the consideration for the month of September will be received in the Credit Notice (AVC) of the subsequent month;
- (p) Equatorial Transmissora 8 SPE S.A. ("SPE 08"): A privately held company, having its registered office in São Luís, Maranhão State. SPE 08's core activity is to: operate a power transmission concession including the construction, erection, operation and maintenance of transmission systems in the state of Pará under Invitation for Auction No. 05/2016, comprising (a) the Xingu—Altamira 230 kV ~61 km Transmission Line; (b) the Altamira—Transamazônica 230 kV ~188 km Transmission Line; (c) the Transamazônica—Tapajós 230 kV ~187 km Transmission Line; (d) the 230/138-13.8 kV (2 x 150 MVA) Tapajós Substation; (e) the Tapajós Substation—Synchronous Compensator (-75/+150 MVAR); and (f) the Rurópolis Substation—Synchronous Compensator (-55/+110 MVAR), established on June 14, 2017. On February 10, 2017, the federal government and SPE 08 signed the Concession Agreement for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. The Rurópolis - Synchronous Compensator (-55/+110 MVAR) substation came into operation on June 3, 2019. The Company has 85% of its projects in operation, with the Tapajós II substation Synchronous Compensator in the implementation phase (which went into operation on October 15, 2020, thus making the Company 100% operational and with a total Annual Permitted Compensation (RAP) of R\$ 145,000;
- (q) Solenergias Comercializadora de Energia S.A. ("Solenergias"): A privately held company having its registered offices in Rio de Janeiro (RJ), engaged in the trading of electric power, management of power supply contracts, organization of electric power auctions and trading in power generation equipment. It owns subsidiary 55 Soluções S.A.
- (r) Hélios Energia Comercializadora e Serviços Ltda. ("Hélios"): Limited Liability Business Company having registered offices in Rio de Janeiro (RJ), engaged in the trading of electric power, management of power supply contracts, organization of electric power auctions and trading in power generation equipment. It owns subsidiary Solenergias Comercializadora de Energia S.A.;
- (s) Equatorial Telecomunicações Ltda. ("Equatorial [Telecomunicações]"): A private entity headquartered in São Luís, Maranhão, Brazil, engaged in the provision of telecommunications service, land-line telephone service, multimedia communication services, voice over Internet protocol service and telecommunications information services. Its parent company is 55 Soluções S.A.;
- (t) Equatorial Maranhão Distribuidora de Energia S.A. ("Equatorial Maranhão"): A publicly held corporation primarily engaged in electric power distribution in its legal concession area which embraces the entire state of Maranhão, serving more than 2.5 million customers in 217 municipalities and covering an area in excess of 332 thousand km<sup>2</sup> as of September 30, 2020. The public power distribution concession contract (no. 060/2000) between the National Electricity Regulatory Agency - ANEEL and distributor on 8/28/2000, has a term extending to August 2030 and is extendable for a further maximum term of 30 years at the concession authority's discretion. Under Resolution 4621, dated November 25, 2014, ANEEL approved a new standard utility concession addendum under which the residual balances of regulatory assets or liabilities relating to financial figures to be computed in accordance with ANEEL's pre-established rules, including those established after the most recent tariff review, will be included the indemnity to be received by the concession holder in the event of the termination of the concession for whatever reason. Equatorial Maranhão entered into the amendment on December 10, 2014 in accordance with the existing legislation; and
- (u) Equatorial Pará Distribuidora de Energia S.A. ("Equatorial Pará"): A publicly traded corporation headquartered in Belém, Pará state, supplying electricity to its concession area embracing the whole of Pará state, serving more than 2.7 million consumers in 144 municipalities and covering an area in excess of 1,248 thousand km<sup>2</sup> as of September 30, 2020. Electricity distribution concession contract no. 182/1998 entered into by between ANEEL and the distributor on 7/28/1998, has a term extending to July 2028 and is extendable for a further term of 30 years at the concession authority's discretion. Under Resolution 4621, dated November 25, 2014, ANEEL approved a new standard utility concession addendum under which the residual balances of regulatory assets or liabilities relating to financial figures to be computed in accordance with ANEEL's pre-established rules, including those established after the most recent tariff review, will be included the indemnity to be received by the concession holder in the event of the termination of the concession for whatever reason. Equatorial Pará made the amendment on December 10, 2014 in accordance with the existing legislation.

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

## 1 Operations - (Continued)

### 1.1 Subsidiaries and joint ventures - (Continued)

Summary by SPE's:

	Status
<b>SPE 01</b>	100% operating
<b>SPE 02</b>	100% operating
<b>SPE 03</b>	0% operating
<b>SPE 04</b>	0% operating
<b>SPE 05</b>	0% operating
<b>SPE 06</b>	0% operating
<b>SPE 07</b>	34% operating
<b>SPE 08</b>	100% operating

The subsidiaries 55 Soluções, Equatorial Transmissão, INTESA, Equatorial Piauí, Equatorial Alagoas and Equatorial Distribuição are referred to in the note's hereafter simply as "Subsidiaries".

GERAMAR and Vila Velha are joint ventures controlled by Equatorial Energia and are recognized using the equity method of accounting. These investments are recognized initially at cost, which includes transaction costs, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition.

The accounting policies have been applied consistently to the consolidated companies, including the joint subsidiaries, and are consistent with those used in the previous year.

All intercompany accounts and transactions have been eliminated in the consolidation.

### 1.2. COVID-19 Impacts

In March 2020, the Covid-19 pandemic was declared by WHO. Since then, the Company has followed the spread of the virus in Brazil and the world and its impacts on the economy.

On March 25, 2020, ANEEL published Normative Resolution No. 878/2020 in response to measures of social distancing and restriction of mobility, and authorized the softening of certain obligations of the concession contract until June 30, 2020, such as a prohibition to suspend energy supply due to default by consumer units, which include residential customers and essential services. On July 21, 2020, ANEEL published Normative Resolution No. 891/2020, suspending the cut-off due to default, with the exception of consumers in the Low Income consumption class, who must remain protected by the cut-off clause until the year ending December 31, 2020, pursuant to Legislative Decree No. 6. The social distancing measures, combined with restrictions on suspension of energy supply have been causing a drop in consumption and in the collection of the electricity distribution concessionaires of Equatorial Group.

The Company and its subsidiaries presented below the main financial and economic effects of Covid-19 to date. The Company and its subsidiaries will continue monitoring the evolution of the situation and its impacts and, as a regulated company, its economic and financial balance is guaranteed in the concession contract.

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

## 1 Operations - (Continued)

### 1.2 COVID-19 Impacts - (Continued)

The Company and its subsidiaries have taken several preventive measures for their employees, preventing them from exposure to risky situations, such as by canceling national and international trips, adopting home office and employees' rotation to avoid agglomerations, use of means of remote service, among others. The Company and its subsidiaries will continue to comply with the guidelines of competent bodies and may adopt new preventive measures, focusing on the safety of their employees.

Among the effects we can mention the following:

Focus on Group employees:

- (i) Creation of a Crisis Committee intended to monitor the effects of the crisis while evaluating measures to be taken to minimize such impacts on the Company's business;
- (ii) Application of a home office system for all workers whose function enables this type of work;
- (iii) For the areas that carried out their activities in operations centers, there was a reassessment of spacing and adjustment in positions, in order to guarantee the adequate distance and avoid agglomerations;
- (iv) Suspension of meetings and face-to-face training, starting to adopt practices only by videoconference;
- (v) Distribution of hygiene kit for vehicles and personal hygiene kit for employees working in the field;
- (vi) Availability of masks for employees working in the units and in the field;
- (vii) Employee body temperature check;
- (viii) Suspension of international and national travel, except in cases of extreme need;
- (ix) Reinforcement in the hygiene of work environments, observing the guidelines of WHO and the Brazilian Ministry of Health; and
- (x) Implementation of occupational telemedicine in the Group's companies.

Focus on the Group's business:

- (i) Revaluation of manageable expenses and investments in distribution for the current year in light of the new scenario;
- (ii) Expansion of the services available through the Company's digital channels, with emphasis on the implementation of payment by credit card on the Company's website and the possibility of registering low-income consumers through service channel via WhatsApp;
- (iii) Launching of a payment campaign for consumers, with a drawing of purchase vouchers, energy vouchers and a car within one year;
- (iv) Energy supply and losses: There was a decrease in non-technical loss in the Company's subsidiaries, except for the increase observed in Equatorial Maranhão, when compared to the same prior-year period, largely caused by actions to curb losses, even with the impossibility of cutting power during the pandemic period. Additionally, there was an increase the supply of energy, which was very affected by determinations related to social distancing, since the first decrees were issued as of the second half of March;

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

## 1 Operations - (Continued)

### 1.2 COVID-19 Impacts - (Continued)

- (v) Over-contracting: Due to the reduction in energy consumption, the Company's subsidiaries were exposed to energy over-contracting which will be treated as an involuntary occurrence; and
- (vi) Provision for expected losses on doubtful accounts (PECLD): the default on trade notes receivable in the short-term bands increased due to the COVID-19 scenario and the consequent postponement of invoice receipts, affecting subsidiaries of the Company on the provision for expected losses on doubtful debts in the amount of R\$ 133.889. The collection actions were halted due to public health measures from the last week of March/2020.

### 1.3 COVID-Account

To partially alleviate the financial impacts that affected distributors due to the pandemic, ANEEL published Normative Resolution No. 885/2020, which regulated Decree No. 10350 of 2020 for the creation of Conta-Covid (Covid Account). The Covid Account is intended to anticipate financial resources for distributors via the tariff mechanism. The following items were considered in the amounts to be advanced: (i) over-contracting of energy; (ii) CVA balance setup, to be set up and not amortized, recognized in the tariff process prior to the publication of the Resolution; (iii) neutrality of sector charges; (iv) postponement, until June 30, 2020, of the application of the results of the tariff processes of distributors approved until that date; (v) unamortized balance of deferrals recognized or reversed in the tariff process prior to the publication of the Resolution; and (vi) anticipation of items related to B Component.

On July 3, 2020, Equatorial Energia SA joined Covid Account and with this adhesion, restrictions are applied to distributors controlled by the Company, which are: (i) prohibition of requirements for suspension or reduction of the volumes of electricity purchased under contracts for purchase and sale of electric energy based on the reduction of consumption due to the pandemic, observed until December 2020; (ii) limiting, in the case of intra-sector default, the distribution of dividends and interest on equity (IOE) to the minimum law-mandated 25 percent of net income, preserving the establishment of legal and contingency reserves; and (iii) waiver of the right to discuss, at judicial or arbitration level, the conditions, procedures and obligations established in the legal and regulatory provisions on the Covid Account. The right to request economic and financial rebalancing is nonetheless preserved.

Due to the express statement of the waivers established in the Terms of Acceptance attached to Normative Resolution No. 885/2020, the Company's subsidiaries will deliberate at the next Special General Meeting on the exceptional limitation on the distribution of mandatory dividends or the payment of interest on equity, observing the minimum percentage legally required, in such cases and under such terms as required by the regulatory body through normative or contractual provisions, to mitigate the situation of financial imbalance caused by a third-party fact, a Prince's fact, an act of God or force majeure expressly recognized.

As of September 30, 2020, pursuant to Decisions Nos. 2177/2020, 2353/2020 and 2640/2020, respectively, published by ANEEL, the Companies' subsidiaries received the amount of R\$ 965,355 from Covid Account. The remaining installments of this operation will be released monthly according to amounts to be approved by ANEEL.



# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

## 1 Operations - (Continued)

### 1.3 COVID-Account - (Continued)

Transfer by Distributor (R\$ thousand):

Distributors	07/31/2020	08/12/2020	09/14/2020	Total
Equatorial MA	116,674	19,114	9,472	145,260
Equatorial PA	284,510	30,621	786	315,916
Equatorial AL	320,945	3,689	-	324,634
Equatorial PI	143,481	22,634	13,433	179,548
<b>Total</b>	<b>865,610</b>	<b>76,058</b>	<b>23,691</b>	<b>965,358</b>

Equatorial Energia S.A. concluded that the transfer of Covid Account is a direct amortization from the Granting Authority through the CCEE of installments that, in normal conditions, would be received later via the tariff after being included in the tariff adjustments.

Thus, through the advance of A Component and financial items, the Company's subsidiaries recorded an increase in cash against the receipt of the sectorial financial asset or the setup of a sectorial financial liability, in an amount equal to the transfer of financial resources received from CCEE. As regards sectorial financial liabilities, these will be amortized when the effects of A Component are passed on to the consumer in the tariff adjustments.

Worth highlighting that the Company and its subsidiaries work with a conservative cash policy, which seeks to maintain sound liquidity by investing in top-tier financial institutions and in low credit risk operations, such as, among others, fixed income securities, government bonds, repo operations, debentures and Bank Deposit Certificated (CDBs).

## 2 Basis of preparation and presentation of the quarterly information

### 2.1 Statement of Compliance

The individual and consolidated financial statements for the quarter ended September 30, 2020 have been prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The accounting practices adopted in Brazil include those set out in Brazilian corporate law in a manner consistent with the standards set out in Accounting Pronouncements (CPC) approved by the Federal Accounting Council (CFC) and by the Brazilian Securities Commission (CVM).

The Company and its subsidiaries considered the guidance issued by Accounting Guidance OCPC 07, issued by the CPC in November 2014 in the preparation of its financial statements. Accordingly, the relevant information specific to the financial statements is evidenced and corresponds to that used by management in their activities.

## **Equatorial Energia S.A. and Consolidated**

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### **2 Basis of preparation and presentation of the quarterly information**

#### **2.1 Statement of Compliance - (Continued)**

They were authorized for issue by the Board of Directors on November 12, 2020.

#### **2.2 Basis of measurement**

The Company's individual and consolidated interim information was prepared based on historical cost, except for certain financial instruments measured at their fair values through profit or loss, when required by the standards.

#### **2.3 Functional currency and presentation currency**

These financial statements are reported in Reais, which is the Group's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 3 Summary of significant accounting policies

This individual and consolidated interim information was prepared according to principles, practices and criteria consistent with those adopted in the preparation of the financial statements for the last year and should be analyzed together with Note 4 – Summary of significant accounting policies, of the individual and consolidated financial statements as at December 31, 2019, which were prepared in accordance with accounting practices adopted in Brazil and with the international financial reporting standards (IFRS) issued by the International Accounting Standards Board (IASB).

### 4 Cash and cash equivalents

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Cash and banks	1,724	1,103	119,680	184,082
<b>Investments and investment funds (a)</b>				
Bank Deposit Certificate - CDBs	1,310	251,292	118,406	497,570
Securities held under repurchase agreements	-	-	680,551	56,815
Open investment fund (b)	-	-	47,203	94,796
	1,310	251,292	846,160	649,181
<b>(Exclusive) investment fund (a)</b>				
Investment fund shares	36,521	-	2,066,221	-
Securities held under repurchase agreements	31	230,858	279,603	867,234
Bank Deposit Certificate – CDBs	-	47,447	-	75,707
Financial bills	-	5,601	-	8,937
Sovereign debt securities	-	12	-	62
	36,552	283,918	2,345,824	951,940
<b>Total</b>	<b>39,586</b>	<b>536,313</b>	<b>3,311,664</b>	<b>1,785,203</b>

The global portfolio earns interest pursuant to Interbank Deposit Certificate (CDI) variation, and hence the portfolio's average profitability for the period ended September 30, 2020 is equal to 88.6% of the variation of CDI (99.67% of CDI at December 31, 2019).

- (a) Cash equivalents refer to Investment Funds, CDB - Bank Deposit Certificates and Repo Operations, which are highly liquid and have low credit risk. Such investments are available for use in the Company's operations, readily convertible into a known amount of cash and are subject to an insignificant risk of change in value, that is, they are financial assets with immediate liquidity. Additionally, exclusive funds are investments in fund shares (FIC) managed by the financial institution, which allocate their resources in shares of several low-risk, highly-liquid open-ended funds with negligible change in yields and no significant participation and management in the equity of the invested fund, that is, without exceeding 10% of equity. Therefore, these investments are classified as cash and cash equivalents, in accordance with CPC 03 (R2)/IAS 7- Cash Flow Statements; and
- (b) Open-ended investment funds are composed of assets such as repurchase agreements and government securities. These funds are used in the Company's short-term financial flow and do not represent medium or long-term investments.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 5 Short-term investments

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current				
<b>(Exclusive) investment funds</b>				
Investment fund shares	85,682	532,421	3,440,267	2,835,803
Securities held under repurchase agreements	-	-	-	240,182
Sovereign debt securities	38	246,130	261,083	764,864
Financial bills	-	85,798	-	164,822
Debentures	-	6,892	-	11,007
Bank Deposit Certificate CDBs	-	-	4,378	4,219
Checks not cleared	-	-	-	(1,644)
	<u>85,720</u>	<u>871,241</u>	<u>3,705,728</u>	<u>4,019,253</u>
Open funds	<u>317</u>	<u>315</u>	<u>581</u>	<u>24,464</u>
<b>Total current</b>	<u>86,037</u>	<u>871,556</u>	<u>3,706,309</u>	<u>4,043,717</u>
Noncurrent				
Securities (a)	-	18,129	117,700	126,756
<b>Total Noncurrent</b>	<u>-</u>	<u>18,129</u>	<u>117,700</u>	<u>126,756</u>
<b>Total</b>	<u>86,037</u>	<u>889,685</u>	<u>3,824,009</u>	<u>4,170,473</u>

The Investment Funds represent low-risk operations in top-tier financial institutions and are composed of several assets aiming at better profitability with the lowest level of risk, such as: fixed income securities, government bonds, repo operations, debentures, CDBs, among others, in accordance with the Company's investment policy. Additionally, exclusive funds are investments in fund shares (FIC) managed by the financial institution, which allocate their resources in shares of several open-end funds, subject to change in yields with no significant participation and management in the equity of the invested fund, that is, without exceeding 10% of equity. Therefore, the Company and its subsidiaries do not have direct management and control over exposure, rights, variable returns arising from their involvement and the ability to use their power to affect the amount of the returns on these investments, in accordance with CPC 36 (R3) / IFRS 10 - Consolidated Statements.

The global portfolio earns interest pursuant to Interbank Deposit Certificate (CDI) variation, and hence the portfolio's average profitability for the period ended September 30, 2020 is equal to 90.5% of CDI (98.95% of CDI on December 31, 2019).

- (a) Denotes restricted investments securing loans and financing invested in government securities and funds denominated in government securities.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 6 Trade accounts receivable (Consolidated)

#### 6.1 Composition of balances

	<u>09/30/2020</u>	<u>12/31/2019</u>
Residential	1,963,980	1,794,008
Industrial	260,326	234,839
Commercial	534,053	561,702
Rural	201,787	181,158
Government	169,347	199,868
Public lighting	81,822	91,004
Public utility	125,101	106,836
Trade accounts receivable, billed	<u>3,336,416</u>	<u>3,169,415</u>
Trade accounts receivable, unbilled (a)	<u>406,111</u>	452,958
Residential	1,526,456	1,456,351
Industrial	137,532	116,712
Commercial	417,490	377,708
Rural	78,973	76,481
Government	334,167	332,774
Public lighting	90,324	94,210
Public utility	119,324	122,530
Installment payment (b)	<u>2,704,266</u>	<u>2,576,766</u>
Low-income and "viva luz" consumers (c)	126,504	88,764
Other	263,506	202,595
(-) AVP (adjustment to present value) - Accounts receivable – financing (d)	<u>(49,042)</u>	<u>(56,747)</u>
	<u>340,968</u>	<u>234,612</u>
Total	<u>6,787,761</u>	<u>6,433,751</u>
(-) Provision for impairment of accounts receivable	<u>(2,489,226)</u>	<u>(2,047,396)</u>
Total trade accounts receivable	<u>4,298,535</u>	<u>4,386,355</u>
Current	3,408,250	3,503,757
Noncurrent	890,285	882,598

- (a) Refers to electricity that is distributed but not billed to consumers, with invoicing based on metering cycles, which in many cases exceed the bookkeeping closing period;
- (b) The installment payment policy for electricity bills by subsidiaries may extend over 48 months and includes a 1% p.m. interest rte. Previously agreed on installment payments in recently acquired subsidiaries, with no interest or at low rates, adjustments were made to present value;
- (c) By means of Laws nos.12,212 and 10,438, the Federal Government instituted a low-income social rate with a view to contributing to moderate electricity rates for end consumers in the residential low-income sub-class; and
- (d) Adjustment to present value on the balance of long-term installment payments using a 9.1% p.a. interest rate.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 6 Trade accounts receivable (Consolidated) - (Continued)

#### 6.2 Expected losses on impairment of accounts receivable

	12/31/2019	Provisions/ additions(a)	Reversals (write-offs) (a)	09/30/2020
Trade accounts receivable, billed	1,003,427	390,119	(94,263)	1,299,283
Installment payment	968,535	167,684	(32,115)	1,104,104
Trade accounts receivable, unbilled	23,605	35,308	(36,247)	22,666
Others	51,829	157,850	(146,506)	63,173
Total	<u>2,047,396</u>	<u>750,961</u>	<u>(309,131)</u>	<u>2,489,226</u>

  

	12/31/2018	Acquisition (b)	Provisions/ additions	Reversals (write-offs)	09/30/2019
Trade accounts receivable, billed	717,164	139,155	195,754	(199,032)	853,041
Installment payment	708,069	138,512	57,211	(86,540)	817,252
Others	49,505	11,597	39,106	(34,509)	65,699
Total	<u>1,474,738</u>	<u>289,264</u>	<u>292,071</u>	<u>(320,081)</u>	<u>1,735,992</u>

(a) The Company's subsidiaries reviewed their accounting estimate for the provision of overdue bills from accounts receivable, and the net effect in the period ended September 30, 2020 related to the provision for and reversal of impairment of accounts receivable was R\$ 441,830. In this process, a reversal of losses of these customers of written-off bills was also recognized in the amount of R\$ 134,283, generating a net impact on P&L for the period of R\$ 307,547, of which R\$ 289,649 on the operating income (loss) and R\$ 17,898 arising from late-payment interest recorded in financial income (costs); and

(b) Balances of Equatorial Alagoas as of March 31, 2019, when the Company acquired its share control.

#### 6.3 Trade accounts receivable, billed

	09/30/2020			
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	339,219	417,746	1,207,015	1,963,980
Industrial	86,093	11,989	162,244	260,326
Commercial	210,243	63,825	259,985	534,053
Rural	35,057	28,002	138,728	201,787
Government	89,103	37,691	42,553	169,347
Public lighting	31,250	5,290	45,282	81,822
Public utility	49,819	33,341	41,941	125,101
Total	<u>840,784</u>	<u>597,884</u>	<u>1,897,748</u>	<u>3,336,416</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 6 Trade accounts receivable (Consolidated) - (Continued)

#### 6.3 Trade accounts receivable, billed - (Continued)

	12/31/2019			
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	395,779	433,383	964,846	1,794,008
Industrial	85,679	19,413	129,747	234,839
Commercial	252,819	80,921	227,962	561,702
Rural	38,751	29,939	112,468	181,158
Government	102,151	59,509	38,208	199,868
Public lighting	58,234	7,195	25,575	91,004
Public utility	50,966	31,872	23,998	106,836
Total	<u>984,379</u>	<u>662,232</u>	<u>1,522,804</u>	<u>3,169,415</u>

#### 6.4 Installments payment

	09/30/2020			
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	950,924	74,994	500,538	1,526,456
Industrial	83,080	2,644	51,808	137,532
Commercial	320,653	11,636	85,201	417,490
Rural	41,000	4,118	33,855	78,973
Government	291,783	14,380	28,004	334,167
Public lighting	82,812	5,307	2,205	90,324
Public utility	110,853	2,793	5,678	119,324
Total	<u>1,881,105</u>	<u>115,872</u>	<u>707,289</u>	<u>2,704,266</u>

	12/31/2019			
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	1,025,455	75,937	354,959	1,456,351
Industrial	80,666	2,484	33,562	116,712
Commercial	303,027	10,808	63,873	377,708
Rural	46,973	4,365	25,143	76,481
Government	292,136	7,202	33,436	332,774
Public lighting	91,178	1,580	1,452	94,210
Public utility	112,597	2,892	7,041	122,530
Total	<u>1,952,032</u>	<u>105,268</u>	<u>519,466</u>	<u>2,576,766</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 6 Trade accounts receivable (Consolidated) - (Continued)

#### 6.4 Installments payment - (Continued)

##### Aging list of installments payment

	09/30/2020				Total
	2020	2021	2022	2022 onwards	
Residential	85,886	442,249	209,168	213,621	950,924
Industrial	3,331	62,495	7,476	9,778	83,080
Commercial	21,169	99,390	40,266	159,828	320,653
Rural	4,524	21,645	8,033	6,798	41,000
Government	15,693	52,453	33,131	190,506	291,783
Public lighting	7,349	19,061	10,137	46,265	82,812
Public utility	1,992	35,627	20,463	52,771	110,853
Total	139,944	732,920	328,674	679,567	1,881,105

##### Aging list of financing payments more than 90 days overdue as of September 30, 2020

	09/30/2020					Total
	91 to 360 days overdue	361 to 720 days overdue	721 to 1080 days overdue	1081 to 1530 days overdue	More than 1530 days overdue	
Residential	155,137	136,200	77,834	86,233	45,134	500,538
Industrial	5,543	5,508	8,276	21,918	10,563	51,808
Commercial	19,161	16,691	13,089	22,601	13,659	85,201
Rural	10,009	9,394	5,489	6,236	2,727	33,855
Government	8,500	3,778	2,810	12,425	491	28,004
Public lighting	920	543	345	129	268	2,205
Public utility	3,242	1,094	686	646	10	5,678
Total	202,512	173,208	108,529	150,188	72,852	707,289



# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

## 7 "A Component" revenue receivable (returnable) and other financial items (Consolidated)

	12/31/2019	Setup	Write-offs	Adjustment	Amortization	09/30/2020
A Component						
CDE - Energy Development Account (a)	(27,155)	40,741	(9,976)	(589)	(1,022)	1,999
PROINFA - Alternative Source Incentive Program	13,539	(21,804)	(873)	(180)	(6,809)	(16,127)
National Grid (b)	76,875	111,307	(26,334)	1,646	(26,033)	137,461
Acquisition of energy CVA (c)	948,868	71,473	(94,385)	14,773	(571,540)	369,189
ESS - System service charges (d)	(198,435)	(119,123)	8,732	(4,930)	156,099	(157,657)
(-) Covid Account Transfers –A Component (h)	-	(522,190)	-	(1,996)	26,700	(497,486)
	<u>813,692</u>	<u>(439,598)</u>	<u>(122,836)</u>	<u>8,725</u>	<u>(422,603)</u>	<u>(162,620)</u>
Financial items						
Over-purchased electricity	(42,835)	81,566	(74)	(1,679)	(286)	36,692
Neutrality	12,411	26,807	(46,397)	252	(963)	(7,890)
Equatorial Maranhão violation of continuity limit	88	(95)	-	-	34	27
Excess demand and surplus reactive energy (e)	(312,860)	(68,827)	(630)	(6,008)	49,266	(339,059)
Sectorial financial asset (Global Reversion Reserve – RGR)	-	-	-	5,172	-	5,172
Creation of RGR (f)	583,809	-	-	62,126	-	645,935
Other (g)	(100,066)	8,140	296,839	(2,261)	(83,442)	119,210
Setup of regulatory liabilities – Covid Account (h)	-	(443,168)	(1,031)	(643)	27,502	(417,390)
	<u>140,547</u>	<u>(395,577)</u>	<u>248,657</u>	<u>56,959</u>	<u>(7,889)</u>	<u>42,697</u>
Total	<u>954,239</u>	<u>(835,175)</u>	<u>125,821</u>	<u>65,684</u>	<u>(430,492)</u>	<u>(119,923)</u>
Net effect between asset (liability) balances						
Net current	221,386					(658,415)
Net noncurrent	732,853					538,492

- (a) The balance of the CVA (Account to Control Recoverable Variations in A Component) of the CDE was affected by the setup of CVA - R\$ 40,741, the amount of which was positive due to the increase in cost tariffs being higher than current coverage, generating an asset setup;
- (b) The balance of CVA (compensation for changes in the amount of items in "A Component") of the Basic Grid was affected by the establishment of CVA of R\$ 111.307, the amount of which was positive due to the increase in cost rates being higher than the current coverage rates, generating a positive (asset) setup; another factor that contributed to the reduction of the balance was the amortization of the amount received referring to the adjustment that occurred in August 2019, which totaled R\$ 26,033 in the period ended September 30, 2020;
- (c) The balance of the energy CVA (compensation for changes in "A Component" items) was impacted by the increase in operating costs from the effect of availability and financial exposure, resulting from the costs passed on to the distributors to serve the market, generating a positive CVA in the period. Regarding energy contracts, the CVA established in 2020 was negative (liability), which reflects a lower average payment price in relation to tariff coverage. Another factor that contributed to the reduction of the balance was the amortization of the amount received referring to the adjustment occurred in August 2019 at Equatorial Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas distributors, which in the period ended September 30, 2020, corresponded to R\$ 154,403, R\$ 253,434, R\$ 76,408 e R\$ 87,295, respectively, totaling R\$ 571,540;
- (d) System Service Charge (ESS) is related to the payment of dispatched thermal plants that operate with the purchase price above the Settlement Price for Differences (PLD). The measure to dispatch these thermal plants is taken by National System Operator (ONS) to ensure the energy security of the system. In the tariff readjustment, which took place in May 2019, the ESS forecast value granted by ANEEL was higher than the costs actually paid, which in the tariff moderation procedure results in the recomposition via regulatory liability;
- (e) Normative Resolution No. 414/2010 establishes the obligation to collect demands that exceed by more than 5% the amounts previously contracted per connection point, this being called "Demand Overcoming". In addition, it also determines that a charge be applied to the amounts of reactive energy and reactive power demand that violate the limit that results in a power factor equal to 0.92, being known as "Reactive Surplus". The treatment of these additional revenues earned by the distributors is calculated according to sub-module 2.1 of the Tariff Regulation Procedure - PRORET, where it also defines: The amounts billed for exceeding demand and excess reactive power, from the base date of the Valuation Report of the 4<sup>th</sup> Periodic Tariff Review - 4<sup>th</sup> RTP, up to the Reference Date of Contractual Amendment - DRAC must be recorded in a specific sub-account, not subject to amortization, when, at the 5<sup>th</sup> RTP, the balance accounted for will be subtracted from "B Component". In this case, the Company's distributors:

Equatorial Maranhão: This process will take place over fiscal year 2021;

Equatorial Piauí: The tariff process to be approved in December/20 will be considered the revenue invoiced of UD and ER from December/2019 to November/2020;

Equatorial Alagoas: The tariff process approved in May/20 considered the revenue invoiced of UD and ER from May/2019 to April/2020; and

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 7 "A Component" revenue receivable (returnable) and other financial items (Consolidated) - (Continued)

Equatorial Pará: This process took place during fiscal year 2019 and will occur again in 2023, when the next tariff review will take place.

- (f) This CVA balance mostly stems from subsidiary Equatorial Alagoas, and refers to the loan approved by ANEEL as RGR (Global Reversion Reserve), transferred through CCEE. The loan was approved due to the need for extraordinary resources during the period in which the subsidiary was considered by ANEEL to be a Designated Distributor, acting as a service provider until its privatization. The transfer was approved on February 12, 2019, complying with the provisions of MME Administrative Ruling No. 510 of December 20, 2018. In the period ended September 2020, the gross amount of RGR sectorial assets corresponds to R\$ 1,257,759, which is presented net of the adjustment to present value in the amount of R\$ 611,824. The adjustment to present value was recorded due to the change in the contractual conditions defined in the new concession contract for the debt corresponding to the sectorial financial asset;
- (g) At September 30, 2020, the balance of other regulatory assets and liabilities comprises: i) the amount of R\$ 163,439 referring to the deferral of financial items from the May 2020 tariff review of Equatorial Alagoas, so as to reduce the impact on tariffs (deferrals of the following financial items were considered: CVA in processing - transportation, neutrality of A Component, CVA in processing charges and CVA in energy processing); ii) financial item set up due to the Adjustment Postponement of R\$ 23,309 from Equatorial Alagoas and R\$ 103,702 from Equatorial Piauí; iii) forecast amount of the hydrological risk to be amortized in the 2020 adjustment (R\$ 45,720) of Equatorial Alagoas and R\$ 57,258 of Equatorial Piauí, associated with the Reversal of the Hydrological Risk to be amortized until July 2021 R\$ (171) from Equatorial Pará and (R\$ 97,716) from Equatorial Maranhão; iv) other financial items referring to: financial item for the recalculation of B Component 2019 (R\$ 121) from Equatorial Alagoas; and v) CUSD adjustment R\$ 533 of subsidiaries, financial guarantees R\$ 8,396 of subsidiaries, bilateral agreements R\$ 121,910 of subsidiaries, connection adjustment R\$ 1,911 from Equatorial Pará and transfer of DIC/FIC compensation (R\$ 218) of subsidiaries; and
- (h) These refer to transfers from Covid Account, according to Decisions Nos. 2177/2020, 2353/2020 and 2640/2020 published by ANEEL, primarily represented by: (i) R\$ 522,190 ref. write-off of the sectorial financial asset – A Component ; (ii) R\$ 443,168 related to the setup of sectorial financial liabilities (over-contracting and neutrality); and (iii) R\$ 54,202 amortized (A component and financial items) through the tariff approved in the Annual Tariff Adjustment 2020 of the distributors controlled by the Company.

With respect to the amount of recognition of write-offs of regulatory assets and liabilities in the referred to period, these amounts correspond to the differences between the costs ratified by ANEEL in the RTA - Annual Tariff Adjustment process, regarding A Component amounts and other financial components, which are included in the tariffs at the beginning of the tariff period and those actually incurred during the tariff's effective period. The respective amounts are realized at the end of the tariff period, that is, on the date of the tariff readjustment, with the remaining balances being amortized, as well as the elimination of the balances determined and not recovered.

On an annual basis, in August, ANEEL calculates a new rate adjustment index for the indirect subsidiaries Equatorial Maranhão and Equatorial Pará, as well as for direct subsidiaries Equatorial Alagoas and Equatorial Piauí, adjusting their 'A Component' expenses (non-manageable costs, such as energy purchases, sector charges and transmission charges).

Through Approval Resolution No. 2758 of August 25, 2020, ANEEL carried out the Annual Tariff Adjustment of subsidiary Equatorial Maranhão, where the new tariffs came into effect on August 28, 2020, effective until August 27, 2021. The Company's application rates included in Approval Resolution No. 2758 of August 25, 2020 are, on average, adjusted by -0.01%, corresponding to the average tariff effect to be observed by the consumers/users/agents supplied by the Distributor.

At subsidiary Equatorial Pará, through Approval Resolution No. 2750 of August 6, 2020, ANEEL ratified the result of Equatorial Pará's Annual Tariff Adjustment, the Energy Tariffs - TE and the Distribution Grid Tariffs - TUSD, where the new tariffs came into force on August 7, 2020, effective until August 6, 2021. The application rates for Equatorial Pará, set out in Approval Resolution No. 2750 of August 6, 2020, were adjusted by 2.68%, corresponding to the average tariff effect to be observed by consumers/users/agents supplied by the Distributor.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 7 "A Component" revenue receivable (returnable) and other financial items (Consolidated) - (Continued)

For subsidiary Equatorial Piauí, in December 2019 ANEEL calculated the Company's tariff adjustment index, adjusting its A Component expenses (non-manageable costs, such as energy purchase, sector charges, transmission charges) and updating B Component (manageable costs), with the average effect of adjustments of -7.16% (seven point sixteen percent). Approval Resolution No. 2644 of November 26, 2019 ratified the new tariffs that would come into force after December 2, 2019, effective through December 1, 2020, but were suspended due to the decision handed down on December 3 of 2019, by the Federal Regional Court of the 1st Region, in the records of Interlocutory Appeal No. 0002459-43.2019.4.01.0000. As such, in the concession area of Equatorial Piauí, ANEEL published decision 3405/2019 extending the tariffs set by Approval Resolution No 2490 of November 27, 2018, while the judicial decision is in force. Since the writ of mandamus suspending the application of the 2019 adjustment result was repealed and Equatorial Piauí filed a request with ANEEL - given the proximity to the 2020 tariff process – seeking to maintain the 2018 adjustment tariffs and to treat the difference between the 2018 and 2019 tariffs as a tariff component. ANEEL partially accepted the distributor's request upon publishing Decision No. 2,541 of September 1, 2020. Thereunder, ANEEL determined the application by the distributor of the tariffs set in Approval Resolution No. 2644/2019 as of September 2, 2020, related to the 2019 tariff adjustment, and that the negative financial components arising from the non-application of the tariffs set by this Approval Resolution should be applied in the next tariff process of Equatorial Piauí.

By way of Approval Resolution No. 2,684 of April 28, 2020, ANEEL approves the result of the Extraordinary Tariff Review - RTE of Subsidiary Equatorial Alagoas, the Energy Tariffs - TE and the Distribution Grid Tariffs - TUSD. This corresponds to the average tariff effect to be perceived by consumers of 9.85% (nine point eighty-five percent), where the new tariffs will be in effect in the period from May 3, 2020 to May 2, 2021.

However, according to article 11 of Approval Resolution No 2684 of April 28, 2020, the application of the provisions and tables in the Annexes to this Resolution, resulting from the Extraordinary Tariff Review process of CEAL 2020, was suspended until June 30, 2020. Paragraph 1 - As of May 3, 2020, the concessionaire will continue to apply the current rates set out in Tables 1 and 2 of Approval Resolution No. 2540 of April 30, 2019. As of July 1, 2020, the concessionaire began to apply the rates contained in Tables 1 and 2 of Approval Resolution No. 2684 of April 28, 2020.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 8 Recoverable taxes and contributions

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current				
ICMS recoverable (CIAP) (a)	-	-	105,002	95,559
INSS	-	-	11,013	10,806
PIS and COFINS	6	2	54,918	67,696
PIS and COFINS recoverable (ICMS) (b)	-	-	903,854	75,999
Other	28	860	18,424	6,006
Total current	34	862	1,093,211	256,066
Noncurrent				
ICMS recoverable (CIAP) (a)	12	12	170,424	139,080
PIS and COFINS recoverable (ICMS) (b)	-	-	1,266,794	1,467,367
Other	-	-	30,904	26,990
Total noncurrent	12	12	1,468,122	1,633,437
Total recoverable taxes and contributions	46	874	2,561,333	1,889,503

- (a) The Company and its subsidiaries have taxes to be recovered referring to ICMS credits on the acquisition of materials destined to property, plant and equipment, appropriated at a ratio of 1/48; and
- (b) As detailed in Note 22, direct subsidiaries Equatorial Piauí and Equatorial Alagoas, as well as indirect subsidiaries Equatorial Maranhão and Equatorial Pará, recognized an asset referring to PIS/COFINS recoverable of R\$ 470,006, R\$ 298,348, R\$ 802,622 e R\$ 945,507, respectively. This was based on the opinion of its legal advisors, after publication of the Decision on the Appeal to the Federal Supreme Court - STF, and supported by the final and unappealable favorable decision awarded in the individual lawsuit of these Companies. At September 30, 2020, subsidiaries Equatorial Piauí, Equatorial Alagoas, Equatorial Maranhão and Equatorial Pará offset credits authorized by the Brazilian IRS (RFB) in the amounts, respectively, of R\$ 35,682, R\$ 52,414, R\$ 156,007 and R\$ 101,714 against federal taxes (corporate income tax - IRPJ, Social Contribution Tax on Net Profit (CSLL), PIS and COFINS contribution taxes and federal withholdings through E-Request for Federal Tax Recovery, Refund or Offset (PER/DCOMP).

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 9 Related parties

As of September 30, 2020, the Company has changes in related-party transactions, primarily for sharing agreements, dividends and other items, with the companies below:

#### Parent Company

	09/30/2020		12/31/2019	
<b>Other receivables</b>	<b>Assets</b>		<b>Assets</b>	
Equatorial Transmissão S.A. (a)	2,278		2,278	
<b>Total</b>	<b>2,278</b>		<b>2,278</b>	

  

	09/30/2020		12/31/2019	09/30/2019
<b>In-court reorganization</b>	<b>Assets</b>	<b>Effect on income</b>	<b>Assets</b>	<b>Effect on income</b>
Equatorial Pará Distribuidora de Energia S.A. (b)	9,930	(362)	9,569	(303)
<b>Total</b>	<b>9,930</b>	<b>(362)</b>	<b>9,569</b>	<b>(303)</b>

  

	09/30/2020	12/31/2019
<b>Dividends receivable</b>	<b>Assets</b>	<b>Assets</b>
Equatorial Transmissão S.A.	7,090	7,090
Equatorial Soluções	10,532	-
Equatorial Maranhão	390	-
Equatorial Pará	262	-
Intesa	33,021	-
Geradora de Energia do Maranhão S.A.	-	5,176
<b>Total</b>	<b>51,295</b>	<b>12,266</b>

#### Consolidated

	09/30/2020		12/31/2019	09/30/2019
<b>Loans</b>	<b>Liabilities</b>	<b>Effect on income</b>	<b>Liabilities</b>	<b>Effect on income</b>
Centrais Elétricas Brasileiras S.A.-Eletrobras (c)	(84,842)	(38,046)	(122,888)	(13,512)
<b>Total</b>	<b>(84,842)</b>	<b>(38,046)</b>	<b>(122,888)</b>	<b>(13,512)</b>

  

	09/30/2020		12/31/2019	09/30/2019
<b>Trade payables</b>	<b>Liabilities</b>	<b>Effect on income</b>	<b>Liabilities</b>	<b>Effect on income</b>
55 Soluções S.A.	-	-	(12,398)	10,938
Equatorial Telecomunicações S.A.	-	-	(725)	-
Equatorial Transmissora 8 SPE S.A. (d)	-	-	(41)	-
Other	-	-	(100)	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(13,264)</b>	<b>10,938</b>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 9 Related parties - (Continued)

- (a) This refers to expenses incurred in the pre-operational phase of the transmission companies;
- (b) Transactions with Equatorial Pará are related to the direct or indirect acquisition and negotiation of financing as part of the in-court reorganization of the indirect subsidiary, with payments owed to the following creditors: BNDES, Banco Bradesco, Banco Itaú BBA/ Unibanco, BIC Banco, Banco Merrill Lynch and Banco Société Générale. The balance will be amortized in 10 annual, fixed and equal installments, the first maturing on September 30, 2034 and the last on September 30, 2043 and amounts derived from the human resources, administrative, and proportional sharing of the expenses incurred without the incidence of financial charges on these transactions, with an indeterminate term; as per Technical Note 15/2018-SFF/ANEEL case number 48500.000377/2018-91, see Note 19; and
- (c) Transactions with Eletrobras are related to loan agreements with Equatorial Maranhão. The loan agreements with Eletrobras relate to power sector credit facilities, the terms and conditions of which are equivalent to those applicable to other power distribution utilities in Brazil.

### Key management personnel compensation

The key management personnel include the Board of Directors and Chief Officers. Their compensation was set at up to R\$ 26,600, as per the Annual and Special General Meeting held on May 22, 2020.

The Company's chief officers do not carry out any loan, advances or other transactions with the Company other than their services regularly provided.

As at September 30, 2020 and December 31, 2019, the Company does not provide any compensation for its key management personnel in the categories of: a) other long-term benefits; and b) benefits from termination of employment.

Post-employment benefits are described in Note 29 and refer to retirement and pension benefit plans in order to complement and supplement the benefits paid by the official social security system.

Proportion of each constituent of overall compensation, related to the six-month period ended September 30, 2020, paid by the Company:

	Board of Directors	%	Statutory Executive Board	%	Total
Number of members	7		5		12
Annual Fixed Compensation	4,056	100%	4,413	34%	8,469
Salaries or management fees	3,380	83%	1,472	11%	4,852
Direct and indirect benefits	-	-	2,647	21%	2,647
Other (Employer's INSS)	676	17%	294	2%	970
Variable compensation	-	-	3,198	25%	3,198
Bonuses	-	-	2,558	20%	2,558
Other (Employer's INSS)	-	-	640	5%	640
Share-based payments	-	-	5,257	41%	5,257
Total compensation by board	<u>4,056</u>	<u>100%</u>	<u>12,868</u>	<u>100%</u>	<u>16,924</u>

### Guarantees

The Company has provided collaterals and guarantees to the subsidiaries, without related charges, in the loans and financing agreements.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 10 Investments

The main information about investments in subsidiaries and joint ventures is as follows:

		Parent Company		Consolidated	
		09/30/2020	12/31/2019	09/30/2020	12/31/2019
Appraised by equity accounting:					
Equatorial Distribuição	90.15%	4,980,157	4,423,190	-	-
Equatorial Piauí	94.47%	656,783	679,917	-	-
Equatorial Alagoas	96.37%	989,794	809,472	-	-
Geradora de Energia do Maranhão	25.00%	117,574	103,751	117,574	103,751
55 Soluções	100.00%	108,559	82,572	-	-
Equatorial Transmissão	100.00%	2,867,581	2,072,159	-	-
INTESA	100.00%	534,122	492,961	-	-
Subtotal		10,254,570	8,664,022	117,574	103,751
Other investments		-	-	17,533	18,466
Total		10,254,570	8,664,022	135,107	122,217

### 10.1 Changes in the capital expenditure in subsidiaries and joint subsidiaries - Parent company

	12/31/2019	Capital increase	Minimum dividends	Additional dividends	Share of profit (loss) of equity-accounted investees	Concession right amortization	Other comprehensive income	09/30/2020
<b>Subsidiaries</b>								
Equatorial Distribuição	4,423,190	-	(13)	(125,771)	686,003	-	(3,252)	4,980,157
Equatorial Piauí	679,917	-	-	-	20,248	(41,100)	(2,282)	656,783
Equatorial Alagoas	809,472	-	-	-	209,690	(29,368)	-	989,794
Geradora de Energia do Maranhão	103,751	-	(9,611)	-	23,434	-	-	117,574
55 Soluções	82,572	-	-	-	25,987	-	-	108,559
Equatorial Transmissão	2,072,159	58,976	-	-	736,446	-	-	2,867,581
INTESA	492,961	-	-	-	44,638	(3,477)	-	534,122
Total	8,664,022	58,976	(9,624)	(125,771)	1,746,446	(73,945)	(5,534)	10,254,570

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

## 10 Investments - (Continued)

### 10.2 Information about the subsidiaries and joint ventures - Consolidated

The Company presents the table below to show the individual position of its subsidiaries.

Balances in 09/30/2020	Interest Corporate	Statement of financial position					Results in 09/30/2020					
		Current		Noncurrent		Equity	Revenue net	Net income Gross	Revenue/ expenses operational	Net income Financial Net	Tax Contribution capital	Net income Net price
		Assets	Liabilities	Assets	Liabilities							
Equatorial Piauí	94.4737%	1,543,219	1,527,839	2,521,260	3,397,442	(860,802)	1,456,115	247,112	(163,238)	(67,916)	-	15,958
Equatorial Alagoas	96.3666%	1,592,233	1,100,990	2,486,481	3,054,438	(76,714)	1,417,735	415,984	(177,825)	(31,409)	8,004	214,754
Geradora de Energia do Maranhão	25.0000%	151,646	85,367	551,433	193,956	423,756	188,885	133,264	(11,685)	(10,976)	(16,867)	93,736
55 Soluções	100.0000%	93,555	44,742	61,398	1,652	108,559	113,464	40,520	(4,001)	612	(11,144)	25,987
Equatorial Transmissão	100.0000%	8,617	17,675	2,876,639	-	2,867,581	-	-	736,454	(8)	-	736,446
Equatorial Distribuição	90.4900%	19,455	9	5,505,154	-	5,524,600	-	-	760,961	37	-	760,998
INTESA	100.0000%	453,531	92,751	862,012	760,933	461,859	112,255	49,157	(1,205)	(13,030)	9,716	44,638
		<u>3,862,256</u>	<u>2,869,373</u>	<u>14,864,377</u>	<u>7,408,421</u>	<u>8,448,839</u>	<u>3,288,454</u>	<u>886,037</u>	<u>1,139,461</u>	<u>(122,690)</u>	<u>(10,291)</u>	<u>1,892,517</u>

Balances in 12/31/2019	Interest Corporate	Statement of financial position					Results in 12/31/2019					
		Current		Noncurrent		Equity	Revenue net	Net income Gross	Revenue/ expenses operational	Net income Financial Net	Tax Contribution Capital	Net income Net price
		Assets	Liabilities	Assets	Liabilities							
Equatorial Maranhão	65.1087%	2,794,304	928,193	4,633,382	3,365,258	3,134,235	3,046,007	1,043,750	(416,689)	(15,555)	(101,742)	509,764
Equatorial Pará	96.4992%	3,848,379	1,720,881	6,263,872	5,299,688	3,091,682	4,434,319	1,089,494	(524,755)	(106,314)	(102,671)	355,754
Equatorial Piauí	94.4737%	1,252,985	1,160,306	2,386,935	3,353,958	(874,344)	2,429,658	450,710	(190,622)	(156,532)	(10,277)	93,279
Equatorial Alagoas	96.3666%	988,625	606,078	2,422,169	3,096,184	(291,468)	1,443,939	450,368	(183,198)	(181,068)	178,596	264,698
Geradora de energia do norte	25.0000%	101,995	97,490	560,156	194,982	369,679	253,836	170,912	(15,034)	(17,620)	(21,488)	116,770
Vila Velha	50.0000%	-	-	6,600	-	6,600	-	-	-	-	-	-
55 Soluções	100.0000%	60,271	30,551	54,571	1,719	82,572	153,726	54,277	3,317	1,897	(15,145)	44,346
Equatorial Transmissão	100.0000%	6,709	14,387	2,079,836	-	2,072,158	-	-	1,026,019	217	-	1,026,236
Equatorial Distribuição	90.1400%	626	46,495	4,952,613	-	4,906,744	-	-	197,175	(1,356)	-	195,819
INTESA	100.0000%	372,358	89,661	899,488	764,964	417,221	488,397	440,351	(2,516)	(20,277)	(118,242)	299,316
		<u>9,426,252</u>	<u>4,694,042</u>	<u>24,259,622</u>	<u>16,076,753</u>	<u>12,915,079</u>	<u>12,249,882</u>	<u>3,699,862</u>	<u>(106,303)</u>	<u>(496,608)</u>	<u>(190,969)</u>	<u>2,905,982</u>



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 10 Investments - (Continued)

#### 10.3 Reconciliation of capital expenditure

09/30/2020								
Subsidiaries	Interest	Equity of subsidiary	Net income	Equity income	Investment value	Intangible concession assets (a)	Total investment	
Equatorial Alagoas	96.37%	(76,714)	214,754	209,690	(73,926)	1,063,720	989,794	
Equatorial Piauí	94.47%	(860,802)	15,958	20,248	(813,232)	1,470,015	656,783	
Geradora de Energia do Maranhão	25.00%	423,756	93,736	23,434	105,939	11,635	117,574	
55 Soluções	100.00%	108,559	25,987	25,987	108,559	-	108,559	
		2,867,581	736,446	736,446	2,867,581	-	2,867,581	
Equatorial Transmissão	100.00%							
Equatorial Distribuição	90.15%	5,524,600	760,998	686,003	4,980,157	-	4,980,157	
INTESA	100.00%	461,859	44,638	44,638	461,859	72,263	534,122	
		<u>8,448,839</u>	<u>1,892,517</u>	<u>1,746,446</u>	<u>7,636,937</u>	<u>2,617,633</u>	<u>10,254,570</u>	
12/31/2019								
Subsidiaries	Interest	Equity of subsidiary	Net income	Equity income	Investment value	Intangible concession assets (a)	Provision for loss investment devaluation	Total investment
Equatorial Maranhão	65.1087%	3,134,235	509,764	323,496	-	-	-	-
Equatorial Pará	96.4992%	3,091,682	355,754	342,498	-	-	-	-
Equatorial Piauí	94.4737%	(874,344)	93,279	128,558	(826,026)	1,505,943	-	679,917
Equatorial Alagoas	96.3666%	(291,468)	264,698	347,565	(280,877)	1,090,349	-	809,472
Geradora de Energia do Norte	25.0000%	369,679	116,770	29,295	92,420	11,331	-	103,751
Vila Velha	50.0000%	6,600	-	-	3,300	-	(3,300)	-
55 Soluções	100.0000%	82,572	44,346	44,346	82,572	-	-	82,572
Equatorial Transmissão	100.0000%	2,072,158	1,026,236	1,026,237	2,072,159	-	-	2,072,159
Equatorial Distribuição	90.1451%	4,906,744	195,819	176,522	4,423,190	-	-	4,423,190
INTESA	100.0000%	417,221	299,316	294,678	417,220	75,741	-	492,961
		<u>12,915,079</u>	<u>2,905,982</u>	<u>2,713,195</u>	<u>5,983,958</u>	<u>2,683,364</u>	<u>(3,300)</u>	<u>8,664,022</u>

(a) Refers to the Purchase Price Allocation (PPA) balance in the acquisition of its subsidiaries.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 11 Concession's (Consolidated)

Denotes the portion of the investments made and not amortized by the end of the concession classified as a financial asset, because it is an unconditional right to receive cash or another financial asset directly. The portion of infrastructure classified as a financial asset is remunerated through the so-called regulatory Weighted Average Cost of Capital - WACC, which is the return on investment collected monthly on customers' electricity bills.

The changes in concession financial asset balances are as follows:

	12/31/2019	Indexation of financial assets (b)	Transfers of contract assets (a)	Write-offs	Transfers of intangible assets (a)	09/30/2020
Financial assets – Distribution	6,514,499	<b>69,709</b>	<b>322,805</b>	<b>(13,283)</b>	<b>(984)</b>	<b>6,892,746</b>
Special obligations Distribution (c)	(1,568,954)	<b>(42,490)</b>	<b>(62,555)</b>	-	-	<b>(1,673,999)</b>
Total	4,945,545	<b>27,219</b>	<b>260,250</b>	<b>(13,283)</b>	<b>(984)</b>	<b>5,218,747</b>

The concessions held by the subsidiaries Equatorial Piauí and Equatorial Alagoas and the companies Equatorial Maranhão and Equatorial Pará have no counterpart, and therefore, there are no fixed financial obligations or payments to be made to the concession authority.

- (a) Denotes the transfers of contract assets to concession financial assets and intangible assets;
- (b) For a better estimate of the indemnity upon the termination of the concession of the subsidiaries Equatorial Piauí and Equatorial Alagoas and the companies Equatorial Maranhão and Equatorial Pará, the fair value of financial assets is indexed on a monthly basis to the IPCA index, which is one of the primary indexes used for annual indexation by the regulator in tariff adjustment processes; and
- (c) Special obligations substantially refer to funds from the Federal, State and Municipal Governments and consumer shares linked to utility concession investments.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 12 Intangible assets (Consolidated)

Intangible assets are comprised as follows:

	Annual rates	09/30/2020			Net
		Cost	Amortization	(-) Obligations linked to the concession	
<b>Distribution</b>					
In service - Distribution	4.35%	<u>15,396,255</u>	<u>(7,431,721)</u>	<u>(2,113,945)</u>	<u>5,850,589</u>
<b>Concession right</b>					
Concession right – Equatorial Maranhão (a)	4.35%	291,810	(135,345)	-	156,465
Concession right – Equatorial Pará (a)		172,905	(164,036)	-	8,869
Concession right -Equatorial Alagoas (a)	4.35%	1,218,957	(60,948)	-	1,158,009
Concession right – Equatorial Piauí (a)	4.35%	1,740,149	(116,010)	-	1,624,139
Subtotal		<u>3,423,821</u>	<u>(476,339)</u>	-	<u>2,947,482</u>
Other		<u>10,195</u>	<u>(505)</u>	-	<u>9,690</u>
Subtotal		<u>18,830,271</u>	<u>(7,908,565)</u>	<u>(2,113,945)</u>	<u>8,807,761</u>
<b>Transmission</b>					
In service – Transmission (Grant right)	4.34%	9,267	(977)	-	8,290
In course – Transmission		1,549	-	-	1,549
<b>Concession right</b>					
Concession right - INTESA (a)	3.33%	<u>80,378</u>	<u>(8115)</u>	-	<u>72,263</u>
Subtotal		<u>91,194</u>	<u>(9,092)</u>	-	<u>82,102</u>
Total		<u>18,921,465</u>	<u>(7,917,657)</u>	<u>(2,113,945)</u>	<u>8,889,863</u>
<b>12/31/2019</b>					
	Annual rates	Cost	Amortization	(-) Obligations linked to the concession	Net
<b>Distribution</b>					
In service - Distribution	4.24%	15,005,268	(6,828,676)	(2,295,525)	5,881,067
<b>Concession right</b>					
Concession right – Equatorial Maranhão (a)	3.33%	291,810	(124,838)	-	166,972
Concession right -Equatorial Alagoas (a)	3.33%	1,218,957	(30,474)	-	1,188,483
Concession right – Equatorial Piauí (a)	3.33%	1,740,149	(72,506)	-	1,667,643
Subtotal		3,250,916	(227,818)	-	3,023,098
Other		19,449	(359)	-	19,090
Subtotal		<u>18,275,633</u>	<u>(7,056,853)</u>	<u>(2,295,525)</u>	<u>8,923,255</u>
<b>Transmission</b>					
In service – Transmission (Grant right)	4.34%	9,027	(798)	-	8,229
In course - Transmission		749	-	-	749
<b>Concession right</b>					
Concession right – INTESA (a)	3.33%	<u>80,378</u>	<u>(4,637)</u>	-	<u>75,741</u>
Subtotal		<u>90,154</u>	<u>(5,435)</u>	-	<u>84,719</u>
Total		<u>18,365,787</u>	<u>(7,062,288)</u>	<u>(2,295,525)</u>	<u>9,007,974</u>

\* Weighted average annual depreciation rates (%)

- (a) Refers to the adjustment to fair value of the contract asset in a business combination through the Allocation of the Price Paid - PPA, being classified in the Consolidated as intangible assets, since they are contractual rights and other legal rights, in accordance with o CPC 04/IAS 38 - Intangible assets.

## Equator Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 12 Intangible assets (Consolidated) - (Continued)

#### Change in intangible assets

	Distribution					09/30/2020	
	Transfers (a)		Additions	Write-offs	Transfers (a)		
	12/31/2019	Financial assets			Contract assets		
In service	15,005,268	984	-	(20,685)	410,688	15,396,255	
(-) Amortization	(6,828,676)	-	(621,899)	18,854	-	(7,431,721)	
<b>Total in service</b>	<b>8,176,592</b>	<b>984</b>	<b>(621,899)</b>	<b>(1,831)</b>	<b>410,688</b>	<b>7,964,534</b>	
Special obligations (b)	(3,963,368)	-	-	8	27,513	(3,935,847)	
(-) Amortization	1,667,843	-	154,059	-	-	1,821,902	
<b>Total special obligations</b>	<b>(2,295,525)</b>	<b>-</b>	<b>154,059</b>	<b>8</b>	<b>27,513</b>	<b>(2,113,945)</b>	
Other	3,042,188	-	(85,016)	-	-	2,957,172	
<b>Total Distribution</b>	<b>8,923,255</b>	<b>984</b>	<b>(552,856)</b>	<b>(1,823)</b>	<b>438,201</b>	<b>8,807,761</b>	
	Transmission						
	Transfers (a)		Additions	Write-offs	Transfers (a)		
	12/31/2019	Financial assets			Contract assets		
In service	9,027	(7,781)	318	-	-	1,564	
(-) Amortization	(798)	759	-	-	-	(39)	
<b>Total in service</b>	<b>8,229</b>	<b>(7,022)</b>	<b>318</b>	<b>-</b>	<b>-</b>	<b>1,525</b>	
In progress	749	1	799	-	-	1,549	
Concession right	80,378	-	-	-	-	80,378	
(-)Amortization	(4,637)	-	(3,478)	-	-	(8,115)	
<b>Total concession right</b>	<b>75,741</b>	<b>-</b>	<b>(3,478)</b>	<b>-</b>	<b>-</b>	<b>72,263</b>	
		7,021	(256)	-	-	6,765	
<b>Total Transmission</b>	<b>84,719</b>	<b>-</b>	<b>(2,617)</b>	<b>-</b>	<b>-</b>	<b>82,102</b>	
<b>Total intangible</b>	<b>9,007,974</b>	<b>984</b>	<b>(555,473)</b>	<b>(1,823)</b>	<b>438,201</b>	<b>8,889,863</b>	

- (a) Denotes the transfers (bifurcation) of contract assets to intangible assets in service and concession financial assets; and
- (b) Special obligations substantially refer to funds from the Federal, State and Municipal Governments and consumer shares linked to utility concession investments.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 13 Contractual assets (Consolidated)

The Group's contract assets are constituted as follows:

	09/30/2020					
	Cost	Write-off of RAP	(-) Obligations related to the concession	Contract asset adjustment	Construction contract	Net
Distribution	1,927,007		(864,399)	-	-	1,062,608
Transmission	7,399,369	(315,564)	-	868,701	1,445,025	9,418,162
<b>Total</b>	<b>9,326,376</b>	<b>(315,564)</b>	<b>(864,399)</b>	<b>868,701</b>	<b>1,445,025</b>	<b>10,480,770</b>
Current						708,900
Noncurrent						9,771,870

  

	12/31/2019			
	Cost	Write-off of RAP	(-) Obligations related to the concession	Net
Distribution	1,464,994	-	(620,117)	844,877
Transmission	7,591,069	(191,702)	-	7,399,367
<b>Total</b>	<b>9,056,063</b>	<b>(191,702)</b>	<b>(620,117)</b>	<b>8,244,244</b>
Current				699,692
Noncurrent				7,544,552

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 13 Contractual assets (Consolidated) – (Continued)

#### Change in contractual assets - Distribution

	12/31/2019	Additions (b)	Write-offs	Transfers (a)		Reclassification	09/30/2020
				Intangible	Financial		
				Assets	Assets		
In progress	1,464,994	1,224,811	(22,253)	(410,688)	(322,805)	(7,052)	1,927,007
Special obligation (b)	(620,117)	(300,254)	13,878	(27,513)	62,555	7,052	(864,399)
<b>Total distribution</b>	<b>844,877</b>	<b>924,557</b>	<b>(8,375)</b>	<b>(438,201)</b>	<b>(260,250)</b>	<b>-</b>	<b>1,062,608</b>

#### Change in contractual assets - Transmission

	12/31/2019	Construction margin	Contract asset adjustment	RAP Realization	O&M Revenue	Contractual asset – gain/loss on realization	09/30/2020
In progress	7,437,274	1,490,794	510,451	-	-	(158,355)	9,280,164
In service	(37,907)	112,588	358,250	(315,564)	20,631	-	137,998
<b>Total transmission</b>	<b>7,399,367</b>	<b>1,603,382</b>	<b>868,701</b>	<b>(315,564)</b>	<b>20,631</b>	<b>(158,355)</b>	<b>9,418,162</b>
<b>Total contractual assets</b>	<b>8,244,244</b>						<b>10,480,770</b>
Current	699,692						708,900
Noncurrent	7,544,552						9,771,870

(a) Denotes the transfers (bifurcation) of contract assets to intangible assets in service and concession financial assets; and

(b) Special obligations substantially refer to funds from the Federal, State and Municipal Governments and consumer shares linked to utility concession investments.

The Company and its distributor subsidiaries assessed the impact and concluded as low the risk of non-receipt and associated loss, since they will be remunerated, as from service's start, (i) by increasing the tariff charged by customers, through cycles (ii) for the unconditional right to receive cash or other financial assets from the Granting Authority, as compensation for the reversal of the public service infrastructure.

The Company and its transmission subsidiaries assessed the concession infrastructure corresponding to the right established in the public electricity transmission service concession arrangement entered into by the Government and the company, to receive cash through two flows (a) part to be received directly from users delegated by the concession authority (generation and distribution utilities, free consumers, exporters and importers) through monthly sales secured by the annual permitted compensation (RAP), during the concession term; and (b) partly through indemnification of the returnable assets at the end of the concession arrangement, to be received directly from the concession authority or to whom it delegates this task.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 13 Contractual assets (Consolidated) – (Continued)

We did not therefore identify any sign of impairment and consequently no provision was made in the period ended September 30, 2020 and financial year ended December 31, 2019. The assets' values under construction are subject to ANEEL's supervision.

The concession contracts for SPE 07 and 08 transmission companies do not have an indemnity clause for the unamortized regulatory asset at the end of the contract. As such, the cash flow from recovery of investments considers the RAP determined by the regulator, without payment at the end and without any asset receivable amount. This method does not cause losses on the concessionaire. The assets are used and realized throughout the concession.

### 14 Trade payables

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current				
Electricity sales to distributors (a)	-	-	752,860	889,825
Electricity network usage charge	-	-	127,271	72,659
Materials and services (b)	1,958	2,081	760,033	920,819
Free electricity pass-through	-	-	-	19,174
Guarantees	-	-	35,862	30,390
Related-party transactions	-	-	-	1,037
Provision for trade payables	-	-	49,482	35,112
Total	<u>1,958</u>	<u>2,081</u>	<u>1,725,508</u>	<u>1,969,016</u>
Noncurrent				
Materials and services	-	-	6,731	7,094
Total	-	-	6,731	7,094
Total	<u>1,958</u>	<u>2,081</u>	<u>1,732,239</u>	<u>1,976,110</u>

- (a) The variation in the period presented is due to the reduction in costs of operations with the CCEE - availability effect, effect of contracting guarantee quotas and financial exposure that are valued at PLD, which in this period presented levels below R\$ 100/MWh. In addition, the reduction in the PLD contributes to the shutdown of the thermoelectric plants, reducing expenses with energy contracts; in the latter case only the costs for availability are billed; and
- (b) This composition is largely due to suppliers of materials and services, related to investments in the infrastructure of the concession that the Company's subsidiaries make throughout the period.

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

## 15 Loans and borrowings

### 15.1 Balance breakdown

		Parent Company 09/30/2020			Parent Company 12/31/2019				
Domestic currency	Guarantees	Average cost of the debt (% p.a.)	Principal and interest			Average cost of the debt (% p.a.)	Principal and interest		
			Current	Noncurrent	Total		Current	Noncurrent	Total
Promissory note	-	-	-	-	-	6.41%	507,358	-	507,358
		Consolidated 09/30/2020			Consolidated 12/31/2019				
Foreign currency (USD)	Guarantees	Average cost of the debt (% p.a.)	Principal and interest			Average cost of the debt (% p.a.)	Principal and interest		
			Current	Noncurrent	Total		Current	Noncurrent	Total
CCBI Citibank	-	4.01%	276,463	1,528,785	1,805,248	6.74%	7,602	1,284,299	1,291,901
Total exchange currency			<u>276,463</u>	<u>1,528,785</u>	<u>1,805,248</u>		<u>7,602</u>	<u>1,284,299</u>	<u>1,291,901</u>
Eletrabras	Receivables	4.96%	516,586	1,694,105	2,210,691	7.11%	278,260	2,124,748	2,403,008
IBM	-	-	-	-	-	5.96%	2,975	-	2,975
BNDES	Parent company collateral + Receivables + Investment + Share Pledge	7.38%	301,120	3,509,642	3,810,762	8.74%	170,350	2,713,636	2,883,986
Banco do Brasil	Parent company collateral + Statutory Lien	4.10%	10,695	330,640	341,335	5.99%	734	273,663	274,397
BNB	Parent company aval + Investment + Share Pledge	4.39%	25,589	1,412,144	1,437,733	6.23%	16,247	1,165,411	1,181,658
Caixa Econômica Federal	Parent company collateral+ Receivables+ Investment	6.00%	10,584	59,861	70,445	6.00%	10,379	67,601	77,980
Finep	-	-	-	-	-	4.00%	161	-	161
CCEE/RGR/ANEEL (a)	Receivables	5.00%	-	2,354,958	2,354,958	5.00%	-	2,269,112	2,269,112
Santander	Parent company aval	4.32%	163,497	580,000	743,497	6.83%	151,323	200,000	351,323
Votorantim	-	-	-	-	-	4.50%	125	-	125
Promissory note	-	3.82%	737,881	-	737,881	6.60%	1,105,414	569,013	1,674,427
Subtotal		5.56%	<u>1,765,952</u>	<u>9,941,350</u>	<u>11,707,302</u>	6.89%	<u>1,735,968</u>	<u>9,383,184</u>	<u>11,119,152</u>
(-) Arrangement costs			(11,599)	(15,178)	(26,777)		(1,290)	(23,239)	(24,529)
(-) Adjustment to present value (a)		9.43%	-	(1,248,469)	(1,248,469)	10.58%	-	(1,281,570)	(1,281,570)
Subtotal			<u>(11,599)</u>	<u>(1,263,647)</u>	<u>(1,275,246)</u>		<u>(1,290)</u>	<u>(1,304,809)</u>	<u>(1,306,099)</u>
Total local currency		6.65%	<u>1,754,353</u>	<u>8,677,703</u>	<u>10,432,056</u>	8.47%	<u>1,734,678</u>	<u>8,078,375</u>	<u>9,813,053</u>
Total		6.26%	<u>2,030,816</u>	<u>10,206,488</u>	<u>12,237,304</u>	8.27%	<u>1,742,280</u>	<u>9,362,674</u>	<u>11,104,954</u>

- (a) Subsidiaries Equatorial Piauí and Equatorial Alagoas have an adjustment to present value on the balance of the loan approved by ANEEL as RGR (Global Reversion Reserve), taken out due to the amendment to the contractual conditions defined in the new concession contract for the debt whose interest charges were renegotiated to 5% p.a. Equatorial Piauí and Equatorial Alagoas recognized, respectively, adjustment to present value of R\$ 674,930 and R\$ 650,957, as at March 31, 2019 and a discount rate that reflected the risk and terms of funding available in the market to the Company. At September 30, 2020, the adjustment to present value balance corresponds to R\$ 630,060 and R\$ 618,409 for Equatorial Piauí and Equatorial Alagoas, respectively.

As of September 30, 2020, the amounts in consolidated loans and financing have an average cost of 6.26% p.a., equivalent to 176.84% of the CDI (8.27% p.a., equivalent to 138.75% of the CDI rate at December 31, 2019).



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 15 Loans and borrowings – (Continued)

#### 15.2 Debt amortization schedule

At September 30, 2020 the installment payments under the primary loans and financing agreements were as follows:

##### Consolidated

Due date	09/30/2020	
	Amount	%
Current	<b>2,030,816</b>	<b>17%</b>
2021	<b>607,091</b>	<b>5%</b>
2022	<b>2,011,849</b>	<b>16%</b>
2023	<b>1,716,920</b>	<b>14%</b>
2024	<b>986,736</b>	<b>8%</b>
2024 onwards	<b>6,147,539</b>	<b>50%</b>
Subtotal	<b>11,470,135</b>	<b>93%</b>
Arrangement costs/AVP (Noncurrent)	<b>(1,263,647)</b>	<b>(10%)</b>
Noncurrent	<b>10,206,488</b>	<b>83%</b>
Total	<b>12,237,304</b>	<b>100%</b>

The Company's indirect subsidiaries (SPE 01, SPE 02, SPE 03 and SPE 05) have a loan with Banco do Nordeste do Brasil amounting to R\$ 1,379,254. In accordance with Resolution No. 4798 of April 6, 2020, referring to funds of the Constitutional Financing Fund of the Center-West of Brazil (FCO), their installments overdue and falling due were suspended until the year ending December 31, 2020, since they were impacted by the state public calamity arising from Covid-19.

The direct subsidiaries (Equatorial Piauí and Equatorial Alagoas) have loans with BNDES in the amount of R\$ 362,072 and joined the standstill proposed by the Bank, with signatures of the related contractual amendments on May 8, 2020, for temporary suspension of payment of interest and principal for six months, between April and September 2020, with the capitalization of the unpaid amount and without changing the final term.

#### 15.3 Change in debt

Changes in balances of loans and financing are as follows:

##### Parent Company

	Domestic currency		
	Current liabilities	Noncurrent liabilities	Total
Balances as of December 31, 2019	507,358	-	507,358
Charges	12,193	-	12,193
Amortization of principal	(500,000)	-	(500,000)
Interest payments	(19,551)	-	(19,551)
Balances as of September 30, 2020	-	-	-

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 15 Loans and borrowings – (Continued)

#### 15.3 Change in debt - (Continued)

##### Consolidated

	Domestic currency		Foreign currency (USD)		Total
	Current liabilities	Noncurrent liabilities	Current liabilities	Noncurrent liabilities	
Balances as of December 31, 2019	1,734,678	8,078,375	7,602	1,284,299	11,104,954
Inflows	-	1,639,823	-	-	1,639,823
Charges	364,428	63,079	28,527	-	456,034
Monetary and exchange variance	18,661	41,533	88,144	428,704	577,042
Transfers	1,151,381	(1,151,381)	184,218	(184,218)	-
Amortization of principal	(1,259,463)	-	(8,396)	-	(1,267,859)
Interest payments	(279,330)	1,894	(23,632)	-	(301,068)
Arrangement costs (a)	7,171	4,380	-	-	11,551
Present value adjustment	16,827	-	-	-	16,827
Balances as of September 30, 2020	1,754,353	8,677,703	276,463	1,528,785	12,237,304

(a) Refers to changes in transaction/funding costs, when positive means amortization and when negative, addition.

#### 15.4 Covenants and guarantees for loans and financing

Loans and financing contracted by subsidiaries Equatorial Piauí, Equatorial Alagoas and indirect subsidiaries Equatorial Maranhão, Equatorial Pará, Transmission Companies 7 and 8 have financial covenants, the noncompliance of which in the calculation period may result in the early maturity of the contracts. In the period ended September 30, 2020, the Company's subsidiaries remained within the limits established in the contracts, as shown below:

##### Indirect subsidiaries

###### Equatorial Maranhão

<b>Covenants Promissory Notes (NP)</b>	<b>1ª NP</b>
1 <sup>st</sup> Net debt/EBITDA :<=3.25	0.7
2 <sup>nd</sup> EBITDA/Net financial expense :>=1.5	54.6

<b>Loan Covenants</b>	<b>BNDES I</b>
1 <sup>st</sup> Net debt/EBITDA :<=3.0	0.6
3 <sup>rd</sup> Net Debt/(Net Debt + SE) :<=0.7	0.2

<b>Loan Covenants</b>	<b>BNDES II</b>
1 <sup>st</sup> Net debt/EBITDA :<=3.75	0.7
2 <sup>nd</sup> Net Debt/(Net Debt + SE) :<=0.7	0.2

###### Equatorial Pará

<b>Loan Covenants</b>	<b>Santander</b>
1 <sup>st</sup> Net debt/EBITDA :<= 3.5	1.6

<b>Loan Covenants</b>	<b>BNDES</b>
1 <sup>st</sup> Net debt/EBITDA :<=3.75	1.9
3 <sup>rd</sup> Net Debt/(Net Debt + SE) :<=0.7	0.4

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 15 Loans and borrowings – (Continued)

#### 15.4 Covenants and guarantees for loans and financing - (Continued)

Loan Covenants	Citibank I	Citibank II
1 <sup>st</sup> Net debt/EBITDA :<= 4.0	1.6	1.6
2 <sup>nd</sup> EBITDA/ Finance income (costs) > 2.0	7.5	N/A

#### SPE 08

	1 <sup>st</sup> NP
<b>Covenants Promissory Notes (NP)</b>	
1st Net debt/adjusted EBITDA:<=4.0	1.7
<b>Covenants Promissory Notes (NP)</b>	<b>2<sup>nd</sup>NP</b>
1st Net debt/adjusted EBITDA :<=4.5	1.7

The Company is the guarantor of the following issues, in which the covenants are calculated on a consolidated basis, as under:

#### Equatorial Piauí

<b>Loan Covenants</b>		<b>BNDES</b>
1 <sup>st</sup> Net debt/EBITDA :<=4.5		1.8
<b>Loan Covenants</b>	<b>Citibank</b>	<b>Santander</b>
1 <sup>st</sup> Net debt/EBITDA :<=4.5	1.9	1.7

#### Equatorial Alagoas

<b>Loan Covenants</b>		<b>BNDES</b>
1 <sup>st</sup> Net debt/EBITDA :<=4.5		1.8
<b>Loan Covenants</b>		<b>Santander</b>
1 <sup>st</sup> Net debt/EBITDA :<=4.5		1.7

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 16 Debentures

#### 16.1 Change in debt

The change in debentures in the year can be seen below:

##### Parent Company

	Parent Company		
	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2019	11,622	1,252,232	1,263,854
Charges	27,233	-	27,233
Interest payments	(25,861)	-	(25,861)
Amortization of principal	(695,500)	-	(695,500)
Monetary variance	-	1,792	1,792
Arrangement costs (a)	899	-	899
Transfers	694,604	(694,604)	-
Balances as of September 30, 2020	12,997	559,420	572,417

(a) Refers to changes in transaction/funding costs, when positive means amortization and when negative, addition.

##### Parent Company

Issuance	Feature	Series	Issuance Value	Nominal Cost	Date of Issue	Final Maturity	At September 30, 2020	
							Balance net of borrowing cost	Effective cost
2*	(1)/(2)/(3)/(4)	2*	104,500	IPCA + 5.77% p.a.	Oct/18	Nov/24	116,706	8.03%
3*	(1)/(2)/(3)	Single	448,400	CDI + 1.3% p.a.	Oct/18	Oct/24	455,711	5.96%

- (1) Public simple debenture issuance
- (2) Nonconvertible into shares
- (3) Ordinary
- (4) Incentivized debentures

##### Consolidated

	Consolidated		
	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2019	144,283	5,559,184	5,703,467
Charges	191,232	(20,039)	171,193
Transfers	687,840	(687,840)	-
Amortization of principal	(786,398)	-	(786,398)
Interest payments	(117,046)	-	(117,046)
Monetary variance	768	29,532	30,300
Arrangement costs (a)	5,391	1,518	6,909
Balances as of September 30, 2020	126,070	4,882,355	5,008,425

(a) Refers to changes in transaction/funding costs, when positive means amortization and when negative, addition.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 16 Debentures - (Continued)

#### 16.1 Change in debt - (Continued)

On September 30, 2020 Group companies, including the parent company, accounted for seventeen issues in force.

Company	Issuance	Feature	Series	Issuance Value	Nominal Cost	Date of Issue	Final Maturity	At September 30, 2020	
								Balance net of borrowing cost	Effective cost
EQTL PA	2 <sup>a</sup>	(2)/(3)/(4)	1 <sup>a</sup>	60,000	IPCA + 8.04% p.a.	Dec/16	Jan/24	70,982	10.34%
EQTL PA	2 <sup>a</sup>	(2)/(3)/(4)	2 <sup>a</sup>	23,000	IPCA + 7.00% p.a.	Dec/16	Jan/24	26,680	9.28%
EQTL PA	3 <sup>a</sup>	(1)/(3)/(4)/(5)	1 <sup>a</sup>	199,069	IPCA + 6.70% p.a.	Dec/16	Dec/21	234,223	8.98%
EQTL PA	3 <sup>a</sup>	(1)/(3)/(4)/(5)	2 <sup>a</sup>	100,931	IPCA + 6.87% p.a.	Dec/16	Dec/23	118,781	9.15%
EQTL PA	5 <sup>a</sup>	(1)/(3)/(4)	1 <sup>a</sup>	543,033	CDI + 1.1% p.a.	May/18	Apr/23	546,441	5.75%
EQTL PA	5 <sup>a</sup>	(1)/(3)/(4)/(5)	2 <sup>a</sup>	456,967	CDI + 1.30% p.a.	May/18	Apr/23	464,182	5.96%
EQTL MA	7 <sup>a</sup>	(1)/(3)/(4)/(5)	1 <sup>a</sup>	155,000	IPCA + 5.48% p.a.	Nov/16	Oct/21	179,767	7.73%
EQTL MA	7 <sup>a</sup>	(1)/(3)/(4)/(5)	2 <sup>a</sup>	115,000	IPCA + 5.54% p.a.	Nov/16	Oct/23	136,823	7.79%
EQTL MA	8 <sup>a</sup>	(1)/(3)/(4)	1 <sup>a</sup>	500,000	107% do CDI	Sept/17	Sept/22	500,026	4.93%
EQTL PI	1 <sup>a</sup>	(1)/(3)/(4)	Single	400,000	109.8% do CDI	Dec/18	Dec/21	411,310	5.05%
EQTL PI	2 <sup>a</sup>	(1)/(3)/(4)	Single	620,000	CDI + 1.10% p.a.	May/19	May/23	626,328	5.75%
SPE 1	1 <sup>a</sup>	(1)/(3)/(4)/(5)	Single	55,000	IPCA + 4.85% p.a.	Feb/19	Jan/33	59,545	7.09%
SPE 2	1 <sup>a</sup>	(1)/(3)/(4)/(5)	Single	45,000	IPCA + 4.85% p.a.	Feb/19	Jan/33	48,693	7.09%
SPE 3	1 <sup>a</sup>	(1)/(3)/(4)/(5)	1 <sup>a</sup>	45,000	IPCA + 4.80% p.a.	Feb/19	Jan/33	51,044	7.03%
SPE 3	1 <sup>a</sup>	(1)/(3)/(4)/(5)	2 <sup>a</sup>	45,000	IPCA + 4.65% p.a.	Feb/19	Jan/34	46,026	6.88%
SPE 5	1 <sup>a</sup>	(1)/(3)/(4)/(5)	Single	66,000	IPCA + 4.85% p.a.	May/19	Apr/39	68,847	7.09%
SPE 7	2 <sup>a</sup>	(1)/(3)/(4)/(5)	2 <sup>a</sup>	130,000	IPCA + 4.85% p.a.	May/19	Apr/39	141,615	7.09%
SPE 8	1 <sup>a</sup>	(1)/(3)/(4)/(5)	1 <sup>a</sup>	102,000	IPCA + 4.85% p.a.	Apr/19	Apr/39	102,220	7.09%
SPE 8	1 <sup>a</sup>	(1)/(3)/(4)/(5)	2 <sup>a</sup>	87,000	IPCA + 4.85% p.a.	Apr/19	Apr/39	95,562	7.09%
INTESA	1 <sup>a</sup>	(1)/(3)/(4)/(5)	1 <sup>a</sup>	100,000	IPCA + 5.42% p.a.	Nov/18	Oct/25	108,339	7.67%
INTESA	2 <sup>a</sup>	(1)/(3)/(4)	1 <sup>a</sup>	250,000	109% do CDI	Mar/19	Mar/24	248,557	5.02%
INTESA	2 <sup>a</sup>	(1)/(3)/(4)	2 <sup>a</sup>	150,000	CDI + 1.10% p.a.	Mar/19	Mar/26	150,018	5.75%

- (1) Public simple debenture issuance
- (2) Private simple debenture issuance
- (3) Nonconvertible into shares
- (4) Ordinary
- (5) Incentivized debentures

Issuers of incentivized debentures, pursuant to article 2 of Law No. 12,431 dated June 24, 2011, amended by Decree No. 8,874 dated October 11, 2016, under the National Monetary Council's Resolution no. 3,947 dated January 27, 2011 January 2011, mandatorily require applying all the funds raised through the Debenture Issues in covering expenses already incurred and/or to be incurred in connection with Projects Qualified by the MME- Ministry of Mines and Energy, in which there are no defined deadlines for investing such funds. The purpose of incentivized debentures is to raise funds for infrastructure projects.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 16 Debentures - (Continued)

#### 16.2 Debt amortization schedule

##### Parent Company

Maturity	09/30/2020	
	Amount	%
Current	12,997	2%
2023	57,364	10%
2024	505,765	89%
Noncurrent	563,129	99%
Arrangement costs (Noncurrent)	(3,709)	(1%)
Total noncurrent	559,420	98%
Total	572,417	100%

##### Consolidated

Maturity	09/30/2020	
	Amount	%
Current	126,070	3%
2021	799,198	16%
2022	840,890	17%
2023	1,687,113	34%
2024	844,514	17%
2024 onwards	748,447	14%
Noncurrent	4,920,162	98%
Arrangement costs (Noncurrent)	(37,807)	(1%)
Total noncurrent	4,882,355	97%
Total	5,008,425	100%

#### 16.3 Covenants

The debentures are subject to covenants that, in general, require the maintenance of certain financial ratios at certain levels, in the period ended September 30, 2020, as listed in the tables below:

##### Equatorial Pará

###### Covenants debentures

1<sup>st</sup> Net Debt/ EBITDA: <3.5

2<sup>nd</sup> EBITDA/Net financial expense: >2

###### 2<sup>nd</sup> debentures

1.8

6.7

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 16 Debentures - (Continued)

#### 16.3 Covenants - (Continued)

<i>Covenants debentures</i>	<b>3<sup>rd</sup> debentures</b>
1 <sup>st</sup> Net Debt/ EBITDA: <3.5	1.6
2 <sup>nd</sup> EBITDA/Net financial expense: >=1.5	7.5

<i>Covenants debentures</i>	<b>5<sup>th</sup> debentures</b>
1 <sup>st</sup> Net Debt/ EBITDA : <=4	1.6

#### Equatorial Maranhão

<i>Covenants debentures</i>	<b>7<sup>th</sup> debentures</b>	<b>8<sup>th</sup> debentures</b>
1 <sup>st</sup> Net Debt/ EBITDA : <=3.25	0.7	0.7
2 <sup>nd</sup> EBITDA/Net financial expense: >=1.5	54.6	54.6

#### Equatorial Energia

<i>Covenants debentures</i>	<b>2<sup>nd</sup> debentures</b>
1 <sup>st</sup> Net Debt/ EBITDA : <=4.0	1.7

<i>Covenants debentures</i>	<b>3<sup>rd</sup> debentures</b>
1 <sup>st</sup> Net Debt/ EBITDA : <=4.5	1.7

#### INTESA

<i>Covenants debentures</i>	<b>1<sup>st</sup> debentures</b>	<b>2<sup>nd</sup> debentures</b>
1 <sup>st</sup> Net Debt/ EBITDA : <=4.5	2.0	2.0

The Company is the guarantor of the following issues, in which the covenants are calculated on a consolidated basis, as under:

<i>Covenants debentures</i>	<b>SPE 01</b>	<b>SPE 02</b>	<b>SPE 03</b>	<b>SPE 05</b>	<b>SPE 07</b>	<b>SPE 08</b>	<b>EQTL PI</b>
1 <sup>st</sup> Net Debt/ EBITDA : <=4.5	1.7	1.7	1.7	1.7	1.7	1.7	1.7

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 17 Taxes and contributions payable

	Parent Company		Consolidated	
	09/30/2020	12/31/2019	09/30/2020	12/31/2019
Current				
ICMS	-	-	329,948	384,563
ICMS financing	-	-	41,424	16,008
Federal PRT financing PRT	2,338	2,338	8,196	2,338
PIS and COFINS	201	227	126,145	88,027
PIS and COFINS financing	-	-	-	19,911
INSS on services	-	-	251	331
Social charges and other	379	188	31,434	27,712
ISS	19	2	21,159	25,462
Other	9	6	1,662	-
Total	<u>2,946</u>	<u>2,761</u>	<u>560,219</u>	<u>564,352</u>
Noncurrent				
ICMS	-	-	122,956	122,956
FGTS financing	-	-	2,115	2,268
PIS and COFINS financing	-	-	24,831	39,349
PRT Federal Tax Installment Payment Program	-	-	22,344	-
ICMS financing	-	-	57,139	67,670
ISS	-	-	4,188	3,096
Total	<u>-</u>	<u>-</u>	<u>233,573</u>	<u>235,339</u>
	<u>2,946</u>	<u>2,761</u>	<u>793,792</u>	<u>799,691</u>



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 18 Deferred income and social contribution taxes

Breakdown of deferred income and social contribution tax

	09/30/2020	12/31/2019
<b>Assets of:</b>		
Tax loss	79,715	123,694
Negative basis	135,913	26,529
	<u>215,628</u>	<u>150,223</u>
<b>Temporary differences</b>		
Provision for contingencies	85,459	159,494
Provision for impairment in Trade accounts receivable	199,652	205,688
Provision for pension fund	13,705	12,367
Provision for profit-sharing	11,171	15,728
Construction cost – CPC 47/IFRS 15	1,838,888	1,362,466
Leases – CPC 06 (R2) /IFRS 16	749	-
New Replacement Value – VNR	-	1,552
Intangible assets - Concession- Equatorial Pará Acquisition	48,423	-
Nontechnical losses	-	24,357
Write-off of property, plant and equipment - Acquisition Equatorial Pará	-	24,866
Contingencies and debt charges - Acquisition Equatorial Pará, Equatorial Alagoas and Equatorial Piauí	63,011	107,934
Other accounts payable - PLPT - acquisition Equatorial Pará	-	9,150
Other temporary differences	11,879	16,468
	<u>2,272,937</u>	<u>1,940,070</u>
<b>Total</b>	<u>2,488,565</u>	<u>2,090,293</u>
<b>Credit liabilities on:</b>		
<b>Temporary differences</b>		
Accelerated depreciation	(598,045)	(624,932)
Funding and restated cost of financial assets	(231,229)	(223,577)
SWAP	(143,326)	(11,412)
Construction Revenue – CPC 47/IFRS 15	(3,087,318)	(2,187,705)
Lease - CPC 06(R2)/IFRS 16	-	(1,130)
Art. 69 of Law 12.973/2014 - Balance of fixed quota	-	(16,512)
Adjustment to Present Value – AVP	(92,755)	(98,154)
Deferral public agencies	-	(9,382)
Revaluation of concession assets	(43,195)	(48,564)
Actuarial provision	(3,676)	(3,675)
Reversal of provisions	-	(129,044)
Intangible assets - concession - Acquisition Equatorial Pará	-	(26,368)
Other	(22,856)	(17,224)
<b>Total</b>	<u>(4,222,400)</u>	<u>(3,397,679)</u>
<b>Total deferred tax liabilities recorded</b>	<u>(1,733,835)</u>	<u>(1,307,386)</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 18 Deferred income tax and social contributions - (Continued)

#### Change in deferred taxes

	12/31/2019	Net income	09/30/2020	Deferred tax assets	Deferred tax liabilities
IRPJ tax losses	123,694	(43,979)	79,715	79,715	-
Negative Base – CSLL	26,529	109,384	135,913	135,913	-
Provision for contingencies	159,494	(74,035)	85,459	85,459	-
Allowance for doubtful accounts	205,688	(6,036)	199,652	199,652	-
Provision for pension fund	12,367	1,338	13,705	13,705	-
Provision for profit-sharing	15,728	(4,557)	11,171	11,171	-
Construction cost – CPC 47/IFRS 15	1,362,466	476,422	1,838,888	1,838,888	-
Construction cost – CPC 47/IFRS 15	(2,187,705)	(899,613)	(3,087,318)	-	(3,087,318)
Leases – CPC 06 (R02) /IFRS 16	(1,130)	1,130	-	-	-
Non-technical losses	24,357	(24,357)	-	-	-
Intangible assets - Concession - Acquisition of EQTL Pará	-	48,423	48,423	48,423	-
Write-off of fixed assets - Acquisition of EQTL Pará	24,866	(24,866)	-	-	-
Debt contingencies and charges - EQTL Acquisition	107,934	(44,923)	63,011	63,011	-
Other accounts payable - PLPT - Pará acquisition	9,150	(9,150)	-	-	-
SWAP	(11,412)	(131,914)	(143,326)	-	(143,326)
Actuarial provision	(3,675)	(1)	(3,676)	-	(3,676)
Others	(17,224)	(5,632)	(22,856)	-	(22,856)
Deferral public agencies	(9,382)	9,382	-	-	-
Article 69 of Law No. 12973/2014 – Fixed quota balance	(16,512)	16,512	-	-	-
Funding and restated cost of financial assets	(223,577)	(7,652)	(231,229)	-	(231,229)
Leases– CPC 06 (R02) /IFRS 16	-	749	749	749	-
Accelerated depreciation	(624,932)	26,887	(598,045)	-	(598,045)
New replacement value - VNR	1,552	(1,552)	-	-	-
Other temporary differences	16,468	(1,072)	11,879	11,879	-
AVP – adjustment to present value	(98,154)	5,399	(92,755)	-	(92,755)
Intangible assets - Concession - Acquisition of EQTL Pará	(26,368)	26,368	-	-	-
Revaluation of concession assets	(48,564)	5,369	(43,195)	-	(43,195)
Reversal of other provisions	(129,044)	129,044	-	-	-
<b>Total</b>	<b>(1,307,386)</b>	<b>(422,932)</b>	<b>(1,733,835)</b>	<b>2,488,565</b>	<b>(4,222,400)</b>

#### Expected recovery - Carryforward of tax loss and negative base

Based on technical feasibility studies, subsidiary management estimates that these tax credits of the indirect subsidiary Equatorial Pará will be completed by 2022, of indirect subsidiaries SPEs 01 to 08 by 2024 and of subsidiary INTESA after 2024, as shown below:

#### Equatorial Pará

##### Prospect of realization

2020

Deferred taxes to be realized in 2020	33,213
Deferred taxes to be realized in 2021	77,172
Deferred taxes to be realized in 2022	27,193
Technical study of the period reviewed by the Oversight Board	137,578
(-) Deferred taxes realized in the 2 <sup>nd</sup> and 3 <sup>rd</sup> quarter of 2020	(41,956)
Balance of deferred taxes to be realized at September 30, 2020	95,622

On September 30, 2020 indirect subsidiary Equatorial Pará had a realizable sum of R\$ 95,622 in deferred taxes on tax losses and negative base. Realization projections for deferred income tax assets considered SUDAM tax benefits of a 75% reduction in IRPJ rate, effective until 2027.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 18 Deferred income tax and social contributions - (Continued)

#### Expected recovery - Carryforward of tax loss and negative base – (Continued)

A technical feasibility study, which includes the recovery of deferred taxes was prepared by Equatorial Pará and reviewed by the Audit Committee and approved by the Company's Board of Directors.

##### **SPEs 01 to 08**

###### **Prospect of realization**

Deferred taxes to be realized in 2020	7,730
Deferred taxes to be realized in 2021	44,048
Deferred taxes to be realized in 2022	36,395
Deferred taxes to be realized in 2023	15,935
Deferred taxes to be realized in 2024	2,035
Technical study of the period reviewed by the Oversight Board	<u>106,143</u>
Balance of deferred taxes to be realized at September 30, 2020	<u><u>106,143</u></u>

On September 30, 2020 indirect subsidiaries SPEs 01 to 08 had a realizable sum of R\$ 106,143 in deferred taxes on tax losses and negative base.

##### **INTESA**

###### **Prospect of realization**

Deferred taxes to be realized in 2020	2,138
Deferred taxes to be realized in 2021	2,347
Deferred taxes to be realized in 2022	1,902
Deferred taxes to be realized in 2023	368
Deferred taxes to be realized in 2024	106
Deferred taxes to be realized after 2024	7,002
Technical study of the period reviewed by the Oversight Board	<u>13,863</u>
Balance of deferred taxes to be realized at September 30, 2020	<u><u>13,863</u></u>

On September 30, 2020 indirect subsidiary INTESA had a realizable sum of R\$ 13,863 in deferred taxes on tax losses and negative base.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 18 Deferred income tax and social contributions - (Continued)

#### Reconciliation between the income and social contribution tax expense

The reconciliation of expenses, calculated by applying the relevant tax rates and the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) expense charged to consolidated profit or loss during the periods ended September 30, 2020 and 2019, is shown below:

Parent Company	09/30/2020		09/30/2019	
	IRPJ	CSLL	IRPJ	CSLL
Profit before income (IRPJ) and social contribution (CSLL) taxes	1,573,645	1,573,645	1,103,399	1,103,399
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	<u>393,411</u>	<u>141,628</u>	<u>275,850</u>	<u>99,306</u>
Additions:				
Provision for profit-sharing	-	-	123	-
Equity income	64,705	23,293	109,404	39,385
Other provisions	-	-	2,435	877
Total additions	<u>64,705</u>	<u>23,293</u>	<u>111,962</u>	<u>40,262</u>
Exclusions:				
Equity income	(472,167)	(169,980)	(410,388)	(147,740)
Other provisions	-	-	(91)	(33)
Total exclusions	<u>(472,167)</u>	<u>(169,980)</u>	<u>(410,479)</u>	<u>(147,773)</u>
Tax deductibility (limit mandated by law)	<u>(14,051)</u>	<u>(5,059)</u>	<u>(22,667)</u>	<u>(8,205)</u>
Total IRPJ and CSLL in period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

# Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

## 18 Deferred income tax and social contributions - (Continued)

Consolidated	09/30/2020		09/30/2019	
	IRPJ	CSLL	IRPJ	CSLL
Profit before income (IRPJ) and social contribution (CSLL) taxes	2,414,282	2,414,282	544,057	544,057
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	603,571	217,285	136,014	48,965
Additions:				
Provision for contingencies	4,587	1,650	92,975	33,471
Provision for expected losses on doubtful accounts - -PECLD	366,080	131,789	109,155	39,296
Adjustment to present value	12,841	4,623	-	-
New replacement value-VNR	10,622	3,824	-	-
IRPJ and CSLL on revaluation reserves	3,948	1,421	-	-
Provision for profit-sharing	37	13	-	-
Provision for asset recovery	-	-	12,761	4,594
Fines and penalties for violations	966	348	-	-
Leases - CPC 06 (R2)/IFRS 16	2,409	868	-	-
Deferred CVA	25,617	9,222	-	-
Construction cost- CPC 47/IFRS 15	282,231	101,602	-	-
Funding cost and restatement of financial asset	-	-	5,766	2,076
Accelerated depreciation	26,888	-	17,453	-
Profit sharing, fees and paid bonus leave	-	-	11,977	4,312
Addition article 168 of Revenue Procedure (IN) No. 1700/2017 - Concession Contract	14,374	5,176	-	-
Other provisions	129,467	36,090	24,357	8,768
Total additions (B)	880,067	296,626	274,444	92,517
Exclusions:				
Provision for contingencies	(17,658)	(6,357)	(92,450)	(33,282)
Expected allowance for doubtful accounts	(370,897)	(133,523)	(112,782)	(40,601)
Profit sharing, fees and license premium	-	-	(12,474)	(4,491)
Adjustment to present value	(5,994)	(2,159)	-	-
Construction revenue- CPC 47/IFRS 15	(582,181)	(209,584)	-	-
IFRS 16	(1,206)	(434)	-	-
Provision for profit-sharing	(2,958)	(1,065)	-	-
Provision for asset recovery	-	-	(12,761)	(4,594)
Funding cost and restatement of financial asset	(126)	(45)	(12,122)	(4,364)
Accelerated depreciation	-	-	(12,586)	-
New replacement value -VNR	(6,000)	(2,160)	-	-
SWAP variation	(140,122)	(50,443)	-	-
Other provisions	(39,596)	(3,849)	(20,149)	(7,247)
Total Exclusions (C)	(1,166,738)	(409,619)	(275,324)	(94,579)
Offsetting tax loss and negative basis				
PAT Incentive	(48,458)	(11,101)	-	-
Incentive for extended maternity leave	(3,593)	-	(1,588)	-
Total offsetting (D)	(52,200)	(11,101)	(1,690)	-
IRPJ - government grants	(202,642)	-	(90,593)	-
Total other deductions (E)	(202,642)	-	(90,593)	-
Current IRPJ and CSLL in P&L for the period (A+B+C+D+E)	62,058	93,191	42,851	46,903
Deferred IRPJ and CSLL in P&L for the period	221,906	81,020	41,864	2,226
IRPJ and CSLL tax losses set up	88,240	31,766	(40,546)	-
Total	310,146	112,786	1,318	2,226
Total current and deferred IRPJ and CSLL for the period	372,204	205,977	44,169	49,129
Effective rate with deferred tax assets	15%	9%	8%	9%

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 18 Deferred income tax and social contributions - (Continued)

#### 18.1 Breakdown of PIS and COFINS deferred

	09/30/2020	12/31/2019
<b>Liabilities</b>		
Deferred PIS on construction revenue (a)	<b>(159,857)</b>	(122,909)
Deferred COFINS on construction revenue (a)	<b>(735,839)</b>	(563,050)
PIS on CVA (b)	<b>(28,449)</b>	(28,449)
COFINS on CVA (b)	<b>(131,038)</b>	(131,038)
Other deferred taxes	<b>(12,046)</b>	(15,057)
Total deferred tax liabilities	<b><u>(1,067,229)</u></b>	<b><u>(860,503)</u></b>

- (a) The deferral of PIS and COFINS is related to 9.25% of construction revenue. The settlement of this deferred obligation will occur as the subsidiaries Equatorial Transmissão and INTESA receive the counterpart determined in the concession contract; and
- (b) The deferred PIS and COFINS calculation of the subsidiary Equatorial Alagoas calculated on asset and liability provisions (cash effect).

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 19 Payable under the judicial reorganization plan - Equatorial Pará

On December 01, 2014, the Belém 13th Civil Court Judge decreed, based on Articles 61 and 63 of Law 11,102/05, after a decision by the Court Administrator and the Public Prosecutor, the end of the Company's in-court reorganization plan. This sentence puts an end to the court's follow-up stage of compliance with the plan and removes legal restrictions on the recovery. The recovery plan negotiated and approved by the creditors during the proceedings remains fully valid and enforceable, which means that the special conditions agreed on for liabilities will remain in effect. These liabilities will only end on their full compliance.

The decision to terminate is taking effect normally, but has not been definitely judged yet as it has been the subject of two appeals, filed by creditors Petróleo Brasileiro S/A and Pine S/A. In November 2017 the company undersigned an agreement with Banco Pine, which ended up in the withdrawal of its appeal and the closing sentence. The other appeal relates solely to payment of interest and inflation updating in compliance with the plan's liabilities.

Pursuant to the matter, we believe that this appeal's likelihood of success of is remote, as supported by a Legal Opinion from the legal counsel in charge of the suit. The Company estimates that the matter will be considered within a period of 24 to 36 months, when conclusion of the court recovery will be definitely judged.

#### 19.1 Debt breakdown

	09/30/2020	12/31/2019
Current		
Sector charges	2,308	1,428
Financial creditors (a)	85,729	20,847
Total	<u>88,037</u>	<u>22,275</u>
Noncurrent		
Inter-company	83,853	83,669
Financial creditors (a)	1,010,299	1,050,581
(-)Adjustment to present value (b)	<u>(269,455)</u>	<u>(284,626)</u>
Total	<u>824,697</u>	<u>849,624</u>
Total	<u><u>912,734</u></u>	<u><u>871,899</u></u>

- (a) This is the group of creditors which include: (i) public or private financial institutions; (ii) holders of credits deriving from financial or bank transactions, including but not limited to Bonds and derivatives credits, which may or may not underlie receivables; e
- (b) As of September 30, 2020, the balance consists of: R\$ 248,278 of loans and financing, R\$ 21,177 inter-company (R\$ 262,391 of loans and financing and R\$ 22,235 inter-company as of December 31, 2019).

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 19. Payable under the judicial reorganization plan - Equatorial Pará - (Continued)

#### 19.1 Debt breakdown (Continued)

The schedule of long-term payments under in-court reorganization relief is as follows:

Maturity	09/30/2020	
	Amount	%
Current	88,037	10%
2021	2,211	1%
2022	8,843	1%
2023	8,106	1%
2023 onwards	1,074,992	117%
Subtotal	1,094,152	120%
(-) Adjustment to present value (Noncurrent)	(269,455)	(30%)
Noncurrent	824,697	90%
Total	912,734	100%

#### 19.2 Changes in amounts payable as per in-court recovery plan

	12/31/2019	Interest and charges	Monetary and exchange variance	Amortization	Adjustment to present value	09/30/2020
Intercompany	62,861	3,970	-	(2,907)	1,058	64,982
Financial creditors	809,038	30,207	38,547	(44,154)	14,114	847,752
Total	871,899	34,177	38,547	(47,061)	15,172	912,734



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 20 Sector charges CCC – Equatorial Pará

The Fossil Fuel Consumption Account was created by Decree 73102 on November 7, 1973 for the purpose of consolidating the apportionment of the fuel consumption costs of thermal power generation in islanded systems, especially in the North of Brazil. Act 12111 was promulgated on December 9, 2009 to provide reimbursement for electric power generation costs in Islanded Systems, including the cost of contract power supply and contract power related to own generation for servicing power distribution utilities, power sector charges and taxes and capital expenditure, which reimbursement is made through the "CCC" account. Among the sums refunded by the Fossil Fuel Consumption Account - CCC are taxes (ICMS, PIS and COFINS) not offset on fuel and electricity purchases.

As of September 30, 2020, Equatorial Pará has a credit at CCC of R\$ 105,906 (R\$ 105,467 on December 31, 2019). The credits above are registered at their historical amount. No records of charges for late pass-throughs of costs to customers were recorded.

Among the sums refunded by the Fossil Fuel Consumer Account - CCC are taxes (ICMS, PIS and COFINS) not offset on fuel and electricity purchases, but as provided for in §§10 and 11 of Art. 36:

*“Beneficiaries of CCC and the Coal Sub-account will be entitled to a cost refund arising from non-offset ICMS and PIS/PASEP and COFINS credits related to the monthly expenditures with fuels and contracts calculated based on energy actually generated and measured in the SCD, pursuant to the terms and conditions defined in this Resolution.*

*§ 10. The monthly differences in refunds of non-recovered tax credits from one fiscal year will be calculated by May 15 of the year following the accrual year, considering that each monthly installment should be updated using the respective IPCA index.*

*§ 11. CCEE shall establish in the Sectoral Accounts Procedure the appropriate procedures for refunding to CCC or to the beneficiary of the differences found in the use of ICMS and of PIS/PASEP and COFINS credits for the preceding fiscal year”. (ANEEL REN 801/2017).*

The Company recorded a liability related to these reimbursable taxes. At September 30, 2020, the Company restated R\$ 12,783 relating to the refund of these taxes credited on the purchase of fuel to generate electricity in isolated systems. As of September 30, 2020, the Company stated an amount of R\$ 372,922 (R\$ 360,139 as of December 31, 2019).

Nonetheless, Eletrobras has not defined a specific procedure for the refund of such taxes, even when notified by Equatorial Pará. Hence on September 29, 2016, by means of Correspondence no. 530/2016 - SFF (Superintendence of Economic and Financial Inspection), ANEEL started an inspection procedure on funds managed by Eletrobras, and therefore these sums are awaiting this inspection’s conclusion.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 20 Sector charges CCC – Equatorial Pará - (Continued)

Although ANEEL has not determined the terms for the end of the inspection, Equatorial Pará estimates that the inspection proceedings will be finalized between 2021 and 2022, and concluded that there is no expectation of loss above the recorded amounts.

	09/30/2020	12/31/2019
Noncurrent		
CCC Sector charges	372,922	360,139
(-) Acquisition of CCC fuel	<u>(105,906)</u>	<u>(105,467)</u>
Net effect on statement of financial position	<u>267,016</u>	<u>254,672</u>

### 21 Provision for civil, tax, labor and regulatory claims (Consolidated)

The Company and its subsidiaries figure as defendants in legal and administrative proceedings in various courts and government agencies, involving tax, labor, civil and other matters arising from their ordinary course of business.

Based on the information provided by their legal advisors, on the review of unsettled litigation, and on past experience in case of labor disputes, the subsidiaries' management set up a provision at an amount considered sufficient to cover estimated probable losses on existing proceedings, as follows:

	09/30/2020		12/31/2019	
	Provision	Judicial deposits	Provision	Judicial deposits
Civil	714,239	105,238	755,197	154,900
Tax	244,561	61,848	236,299	56,790
Labor	266,459	88,956	294,629	90,537
Regulatory	<u>6,262</u>	<u>-</u>	<u>6,122</u>	<u>-</u>
Total	<u>1,231,521</u>	<u>256,042</u>	<u>1,292,247</u>	<u>302,227</u>
Current	209,302	5,113	254,775	3,052
Noncurrent	1,022,219	250,929	1,037,472	299,175

### Changes in proceedings in the year (Consolidated)

	12/31/2019	Additions (1)	Usage (2)	Reversal of provision (3)	Indexation (4)	09/30/2020
Civil	755,197	57,104	(56,172)	(39,611)	(2,279)	714,239
Tax	236,299	6,237	(1)	(737)	2,763	244,561
Labor	294,629	17,600	(6,420)	(28,741)	(10,609)	266,459
Regulatory	<u>6,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>140</u>	<u>6,262</u>
Total	<u>1,292,247</u>	<u>80,941</u>	<u>(62,593)</u>	<u>(69,089)</u>	<u>(9,985)</u>	<u>1,231,521</u>

(1) Contingencies provisioned for in the period;

(2) Effective expense (payments) on judicial contingencies;

(3) Reversals made in the period; and

(4) Monetary restatement.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 21 Provision for civil, tax, labor and regulatory claims (Consolidated) - (Continued)

#### Civil

The Company and its subsidiaries are defendants in 42,406 civil proceedings as of September 30, 2020 (45,001 claims as of December 31, 2019), including 15,680 cases being heard by special courts (16,099 as of December 31, 2019) and largely relating to claims for property and moral damages as well as reimbursement of amounts paid by consumers.

The most significant civil proceedings involve claims for damages relating to injuries involving the distribution system, power outages, deaths from electric shock or damages arising from the termination of contracts with suppliers.

In addition to the processes provisioned for, other civil contingencies amounting to R\$ 680.447 as of September 30, 2020 (R\$ 4,589,040 at December 31, 2019) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of the subsidiaries, for which provisions haven't been recognized.

Civil contingencies (probable chance of defeat)	09/30/2020	12/31/2019
Failure in supply	95,519	100,350
Incorporation of grid	3,294	4,227
Reimbursement of works	9,516	21,827
Death by electrocution	86,695	109,720
Incorrect collection	75,161	133,766
Contractual adjustment	6,575	6,058
Questioned fraud	41,368	44,531
Collection	99,139	1,270
Undue cut-off	10,843	12,491
Accident involving a third party	39,785	44,463
Lack of service	10,513	18,466
Breach of contract	116,461	121,851
SPC/SERASA	4,234	2,775
Fire	3,738	5,872
DNAEE Ordinance	2,396	2,308
Accidents with animals	1,080	1,621
Electrical damage	-	738
Nonelectrical damage	-	1,030
Easement	340	1,027
Regulatory	89,150	88,083
Other	18,432	32,723
Total	714,239	755,197

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 21 Provision for civil, tax, labor and regulatory claims (Consolidated) - (Continued)

#### Civil – (Continued)

Civil contingencies (possible chance of defeat)	09/30/2020	12/31/2019
Indemnity for material damage	-	3,932,397
Failure in supply	52,072	570
Death by electrocution	14,156	13,258
Adjusting grid	30,000	30,000
Accident involving a third party	5,612	5,209
Tenders	2,626	2,631
Breach of contract	243,368	253,534
Relisting of public lighting	8,088	7,633
Collection	285	317
Accidents with animals	199	237
Fire	27,922	27,922
DNAEE Ordinance	12,330	12,330
Incorrect collection	141,787	178,725
Burnt out equipment	-	1,256
Questioned fraud	2,321	1,681
Undue cut-off	2,816	2,045
Lack of service	1,619	6,455
Regulatory	117,667	92,097
Electrical damage	-	5
Other	17,579	20,738
Total	<u>680,447</u>	<u>4,589,040</u>

#### Tax

The Company and its subsidiaries are defendants in 614 tax claims as of September 30, 2020 (571 as of December 31, 2019) amounting to R\$ 244,561 (R\$ 236,299 as of December 31, 2018).

In addition to the proceedings provisioned for, as mentioned earlier, other tax contingencies amounting to R\$ 216,731 (R\$ 211,090 at December 31, 2019) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of the subsidiaries, for which provisions haven't been recognized.

Tax contingencies (probable chance of defeat)	09/30/2020	12/31/2019
ISS	509	277
ICMS	34,626	31,236
CIP	34	203
Tax debit	1,679	1,749
PIS/COFINS	58,387	53,102
Economic plans	146,745	146,745
Other	2,581	2,987
Total	<u>244,561</u>	<u>236,299</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 21 Provision for civil, tax, labor and regulatory claims (Consolidated) - (Continued)

#### Tax – (Continued)

Tax contingencies (probable chance of defeat)	09/30/2020	12/31/2019
PIS/COFINS	7,227	7,227
ISS	2,719	2,720
ICMS	177,026	176,199
ICMS, PIS and COFINS	1,424	1,424
IPTU	19	19
ICMS, TUSD and TUST	350	350
CSLL, PIS and COFINS	377	377
Fine for infraction	7,783	7,833
PIS/COFINS pass-through on invoice	-	178
Tax debit	432	158
CIP	30	60
Other	19,344	14,545
Total	<u>216,731</u>	<u>211,090</u>

#### Labor

The labor liabilities as of September 30, 2020 of the Company and its subsidiaries currently consist of 4,401 claims (4,110 claims at December 31, 2019) or R\$ 266,459 (R\$ 294,629 at December 31, 2019) brought by former employees against the Company and its subsidiaries, with claims ranging from overtime, hazardous work bonuses, salary equality and/or reclassification, occupational diseases/reintegration, CIPA stability and other claims, as well as claims brought by the former employees of service providers (subsidiary liability) largely seeking severance pay.

In addition to the proceedings provisioned for, as mentioned earlier, other labor contingencies amounting to R\$ 93,294 (R\$ 78,138 at December 31, 2019) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of the subsidiaries, for which provisions haven't been recognized.

Labor contingencies (probable chance of defeat)	09/30/2020	12/31/2019
Overtime	26,069	28,452
Implementation positions, career and salaries plan	16,680	17,814
Joint liability	13,845	16,047
Occupational accidents	17,266	17,922
Occupational illnesses	3,067	3,680
Bonus	1,252	1,340
Returning to employment	7,026	7,668
Pay rise	113	4,528
Working hours	527	1,716
Meal allowance	98,101	167
Sourcing	172	78
Heavy work allowance	81	117,084
Public procurements	3,075	3,722
FGTS	19,729	18,650
Health care plan	1,956	2,081
Voluntary severance	4,006	4,112
Severance pay	12,093	7,887
Life insurance	898	1,277
Provisional stability	195	235
Health hazard allowance	5,187	4,546
Moral harassment	-	70
Pain and suffering	5,221	5,120
Salary parity	1,056	1,848
PDI – Encouraged Redundancy Program	5,214	5,817
Disciplinary administrative proceeding	406	705
Other	23,224	22,063
Total	<u>266,459</u>	<u>294,629</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 21 Provision for civil, tax, labor and regulatory claims (Consolidated) - (Continued)

#### Labor (Continued)

Labor contingencies (possible chance of defeat)	09/30/2020	12/31/2019
Difference Bresser's Plan	9,040	-
Overtime	5,197	2,067
Joint liability	45,252	44,633
Occupational accidents	4,971	4,751
Occupational illnesses	5,702	872
Implementation positions, career and salaries plan	146	69
Returning to employment	565	566
Meal allowance	669	637
FGTS	565	399
Health care plan	71	101
Salary parity	4,762	4,494
Severance pay	2,098	1,164
Bonus	400	400
Dismissal for cause	881	10,300
Health hazard allowance	245	182
Pain and suffering	4,687	4,205
Strikes	358	358
Other	7,685	2,940
Total	<u>93,294</u>	<u>78,138</u>

#### Regulatory

The amount to be provision for this item relates to the penalties likely to be imposed on the subsidiaries Equatorial Maranhão and Equatorial Pará in connection with:

- Violation Notices (AI) issued by the power sector regulator, ANEEL;
- Notices (TN) issued by the Electric Power Trading Chamber (CCEE) for power trading irregularities;
- Penalties applied by the National System Operator (NOS) for violations related to power system operations; and
- Administrative penalties imposed by consumer protection authorities.

As of September 30, 2020 the amounts of R\$ 6,262 (R\$ 6,122 at December 31, 2019) and R\$ 0.00 (R\$ 0.00 at December 31, 2019) correspond to the probable penalties to be applied against the subsidiaries Equatorial Maranhão and Equatorial Pará, respectively, referring to ANEEL's Notification and Notice of Infringement Terms, as well as the Border Measurement penalty in the CCEE.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 22 PIS/COFINS to be reimbursed to consumers

On March 2017, the Federal Supreme Court (“*Supremo Tribunal Federal – STF*”) published the Judgment of the Appeal to STF, in a general repercussion, in a manner favorable to the Company's position, which also obtained a favorable court decision with final and unappealable decision in October 2018.

#### Equatorial Maranhão

Based on its legal counsel's opinion, on December 31, 2018 the Company stated: (i) a recoverable assets regarding PIS/COFINS for R\$ 756,499; (ii) a R\$ 580,587 liability related to consumer refunds; (iii) R\$ 77,177 as a deduction from gross revenues in connection with PIS/COFINS; and (iv) R\$ 98,685 in financial income, also subject to R\$ 4,589 in PIS/COFINS.

On September 30, 2020 the Company made an addition to this entry with regard to updating the SELIC interest rate, stating: (i) assets of R\$ 12,076 (R\$ 34,153 on December 31, 2019); (ii) a R\$ 13,742 (R\$ 23,005 on December 31, 2019) liability related to consumer refunds; (iii) R\$ 4,758 (R\$ 6,631 on December 31, 2019) as a deduction from gross revenues with regard to PIS/COFINS; and (iv) R\$ 3,091 (R\$ 4.517 on December 31, 2019) as financial income, which was subject to R\$ 144 (R\$ 210 on December 31, 2019) in PIS/COFINS.

#### Equatorial Pará

Based on the opinion of its legal advisors, at March 31, 2020, the Company set up: (i) assets related to PIS/COFINS recoverable of R\$ 935,138; and (ii) liabilities of R\$ 935,138 related to reimbursement to its consumers. At September 30, 2020, the Company made a supplement to this entry, referring to the adjustment by reference to the SELIC rate, establishing: (i) assets of R\$ 843,775 and (ii) liabilities of R\$ 945,486.

#### Equatorial Piauí

Based on its legal counsel's opinion, on December 31, 2018 the Company recorded: a PIS/COFINS asset for R\$ 435,231, a R\$ 418,741 liability related to consumer refunds, R\$ 8,227 as a deduction from gross revenues in connection with PIS/COFINS and R\$ 8,263 in financial income, also subject to R\$ 384 in PIS/COFINS. On September 30, 2020 the Company made an addition to this entry with regard to updating the SELIC interest rate, stating assets of R\$ 7,475 (R\$ 27,300 on December 31, 2019), tax debt offsetting of R\$ 35,682, a R\$ 7,335 (R\$ 26,854 on December 31, 2019) liability related to consumer refunds, and R\$ 140 (R\$ 8,709 on December 31, 2019) as financial income, which was also subject to R\$ 6 in PIS/COFINS.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 22 PIS/COFINS to be reimbursed to consumers - (Continued)

#### Equatorial Alagoas

Based on the opinion of its legal advisors, at December 31, 2019, the Company set up: asset related to PIS/COFINS in connection with reimbursement to its consumers, both in the amount of R\$ 290,234. This asset includes credits with the Brazilian IRS (RFB) from the beginning of the lawsuit, and the liability was established considering that the Company passes on to its consumers the tax effects on electricity bills. At September 30, 2020, the Company restated the amount by reference to the SELIC benchmark rate, setting up an asset and liability of R\$ 8,114.

The assets of the subsidiaries Equatorial Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas include credits against the federal tax authorities since the case was filed. The liability was constituted considering that the subsidiaries Equatorial Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas pass on to their consumers the tax effects on the electricity bills of the last 10 years. The refund to consumers will depend on the effective use of the credit and eventual definition of compensation mechanisms by ANEEL, in an expectation of approximately 27 months for the subsidiary Equatorial Maranhão, 28 months for the subsidiary Equatorial Pará, 34 months for the subsidiary Equatorial Piauí and 22 months for the subsidiary Equatorial Alagoas.

	<b>09/30/2020</b>				
	<b>Equatorial Maranhão</b>	<b>Equatorial Pará</b>	<b>Equatorial Piauí</b>	<b>Equatorial Alagoas</b>	<b>Consolidated</b>
<b>Assets</b>					
Current	310,684	326,263	144,626	122,281	903,854
Non-Current	335,931	517,512	289,698	123,653	1,266,794
PIS and COFINS recoverable	646,615	843,775	434,324	245,934	2,170,648
<b>Liabilities</b>					
Current	310,684	326,263	144,626	122,281	903,854
Non-Current	306,650	619,226	308,304	176,067	1,410,247
PIS/COFINS to be reimbursed to consumers	617,334	945,489	452,930	298,348	2,314,101
<b>Net income</b>					
<b>(-) Deductions from revenue</b>					
PIS/COFINS consumer reimbursable	(4,758)	-	-	-	(4,758)
<b>(+) Financial revenue</b>					
PIS/COFINS consumer reimbursable	3,091	-	-	-	3,091
(-) PIS/COFINS on financial revenue	(144)	-	-	-	(144)
<b>Net effect on P&amp;L before income and social contribution taxes</b>	<b>(1,811)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,811)</b>



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 22 PIS/COFINS to be reimbursed to consumers - (Continued)

	<b>12/31/2019</b>			<b>Consolidated</b>
	<b>Equatorial Maranhão</b>	<b>Equatorial Piauí</b>	<b>Equatorial Alagoas</b>	
<b>Assets</b>				
Current	56,233	742	19,024	75,999
Non-Current	734,368	461,789	271,210	1,467,367
PIS and COFINS recoverable	790,601	462,531	290,234	1,543,366
<b>Liabilities</b>				
Current	56,233	742	19,024	75,999
Non-Current	547,359	444,853	271,210	1,263,422
PIS/COFINS to be reimbursed to consumers	603,592	445,595	290,234	1,339,421
<b>Net income</b>				
<b>(-) Deductions from revenue</b>				
PIS/COFINS consumer reimbursable	6,631	-	-	6,631
<b>(+) Financial revenue</b>				
PIS/COFINS consumer reimbursable	4,517	8,709	-	13,226
(-) PIS/COFINS on financial revenue	(210)	(405)	-	(615)
<b>Net effect on P&amp;L before income and social contribution taxes</b>	<b>10,938</b>	<b>8,304</b>	<b>-</b>	<b>19,242</b>

### PIS and COFINS to be recovered (Consolidated)

	<b>09/30/2020</b>	
	<b>Amount</b>	<b>%</b>
Current (a)	<b>903,854</b>	<b>42%</b>
2021	<b>382,195</b>	<b>18%</b>
2022	<b>808,745</b>	<b>37%</b>
2023	<b>75,854</b>	<b>3%</b>
Noncurrent	<b>1,266,794</b>	<b>58%</b>
Total	<b>2,170,648</b>	<b>100%</b>

- (a) As of September 30, 2010, the Company's subsidiaries have credits validated by the RFB and the balance classified in current assets in the amount of R\$ 903,854 (Equatorial Maranhão R\$ 310,684, Equatorial Pará R\$ 326,263, Equatorial Piauí R\$ 144,626 and Equatorial Alagoas R\$ 122,281) will be realized by offsetting the following federal taxes until the next year: IRPJ and CSLL taxes, PIS and COFINS and federal tax withholdings.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 23 Equity

#### 23.1 Capital

Capital at September 30, 2020 is R\$ 3,489,736 (R\$ 2,741,931 at December 31, 2019). The authorized capital corresponds to 1,500,000,000 shares and its composition by class of shares, with no par value, and major shareholders is as follows:

Shareholders	ON	%
Squadra Investimentos	99,380,285	9.84%
Opportunity	97,634,195	9.66%
BlackRock	57,299,125	5.67%
Schroder	50,878,433	5.03%
CPPIB	50,539,100	5.00%
Other Non-controlling interests (NCI)	654,779,947	64.80%
Total	<u>1,010,511,085</u>	<u>100%</u>

On May 22, 2020, by means of the Board of Directors' Meeting, a capital increase in the amount of R\$ 339 was approved upon the issue of 100 thousand new shares.

On July 17, 2020, as per the minutes of the Annual and Special Shareholders' Meeting, a capital increase in the amount of R\$ 746,775 was approved, upon the payment of capital reserves of R\$ 464,994 and income reserve of R\$ 281,781, without issue of new shares.

On August 13, 2020, according to the minutes of the Board of Directors' Meeting, a capital increase in the amount of R\$ 691 was approved upon issue of 225 thousand new shares.

#### 23.2 Capital reserve

This reserve consists of options awarded and recognized by way of CVM resolution 562, issued December 17, 2008, which approved CPC 10/(R1)/IFRS 2 Share-based Payment Transactions, and the change in the parent company's interest in a subsidiary that did not result in the loss of control, as determined by CPC 36 – Consolidated Statements. As at September 30, 2020, options granted in the amount of R\$ 38,539 refer to the fair value recognized during the vesting period, which is assessed on each base date. Thus, the capital reserve balance in that period is R\$ 103,479 (R\$ 529,934 at December 31, 2019).

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 23 Equity - (Continued)

#### 23.3 Earnings per share

As required by CPC 41 and IAS 33 (Earnings per Share), the table below reconciles the net income for the year against the amounts used to calculate the basic and diluted net income per share .

	09/30/2020	12/31/2019
Numerator		
Net income for the year	1,573,645	2,415,630
Denominator		
1. Average weighted shares in the basic EPS calculation	1,010,511	1,010,511
2. Average weighted shares in the diluted EPS calculation (a)	<u>1,010,511</u>	<u>1,010,511</u>
Basic earnings for the year per lot of one thousand shares - R\$	1.55728	2.39050
Diluted earnings for the year per lot of one thousand shares - R\$	<u>1.55728</u>	<u>2.39050</u>

	09/30/2020	12/31/2019
(i) Dilution factor (a)		
3. Number of options available	21,125	21,125
4. Number of shares exercised	21,125	19,975
5. Exercisable years	4	4
6. Current exercisable shares	<u>1</u>	<u>4</u>
Dilutive effect ((3/6)-(3-4))	<u>-</u>	<u>4,131</u>

	09/30/2020	12/31/2019
(i) Dilution factor (a)		
3. Number of Stock Option shares (Plan 5)	2,120	2,120
5. Exercisable years	4	4
6. Current exercisable shares	<u>1</u>	<u>1</u>
Dilutive effect of Plan 5 ((3/6)-(3))	<u>-</u>	<u>-</u>
Average weighted shares in the diluted EPS calculation	<u>1,010,511</u>	<u>1,010,511</u>

(a) Derives from the Stock Options Plan (see note 23.5)

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 23 Equity - (Continued)

#### 23.4 Dividends

At the indirect subsidiary Equatorial Maranhão, on May 29, 2020, pursuant to the Minutes of the Annual/Special General Meeting, the distribution of supplementary dividends to shareholders was approved in the amount of R\$ 25,744.

At the indirect subsidiary Equatorial Pará, on May 29, 2020, pursuant to the Minutes of the Annual/Special General Meeting, the distribution of supplementary dividends to shareholders was approved in the amount of R\$ 154,731.

At the direct subsidiary Equatorial Distribuição, on May 29, 2020, pursuant to the Minutes of the Executive Board Meeting, the distribution of supplementary dividends to shareholders was approved in the amount of R\$ 139,521.

Set out below are the amounts of additional dividends established in 2019 and their distribution approved in 2020, by company, as well as their relationship with non-controlling interests:

	<u>Additional dividends 2019</u>	<u>Equity interest (%) non-controlling interests</u>	<u>Additional dividends - non-controlling interests</u>
Equatorial Maranhão	25,744	34.89%	8,982
Equatorial Pará	154,731	3.50%	5,417
Equatorial Distribuição	139,521	9.85%	13,749
Total	<u>319,996</u>		<u>28,148</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 23 Equity - (Continued)

#### 23.5 Stock option plan

The Company had two share-based plans in force in the third quarter of 2020. (i) the Fourth Stock Option Plan and the (ii) Fifth Stock Option Plan. The plans contains the distribution of call options for Company shares to executives and employees.

The plans are administrated by the Company's Board of Directors, by way of a committee within the limits established in the Structuring and Preparation Guidelines for each Plan and the applicable legislation.

#### Fourth Stock Option Plan

In force since July 21, 2014, the Company's Fourth Stock Option Plan ("Plan Four") had 626,250 outstanding options (number of options after the split: 3,131,250) until July 21, 2020. The plan expired on July 21, 2020.

The table below states the changes in options until their expiration on July 21, 2020:

	Weighted average of fair value for the period		Weighted average of fair value for the period	
	Number of options	Number of options	Number of options	Number of options
<i>In options</i>	07/21/2020	07/21/2020	12/31/2019	12/31/2019
Existing on January 1	3,131,250	3.39	19,468,750	3.58
Exercised over the period	(325,000)	3.11	(16,337,500)	3.48
Expired over the year	(2,806,250)	-	-	-
Existing at end of period/year	-	-	3,131,250	3.39
Exercisable at end of period/year	-	-	3,131,250	3.39

As of September 30, 2020, there was no exercise of call options (grant).

#### Fifth Stock Option Plan

The Special General Meeting on July 22, 2019 approved the creation of Equatorial's Fifth Stock Option Plan ("Plan").

When stock options are exercised, the relevant shares are issued through a capital increase. Further details on the Plan can be obtained in the minutes of the relevant Special General Meeting, available on the Company's website and on the CVM website.

At September 30, 2020, the weighted fair value of the vesting period less dividends distributed was R\$ 20.10 (R\$ 20.42 at December 31, 2019).

	09/30/2020
Fair value on grant date	6.78
Share price on grant date	22.08
Weighted fair value of the vesting period	20.10
Expected volatility (weighted average)	22.96%
Option life (weighted average life expectancy)	4.25
Risk-free interest rate (average based on government bonds)	6.40%

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 23 Equity - (Continued)

#### 23.5 Stock Option Plan- (Continued)

The fair value calculation was estimated based on the Black-Scholes pricing model considering the assumptions above. The fair value of the call option was measured on the grant date in the year ended December 31, 2019.

The following table states the changes of options in the period:

	<b>Number of options</b>	<b>Weighted average of fair value for the period</b>	<b>Number of options</b>	<b>Weighted average of fair value for the period</b>
<i>In options</i>	<b>09/30/2020</b>	<b>09/30/2020</b>	<b>12/31/2019</b>	<b>12/31/2019</b>
Existing on January 1	17,947,500	20.10	-	-
Expired over the year	(325,000)	-	-	-
Granted over the year	-	-	17,947,500	20.42
<b>Existing at end of period/year</b>	<b>17,622,500</b>	<b>20.10</b>	<b>17,947,500</b>	<b>20.42</b>

There were no grants in the period ended September 30, 2020 and in December 2019, 17,947,500 Options were granted to beneficiaries of the Fifth Plan, at the price of R\$ 20.42 (twenty reais and forty-two cents) per Option.

#### **Beneficiaries**

Plan beneficiaries may exercise their Options no later than 6 (six) months from the Granting Date. Options vest over a period of 4 (four) years, 25% each year.

The expense recognized in the period ended September 30, 2020 was R\$ 38,539 (R\$ 0 at September 30, 2019) and refers to the fair value recognized during the vesting period that is assessed on each reporting date.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 24 Net operating revenue (Consolidated)

The reconciliation between gross revenue and net revenue is as follows:

	<u>09/30/2020</u>	<u>09/30/2019</u>
<b>Distribution</b>		
Distribution revenue	10,899,055	10,881,493
WACC financial remuneration (a)	274,731	386,446
"A Component" revenue receivable (returnable) and other financial items (b)	(101,921)	(89,985)
CDE subsidy - Other (c)	376,361	324,135
Electricity supply	<u>11,448,226</u>	<u>11,502,089</u>
Electricity delivery	138,023	273,999
Availability revenue - Network usage (d)	366,205	(15,803)
Construction revenue	1,202,610	1,329,065
Indexation of financial assets (e)	27,219	95,368
Other	<u>141,425</u>	<u>(12,461)</u>
<b>Subtotal Distribution</b>	<u>13,323,708</u>	<u>13,172,257</u>
<b>Transmission</b>		
Construction revenue (f)	1,621,563	3,234,324
Financial asset adjustment	-	78,881
Operation and maintenance revenue (g)	20,631	34,584
Restated in-service contract assets (h)	758,773	159,468
Network usage revenue	6,000	4,381
Electricity transmission operations	595	-
Contract assets - realization loss (i)	(48,389)	-
Other	<u>8,219</u>	<u>2,505</u>
<b>Subtotal Transmission</b>	<u>2,367,392</u>	<u>3,514,143</u>
<b>Other</b>		
Trading revenue	191,095	198,011
Other revenue	<u>10,980</u>	<u>149,024</u>
<b>Subtotal Other</b>	<u>202,075</u>	<u>347,035</u>
<b>Gross operating revenue</b>	<u>15,893,175</u>	<u>17,033,435</u>
<b>Deductions from revenue</b>		
ICMS on electricity sales	(2,347,615)	(2,364,539)
PIS and COFINS	(1,228,598)	(1,369,054)
PIS/COFINS to be refunded to consumers	4,758	-
Consumer charges	(98,820)	(91,074)
ISS	(9,056)	(8,393)
Energy Development Account – CDE (j)	(271,526)	(529,263)
DIF/FIC penalties and others	(39,290)	(47,148)
Other	<u>(6,287)</u>	<u>(12,912)</u>
<b>Deductions from operating revenue</b>	<u>(3,996,434)</u>	<u>(4,422,383)</u>
<b>Net operating revenue</b>	<u>11,896,741</u>	<u>12,611,052</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 24 Net operating revenue (Consolidated) - (Continued)

- (a) This change is related to the IPCA variation, compared to the same period in 2019;
- (b) This variation is due to the following main factors: i) expense with CCEE settlement (financial exposure, hydrological risk and availability effect) in 2019 was higher when compared to the same period in 2020, generating a higher revenue in the CVA of energy in 2019, which did not occur in 2020; ii) the tariff coverage for the purchase of energy approved in the tariff adjustment from January to September 2019 was more adherent to the costs incurred in this period, which did not occur in 2020, whose average purchase price was lower than the coverage, generating a negative CVA; iii) transfer of the reserve fund amounts for future relief of consumer charges, whose amount generated a negative CVA; iv) transfer of COVID Account resources regulated by means of Normative Resolution No. 885/2020, generating an impact reducing the positive CVA. The combination of these four items was responsible for the variation in amounts receivable/returnable of A component and other financial items;
- (c) Tariff discounts are discounts and subsidies levied on tariffs applicable to consumers in the classes of irrigation, public services and rural projects in accordance with the legislation in force governing the distribution of electricity. As a result, distributors are compensated for the loss of revenue resulting from this tariff benefit, as set forth by article 13 of Law No. 10438 2002. In the 2019 Tariff Review, new tariff values were approved for the concessionaire, therefore the monthly calculation of a new pass-through amount of the tariff subsidy, raising the amount found in 2020 under "CDE subsidy –other", when compared with the same period of 2019. This is so since the tariff used to calculate the subsidy was the one approved in the 2018 tariff process. Another relevant fact for the increase in the tariff subsidy in 2020 was the 67 migrations to the free environment of special customers, who purchase their energy from an incentive source and are entitled to a discount on the billing tariff;
- (d) Direct and indirect electricity distribution subsidiaries recognize revenue due to the availability of the electricity distribution network infrastructure to their free and captive customers. Such revenue is calculated according to the Distribution Grid Tariff - TUSD defined by ANEEL. The variation between the periods is related to the increase in the migration of the number of customers from the captive environment to the free environment;
- (e) The efficiency gains obtained by the subsidiaries in the process of reviewing the tariff values changed the cost and market structure, impacting the recognition of revenue from financial asset adjustment when compared to the previous period;
- (f) This reduction is due to the startup of SPE 01, SPE 02 and SPE 08 operations;
- (g) Operation and maintenance revenue refers to the start-up of the transmission companies, whose purpose is not to interrupt the availability of the facilities, paying for the operation and maintenance services of the electricity transmission facilities;
- (h) The increase is due to the increase in the asset base of contracts in the period, and, consequently, adjustment of the contract asset in service;
- (i) Positive or negative variations in construction revenue and/or operating revenue, between the budgeted base vs. actual base. The amount shows that the Company subsidiaries were more efficient in the construction/operation, thus generating a loss. The result is exclusively financial in nature, thus recognizing the part of the composition of the contract asset adopted while keeping the project margin unchanged; and
- (j) The reduction in the CDE charge expense (Decree No. 7891/2013, as amended by Decree No. 9642/2018) was motivated by the end of the CDE Energia collection in March /019 and the early settlement of the ACR Account loans, whose expense occurred until September/2019.



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 25 Service costs and operating expenses (Consolidated)

	<b>09/30/2020</b>				
	<b>Cost of power supply service</b>	<b>Sales expenses</b>	<b>Administrative expenses</b>	<b>Impairment losses</b>	<b>Total</b>
Personnel	(172,646)	(36,237)	(227,558)	-	(436,441)
Material	(26,264)	(2,149)	(1,811)	-	(30,224)
Outsourced services	(329,766)	(15,780)	(282,404)	-	(627,950)
Electricity purchased for resale (a)	(4,565,080)	-	-	-	(4,565,080)
Charge for using transmission and distribution system	(257,156)	-	-	-	(257,156)
Construction cost (b)	(2,178,828)	-	-	-	(2,178,828)
Allowance for doubtful accounts and losses on commercial clients	-	-	-	(289,649)	(289,649)
Provision for civil, tax, labor and regulatory claims	-	-	(25,422)	-	(25,422)
Amortization	(414,749)	-	(154,560)	-	(569,309)
CCC Subsidy	(98,500)	-	-	-	(98,500)
Other	(19,318)	(1,848)	(5,962)	-	(27,128)
	<u>(8,062,307)</u>	<u>(56,014)</u>	<u>(697,717)</u>	<u>(289,649)</u>	<u>(9,105,687)</u>

	<b>09/30/2019</b>				
	<b>Cost of power supply service</b>	<b>Sales expenses</b>	<b>Administrative expenses</b>	<b>Impairment losses</b>	<b>Total (a)</b>
Personnel	(28,947)	(35,984)	(290,031)	-	(354,962)
Material	(14,792)	(3,349)	(3,943)	-	(22,084)
Outsourced services	(220,757)	(119,788)	(187,312)	-	(527,857)
Electricity purchased for resale	(4,349,327)	-	-	-	(4,349,327)
Charge for using transmission and distribution system	(647,637)	-	-	-	(647,637)
Construction cost (b)	(3,625,182)	-	-	-	(3,625,182)
Allowance for doubtful accounts and losses on commercial clients	-	-	-	(66,918)	(66,918)
Provision for civil, tax, labor and regulatory claims	-	-	(79,661)	-	(79,661)
Amortization	(385,624)	-	(57,586)	-	(443,210)
CCC Subsidy	(15,825)	(3,991)	(5,040)	-	(24,856)
Other	(84,514)	-	-	-	(84,514)
Personnel	<u>73,845</u>	<u>5,111</u>	<u>(687)</u>	<u>-</u>	<u>78,269</u>
	<u>(9,298,760)</u>	<u>(158,001)</u>	<u>(624,260)</u>	<u>(66,918)</u>	<u>(10,147,939)</u>

(a) See the breakdown of the cost of electricity purchased for resale, as per note 26.

(b) The reduction is due to the startup of the Company's indirect subsidiaries SPE 01, SPE 02 and SPE 08 operations, in addition to the progress of the works in the other transmission companies.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 26 Electricity purchased for resale (Consolidated)

	GWh		R\$	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Auction energy (a)	15,777	15,444	(2,816,747)	(3,020,442)
Eletronuclear Contracts	588	559	(172,886)	(135,063)
Guarantee contracts	4,710	4,990	(521,589)	(575,011)
System Service Charges - ESS/ Energy reserve (b)	-	-	(3,388)	(52,639)
Bilateral electricity	169	167	-	-
Short-Term Electricity - CCEE	-	-	(556,990)	(714,095)
Alternative source incentive program - PROINFA	335	359	(107,402)	(127,362)
(-) Recoverable portion of noncumulative PIS/COFINS	-	-	451,840	440,157
Other costs	-	-	(169,360)	(164,871)
<b>Subtotal</b>	<b>21,579</b>	<b>21,519</b>	<b>(3,896,522)</b>	<b>(4,349,326)</b>
Charge for using transmission and distribution system (c)	-	-	(925,714)	(647,638)
<b>Total</b>	<b>21,579</b>	<b>21,519</b>	<b>(4,822,236)</b>	<b>(4,996,964)</b>

- (a) Considering only the expenses with the contracts (CCEAR-- Electricity Trading Contract in the regulated environment, MCSD - Leftovers and Deficits Compensation Mechanism, CCGF- Physical Guarantee Quotas and CCEN - Nuclear Energy Guarantee Quotas), contract volume increased by 11.07%, but the average price paid in 2020 decreased by 16.45% in relation to what was paid in the same period of 2019, due to the increase in the volume of CCEAR Energy contracts, and a smaller variable payment portion;
- (b) The ESS (System Service Charges) is related to the payment of dispatched thermal plants that operate with a purchase price above the PLD (Settlement Price for Differences). The measure to dispatch these thermal plants is taken by ONS (National System Operator) to ensure the energy security of the system. The variation that occurred in the period from January to September 2020, when compared to 2019, is due to the release of the financial resources available in the reserve fund for future charges relief, as per the resolution provided for in Aneel Decision No. 986, published on April 8 2020, an action intended to strengthening the electricity sector's liquidity amid the COVID 19 pandemic scenario; and
- (c) Includes the costs of charges for the use and connection of the transmission system, which have tariffs adjusted by the Annual Permitted Compensation– RAP resolution, therefore, in each year there is always the effect of two resolutions. The costs incurred in from January to September 2020 were higher than 2019 due to the tariffs approved in RAP resolution No. 2564 of June 19, 2019, which remained in effect until July/2020 related to the Basic Grid and Connection, in relation to previous resolution, incorporated into the annual tariff readjustment. Another factor giving rise to Cost increase was higher contracting of MUST (Amount of Use of the Transmission System).

### 27 Other net operating income (Consolidated)

	09/30/2020	09/30/2019
Losses on the sale and retirement of assets and rights (a)	(29,100)	(200,342)
Fine for violation of indicators	-	(4)
Indemnity for third-party damage	(6,409)	(13,003)
Provision for warehouse loss	(2,252)	-
Other operating income and expenses	(28,388)	(38,468)
<b>Total other net operating income</b>	<b>(66,149)</b>	<b>(251,817)</b>

- (a) The variance is primarily due to the subsidiary Equatorial Pará which underwent its 5<sup>th</sup> rate review cycle in FY 2019. Other processes include the considerable number of items retired from the concession's intangible assets, write-offs which were duly audited and approved by the Economic and Financial Oversight Division – SFF (Technical Note 147/2019-SGT/SRM/ANEEL, issued 8/2/2019).

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 28 Finance income

	Parent Company		Consolidated	
	09/30/2020	09/30/2019	09/30/2020	09/30/2019
Finance income				
Finance earnings	21,778	23,542	116,447	163,946
Amounts receivable/returnable – “A Component”	-	-	81,186	99,425
Transactions with derivative financial instruments (a)	-	-	515,278	93,230
Additional amount for late payment of energy sold	-	-	308,191	263,730
AVP finance income	-	362	23,980	362
Monetary and exchange variation of debt	-	-	83	1,245
PIS/COFINS on finance income	(996)	(1,093)	(26,280)	(32,132)
CCC subrogation adjustment	-	-	1,494	1,734
Discounts obtained	-	-	-	8,154
PIS/COFINS to be refunded to consumers	-	-	(10)	3,425
Discounts granted	-	-	15	-
Other finance income	-	-	21,411	189,171
<b>Total finance income</b>	<b>20,782</b>	<b>22,811</b>	<b>1,041,795</b>	<b>792,290</b>
Finance income				
Finance expenses				
Debt charges (b)	(40,880)	(112,422)	(541,507)	(649,131)
Regulatory fines	-	-	(10,340)	(108)
Transactions with derivative financial instruments (a)	-	-	(6,741)	(17,862)
Amounts receivable/returnable - A Component	-	-	(32,060)	(49,223)
Monetary and exchange differences - debt (c)	(1,792)	(2,890)	(613,934)	(167,174)
AVP finance costs	-	-	(48,748)	(32,683)
Adjustment on efficiency efforts and contingencies	-	-	(2,878)	(38,589)
Related-party charges	-	-	(414)	(471)
Interest, fines on energy operation	-	-	(1,956)	(10,199)
Interest payable	-	-	(64,377)	(45,857)
Discounts granted	-	-	(17,402)	(11,855)
Other finance costs	(6,364)	(2,216)	(35,495)	(115,656)
<b>Total finance costs</b>	<b>(49,036)</b>	<b>(117,528)</b>	<b>(1,375,852)</b>	<b>(1,138,808)</b>
<b>Finance income (costs), net</b>	<b>(28,254)</b>	<b>(94,717)</b>	<b>(334,057)</b>	<b>(346,518)</b>

- (a) This largely refers to the contracting of SWAP transactions, which exchange US dollar + spread for CDI + spread, where the main variation refers to the exchange rate on these transactions. In the period ended September 30, 2020, the main effect refers to the exchange difference, generating revenue in 2020 with a 40% increase in the US dollar, from R\$ 4.03 at December 31, 2019 to R\$ 5.65 at September 30, 2020, against a lower expense in 2019 with a 7% increase in the US dollar, from R\$ 3.87 at December 31, 2018 to R\$ 4.16 at September 30, 2019; and
- (b) The reduction was due to the variation in the indexes to which the debt of the Company and its subsidiaries is linked. The CDI went from 4.64% up until September 2019 to 2.27% until September 2020, and the IPCA, which went from 2.69% until September 2019 to 1.86% until September 2020; and
- (c) In the period ended September 30, 2020, the main effect refers to the exchange difference, generating an expense with increase in the dollar by 40%, from R\$ 4.03 at December 31, 2019 to R\$ 5.65 at September 30, 2020, against an expense in 2019 with a 7% increase in the dollar, from R\$ 3.87 at December 31, 2018 to R\$ 4.16 at September 30, 2019.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 29 Post-employment benefit

#### 29.1 Details of the retirement plan

**(i) Equatorial BD Plan (Equatorial Maranhão)**

The BD plan is structured as a “defined benefit”, where there is a post-employment commitment with the participants that are still working and with those that are retired. Pursuant to the plan, the benefits offered to employees include the following:

- Invalidation retirement: The benefit to be granted is equivalent to the value of the positive difference between the real benefit wage (SRB) and the Social Security retirement due to disability.
- Retirement due to Age: The benefit to be granted is equivalent to the value of the positive difference between the real benefit wage (SRB) and the Social Security retirement due to age.
- Retirement due to Time of Contribution: The benefit to be granted is equivalent to the value of the positive difference between the real benefit wage (SRB) and the Social Security retirement due to age.

**(ii) Equatorial CD Plan (Equatorial Maranhão)**

The Equatorial CD is a defined contribution plan for the programmed benefits and a defined benefit plan for the risk benefits. Pursuant to the plan, the benefits offered to employees include the following:

- Normal Retirement: It is granted to participants who meet the following conditions:
  - (a) Have an employment relationship of 180 consecutive months with the sponsor;
  - (b) Have 60 months of effective contribution to the plan;
  - (c) Are 55 years old or more;
  - (d) Do not have an employment relationship with the sponsor.

The amount of the benefit is the result of the transformation of the balance of accounts in a certain income, of 12 payments per year, for n months.

- Retirement through inability to work: The benefit is granted to the participant that is receiving a Social Security pension for disability, provided that he is a participant in the plan for at least 12 months. The amount of the benefit is the result of the conversion of the balance of accounts into a monthly income.
- Pension for death of an active worker: The benefit is granted to the beneficiaries of an active participant who happens to die, provided that he has participated in the plan for at least 12 months. The amount of the benefit is the result of the conversion of the balance of accounts into a monthly income.
- Pension for Death of an Assisted Person: The benefit is granted to the beneficiaries of an active participant who happens to die, provided that he has participated in the plan for at least 12 months. The amount of the benefit consists of the continuation of the income paid to the assisted participant.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 29 Post-employment benefit - (Continued)

#### 29.1 Details of the retirement plan - (Continued)

##### (iii) Equatorial BD Plan (Equatorial Pará)

The BD plan is structured as a “defined benefit”, where there is a post-employment commitment with the participants that are still working and with those that are retired. Pursuant to the plan, the benefits offered to employees include the following:

- Retirement (due to Disability, age, length of service and special reasons): Retirement benefit calculated based on the difference between Real benefit wage (SRB), which is the average of the last 36 Contribution Salaries and the retirement awarded in RGPS. Except for Invalidation retirement, the retirement schemes have a grace period of 120 months of monthly contributions to the plan.
- Surviving spouse pension: The benefit above is equivalent to 50% of the monthly pension received by the participant before their death or the amount they would have received in the event of invalidity. This will be awarded to qualified beneficiaries and pensioners applying for it; and
- Annual bonus: The benefit consists of an annual cash allowance of 1/12 (one twelfth) of the monthly income due in December per month of complementation received during the year.

##### (iv) Celpa OP Plan (Equatorial Pará)

The Celpa OP Plan is structured as “variable contribution”, where there is a post-employment commitment during the inactive stage (retired and pensioners), for benefit structured in the form “Defined Benefit” (retirement benefit to be awarded in the form of monthly income for life and the respective investments in pensions). Pursuant to the plan, the benefits offered to employees include the following:

- Monthly income from investment in pension: It is granted to participants who meet the following conditions:
  - (a) Have an employment relationship of 05 complete months with the sponsor;
  - (b) Have 05 years of effective contribution to the plan;
  - (c) Are 55 years old or more;
  - (d) Be entitled to the benefit, except for Invalidation under RGPS; and
  - (e) Do not have an employment relationship with the sponsor.

According to the form selected in the application, the benefit value is equal to:

- ✓ Monthly income for life in the form “Variable Contribution”; or
- ✓ Financial monthly income in the form “Defined Contribution”.

- Lump sum benefit on disability or death: The Lump sum benefit on death is awarded to beneficiaries when the active participant dies. The Lump sum benefit on disability is awarded to the participant who has Supplementary disability retirement in Plan R.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 29 Post-employment benefit - (Continued)

#### 29.1 Details of the retirement plan - (Continued)

##### (v) Celpa R Plan (Equatorial Pará)

Celpa R is structured as a “defined benefit”, where there is a post-employment commitment entailing the payment of retirement for invalidity and pensions. Furthermore, the plan is not contributive, only offering risk benefits. Pursuant to the plan, the benefits offered include the following:

- Supplementary sickness benefit and retirement due to disability: The two benefits above constitute monthly income determined as the difference between the Real benefit wage (SRB) and the value of the benefit awarded by RGPS (General Social Security Scheme), which are awarded whilst concession of RGPS is guaranteed.
- Surviving spouse pension: The benefit above is equivalent to 50% of the monthly pension received by the participant before their death or the amount they would have received in the event of invalidity. This will be awarded to qualified beneficiaries and pensioners applying for it; and
- Annual bonus: The benefit consists of the largest monthly amount received in the year by the participant and will be paid by December 20. As this is a non-contributive plan, the plan is financed entirely by the normal contribution of the sponsor itself, where the percentage is determined in the plan’s costing plan.

##### (vi) Equatorial CD Plan (Equatorial Pará)

Pension benefits plan administered by Fundação Equatorial de Previdência Complementar (EQTPREV) and sponsored by Equatorial Energia Pará, amongst others. The company began offering this plan to its employees in FY 2019, and that year received participants and assisted participants sponsored by the company from the Celpa OP and Celpa R plan, and therefore recognized the first obligations under this plan.

The Equatorial CD is a defined contribution plan for the programmed benefits and a defined benefit plan for the risk benefits. Pursuant to the plan, the benefits offered to employees include the following:

- Normal Retirement: It is granted to participants who meet the following conditions:
  - a) Have an employment relationship of 180 consecutive months with the sponsor;
  - b) Have 60 months of effective contribution to the plan;
  - c) Are 55 years old or more;
  - d) Do not have an employment relationship with the sponsor. The amount of the benefit is the result of the transformation of the balance of accounts in a certain income, of 12 payments per year, for n months.

## **Equatorial Energia S.A. and Consolidated**

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### **29 Post-employment benefit - (Continued)**

#### **29.1 Details of the retirement plan - (Continued)**

- Retirement through inability to work: The benefit is granted to the participant that is receiving a Social Security pension for disability, provided that he is a participant in the plan for at least 12 months. The amount of the benefit is the result of the conversion of the balance of accounts into a monthly income.
- Pension for death of an active worker: The benefit is granted to the beneficiaries of an active participant who happens to die, provided that he has participated in the plan for at least 12 months. The amount of the benefit is the result of the conversion of the balance of accounts into a monthly income; and
- Pension for Death of an Assisted Person: The benefit is granted to the beneficiaries of an active participant who happens to die, provided that he has participated in the plan for at least 12 months. The amount of the benefit consists of the continuation of the income paid to the assisted participant.

#### **(vii) Resolution 10/1989 (Equatorial Pará)**

The Company has an uncovered actuarial liability originating from an agreement between the company and former employees and pensioners. The agreement was resolved by Resolution 10 issued August 4, 1989 by company management and came into force on June 11, 1996.

Because the resolution is in force, former employees and pensioners are entitled to pension benefits, which comprise the uncovered actuarial liability. The value of the liability determined is provisioned for in its entirety by the Company.

#### **(viii) Medical assistance plan (Equatorial Pará) CNU health care plan**

The Company offers employees and former employees (whether retired or terminated) health insurance administered by Central Nacional Unimed - Cooperativa Central (CNU), including both outpatient and inpatient coverage and obstetrics, with national coverage. Health insurance is offered to all employees and their dependents, with the exception of directors and managers.

#### **Unimed Health Insurance (Equatorial Pará)**

The Company offers employees and former employees (whether retired or terminated) health insurance administered by Unimed Seguro Saúde S/A, including both outpatient and inpatient coverage and obstetrics, with national coverage. This plan is offered to all Company directors and managers and their dependents.

#### **UNIODONTO Dental Plan (Equatorial Pará)**

Dental insurance operated by Uniodonto Belém to all employees and former employees (whether retired or terminated) and their dependents.

Unlike health insurance plans, dental insurance expenses will not increase with age. There is therefore no post-employment commitment (cross subsidy).

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 29 Post-employment benefit - (Continued)

#### 29.1 Details of the retirement plan - (Continued)

##### (ix) Settled Plan (Equatorial Piauí)

Pension benefit plan organized and administered by Fundação Cepisa de Seguridade Social (FACEPI) and sponsored by Equatorial Energia Piauí, which is offered to its employees and their dependents.

The Settled Plan is structured as a “defined benefit”, where there is a post-employment commitment with the participants that are still working and with those that are retired. Pursuant to the plan, the benefits offered to employees include the following:

- Retirement due to Time of Service/Contribution: Supplementary retirement due to length of service/contribution time is owed to the participant during the period they receive retirement for length of service/contribution time from social security and will only be suspended in the event of death of the participant or suspension or cancellation of their retirement.
- Invalidity retirement: The benefit is awarded to participants during the period they receive retirement from social security.
- Retirement due to Age: The benefit is awarded to the participant’s beneficiaries as long as the retirement due to age is maintained by social security and canceled upon their death. It consists of a monthly income equivalent to the value of the positive difference between the real benefit wage and the pension awarded by the INSS.
- Surviving spouse pension: The benefit is granted to the beneficiaries of an active participant who happens to die, during the period they receive a pension from social security. The amount of the benefit consists of the continuation of the 60% to 100% of the retirement paid to the assisted participant.
- Sickness Benefit: The benefit is awarded to the participant’s beneficiaries receiving sickness allowance from social security. It consists of a monthly income equivalent to the value of the positive difference between the real benefit wage and the sickness allowance awarded by the INSS.

Burial Assistance: The benefit is awarded in the event of the participant’s death after having contributed at least 60 (sixty) monthly contributions to the Plan, as from the participant’s latest enrollment in this Foundation, the beneficiaries or, in the absence thereof, the person demonstrating they are the successor. The expanded burial allowance consists of a lump-sum payment equal to 1/5 (one fifth) of the social security benefit ceiling.



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 29 Post-employment benefit - (Continued)

#### 29.1 Details of the retirement plan - (Continued)

##### (x) CV Plan (Equatorial Piauí)

Pension benefit plan administered by Fundação Cepisa de Seguridade Social (FACEPI) and sponsored by Equatorial Energia Piauí, which is offered to its employees and their dependents.

The CV Plan is structured as a variable contribution, there being a commitment in the participants post-employment period. Pursuant to the plan, the benefits offered to employees include the following:

- **Scheduled retirement:** The benefit will be calculated actuarially based on the participant's individual balance, amongst other parameters, where this benefit is split into two stages: fixed term income of scheduled retirement and lifetime income of scheduled retirement.
- **Invalidity retirement:** The benefit to be awarded will be calculated actuarially based on the participant's individual balance at the disability date, plus funds from the disability lump sum, where this benefit is split into two stages: fixed term income of disability retirement and lifetime income of disability retirement.
- **Surviving spouse pension:** The benefit to be awarded will be calculated actuarially based on the active participant's individual balance at the date of death, plus funds from the lump sum for death, where this benefit is split into two stages: fixed term income of active retirement and lifetime income of active retirement.
- **Sickness Benefit:** The benefit is equal to twenty percent (20%) of the portion of the current participation salary below the FACEPI ceiling, plus one hundred percent (100%) of the portion of this participation salary above this ceiling.
- **Funeral allowance:** The benefit is equal to forty percent (40%) of the FACEPI ceiling in force in the month of death, regardless of the social security stage in which the participant was at, their salary level and the accumulated level of employment and employer savings recorded in their name.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 29 Post-employment benefit - (Continued)

#### 29.1 Details of the retirement plan - (Continued)

##### (xi) BD Plan (Equatorial Alagoas)

Pension benefit plan administered by Fundação CEAL de Assistência Social e Previdência (FACEAL) and sponsored by Equatorial Energia Alagoas, which is offered to its employees and their dependents.

The BD plan is structured as a “defined benefit”, where there is a post-employment commitment with the participants that are still working and with those that are retired. Pursuant to the plan, the benefits offered to employees include the following:

- Invalidation retirement: The benefit to be granted is equivalent to the value of the positive difference between 80% of the real benefit wage (SRB) and the lowest ceiling of the supplementary benefit calculation determined at the date the supplement retirement is awarded. Retirement due to Disability has a grace period of 12 months of contributing to the Plan.
- Retirement due to Time of Service/Contribution: The benefit to be granted is equivalent to the value of the positive difference between 80% of the real benefit wage (SRB) and the lowest ceiling of the supplementary benefit calculation determined at the date the supplement retirement is awarded. The grace period for these benefits is 120 months of contributing to the Plan.
- Retirement due to Age: The benefit to be granted is equivalent to the value of 1/20 (one twentieth) of the positive difference between 80% of the real benefit wage (SRB) and the lowest ceiling of the supplementary benefit calculation determined at the date the supplement retirement is awarded, for each year of contribution to the Plan (limited to 20/20).
- Special Retirement: The benefit to be granted is equivalent to the value of 1/20 (one twentieth) of the positive difference between 80% of the real benefit wage (SRB) and the lowest ceiling of the supplementary benefit calculation determined at the date the supplement retirement is awarded, for each year of contribution to the Plan (limited to 20/20). Special Retirement has a grace period of 180 months of contributing to the Plan.
- Surviving spouse pension: The benefit to be granted consists of a monthly income equivalent to 50% (plus 10% per beneficiary) of the income received by the assisted participant or of the income that the active participant would have been entitled to if he were to retire on the grounds of disability on the date of death.
- Annual bonus: The benefit is granted at the same time that the annual bonus of the Social Security is granted and consists of an annual cash allowance of 1/12 (one twelfth) of the monthly income due in December per month of complementation received during the year.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 29 Post-employment benefit - (Continued)

#### 29.1 Details of the retirement plan - (Continued)

##### (xii) CD Plan (Equatorial Alagoas)

Pension benefit plan administered by Fundação CEAL de Assistência Social e Previdência (FACEAL) and sponsored by Equatorial Energia Alagoas, amongst others. The CD Plan is a defined contribution plan for the programmed benefits and a defined benefit plan for the risk benefits.

The risk benefits are:

- Entry into disability benefit

Awarded in the event of an active participant's disability at the rate of 13/12 (thirteen twelfths) of the double of the Real Average Monthly Contribution (CRMM), multiplied by the number of months which remained at the time of full and permanent disability for the participant to become exactly 55 (fifty-five) years of age.

- Lump sum benefit on death of active participant

Awarded to beneficiaries of the active participant in the event of their death at the rate of 13/12 (thirteen twelfths) of the double of the Real Average Monthly Contribution (CRMM), multiplied by the number of months which remained at the time of the active participant's death for the participant to become exactly 55 (fifty-five) years of age.

##### (xiii) Health care plan (Equatorial Alagoas)

Equatorial Energia Alagoas offers its employees and former employees health insurance administered by Qualicorp Administradora de Benefícios S/A, including both outpatient and inpatient coverage and obstetrics, with statewide coverage. Equatorial Energia Alagoas offers a dental care plan to its employees.

The health care plans (UNIMED) and dental plans (UNIODONTO) have fixed monthly payments, adjusted annually, with monthly payment of the employee's part and the employer's part resulting in 12 payments a year.

The health and dental plans contain three different groups, called G1, G3 and G8. The group definitions are presented below:

- G1: consisting of employees, employees on leave and future former employees of Equatorial, pursuant to item 11.4 of the 2019/2021 Collective Labor Agreement. Equatorial's participation for this group varies according to salary ranges for the health plan and equal to 60% for the dental plan. If a company employee becomes permanently disabled, they and their dependents are entitled to remain in the plan for life until the holder dies (except able-bodied children, who remain temporarily, pursuant to the bargaining agreement, until the age of 24). For disabled children, Equatorial keeps paying the employer's part to the holder and their dependents, similarly to what would happen if they were still active. This group is open to new active and inactive participants, depending on changes to the Company's staff structure.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 29 Post-employment benefit - (Continued)

#### 29.1 Details of the retirement plan - (Continued)

- G3: consists of disabled former employees who remain in the health and dental plans without contributing to them, meaning that Equatorial's participation for this group is 100% of the monthly fees. Equatorial contributes for holders and their dependents. The holders and their dependents in this group remain in the plan for life until the holder dies (except able-bodied children, who remain temporarily, pursuant to the bargaining agreement, until the age of 24). This is a closed group, with no new additions possible.
- G8: consists of former employees (able-bodied and disabled) who remain in the health and dental plans by court order. Equatorial's participation for this group is established individually depending on each court decision. Equatorial contributes for holders and their dependents. The holders and their dependents in this group remain in the plan for life until the holder dies (except able-bodied children, who remain temporarily, pursuant to the bargaining agreement, until the age of 24). New members can only be added to this group by court order.

The Company subsidiaries perform annually and will disclose in the financial statements for the year ending December 31, 2020, the actuarial valuations by independent appraisers, considering an active market quotation, sensitivity analysis, the expected global rate of return on assets based on market expectations and applicable during the period in which the obligation is to be settled.

As such, the main actuarial assumptions used are: (i) inflation rate; (ii) discount rate; (iii) future salary increases; and (iv) future pension increases.

#### Calculation of net actuarial liabilities (assets)

The reconciliation of assets and liabilities will demonstrate the excess or insufficiency of funds to cover the post-employment benefit, which must be presented in the Company's statement of financial position. Below is the statement of profit or loss as of December 31, 2019 (Actuarial Liabilities or Assets to be accounted for) and the projection of expenses to be recognized in profit or loss for 2020.

	EQTL-MA				EQTL-PA				Total	EQTL-PI		EQTL-AL		Health and Dental Care Plan
	DC	DB	DC	DB	CELP A R	CELP A OP	Resolutio n No. 10/ 1989	Health care plans		Paid-out plan	CV Plan	DB	DC	
<b>Deficit/(surplus) determined</b>														
Actuarial liabilities determined in the actuarial valuation	828	180,177	974	241,660	8,558	2,058	21,722	22,558	297,530	421,369	8,963	148,847	2,096	93,605
Fair value of plan assets	(8,498)	(214,911)	(9,951)	(330,836)	(5,923)	(3,448)	-	-	(350,158)	(427,916)	(3,314)	(286,413)	(6,528)	-
Deficit/(surplus) determined	<b>(7,670)</b>	<b>(34,734)</b>	<b>(8,977)</b>	<b>(89,176)</b>	<b>2,635</b>	<b>(1,390)</b>	<b>21,722</b>	<b>22,558</b>	<b>(52,628)</b>	<b>(6,547)</b>	<b>5,649</b>	<b>(137,566)</b>	<b>(4,432)</b>	<b>93,605</b>
<b>Effect of Ceiling of Additional Assets and Liabilities</b>														
Effect of Ceiling of Assets	6,916	34,734	3,344	89,176	-	1,150	-	-	93,670	6,547	-	121,374	4,432	-
Effect of Ceiling of Additional Assets and Liabilities	6,916	34,734	3,344	89,176	-	1,150	-	-	93,670	6,547	-	121,374	4,432	-
<b>Net liabilities/(assets) arising from CPC 33(R1) provisions</b>														
Net assets determined	(754)	-	(5,633)	-	2,635	(240)	21,722	22,558	41,042	-	5,649	(16,192)	-	93,605

## **Equatorial Energia S.A. and Consolidated**

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### **30 Financial instruments**

#### **30.1 General considerations**

The Company and its subsidiaries have performed an analysis of their financial instruments including: cash and cash equivalents, securities, trade accounts receivable, CCC sub-rogation, concession financial assets, contractual assets, trade accounts payable, loans and financing, amounts payable under the in-court reorganization plan debentures and derivatives, and have not made any required adjustments to their accounting records.

The management of these instruments is done through operating strategies and internal controls aimed at liquidity, profitability and security. The control policy consists of permanent monitoring of contractual terms and conditions in comparison with existing market conditions.

Management uses financial instruments to obtain optimum returns on available cash, to maintain the liquidity of assets, to hedge against foreign exchange or interest rate variation and to ensure compliance with applicable covenants, namely net debt over adjusted EBITDA (ND/Adjusted EBITDA) and net debt over net debt plus shareholders' equity (ND/ND+SE).

#### **30.2 Derivatives policy**

The Company and its subsidiaries use swap derivative transactions to hedge against changes in macroeconomic indexes and against fluctuations in foreign currency quotes. These operations are not carried out on a speculative basis. As at September 30, 2020 and December 31, 2019, the Company, through its subsidiaries, had derivative financial instrument operations contracted as a hedge for its foreign currency debts.

#### **30.3 Category and fair value of financial instruments**

The fair values of the Company's and its subsidiaries' financial assets and liabilities were estimated through information available in the market and appropriate valuation methodologies. However, considerable judgment was required in the interpretation of market data to estimate the most adequate realization value. As a result, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable values

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.3 Category and fair value of financial instruments - (Continued)

##### (i) Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible.

The carrying amounts and market values of the financial instruments included in the statement of financial position as of September 30, 2020 and December 31, 2019 are identified below:

Parent Company	Level	Category of financial instruments	09/30/2020		12/31/2019	
			Amount	Market	Amount	Market
<b>Assets</b>						
Cash and cash equivalents	-	Amortized cost	1,724	1,724	1,103	1,103
Cash and cash equivalents (Investment fund)	2	Fair value through profit or loss	37,862	37,862	535,210	535,210
Short-term investments	2	Fair value through profit or loss	86,037	86,037	871,556	871,556
Securities	2	Fair value through profit or loss	-	-	18,129	18,129
Total assets			<u>125,623</u>	<u>125,623</u>	<u>1,425,998</u>	<u>1,425,998</u>

  

Liabilities	Level	Category of financial instruments	09/30/2020		12/31/2019	
			Amount	Market	Amount	Mercado
Supplier		Amortized cost	1,958	1,958	2,081	2,081
Loans and borrowings	-	Amortized cost	-	-	507,358	507,147
Debentures	-	Amortized cost	572,417	572,849	1,263,854	1,298,762
Total liabilities			<u>574,375</u>	<u>574,807</u>	<u>1,773,293</u>	<u>1,807,990</u>

  

Consolidated	Level	Category of financial instruments	09/30/2020		12/31/2019	
			Amount	Market	Amount	Mercado
<b>Assets</b>						
Cash and cash equivalents	-	Amortized cost	119,680	119,680	184,082	184,082
Cash and cash equivalents (Investment fund)	2	Fair value through profit or loss	3,191,984	3,191,984	1,601,121	1,601,121
Short-term investments	2	Fair value through profit or loss	3,706,309	3,706,309	4,043,717	4,043,717
Trade accounts receivable	-	Amortized cost	4,298,535	4,298,535	4,386,355	4,386,355
"A Component" revenue receivable and other financial items	-	Amortized cost	1,066,708	1,066,708	1,096,690	1,096,690
CCC subrogation - amounts allocated	-	Amortized cost	85,120	85,120	85,120	85,120
Reimbursable AICs (a)	3	Fair value through other comprehensive income	154,093	154,093	154,093	154,093
Derivative financial instruments	2	Fair value through profit or loss	569,560	569,560	60,555	60,555
Concession financial assets - Distribution companies	2	Fair value through profit or loss	5,218,747	5,218,747	4,945,545	4,945,545
Contractual assets	2	Fair value through profit or loss	-	-	8,244,244	8,244,244
Securities	2	Fair value through profit or loss	117,700	117,700	126,756	126,756
Total assets			<u>18,374,343</u>	<u>18,374,343</u>	<u>24,928,278</u>	<u>24,928,278</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.3 Category and fair value of financial instruments - (Continued)

Liabilities	Category of financial instruments	09/30/2020		12/31/2019	
		Amount	Market	Amount	Market
Supplier	Amortized cost	1,732,239	1,732,239	1,976,110	1,976,110
Loans and borrowings	Amortized cost	12,237,304	13,305,073	11,104,954	12,266,760
Payables from in-court reorganization	Amortized cost	912,734	1,195,726	871,899	1,147,856
"A Component" revenue receivable and other financial items	Amortized cost	1,186,631	1,186,631	142,451	142,451
Debentures	Amortized cost	5,008,425	4,984,271	5,703,467	5,830,267
Total Liabilities		21,077,333	22,403,940	19,798,881	21,363,444

- (a) This denotes the reimbursement owed to Eletrobras as payment of the reimbursable AICs equal to 50% (fifty percent) of the contribution of each of the assets in the debt compensation base, as defined in the ANEEL Rate Regulation Procedures - PRORET, less any amounts recorded after the appraisal-based date of investments necessary to make these assets in progress property, plant and equipment. Equatorial Piauí accordingly provisioned for R\$ 70,640 and Equatorial Alagoas R\$ 83,453.

Following ANEEL ratification of the rate review result, the buyer undertakes to hire a technical consultant to determine the amount of reimbursement owed to Eletrobras.

**Cash and cash equivalents** - are classified as amortized cost and are recorded at their original values;

- **Short-term investments and Investments funds** - these are classified as fair value through profit or loss. The fair value hierarchy of short-term investments is level 2, since most of them are invested in exclusive funds where maturities are limited to twelve months. As such, management understands that their fair value is already reflected in the book value. The significant factors for valuation at fair value are publicly observable such as CDI;
- **Securities** –refer to financial investments not allocated in cash and cash equivalents, classified as fair value through profit or loss. The hierarchy of fair value of short-term investments is level 2, since most of them, applied in exclusive funds, are reflected in the value of the fund's shares;
- **Trade accounts receivable** - directly derived from the Company's and its subsidiaries' operations and are classified as amortized cost and are recorded at their original values, subject to the provision for losses and present value adjustment, when applicable.
- **Financial concession assets** - classified as fair value through profit or loss, financial assets that present an unconditional right to receive a certain amount at the end of the concession term. The relevant factors for determining fair value are publicly observable, such as the IPCA existing in an active market and the depreciation rate determined by the ANEEL resolution, classified in level 2 of the fair value hierarchy;
- **Subrogation of CCC** - amounts allocated: are classified as amortized cost and recorded at amortized Value, used to finance the subsidy for interconnecting islanded municipalities to the National Interconnected Grid – SIN;
- **Trade payables** - derive directly from the Company and its subsidiaries' operations and are classified as liabilities at amortized cost.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.3 Category and fair value of financial instruments - (Continued)

- **Loans and financing** - provide funding for the Company's and its subsidiaries' investment programs and may be used to manage short-term requirements. Classified as liabilities at amortized cost and recorded at their amortized amounts.
- **Payables from in-court reorganization plan**- derives from the in-court reorganization plan of the subsidiary Equatorial Pará, classified as liabilities at amortized cost.
- **Debentures** - classified as liabilities at amortized cost and recorded at their amortized amounts. For reporting purposes, the debentures' market values are calculated based on market rates disclosed by the Brazilian Association of Financial and Capital Market Entities - ANBIMA and B3 S.A.;
- **"A Component" mount receivable/payable** - derive from non-manageable costs to be passed through in their entirety to the consumer or shouldered by the concession authority. Classified as amortized cost, and
- **Derivative financial Instruments** - are measured at fair value through profit or loss and other comprehensive income are used as a hedge against foreign exchange and interest rate fluctuations. For swap transactions, market value has been determined using information from active markets. Tier 2 of the fair value hierarchy.
- **Reimbursable AICs** - are classified at fair value through profit and loss and other comprehensive income, as the sensitivity of fair value is in assets in progress in the net compensation base, depending on full or partial ratification by Eletrobras, as the data of 50% (fifty percent) of the contribution of each of the assets in progress in the debt compensation base, as defined in the ANEEL Rate Regulation Procedures - PRORET, less any amounts recorded after the appraisal-based date of investments necessary to make these assets in progress property, plant and equipment used for measurement are not observable in the market. Level 3 in the fair value hierarchy through profit and loss and other comprehensive income.

#### Call Option

Since November 2019 the Company holds a repurchase right of the entire preferred shares issued by Equatorial Distribuição, exercisable between November 11, 2022 and November 11, 2026. The purchase price, should the option be exercised, will be R\$ 1,000,000 (one billion Brazilian reais) updated by 100% of the CDI interest rate as of November 11, 2019, the option's exercise date less dividends received by the minority shareholder, updated by 100% of the CDI interest rate from the date of payment to the purchase option's exercise date. The noncontrolling shareholder does not hold the shares' sale option, with the exercising of this right being under the Company's control.

This call option is in fair value hierarchy Level 3, in which the inputs to measure fair value are not observable, because Equatorial Distribuição does not have shares traded on stock exchanges and its preferred shares have specific features different to those of preferred shares traditionally traded on stock exchanges, as they are entitled to special dividends disproportionate to the percentage interest of this type of share in Equatorial Distribuição's share capital.

The disproportionate nature of dividends in relation to their participation in the share capital would lead the Company to exercise the option even in situations where the share price fell, i.e. in



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.3 Category and fair value of financial instruments - (Continued)

situations in which the company made a loss on exercising the call option. This effect is not usually captured in the call option calculation.

In other words, it should be taken into account that the Company would buy back shares even if the company's value devalued sharply, i.e. even when the value of these preferred shares were R\$ 179,180, as in this situation the entitlement to the flow of dividends of 55% is equal to the contribution from the noncontrolling shareholder (R\$ 1,000,000).

To calculate the fair value it is therefore necessary to sum these call exercising situations: (i) by obtaining profit in the derivative, those for which a call option is tradition calculated and (ii) by obtaining a loss in the derivative, in situations where the company exercises the buyback right so the noncontrolling shareholders are not entitled to the flow of 55% of the privileged dividends (loss in the derivative ).

#### Fair value measurement

To measure fair value, we used Black & Scholes models and understand that the interest rate and dividend payout on this option until its exercise is irrelevant, since the period price is also corrected by the same interest rate and is also discounted by dividends paid. Thus, the variables used for calculating the traditional option were as follows:

	<u>Sept/2020</u>
	<b>CALL (a)</b>
Options value	267,273
Fair value of shares on grant date (adjusted by CDI)	1,001,262
Weighted fair value for the period (adjusted by CDI)	1,001,262
Expected volatility (weighted average)	27.63%
Option life (weighted average life expectancy)	6.12

From the value calculated in this traditional option, it was necessary to subtract the areas that would cause a loss in the exercise of the call, represented by the difference between the put calculations with the following parameters:

	<u>Sept/2020</u>	<u>Sept/2020</u>
	<b>PUT (b)</b>	<b>PUT (non-exercise area) (c)</b>
Options value	267,273	514
Fair value of shares on grant date (adjusted by CDI)	1,001,262	1,001,262
Weighted fair value for the period (adjusted by CDI)	1,001,262	179,180
Expected volatility (weighted average)	27.63%	27.63%
Option life (weighted average life expectancy)	6.12	6.12

In assessing the estimate, the result of the calculation (a) - [(b) - (c)] would tend to be immaterial, both as at December 31, 2019 and September 30, 2020. Given the immateriality of the calculated amount of R\$ 514, the fair value of this option was not recorded.

## **Equatorial Energia S.A. and Consolidated**

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### **30 Financial instruments - (Continued)**

#### **30.4 Derivative financial instruments**

The Company's risk management policy is to hedge its entire foreign currency exposure for loans and financing, taking out cash flow swaps where the long position lies in local currency indexed to CDI and the short position to foreign currency and the contract cost. These contracts are designated as cash flow hedges. .

The Companies determine the existence of an economic relationship between the hedge instrument and the hedged item based on the currency, value and timing of the respective cash flows, assessing whether changes in the cash flow from the hedged item can be offset by changes in the cash flow from the hedge derivative. The method used is the criteria of critical terms - prospective method. The effective test is conducted just once when accounting begins, ascertaining whether all derivative terms are aligned with the hedge terms as regards time frames, amortization, contracted notional value and payment of interest, thus guaranteeing 100% effectiveness of the cash flow.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.4 Derivative financial instruments - (Continued)

##### Equatorial Pará

As of September 30, 2020, Equatorial Pará has swap contracts with the bank Citibank for foreign-currency operations.

On June 11, 2018 Equatorial Pará borrowed funds amounting to USD 100,000, with quarterly interest and amortization and final maturity on June 12, 2023. The loan incurs the rate USD Libor + 0.84% p.a. + I.R (hedge item), and has a swap recorded at fair value through profit or loss (hedge instrument).

Another loan was taken out on July 05, 2019 for a total of USD 140,000 with quarterly interest and amortization and final maturity on July 05, 2022. This loan incurs the rate USD Libor + 0.79% p.a. + I.R (hedge item), and has a swap recorded at fair value through other comprehensive income (hedge instrument).

As of September 30, 2020, the balances of foreign currency loans and financing with the bank Citibank are R\$ 1,364,642 (R\$ 976,221 as of December 31, 2019).

The balances of Equatorial Pará's derivative instruments as of September 30, 2020 and December 31, 2019 are summarized below:

Payables		Fair value	
Market risk hedging purpose	Indexes	09/30/2020	12/31/2019
Citibank- US\$542 MM			
Long position	US\$ + Libor + 1.39% p.a.	794,600	576,286
Short position	117.25% of CDI	(548,467)	(557,040)
Total		<u>246,133</u>	<u>19,246</u>
Payables		Fair value	
Market risk hedging purpose	Indexes	09/30/2020	12/31/2019
Citibank US\$100 MM			
Long position	US\$ + Libor + 0.84% p.a.	562,873	408,570
Short position	111.8% of CDI	(394,840)	(397,896)
Total		<u>168,033</u>	<u>10,674</u>
Current net		828	169
Noncurrent net		<u>413,338</u>	<u>29,751</u>
Total		<u>414,166</u>	<u>29,920</u>

Specific appraisal methods used for derivative financial instruments: Market prices of the financial institutions. The fair value of interest rate swaps is calculated based on the present value of the future cash flows estimated based on the yield curves adopted by the market.

We emphasize that, since the accounting rules that address this matter require the swap to be accounted for at market value, even if the hedge is perfect from a cash point of view, fluctuations in results may occur.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.4 Derivative financial instruments - (Continued)

##### Equatorial Piauí

The subsidiary Equatorial Piauí has swaps with Citibank relating to foreign currency transactions, maturing on April 05, 2022. As of September 30, 2020, the debit balance of foreign currency loans and financing with the bank Citibank is R\$ 440,607 (R\$ 315,681 as of December 31, 2019).

Payables	Indexes	Fair value	
		09/30/2020	12/31/2019
Market risk hedging purpose			
Citibank- US\$300 MM			
Long position	US\$ + Libor + 0.725% p.a.	437,483	317,526
Short position	113.5% do CDI	(303,660)	(308,463)
Total		<u>133,823</u>	<u>9,063</u>
Current net		386	72
Noncurrent net		<u>133,437</u>	<u>8,991</u>
Total		<u>133,823</u>	<u>9,063</u>

Specific appraisal methods used for derivative financial instruments: Market prices of the financial institutions. The fair value of interest rate swaps is calculated based on the present value of the future cash flows estimated based on the yield curves adopted by the market. We emphasize that, since the accounting rules that address this matter require the swap to be accounted for at market value, even if the hedge is perfect from a cash point of view, fluctuations in results may occur.

#### 30.5 Financial risk management

The Company's and its subsidiaries' Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The risks described below are a compilation of the findings by the various departments, according to their respective specialties. Management defines the type of treatment and the owners for monitoring each of the risks ascertained, in order to prevent and control them.

The Group's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in the Company's and its subsidiaries' market conditions and activities. The Company and its subsidiaries, through their training and management standards and procedures, aim to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

For the period ended September 30, 2020, there was no change in the Company's and its subsidiaries' risk management policies since the year ended December 31, 2019.

##### (i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Company's trade accounts receivable and financial instruments. Management monitors the performance of accounts receivable and bolsters strategy to enhance the management and operational performance of collection initiatives initiated to mitigate the risk of default. A collection workshop is therefore held annually to align accounts receivable recovery strategies.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management - (Continued)

The Company adopts a collection policy whose guidelines concur with the legislation and specific regulations.

##### Trade receivables

The accounts receivable of the subsidiaries Equatorial Piau  and Equatorial Alagoas, and the companies Equatorial Maranh o and Equatorial Par  consist of electricity bills and financed energy supply debits overdue for defaulting consumers, the proportionality of which is determined by the features of the concession area.

The Companies establish collection policies for customer classes, to reduce default levels and consequently recover receivables. All collection policies established comply with the legislation and specific regulations, which in the case of the electricity sector are Normative Resolution 414 issued by the National Electricity Regulatory Agency - ANEEL.

The participation of accounts receivable from subsidiary consumers is shown below:

Consumer class (Equatorial Maranh�o, Equatorial Par�, Equatorial Piau� and Equatorial Alagoas)	%	
	09/30/2020	12/31/2019
Residential	59%	57%
Industrial	6%	6%
Commercial	15%	17%
Rural	5%	4%
Government	8%	9%
Public lighting	3%	3%
Public utility	4%	4%
Total	100%	100%

The Company's distribution subsidiaries recorded an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables, as presented in note 6.

For the financial year ended September 30, 2020, the maximum credit risk exposure for trade account receivables by consumer type was as follows:

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management - (Continued)

##### Distribution

09/30/2020					
Consumer type	Billed consumers	Unbilled consumers	Installment payment	Total	
Residential	1,963,980	295,166	1,526,456	3,785,602	
Industrial	260,326	3,782	137,532	401,640	
Commercial	534,053	59,292	417,490	1,010,835	
Rural	201,787	22,164	78,973	302,924	
Government	169,347	15,298	334,167	518,812	
Public lighting	81,822	516	90,324	172,662	
Public utility	125,101	9,893	119,324	254,318	
Total	<u>3,336,416</u>	<u>406,111</u>	<u>2,704,266</u>	<u>6,446,793</u>	

  

12/31/2019					
Consumer type	Billed consumers	Unbilled consumers	Installment payment	Low-income and "viva luz" consumers	Total
Residential	1,794,009	282,974	1,456,351	88,764	3,622,098
Industrial	234,839	11,536	116,712	-	363,087
Commercial	561,702	80,155	377,708	-	1,019,565
Rural	181,157	18,862	76,481	-	276,500
Government	199,868	39,785	332,774	-	572,427
Public lighting	91,004	534	94,210	-	185,748
Public utility	106,836	19,112	122,530	-	248,478
Total	<u>3,169,415</u>	<u>452,958</u>	<u>2,576,766</u>	<u>88,764</u>	<u>3,622,098</u>

##### Evaluation of the expected loss on doubtful accounts (accounts receivable)

The companies Equatorial Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas adopt the expected losses on doubtful accounts (PECLD) model, which is found based on the aging list of non-receipt of invoices and installment payments of invoiced liabilities arising from the supply of electricity by means of the provision matrix. A provision matrix defines by means of analysis the risk percentages of receivables in accordance with the aging list of electricity bills and installments.

The provision matrix adopted is the outcome of a study on the behavior of bill and installment payments over a 5-year period subjected to analysis, reflecting the consumer experience credit loss background regarding electricity bills and installments, which signals efficiency of the collection policy adopted by the Company in 2019.

Provision for expected losses on doubtful accounts (PECLD) are calculated based on sums receivable from consumers, segregated by billing and installment payments according to consumer classes, in values considered sufficient by Management to cover likely losses when realizing credits.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management - (Continued)

As to the approach for loss recognition, the model employed to measure expected losses with use of the provision matrix, which is based on the default behavior background and related to Management's experience with collection practices adopted for realizing receivables, it was noted that in the period ended September 30, 2020 there was no need to recognize expected losses, but rather an expected provision for doubtful accounts, as detailed in explanatory note no. 6.

#### Estimated allowances for doubtful accounts (Consolidated)

RANGE	Gross carrying amount Financing	% Estimated weighted-average loss rate of financed portion	Balance	Gross carrying amount Invoiced	% Weighted-average loss rate of invoiced portion	Balance
Outstanding	1,963,200	26.84%	526,950	840,786	5.47%	46,027
1 to 30 overdue	53,921	28.82%	15,540	416,430	7.37%	30,704
31 to 60 overdue	36,377	42.12%	15,323	113,833	18.06%	20,560
61 to 90 overdue	25,574	50.24%	12,849	67,621	28.51%	19,276
91 to 120 overdue	25,843	55.99%	14,469	54,953	32.19%	17,692
121 to 150 overdue	30,911	60.11%	18,581	59,804	35.72%	21,363
151 to 180 overdue	18,766	63.11%	11,844	52,488	37.89%	19,890
181 to 210 overdue	24,516	62.78%	15,391	61,490	42.47%	26,114
211 to 240 overdue	22,701	64.06%	14,542	64,283	43.34%	27,861
241 to 270 overdue	22,746	64.74%	14,725	61,301	44.07%	27,013
271 to 300 overdue	18,419	66.27%	12,207	45,063	46.56%	20,980
301 to 330 overdue	19,476	66.53%	12,957	44,372	48.03%	21,313
331 to 360 overdue	19,133	66.75%	12,770	44,237	49.23%	21,776
361 to 390 overdue	17,573	67.65%	11,887	40,068	50.31%	20,157
391 to 420 overdue	16,884	67.60%	11,414	50,036	49.31%	24,674
421 to 450 overdue	16,922	69.01%	11,678	32,476	51.77%	16,812
451 to 630 overdue	84,909	68.39%	58,071	164,039	54.99%	90,208
631 to 720 overdue	36,920	69.14%	25,527	81,260	58.74%	47,732
721 to 810 overdue	33,046	72.87%	24,081	81,721	59.70%	48,790
811 to 990 overdue	54,657	75.84%	41,451	148,573	61.61%	91,531
991 to 1080 overdue	20,827	81.40%	16,953	71,589	62.02%	44,400
1081 to 1170 overdue	16,372	84.46%	13,828	52,320	62.11%	32,497
1171 to 1350 overdue	25,254	89.39%	22,576	97,871	72.05%	70,513
1351 to 1530 overdue	18,683	90.27%	16,865	109,794	81.57%	89,555
1531 to 1710 overdue	16,976	90.42%	15,350	78,113	82.97%	64,813
1711 to 1890 overdue	22,637	90.91%	20,579	76,805	82.92%	63,686
More than 1890 overdue	41,023	282.04%	115,696	325,090	87.13%	283,253
<b>Total</b>	<b>2,704,266</b>		<b>1,104,104</b>	<b>3,336,416</b>		<b>1,309,190</b>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management

##### PECLD Other (Consolidated)

Range	Gross carrying amount	%Average weighted rate loss of Other	Balance
Outstanding	73,212	6.96%	5,099
1 to 30 overdue	16,128	7.26%	1,171
31 to 60 overdue	9,356	17.55%	1,642
61 to 90 overdue	3,820	28.79%	1,100
91 to 120 overdue	1,915	35.92%	688
121 to 150 overdue	1,305	47.21%	616
151 to 180 overdue	3,110	37.46%	1,165
181 to 210 overdue	3,268	42.59%	1,392
211 to 240 overdue	3,266	45.28%	1,479
241 to 270 overdue	2,736	47.08%	1,288
271 to 300 overdue	2,589	47.82%	1,238
301 to 330 overdue	2,574	49.33%	1,270
331 to 360 overdue	2,453	51.79%	1,270
361 to 390 overdue	2,208	52.80%	1,166
391 to 420 overdue	2,580	53.39%	1,377
421 to 450 overdue	1,741	55.34%	963
451 to 630 overdue	9,895	56.42%	5,583
631 to 720 overdue	5,415	59.66%	3,231
721 to 810 overdue	5,233	60.51%	3,167
811 to 990 overdue	8,850	61.85%	5,474
991 to 1080 overdue	2,577	61.54%	1,586
1081 to 1170 overdue	2,410	61.88%	1,491
1171 to 1350 overdue	3,956	71.97%	2,847
1351 to 1530 overdue	2,896	81.54%	2,361
1531 to 1710 overdue	2,805	83.64%	2,346
1711 to 1890 overdue	2,777	82.85%	2,301
More than 1890 days overdue	7,656	86.09%	6,591
<b>Total</b>	<b>186,731</b>		<b>59,902</b>

##### PECLD not invoiced (Consolidated)

Range	Gross carrying amount not invoiced	% Weighted-average loss rate of non-invoiced portion	Balance
Outstanding	406,111	5.6%	22,666
<b>Total</b>	<b>406,111</b>	<b>5.6%</b>	<b>22,666</b>

##### Cash and cash equivalents

The Company and its subsidiaries have individual and consolidated cash and cash equivalents of R\$ 39,596 e R\$ 3,312,104, respectively, as of September 30, 2020 (R\$ 536,313 and R\$ 1,785,203 as of December 31, 2019). Cash and cash equivalents are maintained with banks and financial institutions with ratings above AA-, assigned by the rating agencies Fitch Ratings and Standard & Poors.

The Company and its subsidiaries consider that its cash and cash equivalents have a low credit risk based on the counterparty's foreign credit ratings. Upon the initial application of CPC 48 / IFRS 9, the Company deemed that a provision is not necessary.



## **Equatorial Energia S.A. and Consolidated**

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### **30 Financial instruments - (Continued)**

#### **30.5 Financial risk management**

##### **Sector financial assets, contractual assets (infrastructure under construction) and concession financial assets**

The Company and its subsidiaries' management considers the risk of these credits to be reduced, since the agreements signed ensure the unconditional right to receive cash at the end of the concession to be paid by the Granting Authority: (i) related to costs not recovered through tariff (sector financial asset); and (ii) related to investments in progress and carried out in infrastructure and which were not amortized until the concession expired (contractual assets and concession's financial assets).

##### **Derivatives**

Derivatives are taken out from banks and financial institutions whose credit is rated above AA-, and by the rating agencies.

##### **(ii) Liquidity risk**

Liquidity risk is that in which the Company and its subsidiaries may eventually encounter difficulties in honoring the obligations associated with their financial liabilities that are settled with cash payments or with another financial asset. The approach of the Company and its subsidiaries in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its obligations upon maturity, both under normal and stress conditions, without causing unacceptable losses or risk of damaging the reputation of the Company and its subsidiaries. To determine the Company's financial capacity of adequately meeting the commitments assumed, the maturity schedule of funds raised and of other liabilities is part of the disclosures. More detailed information on loans taken out by the Company and its subsidiaries is presented in Notes 15 (Loans and financing), 16 (Debentures) and 19 (Amounts payable according to the in-court reorganization plan).

The Company and its subsidiaries have obtained funds through its commercial activities, the financial markets, mainly allocating them to its investment program and managing its cash for the purpose of working capital and honoring financial commitments.

For short-term financial investments priority is given to short-term investments, in order to obtain maximum liquidity and cover disbursements. The Company and its subsidiaries' cash generation and excellent stability in receipts and payment obligations in the course of the year enable the Company to obtain stable cash flows, thereby reducing its liquidity risk.

The Company and its subsidiaries aim to maintain the level of its 'Cash and cash equivalents' and other investments with an active market at an amount in excess of expected cash outflows to settle debts over the next 12 months. The availability ratio by short-term debt was 2.1 as of September 30, 2020 (3.1 as of December 31, 2019).

##### **Exposure to liquidity risk**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include contractual interest payments and exclude the impact of netting agreements.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management

##### Parent Company

	Gross amount	Total contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years
<b>Non-derivative financial liabilities</b>						
Unsecured bond issues	-	-	-	-	-	-
Subtotals - Loans and Financing	-	-	-	-	-	-
Unsecured bond issues	572,417	668,702	15,159	7,563	22,456	623,524
Subtotals - Debentures	572,417	669,702	15,159	7,563	22,456	623,524
Trade payables	1,845	1,845	1,845	-	-	-
<b>Total</b>	<b>574,262</b>	<b>670,547</b>	<b>17,004</b>	<b>7,563</b>	<b>22,456</b>	<b>623,524</b>

##### Consolidated

	Gross amount	Total contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	Over 5 years
<b>Non-derivative financial liabilities</b>							
Secured bank loans	9,934,241	17,993,217	245,170	968,506	1,338,836	4,396,601	11,044,104
Unsecured bank loans	1,565,849	1,500,998	6,976	300,075	863,400	330,010	-
Unsecured bond issues	582,758	587,212	587,212	-	-	-	-
Unsecured bond issues	154,456	155,043	155,043	-	-	-	-
<b>Subtotals - Loans and Financing</b>	<b>12,237,304</b>	<b>20,236,470</b>	<b>994,401</b>	<b>1,268,581</b>	<b>2,202,236</b>	<b>4,726,611</b>	<b>11,044,104</b>
Unsecured bond issues	2,399,656	2,774,549	49,960	113,121	783,902	1,827,566	-
Secured bond issues	2,608,769	3,560,955	16,248	72,710	1,136,243	1,106,788	1,228,966
<b>Subtotal - Debentures</b>	<b>5,008,425</b>	<b>6,335,504</b>	<b>66,208</b>	<b>185,831</b>	<b>1,920,145</b>	<b>2,934,354</b>	<b>1,228,966</b>
Secured bank loans	122,331	163,394	1,984	11,924	35,049	90,922	23,515
Unsecured bank loans	790,403	1,813,327	82	42,365	43,675	131,383	1,595,822
<b>Subtotal - Other non-derivative financial liabilities</b>	<b>868,519</b>	<b>912,734</b>	<b>1,976,721</b>	<b>2,066</b>	<b>54,289</b>	<b>78,724</b>	<b>222,305</b>
<b>Supplier</b>	<b>1,732,239</b>	<b>1,711,497</b>	<b>1,038,464</b>	<b>660,893</b>	<b>12,140</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>19,890,589</b>	<b>30,260,192</b>	<b>2,101,139</b>	<b>2,169,594</b>	<b>4,213,245</b>	<b>7,883,270</b>	<b>13,892,407</b>
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	255,072	311,270	(1,295)	22,408	177,426	112,731	-
<b>Total</b>	<b>255,072</b>	<b>311,270</b>	<b>(1,295)</b>	<b>22,408</b>	<b>177,426</b>	<b>112,731</b>	<b>-</b>

The outflows disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity.

As stated in notes 15 and 16, the Company and its subsidiaries also have loans subject to covenants. Future nonperformance of this covenant could result in the Company having to settle the debt early. The covenants are monitored regularly by the financial board and periodically reported to Management to ensure the contract is being performed. The Company and its subsidiaries are not expected to default on any of the covenants established.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management

##### (iii) Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and stock prices - will affect the Company and its subsidiaries' earnings or the value of its financial instruments, and also includes any covenants which, if breached, could result in accelerated maturity as described further in this note. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company uses derivatives to manage market risks. All these operations are conducted observing market behavior and in compliance with the Company's hedge policy. The Company generally seeks to use hedge accounting to manage volatility in earnings.

##### (iv) Exchange rate risk

This arises from the possibility of the Company and its subsidiaries incurring losses due to exchange rate fluctuations. Part of the subsidiaries' financial liabilities are subject to foreign exchange variations due to the volatility of the exchange rate on balances denominated in foreign currencies, especially the US dollar. Currently Equatorial Maranhão has no exposure to the foreign exchange rate in the debt, the exposure of the subsidiary Equatorial Pará is 27.3% (22.9% as of December 31, 2019), the subsidiary Equatorial Piauí is 13.9% (11.7% as of December 31, 2019), of its debt (related to loans and financing, in-court reorganization creditors and AVP of financial creditors in foreign currency), as shown below:

#### Consolidated

Index	R\$	Average cost (p.a.)	Average final term (month/year)	Average term (years)	Interest (%)
Libor (w/ Swap CDI)	1,805,249	4.0%	Sep/22	1.7	10.0%
<b>Foreign currency</b>	<b>1,805,249</b>	<b>4.0%</b>	<b>Sep/22</b>	<b>1.7</b>	<b>10.0%</b>
TJLP	167,447	7.9%	Sep/23	1.7	0.9%
CDI	6,708,631	4.4%	Jul/23	2.2	37.0%
Prefixed	1,748,606	9.9%	Jul/42	12.9	9.7%
IGP-M	382,812	19.8%	Jul/32	5.6	2.1%
IPCA	6,969,177	6.8%	Mar/34	7.9	38.5%
SELIC	333,503	5.1%	Mar/23	1.5	1.8%
<b>Domestic currency</b>	<b>16,310,176</b>	<b>6.4%</b>	<b>May/30</b>	<b>5.8</b>	<b>90.0%</b>
<b>Total</b>	<b>18,115,425</b>	<b>6.2%</b>	<b>Jul/29</b>	<b>5.4</b>	<b>100%</b>

The Company and its subsidiaries continuously monitor market foreign exchange and interest rates in order to assess any requirement to use derivatives to hedge against the risk of variation in these rates.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management

The companies Equatorial Pará and Equatorial Piauí have two foreign currency debts, both of which have swaps for protection against exchange rate changes, pursuant to note 30.4.

The companies Equatorial Maranhão and Equatorial Alagoas do not have exposure to the exchange rate in the debt as of September 30, 2020 and December 31, 2019.

The sensitivity of the debt has been assessed in five scenarios in accordance with CVM Instruction 475; a scenario with the projected rates for 12 months (Probable Scenario) and another two scenarios with 25% (Scenario II) and 50% (Scenario III) appreciation of the relevant foreign currency.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a weakening of 25% (Scenario IV) and 50% (Scenario V).

The currency used in the sensitivity analysis and the respective scenarios is as follows:

Transaction Risk	Balance in R\$ (exposure)	Consolidated				
		Cash flow risk or fair value associated with interest or foreign exchange rates				
		Impact on profit or loss				
		Probable Scenario	Scenario II +25%	Scenario III +50%	Scenario IV -25%	Scenario V -50%
Financial liabilities						
Loans, financing and debentures	USD (1,805,248)	(1,827,655)	(2,285,369)	(2,743,083)	(1,369,941)	(915,428)
			(915,428)	457,714		912,227
Impact on profit or loss		-	(457,714)			
			2,305,755	2,767,552	1,382,161	923,594
Swap – Long Position	USD 1,794,956	1,943,958				
Impact on income (swap)		-	461,797	923,594	(461,767)	(920,364)
Reference for financial liabilities	Projected rate	Projected rate at 09/30/2020	+25%	+50%	-25%	-50%
Dollar USD/R\$ (12 months)	5.71	5.64	7.14	8.57	4.28	2.86

Source: B3

#### (v) Interest rate risk

This risk arises from the possibility of the Company and its subsidiaries incurring losses due to changes in interest rates in the economy, which affect loans and financing and financial investments. The Company continuously monitors the changes in indexes in order to assess any requirement to use derivatives to protect itself against the risk of variation to these rates. The impact of these changes on interest earned on financial investments and interest paid on debt are described below.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management

The sensitivity of the Company's and its subsidiaries' financial assets and liabilities has been assessed in five scenarios.

In accordance with CVM Instruction 475, we present a scenario with the rate projected for 12 months (Probable Scenario) and another two scenarios with 25% (Scenario II) and 50% (Scenario III) appreciation of the relevant indicators.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a decrease of 25% (Scenario IV) and 50% (Scenario V) in these indicators.

		<b>Parent Company</b>					
		<b>Cash flow or fair value risk associated with interest rates</b>					
<b>Transaction</b>	<b>Risk</b>	<b>Balance in R\$ (exposure)</b>	<b>Probable Scenario</b>	<b>Scenario II +25%</b>	<b>Scenario III +50%</b>	<b>Scenario IV -25%</b>	<b>Scenario V -50%</b>
<b>Financial assets</b>							
Short-term investments	CDI	123,899	127,281	128,150	129,019	126,413	125,544
Impact on profit or loss				869	1,737	(869)	(1,737)
<b>Financial liabilities</b>							
Loans, financing and debentures	CDI	(456,892)	(469,365)	(472,472)	(475,624)	(466,258)	(463,151)
	IPCA	(120,432)	(125,273)	(126,489)	(127,694)	(124,069)	(122,852)
Total financial liabilities			(594,638)	(598,961)	(603,318)	(590,327)	(586,003)
CDI			(12,473)	(3,107)	(6,259)	3,107	6,214
IPCA			(4,841)	(1,216)	(2,421)	1,204	2,421
Impact on profit or loss				(4,323)	(8,680)	4,311	8,635
<b>Net effect on income</b>				<u>(3,454)</u>	<u>(6,942)</u>	<u>(3,442)</u>	<u>6,896</u>
		<b>Consolidated</b>					
		<b>Cash flow or fair value risk associated with interest rates</b>					
<b>Transaction</b>	<b>Risk</b>	<b>Balance in R\$ (exposure)</b>	<b>Probable Scenario</b>	<b>Scenario II +25%</b>	<b>Scenario III +50%</b>	<b>Scenario IV -25%</b>	<b>Scenario V -50%</b>
<b>Financial assets</b>							
Short-term investments	CDI	6,898,293	7,086,616	7,134,983	7,183,349	7,038,250	6,989,884
Impact on profit or loss				48,366	96,732	(48,366)	(96,732)
<b>Financial liabilities</b>							
Loans, financing and debentures	CDI	(6,708,631)	(6,891,777)	(6,937,396)	(6,983,685)	(6,846,158)	(6,800,540)
	SELIC	(333,502)	(342,773)	(345,108)	(347,409)	(340,472)	(338,137)
	TJLP	(167,447)	(175,250)	(177,209)	(179,152)	(173,308)	(171,348)
	IGP-M	(382,812)	(397,665)	(401,378)	(405,092)	(393,952)	(390,238)
	IPCA	(6,969,177)	(7,249,338)	(7,319,728)	(7,389,419)	(7,179,647)	(7,109,259)
Total financial liabilities			(15,056,803)	(15,180,819)	(15,304,757)	(14,993,537)	(14,809,522)
Impact on profit or loss				(124,015)	(247,953)	123,267	247,282
<b>Net effect on income</b>				<u>(75,649)</u>	<u>(151,221)</u>	<u>74,901</u>	<u>150,550</u>

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management

Reference for financial assets and financial liabilities	Projected rate (BMF)	Rate at 09/30/2020	25%	50%	-25%	-50%
CDI (% 12 months)	2.73	3.54	3.41	4.10	2.05	1.37
SELIC (% 12 months)	2.78	3.54	3.48	4.17	2.09	1.39
TJLP (% 12 months)	4.66	5.25	5.83	6.99	3.50	2.33
IGP-M (% 12 months)	3.88	7.31	4.85	5.82	2.91	1.94
IPCA (% 12 months)	4.02	2.44	5.03	6.03	3.02	2.01

Fonte: B3

#### (vi) Risk of early maturity

The Company and its subsidiaries have loan, financing and debenture agreements containing covenants which in general require the maintenance of economic and financial indexes at certain levels. Failure to adhere to these covenants could result in early maturity of this debt. Management monitors its positions and projects future indebtedness in order to act preventively with respect to indebtedness limits mentioned in notes 15 (Loans and financing) and 16 (Debentures).

In consideration of the contracts subject to in-court reorganization of Equatorial Pará, renewal of the credits led to the suspension of early maturity clauses and financial and non-financial covenants, except where agreed by the parties.

#### (vii) Risk of energy shortages

The Brazilian Electric System is predominantly supplied by hydroelectric energy generation. A lengthy drought during the wet season will reduce water volumes in reservoirs, resulting in higher energy acquisition costs in the short term and higher system charges due to need to procure energy from thermoelectrical power plants. In the worst-case scenario a rationing program could be introduced, which would result in lower revenue. In order to encourage the rational use of energy, the government issued Decree 8401/2015 which created the Centralizing Account of Rate Flag Funds (flag account) in order to indicate the hydrological situation in the country, thus curbing non-rational energy consumption.

#### (viii) Risk of electricity rate adjustments

Rate review and adjustment processes are a requirement under concession contracts and use previously defined methodologies. Any changes to current methodologies are required to be extensively discussed with inputs provided by the Company, concession holders and other players in the industry. Where any unforeseeable event affects the economic and financial balance of the concession, the Company is entitled to request that the regulator initiate an Extraordinary Tariff Review to be conducted at the regulator's discretion. ANEEL may also conduct Extraordinary Tariff Reviews where any charges and/or taxes are created, modified or abolished to ensure they are properly reflected in electricity rates.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.5 Financial risk management

##### (ix) Environmental risk

The Company and its subsidiaries guide their actions through their Sustainability Policy, which in our Concessions provides for compliance with legal environmental requirements in the 3 spheres of government (Federal, State and Municipal), aiming at environmental preservation and respect for society, in particular with traditional populations.

In order to control processes and activities subject to environmental impacts, we employ an Environmental Management System based on ISO 14001, which relates such processes and activities to their possible impacts, as well as correlating them with current legislation. For such processes, we have specific procedures intended for preventive control regarding environmental impacts and that involve our own employees and third parties, in addition to other Stakeholders.

Control of the Environmental Management System with chief macroprocesses:

- Environmental Permitting
- Track Cleaning, Pruning and Vegetation Control Activities;
- Waste Management
- Environmental Education and Awareness;
- Management of Legal Requisites;
- Water resource management and
- Standardizing and Control of the Environmental Management System (SGA).

Within such macroprocesses, we manage hundreds of environmental licensing and approval processes in order to implement, maintain and operate assets and processes, especially with regard to putting in place Substations, Lines and Power Distribution Networks. We also work with the competent environmental agencies to obtain approval for pruning, cleaning tracks and vegetation control, in compliance with legislation and preventing risks to the electrical system.

We include an Environmental Integration stage in our SGA for implementing civil works. This process consists of liaison with suppliers/civil works providers, with regard to licensing and approvals received from environmental agencies. During Environmental Integration meetings, all the processes that were environmentally licensed are passed on to civil works managers and providers, in addition to legal obligations related to compliance with conditions and current legislation, with the aim of minimizing environmental risks in connection with implementing civil works.

Also, with a view to reducing environmental impacts, we make use of protected or compact cables in our concession areas that minimize pruning actions and intensities, especially in urban areas with a high density of large trees.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 30 Financial instruments - (Continued)

#### 30.6 Capital management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Management also monitors the capital return and level of dividends for shareholders.

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position and establishes and monitors indebtedness and liquidity levels as well as financing maturities and costs accordingly.

### 31 Statements of cash flows

#### Transactions not involving cash

The reviewed CPC 03 (R2) – Statements of Cash Flows states that investment and financing transactions not involving cash or cash equivalents should be excluded from the statements of cash flow and presented separately in a note.

All statements not involving the use of cash or cash equivalent, i.e. that are not stated in the statements of cash flow, are shown in the table below:

#### Parent Company

	<u>Noncash effect</u>
<b>Investment activities</b>	
Right-of-use (a)	9
Total	<u>9</u>

#### Consolidated

	<u>Noncash effect</u>
<b>Investment activities</b>	
Right-of-use (a)	11,334
Total	<u>11,334</u>

(a) Non-cash variance related to the right of use .



## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### 32 Segment reporting

The Company reviews the performance of its segments and allocates resources based on a range of factors, of which revenue and operating income are the primary financial factors.

The Company opted to organize the entity around the differences between products and services. The economic segments it operates in are therefore: Distribution, Transmission, Services<sup>i</sup> and Other<sup>ii</sup> whose segment reporting information is shown below:

	09/30/2020					Total
	Distributio n	Transmission	Services and Trading	Reconciliation		
				Management	Eliminatio s	
Net operating revenue	9,616,942	2,123,659	301,167	-	(145,027)	11,896,741
Operating Costs and Expenses	(7,897,519)	(996,176)	(264,355)	(149,242)	145,027	(9,162,265)
Operating income before financial income/expenses	1,719,423	1,127,483	36,812	(149,242)	-	2,734,476
Financial revenue	1,012,715	7,036	2,545	20,891	(1,392)	1,041,795
Finance cost	(1,278,631)	(49,403)	(94)	(49,116)	1,392	(1,375,852)
	(265,916)	(42,367)	2,451	(28,225)	-	(334,057)
Equity in the net income of subsidiaries and associated companies	-	-	-	3,258,125	(3,234,691)	23,434
Income tax and social contribution	(264,614)	(300,543)	(13,024)	-	-	(578,181)
Net income (loss) for the year	1,188,893	784,573	26,239	3,080,658	(3,234,691)	1,845,672

	09/30/2019					Total
	Distribution	Transmission	Services and Trading	Reconciliation		
				Management	Eliminations	
Net operating revenue	13,262,495	5,271,536	442,135	-	(179,820)	18,796,346
Operating Costs and Expenses	(10,892,533)	(3,173,388)	(383,814)	(135,418)	44,423	(14,540,730)
Operating income before financial income/expenses	2,369,962	2,098,148	58,321	(135,418)	(135,397)	4,255,616
Financial revenue	1,690,378	12,594	26,584	33,832	-	1,763,388
Finance cost	(2,124,943)	(67,533)	(164)	(198,408)	-	(2,391,048)
Finance Income/Cost	(434,565)	(54,939)	26,420	(164,576)	-	(627,660)
Equity in the net income of subsidiaries and associated companies	-	-	-	3,937,680	(4,020,974)	(83,294)
Income tax and social contribution	(219,463)	(716,605)	(28,359)	-	-	(964,427)
Net income (loss) for the year	1,715,934	1,326,604	56,382	3,637,686	(4,156,371)	2,715,632

<sup>i</sup> Services relate to the services provided by 55 Soluções S/A, Equatorial Telecomunicações Ltda and Solenergias Comercializadora de Energia S/A. For further information see note 11.3 - Subsidiaries and joint ventures.

<sup>ii</sup> Other denotes central administration services from the holding operations and shared personnel and infrastructure provided by the companies Equatorial Energia Distribuição S/A, Equatorial Transmissão S/A and Equatorial Energia S/A. For further information see note 11.3 - Subsidiaries and joint ventures.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 32 Segment reporting - (Continued)

	09/30/2020					Total
	Distribution	Transmission	Services and Trading	Reconciliation		
				Management	Eliminations	
Operating assets	31,160,662	10,458,006	276,458	19,072,184	(18,831,991)	42,135,319
Operating liabilities	22,844,918	7,050,930	93,511	952,566	(426,716)	30,515,209

	12/31/2019					Total
	Distribution	Transmission	Services and Trading	Reconciliation		
				Management	Eliminations	
Operating assets	26,920,295	8,696,385	234,373	17,284,982	(15,605,940)	37,530,095
Operating liabilities	19,532,836	6,126,191	82,297	2,195,202	(179,804)	27,756,722

#### 32.1 Operating revenue by segment

	09/30/2020					Total
	Distribution	Transmission	Services	Eliminations		
Electric energy delivery (sale)	138,021	-	-	-	138,021	
			191,095			
Electricity sales to distributors	11,550,147	-	-	-	11,741,242	
CVA and other financial items	(101,921)	-	-	-	(101,921)	
Construction revenue	1,202,609	1,621,563	-	-	2,824,172	
Electricity transmission operations	-	595	-	-	595	
Operation and maintenance revenue	-	20,631	-	-	20,631	
Other income	534,852	724,603	156,007	(145,027)	1,270,435	
Total gross revenue	13,323,708	2,367,392	347,102	(145,027)	15,893,175	

  

	12/31/2019					Total
	Distribution	Transmission	Services	Eliminations		
Electricity sales to distributors	383,478	-	-	-	383,478	
Electricity sales to consumers	15,993,707	-	303,090	-	16,296,797	
CVA and other financial items	44,732	-	-	-	44,732	
Construction revenue	1,878,597	4,714,857	-	-	6,593,454	
Electricity transmission operations	-	6,990	-	-	6,990	
Operation and maintenance revenue	-	17,436	-	-	17,436	
Other income	552,295	1,093,018	206,165	(179,820)	1,671,658	
Total gross revenue	18,852,809	5,832,301	509,255	(179,820)	25,014,545	

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### 32 Segment reporting - (Continued)

#### 32.2 Geographic segment

The Company opted to disclose information by economic segment by state in which it operates in the energy distribution sector\*:

##### (a) Distribution operating revenue

	09/30/2020				12/31/2019			
	Maranhão	Pará	Piauí	Alagoas*	Maranhão	Pará	Piauí	Alagoas*
Net operating revenue	2,756,765	3,986,327	1,456,115	1,417,735	3,793,558	5,595,340	2,429,658	1,443,939'

\* The Distribution companies have operational and administrative head offices in the respective states they are operate in. The transmission companies, in turn, have their operations in locations away from the administrative head office, which are in Brasília/DF, are not therefore analyzed geographically by the Company.

When taking decisions Company executives only analyses distribution companies by geographical segment. Transmission companies are not analyzed in this segment because the transition lines cross through various regions.

### 33 Future commitments

The commitments under long-term power purchase agreements are as follows:

	Term	2020	2021	2022	2023	2023 onwards *
Contracted power (in R\$)	2020 a 2032	1,331,024	6,236,352	6,415,546	6,815,382	82,528,141
Contracted power (in MWh)	2020 a 2032	7,617,814	29,416,669	29,519,176	30,463,297	308,319,447

(\*) estimated 12 years after 2022.

The amounts referring to power purchase contracts lasting between 6 and 30 years relate to contract volume at the current price under the appropriate clause of the CCEAR contract and have been approved by ANEEL.

## Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)  
 Period ended September 30, 2020  
 (In thousands of Reais)

### 33 Future commitments - (Continued)

#### Parent Company (R\$ Thousand)

	<u>Term</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022 onwards *</u>
Leasing and rentals (* estimated after 2022.	2020 to 2028	36	138	127	528

#### Consolidated (R\$ Thousand)

	<u>Term</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2022 onwards *</u>
Leasing and rentals	2020 a 2028	4,107	8,970	5,959	20,007
Islanded system	2020 a 2032	428,128	418,927	316,590	684,212
Islanded system (MWh) (* estimated after 2022.	2020 to 2032	305,102	280,247	224,257	799,603

### 34 Insurance

The Company and its subsidiaries maintain insurance policies for amounts deemed sufficient to cover losses caused by possible claims in their equity, as well as for repairs in which they are civilly liable for involuntary, material and/or bodily damages caused to third parties arising from its operations, considering the nature of its activity. The Company's and its subsidiaries' insurance policies are signed in accordance with the risk management and insurance policies generally employed by electricity distribution companies.

Given their nature, the risk assumptions adopted do not comprise the scope of a financial statements review and were not therefore revised by our independent auditors.

The specification by risk type and effectiveness date of the main insurance contracts according to the insurance policies taken out by the Company and its subsidiaries are denoted below:

<b>Consolidated Risks</b>	<b>Maturity</b>	<b>Amounts</b>
Operating risks	(b)	1,122,712
General civil liability – operations	(b)	170,000
All risks	(b)	1,095
Judicial surety bond	(c)/(d)/(e)	752,866
Power auction surety bond	(a)	555
Vehicle	(f)	-

- (a) Policies in force through 2020
- (b) Policies in force through 2021;
- (c) Policies in force through 2023;
- (d) Policies in force through 2024;
- (e) Policies in force through 2025;
- (f) Pursuant to the policy, this insurance only applies to third parties, i.e. there is no insured amount.

(\* ) 368 insured own vehicles.

The Company's policy is to take out insurance coverage for the assets subject to risks for amounts considered sufficient to cover losses, if any, considering the nature of its activity. The Company's insurance policies are contracted in accordance with the risk management and insurance principles generally adopted by electricity distribution companies. The risk assumptions adopted, given their nature, are not part of the scope of the review of the financial statements and, consequently, were not reviewed by the Company's independent auditors.

## **Equatorial Energia S.A. and Consolidated**

Notes to individual and consolidated interim financial information (Continued)  
Period ended September 30, 2020  
(In thousands of Reais)

### **35 Subsequent events**

#### **Financing installment receipt - Equatorial Piauí**

On December 5, 2019, Equatorial Piauí executed Credit Facility Agreement No. 19.2.0753.1, consisting of financing with BNDES, in the amount of R\$ 403,000, intended for the implementation of the Company's investment plan for years 2018 through 2020. The agreement is guaranteed by energy receivables, deposit in a centralizing account and collateral provided by parent company Equatorial Energia, interest rate of IPCA + 3.89% p.a., grace period of 20 months for the principal and amortization in 220 months, with the last installment falling due on October 15, 2039. On October 9, 2020, the Company received the 2<sup>nd</sup> installment of the financing in the amount of R\$ 130,000.

#### **Loan agreement execution (Bank Credit Bill) - Equatorial Piauí**

On October 7, 2020, Equatorial Piauí executed a loan agreement (Bank Credit Bill) with Scotiabank Brasil S.A. in the amount of R\$ 200,000, with a 3-year bullet term, collateralized by Equatorial Energia S.A. parent company and cost equivalent to CDI + 1.58% p.a.

On October 28, 2020, Equatorial Piauí executed a loan agreement (Bank Credit Bill) with Banco Santander S.A. in the amount of R\$ 200,000, with a 4-year bullet term, collateralized by Equatorial Energia S.A. parent company and cost equivalent to CDI + 1.65% p.a.

#### **Financing installment receipt - SPE 03**

On November 12, 2020, within the scope of the Financing Contract by Private Instrument No. 193.2018.581.6504 of June 19, 2018 with Banco do Nordeste do Brasil S.A. (BNB), SPE 3 received the balance of the 5<sup>th</sup> disbursement of the Contract executed with BNB, in the amount of R\$ 28,554. This amount received will be fully allocated to investments in the project, matures in 20 years and bears interest at a rate of IPCA + 2.0766% p.a.

#### **Entry into business operation - SPE 04**

On October 31, 2020, 50.6% of the transmission functions that make up SPE 04 went into business operation, with a total RAP (Permitted Annual Compensation) of R\$ 106,295 (Jun/20 amounts). SPE 04 has 100% of the project completed, but 49.4% of the facilities are unable to enter business operation due to the implementation phase of a substation to which SPE 04 will be connected, owned by another transmission company. As such, the National System Operator (ONS) was requested to issue the Revenue Release Term (TLR) to obtain 100% of the RAP in the total amount of R\$ 210,127, as guaranteed in the concession contract.

The SPE 04 Concession Contract was executed in February 2017 and its entry into operation corresponds to an anticipation of approximately 15 months in relation to the regulatory term (Feb/22).

## **Equatorial Energia S.A. and Consolidated**

Notes to individual and consolidated interim financial information (Continued)

Period ended September 30, 2020

(In thousands of Reais)

### **35 Subsequent events - (Continued)**

#### **Loan settlement– SPE 07**

On October 30, 2019, there was an inflow of R\$ 150,000 referring to a Bank Credit Bill with Banco Santander whose funds are allocated as a source of working capital for the Company, at a rate of 113% of the CDI. On October 27, 2020, this operation was fully settled.

#### **Start-up of operations - SPE 08**

On October 15, 2020, the Tapajós Substation Synchronous Compensator came into operation, corresponding to 14.9% of the Company's total, or R\$ 20,000 in Permitted Annual Compensation (RAP). With the entry of this equipment into operation, SPE 08 becomes 100% operational, with a total Annual Permitted Compensation (RAP) of R\$ 145,000.

## **Board of Directors**

Carlos Augusto Leone Piani

Guilherme Mexias Aché

Luís Henrique de Moura Gonçalves

Paulo Jerônimo Bandeira de Mello Pedrosa

Tania Sztamfater Chocolat

Marcos Martins Pinheiro

Eduardo Haima

## **Oversight Board**

Paulo Roberto Franceschi

Saulo de Tarso Alves de Lara

Vanderlei Dominguez da Rosa

## **Executive Board**

Augusto Miranda da Paz Júnior  
CEO

Humberto Luis Queiroz Nogueira  
Officer

Leonardo da Silva Lucas Tavares de Lima  
CFO and Investor Relations Officer

Sérvio Túlio dos Santos  
Officer

Tinn Freire Amado  
Officer

Geovane Ximenes de Lira  
Accounting and Tax Manager  
Accountant  
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