

Equatorial Energia S.A.

Quarterly Financial Information

June 30, 2021

*(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 the individual and consolidated 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



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Independent auditor's review report on the individual and consolidated 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 June 30, 2021, comprising the statement of financial position as of June 30, 2021 and the related statements of profit or loss and of comprehensive income for the three and six month period then ended, and of changes in equity and of cash flows for the six 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

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 six month periods ended June 30, 2021, 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.

Fortaleza, August 10, 2021.

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

A handwritten signature in black ink, consisting of several overlapping, fluid strokes that form the name 'Carlos Santos Mota Filho'.

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

Equatorial Energia S.A. and Consolidated

Statement of financial position as of June 30, 2021 and December 31, 2020

(In thousands of Reais)

	Note	Parent company		Consolidated		Note	Parent company		Consolidated		
		06/30/2021	12/31/2020	06/30/2021	12/31/2020		06/30/2021	12/31/2020			
Asset						Liabilities					
Current						Current					
Cash and cash equivalents	4	936.058	165.569	4.205.024	2.219.546	Trade payables	14	1.297	33.007	1.723.360	2.263.294
Market securities	5	289.687	642.999	3.916.445	5.397.283	Payroll charges and obligations		453	304	65.581	63.962
Trade accounts receivable	6	-	-	3.542.658	3.589.317	Loans and borrowings	15	-	-	2.171.746	2.229.290
Fuel purchased - CCC account		-	-	41.873	29.855	Debentures	16	7.993	3.161	1.254.429	883.076
Services in progress		-	-	536.245	518.041	A "Component" revenue returnable and other financial items	7	-	-	213.555	753.702
A "Component" revenue returnable and other financial items	7	-	-	56.862	-	Taxes and contributions payable	17	2.663	2.763	431.088	596.074
Judicial deposits	21	148	56	4.105	3.567	Income taxes and social contribution payable		16	61	215.516	169.208
Derivative financial instruments	30.4	-	-	226.157	100.600	Dividends		707.099	547.597	720.269	601.510
Inventories		-	-	95.942	47.264	Public lighting fee		-	-	88.213	83.867
Dividends receivable	9	298.116	175.277	-	7.463	Sector charges	20	-	-	338.382	286.397
Recoverable taxes and contributions	8	34	34	1.066.839	1.240.973	Profit sharing		16.156	18.848	96.815	127.076
Recoverable income tax and social contribution		11.680	6.264	238.658	195.413	Derivative financial instruments	30.4	94.528	-	94.742	-
Other receivables		6.677	6.071	617.999	587.078	Payable under the judicial reorganization plan - Equatorial Pará	19	-	-	45.250	30.274
Contractual assets	13	-	-	1.196.400	708.900	Lease liability		132	138	8.485	11.137
Total current assets		1.542.400	996.270	15.745.207	14.645.300	Provision for civil, tax, labor and regulatory claims	21	-	-	120.662	215.811
						Other accounts payable		3	1	389.360	395.260
Noncurrent						Total current liabilities					
Market securities	5	-	-	113.530	119.576			830.340	605.880	7.977.453	8.709.938
Trade accounts receivable	6	-	-	998.406	967.527	Noncurrent					
A "Component" revenue returnable and other financial items	7	-	-	21.636	1.185.784	Trade payables	14	-	-	19.280	6.695
Judicial deposits	21	172	172	262.341	250.284	Loans and borrowings	15	-	-	9.698.825	10.558.285
Services in progress		-	-	25.686	32.774	Debentures	16	568.539	562.926	4.645.098	4.117.327
Derivative financial instruments	30.4	-	-	100.872	295.161	Retirement and pension plan		-	-	162.396	150.598
Recoverable taxes and contributions	8	-	-	573.547	984.483	Taxes and contributions payable	17	-	-	213.804	234.365
Recoverable income tax and social contribution		26.747	32.512	83.247	89.012	Deferred income and social contribution taxes	18	50	50	1.984.664	1.915.750
CCC subrogation - amounts allocated		-	-	91.688	85.120	Deferred PIS and COFINS	18.4	-	-	1.032.731	984.845
Retirement and pension plan		-	-	23.206	23.206	Provision for civil, tax, labor and regulatory claims	21	-	-	993.808	991.184
Other receivables		9.348	9.673	285.625	328.019	A "Component" revenue returnable and other financial items	7	-	-	277.532	170.307
Concession's	11	-	-	6.139.258	5.665.922	Payable under the judicial reorganization plan - Equatorial Pará	19	-	-	976.355	930.606
Investment	10	10.420.567	10.623.050	169.108	130.024	Sector charges	20	-	-	439.053	486.703
Property, plant and equipment		3.027	2.782	23.476	19.258	Derivative financial instruments	30.4	-	-	108.652	-
Intangible assets	12	2.638	1.437	8.804.685	8.908.853	PIS/COFINS to be reimbursed to consumers	22	-	-	2.187.405	2.321.392
Right-of-use		815	874	22.813	29.404	Lease liability		590	655	16.147	17.716
Contractual assets	13	-	-	10.016.945	10.364.313	Other accounts payable		36.675	34.869	247.006	249.822
Total noncurrent assets		10.463.314	10.670.500	27.756.069	29.478.720	Total non-current liabilities		605.854	598.500	23.002.756	23.135.595
Equity						Shareholders' equity attributable to Company shareholders					
						Share capital	23.1	4.655.287	3.489.736	4.655.287	3.489.736
						Treasury shares	23.5	(632.005)	(31.734)	(632.005)	(31.734)
						Capital reserves	23.2	132.913	118.307	132.913	118.307
						Revenue reserves	23.3	5.814.392	7.138.924	5.814.392	7.138.924
						Asset and liability valuation adjustments	23.4	(264.023)	(252.843)	(264.023)	(252.843)
						Profit for the period		862.956	-	862.956	-
						Total equity		10.569.520	10.462.390	10.569.520	10.462.390
						Non-Controlling Interest (NCI)		-	-	1.951.547	1.816.097
						Total liabilities and equity		12.005.714	11.666.770	43.501.276	44.124.020
Total assets		12.005.714	11.666.770	43.501.276	44.124.020						

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of profit and loss

Periods ended June 30, 2021 and 2020

(In thousands of Reais)

Note	Parent company				Consolidated			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Revenue from infrastructure implementation, operation and maintenance and other, net	-	-	-	-	8.043.707	4.228.244	7.186.993	3.201.953
Yield from concession assets, net	-	-	-	-	651.149	326.442	501.719	280.257
Net operating revenue	24	-	-	-	8.694.856	4.554.686	7.688.712	3.482.210
Electricity purchased for resale and transmission costs	26	-	-	-	(3.827.017)	(1.892.882)	(3.035.841)	(1.363.416)
Construction cost	-	-	-	-	(1.108.280)	(471.045)	(1.559.078)	(662.205)
Operating cost	-	-	-	-	(1.007.674)	(666.039)	(631.292)	(312.617)
Costs of electricity, construction and operation	25	-	-	-	(5.942.971)	(3.029.966)	(5.226.211)	(2.338.238)
Gross profit		-	-	-	2.751.885	1.524.720	2.462.501	1.143.972
Operating expenses								
Sales expenses	25	-	-	-	(237.767)	(192.434)	(125.941)	(48.871)
General and administrative expenses	25	(74.387)	(37.722)	(89.835)	(458.236)	(183.346)	(414.780)	(255.581)
Impairment	25	-	-	-	(130.736)	(61.371)	(252.389)	(173.303)
Equity pickup	10	1.053.223	655.729	956.552	24.634	13.424	15.539	36.133
Other net operating income (expenses)	27	(4.991)	(4.936)	72	(37.923)	(14.650)	(24.816)	(10.873)
Total operating revenue (expense)		973.845	613.071	866.789	410.980	(840.028)	(438.377)	(802.387)
Income before net financial items, income tax and social contributions		973.845	613.071	866.789	410.980	1.911.857	1.086.343	1.660.114
Financial revenue	28	4.796	2.785	17.283	5.453	642.960	234.841	792.395
Finance expenses	28	(115.685)	(106.126)	(38.384)	(10.702)	(1.181.853)	(543.073)	(1.010.239)
Financial income, net	28	(110.889)	(103.341)	(21.101)	(5.249)	(538.893)	(308.232)	(217.844)
Net income before income and social contribution taxes		862.956	509.730	845.688	405.731	1.372.964	778.111	1.442.270
Current income and social contribution taxes	18	-	-	-	-	(219.385)	(168.046)	(104.433)
Deferred income and social contribution taxes	18	-	-	-	-	(68.914)	21.944	(348.946)
Income taxes		-	-	-	-	(288.299)	(146.102)	(453.379)
Net income for the period		862.956	509.730	845.688	405.731	1.084.665	632.009	988.891
Income attributable to:								
Shareholders of parent entity		862.956	509.730	845.688	405.731	862.956	509.730	845.688
Non-controlling interests		-	-	-	-	221.709	122.279	143.203
Net income for the period		862.956	509.730	845.688	405.731	1.084.665	632.009	988.891
Basic earnings per share - R\$	23.6	0,87853	0,51893	0,83708	0,40156			
Diluted earnings per share - R\$	23.6	0,87851	0,51891	0,83689	0,40151			
Number of common shares at period-end (in thousands of shares)		1.010.540	1.010.511	1.010.286	1.010.186			

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of comprehensive income

Periods ended June 30, 2021 and 2020

(In thousands of Reais)

	Parent company				Consolidated			
	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020	01/01/2021 to 06/30/2021	04/01/2021 to 06/30/2021	01/01/2020 to 06/30/2020	04/01/2020 to 06/30/2020
Net income for the period	862.956	509.730	845.688	405.731	1.084.665	632.009	988.891	474.202
Other comprehensive income								
Items that will be subsequently reclassified to profit or loss								
Loss on cash flow hedge	2.438	45.423	559	(8.858)	(295)	55.642	633	(9.889)
Other comprehensive income of the period, net of tax	2.438	45.423	559	(8.858)	(295)	55.642	633	(9.889)
Total comprehensive income	865.394	555.153	846.247	396.873	1.084.370	687.651	989.524	464.313
Shareholders of parent entity	865.394	555.153	846.247	396.873	865.394	555.153	846.247	396.873
Non-controlling interests	-	-	-	-	218.976	132.498	143.277	67.440
Total comprehensive income	865.394	555.153	846.247	396.873	1.084.370	687.651	989.524	464.313

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of changes in equity

Periods ended June 30, 2021 and 2020

(In thousands of Reais)

	Share capital	Treasury shares	Capital reserves	Revenue reserves				Adjustments to equity valuation	Retained earnings	Shareholder's equity of parent company	Non-controlling interests	Consolidated equity
				Legal	Investment and expansion reserve	Unrealized profit reserve	Additional dividends reserve					
Balances as of December 31, 2019	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
Net income for the period	-	-	-	-	-	-	-	-	845.688	845.688	143.203	988.891
Comprehensive income	-	-	-	-	-	-	-	559	-	559	74	633
Loss on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income in the year, net of tax	-	-	-	-	-	-	-	559	845.688	846.247	143.277	989.524
Contributions, distributions and recognition of reserves												
Capital increase	339	-	-	-	-	-	-	-	-	339	-	339
Buyback options	-	-	25.692	-	-	-	-	-	-	25.692	-	25.692
Noncontrolling interests in equity of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2.341)	(2.341)
Additional dividends distributed	-	-	-	-	-	-	-	-	-	-	(28.148)	(28.148)
Balances as of June 30, 2020	2.742.270	-	555.626	120.781	3.648.222	1.224.184	736	(154.352)	845.688	8.983.155	1.775.283	10.758.438
Balances as of December 31, 2020	3.489.736	(31.734)	118.307	148.754	5.605.846	1.224.792	159.532	(252.843)	-	10.462.390	1.816.097	12.278.487
Net income for the period	-	-	-	-	-	-	-	-	862.956	862.956	221.709	1.084.665
Comprehensive income	-	-	-	-	-	-	-	2.438	-	2.438	(2.733)	(295)
Loss on cash flow hedge	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income in the year, net of tax	-	-	-	-	-	-	-	2.438	862.956	865.394	218.976	1.084.370
Contributions, distributions and recognition of reserves												
Capital increase 23.1	1.165.551	-	-	(148.754)	(1.016.246)	-	-	-	-	551	-	551
Buyback options 23.7	-	-	14.606	-	-	-	-	-	-	14.606	-	14.606
Treasury shares 23.5	-	(600.271)	-	-	-	-	-	-	-	(600.271)	-	(600.271)
Noncontrolling interests in equity of subsidiaries	-	-	-	-	-	-	-	-	-	-	(2.301)	(2.301)
Loss due to disproportionate receipt of dividends - Transactions between shareholders 23.4	-	-	-	-	-	-	-	(13.618)	-	(13.618)	-	(13.618)
Additional dividends proposed 23.3.4 e 23.8	-	-	-	-	-	-	(159.532)	-	-	(159.532)	(81.225)	(240.757)
Balances as of June 30, 2021	4.655.287	(632.005)	132.913	-	4.589.600	1.224.792	-	(264.023)	862.956	10.569.520	1.951.547	12.521.067

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of cash flows - Indirect method

Periods ended June 30, 2021 and 2020

(In thousands of Reais)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Cash flows from operating activities				
Net income for the year	862.956	845.688	1.084.665	988.891
Adjustments for:				
Amortization and depreciation	59	49.357	353.609	381.114
Amortization of concession rights	48.482	-	56.291	-
Share of profit (loss) of equity-accounted investees	(1.053.223)	(956.552)	(24.634)	(15.539)
Write-off of intangible and financial assets	-	-	1.582	(9.270)
Indexation of contractual and financial assets	-	-	(895.359)	(554.553)
Construction margin	-	-	528.309	(183.234)
Debt charges, net interest and monetary and exchange variance	17.650	32.533	652.155	1.001.365
Losses on derivative financial instruments	94.528	-	254.198	(446.254)
Adjustment to present value	-	-	16.967	10.090
Allowance for doubtful accounts	-	-	130.736	252.389
Reversal of securities written off	-	-	-	(158.842)
Restatement of allowance for doubtful accounts	-	-	1.154	17.283
Provision for and restatement of sector charges	-	-	80.844	55.189
Arrears charges on energy sold	-	-	(240.700)	-
Provision for civil, tax, labor and regulatory claims	-	-	(84.303)	13.053
A "Component" (receivable) returnable and other financial items	-	-	(713.782)	238.742
Earnings on investments	(4.393)	(18.114)	(91.451)	(93.822)
Deferred PIS/COFINS - Transmission firms	-	-	64.260	148.400
Deferred income and social contribution taxes	-	-	68.914	348.946
Current income and social contribution taxes	-	-	219.385	104.433
Fair value of purchase options - <i>Vesting period</i>	2.917	25.692	26.592	25.692
PIS/COFINS to be reimbursed to consumers	-	-	-	(3.003)
Provision for profit sharing	2.858	3.198	47.037	3.198
Retirement and pension plan	-	-	11.798	-
Indexation of CCC subrogation	-	-	(6.357)	-
	<u>(28.166)</u>	<u>(18.198)</u>	<u>1.541.910</u>	<u>2.124.268</u>
Changes in current and noncurrent assets and liabilities				
Trade accounts receivable	-	-	129.004	52.715
Accounts receivable - rate tiers	-	-	-	(1.383)
Fuel purchased - CCC account	-	-	(1.369)	19.186
Services in progress	-	-	(21.163)	(42.630)
Judicial deposits	(92)	(10)	(12.595)	28.109
Inventories	-	-	(48.678)	(11.466)
Recoverable taxes and contributions	-	2.885	9.402	(33.688)
Recoverable income tax and social contribution	349	(4.395)	(37.480)	(35.637)
CCC sub-rogation	-	-	143.030	-
Contractual assets	-	-	-	(726.311)
"A Component" revenue receivable (returnable) and other financial items	-	-	581.042	-
Other receivables	(281)	(11.870)	46.134	52.012
Trade payables	(31.710)	(602)	(540.310)	(347.650)
Payroll charges and obligations	148	185	(33.591)	19.501
Taxes and contributions payable	(145)	385	113.761	(5.732)
Taxes and contributions payable on net income	-	-	(44.793)	23.638
Public lighting fee	-	-	4.346	(11.463)
Energy efficiency research and development	-	-	(77.111)	(21.805)
Profit sharing	(5.550)	(213)	(77.298)	(25.873)
Provision for civil, tax, labor and regulatory claims	-	-	(8.222)	(37.642)
Other accounts payable	2	(2)	(55.365)	31.906
PIS/COFINS to be reimbursed to consumers	-	-	-	17.603
Dividends received	338.051	161.919	18.769	3.796
Cash flows (used in) from operating activities	<u>272.606</u>	<u>130.084</u>	<u>1.629.423</u>	<u>1.071.454</u>
Income and social contribution taxes paid	-	-	(2.285)	(74.652)
Interest paid	(7.205)	(25.861)	(396.201)	(291.544)
Cash flows (used in) produced by operating activities	<u>265.401</u>	<u>104.223</u>	<u>1.230.937</u>	<u>705.258</u>
Cash flows from investing activities				
Acquisitions of intangible assets and property, plant and equipment	(1.446)	-	(6.856)	(2.579)
Special obligations additions	-	-	165.786	229.309
Acquisitions of contractual assets - Distribution	-	-	(816.138)	(832.693)
Capital increase in investees	(1.350)	(24.571)	-	-
Capital decrease in investees	750.000	-	-	-
Market securities	357.705	213.204	1.578.335	(1.233.467)
Cash flow (used in) provided by investment activities	<u>1.104.909</u>	<u>188.633</u>	<u>921.127</u>	<u>(1.839.430)</u>
Cash flows from financing activities				
Amortization of loans and borrowings	-	(695.500)	(1.330.989)	(240.900)
Loans and borrowing obtained	-	-	1.108.887	1.085.149
Debentures obtained	-	-	800.000	-
Amortization of debentures	-	-	-	(786.398)
Amortization of lease liability	(71)	(85)	(9.148)	(10.212)
Amounts paid under the judicial reorganization plan	-	-	-	(27.247)
Capital increase	551	339	551	339
Dividends paid	(30)	(112)	(135.616)	(52.641)
Treasury shares	(600.271)	-	(600.271)	-
Cash flows from (used in) financing activities	<u>(599.821)</u>	<u>(695.358)</u>	<u>(166.586)</u>	<u>(31.910)</u>
Increase (Decrease) in cash and cash equivalents	<u>770.489</u>	<u>(402.502)</u>	<u>1.985.478</u>	<u>(1.166.082)</u>
Cash and cash equivalents at beginning of period	165.569	536.313	2.219.546	1.785.203
Cash and cash equivalents at end of period	<u>936.058</u>	<u>133.811</u>	<u>4.205.024</u>	<u>619.121</u>
Increase (Decrease) in cash and cash equivalents	<u>770.489</u>	<u>(402.502)</u>	<u>1.985.478</u>	<u>(1.166.082)</u>

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Statement of value added

Periods ended June 30, 2021 and 2020

(In thousands of Reais)

	Parent company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Revenue				
Sales of products, services and construction revenue	-	-	11.627.476	10.277.996
Provision for allowance for doubtful accounts	-	-	(130.736)	(252.389)
Provision (reversal) for civil, labor, tax and regulatory litigation	-	(24)	-	(15.974)
Other revenue	-	-	40	-
Other operating expenses/revenue	-	72	-	(17.598)
Other non-recurrent expenses / revenue	-	-	-	(7.218)
	<u>-</u>	<u>48</u>	<u>11.496.780</u>	<u>9.984.817</u>
Consumables acquired from third parties (including ICMS and IPI)				
Costs of goods sold and services rendered	-	-	(4.935.297)	(4.594.919)
Materials, energy, third-party services and others	(14.291)	(6.316)	(602.517)	(453.593)
Changes in margins of contract assets	-	-	(397.125)	-
CCC subsidy	-	-	(46.986)	(62.933)
Other expenses	(4.991)	-	(61.841)	-
	<u>(19.282)</u>	<u>(6.316)</u>	<u>(6.043.766)</u>	<u>(5.111.445)</u>
Gross added value used	<u>(19.282)</u>	<u>(6.268)</u>	<u>5.453.014</u>	<u>4.873.372</u>
Depreciation and amortization	(59)	(49.357)	(353.609)	(377.961)
Net added value (used in) produced by the Company	<u>(19.341)</u>	<u>(55.625)</u>	<u>5.099.405</u>	<u>4.495.411</u>
Transferred added value				
Finance income	4.994	18.114	662.206	809.311
Share of profit (loss) of equity-accounted investees	1.053.223	956.552	24.634	15.539
Amortization of concession rights	(48.482)	-	(56.309)	-
	<u>1.009.735</u>	<u>974.666</u>	<u>630.531</u>	<u>824.850</u>
Total value added to distribute	<u>990.394</u>	<u>919.041</u>	<u>5.729.936</u>	<u>5.320.261</u>
Distribution of value added				
Employees				
Direct compensation	9.279	32.059	174.563	231.843
Benefits	347	467	66.017	67.549
FGTS	99	45	26.710	21.974
Other	-	1.443	168	(35.725)
	<u>9.725</u>	<u>34.014</u>	<u>267.458</u>	<u>285.641</u>
Taxes				
Federal	1.964	831	1.477.423	1.526.154
State	-	-	1.713.480	1.496.017
Municipal	-	-	3.308	6.093
	<u>1.964</u>	<u>831</u>	<u>3.194.211</u>	<u>3.028.264</u>
Return on debt capital				
Interest	112.488	32.524	1.031.329	866.131
Rent	64	124	1.749	7.226
Other financial expenses	3.197	5.860	150.524	144.108
	<u>115.749</u>	<u>38.508</u>	<u>1.183.602</u>	<u>1.017.465</u>
Return on equity capital				
Retained earnings in the year	862.956	845.688	862.956	845.688
Noncontrolling interests in earnings for the year	-	-	221.709	143.203
	<u>862.956</u>	<u>845.688</u>	<u>1.084.665</u>	<u>988.891</u>
Value added	<u>990.394</u>	<u>919.041</u>	<u>5.729.936</u>	<u>5.320.261</u>

See accompanying notes.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(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

The Company has the following interests:

Direct interest	Note	06/30/2021	12/31/2020
Equatorial Serviços 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%
Equatorial Participações e Investimentos S.A.	(i)	100.00%	99.75%
Equatorial Participações e Investimentos II S.A.	(j)	99.75%	-
Indirect interest	Note	06/30/2021	12/31/2020
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 S.A.	(r)	99.99%	99.99%
Equatorial Telecomunicações S.A.	(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%
Equatorial Geração Distribuída SPE S.A	(v)	100.00%	100.00%
Equatorial Participações e Investimentos S.A.	(w)	-	0.25%
Equatorial Participações e Investimentos II S.A.	(x)	0.25%	-
Equatorial Engenharia e Construções S.A.	(y)	100.00%	-
E-Nova Instalação e Manutenção Ltda.	(z)	100.00%	-

- (a) Equatorial Serviços S.A.: 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. (“GERA Maranhão”): 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 Maranhão S.A.: The consortium that controls Geradora de Energia do Maranhão 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 Maranhão 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 Brasília, 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 June 30, 2021

(In thousands of Reais)

- (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 1.340.261(*) customers in 224 (*) municipalities and covering an area in excess of 251.755 km² (*) as of June 30, 2021. 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;
- (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 1.172.167(*) customers in 102 (*) municipalities and covering an area in excess of 27.848 km² (*) as of June 30, 2021. 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;
- (h) Equatorial Energia Distribuição S.A ("Equatorial Distribuição"), headquartered in São Luís, State of Maranhão, 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. 9.85%;
- (i) Equatorial Participações e Investimentos S.A. ("Equatorial Participações"): A privately held company established on September 11, 2020, having its registered offices in the city of São Luís, state of Maranhão, engaged in holding interests in other companies, consortia and/or ventures;
- (j) Equatorial Participações e Investimentos II S.A. ("Equatorial Participações II"): A privately held company established on February 26, 2021, having its registered offices in the city of São Luís, state of Maranhão, engaged in holding interests in other companies, consortia and/or ventures;
- (k) 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 2nd 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, and for the period of July 2020 to June 2021 counts with a total RAP (Annual Permitted Compensation) of R\$ 88,119. Their operation start-up represents an anticipation of approximately 21 months in relation to the regulatory term (February/2022);
- (l) 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 2nd 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, and for the period of July 2020 to June 2021 counts with a total RAP (Annual Permitted Compensation) of R\$ 79,917. Their operation start-up represents an anticipation of approximately 24 months in relation to the regulatory term (February/2022);
- (m) 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 2nd 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. On May 26, 2021, 100% of the transmission projects that make up SPE 03 went into commercial operation, with a total RAP (Annual Permitted Compensation) of R\$116,500 for the period from July 2020 to June 2021, and their operation start-up represents an anticipation of approximately 10 months in relation to the regulatory term (February/2022);
- (n) 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 2nd 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. On October 31, 2020, 50.6% of the transmission ventures entered into commercial operation, with total RAP of 106,295, according to the Credit Notification (AVC) of December 2020. The indirect subsidiary's venture is 100% ready; however, 49.40% of its facilities may not enter into commercial operation due to implementation phase of a substation to which SPE 04 will be connected, owned by a different transmission company. As such, SPE 04 requested that the Brazilian Electric System Operator (ONS) issue a Revenue Release Notice (TLR) for us to obtain 100% of RAP amounting to R\$ 210.127. In accordance with the commitment made, SPE 04 is expected to begin a 100% of operations by February 9, 2022;
- (o) 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 2nd 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 for the Public Electricity Transmission Service for a term of 30 years, expiring on February 9, 2047. On January 06, 2021, 100% of the transmission ventures that compose SPE 05 entered into commercial operation, and for the period of July 2020 to June 2021 counts with a total RAP (Annual Permitted Compensation) of R\$ 96,961. These ventures' start of operations represents an advancement of approximately 14 months in relation to the regulatory term (February/2022);

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- (p) 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 2nd 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. The venture of the indirect subsidiary is 100% ready, but the facilities are not permitted to operate due to the implementation phase of a substation to which SPE 06 will be connected, owned by another transmission company. As such, SPE 06 requested that the Brazilian Electric System Operator (ONS) issue a Revenue Release Notice (TLR) for us to obtain 100% of RAP amounting to R\$120,212. In accordance with the commitment made, SPE 06 is expected to begin operations by February 9, 2022;
- (q) 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 2nd 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, 100% of the transmission ventures that compose SPE 07 entered into commercial operation and, for the period from July 2020 to June 2021, count on total RAP of R\$ 101,650. These ventures’ start of operations represents an advancement of approximately 13 months in relation to the regulatory term (February/2022);
- (r) Equatorial Transmissora 8 SPE S.A (“SPE 08”): A privately held company, having its registered office in Brasília, Distrito Federal. 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. On September 15, 2020, 100% of the transmission ventures that compose SPE 08 entered into commercial operation and, for the period from July 2020 to June 2021, count on total RAP of R\$ 144,774. These ventures’ start of operations represents an advancement of approximately 22 months in relation to the regulatory term (July/2022);
- (s) 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 Equatorial Serviços S.A.;
- (t) 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.;
- (u) Equatorial Telecomunicações S.A. (“Equatorial Telecomunicações”): A privately held company having its registered offices 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 Equatorial Serviços S.A.;
- (v) 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 2,597,151(*) customers in 217(*) municipalities and covering an area in excess of 331.937 km² (*) as of June 30, 2021. The public power distribution concession contract (no. 060/2000) between the National Electricity Regulatory Agency - ANEEL and Equatorial Maranhão on August 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 by the approval of the Board of Directors’;
- (w) 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 2,770,523(*) consumers in 144 (*) municipalities and covering an area in excess of 1,245,871 km²(*) km² as of June 30, 2021. Electricity distribution concession contract no. 182/1998 entered into by between ANEEL and Equatorial Pará on July 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 and by the approval of the Board of Directors’;
- (x) Equatorial Geração Distribuída SPE S.A (“Equatorial Geração Distribuída”): A privately held company established on May 21, 2020, having its registered offices in São Luís, state of Maranhão, engaged in the implementation, installation, operation, maintenance, and lease of ventures and equipment of distributed micro and mini generation, as well as formatting of businesses, development of physical and financial products and solutions associated with energy efficiency and distributed micro and mini generation, and provision of consultancy, technical advisory, engineering services, development of installation studies and lease of ventures and equipment of distributed generation, controlled by Equatorial Serviços S.A.. Equatorial Geração Distribuída is a subsidiary of E-Nova Instalação e Manutenção Ltda. (“ E-Nova”);
- (y) Equatorial Engenharia e Construções S.A. (“Equatorial Engenharia”): A privately held company established on May 26, 2021, having its registered offices in São Luís, state of Maranhão, engaged in engineering services that include construction of electricity distribution stations and networks; and
- (z) E-Nova Instalação e Manutenção Ltda. (“ E-Nova”): A limited liability company, having its registered offices in São Luís, state of Maranhão, engaged in the generation of electricity from renewable sources. On June 2, 2021, the Company’s Board of Directors, parent company of Equatorial Serviços S.A. (“Equatorial Serviços”), which, in turn, holds the totality of the shares issued by Equatorial Geração Distribuída SPE S.A. (“Equatorial Geração Distribuída”), approved the acquisition of 100% of the unites of interest of E-Nova, for R\$7,500. The operation will contribute to the acceleration of the Company’s operations in a new market segment, with a focus on offering technical solutions in energy efficiency and electricity generation from renewable sources, including through distributed generation, which will allow the Company to advance in its value creation strategy.

(*) refers to total consumers considering the captive and free markets, not reviewed.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Summary by SPEs:

	Status	Contractual assets	Annual RAP guaranteed after 100% in operation
SPE 01	100.00%	751,016	88,119
SPE 02	100.00%	691,201	79,917
SPE 03	100.00%	1,195,224	116,500
SPE 04	50.60%	2,036,499	210,127
SPE 05	100.00%	972,962	96,961
SPE 06	-	1,211,872	120,212
SPE 07	100.00%	1,044,705	101,650
SPE 08	100.00%	1,287,719	144,774
SPE 09 (Intesa)	100.00%	982,303	143,559

The subsidiaries Equatorial Serviços, Equatorial Transmissão, INTESA, Equatorial Piauí, Equatorial Alagoas, Equatorial Distribuição, Equatorial Participações and Equatorial Participações II are referred to in the note's hereafter simply as "direct subsidiaries".

GERA Maranhão 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 (World Healthy Organization). 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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
Period ended June 30, 2021
(In thousands of Reais)

On April 1, 2021, ANEEL published Ruling No. 928/2021, which again established measures to preserve the provision of public electricity distribution services as a result of Covid-19, revoking Rulings No. 878, No. 886, and No. 891. Under this ruling, the suspension of supply due to default was again prohibited in some cases, such as consumer units of low-income residential subclasses and where there are people using equipment of limited autonomy, vital to the preservation of human life and electricity-dependent. These measures would be in effect until July 30, 2021, but with publication of Ruling No. 936/2021 on June 15, 2021, they were extended for a further 90 days. The Company and its subsidiaries presented below the main financial and economic effects of Covid-19 and continues 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.

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 and its subsidiaries;
- (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 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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Focus on the Group's business:

- (i) Revaluation of manageable expenses and investments in distribution for the current year;
- (ii) Expansion of the services available through the 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) Supply and loss of energy: in 2Q21, there was an increase in non-technical loss of approximately 88 GWh for subsidiary Equatorial Maranhão and a decrease of around 28 GWh for subsidiary Equatorial Pará, 25 GWh for subsidiary Equatorial Piauí and 48.3 GWh for subsidiary Equatorial Alagoas. Furthermore, there was an increase in the supply of energy of captive and free markets of subsidiary Equatorial Maranhão of 7.2%, which corresponds to an increase of approximately 113 GWh; in subsidiary Equatorial Pará, there was an increase in the supply of energy of 13.2%, which corresponds to an increase of 269 GWh; in subsidiary Equatorial Piauí, there was an increase of 14.7%, which corresponds to an increase in the supply of energy of 127 GWh; and in subsidiary Equatorial Alagoas, an increase of 4.03% in the supply of energy, which corresponds to an increase of 76.7 GWh in the quarter, which was greatly affected by the gradual return of economic activities through the flexibilization of decrees during the pandemic;
- (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) Allowance for estimated credit losses (ECL): On June 15, 2021, ANEEL extended the impediment to suspension of energy supply until September 30, 2021, which exclusively covers low-income customers, through Ruling No. 936/2021. To mitigate the impacts arising from this measure, the Company's subsidiaries implemented actions to increase the efficiency of the collection process, such as: sending SMS, tele-collection, checking of nonexistence of credit restrictions, emails, and easy access to negotiations through digital means. These collection actions contributed to the reduction of defaults in the first half of 2021, keeping the allowance for ECL at historic levels (pre-pandemic).

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 established criteria and procedures for management of the Covid-Account, established to receive resources to cover deficits or anticipate revenue from distributors, created by the Decree No. 10350 of 2020. 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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

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.

As of June 30, 2021, pursuant to Decisions Nos. 2177/2020, 2353/2020, 2640/2020, 2.914/2020, 3.197/2020, 3.490/2020 and 046/2021 respectively, published by ANEEL, the Company's subsidiaries received the amount of R\$ 1,293,509 from Covid Account.

Transfers by Distributor:

Equatorial MA	116,674	19,114	9,472	206	1,698	59,930	38,127	245,221
Equatorial PA	284,511	30,622	785	-	-	89,680	118,620	524,218
Equatorial AL	320,945	3,689	-	-	-	-	-	324,634
Equatorial PI	143,482	22,634	13,434	10,695	6,088	3,103	-	199,436
Total	865,612	76,059	23,691	10,901	7,786	152,713	156,747	1,293,509

The Company's subsidiaries 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, compromised operations, debentures and Bank Deposit Certificated (CDBs).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
Period ended June 30, 2021
(In thousands of Reais)

2 Basis of preparation and presentation of the individual and consolidated interim financial information

2.1 Statement of Compliance

The individual and consolidated financial statements for the quarter ended June 30, 2021 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 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 considered the guidance issued by Accounting Guidance OCPC 07, issued by the CPC in November 2014 in the preparation of its interim financial information. Accordingly, the relevant information specific to the interim financial information is evidenced and corresponds to that used by management in their activities.

The Company's subsidiaries also observes the guidelines laid down in the Brazilian Power Sector Accounting Manual and the standards issued by Brazilian power sector regulator, ANEEL, where not conflicting with Brazilian generally accepted accounting principles and/or with international financial reporting standards.

The individual and consolidated interim financial information have been authorized for issue by the Board of Directors on August 10, 2021.

2.2 Basis of measurement

The Company's individual and consolidated interim financial 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

The Company's individual and consolidated interim financial information are reported in Real, which is the Company's and its subsidiaries functional currency. The individual and consolidated interim financial information presented in Real have been rounded to thousands, unless otherwise indicated.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

3 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, 2020, 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	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Cash and bank deposits	582	912	214,039	73,807
Cash equivalents				
Investments				
Bank Deposit Certificates - CDB	902,751	1,316	3,235,227	818,964
Securities held under repurchase agreements	-	-	289,164	635,873
(Exclusive) investment fund (a)				
Investment fund shares	-	24,183	-	87,407
Securities held under repurchase agreements	3,471	139,158	37,077	596,303
Bank Deposit Certificates - CDB	28,932	-	309,298	-
Sovereign debt securities	-	-	50,743	-
Open investment fund (b)	322	-	69,476	7,192
Cash equivalents subtotal	935,476	164,657	3,990,985	2,145,739
Total	936,058	165,569	4,205,024	2,219,546

- (a) Refers to Investment Funds, Bank Deposit Certificates and Repo Operations - CDBs, which are highly liquid and have low credit risk. Such investments are available for use in the Company's and its subsidiaries 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 and its subsidiaries' short-term financial flow and do not represent medium or long-term investments or are subject to significant changes in value, being readily convertible into cash and cash equivalents as per CPC 03 (R2)/ IAS 7 - Cash Flow Statements.
- The global portfolio earns interest pursuant to Interbank Deposit Certificate (CDI) variation, and hence the portfolio' average profitability for the period ended June 30, 2021 is equal to 101.87% of the variation of CDI (87.05% of CDI at December 31, 2020).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

5 Market securities

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current				
Investments				
Bank Deposit Certificates - CDB	-	-	23,107	5,381
(Exclusive) investment funds (a)				
Investment fund shares	241,552	524,131	3,154,948	4,683,416
Sovereign debt securities	48,135	118,550	530,305	507,996
Checks not cleared	-	-	(1,581)	(1,581)
Open funds (b)	-	318	209,666	202,071
Total current	289,687	642,999	3,916,445	5,397,283
Noncurrent				
Market securities (c)	-	-	113,530	119,576
Total Noncurrent	-	-	113,530	119,576
Total	289,687	642,999	4,029,975	5,516,859

- (a) Investment funds represent transactions in prime financial institutions and have maturities of more than three months and/or are held for the purpose of investments for the construction of infrastructure projects in the provision of concession services. These comprise various assets aiming at better profitability, such as: fixed income securities, government bonds, repurchase agreements, debentures, CDBs, among others, in accordance with the investment policy of the Company and its subsidiaries. Additionally, exclusive funds are investments in shares (FIC), managed by the financial institution, which allocate their resources in shares of various open-end funds subject to change in value. The Company and its subsidiaries do not have management and direct control over exposure, rights, variable returns arising from their involvement and ability to use their power to affect the value of returns on these investments, nor any relevant interest (maximum limit of 10% of Equity) according to CPC 36 (R3)/IFRS 10 – Consolidated Financial Statements;
- (b) Open-end investment funds comprise assets such as Receivables Investment Fund (FIDC), repurchase agreements, government bonds, and time deposits, among other financial instrument bonds; and
- (c) Denotes restricted investments securing loans and financing invested in government securities and funds denominated in government securities.

The global portfolio earns interest pursuant to Interbank Deposit Certificate (CDI) variation, and hence the portfolio's average profitability for the period ended June 30, 2021 is equal to 95.79% of CDI (92.30% of CDI at December 31, 2020).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

6 Trade accounts receivable (Consolidated)

6.1 Composition of balances

	<u>06/30/2021</u>	<u>12/31/2020</u>
Residential	2,067,967	1,999,365
Industrial	254,506	256,541
Commercial	548,036	546,822
Rural	223,375	212,937
Government	174,384	153,545
Public lighting	102,353	112,908
Public utility	97,102	115,374
Trade accounts receivable, billed	<u>3,467,723</u>	<u>3,397,492</u>
Trade accounts receivable, unbilled (a)	<u>467,255</u>	440,274
Residential	1,566,458	1,542,059
Industrial	131,966	130,699
Commercial	399,688	410,473
Rural	85,285	81,781
Government	333,058	326,934
Public lighting	90,829	91,301
Public utility	112,268	117,089
Installment payment (b)	<u>2,719,552</u>	<u>2,700,336</u>
Low-income and "viva luz" consumers (c)	103,760	114,314
(-) AVP (adjustment to present value) - Accounts receivable – financing (d)	(42,785)	(47,249)
Other (e)	486,382	471,855
	<u>547,357</u>	<u>538,920</u>
Total	<u>7,201,887</u>	7,077,022
(-) Expected losses for impairment of accounts receivable	<u>(2,660,823)</u>	<u>(2,520,178)</u>
Total trade accounts receivable	<u>4,541,064</u>	<u>4,556,844</u>
Current	3,542,658	3,589,317
Noncurrent (f)	998,406	967,527

- (a) Corresponds to electricity distributed but not billed to consumers and billing is based on the estimated energy supplied between the reading date and the end of the month;
- (b) The installments refer to renegotiation of overdue invoices of the Company's subsidiaries and bear interest of up to 1% p.m. Interest is recognized upon receipt of the installment, therefore application of adjustment to present value is not required. For installments previously entered into without interest or at low rates, the Company's subsidiaries made the respective adjustment to present value;
- (c) By means of Laws Nos.12212 and 10438, 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;
- (d) Adjustment to present value on the balance of long-term installment payments using a 9.1% p.a. interest rate;
- (e) As at June 30, 2021, this refers mainly to power sale and purchase transaction in the Free Energy Market of indirect subsidiary Solenergiás Comercializadora de Energia S.A. amounting to R\$ 142,974 (R\$ 151,374 at December 31, 2020); and
- (f) The installments due as from July 2022, in the amount of R\$1,106,778 (R\$1,145,409 as of December 31, 2020) and present value adjustment (PVA) in the amount of R\$164,122 (R\$156,249 as of December 31, 2020), are classified as noncurrent assets and presented net of expected losses on impairment, in the amount of R\$272,494 (R\$334,131 as of December 31, 2020).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

6.2 Expected losses on impairment of accounts receivable

	<u>12/31/2020</u>	<u>Provisions/ additions (a)</u>	<u>Reversals (write-offs) (a)</u>	<u>06/30/2021</u>
Trade accounts receivable, billed	1,318,251	117,755	(23,457)	1,412,549
Installment payment	1,126,421	80,637	(46,044)	1,161,014
Trade accounts receivable, unbilled	18,948	39,404	(38,454)	19,898
Others	56,558	91,989	(81,185)	67,362
Total	<u>2,520,178</u>	<u>329,785</u>	<u>(189,140)</u>	<u>2,660,823</u>

	<u>12/31/2019</u>	<u>Provisions/ additions(a)</u>	<u>Reversals (write-offs) (a)</u>	<u>06/30/2020</u>
Trade accounts receivable, billed	1,003,427	316,535	(59,624)	1,260,338
Installment payment	968,535	128,738	(19,949)	1,077,324
Trade accounts receivable, unbilled	23,605	26,005	(25,896)	23,714
Others	51,829	73,928	(38,447)	87,310
Total	<u>2,047,396</u>	<u>545,206</u>	<u>(143,916)</u>	<u>2,448,686</u>

- (a) The net effect for the period ended June 30, 2021 referring to the provision and reversal of impairment losses on accounts receivable was of R\$ 140,645. Additionally, the Company's subsidiaries recognized the reversal of losses on notes written off in the amount of R\$8,756, generating a net impact on P&L of R\$131,889, of which R\$130,736 in the operating income (loss) and R\$1,153 arising from interest on arrears accounted for in finance income (costs).

6.3 Trade accounts receivable, billed

	<u>06/30/2021</u>			
	<u>Outstanding balances</u>	<u>Up to 90 days overdue</u>	<u>More than 90 days overdue</u>	<u>Total</u>
Residential	321,585	470,045	1,276,337	2,067,967
Industrial	82,329	11,720	160,457	254,506
Commercial	215,079	64,621	268,336	548,036
Rural	38,101	32,744	152,530	223,375
Government	91,216	28,706	54,462	174,384
Public lighting	32,011	6,297	64,045	102,353
Public utility	50,495	14,357	32,250	97,102
Total	<u>830,816</u>	<u>628,490</u>	<u>2,008,417</u>	<u>3,467,723</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

	12/31/2020			
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	371,366	425,309	1,202,690	1,999,365
Industrial	87,741	11,316	157,484	256,541
Commercial	237,656	61,324	247,842	546,822
Rural	41,986	30,241	140,710	212,937
Government	75,521	32,248	45,776	153,545
Public lighting	70,589	8,329	33,990	112,908
Public utility	49,543	32,813	33,018	115,374
Total	934,402	601,580	1,861,510	3,397,492

6.4 Installments payment

	06/30/2021			
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	938,044	77,836	550,578	1,566,458
Industrial	77,308	2,025	52,633	131,966
Commercial	297,689	9,476	92,523	399,688
Rural	43,674	4,467	37,144	85,285
Government	295,740	5,273	32,045	333,058
Public lighting	87,140	877	2,812	90,829
Public utility	104,891	1,676	5,701	112,268
Total	1,844,486	101,630	773,436	2,719,552

	12/31/2020			
	Outstanding balances	Up to 90 days overdue	More than 90 days overdue	Total
Residential	962,731	74,836	504,492	1,542,059
Industrial	76,531	2,516	51,652	130,699
Commercial	312,336	12,173	85,964	410,473
Rural	43,036	4,207	34,538	81,781
Government	282,424	7,829	36,681	326,934
Public lighting	83,638	1,496	6,167	91,301
Public utility	109,030	3,363	4,696	117,089
Total	1,869,726	106,420	724,190	2,700,336

Aging list of installments payment

	06/30/2021				
	2021	2022	2023	2023 onwards	Total
Residential	334,355	264,530	166,027	173,132	938,044
Industrial	50,919	9,855	6,992	9,542	77,308
Commercial	76,722	47,099	32,189	141,679	297,689
Rural	18,571	11,985	6,766	6,352	43,674
Government	49,629	39,784	34,632	171,695	295,740
Public lighting	23,437	12,765	8,902	42,036	87,140
Public utility	26,496	21,445	12,020	44,930	104,891
Total	580,129	407,463	267,528	589,366	1,844,486

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

	12/31/2020				Total
	2021	2022	2023	2023 onwards	
Residential	412,139	244,977	151,535	154,080	962,731
Industrial	56,845	8,425	5,490	5,771	76,531
Commercial	91,359	45,167	33,741	142,069	312,336
Rural	22,053	10,482	5,441	5,060	43,036
Government	44,628	34,757	30,630	172,409	282,424
Public lighting	18,263	11,909	9,433	44,033	83,638
Public utility	28,755	22,340	11,171	46,764	109,030
Total	674,042	378,057	247,441	570,186	1,869,726

Aging list of financing payments more than 90 days overdue

	06/30/2021					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	139,544	142,540	98,060	113,808	56,626	550,578
Industrial	4,150	5,291	5,014	17,167	21,011	52,633
Commercial	16,866	17,806	13,605	27,167	17,079	92,523
Rural	8,625	9,747	7,145	8,219	3,408	37,144
Government	11,096	4,626	2,046	7,286	6,991	32,045
Public lighting	1,457	377	343	350	285	2,812
Public utility	3,056	1,753	303	441	148	5,701
Total	184,794	182,140	126,516	174,438	105,548	773,436

	12/31/2020					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	143,702	134,363	84,865	93,580	47,982	504,492
Industrial	4,849	5,008	7,466	23,225	11,104	51,652
Commercial	17,284	16,619	13,299	24,412	14,350	85,964
Rural	9,262	9,423	6,169	6,803	2,881	34,538
Government	16,391	4,098	3,185	12,266	741	36,681
Public lighting	4,764	542	357	236	268	6,167
Public utility	3,123	628	298	612	35	4,696
Total	199,375	170,681	115,639	161,134	77,361	724,190

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

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

	12/31/2020	Setup	Others	Effect of tariff adjustment	Adjustment	Amortization	06/30/2021
A Component							
CDE - Energy Development Account (a)	(1,712)	48,144	14,212	(14,402)	567	(2,898)	43,911
PROINFA - Alternative Source Incentive Program	(12,617)	19,732	-	14,898	165	8,040	30,218
National Grid (b)	191,028	89,173	29,655	(1,069)	5,176	(4,137)	309,826
Acquisition of energy CVA (c)	639,330	(12,716)	68,857	15,206	6,820	(178,494)	539,003
ESS - System service charges (d)	(54,121)	115,557	-	(2,558)	753	69,459	129,090
(-) Covid Account Transfers – A Component (e)	(605,085)	(156,747)	-	-	(7,267)	186,280	(582,819)
	<u>156,823</u>	<u>103,143</u>	<u>112,724</u>	<u>12,075</u>	<u>6,214</u>	<u>78,250</u>	<u>469,229</u>
Financial items							
Over-purchased electricity	(17,206)	(38,192)	-	35,796	(1,181)	(22,344)	(43,127)
Neutrality	3,745	3,200	51,486	86	234	(7,740)	51,011
Excess demand and surplus reactive energy (f)	(249,782)	(27,831)	-	(69)	(2,857)	33,655	(246,884)
Sectorial financial asset (Global Reversion Reserve – RGR)	6,164	-	-	-	-	-	6,164
Creation of RGR (g)	667,138	(139,275)	(667,830)	-	3,572	-	(136,395)
Bilateral agreement (h)	81,712	-	-	846	-	(69,963)	12,595
Hydrologic risk (i)	(215,410)	27,256	(272)	50	(3,393)	(41,353)	(233,122)
(-) Covid Account Transfers – A Component (e)	(369,814)	-	-	-	(1,982)	120,071	(251,725)
Offset of PIS/COFINS credits (j)	-	-	(146,537)	-	-	24,796	(121,741)
Other (l)	198,405	3,386	(163,938)	(4,857)	223	48,187	81,406
	<u>104,952</u>	<u>(171,456)</u>	<u>(927,091)</u>	<u>31,852</u>	<u>(5,384)</u>	<u>85,309</u>	<u>(881,818)</u>
Total	<u>261,775</u>	<u>(68,313)</u>	<u>(814,367)</u>	<u>43,927</u>	<u>830</u>	<u>163,559</u>	<u>(412,589)</u>
Current asset	-						56,862
Current liability	(753,702)						(213,555)
Current net effect	(753,702)						(156,693)
Noncurrent asset	1,185,784						21,636
Noncurrent liability	(170,307)						(277,532)
Noncurrent net effect	1,015,477						(255,896)
Total net effect	261,775						(412,589)

- (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\$ 48,144, the amount of which was positive due to the increase in cost 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\$ 89,173, the amount of which was positive due to the increase in the amounts approved by ANEEL as a result of the budget review for payment in 2020 and 2021 being higher than the current coverage rates, generating a positive (asset) setup of CVA, which totaled R\$ 309,826;
- (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, hydrological risk and financial exposure, resulting from the costs passed on to the distributors to serve the market, generating a negative CVA in the period. Regarding energy contracts, the CVA established was positive (asset), 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 2020 at Equatorial Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas distributors, which in the period ended June 30, 2021, corresponded to R\$ 36,586, R\$ 50,564, R\$ 30,233 e R\$ 61,111, respectively, totaling R\$ 178,494;
- (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 short, the ESS forecast value granted by ANEEL in the tariff processes was lower than the costs actually paid. Accordingly, until the end of the period ended June 30, 2021, the ESS account resulted in set-up of assets of R\$115,557, of which R\$225,108 refers to set-up of CVA ESS and (R\$109,551) to set-up of the ESS flag;
- (e) Refers to transfers from the Covid account, as per Decisions No. 2177/2020, 2353/2020, 2640/2020, 2914/2020, 3197/2020, 3490/2020 and 046/2021 by ANEEL, substantially represented by: (i) R\$ 38,127 from Equatorial Maranhão and R\$ 118,620 from Equatorial Pará, received on January 12, 2021, as per Decision No. 046/2021; and (ii) amortization of R\$ 306,351 (tranche A and financial items) through the tariff approved in the Tariff Adjustment of the Company's distribution subsidiaries;
- (f) The balance of (R\$ 38,192) is due to sale in the spot market at an average PLD above the average electricity purchase price of the distributor. The impact of amortization in the period was of R\$ 22,344;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- (g) 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 June 30, 2021, the gross amount of RGR sector assets of R\$1,275,391 was offset against the amount corresponding to the loan, considering that Law No. 14120, of March 1, 2021, extinguished such payment obligation, as well as the amount corresponding to the portion entitled to tariff recognition and that has not been subject to discount, pursuant to the bidding notice referred to in paragraphs 1-A and 1-C of article 8 of Law No. 12783, dated January 11, 2013. The present value adjustment was recorded due to the change in the contractual conditions defined in the new concession agreement for the debt corresponding to the sector financial asset, as a result of the reversal of the offset mentioned in the residual balance in the amount of R\$ 607,560. The net balance totals R\$ 667,830 (R\$ 1,275,391 referring to CVA RGR and (R\$ 607,561) to PVA);
- (h) Bilateral agreements with generating companies (CCEAR). This is a tariff effect arising from bilateral agreements between energy distribution and generating companies, signatories of energy sales agreements in the regulated environment (CCEAR), under the terms of REN 711/2016, in order to provide an additional mechanism for adjustment of the levels of contracting energy. At June 30, 2021, the amount totaled R\$ 12,595 (R\$ 81,712 as of December 31, 2020).
- (i) Early recognition of electricity purchase costs associated with hydrological risks, as provided for in PRORET sub-module 4.4 – other financial components, item 5.11. The hydrological risk forecast defined in the tariff process will be reversed in the subsequent tariff process, duly updated. In the period ended June 30, 2021, the amount was negative by R\$ 233,122 (negative by R\$215,410 as of December 31, 2020);
- (j) Refers to anticipation of the reversal of amounts arising from credits due to exclusion of ICMS from the PIS/PASEP and COFINS tax bases, as an extraordinary negative financial component to be offset from the total amount authorized by the Brazilian IRS, in the amount of R\$ 146,537 from the subsidiary Equatorial Alagoas; and
- (l) The initial balance in 2021 of the Deferral of Tranche A of (R\$ 163,938) was reclassified from Other to the specific lines of Tranche A R\$ 14,212 of CDE; R\$ 29,655 of Basic Network; R\$ 68,857 of Energy, and R\$ 51,846 of Neutrality, since this Deferral approved in 2021 was accounted for in specific Tranche A accounts, instead of in Other financial items account, as in 2020.

Of the total net set-ups, amortizations and tariff adjustments of R\$ 139,173 recognized in the period ended June 30, 2021, R\$ 712,952 impacted net operating revenue of the Company's subsidiaries and the negative effects of (R\$ 277,758) (R\$ 156,747) and (R\$ 139,274) refer to the Tariff Flag ((R\$ 270,101) negative from CCBRT transfer, (R\$ 4,952) to the positive set-up of the transfer of flag on unbilled income, and (R\$ 2,705) negative from the neutralization of energy purchased for resale) to the impact on the Company's cash related to transfer and amortization of the Covid Account and amortization of PVA CVA Set-up RGR, respectively.

On an annual basis, in August, ANEEL calculates a new rate adjustment index for the indirect subsidiaries Equatorial Maranhão and Equatorial Pará, 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, and the new tariffs came into effect on August 28, 2020, effective until August 27, 2021.

Through Approval Resolution No. 2750, of August 06, 2020, ANEEL carried the annual tariff adjustment of subsidiary Equatorial Pará, and the new tariffs came into effect on August 07, 2020, effective until August 06, 2021.

In this process, the CVAs accounted for by the subsidiaries are validated, and the differences between the amount computed by Equatorial Maranhão and Equatorial Pará and the amount granted by ANEEL in the same period must be written off. The calculation of differences between these amounts is referred to as adjustment effect in the subsidiaries.

The tariffs applied by the subsidiaries, established by Approval Resolution No. 2758, of August 25, 2020, were adjusted, on average, -0.01% (negative one hundredths percent) in Equatorial Maranhão, +2.68% (two and sixty-eight hundredths percent) in Equatorial Pará as per Approval Resolution No. 2750, of August 06, 2020, corresponding to the average tariff effect to be notices by consumers/users/agents supplied by these subsidiaries.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

In December 2020 ANEEL calculated the subsidiary Equatorial Piauí's extraordinary 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 +3.48% (three e forty-eight hundredths percent). Approval Resolution No. 2,811 of November 24, 2020 ratified the new tariffs that came into force on December 2, 2020, effective through December 1, 2021

By way of Approval Resolution No. 2,862 of April 27, 2021, ANEEL approved the result of the Annual Tariff Adjustment 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 +8.62% (eight and sixty-two hundredths percent). The new tariffs that came into effect on May 3, 2021 are effective until May 2, 2022.

8 Recoverable taxes and contributions

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current				
ICMS recoverable (CIAP) (a)	-	-	110,225	111,564
INSS	-	-	4,229	9,041
PIS and COFINS	6	6	14,216	14,685
PIS and COFINS recoverable (ICMS) (b) – Note 22	-	-	919,664	1,087,311
Other	28	28	18,505	18,372
Total current	34	34	1,066,839	1,240,973
Noncurrent				
ICMS recoverable (CIAP) (a)	-	-	179,341	157,542
PIS and COFINS recoverable (ICMS) (b) – Note 22	-	-	373,357	804,414
Other	-	-	20,849	22,527
Total noncurrent	-	-	573,547	984,483
Total recoverable taxes and contributions	34	34	1,640,386	2,225,456

- (a) The Company's subsidiaries have taxes to be recovered referring to ICMS credits on the acquisition of materials destined to operational asset, appropriated at a ratio of 1/48; and
- (b) The 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, net of offset with federal taxes of R\$ 278,362, R\$ 34,281, R\$ 394,557 and R\$ 585,821 (R\$ 400,961, R\$ 200,926, R\$ 551,358 e R\$ 738,480 at December 31, 2020), 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, described in Note 22. This balance will be realized by offsetting the following federal taxes: income and social contribution taxes, PIS and COFINS and federal withholding taxes.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

9 Related parties

As of June 30, 2021, the Company and its subsidiaries have changes in related-party transactions, primarily for sharing agreements, dividends and other items, with the Companies below:

Parent Company

	06/30/2021	12/31/2020
Other receivables	Assets	Assets
Equatorial Transmissão S.A. (a)	2,278	2,278
Total	<u>2,278</u>	<u>2,278</u>

	06/30/2021	12/31/2020	06/30/2020
In-court reorganization	Assets	Effect on income (Revenue)	Assets
Equatorial Pará Distribuidora de Energia S.A. (b)	10,292	514	10,051
Total	<u>10,292</u>	<u>514</u>	<u>10,051</u>

	06/30/2021	12/31/2020
Dividends receivable	Assets	Assets
Equatorial Transmissão S.A.	190,353	16,170
Equatorial Distribuição S.A.	-	74,989
Equatorial Serviços S.A.	-	19,966
Equatorial Maranhão S.A.	390	390
Equatorial Pará S.A.	261	261
Equatorial Alagoas S.A.	61,782	54,877
Intesa	45,330	1,161
Geradora de Energia do Maranhão S.A.	-	7,463
Total	<u>298,116</u>	<u>175,277</u>

Consolidated

	06/30/2021	12/31/2020	06/30/2020
Other payables	Liabilities	Effect on income (Expense)	Liabilities
Fundação CEPISA de Seguridade Social	-	-	(147)
Equatorial Energia Fundação de Previdência	-	(1,660)	-
Fundação CEAL de Seguridade Social	-	-	(604)
Total	<u>-</u>	<u>(1,660)</u>	<u>(751)</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

	06/30/2021		12/31/2020		06/30/2020	
	Liabilities	Effect on income		Liabilities	Effect on income	
		(Expense)			(Expense)	
Accounts payable						
Geradora de Energia do Maranhão S.A	-	(10,170)	-	-	-	-
Fundação CEPISA de Seguridade Social	(36)	(1,184)				-
Total	(36)	(11,354)	-			-

	06/30/2021		12/31/2020		06/30/2020	
	Liabilities	Effect on income		Liabilities	Effect on income	
		(Expense)			(Expense)	
Payable under the judicial reorganization plan						
Centrais Elétricas Brasileiras S.A. Eletrobras (c)	(649,955)	(19,037)	(649,955)			(19,036)
Total	(649,955)	(19,037)	(649,955)			(19,036)

- (a) This refers to expenses incurred in the pre-operational phase of the transmission companies;
- (b) Amounts arising from the direct or indirect acquisition of credits included in the Court-supervised Reorganization Plan of the indirect subsidiary Equatorial Pará; and
- (c) On December 1st, 2014, the Belém 13th Civil Court Judge decreed, based on Articles 61 and 63 of Law No. 11,102/05, after a decision by the Court Administrator and the Public Prosecutor, the end of the indirect subsidiary Equatorial Pará in-court reorganization plan. These obligations only cease to exist when fully complied with Centrais Elétricas Brasileiras S.A.- Eletrobras holds approved receivables amounting to R\$ 423,463, which will be settled as follows: (i) grace period for payment of principal and interest until August 2019, with capitalized interest; (ii) interest of 6% p.a. paid on a semi-annual basis as from the last day of September 2019, and levied on the principal balance; and (iii) payment of principal: (iii.a) from March 2027 through September 2030, amortization corresponding to 5% p.a. of principal in semi-annual installments; (iii.b) from March 2031 through September 2033, amortization corresponding to 10% p.a. of principal p.a., in semi-annual installments; (iii.c) in September 2034, the balance of 50% (fifty per cent) of the principal amount. (Note 19).

Key management personnel compensation

The key management personnel include the Board of Directors, the CEO and Chief Officers. Their compensation was set at up to R\$ 20,500, as per the Annual General Meeting held on April 30, 2021 (R\$ 26,600 on May 22, 2020).

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

As at June 30, 2021 and December 31, 2020, the Company and its subsidiaries do not provide any compensation for its key management personnel in the category of 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.

Executive directors are entitled to stock option plans and share-based payments. Maturity dates and strike prices of the stock options purchased by executive directors and additional detailed information on the plan are presented in Note 23.7 – Stock option plans.

Proportion of each constituent of overall compensation, related to period ended June 30, 2021, paid by the Company:

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

	Board of Directors	%	Statutory Executive Board	%	Total
Number of members	8	-	6	-	14
Annual Fixed Compensation	2,743	100%	900	12%	3,643
Salaries or management fees	2,286	83%	720	10%	3,006
Direct and indirect benefits	-	-	36	0%	36
Other (Employer's INSS)	457	17%	144	2%	601
Variable compensation	-	-	5,520	74%	5,520
Bonus	-	-	4,600	62%	4,600
Other (INSS Company)	-	-	920	12%	920
Share-based payments	-	-	1,058	14%	1,058
Total compensation by board	2,743	100%	7,478	100%	10,221

Guarantees

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

10 Investments

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

		Parent Company		Consolidated	
		06/30/2021	12/31/2020	06/30/2021	12/31/2020
Appraised by equity accounting:					
Equatorial Distribuição	90.15%	4,913,327	4,629,987	-	-
Equatorial Piauí	94.47%	1,328,683	1,183,069	-	-
Equatorial Alagoas	96.37%	1,364,928	1,159,620	-	-
Geradora de Energia do Maranhão	25.00%	125,621	112,292	125,621	112,292
Equatorial Serviços	100.00%	145,783	143,541	-	-
Equatorial Transmissão	100.00%	2,245,674	3,079,946	-	-
INTESA	100.00%	295,201	314,595	-	-
Equatorial Participações	100.00%	1,350	-	-	-
Subtotal		10,420,567	10,623,050	125,621	112,292
Other investments		-	-	43,487	17,732
Total		10,420,567	10,623,050	169,108	130,024

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

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

	12/31/2020	Paid-up capital	Capital reduction	Additional dividends	Share of profit (loss) of equity-accounted investees	Concession right amortization	Other comprehensive income	Stock options	06/30/2021
Subsidiaries									
Equatorial									
Distribuição	4,629,987	-	-	(238,586)	511,876	-	1,319	8,731	4,913,327
Equatorial Piauí	1,183,069	-	-	-	169,973	(26,961)	1,119	1,483	1,328,683
Equatorial Alagoas	1,159,620	-	-	(6,904)	229,615	(19,202)	-	1,799	1,364,928
Geradora de Energia do Maranhão	112,292	-	-	(11,305)	24,634	-	-	-	125,621
Equatorial Serviços	143,541	-	-	-	1,317	-	-	925	145,783
Equatorial Transmissão	3,079,946	-	(750,000)	(174,184)	88,714	-	-	1,198	2,245,674
INTESA	314,595	-	-	(44,169)	27,094	(2,319)	-	-	295,201
Equatorial Participações	-	1,350	-	-	-	-	-	-	1,350
Total	10,623,050	1,350	(750,000)	(475,148)	1,053,223	(48,482)	2,438	14,136	10,420,567

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

10.2 Information about the subsidiaries and joint ventures - Consolidated

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

	Statement of financial position						Results in 06/30/2021					
	Interest	Current		Noncurrent		Equity	Operational expenses	Net income Gross	Revenue/ expenses operational	Financial Net income	Tax Contribution	Net income
		Corporate	Assets	Liabilities	Assets							
Balances at 06/30/2021												
Equatorial Distribuição	90.1500%	1,109	34	5,443,822	-	5,444,897	-	-	567,844	(9)	-	567,835
Equatorial Piauí	94.4737%	2,598,976	2,059,575	2,551,387	3,171,368	(80,580)	1,202,136	381,347	(142,796)	(32,776)	(25,027)	180,748
Equatorial Alagoas Geradora de Energia do Maranhão	96.3666%	1,616,970	920,712	1,681,259	2,016,028	361,489	1,204,334	387,936	(133,650)	1,765	(19,720)	236,331
Equatorial Serviços	25.0000%	274,321	216,372	542,431	144,437	455,943	383,673	134,302	(11,839)	(6,458)	(17,469)	98,536
Equatorial Transmissão	100.0000%	66,545	12,875	94,641	2,529	145,782	40,543	23,832	(17,115)	152	(2,987)	3,882
INTESA	100.0000%	243,882	210,489	3,026,161	813,878	2,245,676	-	-	106,550	(17,836)	-	88,714
Equatorial Participações	100.0000%	287,737	99,003	815,825	778,144	226,415	56,998	49,114	(2,712)	(14,263)	(5,045)	27,094
	100.0000%	1,350	-	-	-	1,350	-	-	-	-	-	-
		<u>5,090,890</u>	<u>3,519,060</u>	<u>14,155,526</u>	<u>6,926,384</u>	<u>8,800,972</u>	<u>2,887,684</u>	<u>976,531</u>	<u>366,282</u>	<u>(69,425)</u>	<u>(70,248)</u>	<u>1,203,140</u>

	Statement of financial position						Results in 12/31/2020					
	Interest	Current		Noncurrent		Equity	Revenue net	Net income Gross	Revenue/ expenses operational	Net income Financial Net	Tax Contribution capital	Net income price
		Corporate	Assets	Liabilities	Assets							
Balances in 12/31/2020												
Equatorial Distribuição	90.1500%	111,879	88,270	5,107,928	-	5,131,537	-	-	1,132,348	115	-	1,132,463
Equatorial Piauí	94.4737%	2,334,535	1,831,400	2,875,968	3,643,100	(263,997)	2,583,489	730,462	(25,873)	(55,137)	(30,052)	619,400
Equatorial Alagoas Geradora de Energia do Maranhão	96.3666%	1,837,604	1,300,545	2,470,911	2,877,446	130,524	2,122,930	621,203	(156,964)	(10,775)	(174)	453,290
Equatorial Serviços	25.0000%	218,600	195,419	548,052	168,607	402,626	373,927	191,041	(16,908)	(14,510)	(24,662)	134,961
Equatorial Transmissão	100.0000%	91,484	40,230	94,024	1,737	143,541	160,069	60,533	35,584	501	(16,759)	79,859
INTESA	100.0000%	17,668	28,684	3,090,962	-	3,079,946	-	-	955,659	3	-	955,662
	100.0000%	243,870	59,471	829,355	770,263	243,491	120,947	47,760	(3,181)	(19,249)	1,163	26,493
		<u>4,855,640</u>	<u>3,544,019</u>	<u>15,017,200</u>	<u>7,461,153</u>	<u>8,867,668</u>	<u>5,361,362</u>	<u>1,650,999</u>	<u>1,920,665</u>	<u>(99,052)</u>	<u>(70,484)</u>	<u>3,402,128</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

10.3 Reconciliation of capital expenditure

06/30/2020								
Subsidiaries	Interest	Equity of subsidiary	Net income	Equity income	Investment value	Intangible concession assets (a)	Stock Options	Total investment
Equatorial Distribuição	90.15%	5,444,897	567,835	511,876	4,908,309	-	5,018	4,913,327
Equatorial Piauí	94.47%	(80,580)	180,748	169,973	(76,127)	1,404,422	388	1,328,683
Equatorial Alagoas	96.37%	361,489	236,331	229,615	348,355	1,016,267	306	1,364,928
Geradora de Energia do Maranhão	25.00%	455,943	98,536	24,634	113,986	11,635	-	125,621
Equatorial Serviços	100.00%	145,782	3,882	1,317	145,782	-	1	145,783
Equatorial Transmissão	100.00%	2,245,676	88,714	88,714	2,245,673	-	1	2,245,674
INTESA	100.00%	226,415	27,094	27,094	226,416	68,785	-	295,201
Equatorial Participações	100.00%	1,350	-	-	1,350	-	-	1,350
		<u>8,800,972</u>	<u>1,203,140</u>	<u>1,053,223</u>	<u>7,913,744</u>	<u>2,501,109</u>	<u>5,714</u>	<u>10,420,567</u>
12/31/2020								
Subsidiaries	Interest	Equity of subsidiary	Net income	Equity income	Investment value	Intangible concession assets (a)	Stock Options	Total investment
Equatorial Distribuição	90.15%	5,131,537	1,132,463	1,020,860	4,625,830	-	4,157	4,629,987
Equatorial Piauí	94.47%	(263,997)	619,400	590,479	(249,408)	1,432,170	307	1,183,069
Equatorial Alagoas	96.37%	130,524	453,290	440,485	125,778	1,033,598	244	1,159,620
Geradora de Energia do Maranhão	25.00%	402,626	134,961	33,740	100,657	11,635	-	112,292
Equatorial Serviços	100.00%	143,540	79,859	79,859	143,541	-	-	143,541
Equatorial Transmissão	100.00%	3,079,948	955,662	955,662	3,079,946	-	-	3,079,946
Equatorial Distribuição	90.15%	5,131,537	1,132,463	1,020,860	4,625,830	-	4,157	4,629,987
INTESA	100.00%	243,491	26,493	26,494	243,491	71,104	-	314,595
		<u>8,867,669</u>	<u>3,402,128</u>	<u>3,147,579</u>	<u>8,069,835</u>	<u>2,548,507</u>	<u>4,708</u>	<u>10,623,050</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 June 30, 2021
(In thousands of Reais)

11 Concessions (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:

	12/31/2020	Indexation of financial assets (a)	Transfers of contract assets (b)	06/30/20201
Financial assets – Distribution	7,735,970	275,859	407,282	8,419,111
Special obligations Distribution (c)	(2,070,048)	(98,020)	(111,785)	(2,279,853)
Total	5,665,922	177,839	295,497	6,139,258

- (a) For a better estimate of the indemnity upon the termination of the concession of the energy distribution subsidiaries, 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;
- (b) Denotes the transfers of contract assets to concession financial assets and intangible assets; 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 June 30, 2021
 (In thousands of Reais)

12 Intangible assets (Consolidated)

Intangible assets are comprised as follows:

	Annual rates	06/30/2021			Net
		Cost	Amortization	(-) Obligations linked to the concession	
Distribution					
In service - Distribution	4.33%	<u>16,135,324</u>	<u>(8,093,623)</u>	<u>(2,139,648)</u>	<u>5,902,053</u>
Concession right					
Concession right – Equatorial Maranhão (a)	3.33%	<u>291,810</u>	<u>(148,318)</u>	-	<u>143,492</u>
Concession right – Equatorial Pará (a)	3.33%	<u>172,905</u>	<u>(165,017)</u>	-	<u>7,888</u>
Concession right -Equatorial Alagoas (a)	3.33%	<u>1,196,831</u>	<u>(90,966)</u>	-	<u>1,105,865</u>
Concession right – Equatorial Piauí (a)	3.33%	<u>1,714,448</u>	<u>(159,051)</u>	-	<u>1,555,397</u>
Subtotal		<u>3,375,994</u>	<u>(563,352)</u>	-	<u>2,812,642</u>
Other		<u>11,821</u>	<u>(450)</u>	-	<u>11,371</u>
Subtotal		<u>19,523,139</u>	<u>(8,657,425)</u>	<u>(2,139,648)</u>	<u>8,726,066</u>
Transmission					
In service – Transmission (Grant right)	4.34%	<u>9,024</u>	<u>(1,832)</u>	-	<u>7,192</u>
In course – Transmission		<u>2,642</u>	-	-	<u>2,642</u>
Concession right					
Concession right - INTESA (a)	3.33%	<u>80,378</u>	<u>(11,593)</u>	-	<u>68,785</u>
Subtotal		<u>92,044</u>	<u>(13,425)</u>	-	<u>78,619</u>
Total		<u>19,615,183</u>	<u>(8,670,850)</u>	<u>(2,139,648)</u>	<u>8,804,685</u>

	Annual rates	12/31/2020			Net
		Cost	Amortization	(-) Obligations linked to the concession	
Distribution					
In service - Distribution	4.32%	<u>15,799,421</u>	<u>(7,654,070)</u>	<u>(2,196,067)</u>	<u>5,949,284</u>
Concession right					
Concession right – Equatorial Maranhão (a)	3.33%	<u>291,810</u>	<u>(140,491)</u>	-	<u>151,319</u>
Concession right – Equatorial Pará (a)	3.33%	<u>172,905</u>	<u>(164,363)</u>	-	<u>8,542</u>
Concession right -Equatorial Alagoas (a)	3.33%	<u>1,196,831</u>	<u>(71,042)</u>	-	<u>1,125,789</u>
Concession right – Equatorial Piauí (a)	3.33%	<u>1,714,448</u>	<u>(130,511)</u>	-	<u>1,583,937</u>
Subtotal		<u>3,375,994</u>	<u>(506,407)</u>	-	<u>2,869,587</u>
Other		<u>10,455</u>	<u>(440)</u>	-	<u>10,015</u>
Subtotal		<u>19,185,870</u>	<u>(8,160,917)</u>	<u>(2,196,067)</u>	<u>8,828,886</u>
Transmission					
In service – Transmission (Grant right)	4.34%	<u>9,024</u>	<u>(1,703)</u>	-	<u>7,321</u>
In course – Transmission		<u>1,542</u>	-	-	<u>1,542</u>
Concession right					
Concession right - INTESA (a)	3.33%	<u>80,378</u>	<u>(9,274)</u>	-	<u>71,104</u>
Subtotal		<u>90,944</u>	<u>(10,977)</u>	-	<u>79,967</u>
Total		<u>19,276,814</u>	<u>(8,171,894)</u>	<u>(2,196,067)</u>	<u>8,908,853</u>

* Weighted average annual depreciation rates (%)

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

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

Change in intangible assets

Distribution	12/31/2020	Others	Additions	Transfers (a)	
				Contract assets	06/30/2021
In service	15,799,421	(29,151)	-	370,254	16,140,524
(-) Amortization	(7,654,070)	9,535	(449,088)	-	(8,093,623)
Total in service	8,145,351	(19,616)	(449,088)	370,254	8,046,901
Special obligations (b)	(4,070,209)	6,357	-	(63,461)	(4,127,313)
(-) Amortization	1,874,142	-	108,323	-	1,982,465
Total special obligations	(2,196,067)	6,357	108,323	(63,461)	(2,144,848)
Other	2,879,602	-	(55,589)	-	2,824,013
Total Distribution	8,828,886	(13,259)	(396,354)	306,793	8,726,066

Transmission	12/31/2020	Others	Additions	Transfers (a)	
				Contract assets	06/30/2021
In service	1,320	-	-	-	1,320
(-) Amortization	(702)	-	-	-	(702)
Total in service	618	-	-	-	618
In progress	1,542	-	1,100	-	2,642
Concession right	80,378	-	-	-	80,378
(-)Amortization	(9,274)	-	(2,319)	-	(11,593)
Total concession right	71,104	-	(2,319)	-	68,785
Others	6,703	-	(129)	-	6,574
Total Transmission	79,967	-	(1,348)	-	78,619
Total intangible	8,908,853	(13,259)	(397,702)	306,793	8,804,685

- (a) Denotes the transfers (bifurcation) of contract assets to intangible assets in service and concession financial assets;
- (b) Special obligations substantially refer to funds from the Federal, State and Municipal Governments and consumer shares linked to utility concession investments; and
- (c) The negative net amount of R\$ 19,616, which impacted the balance of intangible assets in service, refers to the reclassification for investments and the net amount of R\$ 6,357, which impacted special obligations, refers to restatement of the balances of special obligations arising from the subrogation of the CCC. Through Ratifying Resolution, ANEEL approved the classification of isolated plants in the concession area in the benefits of CCC Subrogation/Special Obligations. In compliance with the MCSE and article 38 of Ruling No. 801/2017, the Company recorded the restatement of the subsidized balance using CCC funds in accounts related to the group of special obligations.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

13 Contractual assets (Consolidated)

The Group's contractual assets are constituted as follows:

	06/30/2021						Net
	Cost	Write-off of RAP	(-)Obligations related to the concession	Contract asset adjustment	Construction contract	Operation and maintenance revenue (O&M)	
Distribution	2,032,798	-	(992,954)	-	-	-	1,039,844
Transmission	9,984,290	(529,614)	-	320,395	385,656	12,774	10,173,501
Total	12,017,088	(529,614)	(992,954)	320,395	385,656	12,774	11,213,345
Current							1,196,400
Noncurrent							10,016,945

	12/31/2020						Net
	Cost	Write-off of RAP	(-) Obligations related to the concession	Contract asset adjustment	Construction contract	Operation and maintenance revenue (O&M)	
Distribution	1,942,174	-	(853,251)	-	-	-	1,088,923
Transmission	7,399,369	(493,745)	-	1,221,130	1,835,761	21,775	9,984,290
Total	9,341,543	(493,745)	(853,251)	1,221,130	1,835,761	21,775	11,073,213
Current							708,900
Noncurrent							10,364,313

Change in contractual assets - Distribution

	Transfers (a)						
	12/31/2020	Additions (b)	Write-offs	Intangible		Others	06/30/2021
				Assets	Financial Assets		
In progress	1,942,174	877,115	(2,015)	(370,254)	(407,282)	(6,940)	2,032,798
Special obligation (b)	(853,251)	(165,060)	435	63,461	111,785	(150,324)	(992,954)
Total distribution	1,088,923	712,055	(1,580)	(306,793)	(295,497)	(157,264)	1,039,844

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Change in contractual assets - Transmission

	12/31/2020	Construction margin	Contract asset remuneration	RAP Realization	O&M Revenue	Contractual asset – gain/loss on realization	06/30/2021
In progress	9,836,817	378,630	43,413	-	-	(397,125)	9,861,735
In service	147,473	7,026	674,107	(529,614)	12,774	-	311,766
Total transmission	9,984,290	385,656	717,520	(529,614)	12,774	(397,125)	10,173,501
Total contractual assets	11,073,213						11,213,345
Current	708,900						1,196,400
Noncurrent	10,364,313						10,016,945

- (a) Denotes the transfers (bifurcation) of contract assets to concession financial assets and intangible assets;
- (b) Special obligations substantially refer to funds from the Federal, State and Municipal Governments and consumer shares linked to utility concession investments; and
- (c) Of the amount of R\$ 150,324 referring to special obligations, R\$ 149,598 refers to the costs incurred in interconnection works of isolated systems duly authorized through Resolutions No. 9499, 9500 and 9501 of December 8, 2020, whose credits originate from CCC subrogation against related obligations, of the indirect subsidiary Equatorial Pará.

The Company and its subsidiaries operating in the energy distribution business 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.

14 Trade payables

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current				
Electricity sales to distributors (a)	-	-	820,644	1,139,223
Electricity network usage charge	-	-	135,494	109,137
Materials and services (b)	1,297	33,007	705,971	934,914
Free electricity pass-through	-	-	19,950	19,607
Guarantees	-	-	-	28,120
Related-party transactions (c)	-	-	36	-
Provision for trade payables	-	-	41,265	32,293
Total	1,297	33,007	1,723,360	2,263,294
Noncurrent				
Materials and services	-	-	19,280	6,695
Total	-	-	19,280	6,695
Total	1,297	33,007	1,742,640	2,269,989

- (a) The variation in the period is due to the decrease in costs of operations with the CCEE - availability effect, effect of contracting guarantee quotas and financial exposure that are valued at PLD. In addition, decreasing expenses with energy contracts decreased due to reduction in the variation of the average payment price for the period;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

- (b) This composition is largely due to suppliers of materials and services, referring to operating costs and to investments in the infrastructure of the concession that the Company's direct and indirect subsidiaries make in the period, arising substantially from the decrease in the volume of works; and
- (c) Amounts related to transactions with related parties, as per note 9.

15 Loans and borrowings

15.1 Balance breakdown

	Guarantees	Average cost of the debt (% p.a.)	Consolidated 06/30/2021			Average cost of the debt (% p.a.)	Consolidated 12/31/2020		
			Principal and interest				Principal and interest		
			Current	Noncurrent	Total		Current	Noncurrent	Total
Foreign currency (USD)									
CCBI Citibank	-	2.58%	1,019,095	460,784	1,479,879	3.12%	400,433	1,258,982	1,659,415
Scotiabank	-	3.92%	3,444	765,067	768,511	4.48%	659	185,928	186,587
Total exchange currency		3.04%	<u>1,022,539</u>	<u>1,225,851</u>	<u>2,248,390</u>	3.26%	<u>401,092</u>	<u>1,444,910</u>	<u>1,846,002</u>
Domestic currency									
Elektrobras	Receivables Parent company collateral +	3.55%	526,784	1,250,810	1,777,594	3.74%	573,472	1,494,696	2,068,168
BNDES	Receivables + Investment + Share Pledge	12.74%	305,411	4,147,891	4,453,302	7.28%	369,266	3,834,380	4,203,646
Banco do Brasil	Parent company collateral + Statutory Lien	7.82%	46,153	636,749	682,902	4.10%	31,454	618,551	650,005
BNB	Parent company collateral + Investment + Share Pledge	8.13%	51,252	1,467,498	1,518,750	4.39%	43,685	1,426,501	1,470,186
Caixa Econômica Federal	Parent company collateral+ Receivables+ Investment	6.00%	10,556	52,119	62,675	6.00%	11,271	57,281	68,552
CCEE/RGR/ANEEL	Receivables	5.00%	-	980,785	980,785	5.00%	-	2,361,122	2,361,122
Santander	Parent company collateral	3.29%	211,796	580,000	791,796	3.79%	214,633	580,000	794,633
Promissory note	-	-	-	-	-	2.92%	585,778	-	585,778
Subtotal		8.63%	<u>1,151,952</u>	<u>9,115,852</u>	<u>10,267,804</u>	6.18%	<u>1,829,559</u>	<u>10,372,531</u>	<u>12,202,090</u>
(-) Arrangement costs			(2,745)	(29,645)	(32,390)		(1,361)	(21,721)	(23,082)
(-) Adjustment to present value (a)		13.76%	-	(613,233)	(613,233)	9.23%	-	(1,237,435)	(1,237,435)
Subtotal			<u>(2,745)</u>	<u>(642,878)</u>	<u>(645,623)</u>		<u>(1,361)</u>	<u>(1,259,156)</u>	<u>(1,260,517)</u>
Total local currency		9.41%	<u>1,149,207</u>	<u>8,472,974</u>	<u>9,622,181</u>	6.65%	<u>1,828,198</u>	<u>9,113,375</u>	<u>10,941,573</u>
Total		8.20%	<u>2,171,746</u>	<u>9,698,825</u>	<u>11,870,571</u>	6.71%	<u>2,229,290</u>	<u>10,558,285</u>	<u>12,787,575</u>

As of June 30, 2020, the amounts in consolidated loans and financing have an average cost of 8.20% p.a., equivalent to 359.75% of the CDI rate (6.71% p.a., equivalent to 241.93% of the CDI rate at December 31, 2020), considering the cost of foreign currency debts, the cost of the swap payables in CDI + *spread*.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

15.2 Debt amortization schedule

At June 30, 2021 the installment payments under the primary loans and financing agreements were as follows:

Consolidated

	06/30/2021	
	Amount	%
Current	<u>2,171,746</u>	<u>18%</u>
2022	646,817	5%
2023	1,846,325	16%
2024	1,449,413	12%
2025	886,168	8%
2025 onwards	<u>5,512,980</u>	<u>46%</u>
Subtotal	<u>10,341,703</u>	<u>87%</u>
Arrangement costs/Adjustment to present value (Noncurrent)	(642,878)	(5%)
Noncurrent	<u>9,698,825</u>	<u>82%</u>
Total	<u>11,870,571</u>	<u>100%</u>

15.3 Change in debt

Changes in balances of loans and financing are as follows:

Consolidated

	Domestic currency		Foreign currency (USD)		Total
	Current liabilities	Noncurrent liabilities	Current liabilities	Noncurrent liabilities	
Balances as of December 31, 2020	<u>1,828,198</u>	<u>9,113,375</u>	<u>401,092</u>	<u>1,444,910</u>	<u>12,787,575</u>
Inflows (a)	-	469,434	-	650,000	1,119,434
Charges	155,486	163,841	14,484	-	333,811
Monetary and exchange variance	27,545	166,958	145,702	(294,393)	45,812
Transfers	617,558	(617,558)	574,666	(574,666)	-
Amortization of principal	(1,229,719)	-	(101,270)	-	(1,330,989)
Interest payments	(267,740)	-	(12,135)	-	(279,875)
Arrangement costs (b)	1,236	(10,547)	-	-	(9,311)
Present value adjustment	16,643	607,561	-	-	624,204
Extinction of the payment obligation – Law No. 14120/21 (d)	-	(1,420,090)	-	-	(1,420,090)
Balances as of June 30, 2021	<u>1,149,207</u>	<u>8,472,974</u>	<u>1,022,539</u>	<u>1,225,851</u>	<u>11,870,571</u>

(a) **Equatorial Maranhão:** On February 19, 2021, Equatorial Maranhão raised a loan in foreign currency with Scotiabank in the amount of US\$66,500, equivalent to R\$350,000 with 100% SWAP hedging of the currency exposure at the rate of CDI+1.65% p.a., subject to semiannual interest and 50% repayment at the end of the 3rd year, and 50% in the 4th year, on February 19, 2025. On March 30, 2021, the first release of the loan taken out with BNDES received for financing of investments from 2021 to 2023, of R\$106,623, subject to interest based on IPCA+4.11% p.a., quarterly interest as from June 15, 2021, and repayment as from January 17, 2028, maturing on September 15, 2040;

Equatorial Pará: On June 10, 2021, the final release of the contract with BNDES 18/19/20 occurred, in the amount of R\$ 70,025, the funds of which will be used for investments of Equatorial Pará, subject to IPCA + 4.81 p.a. and final maturity on April 15, 2028. On March 30, 2021, the 1st release relating to BNDES 21/22/23 agreement took place, amounting to R\$ 27,608 (subcredit A) and R\$ 87,906 (subcredit B), took place, to be allocated to investments made by Equatorial Pará, subject to IPCA + 4.11% p.a. and final maturity on September 15, 2040;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Equatorial Alagoas: On January 28, 2021, the first release of the agreement with BNDES for investments from 21 to 23 was made, in the amount of R\$81,500, the funds of which will be used to carry out the Equatorial Alagoas' investments, at a cost of IPCA + 4.43% p.a. and final maturity on May 15, 2040. On March 12, 2021, the fourth release of the agreement with BNDES for investments between 19 and 20 was made, in the amount of R\$22,037, the funds of which will be used to carry out the Equatorial Alagoas' investments, at a cost of IPCA + 3.93% p.a. and final maturity on October 15, 2039; and

Equatorial Piauí: On January 28, 2021, a financing agreement was entered into with BNDES, in the amount of R\$54,500. These resources are intended for investments from 2021 to 2023, at a cost of IPCA + 4.43% p.a. with final maturity on May 15, 2040. On April 26, 2021, the financing agreement with Scotiabank was signed, in the amount of R\$ 300,000. The funds are intended for working capital of Equatorial Piauí, at a cost of CDI + 1.77% p.a., with final maturity on April 27, 2026. On June 29, 2021, the fourth release of the financing agreement with BNDES occurred, in the amount of R\$ 19,235. The funds are intended for investment at Equatorial Piauí, at a cost of PCA + 3.93% p.a., with final maturity in October 2039.

- (b) Refers to changes in funding costs, when positive means amortization and when negative, addition.
- (c) The amount of R\$ 607,561 refers to reversal of the residual balance of the PVA of the debt of CCEE, which was extinguished by Law No. 14120/21, in the subsidiary Equatorial Alagoas; and
- (d) On March 1, 2021, Law No. 14120/21 extinguished the obligation to pay the RGR loan, corresponding to the portion entitled to tariff recognition and that has not been subject to discount, pursuant to the bidding notice referred to in paragraphs 1-A and 1-C, article 8 of Law No. 12783, of January 11, 2013. In this regard, the amounts of R\$ 1,275,391 for the subsidiary Equatorial Alagoas and of R\$ 144,699 for the subsidiary Equatorial Piauí were offset with the corresponding amount of the sector financial asset.

15.4 Covenants and guarantees for loans and financing

Loans and financing contracted by the Company's subsidiaries Equatorial Piauí, Equatorial Alagoas, Intesa and indirect subsidiaries Equatorial Maranhão, Equatorial Pará, Transmission Companies 1, 2, 3, 4, 5, 6, 7 and 8 have financial guarantees (real and personal) and non-financial and financial covenants, the noncompliance of which in the calculation period may result in the early maturity of the contracts. In the year ended June 30, 2021, the Company's subsidiaries remained within the limits of the financial covenants established in the contracts, as shown below:

Indirect subsidiaries

Equatorial Maranhão

Loan Covenants	BNDES III
1 st Net debt/EBITDA : <=3.0	0.7
2 nd Net debt/(Net debt + SE) : <=0.7	0.2

Loan Covenants	BNDES IV
1 st Net debt/EBITDA : <=3.5	0.7
2 nd Net debt/(Net debt + SE) : <=0.7	0.2

Loan Covenants	Scotiabank
1 st Net debt/EBITDA : <=3.5	0.7
1 st EBITDA /Net financial expense: > 1.5	19.1

Equatorial Pará

Loan Covenants	Santander
1 st Net debt/EBITDA : <= 3.5	1.3

Loan Covenants	BNDES
1 st Net debt/EBITDA : <=3.75	1.4
2 nd Net Debt/(Net Debt + SE) : <=0.7	0.4

Loan Covenants	Citibank I
1 st Net debt/EBITDA : <= 3.75	1.4
2 nd EBITDA/ Finance income (costs) > 2.0	6.3

Loan Covenants	Citibank II
1 st Net debt/EBITDA : <= 4.0	1.4

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

Direct subsidiaries

Equatorial Alagoas

Loan Covenants	BNDES
1st Net debt/ EBITDA :<=3.75	1.5

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

Equatorial Piauí

Loan Covenants	BNDES	Scotiabank	Citibank	Santander
1 st Net debt/EBITDA :<=4.5	1.9	1.9	1.9	1.9

Equatorial Alagoas

Loan Covenants	Santander
1 st Net debt/EBITDA :<=4,5	1.3

The indicators (Note 15 – Loans and Financing) faithfully follow the concepts of contractual net debt and contractual EBITDA, as agreed upon and recorded in the contract documents. This information is solely aimed at disclosing the indicators computed in conformity with the definitions hereunder. There are no significant concept differences between the indicators mentioned and the accounting definitions of net debt and EBITDA.

In the period ended June 30, 2021, the Company remained in compliance with all obligations and within the limits established in the contracts.

16 Debentures

16.1 Change in debt

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

Parent Company

	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2020	<u>3,161</u>	<u>562,926</u>	<u>566,087</u>
Charges	12,022	-	12,022
Monetary variance	-	5,019	5,019
Transfers	(594)	594	-
Interest payments	(7,190)	-	(7,190)
Arrangement costs (a)	<u>594</u>	<u>-</u>	<u>594</u>
Balances as of June 30, 2021	<u>7,993</u>	<u>568,539</u>	<u>576,532</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2019	11,622	1,252,232	1,263,854
Charges	32,563	-	32,563
Monetary variance	-	4,996	4,996
Transfers	693,748	(693,748)	-
Amortization of principal	(695,500)	-	(695,500)
Interest payments	(41,028)	-	(41,028)
Arrangement costs	1,756	(554)	1,202
Balances as of December 31, 2020	3,161	562,926	566,087

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

As of June 30, 2021, the Company has two current issues.

Parent Company	Issuance	Feature	Series	Issuance value	Nominal cost	Date of issue	Final maturity	At June 30, 2021	
								Balance net of borrowing cost	Effective cost
	2 ^a	(1)/(3)(4)(5)	2 ^a	104,500	IPCA + 5.77% p.a.	Dez/17	Nov/24	124,217	14.60%
	3 ^a	(1)/(3)(4)	Single	448,400	CDI + 1.3% p.a.	Oct/18	Oct/24	452,315	3.61%
								576,532	5.97%

- (1) Public simple debenture issuance
- (2) Private issue of junior debentures
- (3) Nonconvertible into shares
- (4) Unsecured type
- (5) Incentivized debentures

Consolidated

	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2020	883,076	4,117,327	5,000,403
Inflows (a)	-	800,000	800,000
Charges	113,699	-	113,699
Monetary variance	(2,865)	88,798	85,933
Transfers	361,027	(361,027)	-
Interest payments	(104,965)	-	(104,965)
Arrangement costs (b)	4,457	-	4,457
Balances as of June 30, 2021	1,254,429	4,645,098	5,899,527

	Current liabilities	Non-current liabilities	Total
Balances as of December 31, 2019	144,283	5,559,184	5,703,467
Charges	393,435	(20,038)	373,397
Monetary variance	(97,427)	16,350	(81,077)
Transfers	1,439,196	(1,439,196)	-
Amortization of principal	(786,398)	-	(786,398)
Interest payments	(218,161)	-	(218,161)
Arrangement costs (b)	8,148	1,027	9,175
Balances as of December 31, 2020	883,076	4,117,327	5,000,403

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

- (a) On April 6, 2021, the subsidiary Equatorial Transmissão carried out the first issue of debentures, with public issue of simple, nonconvertible, unsecured debentures, with restricted efforts in a single series, in the amount of R\$800,000, maturing in March 2026, at a contracted rate of IPCA + 4.92% p.a., and at the effective rate of 13.76% p.a. The resources will be fully allocated to investments in a transmission line project; and
- (b) Refers to changes in funding costs, when positive means amortization and when negative, addition.

At June 30, 2021 the Company's direct and indirect subsidiaries, including the parent company, accounted for sixteen issues in force.

Subsidiary	Issuance	Feature	Series	Issuance Value	Nominal Cost	Date of Issue	Final Maturity	At June 30, 2021	
								Balance net of borrowing cost	Effective cost
EQTL PA	2 ^a	(2)/(3)/(4)/(6)/(7)	1 st	60,000	IPCA + 8.04% p.a.	Dec/16	Jan/24	74,808	17.06%
EQTL PA	2 ^a	(2)/(3)/(4)/(6)/(7)	2 nd	23,000	IPCA + 7.00% p.a.	Dec/16	Jan/24	28,098	15.93%
EQTL PA (a)	3 ^a	(1)/(3)/(4)/(5)/(6)	1 st	199,069	IPCA + 6.70% p.a.	Dec/16	Dec/21	248,584	15.61%
EQTL PA (a)	3 ^a	(1)/(3)/(4)/(5)/(6)	2 nd	100,931	IPCA + 6.87% p.a.	Dec/16	Dec/23	125,746	15.79%
EQTL PA	5 ^a	(1)/(3)/(4)	1 st	543,033	CDI + 1.1% p.a.	Apr/18	Apr/23	544,138	3.40%
EQTL PA	5 ^a	(1)/(3)/(4)	2 nd	456,967	CDI + 1.30% p.a.	Apr/18	Apr/23	460,861	3.61%
EQTL MA (a)	7 ^a	(1)/(3)/(4)/(5)	1 st	155,000	IPCA + 5.48% p.a.	Oct/16	Oct/21	191,892	14.28%
EQTL MA (a)	7 ^a	(1)/(3)/(4)/(5)	2 nd	115,000	IPCA + 5.54% p.a.	Oct/16	Oct/23	144,972	14.35%
EQTL MA	8 ^a	(1)/(3)/(4)	1 st	500,000	107% do CDI	Sept/17	Sept/22	504,555	2.44%
EQTL PI	1 ^a	(1)/(3)/(4)	Single	400,000	109.8% do CDI	Dec/18	Dec/21	406,139	2.50%
EQTL PI	2 ^a	(1)/(3)/(4)	Single	620,000	CDI + 1.10% p.a.	May/19	May/23	622,116	3.40%
EQTL T	1 ^a	(1)/(3)/(4)/(5)	Single	800,000	IPCA + 4.92% p.a.	Mar/21	Mar/36	823,076	13.67%
SPE 1 (a)	1 ^a	(1)/(3)/(4)/(5)	Single	55,000	IPCA + 4.85% p.a.	Feb/19	Jan/33	60,642	13.60%
SPE 2 (a)	1 ^a	(1)/(3)/(4)/(5)	Single	45,000	IPCA + 4.85% p.a.	Feb/19	Jan/33	49,588	13.60%
SPE 3 (a)	1 ^a	(1)/(3)/(4)/(5)	1 st	45,000	IPCA + 4.80% p.a.	Feb/19	Jan/33	51,826	13.55%
SPE 3 (a)	1 ^a	(1)/(3)/(4)/(5)	2 nd	45,000	IPCA + 4.65% p.a.	Feb/19	Jan/34	51,956	13.39%
SPE 5 (a)	1 ^a	(1)/(3)/(4)/(5)	Single	66,000	IPCA + 4.85% p.a.	May/19	Apr/39	70,243	13.60%
SPE 7 (a)	2 ^a	(1)/(3)/(4)/(5)	2 nd	130,000	IPCA + 4.85% p.a.	May/19	Apr/39	144,122	13.60%
SPE 8 (a)	1 ^a	(1)/(3)/(4)/(5)	1 st	102,000	IPCA + 4.85% p.a.	Apr/19	Apr/39	104,546	13.60%
SPE 8 (a)	1 ^a	(1)/(3)/(4)/(5)	2 nd	87,000	IPCA + 4.85% p.a.	Apr/19	Apr/39	97,208	13.60%
INTESA	1 ^a	(1)/(3)/(4)/(5)	1 st	100,000	IPCA + 5.42% p.a.	Nov/18	Oct/25	115,329	14.22%
INTESA	2 ^a	(1)/(3)/(4)	1 st	250,000	109% do CDI	Mar/19	Mar/24	250,925	2.48%
INTESA	2 ^a	(1)/(3)/(4)	2 nd	150,000	CDI + 1.10% p.a.	Mar/19	Mar/26	151,625	3.40%
								5,322,995	5.94%

- (1) Public simple debenture issuance;
 (2) Private simple debenture issuance;
 (3) Nonconvertible into shares;
 (4) Unsecured type;
 (5) Incentivized debentures;
 (6) Additional personal guarantee; and
 (7) Additional security interest.

- (a) The total amount of funds obtained was invested in accordance with the contracts.

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, 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, and all funds obtained were used by the Company and its subsidiaries for this purpose.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

16.2 Debt amortization schedule

Parent Company

	<u>06/30/2021</u>	
Maturity	Amount	%
Current	<u>7,993</u>	<u>1%</u>
2023	61,476	11%
2024	509,876	88%
Noncurrent	<u>571,352</u>	<u>99%</u>
Arrangement costs (noncurrent)	<u>(2,813)</u>	<u>0%</u>
Total noncurrent	<u>568,539</u>	<u>99%</u>
Total	<u>576,532</u>	<u>100%</u>

Consolidated

	<u>06/30/2021</u>	
Maturity	Amount	%
Current	<u>1,254,429</u>	<u>21%</u>
2022	500,000	8%
2023	1,715,227	29%
2024	854,864	14%
2025	134,941	2%
2025 onwards	<u>1,471,829</u>	<u>27%</u>
Noncurrent	<u>4,676,861</u>	<u>80%</u>
Arrangement costs (noncurrent)	<u>(31,763)</u>	<u>(1%)</u>
Total noncurrent	<u>4,645,098</u>	<u>79%</u>
Total	<u>5,899,527</u>	<u>100%</u>

16.3 Covenants

The debentures contracted by the Company and its subsidiaries have covenants and financial guarantees (Unsecured type), whose non-compliance during the calculation period, may result in the early maturity of the contracts.

In the period ended June 30, 2021, the Company and its subsidiaries remained within the limits stipulated in the contracts, as follows:

Equatorial Pará

Covenants debentures

1st Net Debt/ EBITDA: <3.5

2nd EBITDA/Net financial expense: >2

2nd debentures

1.4

6.1

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

<i>Covenants debentures</i>	3rd debentures
1 st Net Debt/ EBITDA: <3.5	1.3
2 nd EBITDA/Net financial expense: >=1.5	6.3

<i>Covenants debentures</i>	5th debentures
1 st Net Debt/ EBITDA : <=4	1.3

Equatorial Maranhão

<i>Covenants debentures</i>	7th debentures	8th debentures
1 st Net Debt/ EBITDA : <=3.25	0.7	0.7
2 nd EBITDA/Net financial expense: >=1.5	19.0	19.0

Equatorial Energia

<i>Covenants debentures</i>	2nd debentures
1 st Net Debt/ EBITDA : <=4.0	1.9

<i>Covenants debentures</i>	3rd debentures
1 st Net Debt/ EBITDA : <=4.5	1.9

INTESA

<i>Covenants debentures</i>	1st debentures	2nd debentures
1 st Net Debt/ EBITDA : <=4.5	3.9	3.9

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>	SPE 01	SPE 02	SPE 03	SPE 05	SPE 07	SPE 08	EQTL PI
1 st Net Debt/ EBITDA : <=4.5	1.9	1.9	1.9	1.9	1.9	1.9	1.9

The indicators (Note 16 – Debentures) faithfully follow the concepts of contractual net debt and contractual EBITDA, as agreed upon and recorded in the contract documents. This information is solely aimed at disclosing the indicators computed in conformity with the definitions hereunder. There are no significant concept differences between the indicators mentioned and the accounting definitions of net debt and EBITDA.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

17. Taxes and contributions payable

	Parent Company		Consolidated	
	06/30/2021	12/31/2020	06/30/2021	12/31/2020
Current				
ICMS	-	-	279,612	306,030
ICMS financing (a)	-	-	19,985	19,744
Federal financing	2,338	2,338	8,257	8,223
PIS and COFINS (b)	43	52	58,096	185,182
PIS and COFINS financing	-	-	20,628	20,430
Social charges and other	280	354	28,649	28,976
ISS	2	19	13,467	21,904
Other	-	-	2,394	5,585
Total	<u>2,663</u>	<u>2,763</u>	<u>431,088</u>	<u>596,074</u>
Noncurrent				
ICMS	-	-	122,956	122,956
FGTS financing	-	-	2,137	2,024
PIS and COFINS financing	-	-	9,704	19,825
Federal financing	-	-	18,265	20,977
ICMS financing (a)	-	-	55,441	64,188
ISS	-	-	5,301	4,395
Total	<u>-</u>	<u>-</u>	<u>213,804</u>	<u>234,365</u>
Total of taxes and contributions payable	<u>2,663</u>	<u>2,763</u>	<u>644,892</u>	<u>830,439</u>

(a) Balances referring to subsidiaries Equatorial Pará and Equatorial Alagoas in the amount of R\$ 55,692 and R\$ 19,734, respectively, at June 30, 2021 (R\$ 60,846 and R\$ 23,086, respectively, at December 31, 2020); and

(b) The variation in the period is mainly due to realization of deferred PIS/COFINS on CVA in the amount of R\$ 76,561, in the subsidiary Equatorial Alagoas as of December 31, 2020.

ICMS financing payment schedule

	06/30/2021	
	Amount	%
Current	<u>19,985</u>	<u>26%</u>
2022	10,542	14%
2023	13,033	17%
2024	13,033	17%
2025	4,298	6%
2025 onwards	<u>14,535</u>	<u>20%</u>
Noncurrent	<u>55,441</u>	<u>74%</u>
Total ICMS financing	<u>75,426</u>	<u>100%</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

18. Deferred income and social contribution taxes

18.1 Composition of deferred income and social contribution taxes

	<u>06/30/2021</u>	<u>12/31/2020</u>
Assets of:		
Tax loss	71,521	108,127
Negative basis	38,435	51,122
	<u>109,956</u>	<u>159,249</u>
Temporary differences		
Provision for contingencies	233,139	228,885
Provision for impairment in trade accounts receivable	411,759	370,504
Provision for profit-sharing	23,505	24,148
Construction cost – CPC 47/IFRS 15	2,485,932	2,155,392
Leases – CPC 06 (R2) /IFRS 16	4,428	2,944
Actuarial provision	30,344	26,333
Swap	39,588	4,022
Reimbursable AIC's	38,868	38,868
Intangible assets – Concession - Acquisition Equatorial Pará	48,572	48,473
Contingencies and debt charges - Acquisition Equatorial Pará, Alagoas e Piauí	61,870	62,441
Restatement of financial asset VNR and AVP	11,442	7,628
Other temporary differences	35,743	28,701
	<u>3,425,190</u>	<u>2,998,339</u>
 Total	 <u>3,535,146</u>	 <u>3,157,588</u>
 Credit liabilities on:		
Temporary differences		
Accelerated depreciation	(601,963)	(620,462)
Provision for contingencies	(52,357)	(20,989)
Reversal of expected losses due to impairment of accounts receivable	(106,748)	(105,903)
Restatement of financial asset VNR and AVP	(644,435)	(587,211)
SWAP	(117,151)	(141,868)
Construction Revenue – CPC 47/IFRS 15	(3,845,751)	(3,474,286)
Lease - CPC 06(R2)/IFRS 16	(2,838)	(2,110)
Provision for profit sharing	(9,372)	(4,228)
Actuarial provision	(12,984)	(12,985)
Revaluation of concession assets	(37,751)	(41,192)
Other temporary differences	(88,460)	(62,104)
Total	<u>(5,519,810)</u>	<u>(5,073,338)</u>
 Total deferred tax liabilities recorded	 <u>(1,984,664)</u>	 <u>(1,915,750)</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

18.2 Change in deferred taxes

	12/31/2020	Net income	06/30/2021	Deferred tax assets	Deferred tax liabilities
IRPJ tax losses	108,127	(36,606)	71,521	71,521	-
Negative base – CSLL	51,122	(12,687)	38,435	38,435	-
Provision for contingencies	207,896	(27,114)	180,782	233,139	(52,357)
Provision for pension fund	264,601	40,410	305,011	411,759	(106,748)
Provision for profit-sharing	19,920	(5,787)	14,133	23,505	(9,372)
Construction cost – CPC 47/IFRS 15	2,155,392	330,540	2,485,932	2,485,932	-
Construction revenue – CPC 47/IFRS 15	(3,474,286)	(371,465)	(3,845,751)	-	(3,845,751)
Leases – CPC 06 (R02) /IFRS 16	834	756	1,590	4,428	(2,838)
Debt contingencies and charges - Equatorial Acquisition	62,441	(571)	61,870	61,870	-
Swap	(137,846)	60,283	(77,563)	39,588	(117,151)
Actuarial provision	13,348	4,012	17,360	30,344	(12,984)
Others	(33,403)	(19,314)	(52,717)	35,743	(88,460)
Restatement of financial asset VNR and AVP	(579,583)	(53,410)	(632,993)	11,442	(644,435)
Accelerated depreciation	(620,462)	18,499	(601,963)	-	(601,963)
Intangible assets - Concession - Acquisition of Equatorial Pará	48,473	99	48,572	48,572	-
Revaluation of concession assets	(41,192)	3,441	(37,751)	-	(37,751)
Reimbursable AIC's	38,868	-	38,868	38,868	-
Total	(1,915,750)	(68,914)	(1,984,664)	3,535,146	(5,519,810)

	12/31/2019	Net income	06/30/2020	Deferred tax assets	Deferred tax liabilities
IRPJ tax losses	123,694	(21,959)	101,735	101,735	-
Negative Base – CSLL	26,529	(3,024)	23,505	23,505	-
Provision for contingencies	159,494	(73,701)	85,793	85,793	-
Provision for impairment in trade accounts receivable	205,688	5,400	211,088	211,088	-
Provision for pension fund	12,367	1,338	13,705	13,705	-
Provision for profit-sharing	15,728	(5,009)	10,719	10,719	-
Construction cost – CPC 47/IFRS 15	1,362,466	284,007	1,646,473	1,646,473	-
Construction revenue – CPC 47/IFRS 15	(2,187,705)	(570,189)	(2,757,894)	-	(2,757,894)
Leases – CPC 06 (R02) /IFRS 16	(1,130)	1,471	341	341	-
Non-technical losses	24,357	(24,357)	-	-	-
Write-off of fixed assets - Acquisition of Equatorial Pará	24,866	(24,866)	-	-	-
Debt contingencies and charges - Equatorial Acquisition	107,934	(44,946)	62,988	62,988	-
Other accounts payable - PLPT – Equatorial Pará acquisition	9,150	(9,048)	102	102	-
Swap	(11,412)	(116,137)	(127,549)	-	(127,549)
Actuarial provision	(3,675)	-	(3,675)	-	(3,675)
Other temporarily nondeductible expenses	(17,224)	4,696	(12,528)	-	(16,045)
Deferral public agencies	(9,382)	9,382	-	-	-
Article 69 of Law No. 12973/2014 – Fixed quota balance	(16,512)	16,512	-	-	-
Write-off of deferred assets	(129,044)	129,044	-	-	-
Arrangement costs and financial asset indexation	(223,577)	223,577	-	-	-
Accelerated depreciation	(624,932)	17,923	(607,009)	-	(607,009)
New value VNR	1,552	(1,552)	-	-	-
Other temporary differences	16,468	(6,673)	9,795	9,795	-
AVP - adjustment to present value	(98,154)	(66,485)	(164,639)	-	(164,639)
Intangible assets - Concession - Acquisition of Equatorial Pará	(26,368)	74,654	48,286	48,286	-
Funding cost	-	(153,039)	(153,039)	-	(153,039)
Revaluation of concession assets	(48,564)	4,035	(44,529)	-	(44,529)
Total	(1,307,386)	(348,946)	(1,656,332)	2,214,530	(3,874,379)

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

18.3 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 profit or loss during the period ended June 30, 2021 and 2020, is shown below:

Parent Company	06/30/2021		06/30/2020	
	IRPJ	CSLL	IRPJ	CSLL
Profit before income (IRPJ) and social contribution (CSLL) taxes	862,956	862,956	845,688	845,688
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	<u>215,739</u>	<u>77,666</u>	<u>211,422</u>	<u>76,112</u>
Additions:				
Equity income	26,842	9,663	28,789	10,364
Other provisions	1,439	518	7,177	2,583
Total additions	<u>28,281</u>	<u>10,181</u>	<u>35,966</u>	<u>12,947</u>
Exclusions:				
Equity income	(277,883)	(100,038)	(257,668)	(92,760)
Other provisions	(63)	(23)	(60)	(22)
Total exclusions	<u>(277,946)</u>	<u>(100,061)</u>	<u>(257,728)</u>	<u>(92,782)</u>
Tax deductibility (limit mandated by law)	<u>(33,926)</u>	<u>(12,214)</u>	<u>(10,340)</u>	<u>(3,723)</u>
Total IRPJ and CSLL in the 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 June 30, 2021

(In thousands of Reais)

Consolidated	06/30/2021		06/30/2020	
	IRPJ	CSLL	IRPJ	CSLL
Profit before income (IRPJ) and social contribution (CSLL) taxes	1,372,964	1,372,964	1,442,270	1,442,270
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	343,241	123,567	360,568	129,804
Additions:				
Provision for contingencies	105,489	37,975	3,608	1,298
Provision for impairment in trade accounts receivable	60,059	21,621	265,829	95,700
Adjustment to present value	6,772	2,438	8,569	3,086
Swap variation	48,327	17,398	-	-
New replacement value-VNR	24,887	8,959	-	-
IRPJ and CSLL on revaluation reserves	2,531	911	2,967	1,068
Provision for profit-sharing	1,201	433	611	219
Fines and penalties for violations	920	39	744	268
Leases - CPC 06 (R2)/IFRS 16	1,247	449	3,115	1,121
Deferred CVA	-	-	25,617	9,222
Construction cost- CPC 47/IFRS 15	138,682	49,926	205,096	73,833
Accelerated depreciation	18,499	-	17,925	-
Addition article 168 of Revenue Procedure (IN) No. 1700/2017 - Concession contract	104,300	37,549	-	-
Other provisions	86,873	30,403	67,036	24,077
Total additions (B)	599,787	208,101	601,117	209,892
Exclusions:				
Provision for contingencies	(27,243)	(9,807)	(2,104)	(757)
Provision expected losses due to impairment	(152,459)	(54,884)	(256,350)	(92,285)
Profit sharing, fees and paid bonus leave	(5,592)	(2,872)	(1,271)	(458)
Adjustment to present value	(2,532)	(912)	(3,597)	(1,295)
Construction revenue- CPC 47/IFRS 15	(242,994)	(87,479)	(407,147)	(146,573)
VNR - New Replacement Value	(68,643)	(24,712)	-	-
SWAP variation	(4,001)	(1,441)	(113,210)	(40,755)
Other provisions	(44,107)	(15,384)	(11,438)	(4,115)
Total Exclusions (C)	(547,571)	(197,491)	(795,117)	(286,238)
Offsetting tax loss and negative basis	(74,633)	(27,212)	(21,676)	(1,799)
PAT Incentive	(2,396)	-	(2,217)	-
Incentive for extended maternity leave	(950)	-	(81)	-
Total offsetting (D)	(77,979)	(27,212)	(23,974)	(1,799)
IRPJ - government grants	(205,058)	-	(89,820)	-
Total other deductions (E)	(205,058)	-	(89,820)	-
Current IRPJ and CSLL in P&L for the year (A+B+C+D+E)	112,420	106,965	52,774	51,659
Deferred IRPJ and CSLL in P&L for the year	45,629	23,285	256,535	92,411
Total current and deferred IRPJ and CSLL for the year	158,049	130,250	309,309	144,070
Effective rate with deferred tax assets	12%	9%	21%	10%

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

18.4 Breakdown of PIS and COFINS deferred

	<u>06/30/2021</u>	<u>12/31/2020</u>
Liabilities		
Deferred PIS on construction revenue (a)	182,222	171,119
Deferred COFINS on construction revenue (a)	838,865	787,722
Other deferred taxes	<u>11,644</u>	<u>26,004</u>
Total deferred tax liabilities	<u><u>1,032,731</u></u>	<u><u>984,845</u></u>

- (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 transmission subsidiaries SPEs 01 a 08 and INTESA receive the counterpart determined in the concession contract.

19 Payables 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 subsidiary Equatorial Pará 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 subsidiary Equatorial Pará 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 subsidiary Equatorial Pará 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

	<u>06/30/2021</u>	<u>12/31/2020</u>
Current		
Inter-company	4,621	3,566
Financial creditors (a)	<u>40,629</u>	<u>26,708</u>
Total	<u>45,250</u>	30,274
Noncurrent		
Inter-company	83,853	83,853
Financial creditors (a)	1,146,706	1,111,121
(-)Adjustment to present value (b)	<u>(254,204)</u>	<u>(264,368)</u>
Total	<u>976,355</u>	<u>930,606</u>
Total	<u><u>1,021,605</u></u>	<u><u>960,880</u></u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- (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 June 30, 2021, the balance consists of: R\$ 234,164 of loans and financing, R\$ 20,040 inter-company (R\$ 243,571 of loans and financing and R\$ 20,797 inter-company as of December 31, 2020).

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

Maturity	06/30/2021	
	Amount	%
Current	45,250	4%
2022	13,160	1%
2023	24,128	2%
2024	28,514	3%
2025	26,321	3%
2025 onwards	1,138,436	112%
Subtotal	1,230,559	121%
(-) Adjustment to present value (Noncurrent)	(254,204)	(25%)
Noncurrent	976,355	96%
Total	1,021,605	100%

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

	12/31/2020	Interest and charges	Monetary and exchange variance	Amortization	Adjustment to present value	06/30/2021
Intercompany	66,620	2,495	-	(1,437)	756	68,434
Financial creditors	894,260	27,650	48,437	(26,583)	9,407	953,171
Total	960,880	30,145	48,437	(28,020)	10,163	1,021,605

	12/31/2019	Interest and charges	Monetary and exchange variance	Amortization	Adjustment to present value	12/31/2020
Intercompany	62,861	5,228	-	(2,907)	1,438	66,620
Financial creditors	809,038	49,973	60,349	(43,920)	18,820	894,260
Total	871,899	55,201	60,349	(46,827)	20,258	960,880

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
Period ended June 30, 2021
(In thousands of Reais)

20 Sector charges

20.1. 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 June 30, 2021, Equatorial Pará has a credit at CCC of R\$ 106,336 (R\$ 105,883 at December 31, 2020). The credits above are registered at their historical amount. No records of charges for late pass-throughs of costs to customers were recorded. At June 30, 2021, Equatorial Pará carried out the monetary restatement in the amount of R\$ 453.

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 subsidiary Equatorial Pará recorded a liability related to these reimbursable taxes. At June 30, 2021, the Company restated R\$ 13,168 relating to the refund of these taxes credited on the purchase of fuel to generate electricity in isolated systems. As of June 30, 2021, the Company stated an amount of R\$ 385.409 (R\$ 372,241 as of December 31, 2020).

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.

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 of these amounts.

	<u>06/30/2021</u>	<u>12/31/2020</u>
Noncurrent		
CCC Sector charges	385,409	372,241
(-) Acquisition of CCC fuel	(106,336)	(105,883)
Net effect	<u>279,073</u>	<u>266,358</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

20.2 Research and development and energy efficiency

Distribution of resources	Percentage of distribution of ROL	06/30/2021	12/31/2020
Energy efficiency program	0.40%	238,583	285,548
Research and development	0.20%	164,551	196,918
National Scientific and Technological Development Fund (FNDCT)	0.20%	4,761	6,279
Ministry of Mines and Energy (MME)	0.10%	2,541	3,135
National Electric Energy Conservation Program (PROCEL)	0.10%	20,533	14,377
Energy Development Account (CDE)		62,270	-
Other		5,123	485
		498,362	506,742
Total research and development and energy efficiency			
Current		338,382	286,397
Noncurrent		159,980	220,345

The balances presented in current liabilities refer to the amounts that will be applied to the projects in the following year, in accordance with the projections approved by management. The amounts of the sector charges as of June 30, 2021 and December 31, 2020 are as follows:

	06/30/2021	12/31/2020
Current	338,382	286,397
Noncurrent	439,053	486,703
Total	777,435	773,100

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

The Company's 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:

	06/30/2021		12/31/2020	
	Provision	Judicial deposits	Provision	Judicial deposits
Civil	687,578	116,643	704,700	107,101
Tax	254,038	68,774	248,230	64,758
Labor	166,483	81,029	247,773	81,992
Regulatory	6,371	-	6,292	-
Total	1,114,470	266,446	1,206,995	253,851
Current	120,662	4,105	215,811	3,567
Noncurrent	993,808	262,341	991,184	250,284

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

Changes in proceedings in the year

	<u>12/31/2020</u>	<u>Additions (1)</u>	<u>Usage (2)</u>	<u>Reversal of provision (3)</u>	<u>Indexation (4)</u>	<u>06/30/2021</u>
Civil	704,700	31,297	(35,928)	(14,308)	1,817	687,578
Tax	248,230	3,919	-	(72)	1,961	254,038
Labor	247,773	9,858	(6,303)	(43,657)	(41,188)	166,483
Regulatory	6,292	-	-	-	79	6,371
Total	<u>1,206,995</u>	<u>45,074</u>	<u>(42,231)</u>	<u>(58,037)</u>	<u>(37,331)</u>	<u>1,114,470</u>

	<u>12/31/2019</u>	<u>Additions (1)</u>	<u>Usage (2)</u>	<u>Reversal of provision (3)</u>	<u>Indexation (4)</u>	<u>12/31/2020</u>
Civil	755,197	76,669	(79,560)	(52,628)	5,022	704,700
Tax	236,299	8,542	(1)	(753)	4,143	248,230
Labor	294,629	20,489	(11,866)	(44,900)	(10,579)	247,773
Regulatory	6,122	-	-	-	170	6,292
Total	<u>1,292,247</u>	<u>105,700</u>	<u>(91,427)</u>	<u>(98,281)</u>	<u>(1,244)</u>	<u>1,206,995</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.

Civil

The Company's subsidiaries are defendants in 41,728 civil proceedings as of June 30, 2021 (41,207 civil proceedings as of December 31, 2020), including 15,466 cases being heard by special courts (15,197 cases being heard by special courts as of December 31, 2020) 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\$ 712,841 as of June 30, 2021 (R\$ 691,799 at December 31, 2020) was 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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Civil contingencies (probable chance of defeat)	06/30/2021	12/31/2020
Failure in supply	83,969	90,974
Reimbursement of works	5,306	8,168
Death by electrocution	77,985	87,571
Incorrect collection	164,945	172,154
Contractual adjustment	5,014	6,911
Questioned fraud	39,294	40,391
Undue cut-off	10,091	10,729
Accident involving a third party	26,650	33,825
Lack of service	10,949	10,386
Breach of contract	122,345	115,196
Fire	663	3,747
DNAEE Ordinance	1,961	3,362
Regulatory	88,096	88,095
Other	50,310	33,191
Total	<u>687,578</u>	<u>704,700</u>
Civil contingencies (possible chance of defeat)	06/30/2021	12/31/2020
Failure in supply	58,989	56,773
Death by electrocution	14,495	17,168
Adjusting grid	30,000	30,000
Accident involving a third party	6,270	6,279
Tenders	2,605	2,609
Breach of contract	250,357	249,257
Relisting of public lighting	9,062	8,954
Fire	27,845	27,922
DNAEE Ordinance	12,330	12,330
Incorrect collection	129,753	128,332
Questioned fraud	11,841	11,847
Undue cut-off	2,179	2,894
Lack of service	1,748	2,024
Regulatory	117,822	117,667
Other	37,545	17,743
Total	<u>712,841</u>	<u>691,799</u>

Tax

The Company's subsidiaries are defendants in 673 tax claims as of June 30, 2021 (627 tax claims as of December 31, 2020) amounting to R\$ 254,038 (R\$ 248,230 as of December 31, 2020).

In addition to the proceedings provisioned for, as mentioned earlier, other tax contingencies amounting to R\$ 211,295 (R\$ 211,283 at December 31, 2020) was 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)	06/30/2021	12/31/2020
ISS	599	541
ICMS	37,632	35,897
Tax debit	1,892	1,754
PIS/COFINS	64,513	60,655
Economic plans	146,745	146,745
Other	2,657	2,638
Total	<u>254,038</u>	<u>248,230</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Tax contingencies (probable chance of defeat)	06/30/2021	12/31/2020
PIS/COFINS	7,212	7,212
ISS	2,387	2,720
ICMS	177,046	177,022
ICMS, PIS and COFINS	1,424	1,424
ICMS, TUSD and TUST	357	350
CSLL, PIS and COFINS	377	377
Fine for infraction	7,785	7,783
Other	14,707	14,395
Total	<u>211,295</u>	<u>211,283</u>

Labor

The Company's subsidiaries are defendants in 4,785 labor liabilities claims as of June 30, 2021, (4,010 claims at December 31, 2020) or R\$ 166,483 (R\$ 247,773 at December 31, 2020) brought by former employees against the Company's 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, other labor contingencies amounting to R\$ 112,187 (R\$ 90,999 at December 31, 2020) 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)	06/30/2021	12/31/2020
Overtime	18,041	20,021
Implementation positions, career and salaries plan	9,959	10,755
Joint liability	12,083	12,612
Occupational accidents	16,445	16,233
Occupational illnesses	3,472	2,920
Bonus	1,266	1,222
Returning to employment	8,355	5,658
Meal allowance	18,936	97,482
Heavy work allowance	151	82
Public procurements	3,843	3,893
FGTS	15,606	17,856
Health care plan	1,432	1,564
Voluntary severance	4,164	4,047
Severance pay	15,702	15,041
Life insurance	732	791
Health hazard allowance	5,895	6,033
Pain and suffering	4,483	5,186
Salary parity	797	861
PDI – Encouraged Redundancy Program	1,528	3,962
Other	23,593	21,554
Total	<u>166,483</u>	<u>247,773</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Labor contingencies (possible chance of defeat)	06/30/2021	12/31/2020
Difference Bresser's Plan	5,520	8,800
Overtime	13,993	6,600
Joint liability	43,894	43,253
Occupational accidents	7,033	4,971
Occupational illnesses	1,318	1,155
Returning to employment	8,901	1,860
Meal allowance	756	669
FGTS	286	355
Salary parity	4,971	4,761
Severance pay	2,228	1,836
Bonus	2,120	1,356
Dismissal for cause	881	881
Pain and suffering	4,567	4,617
Other	15,719	9,885
Total	112,187	90,999

Regulatory

As of June 30, 2021 the amounts of R\$ 6,371 (R\$ 6,292 at December 31, 2020) correspond to the probable penalties to be applied against the subsidiary Equatorial Maranhão, referring to ANEEL's notification and notice of infringement terms, as well as the border measurement penalty in the CCEE.

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 subsidiary Equatorial Maranhão position, which also obtained a favorable court decision with final and unappealable decision in October 2018, and to Equatorial Pará in February 2020, and to direct subsidiaries Equatorial Piauí in October 2018 and Equatorial Alagoas in July 2019. In May 2021, the STF judged the motion for clarification in relation to the decision handed down on appeal to the Supreme Court No. 574,706/PR, partially granting the following: (i) limit the effects of exclusion of ICMS from the PIS and COFINS tax bases, which should take place after March 15, 2017, except for lawsuits and administrative requests filed by (including) March 15, 2017; and (ii) the ICMS to be excluded from the PIS and COFINS tax bases is the one disclosed in the invoices, and not the amount effectively paid.

Equatorial Maranhão

Based on its legal counsel's opinion, at December 31, 2018 the Company's subsidiary 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 finance income, also subject to R\$ 4,589 PIS/COFINS.

At June 30, 2020 the Company's subsidiary made an addition to this entry with regard to updating the SELIC interest rate, stating: (i) assets of R\$ 3,847 (R\$ 14,058 at December 31, 2020); (ii) a R\$ 3,847 (R\$ 15,701 at December 31, 2020) liability related to consumer refunds; (iii) R\$ 0 (R\$ 4,758 at December 31, 2020) as a deduction from gross revenues with regard to PIS/COFINS; and (iv) R\$ 0 (R\$ 3,114 at December 31, 2020) as finance income, which was subject to R\$ 0 (R\$145 at December 31, 2020) in PIS/COFINS.

At June 30, 2021, this subsidiary offset credits approved by the Brazilian IRS amounting to R\$ 160,648 (R\$ 253,246 at December 31, 2020) against income and social contribution taxes, PIS, COFINS and federal withholdings by means of E-Requests 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 June 30, 2021
(In thousands of Reais)

Equatorial Pará

Based on the opinion of its legal advisors, at March 31, 2020, the Company's subsidiary set up: (i) assets related to PIS/COFINS recoverable of R\$ 935,138; and (ii) liabilities of R\$ 951,077 regarding refund to consumers.

At June 30, 2021, the Company's subsidiary supplemented this entry, referring to adjustment of the SELIC rate, supplementing assets and liabilities in the amount of R\$ 5,145 (R\$ 13,413 as of December 31, 2020).

At June 30, 2021, this subsidiary offset credits approved by the Brazilian IRS amounting to R\$ 157,804 (R\$ 210,071 as of December 31, 2020) against income and social contribution taxes, PIS, COFINS and federal withholdings by means of E-Requests for Federal Tax Recovery, Refund or Offset (PER/DCOMP).

Equatorial Piauí

Based on its legal counsel's opinion, at December 31, 2018 the Company's subsidiary 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.

At June 30, 2021 the Company's subsidiary made an addition to this entry with regard to updating the SELIC interest rate, stating assets of R\$ 2,636 (R\$ 8,855 at December 31, 2020), a R\$ 2,636 (R\$ 8,716 at December 31, 2020) liability related to consumer refunds, and R\$ 0 (R\$ 140 at December 31, 2020) as financial income, which was also subject to R\$ 0 in PIS/COFINS (R\$ 6 at December 31, 2020).

At June 30, 2021, this subsidiary offset credits approved by the Brazilian IRS amounting to R\$ 125,235 (R\$ 70,425 at December 31, 2020) against income and social contribution taxes, PIS, COFINS and federal withholdings by means of E-Requests for Federal Tax Recovery, Refund or Offset (PER/DCOMP).

Equatorial Alagoas

Based on the opinion of its legal advisors, at December 31, 2019, the Company's subsidiary set up: asset related to PIS/COFINS in connection with reimbursement to its consumers, both in the amount of R\$ 290,234.

At June 30, 2021, the Company's subsidiary restated the amount by reference to the SELIC benchmark rate, setting up an asset and liability of R\$ 922 (R\$ 9,002 at December 31, 2020).

At June 30, 2021, this subsidiary offset credits approved by the Brazilian IRS amounting to R\$ 167,567 (R\$ 98,309 at December 31, 2020) against income and social contribution taxes, PIS, COFINS and federal withholdings by means of E-Requests for Federal Tax Recovery, Refund or Offset (PER/DCOMP).

The assets of the energy distribution subsidiaries include credits against the federal tax authorities since the case was filed. The liability was constituted considering that the energy distribution subsidiaries pass on to their consumers the tax effects on the electricity bills of the last 10 years, in accordance with the provisions of the Brazilian Civil Code.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

In May 2021, the STF judged the motion for clarification in relation to the decision handed down on appeal to the Supreme Court No. 574.706/PR, partially granting the following (i) limit the effects of exclusion of ICMS from the PIS and COFINS tax bases, which should take place after March 15, 2017, except for lawsuits and administrative requests filed by (including) March 15, 2017; and (ii) the ICMS to be excluded from the PIS and COFINS tax bases is the one disclosed in the invoices, and not the amount effectively paid.

	06/30/2021				
	Equatorial Maranhão	Equatorial Pará	Equatorial Piauí	Equatorial Alagoas	Consolidated
Assets					
Current	305,091	397,387	182,905	34,281	919,664
Non-Current	89,466	188,434	95,457	-	373,357
PIS and COFINS recoverable	394,557	585,821	278,362	34,281	1,293,021
Liabilities					
Non-Current	623,140	953,697	456,947	153,621	2,187,405
PIS/COFINS to be reimbursed to consumers	623,140	953,697	456,947	153,621	2,187,405
	12/31/2020				
	Equatorial Maranhão	Equatorial Pará	Equatorial Piauí	Equatorial Alagoas	Consolidated
Assets					
Current	326,525	348,334	211,526	200,926	1,087,311
Non-Current	224,833	390,146	189,435	-	804,414
PIS and COFINS recoverable	551,358	738,480	400,961	200,926	1,891,725
Liabilities					
Current	-	-	-	-	-
Non-Current	619,293	948,552	454,311	299,236	2,321,392
PIS/COFINS to be reimbursed to consumers	619,293	948,552	454,311	299,236	2,321,392
Net income					
(-) Deductions from revenue					
PIS/COFINS consumer reimbursable	(4,758)	-	-	-	(4,758)
(+) Financial revenue					
PIS/COFINS consumer reimbursable	3,114	-	140	-	3,254
(-) PIS/COFINS on financial revenue	(145)	-	(6)	-	(151)
Net effect on P&L before income and social contribution taxes	(1,789)	-	134	-	(1,655)

Expectation of realization of PIS and COFINS recoverable

	06/30/2021	
	Amount	%
Current (a)	919,664	71%
2022	367,755	28%
2023	5,602	1%
Noncurrent	373,357	29%
Total	1,293,021	100%

- (a) As of June 30, 2021, the Company's energy distribution subsidiaries have credits validated by the RFB and the balance classified in current assets in the amount of R\$ 919,664 (Equatorial Maranhão R\$ 305,091, Equatorial Pará R\$ 397,387, Equatorial Piauí R\$ 182,905 and Equatorial Alagoas R\$ 34,281) 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 June 30, 2021
(In thousands of Reais)

23 Equity

23.1 Capital

Capital at June 30, 2021 is R\$ 4,655,287 (R\$ 3,489,736 at December 31, 2020). 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%
Verde	51,204,855	5.07%
CPPIB	50,539,100	5.00%
Other Non-controlling interests (NCI)	654,482,025	64.76%
Total	<u>1,010,539,585</u>	<u>100%</u>

On May 28, 2021, according to the minutes of the Annual and Special General Meeting, the capital increase in the amount of R\$ 1,165,000 was approved, with payment of the legal reserve of R\$ 148,754 and tax incentive reserve of R\$ 1,016,246, without issuing new shares.

On July 29, 2021, according to the minutes of the Board of Directors' Meeting, the capital increase was approved through the inflow of cash and cash equivalents in the amount of R\$ 551 with the issue of 28,500 (twenty-eight thousand and five hundred) 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 June 30, 2021, the capital reserve balance is R\$ 132,913 (R\$ 118,307 at December 31, 2020).

23.3 Income reserves

23.3.1 Legal reserve

Legal reserve is recorded at the rate of 5% of the net income for the year before profit-sharing and reversal of the interest on equity reserve, as required by corporation law, and defined by the Board of Directors, up to the limit of 20% of the capital. This reserve had a balance of R\$ 0 as of June 30, 2021 (R\$ 148,754 as of December 31, 2020).

The tax benefit amounts in the year must be fully allocated to setting up the tax incentive reserve, under penalty of being considered a diverging allocation as provided for in Decree Law No. 1598/77, amended by Law No. 12973/13 (which revoked articles of Law No. 11941/09). As such, these benefits reduce the legal reserve base.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
Period ended June 30, 2021
(In thousands of Reais)

23.3.2 Investment and expansion reserve

This statutory reserve is used to record the portion of net income for the year reserved for investments and expansion of the Company upon acquisition of interest in capital of other entities, consortia and ventures in the electric power sector. This reserve had a balance of R\$ 4,589,600 as of June 30, 2021 (R\$ 5,605,846 as of December 31, 2020).

23.3.3 Unrealized profit reserve

This reserve is made by allocating a portion of profits for the current year, for example the initial adoption of CPC 47 / IFRS 15 — Revenue from contracts with customers. The aim of making it is to not distribute dividends on the portion of profits not yet realized financially by the company. The balance as of June 30, 2021 is R\$ 1,224.792 (R\$ 1,224,792 as of December 31, 2020).

23.3.4 Additional dividend reserve

This reserve is used to record the portion of dividends exceeding the statutory amount until a final resolution it is adopted by the general meeting. The balance as of June 30, 2021 is R\$ 0 (R\$ 159,532 as of December 31, 2020).

On April 30, 2021, according to the minutes of the Extraordinary General Meeting, the amount of R\$159,532 was approved for payment of additional dividends for 2020.

23.4 Equity adjustments

Equity adjustments include:

- Effective portion of the net accumulated variation of fair value of the hedging instruments used in cash flow hedges until recognition of the hedged cash flows (Note 30.4). As at June 30, 2021, cash flow hedges amounted to (R\$ 7,030) ((R\$ 9,468) at December 31, 2020);
- Effective portion of the net accumulated variation of the effects of post-employment benefit plans (Note 29). As at June 30, 2021 and December 31, 2020, the actuarial balance amounted to (R\$ 169,806); and
- Effective portion of shareholders' transactions amounting to (R\$ 87,187) ((R\$ 73,569) at December 31, 2020).

The amounts recorded under equity adjustments are reclassified to P&L for the year in total or in part, upon disposal of the assets/liabilities to which such adjustments refer.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

23.5 Treasury shares

Treasury shares comprise the cost of Company shares held by the Company.

On December 4, 2020, the Company approved a Share Buyback Program in order to maximize value generation for its shareholders, by purchasing shares to be held in treasury and subsequently sold or cancelled with no capital decrease. This operation was approved and limited to 50,110,056 common shares, with maximum duration of 18 months, from December 7, 2020 to June 7, 2022.

In the period from January to June 2021, the Company repurchased 27,051,100 shares in the amount of R\$ 600,271. As at June 30, 2021, the Company held 28,421,100 common treasury shares totaling R\$632,005 (R\$31,734 as of December 31, 2020).

23.6 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.

	<u>06/30/2021</u>	<u>06/30/2020</u>
Numerator		
Net income for the year	862,956	845,688
Denominator		
1. Average weighted shares in the basic EPS calculation	982,270	1,010,286
2. Average weighted shares in the diluted EPS calculation (a)	982,299	1,010,511
Basic earnings for the year per lot of one thousand shares - R\$	0.87853	0.83708
Diluted earnings for the period per lot of one thousand shares - R\$	0.87851	0.83689
	<u>06/30/2021</u>	<u>06/30/2020</u>
(i) Dilution factor (a)		
3. Number of options available	21,125	21,125
4. Number of shares exercised	21,125	20,900
5. Exercisable years	4	4
6. Current exercisable shares	1	1
Dilutive effect ((3/6)-(3-4))	-	225
	<u>06/30/2021</u>	<u>06/30/2020</u>
(i) Dilution factor (a)		
3. Number of Stock Option shares (Plan 5)	15,628	2,120
4. Number of exercised shares	29	-
5. Exercisable years	4	4
6. Current exercisable shares	1	1
Dilutive effect of Plan 5 ((3/6)-(3))	29	-
Average weighted shares in the diluted EPS calculation	982,299	1,010,511
(b) Derives from the Stock Options Plan (see note 23.7.1)		

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
Period ended June 30, 2021
(In thousands of Reais)

23.7 Stock option plan

The Group grants its employees stock-option plans. These plans are aimed at inserting the professionals in the Company's development process in the medium and long term.

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, and are as follows:

23.7.1 Fifth Stock Option Plan

On July 22, 2019, by the Special General Meeting, Equatorial Energia S.A. shareholders approved the creation of Equatorial's Fifth Stock Option Plan ("Plan").

The Plan seeks to encourage the expansion, success and performance of the Company and its subsidiaries' business purpose and align the interests of the Company and its subsidiaries' shareholders to the interests of eligible individuals.

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.

1 st Grant		2 nd Grant	
Vesting Date	Vested options	Vesting Date	Vested options
12/17/2020	286,875	12/14/2021	7,500
12/17/2021	286,875	12/14/2022	7,500
12/17/2022	286,875	12/14/2023	7,500
12/17/2023	286,875	12/14/2024	7,500
	1,147,500		30,000

The strike price of the options granted under the terms of the Plan will be determined by the Plan's Management Committee, based on the average quotation of Company shares on B3, weighted by the trade volume, in the 60 trading sessions prior to granting date.

The shares held in treasury, acquired in the buyback plan or to be issued are subject to the Plan's rules.

The options' value is estimated on granting date, using the Black & Scholes model for pricing the options, which takes into consideration the terms and conditions under which the instruments were granted.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

The information used in assessment of the fair values on the grant date of the Plan is as follows:

1st Grant

	<u>06/30/2021</u>	<u>12/31/2020</u>
Fair value on grant date	6.78	6.78
Grant date: 12/17/2019		
Number of shares granted	1,147,500	1,147,500
Share price on grant date	22.08	22.08
Weighted fair value in vesting period	20.1	20.1
Expected volatility (weighted average)	22.96%	22.96%
Option's lifetime (expected weighted average lifetime)	4.25	4.25
Risk-free interest rate (average based on government securities)	6.40%	6.40%

2nd Grant

	<u>06/30/2021</u>	<u>12/31/2020</u>
Fair value on grant date	6.83	6.83
Grant date: 12/14/2020		
Number of shares granted	30,000	30,000
Share price on grant date	22.5	22.5
Weighted fair value in vesting period	21.43	21.43
Expected volatility (weighted average)	29.05%	29.05%
Option's lifetime (expected weighted average lifetime)	4.25	4.25
Risk-free interest rate (average based on government securities)	6.40%	6.40%

a. Data and assumptions used in the pricing model, including shares' weighted average price, strike price, expected volatility, option's lifetime, expected dividends and risk-free interest rate

For respective grant dates or year-end dates, the market price of Equatorial Energia S.A. shares on such date was adopted, as well as historic volatility (rather than expected volatility), average maturity period of each lot of options, strike price of options adjusted for estimated dividends for the period and risk-free interest rate based on the curve of future fixed federal government securities in the expected average strike period of each lot. A non-subscription rate on granted shares was also considered, based on the Company's history as future expectation.

b. Method used and assumptions adopted to embody the expected effects of early exercise

Strike price was calculated based on the options' issue price and adjusted for the dividends declared in the period.

With respect to earnings, the amount effectively declared in 2020 and a future estimate using internal parameters were adopted.

c. Expected volatility calculation

For calculating volatility, the shares' historical volatility for each lot's average exercise period was used.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

Company:

	Number of options	Weighted fair value of strike price	Number of options	Weighted fair value of strike price
<i>In options</i>	06/30/2021	06/30/2021	12/31/2020	12/31/2020
Existing at January 1 st	1,177,500	21.43	1,242,500	20.10
Cancelled in the year/period	-	-	(95,000)	(20.42)
Granted in the year/period	-	-	30,000	21.43
Existing at year/period end	1,177,500	20.71	1,177,500	21.43

The expense recognized in the year ended June 30, 2021 was R\$ 1,111 (R\$ 3,960 at December 31, 2020) and refers to the fair value recognized during the vesting period that is assessed on each reporting date.

Company and its subsidiaries:

	Number of options	Weighted fair value of strike price	Number of options	Weighted fair value of strike price
<i>In options</i>	06/30/2021	06/30/2021	12/31/2020	12/31/2020
Existing at January 1 st	15,627,500	21.43	17,947,500	20.10
Cancelled in the year/period	-	-	(2,555,000)	20.42
Granted in the year/period	-	-	235,000	21.43
Existing at year/period end	15,627,500	21.71	15,627,500	21.43

The expense recognized in the year ended June 30, 2021 was R\$ 14,606 (R\$ 53,088 at December 31, 2020) and refers to the fair value recognized during the vesting period that is assessed on each reporting date.

Worth highlighting, this option plan is classified as an equity instrument, since the Company and its subsidiaries must measure and recognize the transaction and corresponding increase in equity, in accordance with CPC 10 (R1) / IFRS 2.

23.7.2 Phantom share grant plan

On December 12, 2019, the Group created a share-based payment program settled in cash (the "Program"). The Program is aimed at (a) aligning the interests of Company shareholders to the interests of the Program beneficiaries; (b) retaining the beneficiaries; and (c) focusing on the Company's long-term valuation and growth potential.

The Program grants the beneficiaries selected by the Company's Board of Directors the right to phantom shares, through cumulative compliance with the following conditions: (i) 50% (fifty per cent) of the phantom shares granted, the beneficiary must remain continuously linked as an employee, officer or director of the Group during the vesting period, which ends on May 1, 2025; (ii) 50% (fifty per cent) of the phantom shares granted, the beneficiary must remain continuously linked as an employee, officer or director of the Company or entity under the Company's control during the vesting period, which ends on May 1, 2026; and (iii) compliance with the Company's performance goals.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

The funds to be delivered by the Company and its subsidiaries to the Program members will be from the Company and its subsidiaries cash .

a. Data and assumptions used in the pricing model, including shares' weighted average price, strike price, expected volatility, option's lifetime, expected dividends and risk-free interest rate

The strike price of the phantom shares granted under the terms of the Plan will be determined by the Plan's Management Committee, based on the average quotation of Equatorial Energia shares on B3, weighted by the trade volume, in the 60 trading sessions prior to each vesting period, i.e. immediately prior to May 01, 2025 and May 01, 2026.

b. Program expense calculation

Share price was calculated based on the price of 60 trading sessions prior to the period of June 30, 2021, weighted by traded volume.

Based on the calculation of the performance metrics defined, the Company and its subsidiaries Equatorial Maranhão, Equatorial Pará, Equatorial Alagoas and Equatorial Serviços were entitled to referred to program. The number of shares for Equatorial Energia, in case the performance metrics are achieved, is as follows:

Company:

	Number of shares	Weighted fair value of strike price	Number of shares	Weighted fair value of strike price
<i>In shares</i>	06/30/2021	06/30/2021	12/31/2020	12/31/2020
Existing at January 1 st	382,500	21.47	-	-
Granted in the year/period	-	-	382,500	21.47
Existing at year/period end	382,500	24.86	382,500	21.47

The expense recorded for the phantom share plan in the Company in the year ended June 30, 2021 was of R\$ 1.806 (R\$ 1,588 at December 31, 2020).

Company and its subsidiaries

	Number of shares	Weighted fair value of strike price	Number of shares	Weighted fair value of strike price
<i>In shares</i>	06/30/2021	06/30/2021	12/31/2020	12/31/2020
Existing at January 1 st	1,797,500	21.47	-	-
Granted in the year	-	-	1,797,500	21.47
Existing at year end	1,797,500	24.86	1,797,500	21.47

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

The expense recorded for the phantom share plan in the Company and its subsidiaries in the year ended June 30, 2021 was of R\$ 11,986 (R\$ 12,468 at December 31, 2020).

The numbers above may vary depending on performance and be multiplied by a percentage between 90 and 110%.

We stress that this plan is classified as a liability instrument settled in cash.

23.8 Dividends

At the indirect subsidiary Equatorial Maranhão, on May 28, 2021, pursuant to the Minutes of the Annual/Special General Meeting, the distribution of supplementary dividends to shareholders was approved in the amount of R\$ 142,632.

At the indirect subsidiary Equatorial Pará, on April 29, 2021, pursuant to the Minutes of the Annual General Meeting, the distribution of supplementary dividends to shareholders was approved in the amount of R\$ 154,740.

At the direct subsidiary Equatorial Distribuição, on April 29, 2021, pursuant to the Minutes of the Annual General Meeting, the distribution of supplementary dividends to shareholders was approved in the amount of R\$ 264,669.

At the direct subsidiary Equatorial Alagoas, on April 27, 2021, pursuant to the Minutes of the Annual General Meeting, the distribution of supplementary dividends to shareholders was approved in the amount of R\$ 7,164.

Set out below are the amounts of additional dividends established in 2020 and their distribution approved in 2021, by company, as well as their relationship with noncontrolling shareholders:

	Additional dividends - 2020	Percentage of noncontrolling interests	Additional dividends - noncontrolling interests
Equatorial Maranhão	142,632	34.89%	49,465
Equatorial Pará	154,740	3.50%	5,417
Equatorial Distribuição	264,669	9.85%	26,083
Equatorial Alagoas	7,164	3.63%	260
Total	<u>569,205</u>		<u>81,225</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

24 Net operating revenue (Consolidated)

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

	<u>06/30/2021</u>	<u>06/30/2020</u>
Distribution		
Distribution revenue	7,394,780	7,000,507
WACC financial remuneration (a)	374,671	199,888
"A Component" revenue receivable (returnable) and other financial items (b)	712,952	(229,598)
CDE subsidy - Other	291,376	242,433
Electricity supply	<u>8,773,779</u>	<u>7,213,230</u>
Electricity delivery (c)	115,609	105,912
Availability revenue - Network usage (d)	290,684	232,614
Construction revenue	885,023	832,767
Indexation of financial assets (e)	177,839	1,694
Other revenue	134,350	85,009
	<u>1,603,505</u>	<u>1,257,996</u>
Subtotal distribution	<u>10,377,284</u>	<u>8,471,226</u>
Transmission		
Construction revenue and infrastructure improvement (f)	385,656	1,207,400
Operation and maintenance revenue (g)	12,774	11,656
Contract assets - realization loss (h)	-	(102,040)
Other revenue	20,247	7,700
Subtotal	418,677	1,124,716
Concession asset yield (i)	717,520	552,858
PIS/COFINS deferred	(66,371)	(51,139)
Subtotal	651,149	501,719
Subtotal transmission	<u>1,069,826</u>	<u>1,626,435</u>
Other		
Other revenue	113,995	129,196
Subtotal other	<u>113,995</u>	<u>129,196</u>
	<u>11,561,105</u>	<u>10,226,857</u>
Deductions from revenue		
ICMS on electricity sales	(1,713,480)	(1,496,017)
PIS and COFINS	(729,416)	(646,379)
PIS e COFINS deferred – Transmission	(35,672)	(114,371)
Consumer charges	(79,666)	(57,882)
ISS	(3,308)	(6,093)
Energy Development Account – CDE (j)	(252,762)	(181,017)
DIF/FIC penalties and others	(49,841)	(27,106)
Other	(2,104)	(9,280)
Deductions from operating revenue	<u>(2,866,249)</u>	<u>(2,538,145)</u>
Net operating revenue	<u>8,694,856</u>	<u>7,688,712</u>

- (a) The interest restatement index (IPCA) showed a positive variation in the comparative period, increasing from 0.26% in June 2020 to 0.53% in June 2021;

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- (b) The variation of R\$ 942,550, between the periods ended June 30, 2021 and 2020, of regulatory assets and liabilities was mainly affected by: (i) recognition in the tariff of funds received as transfer from the Covid-Account, until June 2021, in the amount of R\$ 306,351 from the Distribution subsidiaries; (ii) forecast of energy costs and charges granted by ANEEL in the adjustment having been lower than the costs effectively paid, generating revenue from set-up of Tranche A higher by R\$ 423,466 from the Distribution subsidiaries, than for the same period in 2020; (iii) variation between the amortized amounts of the last adjustment in the amount of R\$ 201,184 of the Distribution subsidiaries in relation to the same period in 2020; and (iv) increase in the portion reversed of revenue from exceeding demand and excess reactive power belonging to the Distribution company in the amount of R\$ 11,549 from the Distribution subsidiaries, when compared to the same period in 2020;
- (c) Despite the reduction in the contractual amount sold, revenue from electricity supply was higher compared to the previous period, due to the increase in the PLD (R\$/MWh) in the first half of 2021, compared to the first half of 2020. In the first half of 2021, average PLD was of R\$205.75/MWh, against R\$106.58/MWh in the first half of 2020.
- (d) Electricity distribution subsidiaries recognize revenue due to the availability of the electricity distribution network infrastructure, calculated based on the distribution system use tariff (TUSD) defined by ANEEL, under Administrative Ruling No. 414/2010 and specific legislation, so that captive customers may migrate to the free environment, as long as the established requirements are met. 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 increase is due to the number of completed works impacted the balance to be transferred/bifurcated to the financial asset and its consequent update, whose inflation index adopted (IPCA) accumulated a positive variation in the comparative period;
- (f) This reduction is due to the startup of energy transmission SPE 01, SPE 02, SPE 03, SPE 05, SPE 07 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) These are gains or losses (construction efficiencies or inefficiencies) in construction revenue and/or operating revenue, between the budgeted base versus the actual base. As at June 30, 2021, the subsidiaries reviewed their construction budget and included additional project construction expenses that were not in the initial budget. Lastly, following the guidance of CVM Ruling No. 04/2020, the balances of gains and/or losses were reclassified to the cost group, considering that the subsidiaries' projects are already built;
- (i) Financial yield from restatement of contract assets, whose variation was above the prior period due to the increase in contract assets;
- (j) The variation in the energy development account (CDE) (Decree No. 7891/2013, amended by Decree No. 9642/2018) is due to the effectiveness of Resolutions No. 2814 of December 1, 2020 and No. 2833 of February 2, 2021, which established the quotas to be paid in the first semester of 2021.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

24.1 Margin of performance obligations (Consolidated)

	06/30/2021			06/30/2020		
	SPEs	INTESA	Consolidated	SPEs	INTESA	Consolidated
Infrastructure construction and improvement						
Revenue, net of deferred taxes	343,607	6,376	349,983	1,033,160	100,866	1,134,026
Cost	(220,129)	(3,127)	(223,256)	(686,213)	(40,554)	(726,767)
Margin (R\$)	123,478	3,249	126,727	346,947	60,312	407,259
Perceived margin (%)	35.94%	50.96%		33.58%	59.79%	
Budgeted margin at contract inception (%)	35.24%	45.91%		34.24%	45.91%	
	06/30/2021			06/30/2020		
	SPEs	INTESA	Consolidated	SPEs	INTESA	Consolidated
Operation and maintenance (*)						
Revenue, net of deferred taxes	7,276	4,317	11,593	2,575	8,045	10,620
Cost	(5,630)	(4,536)	(10,166)	(2,083)	(7,631)	(9,714)
Margin (R\$)	1,646	(219)	1,427	492	414	906
Perceived margin (%)	22.62%	-		19.11%	5.15%	
Budgeted margin at contract inception (%)	23.96%	45.91%		28.41%	45.91%	

(*) As mentioned in Note 1.1 Subsidiaries and joint ventures, certain transmission subsidiaries are still in construction phase and, therefore, do not recognize operation and maintenance revenue. This occurs because O&M revenue is a reflex of operating costs (plus margin), which must be recognized within the infrastructure investment.

(**) Weighted average of budgeted margin at contract inception of SPEs in operation (SPE 01, SPE 02, SPE 03, SPE 05, SPE 07 and SPE 08). The other companies that are in operation (SPE 04 and SPE 06) still have construction costs to be capitalized, reason why such companies do not present O&M revenue and expenses.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

25 Service costs and operating expenses (Consolidated)

	06/30/2021					Total
	Cost of power supply service	O&M cost	Sales expenses	Administrative expenses	Impairment losses	
Personnel	(64,957)	(1,657)	(63,766)	(179,803)	-	(310,183)
Material	(10,924)	(532)	(11,109)	(3,439)	-	(26,004)
Outsourced services	(218,804)	(7,554)	(155,505)	(137,419)	-	(519,282)
Electricity purchased for resale (a)	(3,827,017)	-	-	-	-	(3,827,017)
Construction cost – Distribution (b)	(885,024)	-	-	-	-	(885,024)
Construction cost – Transmission (b)	(223,256)	-	-	-	-	(223,256)
Changes in margins of contract assets, net of deferred PIS and COFINS (c)	(360,391)	-	-	-	-	(360,391)
Allowance for doubtful accounts and losses on commercial clients	-	-	-	-	(130,736)	(130,736)
Provision for civil, tax, labor and regulatory claims	-	-	-	(23,881)	-	(23,881)
Amortization	(291,781)	-	-	(118,134)	-	(409,915)
CCC Subsidy	(46,986)	-	-	-	-	(46,986)
Other	(3,665)	(423)	(7,387)	4,440	-	(7,035)
	<u>(5,932,805)</u>	<u>(10,166)</u>	<u>(237,767)</u>	<u>(458,236)</u>	<u>(130,736)</u>	<u>(6,769,710)</u>

	06/30/2020					Total
	Cost of power supply service	O&M cost	Sales expenses	Administrative expenses	Impairment losses	
Personnel	(103,424)	(1,822)	(32,889)	(147,506)	-	(285,641)
Material	(11,117)	(347)	(2,459)	(1,027)	-	(14,950)
Outsourced services	(160,885)	(7,528)	(87,350)	(139,544)	-	(395,307)
Electricity purchased for resale (a)	(3,035,841)	-	-	-	-	(3,035,841)
Construction cost – Distribution (b)	(832,311)	-	-	-	-	(832,311)
Construction cost – Transmission (b)	(726,767)	-	-	-	-	(726,767)
Allowance for doubtful accounts and losses on commercial clients	-	-	-	-	(252,389)	(252,389)
Provision for civil, tax, labor and regulatory claims	-	-	-	(15,974)	-	(15,974)
Amortization	(271,054)	(17)	-	(106,890)	-	(377,961)
CCC Subsidy	(62,933)	-	-	-	-	(62,933)
Other	(12,165)	-	(3,243)	(3,839)	-	(19,247)
	<u>(5,216,497)</u>	<u>(9,714)</u>	<u>(125,941)</u>	<u>(414,780)</u>	<u>(252,389)</u>	<u>(6,019,321)</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 transmission subsidiaries SPE 01, SPE 02, SPE 03, SPE 05, SPE 07 and SPE 08 operations, in addition to the progress of the works in the other Company's subsidiaries; and
- (c) Construction costs include all costs of the Company's Transmission companies for implementation of infrastructure. According to CVM Ruling No. 04/2020, this refers to costs of implementing and energizing the project by events such as: (i) delays and additional costs for environmental reasons; (ii) variation in commodity costs since cables and structures are acquired directly by the Company; (iii) additional costs of easement and land negotiations; (iv) any unforeseen earthworks (rocks or swamps); and (v) anticipation of the period for energizing the work.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

26 Electricity purchased for resale (Consolidated)

	GWh (*)		R\$	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Auction energy (a)	10,399	10,394	(2,058,128)	(1,853,803)
Eletronuclear Contracts	398	391	(92,712)	(109,953)
Guarantee contracts	2,887	3,073	(337,981)	(338,212)
System Service Charges - ESS/ Energy reserve (b)	-	-	(355,985)	55,628
Bilateral electricity	112	112	-	-
Short-Term Electricity - CCEE (c)	-	-	(316,513)	(384,879)
Alternative source incentive program - PROINFA	226	215	(92,099)	(71,601)
(-) Recoverable portion of noncumulative PIS/COFINS (d)	-	-	377,321	296,225
Other costs	-	-	(89,984)	(109,117)
Subtotal	14,022	14,185	(2,966,081)	(2,515,712)
Charge for using transmission and distribution system (e)	-	-	(860,936)	(520,129)
Total	14,022	14,185	(3,827,017)	(3,035,841)

(*) not revised

- (a) The variation refers to the costs of energy purchase agreements, including nuclear power, and physical guarantee quotas in the regulated environment, for which expenses increased in relation to the same prior-year period, due to higher average payment prices in 2021 resulting from higher expenses with thermal dispatches;
- (b) The high growth associated with ESS expenses is due to the activation of thermal plants out of order of merit, causing high payments associated with this charge;
- (c) The Company's subsidiaries recorded a decrease in short-term energy costs compared to the previous period, due to the reduction in the contracted amount sold in 2021;
- (d) This balance derives from deferral of PIS/COFINS credits on CVA realized by the subsidiaries (cash basis); and
- (e) These include costs with charges for the use and connection of the transmission system, whose tariffs are adjusted by the Annual Permitted Compensation (RAP) resolution. As such, each year there is always the effect of two resolutions. The costs incurred in the first months of 2021 were higher than 2020 as a result of the tariffs approved in RAP Resolution No. 2726 of July 14, 2020, effective until June 2021 related to the basic network and connection, as well as the increase in the contracting of the MUST (transmission system usage amount).

27 Other operating revenue (expenses), net

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Loss on disposal and decommissioning of assets and rights	-	-	(23,752)	(6,789)
Indemnification for damage to third parties	-	-	(4,147)	(3,998)
Acquisition process expenses	(4,439)	-	(4,439)	-
Other operating income (expenses)	(552)	72	(5,585)	(14,029)
Total other operating revenue (expenses), net	(4,991)	72	(37,923)	(24,816)

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

28 Finance income

	Parent Company		Consolidated	
	06/30/2021	06/30/2020	06/30/2021	06/30/2020
Finance income				
Yield	4,393	18,114	91,451	93,822
Amounts receivable/returnable – “A Component”	-	-	39,097	57,533
Transactions with derivative financial instruments (a)	-	-	21,704	452,841
Additional amount for late payment of energy sold (b)	-	-	260,364	173,357
AVP finance income	242	-	10,131	-
PIS/COFINS on finance income	(198)	(831)	(19,218)	(16,887)
Monetary and exchange differences (c)	-	-	211,687	-
Restatement – CCC subrogation	-	-	6,357	1,407
Other finance income	359	-	21,387	30,322
Total finance income	4,796	17,283	642,960	792,395
Finance expenses				
Debt charges	(12,616)	(31,852)	(401,818)	(368,474)
Transactions with derivative financial instruments (a)	(94,528)	-	(275,902)	(6,587)
Amounts receivable/returnable - A Component	-	-	(38,267)	(19,737)
Monetary and exchange differences - debt (c)	(5,019)	(673)	(356,134)	(496,355)
AVP finance costs	-	-	(27,098)	(32,498)
Adjustment on efficiency efforts and contingencies	-	-	(8,196)	(11,189)
Discounts granted	-	-	(19,664)	(10,070)
Other finance costs	(3,522)	(5,859)	(54,774)	(65,329)
Total finance costs	(115,685)	(38,384)	(1,181,853)	(1,010,239)
Finance income (costs), net	(110,889)	(21,101)	(538,893)	(217,844)

- (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. The main effect refers to exchange rate differences, generating expense with a 3.74% decrease in the dollar rate, from R\$5.19 as of December 31, 2020 to R\$5.00 as of June 30, 2021, against a revenue in 2020 with a 35.9% increase in the dollar rate, from R\$4.03 as of December 31, 2019 to R\$5.47 as of June 30, 2020; and
- (b) This increase is the result of the collection actions carried out by the Company, which contributed to the reduction of default in the period, evidenced by the receipt of overdue electricity bills; and
- (c) As of June 30, 2021, there was a positive variation in relation to the same prior-year period in the amount of R\$ 351,908, mainly due to exchange differences of R\$ 211,687 of revenue in 2021, with the drop in the dollar rate of 3.74% (in 2020, an expense with the increase of the dollar rate of 35.9%). On the other hand, net income (expenses) for the period is still an expense due to the significant increase in the IPCA, an index that accounts for 36% of the debt of Equatorial Pará, 58% of the debt of Equatorial Maranhão, and 17% of the debts of Equatorial Alagoas and Equatorial Piauí.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
Period ended June 30, 2021
(In thousands of Reais)

29 Post-employment benefits

29.1 Details of the retirement plan

The Distribution subsidiaries are sponsors of EQTPREV - Fundação Equatorial de Previdência Complementar, a closed nonprofit private pension plan entity engaged in the administration and implementation of pension benefit plans.

EQTPREV (formerly known as FASCEMAR) was fully restructured in 2005, resulting in the implementation and operation, as of May 2006, of a new variable contribution private pension plan, the Mixed Benefit Plan I, under a defined contribution regime, variable contribution type, according to classification defined by PREVIC. The plan offers regular retirement benefit, in the defined contribution modality, benefit for disability and death of the active participant, in the defined benefit modality, and mandatory benefits defined by law. Since its implementation, 98% of active participants of the Defined Benefit Plan I (BD I) joined the plan, as well as Company employees who did not benefit from such plan before.

The pension benefit plans sponsored by the Subsidiaries are described below:

(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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- 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.

(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 Invalidity 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 Invalidity under RGPS; and
 - (e) Do not have an employment relationship with the sponsor.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

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.

(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) **Celpa 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; andDo 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 June 30, 2021

(In thousands of Reais)

- 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).

(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:

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- 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.

(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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- **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.

(xi) Equatorial CD Plan (Equatorial Piauí)

Pension benefit plan administered by Fundação Equatorial de Previdência Complementar (EQTLPREV), sponsored by Equatorial Energia Piauí, among others. Equatorial CD is a defined contribution plan for the programmed benefits and a defined benefit plan for the risk benefits. In accordance with the plan regulations, employees are offered the following benefits:

- **Normal Retirement:** It is granted to members who cumulatively 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; and
 - (d) Do not maintain 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.

- **Invalidity retirement:** The benefit is awarded to participants during the period they receive invalidity retirement from social security provided that these participants have been in the plan for at least 12 months. The benefit amount results from conversion of the balance of accounts into monthly income.
- **Pension for death of an active worker:** The benefit is granted to the beneficiaries of an active participant who dies, provided that he has participated in the plan for at least 12 months. The benefit amount results from conversion of the balance of accounts into monthly income.
- **Pension for death of an assisted worker:** The benefit is granted to the beneficiaries of an assisted participant who dies, 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.

(xii) 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:

- **Invalidity 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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- 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.

(xiii) CD Plan (Equatorial Alagoas)

Pension benefit plan administered by Fundação CEAL de Assistência Social e Previdência (FACEAL) and sponsored by Equatorial Energia Alagoas S.A., 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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

(xiv) 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 S.A. 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 Alagoas, pursuant to item 11.4 of the 2019/2021 Collective Labor Agreement. Equatorial Alagoas' participation for this group varies according to salary ranges for the health plan and equal to 60% for the dental plan. If a company's subsidiary 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 Alagoas 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 subsidiary staff structure.
-
- G3: consists of disabled former employees who remain in the health and dental plans without contributing to them, meaning that Equatorial Alagoas' participation for this group is 100% of the monthly fees. Equatorial Alagoas 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 Alagoas' participation for this group is established individually depending on each court decision. Equatorial Alagoas' 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.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
Period ended June 30, 2021
(In thousands of Reais)

(xv) Equatorial CD Plan (Equatorial Alagoas)

Pension benefit plan administered by Fundação Equatorial de Previdência Complementar (EQTLPREV), sponsored by Equatorial Energia Alagoas, among others. Equatorial CD is a defined contribution plan for the programmed benefits and a defined benefit plan for the risk benefits. In accordance with the plan regulations, employees are offered the following benefits:

- Normal Retirement: It is granted to members who cumulatively 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; and
 - (d) Do not maintain 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.

- Invalidity retirement: The benefit is awarded to participants during the period they receive invalidity retirement from social security provided that these participants have been in the plan for at least 12 months. The benefit amount results from conversion of the balance of accounts into monthly income.
- Pension for death of an active worker: The benefit is granted to the beneficiaries of an active participant who dies, provided that he has participated in the plan for at least 12 months. The benefit amount results from conversion of the balance of accounts into monthly income.
- Pension for death of an assisted worker: The benefit is granted to the beneficiaries of an assisted participant who dies, 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.

Actuarial valuations are carried out by independent appraisers on an annual basis at the Company's subsidiaries, with disclosure in the financial statements for the year ending December 31, 2021 considering the active market quotation, sensitivity analysis, global expected rate of return on assets based on market expectations in force and applicable during the period in which the obligation should be settled.

The key actuarial assumptions used are: (i) inflation rate; (ii) discount rate; (iii) future salary increases; and (iv) future pension increases.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(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, market securities, trade accounts receivable, A "Component" revenue returnable and other financial items, CCC sub-rogation, concession financial assets, contractual assets, trade accounts payable, loans and financing, amounts payable under the in-court reorganization plan debentures, derivatives and lease liability, 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 June 30, 2021 and December 31, 2020, the Company, through its subsidiaries, had derivative financial instrument operations contracted.

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

The Company and its subsidiaries recognize, when applicable, transfers between the fair value hierarchy levels at the financial statements year end in which the changes occurred.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

(i) Fair value measurement

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

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

The carrying amounts and market values of the financial instruments included in the statement of financial position as of June 30, 2021 and December 31, 2020 are identified below:

Parent Company	Level	Category of financial instruments	06/30/2021		12/31/2020	
			Amount	Market	Amount	Market
Assets						
Cash and cash equivalents	-	Amortized cost	582	582	912	912
Cash and cash equivalents (Investment fund)	2	Fair value through profit or loss	935,476	935,476	164,657	164,657
Market securities	2	Fair value through profit or loss	289,687	289,687	642,999	642,999
Total assets			1,225,745	1,225,745	808,568	808,568
Parent Company						
Liabilities						
Supplier	2	Amortized cost	1,297	1,297	33,007	33,007
Derivative financial instruments		Fair value through profit or loss	94,528	94,528		
Debentures	-	Amortized cost	576,532	580,670	566,087	569,215
Lease liability		Amortized cost	722	722	793	793
Total liabilities			673,079	677,217	599,887	603,015
Consolidated						
Assets						
Cash and cash equivalents	-	Amortized cost	214,039	214,039	73,807	73,807
Cash and cash equivalents (Investment fund)	2	Fair value through profit or loss	3,990,985	3,990,985	2,145,739	2,145,739
Market securities	2	Fair value through profit or loss	4,029,975	4,029,975	5,516,859	5,516,859
Trade accounts receivable	-	Amortized cost	4,541,064	4,541,064	4,556,844	4,556,844
"A Component" revenue receivable and other financial items	-	Amortized cost	78,498	78,498	1,185,784	1,185,784
CCC subrogation - amounts allocated	-	Amortized cost	91,688	91,688	85,120	85,120
Derivative financial instruments	2	Fair value through profit or loss	327,029	327,029	395,761	395,761
Concession financial assets - Distribution companies	2	Fair value through profit or loss	6,139,258	6,139,258	5,665,922	5,665,922
Total assets			19,412,536	19,412,536	19,625,836	19,625,836

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Consolidated	Level	Category of financial instruments	06/30/2021		12/31/2020	
			Amount	Market	Amount	Market
Liabilities						
Supplier	-	Amortized cost	1,742,640	1,742,640	2,269,989	2,269,989
Loans and borrowings	-	Amortized cost	11,870,571	12,991,940	12,787,575	13,916,551
Payables from in-court reorganization	-	Amortized cost	1,021,605	1,289,346	960,880	1,195,726
"A Component" revenue receivable and other financial items	-	Amortized cost	491,087	491,087	924,009	924,009
Derivative financial instruments	2	Fair value through profit or loss	203,394	203,394	-	-
Lease liability	-	Amortized cost	24,632	24,632	28,853	28,853
Reimbursable AIC's	2	Fair value through profit or loss	106,266	106,266	106,266	106,266
Debentures	-	Fair value through profit or loss	5,899,527	5,865,100	5,000,403	4,984,271
Total Liabilities			<u>21,359,722</u>	<u>22,714,405</u>	<u>22,077,975</u>	<u>23,425,665</u>

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 Tariff 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\$ 44,939 (R\$ 44,939 at December 31, 2020) and Equatorial Alagoas R\$ 61,327 (R\$ 61,327 at December 31, 2020). 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;
- **Market securities (Current asset)** - these are classified as fair value through profit or loss. The fair value hierarchy of market securities 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;
- **Market securities (Noncurrent asset)** –refer to market securities 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.
- **"A Component" mount receivable/payable and other financial items** - 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;
- **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 June 30, 2021

(In thousands of Reais)

- **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. For disclosure purposes, market value of working capital operations were calculated based on equivalent debt rates, informed by B3 and the National Association of Open Market Institutions (ANBIMA).
- **Payables from in-court reorganization plan**- derives from the in-court reorganization plan of the indirect 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.;
- **Lease liabilities** - composed of obligations arising from rent and lease agreements that fall within the scope of CPC 06 (R2). The balances are discounted to present value through discounted cash flow for the term of each agreement and are classified as liabilities at amortized cost;
- **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; and
- **Reimbursable AICs** - are classified as level 2 on the hierarchy 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 expert assessment and full or partial approval by Eletrobras.

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 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).

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

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>06/30/2021</u>	<u>06/30/2021</u>
	CALL (a)	PUT (b)
Options value	363,857	126,310
Share spot price	1,093,341	1,093,341
Fair value of shares on grant date (adjusted by CDI)	1,109,987	1,109,987
Expected volatility (weighted average)	32.23%	32.23%
Option life (weighted average life expectancy)	3.4	3.4

In assessing the estimate, the result of the calculation (a) - (b), at June 30, 2021 was R\$ 237,547 (R\$ 165.169 at December 31, 2020). Given that the option's strike price was higher than the spot share price, the fair value of this option was not recorded.

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. .

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

The Company and its subsidiaries 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 (Parent Company)

On April 29, 2021, Equatorial Energia contracted Non Deliverable Forward (NDF) with Santander and Citibank to hedge against exchange differences of debts in foreign currency of CEEE-D between the period of the auction until execution of the purchase and sale agreement, with final maturity on August 31, 2021, accounted for at fair value in P&L.

The Company's derivative instruments effective as of June 30, 2021 and December 31, 2020 are summarized as follows:

Liability transactions	Fair value	
	06/30/2021	12/31/2020
Objective of market risk hedging		
Santander – USD 57,000	(23,583)	-
Citibank – USD 57,000	(23,554)	-
Citibank – USD 144,000	(47,391)	-
Current net	(94,528)	-

Equatorial Pará

The indirect subsidiary Equatorial Pará has swap contracts with Citibank for foreign-currency operations, the first of which with final maturity on July 05, 2022, recorded at fair value through other comprehensive income (loss) and the second of which maturing on June 12, 2023, recorded at fair value through profit or loss.

As of June 30, 2021, the balances of foreign currency loans and financing with the bank Citibank are R\$ 1,094,560 (R\$ 1,254,424 as of December 31, 2020).

The balances of the indirect subsidiary Equatorial Pará's derivative instruments as of June 30, 2021 and December 31, 2020 are summarized below:

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

Payables	Indexes	Fair value	
		06/30/2021	12/31/2020
Market risk hedging purpose			
Citibank- US\$ 100,000			
Long position	US\$ + Libor + 0.93% p.a.	705,913	733,842
Short position	114% of CDI	(549,501)	(547,557)
Total		156,412	186,285
Citibank - US\$ 140,909			
Long position	US\$ + Libor + 0.84% p.a.	402,832	521,720
Short position	111.8% of CDI	(317,026)	(394,024)
Total		85,806	127,696
Current net		141,346	100,448
Noncurrent net		100,872	213,533
Total		242,218	313,981

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.

Currency risk	Nominal value	06/30/2021		Heading in the statement of financial position in which the hedging instrument is included	06/30/2021	
		Assets	Liabilities		Changes in value of the hedging instrument recorded in other comprehensive income (loss)	Heading in P&L affected by reclassification
Swap contract						
- Hedge for loans in foreign currency	542,500	156,411	-	Derivative financial instruments	4,899	N/A

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Currency risk	Nominal value	12/31/2020		Heading in the statement of financial position in which the hedging instrument is included	12/31/2020	
		Assets	Liabilities		Changes in value of the hedging instrument recorded in other comprehensive income (loss)	Heading in P&L affected by reclassification
Swap contract						
- Hedge for loans in foreign currency	542,500	186,285	-	Derivative financial instruments	(2,833)	N/A

Reconciliation per risk category of equity components and analysis of items in other comprehensive income (loss), net of taxes resulting from cash flow hedge accounting are as follows:

	<u>Hedge reserve</u>
Amount at January 1, 2021	(2,833)
Cash flow hedge	
Changes in fair value:	
Currency risk – swap – loans	<u>7,730</u>
Amount at June 30, 2021	<u>4,897</u>

Equatorial Piauí

As at June 30, 2021, direct subsidiary Equatorial Piauí has swap contracts with Citibank and Scotiabank, referring to operations in foreign currency.

On April 05, 2019, this subsidiary raised funds with Citibank amounting to US\$ 77,720, with quarterly interest and amortization, and final maturity on April 05, 2022. The loan incurs the rate USD Libor + 0.85% p.a. + I.R. (hedged item), and has a swap recorded at fair value through profit or loss (hedging instrument)).

On October 10, 2020, the subsidiary raised funds from Scotiabank, amounting to US\$ 35,778, with semi-annual interest and 100% amortization at the end of the contract, and final maturity on October 16, 2023. The loan incurs the rate of 1.4280% p.a. + I.R. (hedged item), and has a swap recorded at fair value through profit or loss (hedging instrument).

On April 26, 2021, the subsidiary raised funds from Scotiabank, amounting to US\$ 53,571, with semi-annual interest and annual amortization, with final maturity on April 26, 2026. The loan incurs the rate of 1.9253% p.a. + I.R. (hedged item), and has a swap recorded at fair value through profit or loss (hedging instrument).

As of June 30, 2021, the balance of loans and financing in foreign currency totaled R\$ 385,319 (R\$ 404,991 as of December 31, 2020) with Citibank, R\$ 177,542 (R\$ 186,587 as of December 31, 2020) with Scotiabank, and R\$ 265,995 (R\$ 0 as of December 31, 2020) with Scotiabank. Further details are shown in Note 15.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

As at June 30, 2021 and December 31, 2020, this subsidiary's derivative instruments are summarized as follows:

Market risk hedging purpose	Indexes	Fair value	
		06/30/2021	12/31/2020
Citibank- US\$ 78,000			
Long position	US\$ + Libor + 0.725% p.a.	389,520	404,619
Short position	113.5% do CDI	(304,444)	(303,157)
Total		<u>85,076</u>	<u>101,462</u>
Scotiabank- US\$ 36,000			
Long position	US\$ +1.68% p.a.	182,314	190,137
Short position	CDI + 1.58%	(208,776)	(209,819)
Total		<u>(26,462)</u>	<u>(19,682)</u>
Scotiabank- US\$ 53,000			
Long position	US\$ +1.93% p.a.	279,888	190,137
Short position	CDI + 1.77%	(322,681)	(209,819)
Total		<u>(42,793)</u>	<u>(19,682)</u>
Current net		84,811	152
Noncurrent net		(68,990)	81,628
Total		<u><u>15,821</u></u>	<u><u>81,780</u></u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

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.

The amounts relating to hedging instruments and hedge ineffectiveness are as follows:

Currency risk	Nominal value	06/30/2021		Heading in the statement of financial position in which the hedging instrument is included	06/30/2021	
		Assets	Liabilities		Changes in value of the hedging instrument recorded in other comprehensive income (loss)	Heading in P&L affected by reclassification
Swap contract - Hedge for loans in foreign currency	800,000	85,076	69,256	Derivative financial instruments	5,655	N/A
		12/31/2020		Heading in the statement of financial position in which the hedging instrument is included	12/31/2020	
Currency risk	Nominal value	Assets	Liabilities		Changes in value of the hedging instrument recorded in other comprehensive income (loss)	Heading in P&L affected by reclassification
Swap contract - Hedge for loans in foreign currency	500,000	81,780	-	Derivative financial instruments	6,839	N/A

Reconciliation per risk category of equity components and analysis of items in other comprehensive income (loss), net of taxes resulting from cash flow hedge accounting are as follows:

	<u>Hedge reserve</u>
Amount at January 1, 2021	6,839
Cash flow hedge	
Changes in fair value:	
Currency risk – swap – loans	(1,184)
Amount at June 30, 2021	5,655

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

Equatorial Maranhão

The indirect subsidiary Equatorial Maranhão has swap agreements with Scotiabank referring to foreign currency transactions, maturing on February 19, 2025, recorded at fair value through other comprehensive income.

The balance of loan and financing agreements in foreign currency with Scotiabank totals R\$324,974 as of June 30, 2021 (R\$0 as of December 31, 2020).

The Company's derivative instruments effective as of June 30, 2021 and December 31, 2020 are summarized as follows:

Payables	Indexes	Fair value	
		06/30/2021	12/31/2020
Market risk hedging purpose			
Scotiabank US\$ 65,000			
Long position	US\$ + 1.258% p.a.	332,181	-
Short position	CDI + 1.65% p.a.	(372,057)	-
Total		(39,876)	-
Current net		(214)	-
Noncurrent net		(39,662)	-
Total		(39,876)	-

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

Given that the accounting standards that address the matter require the swap to be accounted for at market value, even if the hedge is perfect from a cash point of view, the results may vary.

Currency risk	Nominal value	06/30/2021		Currency risk	Nominal value	Assets
		Assets	Liabilities			
Swap contract						
- Hedge for loans in foreign currency	350,000	-	39,876	Derivative financial instruments	9,209	-

Reconciliation per risk category of equity components and analysis of items in other comprehensive income (loss), net of taxes resulting from cash flow hedge accounting are as follows:

	Hedge reserve
Amount at January 1, 2021	-
Cash flow hedge	-
Changes in fair value:	
Currency risk – swap – loans	9,209
Amount at June 30, 2021	9,209

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

As at June 30, 2021 and December 31, 2020, the consolidated amounts of derivative instruments (the Company and its indirect subsidiaries Equatorial Pará and Equatorial Maranhão and direct subsidiary Equatorial Piauí) are as follows:

	<u>06/30/2021</u>	<u>12/31/2020</u>
Current asset	226,157	100,600
Current liability	(94,742)	-
Current net effect	131,415	100,600
Noncurrent asset	100,872	295,161
Noncurrent liability	(108,652)	-
Noncurrent net effect	(7,780)	295,161
Total	123,635	395,761

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.

The Company's Audit Committee oversees the way Management monitors compliance with the Company's risk management procedures, and reviews the adequacy of the risk management structure in relation to the risks to which the Company is exposed. The Audit Committee of Equatorial Energia S.A. is assisted by the internal audit team in performing its responsibilities. Internal audit performs regular and occasional reviews of risk management procedures, and the result is reported to the Company's Audit Committee.

For the period ended June 30, 2021, there was no change in the Company's and its subsidiaries' risk management policies since the year ended December 31, 2020.

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

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Trade receivables

The accounts receivable of the direct subsidiaries Equatorial Piauí and Equatorial Alagoas, and the indirect subsidiaries Equatorial Maranhão and Equatorial Pará consist of electricity bills, unbilled consumers, and financed energy supply debits overdue for defaulting consumers, the proportionality of which is determined by the features of the concession area.

The subsidiaries 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 Maranhão, Equatorial Pará, Equatorial Piauí and Equatorial Alagoas)	%	
	06/30/2021	12/31/2020
Residential	60%	59%
Industrial	6%	6%
Commercial	15%	15%
Rural	5%	5%
Government	8%	8%
Public lighting	3%	3%
Public utility	3%	4%
Total	<u>100%</u>	<u>100%</u>

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 period ended June 30, 2021 and December 31, 2020, the maximum credit risk exposure for trade account receivables by consumer type was as follows:

Distribution

Consumer type	06/30/2021			
	Billed consumers	Unbilled consumers	Installment payment	Total
Residential	2,067,967	344,688	1,566,458	3,979,113
Industrial	254,506	3,641	131,966	390,113
Commercial	548,036	66,842	399,688	1,014,566
Rural	223,375	21,535	85,285	330,195
Government	174,384	18,417	333,058	525,859
Public lighting	102,353	936	90,829	194,118
Public utility	97,102	11,196	112,268	220,566
Total	<u>3,467,723</u>	<u>467,255</u>	<u>2,719,552</u>	<u>6,654,530</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
Period ended June 30, 2021
(In thousands of Reais)

Consumer type	12/31/2020			
	Billed consumers	Unbilled consumers	Installment payment	Total
Residential	1,999,365	323,781	1,542,059	3,865,205
Industrial	256,541	3,569	130,699	390,809
Commercial	546,822	65,198	410,473	1,022,493
Rural	212,937	19,922	81,781	314,640
Government	153,545	17,055	326,934	497,534
Public lighting	112,908	586	91,301	204,795
Public utility	115,374	10,163	117,089	242,626
Total	<u>3,397,492</u>	<u>440,274</u>	<u>2,700,336</u>	<u>6,538,102</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 estimates 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's subsidiaries over the period.

The 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 June 30, 2021

(In thousands of Reais)

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	1,844,488	28.09%	518,201	830,817	4.28%	35,588
1 to 30 overdue	46,287	27.65%	12,800	432,767	7.31%	31,624
31 to 60 overdue	29,385	41.65%	12,240	120,569	17.36%	20,936
61 to 90 overdue	25,958	52.94%	13,743	75,153	28.89%	21,711
91 to 120 overdue	25,725	58.31%	15,000	63,819	36.27%	23,145
121 to 150 overdue	24,793	60.44%	14,985	66,216	38.58%	25,545
151 to 180 overdue	22,772	62.40%	14,210	85,024	38.37%	32,625
181 to 210 overdue	19,539	63.96%	12,497	50,065	43.17%	21,615
211 to 240 overdue	20,948	64.86%	13,587	46,539	44.78%	20,841
241 to 270 overdue	18,042	65.71%	11,856	40,093	44.77%	17,948
271 to 300 overdue	19,191	66.69%	12,799	42,448	44.75%	18,994
301 to 330 overdue	17,265	67.04%	11,574	34,487	45.91%	15,833
331 to 360 overdue	16,520	67.70%	11,185	25,793	47.46%	12,241
361 to 390 overdue	16,439	68.61%	11,279	21,902	49.24%	10,785
391 to 420 overdue	18,877	69.31%	13,084	27,681	49.94%	13,823
421 to 450 overdue	14,150	69.70%	9,862	25,919	50.53%	13,097
451 to 630 overdue	93,418	72.08%	67,336	205,672	54.66%	112,429
631 to 720 overdue	39,258	75.42%	29,609	96,974	58.71%	56,933
721 to 810 overdue	34,113	76.78%	26,192	63,795	62.29%	39,737
811 to 990 overdue	64,642	77.32%	49,983	143,361	64.48%	92,445
991 to 1080 overdue	27,761	77.45%	21,501	74,573	66.59%	49,660
1081 to 1170 overdue	23,213	81.17%	18,842	61,090	67.62%	41,307
1171 to 1350 overdue	42,405	84.72%	35,925	137,683	68.95%	94,933
1351 to 1530 overdue	27,721	88.33%	24,486	90,393	69.18%	62,534
1531 to 1710 overdue	20,326	92.64%	18,831	102,730	71.40%	73,353
1711 to 1890 overdue	14,730	94.50%	13,920	80,221	87.92%	70,530
More than 1890 overdue	151,586	95.98%	145,487	421,939	90.61%	382,337
Total	2,719,552		1,161,014	3,467,723		1,412,549

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

PECLD Other (Consolidated)

Range	Other installments	Other billed	Total	Weighted average rate of the average loss of the Installment %	Weighted average rate of the average loss of Billed %	PECLD balance– other installments	PECLD balance – other billed	PECLD balance – total other
Outstanding	14,113	82,537	96,650	28.09%	4.28%	4,000	4,120	8,120
1 to 30 overdue	111	13,683	13,794	27.65%	7.31%	34	967	1,001
31 to 60 overdue	80	5,720	5,800	41.65%	17.36%	36	1,110	1,146
61 to 90 overdue	83	5,313	5,396	52.94%	28.89%	46	1,633	1,679
91 to 120 overdue	70	3,843	3,913	58.31%	36.27%	42	1,538	1,580
121 to 150 overdue	84	3,310	3,394	60.44%	38.58%	52	1,424	1,476
151 to 180 overdue	66	3,669	3,735	62.40%	38.37%	42	1,575	1,617
181 to 210 overdue	27	2,296	2,323	63.96%	43.17%	18	1,009	1,027
211 to 240 overdue	586	1,884	2,470	64.86%	44.78%	390	897	1,287
241 to 270 overdue	23	1,870	1,893	65.71%	44.77%	16	886	902
271 to 300 overdue	15	1,071	1,086	66.69%	44.75%	10	537	547
301 to 330 overdue	7	(134)	(127)	67.04%	45.91%	5	24	29
331 to 360 overdue	13	1,161	1,174	67.70%	47.46%	9	512	521
361 to 390 overdue	7	927	934	68.61%	49.24%	5	411	416
391 to 420 overdue	7	570	577	69.31%	49.94%	5	195	200
421 to 450 overdue	7	1,702	1,709	69.70%	50.53%	5	868	873
451 to 630 overdue	14	10,306	10,320	72.08%	54.66%	10	5,754	5,764
631 to 720 overdue	-	4,848	4,848	75.42%	58.71%	-	3,135	3,135
721 to 810 overdue	1	3,896	3,897	76.78%	62.29%	1	2,570	2,571
811 to 990 overdue	2	8,696	8,698	77.32%	64.48%	2	5,852	5,854
991 to 1080 overdue	-	4,558	4,558	77.45%	66.59%	-	3,163	3,163
1081 to 1170 overdue	-	3,793	3,793	81.17%	67.62%	-	2,655	2,655
1171 to 1350 overdue	-	6,351	6,351	84.72%	68.95%	-	4,463	4,463
1351 to 1530 overdue	-	4,026	4,026	88.33%	69.18%	-	2,796	2,796
1531 to 1710 overdue	-	3,343	3,343	92.64%	71.40%	-	2,386	2,386
1711 to 1890 overdue	-	2,512	2,512	94.50%	87.92%	-	2,215	2,215
More than 1890 days overdue	-	10,933	10,933	95.98%	90.61%	-	9,939	9,939
Total	15,316	192,684	208,000			4,728	62,634	67,362

PECLD not invoiced (Consolidated)

Range	Gross carrying amount not invoiced	% Weighted-average loss rate of non-invoiced portion	Balance
Outstanding	467,255	4.26%	19,898
Total	467,255	4.26%	19,898

Cash and cash equivalents

The Company and its subsidiaries have individual and consolidated cash and cash equivalents of R\$ 936,058 and R\$ 4,205,024, respectively, as of June 30, 2021 (R\$ 165,569 and R\$ 2,219,546 as of December 31, 2020). Cash and cash equivalents are maintained with banks and financial institutions with ratings above AA- and 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 and its subsidiaries deemed that a provision is not necessary.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Tranche A receivables and other financial items, 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 between AA- and AA+, and by the rating agencies - *Fitch Ratings e Standard & Poors*.

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

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 2.3 as of June 30, 2021 (2.4 as of December 31, 2020).

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 June 30, 2021

(In thousands of Reais)

Parent Company

	Gross amount	Total contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years
Non-derivative financial liabilities						
Unsecured bond issues	576,532	684,678	36,781	35,811	612,086	-
Subtotals - Debentures	576,532	684,678	36,781	35,811	612,086	-
Trade payables	1,297	1,297	1,297	-	-	-
Total	577,829	685,975	38,078	35,811	612,086	-

Consolidated

	Gross amount	Total contractual cash flow	2 months or less	2-12 months	1-2 years	2-5 years	Over 5 years
Non-derivative financial liabilities							
Secured bank loans	10,251,000	13,170,585	113,118	904,154	1,527,896	2,913,149	7,712,268
Unsecured bank loans	1,619,571	1,807,255	160,927	763,726	525,368	357,234	-
Subtotals - Loans and Financing	11,870,571	14,977,840	274,045	1,667,880	2,053,264	3,270,383	7,712,268
Unsecured bond issues	3,969,085	5,747,575	36,781	1,126,775	2,578,277	1,271,071	734,671
Secured bond issues	1,930,442	3,414,780	10,125	383,843	279,219	821,616	1,919,977
Subtotal - Debentures	5,899,527	9,162,355	46,906	1,510,618	2,857,496	2,092,687	2,654,648
Secured bank loans	131,605	164,017	2,169	31,123	35,129	91,159	4,437
Unsecured bank loans	890,000	2,120,242	80	47,689	48,024	144,370	1,880,079
Subtotal - Other non-derivative financial liabilities	1,021,605	2,284,259	2,249	78,812	83,153	235,529	1,884,516
Supplier	1,742,640	1,545,167	803,614	674,979	-	66,574	-
Total	20,534,343	27,969,621	1,126,814	3,932,289	4,993,913	5,665,173	12,251,432

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 June 30, 2021

(In thousands of Reais)

(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. At June 30, 2021, the exposure of the subsidiary Equatorial Maranhão is 16.3% (0% as of December 31, 2020), the exposure of the subsidiary Equatorial Pará is 21.1% (26.4% as of December 31, 2020), the subsidiary Equatorial Piauí is 23.4% (17.5% as of December 31, 2020), 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)	2,248,389	3.0%	Jul/23	1.8	12.0%
Foreign currency	2,248,389	3.0%	Jul/23	1.8	12.0%
CDI	5,748,857	3.2%	Nov/23	1.9	30.7%
Prefixed	933,966	11.3%	Aug/38	13.4	5.0%
IGP-M	377,371	37.1%	Sept/34	11.4	2.0%
IPCA	9,300,871	12.9%	Feb/35	7.6	49.7%
SELIC	113,812	2.8%	Jan/23	0.8	0.6%
Domestic currency	16,474,877	9.9%	Apr/31	6.0	88.0%
Total	18,723,266	9.1	May/30	5.5	100%

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 June 30, 2021

(In thousands of Reais)

The companies Equatorial Maranhão, 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 company Equatorial Alagoas do not have exposure to the exchange rate in the debt as of June 30, 2021 and December 31, 2020.

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 valuation method for this sensitivity analysis for June 30, 2021 has not changed from the method used in the year.

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

		Consolidated					
		Cash flow risk or fair value associated with interest or foreign exchange rates					
		Impact on profit or loss					
Transaction	Risk	Balance in thousands of R\$ (exposure)	Probable Scenario	Scenario II +25%	Scenario III +50%	Scenario IV -25%	Scenario V -50%
Financial liabilities							
Loans, financing and debentures	USD	(2,248,390)	(2,369,803)	(2,962,254)	(3,554,705)	(1,777,352)	(1,184,902)
Impact on profit or loss			-	(592,450)	(1,184,902)	592,450	1,184,902
Swap – Long Position	USD	2,292,650	2,416,453	3,020,566	4,228,793	3,624,680	2,416,453
Impact on income (swap)			-	604,113	1,208,227	(604,113)	(1,208,227)
Impact on profit or loss			-	11,663	23,325	(11,663)	(23,325)
Reference for financial liabilities		Projected rate	Projected rate at 06/30/2021	+25%	+50%	-25%	-50%
Dollar USD/R\$ (12 months)		5.27	5.00	6.59	7.91	3.95	2.64

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 June 30, 2021

(In thousands of Reais)

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.

		Parent Company					
		Cash flow or fair value risk associated with interest rates					
Transaction	Risk	Balance in thousands of R\$ (exposure)	Probable Scenario	Scenario II +25%	Scenario III +50%	Scenario IV -25%	Scenario V -50%
Financial assets							
Market securities	CDI	1,225,163	1,305,779	1,325,933	1,346,087	1,285,265	1,265,471
				20,154	40,308		(40,308)
Impact on profit or loss			-			(20,154)	
Financial liabilities							
Loans, financing and debentures	CDI	(453,275)	(483,100)	(490,557)	(498,013)	(475,644)	(468,188)
	IPCA	(127,267)	(134,407)	(136,192)	(137,977)	(132,622)	(130,837)
Total financial liabilities		(580,542)	(617,507)	(626,749)	(635,990)	(608,266)	(599,025)
			(29,825)	(7,456)	(14,913)	7,456	14,913
IPCA			(7,140)	(1,785)	(3,570)	1,785	3,570
Impact on profit or loss			(36,965)	(9,241)	(18,483)	9,241	18,483
Net effect on income			<u>(36,965)</u>	<u>10,913</u>	<u>21,825</u>	<u>(10,913)</u>	<u>(21,825)</u>

		Consolidated					
		Cash flow or fair value risk associated with interest rates					
Transaction	Risk	Balance in thousands of R\$ (exposure)	Probable Scenario	Scenario II +25%	Scenario III +50%	Scenario IV -25%	Scenario V -50%
Financial assets							
Market securities	CDI	7,907,430	8,427,739	8,557,816	8,687,893	8,297,662	8,167,585
Impact on profit or loss			-	130,077	260,154	(130,077)	(260,154)
Financial liabilities							
Loans, financing and debentures	CDI	(5,748,856)	(6,127,131)	(6,221,699)	(6,316,268)	(6,032,562)	(5,937,993)
	SELIC	(113,812)	(121,301)	(123,173)	(125,045)	(119,429)	(117,556)
	IGP-M	(377,371)	(394,730)	(399,070)	(403,410)	(390,390)	(386,051)
	IPCA	(9,300,872)	(9,822,651)	(9,953,096)	(10,083,540)	(9,692,206)	(9,561,762)
Total financial liabilities		(15,540,911)	(16,465,813)	(16,697,038)	(16,928,263)	(16,234,587)	(16,003,362)
Impact on profit or loss			-	(231,225)	(462,451)	231,225	462,451
Swap – Short position	CDI	(1,702,430)	-	(4,988,985)	(5,064,817)	(4,837,322)	(4,761,490)
Impact on profit or loss (swap)			-	(75,832)	(151,663)	75,832	151,663
Net effect on income			<u>-</u>	<u>(176,980)</u>	<u>(353,960)</u>	<u>176,980</u>	<u>353,960</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Reference for financial assets and financial liabilities	Projected rate (BMF)	Rate at 06/30/2021	25%	50%	-25%	-50%
CDI (% 12 months)	6.58	2.28	8.23	9.87	4.94	3.29
SELIC (% 12 months)	6.58	2.28	8.23	9.87	4.94	3.29
IGP-M (% 12 months)	4.60	35.75	5.75	6.90	3.45	2.30
IPCA (% 12 months)	5.61	8.35	7.01	8.42	4.21	2.81

Fonte: B3 and Santander

(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 (Hydrological risk)

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 Tariff Flag Resources Centralizing Account (CCRBT - flags account) to monitor the hydrological situation in Brazil, thus containing energy consumption in a non-rational manner.

Technical studies of the country's hydrological situation, carried out by specialists in the electricity sector, indicate that the condition of supply in 2021 is worrying.

As a result of the unfavorable hydrological situation, ANEEL triggered the Red Flag Level 2, signaling to consumers the increase in effective electricity generation costs, partially reducing the negative impacts on the Distributors' cash.

On June 29, 2021, ANEEL ratified the updating of the amounts of the tariff flags, through Ratifying Resolution No. 2888/2021, increasing the Red Flag Level 2 from 62.43 R\$/MWh to 94.92 R\$/MWh. In addition, ANEEL's Board of Directors also decided to open Public Consultation 41/21, for the purpose of analyzing the need for additional changes in the value of Red Flag Level 2, given the extraordinary situation of hydrological severity.

As of June 30, 2021, the projections prepared by sector specialists and the Company's subsidiaries did not result in an expectation of rationing, with the greatest impacts being observed from the energy cost viewpoint. We point out that these expectations involve risks and uncertainties, and may lead to accounting and regulatory impacts, such as lower availability of water in large hydroelectric reservoirs and the consequent dispatch of thermal plants.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

(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.

(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, the Company and its subsidiaries 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. The Company 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 for the Company and its subsidiaries. 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.

Additionally, with a view to reducing environmental impacts, the Company and its subsidiaries make use of protected or compact cables in their 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 June 30, 2021

(In thousands of Reais)

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

31.1 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>
Financing activities	
Additional dividends (g)	159,534
Total financing activities	<u>159,534</u>
Investing activities	
Dividends receivable	
Total investing activities	<u>474,508</u>
Total	<u><u>634,042</u></u>

Consolidated

	<u>Noncash effect</u>
Investing activities	
Transfers between financial assets and contract assets (a)	339,454
Transfers between contract assets and intangible assets (a)	262,836
Additions to contract assets matched against trade accounts payable (b)	21,441
Additions to contract assets matched against obligations and charges on payroll (b)	26,734
Transfers between investments and intangible assets	19,616
Transfers between subrogation and contract assets	149,598
Transfers between contract assets and investments	6,917
Capitalization of short-term investment yield	845
Offset of sector charges balance against lost services	2,819
Total investing activities	<u>830,260</u>
Financing activities	
Capitalization of interest on loans, interest and intercompany loans (c)	119,410
Extinction of payment obligation RGR – Law No. 14120/21 (e)	812,529
Cash flow hedge accounting (d)	18,123
Recognition of lease assets and liabilities (f)	3,639
Additional dividends (g)	728,739
Total financing activities	<u>1,682,440</u>
Total	<u><u>2,512,700</u></u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

- (a) These correspond to transfers of contract assets to intangible assets in service and concession-related financial assets;
- (b) These refer to additions to contract assets matched against trade accounts payable and obligations and charges on payroll (Note 14);
- (c) Capitalization of interest on loans linked to acquisition or construction of qualifying assets recorded in contract assets in accordance with the rules of CPC 20 (R1) – Borrowing Costs;
- (d) Hedge against exposure to changes in cash flow that may be attributed to specific risks associated with assets or liabilities or that may have an impact on P&L;
- (e) On March 1, 2021, Law No. 14120 extinguished the obligation to pay the RGR loan, corresponding to the portion entitled to tariff recognition and that has not been subject to discount, pursuant to the bidding notice addressed in paragraphs 1-A and 1-C, article 8 of Law No. 12783, of January 11, 2013;
- (f) Recognition of right-of-use assets in the period; and
- (g) Recognition of additional dividends for the year.

31.2 Changes in liabilities of financing activities

	12/31/2020	Cash flow	Payment of interest (*)	New leases	Changes in fair value	Other (**)	06/30/2021
Loans and financing	12,787,575	(363,111)	(279,875)	-	11,218	(285,236)	11,870,571
Debentures	5,000,403	800,000	(104,965)	-	-	204,089	5,899,527
Derivative financial instruments		(69,814)	2,671	-	9,209	261,328	203,394
Lease liabilities	28,853	(9,148)	(959)	4,494	-	1,392	24,632
Dividends payable	601,510	(788,797)	-	-	-	907,556	720,269
Total	18,418,341	(430,870)	(383,128)	4,494	20,427	1,089,129	18,718,393

(*) The Company and its subsidiaries classify interest paid as cash flows from operating activities.

(**) Changes in “Other” include the effects of the recording of debt charges, interest, net monetary and exchange fluctuations, interest capitalization and recognition of dividends not yet paid at period end. The Company and its subsidiaries classify interest paid as cash flows from operating activities.

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, Servicesⁱ and Otherⁱⁱ whose segment reporting information is shown below:

	06/30/2021					Total
	Distribution	Transmission	Services and Trading	Reconciliation		
				Management	Eliminations	
Net operating revenue	7,608,777	631,246	137,778	-	(43,336)	8,334,465
Operating Costs and Expenses	(6,020,196)	(242,584)	(135,964)	(91,834)	43,336	(6,447,242)
Operating income before financial income/expenses	1,588,581	388,662	1,814	(91,834)	-	1,887,223

ⁱServices refer to service activities provided by Equatorial Serviços S./A., Equatorial Telecomunicações S.A., and Solenergias Comercializadora de Energia S/A. For more information, refer to Note 12 Information on subsidiaries and jointly-controlled subsidiaries.

ⁱⁱ Other refers to the Central Administration services arising from the holding operation, as well as the sharing of personnel and infrastructure, provided by Equatorial Energia Distribuição S/A, Equatorial Transmissão S/A, and Equatorial Energia S/A. For more information, see explanatory note 10.2 and 12 - Information on subsidiaries and jointly-owned subsidiaries .

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Financial revenue	629,130	2,751	1,343	10,250	(514)	642,960
Finance cost	(845,449)	(197,584)	(350)	(138,984)	514	(1,181,853)
	<u>(216,319)</u>	<u>(194,833)</u>	<u>993</u>	<u>(128,734)</u>	<u>-</u>	<u>(538,893)</u>
Equity in the net income of subsidiaries and associated companies	-	-	-	1,740,073	(1,715,439)	24,634
Income tax and social contribution	(230,476)	(55,599)	(2,224)	-	-	(288,299)
	<u>(230,476)</u>	<u>(55,599)</u>	<u>(2,224)</u>	<u>-</u>	<u>-</u>	<u>(288,299)</u>
Net income (loss) for the period	<u>1,141,786</u>	<u>138,230</u>	<u>583</u>	<u>1,519,505</u>	<u>(1,715,439)</u>	<u>1,084,665</u>

06/30/2020

	Distribution	Transmission	Services and Trading	Reconciliation		Total
				Management	Eliminations	
Net operating revenue	6,082,622	1,507,278	198,681	-	(99,869)	7,688,712
Operating Costs and Expenses	(5,136,711)	(735,120)	(171,116)	(114)	55,227	(5,987,834)
Operating income before financial income/expenses	<u>945,911</u>	<u>772,158</u>	<u>27,565</u>	<u>(114)</u>	<u>(44,642)</u>	<u>1,700,878</u>
Financial revenue	766,882	4,928	1,790	17,330	(621)	790,309
Finance cost	(951,164)	(19,129)	(56)	(38,425)	621	(1,008,153)
	<u>(184,282)</u>	<u>(14,201)</u>	<u>1,734</u>	<u>(21,095)</u>	<u>-</u>	<u>(217,844)</u>
Equity in the net income of subsidiaries and associated companies	-	-	-	1,726,081	(1,766,845)	(40,764)
Income tax and social contribution	(160,231)	(283,803)	(9,345)	-	-	(453,379)
	<u>(160,231)</u>	<u>(283,803)</u>	<u>(9,345)</u>	<u>-</u>	<u>-</u>	<u>(453,379)</u>
Net income (loss) for the period	<u>601,398</u>	<u>474,154</u>	<u>19,954</u>	<u>1,704,872</u>	<u>(1,811,487)</u>	<u>988,891</u>

06/30/2021

	Distribution	Transmission	Services and Trading	Reconciliation		Total
				Management	Eliminations	
Operating assets	30,901,475	10,873,262	410,731	20,722,038	(19,406,230)	43,501,276
Operating liabilities	21,544,886	7,556,852	129,962	2,460,595	(712,086)	30,980,209

06/30/2020

	Distribution	Transmission	Services and Trading	Reconciliation		Total
				Management	Eliminations	
Operating assets	32,292,211	10,644,618	441,369	19,995,209	(19,249,387)	44,124,020
Operating liabilities	23,736,128	7,271,503	161,277	773,763	(644,709)	31,297,962

32.1 Operating revenue by segment

	06/30/2021				
	Distribution	Transmission	Services	Eliminations	Total
Electric energy delivery (sale)	115,608	-	-	-	115,608
Electricity sales to distributors	8,060,826	-	106,564	-	8,167,390
CVA and other financial items	712,952	-	-	-	712,952
Construction revenue	885,023	385,656	-	-	1,270,679
Electricity transmission operations	-	704	-	-	704
Operation and maintenance revenue	-	12,774	-	-	12,774
Other income	602,875	340,642	50,767	(43,336)	950,948
	<u>602,875</u>	<u>340,642</u>	<u>50,767</u>	<u>(43,336)</u>	<u>950,948</u>
Total gross revenue	<u>10,377,284</u>	<u>739,776</u>	<u>157,331</u>	<u>(43,336)</u>	<u>11,231,055</u>

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)
 Period ended June 30, 2021
 (In thousands of Reais)

	06/30/2020				Total
	Distribution	Transmission	Services	Eliminations	
Electricity sales to distributors	105,911	-	-	-	105,911
Electricity sales to consumers	7,442,829	-	123,239	-	7,566,068
CVA and other financial items	(229,598)	-	-	-	(229,598)
Construction revenue	832,766	1,207,400	-	-	2,040,166
Electricity transmission operations	-	(2,708)	-	-	(2,708)
Operation and maintenance revenue	-	11,656	-	-	11,656
Other income	319,318	461,226	105,826	(99,869)	786,501
Total gross revenue	<u>8,471,226</u>	<u>1,677,574</u>	<u>229,065</u>	<u>(99,869)</u>	<u>10,277,996</u>

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

	06/30/2021				06/30/2020			
	Maranhão	Pará	Piauí	Alagoas*	Maranhão	Pará	Piauí	Alagoas*
Net operating revenue	<u>2,101,978</u>	<u>3,100,329</u>	<u>1,202,136</u>	<u>1,204,334</u>	1,742,443	2,448,794	1,013,192	878,193

* The distribution subsidiary companies have operational and administrative head offices in the respective states they operate in. The transmission subsidiary companies, in turn, have their operations in locations away from the administrative head office, which are in Brasília/Federal District, 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:

Consolidated

	Term	2021	2022	2023	2023 onwards *
Contracted power (in R\$)	2021 a 2032	2,192,901	4,152,152	4,370,484	52,722,494
Contracted power (in MWh)	2021 a 2032	10,698,684	21,413,875	21,980,679	222,751,298

(*) estimated 12 years after 2023.

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 June 30, 2021

(In thousands of Reais)

Parent Company (R\$ Thousand)

	<u>Term</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023 onwards *</u>
Leasing and rentals	2020 to 2028	67	127	116	412
(*) estimated after 2023.					

Consolidated (R\$ Thousand)

	<u>Term</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2023 onwards *</u>
Leasing and rentals	2021 to 2028	5,659	5,459	3,916	9,714
Islanded system	2021 to 2027	584,827	568,810	369,261	360,806
Islanded system (MWh)	2021 to 2027	269,740	284,322	257,599	284,762
(*) estimated after 2023.					

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 an individual and consolidated interim financial information audit 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:

Consolidated Risks	Maturity	Amounts
Operating risks	(b)	1,505,655
General civil liability – operations	(b)	570,000
All risks	(b)	31,095
Judicial surety bond	(c)/(e)/(f)	2,205,363
Power auction surety bond	(a)/(d)	301,345
Vehicle	(b)/(g)	212,031
		94,220

- (a) Policies in force through 2021;
 (b) Policies in force through 2022;
 (c) Policies in force through 2023;
 (d) Policies in force through 2024;
 (e) Policies in force through 2025;
 (f) Policies in force through 2026; and
 (g) Pursuant to the policy, this insurance only applies to third parties, i.e. there is no insured amount.

(*) 441 insured own vehicles.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

35 Subsequent events

Equatorial Energia

Purchase of shares issued by the Company

On July 19, 2021, the Company acquired 449,000 shares in the amount of R\$ 10,720. On August 11, 2021, the Company held 28,870,100 shares issued thereby in the amount of R\$ 642,725.

Equatorial Participações

Signature of the CEEE-D purchase and sale agreement

On July 8, 2021, Equatorial Energia communicated the settlement of the auction for sale of shares of the capital of Companhia Estadual de Distribuição de Energia Elétrica - CEEE-D (“CEEE-D”), pursuant to the terms of Auction Notice No. 01/2020 – Disposal of Common and Preferred Shares of Companhia Estadual de Distribuição de Energia Elétrica – CEEE-D (“Notice”), through a Share Purchase and Sale Agreement and other Covenants (“Purchase and Sale Agreement”) between Companhia Estadual de Energia Elétrica Participações – CEEE-Par, as the seller, and the Company’s subsidiary Equatorial Participações e Investimentos S.A. (“Equatorial Participações”), as the buyer.

With settlement of the Auction, pursuant to the terms of the Notice and the Purchase and Sale Agreement, Equatorial Participações purchased 64,926,987 registered book-entry shares with no par value, representing approximately 95.12% of the total capital of CEEE-D, of which 64,925,900 are common shares, representing approximately 95.35% of the common shares issued by CEEE-D, and 1,087 preferred shares, representing approximately 0.66% of the preferred shares issued by CEEE-D (“CEEE-D Shares”), in return for the payment of the total amount of R\$144.

SPE 01 to SPE 08 and Intesa

Adjustment of the Annual Permitted Compensation

On July 13, 2021, through approval resolution No. 2895/2021, the National Electric Energy Agency (ANEEL) established the adjustment of the Annual Permitted Compensation (as of July 1, 2020) for the provision of facilities under the responsibility of public power transmission service concessionaires. For the 2021-2022 cycle, the adjustment of the revenue of the SPEs and of Intesa took place as presented below, compared to that provided for in the concession contract.

Revenue adjustment	R\$	%
SPE 01	7,099	8.06
SPE 02	6,438	8.06
SPE 03	9,385	8.06
SPE 04	16,928	8.06
SPE 05	7,811	8.06
SPE 06	9,694	8.06
SPE 07	8,189	8.06
SPE 08	11,822	8.06
Intesa	13,645	8.08

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

Equatorial Maranhão

Release of the transfer from BNDES, loan agreement No. 20.2.0474-1

The 2nd release of agreement No. 20.2.0474-1 with BNDES occurred on July 29, 2021, referring to the Capex cycle contract (2021-2023), in the amount of R\$ 145,000, the funds of which are intended for investments of the Company's subsidiary, at a cost of IPCA + 4.07% p.a. and final maturity on February 15, 2030, with the possibility of extending the term to September 15, 2040 if the concession is renewed.

Payment of interim dividends

On August 6, 2021, according to the minutes of the Board of Directors' Meeting, interim dividends of R\$ 299,307 were approved, arising from P&L for the period ended June 30, 2021, and R\$ 63,073 from the working capital statutory reserve.

Equatorial Pará

Payment of interim dividends

On August 6, 2021, according to the minutes of the Board of Directors' Meeting, interim dividends of R\$ 269,462 were approved, arising from P&L for the period ended June 30, 2021, and R\$ 61,899 from the investment statutory reserve.

Annual tariff adjustment

On August 6, 2021, ANEEL's board approved the Annual Tariff Adjustment of the indirect subsidiary, with an average effect of 9.01% to be perceived by consumers. The new rates will take effect on August 7, 2021 until August 6, 2022.

Equatorial Piauí

Release of the transfer from BNDES, loan agreement No. 20.2.0125-1

The 2nd release of agreement No. 20.2.0125-1 with BNDES occurred on July 29, 2021, referring to the Capex cycle contract (2021-2023), in the amount of R\$ 110,000, the funds of which are intended for investments of the Company's subsidiary, at a cost of IPCA + 4.38% p.a. and final maturity on May 15, 2040.

CEEE-D

Loans between CEEE-D and Bank of America

On July 29, 2021, CEEE-D received a loan in foreign currency taken out with Bank of America in the amount of US\$ 47,750,000, corresponding to R\$ 250,000, hedged by swap of 100% of the foreign exchange exposure at the rate of CDI+1,50% p.a., subject to quarterly interest and amortization of principal on July 31, 2023.

SPE 3

Loan agreement executed between the Company and SPE 3

On July 15, 2021, the Company entered into an intercompany loan as the "lessor" with SPE 3, the "lessee", as previously agreed by ANEEL, through Decision No. 3523 of December 14, 2020, in the amount of R\$15,000 maturing on December 18, 2022, which may be paid in advance, subject to interest based on 105.5% of the CDI.

Equatorial Energia S.A. and Consolidated

Notes to individual and consolidated interim financial information (Continued)

Period ended June 30, 2021

(In thousands of Reais)

SPE 8

Financing releases for transmission projects

On July 30, 2021, the indirect subsidiary SPE 8 received the 3rd disbursement of the Fixed Credit Opening Agreement No. 330.900.895 with Banco do Brasil, with funds from the Amazon Development Fund (FDA), under the terms approved by the Supervisory Authority for Development of the Amazon (SUDAM), in the amount of R\$ 64,350. This funds will be fully allocated to investments in the project, with a maturity term of 20 years and interest at the rate of IPCA + 1.619% p.a.

Board of Directors

Carlos Augusto Leone Piani

Guilherme Mexias Aché

Luis Henrique de Moura Gonçalves

Paulo Jerônimo Bandeira de Mello Pedrosa

Tania Sztamfater Chocolat

Tiago de Almeida Noel

Eduardo Haiama

Augusto Miranda da Paz Júnior

Oversight Board

Members

Saulo de Tarso Alves de Lara

Maria Salete Garcia Pinheiro

Vanderlei Dominguez da Rosa

Deputy members

Paulo Roberto Franceschi

Claudia Luciana Ceccatto de Trotta

Ricardo Bertucci

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

José Silva Sobral Neto
Officer

Geovane Ximenes de Lira
Accounting and Tax Superintendent
Accountant
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