Individual and consolidated financial statements

Transmissora Aliança de Energia Elétrica S.A. - TAESA

December 31, 2020
with Independent auditor's report

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Contents

MANAGEMENT REPORT

(In thousands of Reais, unless otherwise indicated)

The Management of Transmissora Aliança de Energia Elétrica S.A. - TAESA ("Taesa" or "Company") - Bovespa: TAEE11, one of the largest concessionaire groups of electricity transmission in Brazil, submits to your appreciation its Management Report and the Individual and Consolidated Financial Statements, together with the Independent Auditors' Report and the opinion of its Audit Committee for the year ended December 31, 2020.

MESSAGE FROM MANAGEMENT

SOLID RESULT WITH CONTRIBUTION OF ACQUISITIONS AND COMPLETION OF UNDERTAKINGS

The past year has brought great challenges to the global economy and to the entire world population with the emergence and rapid evolution of the COVID-19 pandemic. Taesa, always committed to the health and safety of its employees and the National Interconnected System, quickly sought to inform itself and take the necessary measures. Since February 2020, the Company has been adopting and intensifying the protection, safety and health measures of its employees, their families and local communities, aiming to protect its greatest asset – people – and reduce the speed of dissemination of the new coronavirus within the country. Through these measures, the Company has also sought to safeguard its other transmission assets, thus ensuring the continuity of its operations. Among the measures are the use of technology and medical-scientific knowledge to monitor symptoms and keep our teams safe, the adoption of the remote work arrangement by the administrative teams that completed a year in March, and an operation and maintenance plan that had success in ensuring the availability of our assets to the SIN.

Another important initiative in 2020 was in relation to Sustainability. The Company reinforced its commitment to the topic, which is an organizational value, and continued to implement several actions to strengthen its communication and ensure the evolution of the Environmental, Social and Governance (ESG) themes inside and outside Taesa. Among the actions are as follows: (i) the survey of the inventory of greenhouse gas emissions (GHG) according to the GHG Protocol methodology, (ii) the goals of reducing the consumption of fossil fuels in the fleet, (iii) the inclusion of environmental and social clauses in contracts with suppliers; (iv) preparation of the social and environmental report based on the practices of the Global Reporting Initiative; (v) launching of the diversity program; (vi) Great Place to Work certification and award; (vii) adherence to the UN Global Compact by signing the commitment to the 2030 Agenda regarding the Sustainable Development Goals; (viii) and the disclosure of the ESG indicators dashboard available on the IR website; among others.

Despite the adversities brought about by the crisis, the Company presented a solid result in 2020, reinforcing its commitment to its strategic pillars of sustainable growth and financial discipline. In the first semesters of 2020, we completed the acquisitions of São João Transmissora S.A., São Pedro Transmissora S.A. and Lagoa Nova Transmissora S.A. and energized the undertakings under construction of EDTE and Mariana. Said events linked to the projects concluded at the end of 2019 (Miracema and reinforcements from Novatrans), which together total R$259.1 M of RAP (2020-2021 cycle), were responsible for the resumption of growth in the operating result, after two years (2018 and 2019) of income reduction due to the contractual decreases of RAP for category 2 concessions. Thus, the Company's net regulatory operating income grew 9.4% compared to 2019, totaling R$1,525 M, and regulatory EBITDA recorded an annual increase of 8.3%, totaling R$1,249 M in 2020, with a margin of 81.9% (against 82.7% in 2019).

In the operational field, Taesa maintained its level of operational excellence, presenting in 2020 a rate of availability of transmission lines of 99.88% and a Variable Portion of R$23.1 M, equivalent to 1.3% of RAP, already considering the Variable Portion of operating assets that were internalized last year. This sound performance demonstrates the Company's ability to adapt and react quickly in the midst of a very adverse scenario that has never been seen before.

Furthermore, the works for the 6 undertakings under construction are still in progress, even with the prolongation of the pandemic. The Company has been working with a focus on performing and making the best efforts to comply with the project schedule, seeking Capex efficiency and early delivery, aiming to further enhance its returns. It is worth highlighting that in 2020 Taesa made investments totaling R$1,535 M in these projects, an increase of over 110% compared to the investments made in 2019 and representing almost 60% of the total investment made in the projects of 2014 so far. It is also worth highlighting that there are good expectations for delivering some projects already in 2021, before ANEEL's deadline.

As a result, Taesa ended the year 2020 with a cash position of R$905.6 M and a net debt of R$5,206 M. The weighted net debt/EBITDA ratio was 3.8x at the end of the year (versus 3.4x at the end of September 2020).

In terms of results under IFRS, the Company recorded a net income of R$ 829.0 million in 4Q20 and R$ 2,263 MM in 2020, 194.7% and 104.6% higher than in the same periods of 2019, due to the higher macroeconomic indexes recorded in the compared periods, with a greater effect of the general market price index (IGP-M), which reached 11.24% in the accumulated result of the quarter, to the greater investments in the undertakings under construction, recent acquisitions and the entry of new assets into operation.

Based on this result, the Board of Directors today approved the proposal for allocation of the 2020 profit, which includes the distribution of additional dividends of R$561.9 M (R$1.63/Unit), which is yet to be submitted to resolution of the Shareholders' Meeting. Once approved, the dividend payout will be 71.0% of net income – and 98.5% excluding the effects of CPC 47 – and a total distribution of R$4.66/Unit referring to the income (loss) for 2020, equivalent to one dividend yield of around 15% at Taesa's current Unit prices.

It is worth reminding that on November 16, 2020, the new directors elected by the Board of Directors took office in October, Mr. André Augusto Telles Moreira as Chief Executive Officer, Mr. Erik da Costa Breyer as CFO and Investor Relations Officer and Mr. Fábio Antunes Fernandes as Chief Business and Ownership Interest Management Officer.

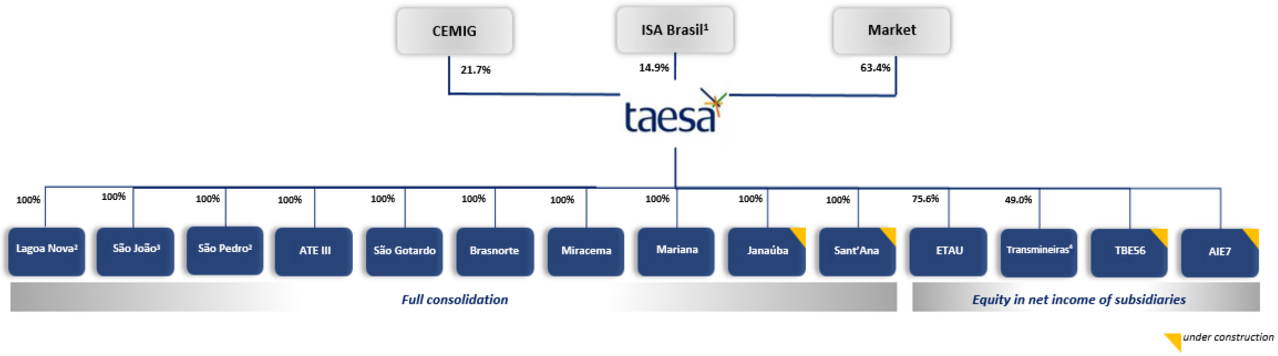
We continue monitoring the evolution of the pandemic and its potential impacts on the electricity sector, more specifically in the transmission segment. And we are convinced that we have the strength to overcome the challenges of these new times, keeping our commitment to transmit energy with reliability, transparency and security to the society as a whole and respecting the environment and all stakeholders.

THE COMPANY

Taesa is an electricity transmission concessionaire primarily engaged in carrying out services of operation and maintenance of electric power transmission installations in Brazil, as well as other activities related to the electricity transmission sector. It is one of Brazil's largest private electricity transmission groups, in terms of Annual Permitted Income (RAP), with 11,062 km of transmission lines in operation and 2,514 km under construction, totaling 13,576 km in length. It has assets in 97 substations with voltage levels between 230 and 525 kV and an Operation & Control Center, located in Brasília.
Taesa holds equity interest in thirty-nine transmission concessions: ten concessions at the holding company (TSN, NVT, ETEO, GTESA, PATESA, Munirah, NTE, STE, ATE and ATE II), ten subsidiaries (ATE III, São Gotardo, Mariana, Miracema, Janaúba, Brasnorte, Sant'Ana, São João, São Pedro and Lagoa Nova), four jointly-controlled companies (ETAU, Paraguaçu, Aimorés and Ivaí), and fifteen associated companies, of which (i) twelve are called "TBE Group", which is

comprised of four direct associated companies (EATE, ENTE, ETEP and ECTE), five indirect associated companies (STC, ESDE, Lumitrans, ETSE and ESTE), and three associated companies with direct and indirect stakes (EBTE, EDTE and ERTE), and (ii) three called “Transmineiras” (Transudeste, Transleste and Transirapé) with direct and indirect stakes.

ORGANIZATIONAL STRUCTURE AND LOCATION OF CONCESSIONS



[1] ISA Investimentos e Participações do Brasil S.A.
[2] Lagoa Nova Transmissora de Energia Eletrica is the new corporate name of Rialma I concession acquired by Taesa on March 13, 2020
[3] The acquisition of São João Transmissora de Energia S.A. and São Pedro Transmissora de Energia S.A. was completed on February 14, 2020.
[4] Transmineiras is a set of Taesa’s ownership interest in three concessions: Transirapé (54.0%), Transleste (54.0%) and Transudeste (54.0%)
[5] TBE - Transmissora Brasileira de Energia is a economic group, result of a partnership with majority shareholders, Taesa and Alupar.
[6] THIS is the only concession of the TBE group that is under construction
[7] AIE - Aliança Interligação Elétrica is an economic group in partnership with companies TAESA and ISA CTEEP, currently responsible for implementing three new undertakings

MISSION AND VALUES

Mission: To transmit electricity with excellence, in a continuous and efficient way, ensuring profitability and sustainability.

Amounts: Transparency, ethical and respectful behavior, safety, focus on results, sustainability, spirit of excellence, commitment, innovation, valuing employees and preserving the environment.

CORPORATE GOVERNANCE

Taesa is a Company listed on the B3 S.A. – Brasil, Bolsa, Balcão Corporate Governance segment, Level 2, granting its preferred shares the right to sell for 100% of the amount paid in transfer of control (Tag-Along), and is aligned with the market's best practices of management and corporate governance.

The Company's Top Management is advised by the Controlling Shareholders and by the following corporate governance bodies:

	CEMIG	ISA	Independent	Miscellaneous	Total components
Board of Directors (*)	5	4	4	-	13
Audit Committee (*)	2	1	2 (minority)	-	5
Statutory Board (**)	3	2	-	1	6

(*) The number of members of the Board of Directors and Audit Committee refers only to sitting members. The board of directors currently has 1 (one) vacant position. (**) The Chief Technical Officer accumulates the position of Chief Legal and Regulatory Officer. The selection of officers is defined through mechanisms provided for in the Company's Shareholders' Agreement and their election is approved by the Board of Directors.

Board of Directors - Pursuant to the Bylaws, it shall be comprised of thirteen sitting members, Brazil residents or residents of other countries, elected by the General Meeting, with a unified term of office of one (1) year, with reelection permitted. In accordance with the Level-2 Differentiated Corporate Governance Practices Agreement, the Board of Directors must have at least 20% of independent board members, which must be identified as such in the minutes of the Annual Shareholders' Meeting at which they were elected. In addition to the competencies described by law and in the Company's Bylaws, the Board is responsible for: (i) overall guidance of the business, (ii) electing and removing members of the Executive Board, and supervising the exercise of their duties, through specific committees and (iii) deciding on participation in public competitions promoted by ANEEL or by any representative of the Concession Grantor with the authority to do so.

Audit Committee - pursuant to Brazilian Corporations Act, the Audit Committee is a corporate body independent of the Management. The Bylaws provides for a permanent Tax Council, which must be composed of no less than three and no more than five principal members, with the same number of alternates. Its responsibilities are to oversee the activities of the administration, review the financial statements and report their findings to shareholders.

Executive Board - Pursuant to Bylaws, Executive Board will be comprised of six (06) board members, who are not necessarily shareholders, resident in Brazil, being one (1) Chief Executive Officer, one (1) CFO and Investor Relations Officer, one (1) Chief Technical Office, one (1) Legal and Regulatory Officer, one (1) Implementation Officer and one (1) Chief Business and Ownership Interest Management Officer, all elected by the Board of Directors for an unified two-year (02) mandate, dismissible at any time, being allowed the accumulation of positions and the total or partial reelection of its members, pursuant to resolution of the Board of Directors. Executive officers are responsible for daily executive management of business and implementation of general policies and guidelines established by its Board of Directors.

CODES AND POLICIES

The corporate codes and policies adopted by Taesa express its values and organizational culture, which guide the conduct of business, as well as the relationship with the different stakeholders with whom the Company interacts. These documents are developed, reviewed and updated periodically to ensure their compatibility with the external and internal scenarios.

Taesa has a complaints channel, published on its intranet and corporate website, which allows all employees and stakeholders to file complaints related to the topics addressed in the Code of Ethical Conduct and Compliance and other policies of the Integrity Program, while preserving the informer's identity. All the complaints made are handled by Taesa's Ethics Committee, which must respond to the informer within 30 business days.

QUALITY

TAESA Group's concessionaires, supported by its Top Management and employees, emphasizes its commitment with quality, and declares that the Company's global guidelines call for fully meeting the client's requirements, and the commitment with continuous improvement and excellence in the quality management system, aiming at performing operating services and transmission line maintenance, under the following strategic lines:

- ✓ A challenging and at the same time ethical corporate management that is focused on the client and on results;
- ✓ Meeting the sector's regulatory requirements duly in line with the Brazilian Electricity Regulatory Agency (ANEEL) and the Electric System National Operator;
- ✓ Making his internal public aware of the Quality Management System - Compliance with Safety Standards;
- ✓ Improving the quality of operating services and transmission line and substation maintenance; and
- ✓ Providing incentives to training its employees and improving their knowledge.

BUSINESS PERFORMANCE

Acquisition of assets

As an strategic directive, the Company permanently seeks for opportunities that would allow the sustainable growth with aggregation of value to our stakeholders. Acquisitions comply with the Company's long-term strategy as it adds operating cash generation immediately after the acquisition, and contributes to mitigate the decrease in Taesa's gross income expected for the coming years.

During the year 2020, the Company completed the following acquisitions:

Concession	Concession contract	Acquisition Date	Interest	State	Annual Permitted Income - RAP (Current)	KM	SE
São João Transmissora de Energia S.A.	08/2013	02/14/2020	100%	PI	49,835	408	2
São Pedro Transmissora de Energia S.A.	15/2013	02/14/2020	100%	BA|PI	46,533	418	6
Lagoa Nova Transmissora de Energia Elétrica S.A.	30/2017	03/13/2020	100%	RN	12,854	28	2

For more information on acquisitions completed or in progress, see Note 1 to the Financial Statements.

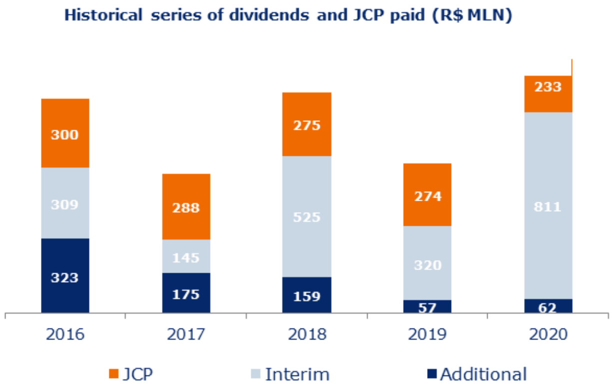
OPERATING AND ECONOMIC AND FINANCIAL PERFORMANCE CONSOLIDATED

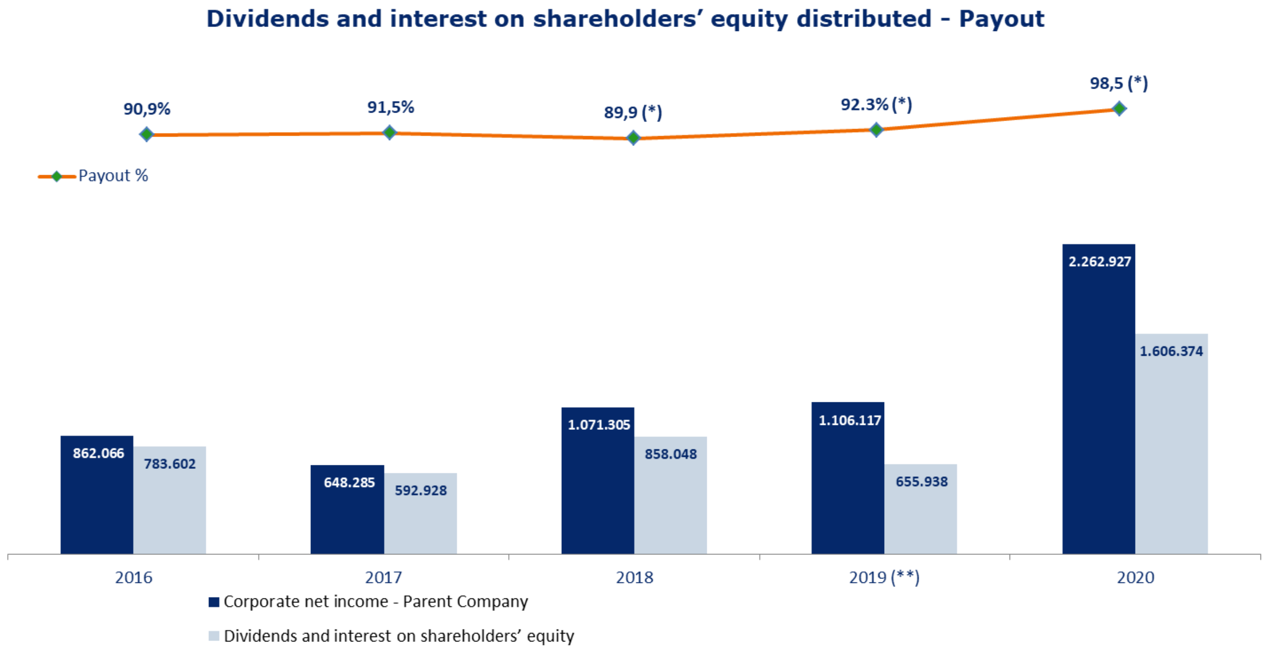
Dividends and interest on shareholders' equity paid

According to its bylaws, Taesa should distribute a minimum of 50% of its Net Income, after forming a legal and tax benefit reserve.

In fiscal year 2020, the Company paid its shareholders R$1,106,182 in dividends and JCP, of which:

- R$61,763 - additional dividends in 2019;
- R$811,750 - interim dividends of 2020; and
- R$232.669 - JCP for 2020.





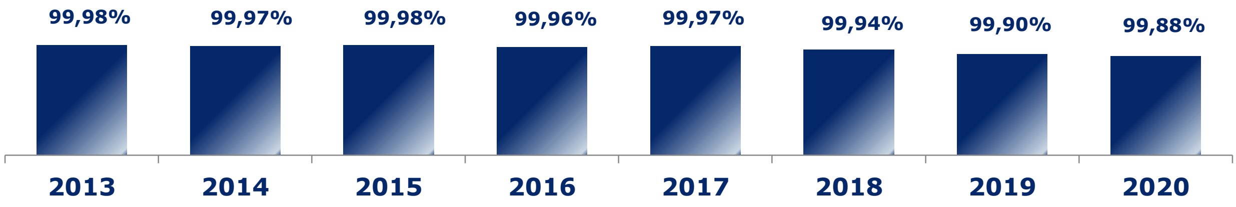
(*) For the calculation of Payout, net income were adjusted excluding the impacts of CPC 47. The impacts were R$631,470, R$291,323 and R$116,924 in the years 2020, 2019 and 2018, respectively. As well as impacts from CPC 47 determined in 2019, Management's proposal is to allocate the impacts determined in 2020 to the Special Profit Reserve and to pay dividends to shareholders in future periods to not compromise the Company's cash and leveraging.

(**) Restated corporate net income.

Availability of transmission lines

The Company proved its technical expertise and ability to keep the availability of the transmission lines at high levels, reaching the result of 99.88% in availability. Availability history of transmission lines is as follows:

Availability history of transmission lines



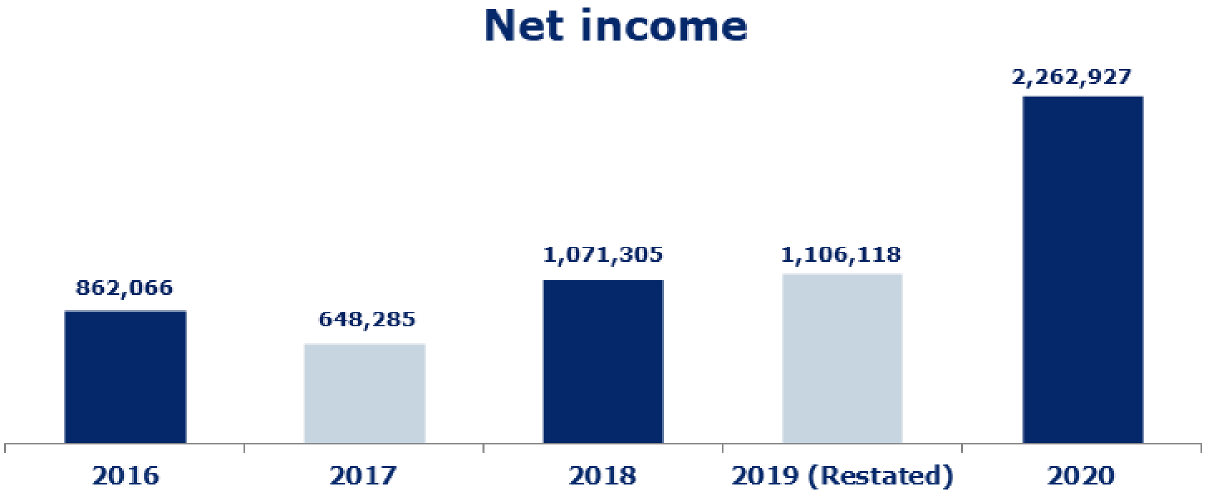
Natural Protection Against Inflation

As income is annually adjusted by IGPM or IPCA, Taesa's business is naturally protected against inflation. RAP is annually adjusted at each July 1, based on the 12-month inflation index, from June of the prior year to May of the current year.

Cycle	IPCA	IGP-M
2015 / 2016	8.5%	4.1%
2016 / 2017	9.3%	11.1%
2017 / 2018	3.6%	1.5%
2018 / 2019	2.9%	4.3%
2019 / 2020	4.7%	7.6%
2020 / 2021	1.8%	6.5%

Consolidated net income

Taesa is managed with a focus on maximizing returns to shareholders.



We highlight the main factors that influenced the net income for 2020 compared to 2019:

- Income

Operation and maintenance – The 11% growth in 2020 compared to 2019 mainly refers to (i) the inflation adjustment of the 2020-2021 cycle, in accordance with ANEEL Ratifying Resolution 2725/20, (ii) the acquisition of the companies São João and São Pedro in February 2020 and Lagoa Nova in March 2020, and (iii) start-up of Miracema and Mariana concessions in November 2019 and May 2020, respectively.

Compensation of concession contract assets – Calculated by multiplying the project rate by the concession contract asset balance during operating periods. The 30% growth in the comparison between 2020 and 2019 is mainly due to (i) the consolidation of the results of the acquired companies; (ii) the operationalization of the Miracema and Mariana concessions, and (iii) the conclusion of the reinforcements in the Novatrans concession in November 2019, (iv) the monetary updating of the contract asset of the last months, which mitigated the natural effect of the amortization of the asset by means of receipts.

Inflation correction of the concession contract asset - The 513% increase in 2020 basically refers to the macroeconomic indices recorded in the compared periods, especially the IGP-M, which updates most of the Company's RAPs (IGP-M 24.5% and IPCA 4.3% in 2020; IGP-M 3.9% and IPCA 3.3% in 2019).

Infrastructure implementation – The 102% growth in 2020 compared to 2019 was due to greater investments in projects that are under construction (Janaúba, Sant'Ana and reinforcement in the São Pedro concession), which were partially offset by lower investments in Miracema.

Variable Portion – The 51% increase in 2020 compared to 2019 mainly refers to the increase in provisions, scheduled and unscheduled terminations in the São João, Novatrans, ETEO and ATE concessions.

Other operating income: The 108% increase in 2020 mainly refers to (i) accounting for partial income from the Miracema and Mariana concessions, referring to the first months of operation, considering that the operation of the facilities took place at different times and (ii) accounting for income from the border network and DIT (other facilities) from the Miracema and São Pedro concessions.

- Deductions from gross income

The 65% increase in income deductions in 2020 mainly refers to (i) the increase in gross income, impacting taxes on revenue, (ii) consolidation of companies acquired in 2020, and (iii) decrease in sector charges in 2020 as a result of the reduction of50% in the RAP of the concessions that had their contracts bid for between 1999 and 2006 as of the 16th year of commercial operation of the facilities.

- Costs and expenses

Personnel – The increase of 24% in 2020 mainly refers to (i) the salary adjustment of employees through the collective bargaining agreement, (ii) meritocracy program, promotions and increase in staff, (iii) consolidation of the acquired companies.

Material - The 93% increase in 2020 compared to 2019 was due to the increase in undertakings under construction in the Janaúba and Sant'ana concessions and the reinforcement in the São Pedro concession, which was partially offset by the lower investments in the Miracema, Mariana, Novatrans concessions.

Outsourced services: The 18% increase in 2020 compared to 2019, basically refers to (i) the consolidation of companies acquired in 2020; (ii) increase in the costs for cleaning the right of way, (iii) increase in expenses related to the contracting of strategic consulting firms, which were partially offset by the decrease in travel costs and expenses in 2020, and (iv) the start-up of concessions Mariana and Miracema.

Depreciation and amortization – Increase of 16% in 2020 compared to 2019, as a consequence of inclusion and remeasurement of finance lease agreements within the scope of CPC 06 (R2) during the year 2020.

Other costs and expenses – The 22% increase in 2020 compared to 2019 mainly refers to (i) changes in the outcome of civil contingencies in 2020, non-recurring in 2019, (ii) consolidation of companies acquired in 2020, (iii) lower insurance-related expenditures, and (iv) write-off of assets with no expectation of recoverability in 2020.

- Gain (Loss) on acquisitions of companies

The Company recorded a net gain of R$9,811 in the income (loss) for the year 2019 related to the acquisition of equity interests in the companies Brasnorte, Transleste and Transudeste.

- Equity income (loss)

The 126% increase in 2020 was due to (i) the positive variation in the income from monetary correction in the result of TBE, Transmineiras and ETAU, due to the macroeconomic indexes recorded in the periods, (ii) increase in the participation in ETAU and Transmineiras concessions in the second quarter of 2019 and (iii) higher investments in concessions under construction ESTE (TBE) and Ivaí.

- Financial income (loss)

Financial Income – The annual decrease of 60% was due to the lower average volume of cash invested in 2020, as a result of: (i) interest payments and amortization of loans and debentures, (ii) increase in JCP (interest on shareholders' equity) and dividends paid, (iii) lower returns associated with the drop in the CDI rate in 2020.

Financial expenses:

Debentures: The 41% increase in 2020 mainly refers to (i) the higher debt volume as a result of Taesa's 8th and 9th debentures issuances, in the amounts of R$300,000 and R$450,000, respectively, (ii) by the 2nd issue of debentures of Taesa Janaúba in December 2019, in the amount of R$575,000, and (iii) the increase in the IPCA between the compared periods.

Loans: The 89% increase in funding charges and costs is mainly due to (i) funding occurred in 2020, through bank credit bills, of which R$350,000 from Citibank and R$100,000 from Bradesco and (ii) pre-existing financing in BNB at the company Lagoa Nova.

Gain in derivative financial instruments: The 1478% increase in 2020, mainly refers to the variation of the IPCA between the compared periods. It is important highlighting that the swap was contracted in August 2019.

Financial lease: The 12% decrease in 2020 compared to 2019 is mainly due to the amortizations occurred between the periods compared.

Other financial income and expenses: The 13% decrease in 2020 compared to 2019 mainly refers to (i) decrease of PIS and COFINS on financial revenues in 2020, (ii) increase in income from monetary restatement of taxes in 2020, (iii) decrease of expenses arising from monetary restatement of P&D balances.

- Taxes and social contributions

The 207.1% increase in 2020 compared to 2019 mainly refers to (i) an increase in profit before taxes, (ii) the decrease in interest on shareholders' equity paid and, (iii) the SUDAM/SUDENE tax incentive that did not grow proportionally to the income due to the tax adjustments to the taxable income (monetary updating of the contract asset and margin for the implementation of infrastructure), which limited the use of the tax benefit in 2020.

Adjusted EBITDA vs. Standard EBITDA

	2020	2019 (Restated)	Change	Change (%)
Net operating income	3,561,286	1,839,990	1,721,296	93.55%
Adjusted EBITDA	2,376,043	1,156,888	1,219,155	105.38%
Adjusted EBITDA margin	**66.72%**	**62.87%**		**3.85pp**
Reconciliation of Adjusted EBITDA				
Net income for the year	2,262,927	1,106,117	1,156,810	104.58%

	2020	2019 (Restated)	Change	Change (%)
Equity in net income of subsidiaries	(833,942)	(369,811)	(464,131)	125.50%
Financial income (loss)	475,523	258,797	216,726	83.74%
Income tax and social contribution	456,255	148,584	307,671	207.07%
Depreciation and amortization	15,280	13,201	2,079	15.75%
Adjusted EBITDA	**2,376,043**	**1,156,888**	**1,219,155**	**105.38%**

	2020	2019 (Restated)	Change	Change (%)
Net operating income	3,561,286	1,839,990	1,721,296	93.55%
EBITDA	3,209,985	1,526,699	1,683,286	110.26%
EBITDA margin - standard	**90.14%**	**82.97%**		**7.17pp**
Reconciliation of EBITDA				
Income for the year	2,262,927	1,106,117	1,156,810	104.58%
Financial income (loss)	475,523	258,797	216,726	83.74%
Income tax and social contribution	456,255	148,584	307,671	207.07%
Depreciation	15,280	13,201	2,079	15.75%
Standard EBITDA	**3,209,985**	**1,526,699**	**1,683,286**	**110.26%**

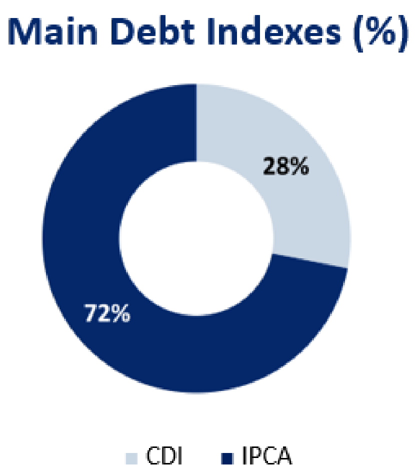
Adjusted EBITDA - is the CVM-standard EBITDA added to the value of the equity method. Company's Administration believes that adjusted EBITDA is conservative in relation to the standard EBITDA required by the CVM, since it does not consider the equity in net income of subsidiaries of its investees.

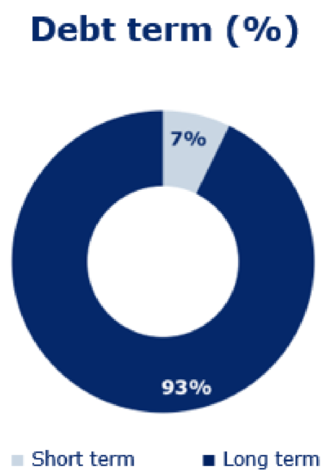
Standard EBITDA - it is the net income before taxes, net financial expenses, and depreciation, amortization expenses. Standard EBITDA is not recognized by accounting practices adopted in Brazil and IFRS, and does not represent cash flow for presented years, and should not be considered as alternative net income, and is not a performance indicator. Standard EBITDA is used by the Company to measure its own performance. CVM Instruction 527 of October 4, 2012 establishes the calculation of the standard EBITDA.

Indebtedness

Net debt	2020	2019 (Restated)
Current	440,828	734,481
Non-current (includes the derivative financial instruments linked to the loan)	5,670,477	4,530,555
Gross debt	6,111,305	5,265,036
(-) Cash and cash equivalents and securities	(905,617)	(2,424,376)
Net debt	5,205,688	2,840,660
Net debt/Standard EBITDA	1.62	1.86

Net debt - is not recognized by Brazilian accounting practices and IFRS and does not have a standard interpretation and cannot be compared to similar measures provided by other companies and also, is not a cash flow, liquidity or ability to pay debt measurement. Net Debt represents the sum of Loans and Financing, Derivative Financial Instruments and Debentures of Current Liabilities and Non-Current Liabilities, less Cash and Cash Equivalents and Securities. Presented Net Debt is used by the to measure its own performance. The Company understands that some investors and financial analysts use Net Debt as an indication of its performance.

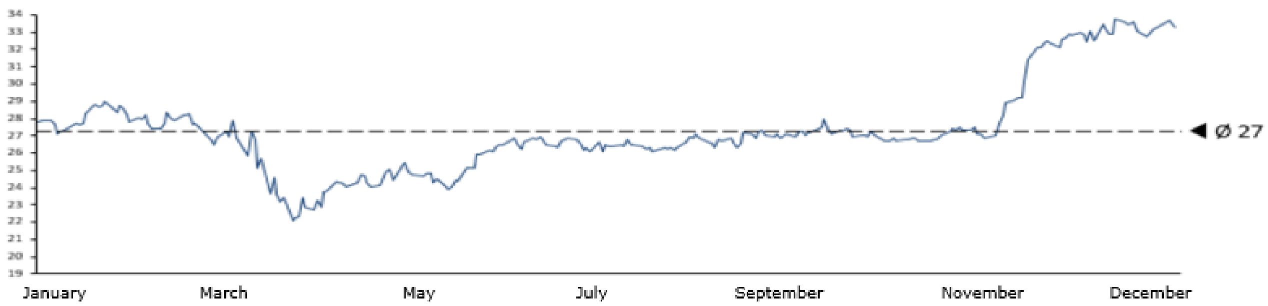




CAPITAL MARKET

As of December 31, 2020, the Company's market value was R$11.6 billion (R$10.7 billion as of December 31, 2019).

Unit Performance



Rating

In 2020, the Company had its outlook regarding the local and foreign currency, which changed from negative to negative by Fitch Ratings, after a similar action in the ratings on the global scale in Brazil. Moody's kept its ratings and outlooks stable. On January 8, 2021, the Company announced the end of the credit risk rating and monitoring contract on a national and global scale between the Company and Standard & Poor's, clarifying that the current debt instruments issued by the Company did not have a risk rating assigned by S&P. The Company maintained the contracts with Moody's and Fitch that assigned the highest rating on the National Scale of Taesa, reflecting a perception of healthy profitability and strong cash generation, ensuring sound credit and liquidity profile indicators.

Fitch	Rating	Perspective
Domestic currency rating	BBB-	Negative
Foreign currency rating	BB	Negative
National scale rating	AAA(bra)	Stable

Moody's	Rating	Perspective
Global scale rating	Ba1	Stable
Brazilian National Scale - Ratings	Aaa.br	Stable

TECHNICAL MANAGEMENT

Specialized maintenance in all transmission assets, make Taesa's technical team a competitive differential in its operational processes, and the company continuously invests in the training of its maintenance and operation crews, as well as in methodologies to improve the results of interventions in the installations. Hot Line special services that enable an effective intervention in the equipment are also a highlight, without the need for shutting down the facilities, contributing to an increased availability of substations and transmission lines.

Updated maintenance plans contribute to the operational availability of transmission lines at the highest performance levels, in a consistent way, contributing to an increased reliability of the National Interconnected Electric System. Studies and proposals were systematically developed aiming at the implementation of new equipment and systems at substations, which were referred to as "Reinforcements" and "Improvements". The "Improvements" are aimed at maintaining the quality in Company's provision of services, Reinforcements, after approved by ANEEL, provide the Company with additional income to face the investments deemed necessary to expand facilities' transmission capacity or increase in system reliability.

RESEARCH AND DEVELOPMENT PROJECTS

The Electricity Research and Development (R&D) Program was regulated to foster the constant search for innovation and face the technological challenges of the sector.

In this context, concessionaires, permissionaires or authorized electric power distribution, transmission and generation companies must annually apply a minimum percentage of their net operating income to the Electricity Sector Research and Development Program.

The mandatory use of these funds is provided for by law and in the concession contracts, and ANEEL is responsible for regulating investment in the program, monitoring the execution of projects and evaluating their results.

ANEEL provides for the guidelines that regulate the elaboration of P&D projects through the Electric Power Sector Research and Development Program Manual.

Unlike pure academic research, which is characterized by freedom of research, P&D programs in the electric power sector should have well-defined goals and results.

In 2020, Taesa continued the execution of Research and Development (P&D) projects described below, in partnership with sundry companies and universities in Brazil:

ANEEL Code	ANEEL Title
PD-07130-0042/2016	Intelligent computational application of automatic image acquisition and treatment for monitoring switchgear maneuvering, inspection and fault diagnosis in equipment.
PD-07130-0044/2016	Study of actions to mitigate the risks of transmission line shutdown due to fire and evaluation of methods for the maintenance of easement areas.
PD-07130-0045/2016	Diagnosis and Development of Predictive and Non-Destructive Inspection Methodology of Corrosion on Electricity Transmission Tower Guy Lines – Case Study: LT 230 kV Paraíso – Açú.
PD-07130-0046/2017	Development of multi-criteria methodologies to create a hierarchy scale of Transformers and Reactors, for online monitoring, supported by experimental software.
PD-07130-0047/2019	Smart monitoring of cable-stayed towers using IoT-based sensor fusion.
PD-07130-0048/2019	Automatic analysis of occurrences - Methodology and tool for automatic analysis of occurrences using machine-learning algorithms.
PD-07130-0049/2017	Tool for predicting the risk of occurrence of weather-related phenomena and optimized allocation of resources for emergency maintenance of networks
PD-07130-0051/2020	Support and Spacing System - Mechanical support and damping device for conductor cables in transmission lines subject to operation overload.
PD-07130-0053/2018	Teleprotection in IEC-61850

ANEEL Code	ANEEL Title
PD-08469-0001/2018	Substation Operators Assessment and Approval Using Simulator for Artificial Intelligence-based Training.
PD-07130-0057/2019	Public multicriteria optimization tool for investment analysis in new transmission undertakings, using Artificial Intelligence techniques.
PD-04835-0058/2018	New Methodology to Measure the Performance of Transmission Lines facing Atmospheric Discharges, based on measurement of Impulsive Impedance of Tower Basis and its Application to a Real Line.
PD-07130-0059/2020	Semi-autonomous Drone Inspection on Transmission Line Towers.
PD-07130-0060/2019	Protection relay with active oil and gas monitoring, and a smart system for diagnosing and monitoring high-voltage power transformers and reactors.
PD-07130-0062/2020	Predictive Fault Analysis by AI - System for the identification and prediction of faults in power equipment based on networks of sensors and AI.

PEOPLE MANAGEMENT

The development process for Taesa's employees is a business strategy and is an integral part of its management model. All investments in personnel management serve a strategic function to ensure, in the present and in the future, availability of the competences required to provide business leadership. By making continuous investments in the growth and development of its employees, TAESA prepares them to create and offer better results for the business.

Taesa ensures all its employees, in an ethical and transparent manner, equal opportunities, respect for diversity, the possibility of developing a solid career, remuneration compatible with the market, attractive benefits in a challenging and motivating environment and, also acts as a facilitator of information flow, promoting an objective, direct and two-way communication, that is respectful and transparent.

<u>Attraction and retention of talents</u> - people are the company's propelling instruments, indispensable for continuous renovation in an environment of changes and challenges. Taesa adopts the practice of Internal Recruitment, aiming to provide opportunities to its employees before seeking new professionals on the market, which promotes real opportunities for growth and development, provides an expectation of a professional future, retains its talents, and values its human capital.

<u>Training</u> - Taesa's Training and Development Policy aims at promoting and providing learning actions and strategies that make it possible for employees to acquire and improve competences, skills and knowledge that may contribute to his/her professional development, reflecting the value given to the individual and meeting the quality and productivity standards, necessary to accomplish business strategy and maintenance.

<u>Remuneration</u> - The aim of remuneration policy is to define and maintain equitable criteria for valuation and development, aiming at reaching an internal and external balance in its structures of positions and salaries, as well as benefit package. Employees have variable remuneration, according to and aligned with the results of the global goals, by Executive Board and Management, together with the fulfillment of the responsibilities designed for their positions.

<u>Communication processes</u> - The Company believes that integrated communication is an important pillar in the structure. With the aim of increasingly strengthening the bond between its employees, seeks to maintain the communication processes updated, adding technology and innovation, through mechanisms and structured dialogue channels, making it possible to identify needs and expectations, in addition to exchanging information at all levels, in a transparent, effective, fast and objective manner, in line with the best business practices and strategies.

<u>Occupational Health and Safety</u> – the Company, for activities of implementation, operation and maintenance of electric energy transmission assets, considers the Safety, Environment and Health Management as a value to be stimulated and maintained as part of its culture, so as to contribute to its employees' and subcontractors' health, as well as for the improvement of the

population’s quality of life, protecting the environment and sustainable development. The Company adopts the following principles for safety, environment and health management:

- Labor risk prevention;
- Health and environment protection;
- Compliance with the three sustainability keystones: (i) economic; (ii) social and (iii) environmental;
- To fulfill the Company's obligations with safety, continuity and quality;
- To take actions protecting the environment and stakeholders’ interest;
- To minimize, to the extent possible, the impact generated by works and coexistence of the transmission with the social environmental life in the operation of transmission lines.

SOCIAL RESPONSIBILITY

In 2020, Taesa and its investee ATE III invested R$4,430 in projects that contribute to social development and o value citizenship:

Rouanet and Audiovisual Law – “23rd Tiradentes Cinema Exhibition”, “Annual Plan of Activities and Maintenance 2020 - Instituto Inhotim”, “Saudade de Francisco”, “Literary Bag” and “Coral Gremig Circulation Project”.

Sports Law - “Maria Esther Bueno Massification”.

PRONON – “Screening of *ex vivo* drugs in pediatric acute lymphoid leukemia”, “Development of oncological immunotherapies and their predictive tests for response to the Brazilian Integrated Health System (SUS)”.

FIA “Children and adolescents”: a new time, new hopes”,“ Qualification, Rehabilitation and Social Inclusion”.

Senior Citizen Law – “The Importance of Mobility in the Elderly Long-Term Care Institution”, “Elderly Good Care”, “Nutrition for the Elderly” and “Good and healthy nutrition”.

RELATIONS WITH INDEPENDENT AUDITORS

The Company engaged Ernst&Young Auditores Independentes S.S. (“EY Brasil”) to provide independent audit services of the financial statements for the year ended December 31, 2020 for the amount of R$1,617 thousand.

Taesa's policies in the engagement of services not related to the external audit at its independent auditors aim to ensure that there is no conflict of interests, loss of independence or objectivity and are substantiated by the principles that preserve the independence of the auditor.

CVM - BM&FBOVESPA

The Company is subject to arbitration in the court of arbitration of the market, pursuant to an arbitration clause contained in its bylaws.

Annual social balance sheet - 2020 and 2019 - Consolidated information

Transmissora Aliança de Energia Elétrica S.A.

1 - Calculation basis	**2020**			**2019 (Restated)**		
Net income (NI)			3,561,286			1,839,990
Operating income (OI)			2,360,763			1,143,687
Gross payroll (GP)			166,615			134,325
2 - Internal social indicators	**Amount**	**% on GP**	**% on NR**	**Amount**	**% on GP**	**% on NR**
Food	6,290	3.78%	0.18%	5,199	3.87%	0.28%
Compulsory social charges	33,678	20.21%	0.95%	25,284	18.82%	1.37%
Private pension	2,551	1.53%	0.07%	2,296	1.71%	0.12%
Healthcare	9,155	5.49%	0.26%	8,381	6.24%	0.46%
Occupational safety and security	338	0.20%	0.01%	315	0.23%	0.02%
Education	108	0.06%	0.00%	70	0.05%	0.00%
Culture	-	0.00%	0.00%	-	0.00%	0.00%
Training and professional development	1,261	0.76%	0.04%	1,187	0.88%	0.06%
Daycare or child care allowance	484	0.29%	0.01%	470	0.35%	0.03%
Profit sharing	21,176	12.71%	0.59%	18,737	13.95%	1.02%
Other	231	0.14%	0.01%	346	0.26%	0.02%
Total - Internal social indicators	75,272	45.18%	2.11%	62,286	46.37%	3.39%
3 - External social indicators	**Amount**	**% on RO**	**% on NR**	**Amount**	**% on RO**	**% on NR**
Education	-	0.00%	0.00%	-	0.00%	0.00%
Culture	2,190	0.09%	0.06%	2,462	0.22%	0.13%
Health and Sanitation	-	0.00%	0.00%	-	0.00%	0.00%
Sport	598	0.03%	0.02%	608	0.05%	0.03%
Fight against hunger and food security	427	0.02%	0.01%	-	0.00%	0.00%
Other	1,643	0.07%	0.05%	2,43	0.21%	0.13%
Total contributions to society	4,858	0.21%	0.14%	5,500	0.48%	0.30%
Taxes (excluding social charges)	795,849	33.71%	22.35%	359,066	31.40%	19.51%
Total - External social indicators	800,707	33.92%	22.48%	364,566	31.88%	19.81%
4 - Environmental indicators	**Amount**	**% on RO**	**% on NR**	**Amount**	**% on RO**	**% on NR**
Investments related to company's production/operation	4,777	0.20%	0.13%	-	0.00%	0.00%
Investments in external programs and/or projects	-	0.00%	0.00%	5,629	0.49%	0.31%
Total environmental investments	4,777	0.20%	0.13%	5,629	0.49%	0.31%
Regarding the establishment of "annual targets" to minimize waste, general consumption in production/operation and increase effectiveness in the use of natural resources, the company:	( ) does not have targets ( ) meets 50–75% ( ) meets 51_75% (x) fulfills from 76% to 100%			( ) does not have targets ( ) meets 50–75% ( ) meets 51_75% (x) fulfills from 76% to 100%		
5 - Workforce indicators	**2020**			**2019**		
Number of employees at the end of the period			673			584
Number of dismissals during the period			111			110
Number of outsourced employees			-			-
Number of Interns			33			30
Number of employees above 45 years of age			154			124
Number of women working at the company			116			99
Number of management positions held by women			1.49%			9.57%
Number of blacks working at the company			145			193
Percentage of management positions held by black employees			1.64%			5.72%
Number of people with disabilities or special needs			15			13
6 - Relevant information regarding the practice of corporate citizenship	**2020**			**2019 (Restated)**		
company			9796%			6150%
Total number of occupational accidents			1		-	
Social and environmental projects developed by the company were defined by:	( ) executive board	(x) executive board and managements	( ) all employees	( ) executive board	(x) executive board and managements	( ) all employees
The safety and health standards in the workplace were defined by:	(x) executive board and managements	( ) all employees	( ) all employees + Cipa	(x) executive board and managements	( ) all employees	( ) all employees + Cipa
Regarding union freedom, the right of collective bargaining and internal representation of employees, the company:	( ) does not get involved	(x) follows the ILO standards	( ) encourages and follows ILO	( ) does not get involved	(x) follows the ILO standards	( ) encourages and follows ILO
The private pension plan encompasses:	( ) executive board	( ) executive board and managements	(x) all employees	( ) executive board	( ) executive board and managements	(x) all employees
Profit sharing encompasses:	( ) executive board	( ) executive board and managements	(x) all employees	( ) executive board	( ) executive board and managements	(x) all employees
Regarding supplier selection, the same ethical and social responsibility/environmental standards adopted by the company:	( ) are not considered	( ) are suggested	(x) are required	( ) are not considered	( ) are suggested	(x) are required
Regarding the participation of employees in volunteer work programs, the company:	(x) does not get involved	(x) supports	( ) organizes and promotes	(x) does not get involved	(x) supports	( ) organizes and promotes
Total number of consumer complaints and criticism:	with the company	with Procon -	in court -	with the company	with Procon -	in court -
% of complaints and criticism dealt with or solved:	with the company	with Procon 0%	in court 0%	with the company	with Procon 0%	in court 0%
Total added value payable (in thousands of reais):	**In 2020: 3,714,167**			**In 2019: 1,935,481**		
Distribution of added value:	21.43% government / 43.25% shareholders / 17.68% withheld / 13.85% third party / 3.80% employees			18.55% government / 23.23% shareholders / 33.92% withheld / 18.38% third party / 5.92% employees		

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A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers
Transmissora Aliança de Energia Elétrica S.A. - TAESA
Rio de Janeiro - RJ

Opinion

We have audited the individual and consolidated financial statements of Transmissora Aliança de Energia Elétrica S.A. ("Company"), identified as Individual and Consolidated, respectively, which comprise the statement of financial position as at December 31, 2020, and the statements of profit or loss, of comprehensive income, of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2020, and its individual and consolidated financial performance and cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants and the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a matter – Restatement of corresponding amounts

As mentioned in Note 5, as a result of the effects of the review of the discount rates of the financial flows of concession contracts and the respective effects on the construction margins, the corresponding amounts referring to the previous year, presented for comparison purposes, have been adjusted and are being restated as provided for in NBC TG 23 - Accounting Policies, Changes in Accounting Estimates and Errors. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide an individual opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor’s responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Measurement of contract assets

As disclosed in Note 3.4, the Company estimates that even after completion of the transmission infrastructure construction phase, there will still be a contract asset due to the matching entry of construction revenue, since it is necessary to satisfy the operation and maintenance obligation so that the Company may have an unconditional right to receive cash. At December 31, 2020, the balance of the Company's contract assets totals R$4,848,259 thousand and R$9,372,197 thousand, individual and consolidated, respectively.

Recognition of contract assets and revenue from contracts with customers in accordance with CPC 47/IFRS 15 - Revenue from contracts with customers requires the exercise of significant judgment as to the point in time at which the customer obtains control of the asset. Additionally, measurement of the Company's progress in relation to the fulfillment of the performance obligation satisfied over time also requires the use of significant estimates and judgments by management to estimate the efforts or inputs necessary to satisfy the performance obligation, such as materials and labor, expected profit margins on each identified performance obligation, and projections of expected revenues.

Furthermore, since this concerns a long-term contract, the identification of the discount rate, which represents the financial component embedded in the future receipt flow, also requires the use of judgment by management. Given the materiality of the amounts and the significant judgment involved, we consider the measurement of concession contract assets and revenue from contracts with customers a key audit matter.

How our audit addressed this matter

Our audit procedures included the following, among others: (i) understanding of the Company's process related to the calculation of the concession contract assets; (ii) evaluation of the internal procedures related to expenses incurred to fulfill the contract; (iii) analysis of the determination of margin in the projects under construction, related to the new concession contracts, and to the projects of reinforcements and improvements of the existing energy transmission facilities, checking the methodology and assumptions adopted by the Company to estimate the total construction cost, and the present value of future receipt flows, less the implicit interest rate that represents the financial component embedded in the receipt flow; (iv) with the support of professionals specialized in evaluating construction projects: (a) analysis of compliance with the physical schedule of the works in progress, as well as verification of the existence of unusual items in the updated physical schedule of the works, with possible project changes, or changes in suppliers that could give rise to costs not identified by the Company's internal controls; (b) evaluation of the variations between the initial budget and the updated budget of the works in progress, and the justifications presented by the work management for any differences; (c) if applicable, verification of evidence of sufficiency of the costs to be incurred to complete the project construction stages; (v) reading of the concession contracts and their amendments to identify the performance obligations provided for therein, in addition to aspects related to the variable components applicable to the contract price; (vi) review of the projected cash flows and the relevant assumptions used in the cost projections and in the definition of the implicit discount rate used in the model, with the assistance of company valuation specialists; (vii) analysis of the possible risk of penalties for delays in construction or unavailability; (viii) analysis of the possible existence of onerous contracts; (ix) analysis of communications with regulatory agencies of electricity transmission activities and of the securities market; and (x) evaluation of the disclosures made by the Company in the individual and consolidated financial statements.

As a result of the audit procedures carried out on the contract assets, we identified adjustments that were recorded by management in view of their materiality on the financial statements taken as a whole. We also identified an audit adjustment indicating the need to supplement the contract asset, and this adjustment was not recorded by management in view of its immateriality in relation to the financial statements taken as a whole. We also evaluated the adequacy of disclosures on these matters, mentioned in Notes 5 and 8 to the financial statements.

Based on the result of the audit procedures carried out, which is consistent with management's assessment, we consider that the criteria and assumptions for measurement of contract assets adopted by management are acceptable, as well as the respective disclosures, in the context of the financial statements taken as a whole.

Business combination

As disclosed in Notes 2 and 13 to the individual and consolidated financial statements, in the first quarter of 2020 the Company completed the acquisition of equity interests in São João Transmissora de Energia Elétrica S.A (“SJT”), São Pedro Transmissora de Energia Elétrica S.A. (“SPT”), and Lagoa Nova Transmissora de Energia Elétrica S.A. (“LNT”), which operate in the same business segment as the Company and its subsidiaries. These transactions were accounted for using the acquisition method in accordance with CPC 15 (R1)/IFRS 3 - Business combinations, which requires, among other procedures, that the Company determine: the effective date of acquisition of control, the fair value of the consideration transferred, the fair value of the assets acquired and liabilities assumed, and the calculation of the results from the business combination. These procedures involve a high level of judgment and the need to develop fair value estimates based on calculations and assumptions related to the future performance of the businesses acquired, which are subject to a high level of uncertainty. Given the related high level of judgment and the impact that any changes to assumptions could have on the financial statements, this was considered a key audit matter.

How our audit addressed this matter

Our audit procedures included, among others, (i) reading of the documents that formalized the transactions and obtaining the evidence that justified the determination of the date of acquisition of the shareholding control of the acquirees and the determination of the fair value of the consideration transferred; (ii) analysis of the financial information of the acquirees and discussion with management about the consistency of accounting practices and estimates, in addition to understanding of the flow of relevant transactions and examination of the significant accounting balances of the acquirees; (iii) assessment of the objectivity, independence and technical capacity of the external specialists involved in the measurement of the fair value of the assets acquired and liabilities assumed; (iv) analysis, with the assistance of our valuation model specialists, of the assumptions and methodology used by the Company to measure fair values and allocations, on the acquisition date, to the assets acquired and liabilities assumed; and (v) assessment of the adequacy of the disclosures made by the Company in relation to the matter.

Based on the result of the audit procedures performed on the recognition of the accounting effects of business combinations and respective disclosures, which is consistent with management's assessment, we consider that the criteria and assumptions applied to the business combinations by management, as well as the respective disclosures in Note 13, are acceptable in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2020, prepared under the responsibility of the Company management, and presented as supplementary information for IFRS purposes, were submitted to audit procedures conducted jointly with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by Accounting Pronouncement NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in the abovementioned accounting pronouncement, and are consistent in relation to the individual and consolidated financial statements taken as a whole.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Management is responsible for such other information, which comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represented the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the Group's audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We described these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, March 3, 2021.

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

Pia Leocádia de Avellar Peralta
Accountant CRC-1RJ101080/O-0

Balance sheet as of December 31, 2020 and 2019
(Amounts expressed in thousands of reais - R$)

	Note	Consolidated 12/31/2020	Consolidated 12/31/2019 (Restated)	Consolidated 01/01/2019 (Restated)	Parent company 12/31/2020	Parent company 12/31/2019 (Restated)	Parent company 01/01/2019 (Restated)
Assets							
Current assets							
Cash and cash equivalents	6	896,031	82,562	20,869	664,932	75,395	19,480
Securities	7	-	2,337,228	798,604	-	1,598,887	631,162
Accounts receivable from concessionaires and permissionaires	8	190,378	128,177	159,200	157,782	117,747	148,314
Concession contract asset	8	1,015,498	855,975	863,892	728,784	734,831	772,021
Current taxes and social contributions	10	124,355	101,782	35,688	109,522	90,237	28,066
Dividends and JCP receivable	14	50,332	101	5,580	242,182	75,288	38,969
Other accounts receivable and other assets		83,567	62,605	43,838	70,492	44,016	41,351
Total current assets		**2,360,161**	**3,568,430**	**1,927,671**	**1,973,694**	**2,736,401**	**1,679,363**
Non-current assets							
Securities	7	9,586	4,586	4,339	4,708	4,586	4,339
Accounts receivable from concessionaires and permissionaires	8	19,635	18,869	13,618	18,526	17,871	12,801
Concession contract asset	8	8,356,699	5,230,513	4,535,689	4,119,475	3,517,112	3,513,392
Taxes and social contributions		-	-	26	-	-	-
Other accounts receivable		41,526	18,691	18,301	21,673	17,533	17,467
Judicial deposits		44,870	33,176	28,295	31,895	25,354	20,671
Derivative financial instruments	21	157,169	44,107	29,853	157,169	44,107	29,853
Investments	13	2,952,525	2,239,298	1,921,360	5,952,339	3,722,959	3,022,429
Right-of-use	9	28,934	33,772	-	27,868	32,035	-
Property, plant and equipment		44,742	22,667	23,218	44,585	22,623	23,218
Intangible assets		89,572	78,660	65,828	89,547	78,647	65,828
Total non-current assets		**11,745,258**	**7,724,339**	**6,640,527**	**10,467,785**	**7,482,827**	**6,709,998**
Total assets		**14,105,419**	**11,292,769**	**8,568,198**	**12,441,479**	**10,219,228**	**8,389,361**

See the accompanying notes to the financial statements.

(continued)

Balance sheet as of December 31, 2020 and 2019
(Amounts expressed in thousands of reais - R$)

	Note	Consolidated			Parent company		
		12/31/2020	12/31/2019 (Restated)	01/01/2019 (Restated)	12/31/2020	12/31/2019 (Restated)	01/01/2019 (Restated)
Liabilities							
Current liabilities							
Suppliers		85,086	91,200	58,314	36,858	48,026	35,262
Loans and financing	15	121,355	10,395	10,751	112,833	7,941	8,294
Debentures	16	319,473	724,086	417,529	319,473	724,086	417,529
Lease liability	9	8,911	8,521	-	8,406	7,794	-
Current taxes and social contributions	10	55,157	40,731	44,768	30,270	25,500	36,993
Regulatory fees		62,536	68,796	68,553	55,673	64,557	64,188
Dividends and JCP payable	14	105,931	11	7	105,931	11	7
Other accounts payable		83,194	52,761	46,883	50,199	48,065	43,730
Total current liabilities		**841,643**	**996,501**	**646,805**	**719,643**	**925,980**	**606,003**
Non-current liabilities							
Loans and financing	15	922,669	414,557	409,780	865,829	409,664	402,441
Debentures	16	4,857,916	4,158,834	2,461,895	4,010,957	3,392,155	2,461,895
Derivative financial instruments	21	47,061	1,271	-	47,061	1,271	-
Lease liability	9	22,462	26,811	-	21,815	25,680	-
Deferred taxes and social contributions	11	763,630	309,000	158,609	470,283	210,301	106,688
Deferred taxes	12	524,897	334,543	284,139	238,407	214,754	213,875
Provision for labor, tax and civil risks	17	44,338	31,278	28,475	30,227	22,745	22,857
Provision for demobilization of assets	9	457	461	-	457	457	-
Other accounts payable		54,442	29,136	46,663	10,896	25,844	43,770
Total non-current liabilities		**7,237,872**	**5,305,891**	**3,389,561**	**5,695,932**	**4,302,871**	**3,251,526**
Total liabilities		**8,079,515**	**6,302,392**	**4,036,366**	**6,415,575**	**5,228,851**	**3,857,529**
Shareholders' equity							
Capital		3,042,035	3,042,035	3,042,035	3,042,035	3,042,035	3,042,035
Capital reserve		598,736	598,736	594,507	598,736	598,736	594,507
Profit reserve		1,944,396	1,287,843	838,120	1,944,396	1,287,843	838,120
Additional dividends proposed		456,035	61,763	57,170	456,035	61,763	57,170
Other comprehensive income		(15,298)	-	-	(15,298)	-	-
Total shareholders' equity	18	**6,025,904**	**4,990,377**	**4,531,832**	**6,025,904**	**4,990,377**	**4,531,832**
Total liabilities and shareholders' equity		**14,105,419**	**11,292,769**	**8,568,198**	**12,441,479**	**10,219,228**	**8,389,361**

See the accompanying notes to the financial statements.

Statement of income for the years ended December 31, 2020 and 2019
(Amounts expressed in thousands of reais, except earnings per share)

	Note	Consolidated		Parent company	
		2020	2019 (Restated)	2020	2019 (Restated)
Infrastructure implementation income, inflation adjustment of the concession, operation and maintenance contract assets and others, net		2,903,468	1,334,813	1,318,470	779,886
Compensation of concession contract assets		657,818	505,177	486,482	452,193
Net operating income	23	**3,561,286**	**1,839,990**	**1,804,952**	**1,232,079**
Operating costs					
Personnel		(72,654)	(56,069)	(59,811)	(51,495)
Material		(922,080)	(477,662)	(37,358)	(153,179)
Outsourced services		(40,483)	(29,057)	(29,654)	(26,058)
Depreciation and amortization		(7,200)	(5,007)	(6,649)	(4,379)
Other operating costs		(5,562)	(6,223)	(3,596)	(4,393)
	24	(1,047,979)	(574,018)	(137,068)	(239,504)
Gross income		**2,513,307**	**1,265,972**	**1,667,884**	**992,575**
General and administrative expenses					
Personnel and management		(93,961)	(78,256)	(91,770)	(76,215)
Outsourced services		(32,380)	(32,523)	(28,979)	(30,910)
Depreciation and amortization		(8,080)	(8,194)	(8,054)	(8,194)
Other operating expenses		(18,123)	(13,123)	(14,834)	(11,045)
	24	(152,544)	(132,096)	(143,637)	(126,364)
Gains on companies' acquisitions		-	9,811	-	9,811
Income (loss) before net financial income (expenses), equity accounting, and taxes and contributions		**2,360,763**	**1,143,687**	**1,524,247**	**876,022**
Equity income (loss)	13	833,942	369,811	1,418,358	582,807
Financial income		38,813	96,939	24,213	81,258
Financial expenses		(514,336)	(355,736)	(425,607)	(335,162)
Net financial income (expenses)	25	**(475,523)**	**(258,797)**	**(401,394)**	**(253,904)**
Income (loss) before taxes and contributions		**2,719,182**	**1,254,701**	**2,541,211**	**1,204,925**
Current income tax and social contribution		(27,698)	(4,014)	(10,421)	4,349
Deferred income and social contribution taxes		(428,557)	(144,570)	(267,863)	(103,613)
Income tax and social contribution	19	**(456,255)**	**(148,584)**	**(278,284)**	**(99,264)**
Net income for the year		**2,262,927**	**1,106,117**	**2,262,927**	**1,105,661**
Interest of Non-controlling Shareholders		2,262,927	1,105,661	2,262,927	1,105,661
Interest of Non-controlling Shareholders		-	456	-	-
Earnings per share					
Earnings per common share - Basic and diluted (in R$)	22	2.18958	1.07027	2.18958	1.06983
Earnings per preferred share - Basic and diluted (in R$)	22	2.18958	1.07027	2.18958	1.06983

See the accompanying notes to the financial statements.

Statement of comprehensive income for years ended on December 31, 2020 and 2019
(Amounts expressed in thousands of reais - R$)

	Consolidated		Parent company	
	2020	2019 (Restated)	2020	2019 (Restated)
Net income for the year	**2,262,927**	**1,106,117**	**2,262,927**	**1,105,661**
Equity valuation adjustment	(15,298)	-	(15,298)	-
Total comprehensive income for the year	**2,247,629**	**1,106,117**	**2,247,629**	**1,105,661**
Interest of Non-controlling Shareholders	2,247,629	1,105,661	2,247,629	1,105,661
Interest of Non-controlling Shareholders	-	456	-	-

See the accompanying notes to the financial statements.

Statement of changes in shareholders' equity (parent company and consolidated) as of December 31, 2020 and 2019
(Amounts expressed in thousands of reais - R$)

				Profit reserve								
	Note	**Capital**	**Capital reserves, capital transac-tions**	**Legal**	**Tax benefit**	**Special reserve**	**Additio-nal dividends proposed**	**Retained earnings (losses)**	**Equity valuetion adjust -ment**	**Shareholders' equity attributed to controlling shareholders**	**Non-contro-lling interest**	**Total**
Balances at January 1, 2019 (Restated)	18	**3,042,035**	**594,507**	**382,964**	**270,899**	**184,257**	**57,170**	**-**	**-**	**4,531,832**	**-**	**4,531,832**
Acquisition of interest in subsidiary		-	4,229	-	-	-	-	-	-	4,229	-	4,229
Acquisition of companies		-	-	-	-	-	-	-	-	-	21,797	21,797
Acquisition of non-controlling interest		-	-	-	-	-	-	-	-	-	(22,253)	(22,253)
Approval of additional dividends		-	-	-	-	-	(57,170)	-	-	(57,170)	-	(57,170)
Interim dividends paid		-	-	-	-	-	-	(320,051)	-	(320,051)	-	(320,051)
Interest on shareholders' equity paid		-	-	-	-	-	-	(274,124)	-	(274,124)		(274,124)
Net income for the year		-	-	-	-	-	-	1,105,661	-	1,105,661	456	1,106,117
Allocation of income for the year:												
Legal reserve		-	-	50,093	-	-	-	(50,093)	-	-	-	-
Tax benefit reserve		-	-	-	19,071	-	-	(19,071)	-	-	-	-
Special reserve		-	-	-	-	380,559	-	(380,559)	-	-	-	-
Additional dividends proposed		-	-	-	-	-	61,763	(61,763)	-	-	-	-
Balances at December 31, 2019 (Restated)	18	**3,042,035**	**598,736**	**433,057**	**289,970**	**564,816**	**61,763**	**-**	**-**	**4,990,377**	**-**	**4,990,377**
Additional dividends approved		**-**	**-**	**-**	**-**	**-**	(61,763)	-	-	(61,763)	**-**	(61,763)
Interim dividends paid		-	-	-	-	-	-	(811,756)	-	(811,756)	-	(811,756)
Interest on shareholders' equity paid		-	-	-	-	-	-	(232,674)	-	(232,674)	-	(232,674)
Equity valuation adjustment		-	-	-	-	-	-	-	(15,298)	(15,298)	-	(15,298)
Net income for the year		-	-	-	-	-	-	2,262,927		2,262,927	-	2,262,927
Allocation of income for the year:											-	-
Tax benefit reserve		-	-	-	25,083	-	-	(25,083)	-	-	-	-
Special reserve		-	-	-	-	631,470	-	(631,470)	-	-	-	-
Minimum mandatory dividends		-	-	-	-	-	-	(105,909)	-	(105,909)	-	(105,909)
Additional dividends proposed		-	-	-	-	-	456,035	(456,035)	-	-	-	-
Balances at December 31, 2020	18	**3,042,035**	**598,736**	**433,057**	**315,053**	**1,196,286**	**456,035**	**-**	**(15,298)**	**6,025,904**	**-**	**6,025,904**

See the accompanying notes to the financial statements.

Statement of cash flow for the years ended December 31, 2020 and 2019
(Amounts expressed in thousands of reais - R$)

	Note	Consolidated		Parent company	
		2020	2019 (Restated)	2020	2019 (Restated)
Cash flow from operating activities					
Net income for the year		2,262,927	1,106,117	2,262,927	1,105,661
Adjustments for:					
Equity income (loss)	13	(833,942)	(369,811)	(1,418,358)	(582,807)
Depreciation and amortization	24	8,391	6,542	8,389	6,541
Depreciation of right-of-use	9 and 24	6,889	6,659	6,314	6,032
Provisions for tax, social security, labor and civil lawsuits, net	17	9,813	1,950	9,201	1,460
Interest, inflation adjustment and exchange-rate changes and adjustment to fair value on loans and financing	15 and 25	141,053	28,543	138,150	27,248
Interest, inflation adjustment and adjustment at fair value on debentures	16 and 25	445,833	315,709	362,891	298,286
Derivative financial instruments	21 and 25	(87,417)	(5,538)	(87,417)	(5,538)
Interest on lease liability	9 and 25	2,697	3,069	2,564	2,907
Current income tax and social contribution	19	27,698	4,014	10,421	(4,349)
Deferred income and social contribution taxes	19	428,557	144,570	267,863	103,613
Deferred taxes	23	150,115	32,344	23,653	879
Infrastructure implementation cost	24	883,675	369,297	6,113	55,822
Environmental Compensation Provision		-	702	-	702
Compensation of concession contract assets	8 and 23	(657,818)	(505,177)	(486,482)	(452,193)
Inflation adjustment of concession contract assets	8 and 23	(1,007,626)	(164,354)	(862,760)	(145,287)
Infrastructure implementation income	8 and 23	(1,523,739)	(752,819)	(10,736)	(202,106)
Financial investment income	25	(38,813)	(96,939)	(24,213)	(81,258)
Provision (reversal) of Variable Portion	8	828	(1,049)	1,808	(2,109)
Net (gain) from acquisitions of companies		-	(9,811)	-	(9,811)
		219,121	114,018	210,328	123,693
Changes in assets and liabilities:					
Decrease in the balance of accounts receivable from concessionaires and permissionaires and concession contract asset		964,119	974,415	721,165	860,661
Decrease (increase) in the balance of income and social contribution tax assets, net of liabilities		5,564	(24,412)	6,264	(23,214)
(Decrease) in the balance of deferred income tax and social contribution		-	(246)	-	-
Increase in the balance of deferred taxes		-	733	-	-
(Increase) in the balance of other credits		(29,987)	(23,038)	(37,156)	(7,414)
(Decrease) in balance of suppliers		(852,951)	(337,033)	(17,282)	(43,056)
(Decrease) increase in balance of regulatory rates		(7,498)	(235)	(8,884)	370
(Decrease) in balance of other accounts payable		(30,152)	(30,617)	(14,536)	(15,865)
Dividends received from subsidiaries	14	-	-	108,231	62,806
Dividends and JCP received from jointly-controlled subsidiaries and associated companies	14	291,984	272,455	291,984	272,455
		341,079	832,022	1,049,786	1,106,743
Cash generated by operating activities		**560,200**	**946,040**	**1,260,114**	**1,230,436**
Income tax and social contribution paid		(42,656)	(49,861)	(31,200)	(46,101)
Net cash generated by operating activities		**517,544**	**896,179**	**1,228,914**	**1,184,335**
Cash flow from investment activities					
Decrease (increase) in balance of securities		2,416,706	(1,425,770)	1,622,979	(886,715)
Acquisition of associated companies	13	-	(77,508)	-	(77,508)

	Note	Consolidated		Parent company	
		2020	2019 (Restated)	2020	2019 (Restated)
Additions in property, plant and equipment and intangible assets		(41,179)	(18,811)	(41,249)	(18,763)
Capital increase in subsidiaries	13	-	-	(383,608)	(86,229)
Capital increase in jointly-controlled subsidiaries and associated companies	13	(221,500)	(185,000)	(221,500)	(185,000)
Acquisition of subsidiaries	13	-	-	(773,023)	(75,622)
Interest increase in jointly-controlled subsidiaries	13	-	(32,880)	-	(32,880)
Acquisition of subsidiaries, net of acquired cash	2 and 13	(765,131)	(73,665)	-	-
Net cash flow generated (invested) in investment activities		**1,388,896**	**(1,813,634)**	**203,599**	**(1,362,717)**
Cash flow from financing activities					
Funding of loans and financing	15	446,218	29,713	447,522	-
Issuance of debentures	16	723,943	2,264,309	726,605	1,515,052
Payment of loans and financing - Principal	15	(250,891)	(38,938)	(6,490)	(6,490)
Payment of loans and financing - Interest	15	(19,005)	(14,897)	(18,125)	(13,888)
Payment of debentures - principal	16	(691,260)	(391,201)	(691,260)	(391,203)
Payment of debentures - Interest	16	(181,741)	(185,321)	(181,741)	(185,321)
Payment of dividends and JCP	14	(1,106,182)	(651,341)	(1,106,182)	(651,341)
Payment of financial leases	9	(8,712)	(7,707)	(7,964)	(7,043)
Payment of derivative financial instruments	21	(5,341)	(7,445)	(5,341)	(7,445)
Acquisition of interest in Subsidiaries		-	(18,024)	-	(18,024)
Net cash (invested) generated in financing activities		**(1,092,971)**	**979,148**	**(842,976)**	**234,297**
Increase in cash and cash equivalents		**813,469**	**61,693**	**589,537**	**55,915**
Opening balance of cash and cash equivalents	6	82,562	20,869	75,395	19,480
Closing balance of cash and cash equivalents	6	896,031	82,562	664,932	75,395
Increase in cash and cash equivalents		**813,469**	**61,693**	**589,537**	**55,915**

See the accompanying notes to the financial statements.

Statement of added value for the years ended December 31, 2020 and 2019
(Amounts expressed in thousands of reais - R$)

	Note	Consolidated		Parent company	
		2020	2019 (Restated)	2020	2019 (Restated)
Income					
Compensation of concession contract assets	23	657,818	505,177	486,482	452,193
Inflation adjustment of concession contract assets	23	1,007,626	164,354	862,760	145,287
Operation and maintenance	23	676,162	607,244	600,538	560,961
Infrastructure implementation	23	1,523,739	752,819	10,736	202,106
Variable portion	23	(23,136)	(15,278)	(17,120)	(5,319)
Other income	23	32,402	15,556	18,160	15,572
		3,874,611	2,029,872	1,961,556	1,370,800
Inputs acquired from third parties					
(Include the tax amounts - ICMS, IPI, PIS and COFINS)					
Materials, Energy, outsourced services and other	24	(994,943)	(539,242)	(95,991)	(210,147)
General, administrative and other expenses		(22,976)	(18,509)	(17,987)	(14,648)
		(1,017,919)	(557,751)	(113,978)	(224,795)
Gross added value		**2,856,692**	**1,472,121**	**1,847,578**	**1,146,005**
Depreciation and amortization		(15,280)	(13,201)	(14,703)	(12,573)
Net added value produced by the Company		**2,841,412**	**1,458,920**	**1,832,875**	**1,133,432**
Added value received as transfer					
Equity income (loss)	13	833,942	369,811	1,418,358	582,807
Financial income	25	38,813	96,939	24,213	81,258
Net gain from acquisitions of companies		-	9,811	-	9,811
		872,755	476,561	1,442,571	673,876
Total added value payable		**3,714,167**	**1,935,481**	**3,275,446**	**1,807,308**
Distribution of added value					
Personnel					
Direct remuneration	24	91,344	72,038	83,564	68,989
Benefits	24	41,593	37,002	37,464	34,582
FGTS		8,118	5,522	7,469	5,275
		141,055	114,562	128,497	108,846
Taxes, rates and contributions					
Federal (include Aneel's regulatory fees)		794,741	358,402	457,553	257,024
State		276	206	102	161
Municipal		832	458	760	454
		795,849	359,066	458,415	257,639
Third-party capital compensation					
Debt charges, inflation adjustment and exchange-rate changes, net	25	586,886	344,252	501,041	325,534
Derivative financial instruments	25	(87,417)	(5,538)	(87,417)	(5,538)
Financial leases	25	2,697	3,070	2,564	2,907
Other	25	12,170	13,952	9,419	12,259
		514,336	355,736	425,607	335,162
Compensation of own capital					
Interim dividends paid		811,756	320,051	811,756	320,051
Interest on shareholders' equity paid		232,674	274,124	232,674	274,124
Legal reserve		-	50,093	-	50,093
Tax benefit reserve		25,083	19,071	25,083	19,071
Special reserve		631,470	380,559	631,470	380,559
Additional dividends proposed		456,035	61,763	456,035	61,763
Mandatory dividends		105,909	-	105,909	-
Non-controlling interest		-	456	-	-
		2,262,927	1,106,117	2,262,927	1,105,661
Total added value paid		**3,714,167**	**1,935,481**	**3,275,446**	**1,807,308**

See the accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
ON DECEMBER 31, 2020
(Amounts expressed in thousands of reais, unless otherwise indicated)

1. GENERAL INFORMATION

Transmissora Aliança de Energia Elétrica S.A. ("Taesa" or "Company") is a publicly-held corporation domiciled in Brazil, headquartered in Praça XV de Novembro, 20, salas 601 e 602, Centro, Rio de Janeiro, Rio de Janeiro/RJ (Brazil) and has the following business purpose:

- To operate and exploit the concession of public electric power transmission service for implementation, operation and maintenance of transmission lines belonging to the network of the Interconnected Electric System (SIN);
- To perform other activities related to the field of electricity transmission such as: (a) planning studies and activities and construction of project's facilities; (b) chemical analyses of materials and equipment; (c) basic and detailed engineering services, procurement and purchase process, constructions, commissioning, system operation and maintenance; (d) rental, loan, or paid transfers of equipment, infrastructure, and facilities; and (e) technical support;
- To practice any other activities that allow improved use and valuation of combined networks, structures, resources and competences;
- To operate, both in Brazil and abroad, alone or in a partnership with other companies, to take part in auctions and to develop any other associated activity or that may be somehow useful to achieve the corporate purpose;
- To hold interests in other Brazilian or foreign companies operating in the electricity transmission sector, as a partner, shareholder or quotaholder; and
- To implement projects related to the concession of the public services that it is undertaking, in particular the provision of services in telecommunications, data transmissions, operating and maintaining other concessionaires' facilities, besides supplementary services related to engineering, tests and research.

Controlling shareholders – The following enterprises have shared control of the Company, through a shareholders' agreement, Companhia Energética de Minas Gerais - CEMIG, and ISA Investimentos e Participações do Brasil.

Subsidiaries, jointly-controlled subsidiaries and associated companies

Subsidiaries: ATE III, SGT, MAR, MIR, JAN, SAN, BRAS, SJT, SPT and LNT.
Jointly-controlled subsidiaries: ETAU, Aimorés, Paraguaçu and Ivaí.
Associated companies: (b) with direct interest: EATE, ECTE, ENTE and ETEP; (b) with indirect interest: STC, ESDE, Lumitrans, ETSE and ESTE; and (c) direct and indirect interest: EBTE, ERTE, EDTE, Transleste, Transirapé and Transudeste. The associated companies Transleste, Transirapé and Transudeste are jointly referred to as "Transmineiras," the other associated companies are jointly referred to as "TBE Group."

The subsidiaries, jointly-controlled subsidiaries and associated companies (hereinafter referred to as "Taesa Group" or "Group" when mentioned jointly with the Company) are privately-held companies, do not have shares traded on stock exchanges, are domiciled in Brazil, and headquartered in the following States: Rio de Janeiro (ATE III, SGT, MAR, MIR, JAN, ETAU, BRAS, SAN, SJT, SPT and LNT), Santa Catarina (Lumitrans, STC and ECTE), São Paulo (Aimorés, Paraguaçu, Ivaí, ERTE, EBTE, ETEP, ETSE, EATE, ENTE, ESDE e ESTE), Minas Gerais (Transleste, Transudeste and Transirapé) and Bahia (EDTE).

(Amounts expressed in thousands of reais, unless otherwise indicated)

All the companies in which the Company has an ownership interest are mainly engaged in the operation and use of electric power transmission concessions and implement, operate and maintain the facilities of the Interconnected Electric System (SIN) for a 30-year period.

Taesa Group concessions with direct or indirect interest

	Concession	Acquisition(*) or formation (**) Concession contract	Beginning End	Interest	Location	Periodic tariff review Term (years)	Periodic tariff review Next	Km (b) (Unaudited)	SE (c)
Taesa	Transmissora Sudeste Nordeste S.A. ("TSN")	06/06/2006 (*) 097/2000	12/20/2000 12/20/2030	100%	BA and GO	5 (a)	2024	1,139	8
Taesa	Novatrans Energia S.A. ("NVT")	06/06/2006 (*) 095/2000	12/20/2000 12/20/2030	100%	DF, GO, MA and TO	5 (a)	2024	1,278	6
Taesa	Munirah Transmissora de Energia S.A. ("Munirah")	06/06/2006 (*) 006/2004	02/18/2004 02/18/2034	100%	BA	5 (a)	2024	106	2
Taesa	Goiânia Transmissora de Energia S.A. ("Gtesa")	11/30/2007 (*) 001/2002	01/21/2002 01/21/2032	100%	PB and PE	5 (a)	2024	52	3
Taesa	Paraíso-Açu Transmissora de Energia S.A. ("Patesa")	11/30/2007 (*) 087/2002	12/11/2002 12/11/2032	100%	RN	5 (a)	2024	146	4
Taesa	Empresa de Transmissão de Energia do Oeste Ltda. ("ETEO")	05/31/2008 (*) 040/2000	05/12/2000 05/12/2030	100%	SP	5 (a)	2024	505	3
Taesa	Sul Transmissora de Energia S.A. ("STE")	11/30/2011 (*) 081/2002	12/19/2002 12/19/2032	100%	RJ	5 (a)	2024	389	4
Taesa	ATE Transmissora de Energia S.A. ("ATE")	11/30/2011 (*) 003/2004	02/18/2004 02/18/2034	100%	PR and SP	5 (a)	2024	370	3
Taesa	ATE II Transmissora de Energia S.A. ("ATE II")	11/30/2011 (*) 011/2005	03/15/2005 03/15/2035	100%	BA, PI and TO	5 (a)	2024	942	4
Taesa	Nordeste Transmissora de Energia S.A. ("NTE")	11/30/2011 (*) 002/2002	01/21/2002 01/21/2032	100%	PB, PE and AL	5 (a)	2024	383	4
Subsidiaries	ATE III Transmissora de Energia S.A. ("ATE III")	11/30/2011 (*) 001/2006	04/27/2006 04/27/2036	100%	PA and TO	5 (a)	2024	454	4
Subsidiaries	São Gotardo Transmissora de Energia S.A. ("SGT")	06/06/2012 (**) 024/2012	08/27/2012 08/27/2042	100%	MG	5	2023	n/a	1
Subsidiaries	Mariana Transmissora de Energia Elétrica S.A. ("MAR")	12/18/2013 (**) 011/2014	05/02/2014 05/02/2044	100%	MG	5	2024	82	2
Subsidiaries	Miracema Transmissora de Energia S.A ("MIR")	04/26/2016 (**) 017/2016	06/27/2016 06/27/2046	100%	TO	5	2026	90	3
Subsidiaries	Janaúba Transmissora de Energia Elétrica S.A. ("JAN") (d)	11/09/2016 (**) 015/2017	02/10/2017 02/10/2047	100%	MG and BA	5	2022	542	3
Subsidiaries	Sant'ana Transmissora de Energia Elétrica S.A. ("SAN") (d)	01/11/2019 (**) 012/2019	03/22/2018 03/22/2048	100%	RS	5	2024	590	5
Subsidiaries	Brasnorte Transmissora de Energia S.A. ("BRAS")	09/17/2007 (**) 003/2008	03/17/2008 03/17/2038	100%	MT	5	2023	402	4
Subsidiaries	São João Transmissora de Energia S.A. ("SJT")	02/14/2020 (*) 08/2013	08/01/2013 08/01/2043	100%	PI	5	2024	408	2
Subsidiaries	São Pedro Transmissora de Energia S.A. ("SPT")	02/14/2020 (*) 015/2013	10/09/2013 10/09/2043	100%	BA and PI	5	2024	418	6
Subsidiaries	Lagoa Nova Transmissora de Energia Elétrica S.A. ("LNT")	03/13/2020 (*) 30/2017	08/11/2017 08/11/2047	100%	RN	5	2023	28	2

(Amounts expressed in thousands of reais, unless otherwise indicated)

Taesa Group concessions with direct or indirect interest									
	Concession	Acquisition(*) or formation (**) / Concession contract	Beginning / End	Interest	Location	Periodic tariff review: Term (years)	Periodic tariff review: Next	Km (b) (Unaudited)	SE (c)
Jointly-controlled subsidiaries	Empresa de Transmissão do Alto Uruguai S.A. ("ETAU")	12/28/2007 (*) 082/2002	12/18/2002 12/18/2032	75.6193%	RS and SC	5 (a)	2024	188	4
	Interligação Elétrica Aimorés S.A. ("Aimorés") (d)	11/18/2016 (**) 04/2017	02/10/2017 02/10/2047	50%	MG	5	2022	208	2
	Interligação Elétrica Paraguaçu S.A. ("Paraguaçu") (d)	11/18/2016 (**) 03/2017	02/10/2017 02/10/2047	50%	MG and BA	5	2022	338	2
	Interligação Elétrica Ivaí S.A. ("Ivaí") (d)	05/17/2017 (**) 22/2017	08/11/2017 08/11/2047	50%	PR	5	2023	600	5
Associated Companies	Empresa Amazonense de Transmissão de Energia S.A. ("EATE")	05/31/2013 (*) 042/2001	06/12/2001 06/12/2031	49.98%	PA and MA	5 (a)	2024	927	5
	Empresa Paraense de Transmissão de Energia S.A. ("ETEP")	05/31/2013 (*) 043/2001	06/12/2001 06/12/2031	49.98%	PA	5 (a)	2024	324	2
	Empresa Catarinense Transmissão de Energia S.A. ("ECTE")	05/31/2013 (*) 088/2000	11/01/2000 11/01/2030	19.09%	SC	5 (a)	2024	253	2
	Empresa Norte de Transmissão de Energia S.A. ("ENTE")	05/31/2013 (*) 085/2002	12/11/2002 12/11/2032	49.99%	PA and MA	5 (a)	2024	459	3
	Empresa Regional de Transmissão de Energia S.A. ("ERTE")	05/31/2013 (*) 083/2002	12/11/2002 12/11/2032	49.99%	PA	5 (a)	2024	155	3
	Sistema de Transmissão Catarinense S.A. ("STC")	05/31/2013 (*) 006/2006	04/27/2006 04/27/2036	39.99%	SC	5 (a)	2024	230	4
	Lumitrans Companhia Transmissora de Energia Elétrica S.A. ("Lumitrans")	05/31/2013 (*) 007/2004	02/18/2004 02/18/2034	39.99%	SC	5 (a)	2024	40	2
	EBTE Empresa Brasileira de Transmissão de Energia S.A. ("EBTE")	05/31/2013 (*) 011/2008	10/16/2008 10/16/2038	74.49%	MT	5	2024	782	7
	ESDE Empresa Santos Dumont de Energia S.A. ("ESDE")	05/31/2013 (*) 025/2009	11/19/2009 11/19/2039	49.98%	MG	5	2025	n/a	1
	ETSE Empresa de Transmissão Serrana S.A. ("ETSE")	05/31/2013 (*) 006/2012	05/10/2012 05/10/2042	19.09%	SC	5	2022	n/a	2
	Empresa Sudeste de Transmissão de Energia S.A. ("ESTE") (d)	11/11/2016 (*) 19/2017	02/10/2017 02/10/2047	49.98%	MG and ES	5	2022	236	2
	Empresa Diamantina de Transmissão de Energia S.A. ("EDTE")	03/26/2018 (*) 015/2016	12/01/2016 12/01/2046	49.99%	BA	5	2022	167	3
	Companhia Transleste de Transmissão S.A ("Transleste")	10/17/2013 (*) 009/2004	02/18/2004 02/18/2034	54.00%	MG	5 (a)	2024	139	2
	Companhia Transudeste de Transmissão S.A. ("Transudeste")	10/17/2013 (*) 005/2005	03/04/2005 03/04/2035	54.00%	MG	5 (a)	2024	145	2
	Companhia Transirapé de Transmissão S.A. ("Transirapé")	10/17/2013 (*) 012/2005	03/15/2005 03/15/2035	54.00%	MG	5 (a)	2024	61	2
	Grand total							**13,576**	**97**

(a) The tariff review refers only to income from authorization processes (reinforcements and improvements).

(Amounts expressed in thousands of reais, unless otherwise indicated)

(b) Kilometers ("km") arising from the auction for the concessions under construction and from Transmission Service Agreement - CPST signed with the Electric System National Operator - ONS for the concessions that are being operated.
(c) The total amount related to substations does not correspond to the sum of substations represented in the table, since repeated substations were not considered.
(d) The transmission lines are under construction and the estimated dates for energization are: SAN – March 2023, Aimorés, Paraguaçu, JAN and ESTE – February 2022 and Ivaí – August 2022.

Acquisition of operating assets for energy transmission - As of December 17, 2018, the Company executed into the Contract for Purchase and Sale of Ownership Interest and Other Covenants with Âmbar Energia Ltda. and Fundo de Investimento em Participações Multiestratégia Milão whose object was the acquisition by the Company (a) 100% of shares representing the total and voting capital of São João Transmissora de Energia S.A. ("SJT") and São Pedro Transmissora de Energia S.A. ("SPT") and (b) 51% of shares representing the total and voting capital of Triangulo Mineiro Transmissora de Energia S.A. ("TMT") and Vale do São Bartolomeu Transmissora de Energia S.A. ("VSB"). The stock purchase and sale operation provided for the possibility of carrying out closings for the four assets on different dates. On February 14, 2020, Taesa completed the acquisition of 100% of the shares of SJT and SPT, paying the total amount of R$753,168, after fulfilling the suspensive conditions applicable to the acquisition of the shares. Furthermore, the Company entered into the Addendum to the Contract, whereby there was a need to renegotiate certain terms and conditions, as well as to increase indemnities and guarantees provided for in the Contract in order to neutralize possible contingencies arising after its signature. Moreover, Taesa paid the remaining balance of the SJT and SPT debts related to the financing agreements entered into with Caixa Econômica Federal (CEF), totaling the amount of R$242,681. The deadline for completing the acquisition of TMT and VSB has expired without meeting the suspensive conditions provided for in the Contract.

Completion of the acquisition of Rialma I - On March 13, 2020, Taesa concluded, after fulfilling all the conditions above, the acquisition of 100% of the shares representing the total and voting capital of Rialma Transmissora de Energia I S.A. ("Rialma I"), through the payment of the total amount of R$60,482. The corporate name of Rialma I was changed to Lagoa Nova Transmissora de Energia Elétrica S.A. ("LNT").

2. BUSINESS COMBINATION

In the first quarter of 2020, Taesa completed the acquisitions of equity interests in the companies São João Transmissora de Energia Elétrica S.A. ("SJT"), São Pedro Transmissora de Energia Elétrica S.A. ("SPT") and Lagoa Nova Transmissora de Energia Elétrica S.A. ("LNT"). Considering that concessions are entered into with the Concession Grantor, are regulated by the Brazilian Electricity Regulatory Agency (ANEEL), and that concession contracts establish a right of receiving cash without any demand risk (RAP-Permitted Annual Income), the Company identified and evaluated fair value of assets and liabilities based on technical pronouncement CPC 15(R1) – Business Combinations. Assets of investees' concession contracts were evaluated based on methodology of cash flow discounted at present value and respective deferred taxes were recognized. Cash flow was discounted using discount rates that reflect current market evaluations and characteristics of each concession contract.

	SJT	SPT	LNT
Acquisition date	02/14/2020	02/14/2020	03/13/2020
Price paid	358,402	354,139	60,482
Interest acquired	100%	100%	100%
Book value	387,909	518,943	48,776
Fair value	358,402	354,139	60,482
Gain/loss calculated	(29,507)	(164,804)	11,706

(Amounts expressed in thousands of reais, unless otherwise indicated)

Measurement period of the Purchase Price Allocation (PPA):

The Company provisionally calculated business combination values according to topic 45 of CPC 15 (R1) – Business Combination and IFRS 3 (R) - "Business Combination", which determines initial bookkeeping, in financial statements, of business combination at the end of reporting period in which combination occurs. The Company has not identified changes in relation to the positions determined during the measurement period.

The fair values of the shareholders' equity of the acquired companies were calculated considering Level 3 of the hierarchy presented in paragraphs 72 and following of CPC 46 – Fair Value Measurement, and were calculated using the income method based on the discounted cash flow.

Acquired assets and recognized liabilities at acquisition dates, plus adjustments calculated in the measurement period, were recognized at fair value and are as follows:

SJT

Fair values recognized for identifiable assets acquired and liabilities assumed on acquisition date	SJT		
	Book value	Fair value adjustment	Fair value
Assets			
Cash and cash equivalents	3,558	-	3,558
Securities	13,895	-	13,895
Accounts receivable	2,152	-	2,152
Tax credits	221	-	221
Other	6,514	-	6,514
Concession contract asset	530,124	11,923	542,047
	556,464	**11,923**	**568,387**
Liabilities			
Suppliers	251	-	251
Taxes and contributions	1,408	-	1,408
Loans and financing	128,718	-	128,718
Deferred taxes	16,289	367	16,656
Deferred taxes	19,303	436	19,739
Provision for adjustment portion to be discounted	-	40,627	40,627
Other liabilities	2,586	-	2,586
	168,555	**41,430**	**209,985**
Total identifiable net assets	**387,909**	**(29,507)**	**358,402**

On the acquisition date, the fair values of the concession contract assets and deferred taxes were recognized. Within the measurement period, in the second quarter of 2020, a provision was recognized in the amount of R$40,627 (R$22,646 on December 31, 2020), that referred to an estimate to guarantee RAP losses related to or resulting from administrative or judicial decision regarding the suspension or revocation of TLP already issued to SJT, under the TLP-SJT Proceeding. In view of the realization of the SJT's RAP discount by revoking the TLP (ANEEL Ratifying Resolution 2725, dated July 14, 2020), Taesa, based on the terms of the purchase and sale agreement, recorded a receivable against sellers under "Other accounts receivable"

SJT contributed income of R$90,280 and net income of R$79,984 from the acquisition date until December 31, 2020 in the consolidated statements. If the business combination had occurred at the beginning of the year, SJT income would have totaled R$94,565 and net income for the year would be R$93,828.

(Amounts expressed in thousands of reais, unless otherwise indicated)

SPT

Fair values recognized for identifiable assets acquired and liabilities assumed on acquisition date	SPT		
	Book value	Fair value adjustment	Fair value
Assets			
Cash and cash equivalents	1,488	-	1,488
Securities and other investments	27,050	-	27,050
Accounts receivable	3,726	-	3,726
Tax credits	625	-	625
Other	14,066	-	14,066
Concession contract asset	633,093	(176,674)	456,419
	680,048	**(176,674)**	**503,374**
Liabilities			
Suppliers	2,878	-	2,878
Taxes and contributions	610	-	610
Loans and financing	113,962	-	113,962
Deferred taxes	19,087	(5,441)	13,646
Deferred taxes	22,620	(6,449)	16,171
Possible contingencies	-	20	20
Other liabilities	1,948	-	1,948
	161,105	**(11,870)**	**149,235**
Total identifiable net assets	**518,943**	**(164,804)**	**354,139**

On acquisition date, in addition to fair values of concession contract asset and deferred taxes, a contingent liability was recognized at fair value of R$20, representing 50% of possible contingencies.

SPT contributed income of R$92,717 and net income of R$48,079 from the acquisition date until December 31, 2020 in the consolidated statements. If the business combination had occurred at the beginning of the year, SJT income would have totaled R$97,671 and net income for the year would be R$56,139.

LNT

Fair values recognized for identifiable assets acquired and liabilities assumed on acquisition date	Lagoa Nova		
	Book value	Fair value adjustment	Fair value
Assets			
Cash and cash equivalents	2,846	-	2,846
Securities and other investments	4,719	-	4,719
Accounts receivable	1,479	-	1,479
Tax credits	6	-	6
Other	111	-	111
Concession contract asset	106,065	12,550	118,615
	115,226	**12,550**	**127,776**
Liabilities			
Suppliers	146	-	146
Taxes and contributions	83	-	83
Loans and financing	59,017	-	59,017
Deferred taxes	3,267	386	3,653
Deferred taxes	3,871	458	4,329
Other liabilities	66	-	66
	66,450	**844**	**67,294**
Total identifiable net assets	**48,776**	**11,706**	**60,482**

On the acquisition date, the fair values of the concession contract assets and deferred taxes were recognized.

LNT contributed income of R$8,275 and net income of R$2,511 from the acquisition date until December 31, 2020 in the consolidated statements. If the business combination had occurred at the beginning of the year, LNT's income would have totaled R$7,101 and net income for the year would be R$94.

3. PREPARATION BASIS

3.1 Statement of compliance

The Company's financial statements comprise parent company's individual financial statements, referred to as parent company, consolidated financial statements, referred to as consolidated, were prepared according to accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). Accounting practices adopted in Brazil comprise those included in the Brazilian corporations act and the technical pronouncements, guidelines and interpretations issued by the Accounting Pronouncement Committee - CPC and approved by the Federal Accounting Council - CFC and Brazilian Securities Commission - CVM. The Company chose to present these individual and consolidated financial statements in a single set, side by side.

The Company's Administration states that all the relevant information in the financial statements is being evidenced and corresponds to information used in its management.

In addition, the Management considered the guidelines provided for in Guideline OCPC 07, issued by CPC in November 2014, in the preparation of its financial statements so that all relevant information of financial statements are disclosed and correspond to what is used in Company's Management.

The individual and consolidated financial statements were approved by the Executive Board, Audit Committee and the Board of Directors on March 03, 2021.

3.2 Measuring basis

The individual and consolidated financial statements were prepared based on the historical cost, except for derivative financial instruments measured at fair value and non-derivative financial instruments measured at fair value through profit or loss.

3.3 Functional and presentation currency

The individual and consolidated financial statements is presented in Reais, Company's functional currency and were rounded to the nearest thousand, unless otherwise indicated.

3.4 Use of estimates and judgments

The preparation of financial statements according to CPC standards requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and assumptions are reviewed in a continuous manner. Reviews in relation to accounting estimates are recognized in the year in which the estimates are reviewed. The main areas involving estimates and assumptions are:

a) Concession contract asset – The Company conducts analyses that involve the Management's judgment, substantially regarding the applicability of interpretation of concession contracts, calculation and classification of income from performance obligation (implement, and operate and maintain transmission infrastructures).

The Company's Administration assesses the time for recognition of concession assets based on the economic characteristics of each concession contract. The concession contract asset is originated when the concessionaire fulfills the obligation of implementing the transmission infrastructure, and income is recognized over the project term. The concession contract asset is recorded against infrastructure implementation income, which is recognized based on the expenditures incurred, plus construction margin.

The portion of the final indemnifiable concession contract asset is identified when the infrastructure implementation is completed.

The profit margin attributed to the performance obligation for the infrastructure implementation is defined based on Management's best estimates and expectations for the projects implemented by the Company, where several factors are considered, such as (i) characteristics and complexity of projects, (ii) macroeconomic scenario and (iii) expectations about investments and receipts.

The profit margin for the operation and maintenance of the transmission infrastructure is determined based on the observation of individual income applied in similar observable circumstances, in cases where the Company is exclusively entitled to remuneration for the performance obligation to operate and maintain, as well as costs incurred.

The rate applicable to the concession contract asset reflects the implied rate of financial flow for each project and it is the one that best represents the Company's estimates for financial compensation of investments in transmission infrastructure, since it considers the risks and premiums specific of the business. The rate for pricing the financial components of the concession contract asset is established on the auction date, except for concessions that were acquired in the operation phase, where the rate considered was the discount rate adopted at the acquisition time.

When the Concession Grantor reviews or updates the income that the Company is entitled to receive, the amount recorded for the concession contract asset is adjusted to reflect the reviewed flows, and the adjustment is recognized as income or expense in income.

When the concessionaire provides infrastructure implementation services, infrastructure income is recognized at fair value and the respective costs related to infrastructure implementation services as they are incurred, plus the estimated margin for each project, considering the estimated consideration with variable portion.

When the concessionaire provides operation and maintenance services, income is recognized at the pre-established fair price, which considers the costs incurred and the estimated profit margin, as the services are provided. Operating and maintenance income will change due to inflation, according to the restatement index provided for in the concession contract (IPCA or IGP-M).

b) Valuation of financial instruments – assumptions and valuation techniques are used that include information that is not based on observable market data to estimate the fair value of certain types of financial instruments, as well as the sensitivity analysis of these assumptions.

c) Taxes and contributions - There are uncertainties in relation to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the long-term nature, differences between the real results and the assumptions adopted, or future changes in these assumptions, could require future adjustments in the tax income and expenses already recorded. When applicable, provisions are formed, with basis on most probable estimates, for possible consequences of inspections by tax authorities. The amount of those provisions is based on various factors, such as experience of prior tax audits and deferring depredations of tax regulations by the taxed entity and by the responsible tax authority.

d) Deferred income and social contribution tax assets and recoverable – deferred tax assets are recorded resulting from temporary differences between the accounting bases of assets and liabilities and the tax bases. Deferred tax assets are recognized to the extent that the generation of sufficient future taxable income is expected, based on projections prepared by Company's Management. These projections include assumptions related to the Company's performance and factors that may differ from the current estimates. Deferred income and social contribution tax assets are reviewed at each reporting date and reduced when their realization is no longer probable.

e) Leases - The Company, based on IFRS 16 (CPC 06 – R2), applied the lease accounting model for all types of leases, except for short-term leases (contracts with a term equal to or less than 12 months) and low-value asset leases. The Company remeasures its lease liabilities due to revaluations or modifications of the lease to reflect essentially reviewed fixed payments. Such adjustments are directly carried against the "right-of-use" asset.

f) Provisions for labor, tax and civil risks- the Company is a party in several judicial and administrative proceedings. Provisions are formed for all risks regarding lawsuits representing likely losses and estimated with a certain degree of assurance. Determination of the likelihood of loss includes determination of evidences available, hierarchy of laws, jurisprudence available, more recent court decisions and relevance thereof in legal system, as well as evaluation of external legal advisors.

3.5 Segment information

The Taesa Group operates only in the electric power transmission segment, and carries out activity of making the basic network available based on the contract signed with the ONS, called the Agreement for the Use of the Transmission System, or "CUST" (Contrato de Uso do Sistema de Transmissão).

3.6 Seasonality

The Taesa Group does not have seasonality in its operations.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Basis of consolidation and investment in subsidiaries

The consolidated financial statements include financial statements of Taesa and its subsidiaries, detailed in Notes 1 and 13. Control is achieved when the Company has the power to control financial and operating policies of an entity to gain benefits from its activities.

In the Company's individual financial statements, the financial information of the subsidiaries, jointly-controlled subsidiaries and associated companies is recognized under the equity method, and in the Company's consolidated financial statements, the financial information of subsidiaries is consolidated line by line, while the financial information of the subsidiaries and associated companies are recognized under the equity method. When necessary, subsidiaries' financial statements accounting policies are adjusted to those of the Group. All transactions, balances, income and expenses among Group's subsidiaries are fully eliminated in consolidated financial statements.

4.2 Investments in associated companies and joint ventures

An associated company is an entity in which the Group holds significant influence and which is not characterized as a subsidiary or an investment in a joint venture. Significant influence is the power to participate in decisions related to financial and operational policies of the investee, without exercising individual or joint control over these policies. A joint venture is an agreement under which the parties that have joint control over the agreement have rights over the net assets of the joint arrangement applicable only when decisions on the relevant activities require the unanimous consent of the parties who share control.

The results and assets and liabilities of associated companies or joint ventures are incorporated into these individual and consolidated under the equity method, where an investment in an associated company is initially recognized on the balance sheet at cost and then adjusted to recognize the Group's stake in the income and other comprehensive income of the associated company or joint venture.

In the acquisition of the investment in an associated company or joint venture, any excess of the investment cost over the Group's stake in the net fair value of the investee's identifiable assets and liabilities is recognized as goodwill, which is included in the book value of the investment. Any excess of the Group's stake in the net fair value of the investee's identifiable assets and liabilities on the cost of the investment, after the re-valuation, is immediately recognized in Income for the financial year in which the investment is acquired.

The requirements of technical pronouncement CPC 01 (R1) are applied to determine the need to recognize any impairment related to the Group's investment in an associated company or joint venture. When necessary, the total book value of the investment (including goodwill) is tested for impairment as a single asset, by comparing its recoverable value (which is either the value in use or the fair value less cost of sale, whichever is higher) with its book value. Any impairment recognized is part of the book value of the investment. Any reversal of such impairment is recognized pursuant to CPC 01 (R1) to the extent that the recoverable amount of the investment subsequently increases.

4.3 Foreign currency

Foreign transactions' assets and liabilities are translated into Reais at the exchange rate prevailing on presentation date. Foreign transactions' income and expenses are translated into Reais at exchange rates prevailing on transaction dates.

4.4 Income recognition

Concessionaires must record and measure income from services rendered in compliance with technical pronouncements CPC 47 – Revenue from Contracts with Customers and CPC 48 – Financial Instruments, even when provided under a single concession contract. Income is recognized (i) when or as the entity satisfies the performance obligations assumed in the contract with the customer; (ii) when it is possible to identify the rights; and (iii) when there is a commercial substance and it is probable that the Entity will receive the consideration to which it will be entitled. The Company's income is classified in the following groups:

a) Infrastructure implementation income - Implementation services, expansion, reinforcement and improvements of electricity transmission facilities. Income from infrastructure implementation is recognized according to expenditures incurred, plus a margin.

Income from the infrastructure implementation is recognized against the contract asset. However, the receipt of cash flow is subject to the fulfillment of the performance obligation to operate and maintain. Monthly, as the Company operates and maintains the infrastructure, the portion of the contract asset equivalent to the consideration of that month for the fulfillment of the performance obligation to build, becomes a financial asset (accounts receivable from concessionaires and permissionaires), since nothing besides the passage of time will be required for that amount to be received.

b) Remuneration of concession contract assets - Interest recognized under the straight-line method based on the implicit rate applied to the value of the investments in the transmission infrastructure, and considers the specificities of each reinforcement project, improvements and auctions. The rate seeks to price the financial component of the concession contract asset and is determined at the beginning of the project and does not change afterwards. The implicit rates used by the Company and its subsidiaries are levied on the amounts receivable from future flows of cash receipts and vary between 5.31% and 9.74% per annum.

c) Income from inflation adjustment of contract asset – Inflation adjustment recognized based on the construction phase of the undertaking at the inflation ratio and methodology defined for each concession contract.

d) Operating and maintenance income – Operation and maintenance services for electricity transmission facilities, which starts after the end of the construction phase. This income is calculated considering the costs incurred in fulfilling the performance obligation, plus a margin.

4.5 Financial instruments

a) Financial assets

Classification and measurement - The financial instruments are classified into three categories: (i) measured at amortized cost, (ii) at fair value through other comprehensive income ("FVTOCI") and (iii) at fair value through profit or loss ("FVTPL"). The classification of financial assets upon initial recognition depends on the characteristics of the contractual cash flows and the business model for managing these financial assets. The Company presents the financial instruments as follows:

- Financial assets at FVTPL - Financial assets at FVTPL include financial assets for trading and financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily measured at fair value. Financial assets with cash flows that are not exclusively payments of principal and interest are classified and measured at FVTPL. The net changes to the fair value are recognized in income (loss).

- Amortized cost - A financial asset is classified and measured at amortized cost when it is intended to receive contractual cash flows and generate cash flows that are "exclusively principal and interest payments" on the principal amount outstanding. This evaluation is performed at instrument level. Assets measured at amortized cost use the effective interest method, less any impairment. Interest income is recognized through the adoption of the effective interest rate, except for short-term credits when the recognition of interest would be immaterial.

(i) Impairment of financial assets - The model of expected losses is applied to financial assets measured at amortized cost or VFTOCI, with the exception of investments in equity instruments.

The Company has not identified any impairment losses to be recognized in the years presented.

(ii) Write-off of financial assets - The write-off (derecognition) of a financial asset occurs when the contractual rights to the cash flows of the asset expire or when the contractual rights to the cash flows of the asset expire are transferred to a third party on a financial asset in a transaction in which essentially all the risks and benefits of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities - Financial liabilities are classified at fair value through profit or loss when they are held for trading or designated at fair value through profit or loss. Other financial liabilities (including loans) are measured at amortized cost, using the effective interest method.

A financial liability is derecognized when the obligation under the liability is extinguished; that is, when the obligation specified in the contract is settled, canceled or expires. When an existing financial liability is replaced by another one from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as a derecognition of the original liability and recognition of a new liability. The difference in the respective book values is recognized in the statement of profit or loss.

c) Derivative financial instruments and hedge accounting: The Company started using derivative financial instruments, such as interest rate swaps, to hedge against its interest rate risks and designated them as hedge accounting frameworks. These derivative financial instruments are initially recognized at fair value on the date the derivative agreement is entered into, and are subsequently remeasured at fair value. Derivatives are recorded as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. For hedge accounting purposes, the Company classified the instruments *as Cash Flow Hedge.*

At the beginning of a hedge relationship, the Company formally designates and documents the hedge relationship in which it intends to apply the hedge accounting, as well as the Company's objective and risk management strategy for the hedge. This documentation includes: identification of the hedge instrument, identification of the hedge item or transaction being hedged, the nature of the risk to be hedged and the risks excluded, and analysis of the hedge's effectiveness demonstrating that there is an economic relationship between the hedged item and the hedge instrument, that the effect of the credit risk does not influence changes in fair value resulting from the hedge relationship and how the hedge ratio is determined to prospectively assess effectiveness, including possible sources of ineffectiveness, which can be both qualitative (provided the terms of the hedged item are identical to those of the hedge instrument – nominal value, maturities, indexes) and quantitative.

Cash flow hedge accounting is recognized as follows:

The effective portion of the gain or loss on the hedging instrument is initially recorded directly in shareholders' equity or other comprehensive income (loss) and, if the protection no longer meets the hedge ratio, but the objective of risk management remains unchanged, the Company must adjust and "rebalance" the hedge ratio to meet the qualification criteria. Any remaining gain or loss on the hedge instrument (including arising from the "rebalancing" of the hedge ratio) is ineffective, and therefore must be recognized in the statement of income.

Amounts recognized in other comprehensive income are transferred to the income statement when the hedged transaction affects profit or loss, such as when the hedged income or financial expense is recognized, or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts recognized in equity are transferred to the initial book value of the non-financial asset or liability.

The Company should prospectively discontinue hedge accounting only when the hedge ratio no longer meets the qualification criteria (after considering any rebalancing of the hedge ratio).

If the forecast transaction is no longer expected to occur, the amounts previously recognized in equity are transferred to the statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in comprehensive income (loss) remains deferred in shareholders' equity within "Other Comprehensive Income" until the forecast transaction or firm commitment affects profit or loss.

The Company uses swap contracts to hedge against its exposure to the risk of an increase in floating interest rates related to its debenture transactions.

4.6 Property, plant and equipment

a) Recognition and measurement - Property, plant and equipment items (not related to concession infrastructure) are stated at historical acquisition or construction cost, net of accumulated depreciation and impairment losses.

Gains and losses on disposal of a property, plant and equipment item (determined by comparing the proceeds from disposal with the book value of property, plant and equipment) are recognized in Other operating income (expenses) in profit or loss.

b) Depreciation - Fixed asset items are depreciated as from the date in which they are installed and become available for use under the straight-line method in income (loss) for the year based on estimated useful life of each component. Land is not depreciated.

The weighted average depreciation rates used for PP&E are as follows: machinery and equipment - 12.42%, construction, civil works and improvements - 3.37%, and furniture and fixtures - 6.32%. The depreciation methods, useful lives and residual values are reviewed at each end of fiscal year.

4.7 Intangible assets

a) Recognition and measurement - Intangible assets comprise: (i) Concession intangible assets relating to the allocation of added-value in business combinations, net of the amount allocated to concession contract asset, and record of deferred taxes, measured by total cost of acquisition, less amortization expenses, (ii) Software - measured by the total cost of acquisition, less amortization expenses, and (iii) Trademarks and patents - recorded at acquisition cost.

b) Amortization - calculated over the cost of the asset, or other amount substituted for cost, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of the intangible assets, except goodwill, from the date they are available for use, since this is the method that best reflects the consumption pattern of the future economic benefits embodied in the asset.

The weighted average amortization rate used for intangible assets with a defined useful life is as follows: software - 20% and concession intangibles - 4.96%. Trademarks and patents have an undefined useful life and, therefore, do not undergo amortization.

4.8 Impairment

a) Financial assets (including receivables) - A financial asset not measured at fair value through profit or loss is assessed at each reporting date for an indication of impairment loss. An asset is impaired if there is an indication that a loss event has occurred after initial recognition of the asset, and that loss event had a negative effect on projected future cash flows that may be reliably estimated.

Indication that financial assets are impaired can include default or delinquency by a debtor, restructuring of the amount due to the Taesa Group on terms that Taesa Group would not consider otherwise, indication that the debtor or issuer will file for bankruptcy, or disappearance of an active market for a security. In addition, for an equity instrument, a significant or prolonged decrease in the fair value, below its cost, may be classified as an indication of impairment loss.

An impairment of a financial asset measured at amortized cost is calculated as the difference between the asset's book value and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The losses are recognized in the income (loss) against an account of provision against receivables. Interest on the impaired asset continues to be recognized. When a subsequent event indicates a reversal of impairment loss, impairment is recorded in income (loss). The Company has not identified any impairment losses to be recognized in the years presented.

b) Financial assets - The book values of the Company's non-financial assets, except for deferred income tax and social contribution, are reviewed at each reporting date for indication of impairment. If such indication exists, the asset's recoverable value is estimated. An impairment loss is recognized when the book value of an asset or CGU (cash generating unit) exceeds its recoverable value. The recoverable value of an asset or cash-generating unit is the greater of its value in use and its fair value less sales expenses. When evaluating value in use, estimated future cash flows are discounted to its present values at the discount rate, before taxes, that reflects currency market value and the asset's specific risks (or CGU) for which estimated future cash flows were not adjusted. For the purpose of impairment testing, the assets that cannot be individually tested are grouped together into the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or group of assets (CGU). Impairment losses are recognized in profit or loss.

Impairment losses are reversed only with the condition that the book value of the asset does not exceed the book value that would have been calculated, net of depreciation or amortization, if the value loss had not been recognized, except for goodwill. The Company has not identified any impairment losses to be recognized in the years presented.

4.9 Provisions for labor, tax and civil risks

A provision is formed if the Company has a legal or constructive obligation as a result of a past event, which can be reliably estimated, and it is probable that an outflow of funds will be required to settle the obligation. The expense referring to the formation of any provision is presented in the statement of income, net of any reimbursement.

4.10 Capital

Preferred and common shares, if redeemable only at the Company's discretion, are classified in shareholders' equity. Additional costs directly attributable to the issuance of shares and share options are recognized as a deduction from shareholders' equity, net of any tax effects.

4.11 Government grants and assistance

They aim at offsetting incurred expenses are recognized in income (loss) on a systematic basis in the same period in which related expenses are incurred. The recording of that tax reduction or exemption for investment is done by recording the total tax against income as if it were payable, as a contra-entry to the corresponding grant income, both stated as one net of the other. The values recorded in income (loss) are allocated to the reserve for tax benefit under shareholders' equity when the allocation of income (loss) for the year is realized.

4.12 Financial income and expenses

Financial income includes interest income on interest earning bank deposits, foreign exchange gains and changes in the fair value of financial assets measured at fair value through profit or loss. Interest income is recognized in income (loss) under the effective interest method.

Financial expenses include expenses with interest and net inflation adjustments on loans and financing, debentures, exchange-rate change, net of liabilities in foreign currency and hedge discounts granted and hedge instrument losses.

4.13 Income tax and social contribution

The income tax and social contribution, both current and deferred, are calculated based on a rate of 15% plus a surcharge of 10% on taxable income in excess of R$240 for income-tax and 9% on taxable income for social contribution, and include the offsetting of tax loss carryforward and negative basis of social contribution limited to 30% of annual taxable income.

Current taxes are the taxes payable or receivable on the taxable income or loss for the year, at tax rates determined or substantively determined on the date of presentation of the financial statements, and any adjustments to taxes payable in relation to prior years.

Deferred taxes are recognized in relation to the temporary differences between the book values of assets and liabilities for accounting purposes and the related amounts used for tax purposes. Deferred taxes are measured at tax rates expected to be applied to temporary differences when they are reversed, based on current rates on financial statement date.

Current and deferred taxes are recognized in income unless they are related to the business combination, or items directly recognized in shareholders' equity.

A deferred income tax and social contribution asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable income will be available against which the unused tax losses and credits can be utilized. Deferred income and social contribution tax assets are reviewed at each reporting date and reduced when their realization is no longer probable.

4.14 Leases

The Company evaluates, on the initial date of rental contract, if it is a lease or contains one. That is, if the contract transfers the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company, as a lessee, applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognized the lease liabilities to make lease payments and right-of-use assets which represent the right-of-use underlying assets.

a) Right-of-use assets

The Company recognizes the right-of-use assets on the lease start date (i.e., on the date on which the underlying asset is available for use). The right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any new remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of recognized lease liabilities measured at present value, initial direct costs incurred, and lease payments made up to the start date, less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shortest period between the lease term and the estimated service lives of the assets.

b) Lease liabilities

The Company determines the non-cancellable term of a lease by evaluating the options for extending and terminating the lease, considering the reasonableness of exercising or not exercising any of these options. On the lease start date, the Company recognizes lease liabilities measured at the present value of the payments to be made during the lease term. Lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or rate, and expected amounts to be paid under residual value guarantees. Lease payments also include the strike price of a call option reasonably certain to be exercised by the Company and payments of fines for terminating the lease, if the lease term reflects the Company's exercising the option to terminate the lease.

When calculating the present value of lease payments, the Company uses its incremental loan rate on the start date, because the interest rate implied by the lease is not easily determinable. After the start date, the amount of the lease liability is increased to reflect the increase in interest and reduced for lease payments made. Additionally, the book value of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (for example, changes in future payments resulting from a change in an index or rate used to determine such lease payments), or a change in the valuation of a call option of the underlying asset.

c) Short-term leases and low-value assets

The Company applies the exemption from recognition of short-term lease to its short-term leases (i.e., leases whose lease term is equal to or less than 12 months from the start date and that do not contain a renewal or call option). It also applies the granting of lease recognition exemption for which the underlying asset is of low value (amounts equal to or less than US$ 5). Payments of short-term leases and low-value leases are recognized as an expense using the straight-line method over the lease term.

4.15 Earnings per share

Basic and diluted earnings per share are calculated based on the income (loss) for the year attributable to the Company's shareholders and the weighted average of outstanding shares in the respective year. Diluted earnings per share are calculated considering the effect of dilutive instruments, where applicable.

4.16 Private pension plan (defined contribution)

Payments to the private pension plan are recognized as an expense when the services that grant the right to these payments are provided, i.e., when Fundação Forluminas de Seguridade Social (Forluz) provides services for the management of the Social Security Benefits Plan.

4.17 Statements of added value ("DVA")

It is aimed at evidencing wealth created by the Company and its distribution during a certain period and is presented as required by Brazilian corporation law, as part of its individual financial statements and as supplementary information to consolidated financial statements, since it is not a statement provided for or mandatory according to IFRSs.

The SAV has been prepared based on information obtained from the accounting records used as a basis for the preparation of the financial statements and following the provisions in technical pronouncement NBC TG 09 - Statement of Added Value.

4.18 Statements of cash flows ("DFC")

The Company classifies the interest paid as financing activities and the dividends received as operating activities since it understands that interest paid represents costs to obtain financial resources obtained and dividends received represent an extension of its operating activities.

4.19 New and reviewed standards and interpretations

The new and amended standards and interpretations issued, but not yet effective until the issuance date of Company's financial statements are described below: The Company intends to adopt these new and altered standards and interpretations, as applicable, when they enter into force.

Amendments to IAS 1: Classification of liabilities as current or non-current - In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 (CPC 26), to specify the requirements for classifying the liability as current or non-current. The amendments clarify:

(i) What is meant by a right to postpone settlement;
(ii) That the right to postpone must exist on the base date of the report;
(iii) That this classification is not affected by the likelihood that an entity will exercise its postponing right;
(iv) That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not affect its classification.

(Amounts expressed in thousands of reais, unless otherwise indicated)

The amendments are effective for periods beginning on or after January 1, 2023 and must be adopted retrospectively. The Company currently assesses the impact that the changes will have on current practice and whether existing loan agreements may require renegotiation.

5. REPRESENTATION OF CORRESPONDING AMOUNTS

The Securities and Exchange Commission (CVM), through Circular Letter 04/2020 dated December 1, 2020, provided guidance on relevant aspects of CPC 47 and CPC 48 (equivalent to IFRS 15 and IFRS 9, respectively) for transmission companies mainly related to: (i) determination and allocation of infrastructure implementation margin over the period of the works; (ii) application of an implicit discount rate to the assets of the concession contracts; (iii) guidance on the classification of the assets of Law 12783 – SE as a Contract asset; (iv) segregation of the Income from remuneration of the concession assets in a specific item in the Statement of Income; and (v) recognition of the impacts of the Periodic Tariff Review (RTP) due to changes in the regulatory base (BRR) or in the capital remuneration rate (regulatory WACC) in an item below the operating margin.

The Company and its subsidiaries adapted their accounting practices to their contract assets, reviewing their estimates and judgments on the projects' margins and remuneration rates (implicit rates), since in the previous model the regulatory WACC established by ANEEL was used. Thus, the Company and its subsidiaries identified the following impacts, net of taxes: (i) R$103,802 for the year 2019, recorded in the income (loss) for the year; and (ii) R$40,220 for previous years, recorded in Shareholders' Equity.

Based on the guidelines issued by "CPC 23 – Accounting Policies, Changes in Accounting Estimates and Errors", the Company restated the corresponding amounts as of December 31, 2019 and opening balances, with the adjustments, as shown below:

Balance sheet	Consolidated					
	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts	01/01/2019 (Published)	01/01/2019 (Restated)	Impacts
Assets						
Other current assets not affected	3,568,430	3,568,430	-	1,927,671	1,927,671	-
Total current assets	**3,568,430**	**3,568,430**	**-**	**1,927,671**	**1,927,671**	**-**
Concession contract asset	5,239,610	5,230,513	(9,097)	4,592,202	4,535,689	(56,513)
Investments	2,167,408	2,239,298	71,890	1,912,943	1,921,360	8,417
Other non-current assets not affected	254,528	254,528	-	183,478	183,478	-
Total non-current assets	**7,661,546**	**7,724,339**	**62,793**	**6,688,623**	**6,640,527**	**(48,096)**
Total assets	**11,229,976**	**11,292,769**	**62,793**	**8,616,294**	**8,568,198**	**(48,096)**
Liabilities						
Other current liabilities not affected	996,501	996,501	-	646,805	646,805	-
Total current liabilities	**996,501**	**996,501**	**-**	**646,805**	**646,805**	**-**
Deferred taxes and contributions:	309,427	309,000	(427)	163,738	158,609	(5,129)
Deferred taxes	334,905	334,543	(362)	286,886	284,139	(2,747)
Other non-current liabilities not affected	4,662,348	4,662,348	-	2,946,813	2,946,813	-
Total non-current liabilities	**5,306,680**	**5,305,891**	**(789)**	**3,397,437**	**3,389,561**	**(7,876)**
Capital	3,042,035	3,042,035	-	3,042,035	3,042,035	-
Capital reserve	598,736	598,736	-	594,507	594,507	-
Profit reserve	1,224,261	1,287,843	63,582	878,340	838,120	(40,220)
Additional dividends proposed	61,763	61,763	-	57,170	57,170	-
Total liabilities and shareholders' equity	**4,926,795**	**4,990,377**	**63,582**	**4,572,052**	**4,531,832**	**(40,220)**
Total liabilities and shareholders' equity	**11,229,976**	**11,292,769**	**62,793**	**8,616,294**	**8,568,198**	**(48,096)**

NOTES TO THE FINANCIAL STATEMENTS
ON DECEMBER 31, 2020
(Amounts expressed in thousands of reais, unless otherwise indicated)

Balance sheet	Parent company					
	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts	01/01/2019 (Published)	01/01/2019 (Restated)	Impacts
Assets						
Other current assets not affected	2,736,401	2,736,401	-	1,679,363	1,679,363	-
Total current assets	**2,736,401**	**2,736,401**	**-**	**1,679,363**	**1,679,363**	**-**
Concession contract asset	3,517,112	3,517,112	-	3,513,392	3,513,392	-
Investments	3,659,377	3,722,959	63,582	3,062,649	3,022,429	(40,220)
Other non-current assets not affected	242,756	242,756	-	174,177	174,177	-
Total non-current assets	**7,419,245**	**7,482,827**	**63,582**	**6,750,218**	**6,709,998**	**(40,220)**
Total assets	**10,155,646**	**10,219,228**	**63,582**	**8,429,581**	**8,389,361**	**(40,220)**
			-			-
Liabilities			**-**			**-**
Other current liabilities not affected	925,980	925,980	-	606,003	606,003	-
Total current liabilities	**925,980**	**925,980**	**-**	**606,003**	**606,003**	**-**
Deferred taxes and contributions:	210,301	210,301	-	106,688	106,688	-
Deferred taxes	214,754	214,754	-	213,875	213,875	-
Other non-current liabilities not affected	3,877,816	3,877,816	-	2,930,963	2,930,963	-
Total non-current liabilities	**4,302,871**	**4,302,871**	**-**	**3,251,526**	**3,251,526**	**-**
Capital	3,042,035	3,042,035	-	3,042,035	3,042,035	-
Capital reserve	598,736	598,736	-	594,507	594,507	-
Profit reserve	1,224,261	1,287,843	63,582	878,340	838,120	(40,220)
Additional dividends proposed	61,763	61,763	-	57,170	57,170	-
Total shareholders' equity	**4,926,795**	**4,990,377**	**63,582**	**4,572,052**	**4,531,832**	**(40,220)**
Total liabilities and shareholders' equity	**10,155,646**	**10,219,228**	**63,582**	**8,429,581**	**8,389,361**	**(40,220)**

Statement of income for the year	Consolidated			Parent company		
	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts
Infrastructure implementation income, inflation adjustment of the concession, operation and maintenance contract assets and others, net	1,289,881	1,334,813	44,932	779,886	779,886	-
Compensation of concession contract assets	505,078	505,177	99	452,193	452,193	-
Net operating income	**1,794,959**	**1,839,990**	**45,031**	**1,232,079**	**1,232,079**	**-**
Operating costs	(574,018)	(574,018)	-	(239,504)	(239,504)	-
Gross income	**1,220,941**	**1,265,972**	**45,031**	**992,575**	**992,575**	**-**
Operating expenses and gains on companies' acquisitions	(122,285)	(122,285)	-	(116,553)	(116,553)	-
Income (loss) before net financial income (expenses), equity accounting, and taxes and contributions	**1,098,656**	**1,143,687**	**45,031**	**876,022**	**876,022**	**-**
Equity income (loss)	306,338	369,811	63,473	479,005	582,807	103,802
Financial income (loss)	(258,797)	(258,797)	-	(253,904)	(253,904)	-
Income (loss) before taxes and contributions	**1,146,197**	**1,254,701**	**108,504**	**1,101,123**	**1,204,925**	**103,802**
Taxes and contributions	(143,882)	(148,584)	(4,702)	(99,264)	(99,264)	-
Net income for the year	**1,002,315**	**1,106,117**	**103,802**	**1,001,859**	**1,105,661**	**103,802**

Statement of comprehensive income	Consolidated			Parent company		
	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts
Income for the period	**1,002,315**	**1,106,117**	**103,802**	**1,001,859**	**1,105,661**	**103,802**
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the year	**1,002,315**	**1,106,117**	**103,802**	**1,001,859**	**1,105,661**	**103,802**

Statement of changes in shareholders' equity	Consolidated			Parent company		
	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts
Opening balance at January 1, 2019	4,572,052	4,531,832	(40,220)	4,572,052	4,531,832	(40,220)
Net income for the year	1,002,315	1,106,117	103,802	1,001,859	1,105,661	103,802
Other unaffected items	(647,572)	(647,572)	-	(647,116)	(647,116)	-
Total shareholders' equity	**4,926,795**	**4,990,377**	**63,582**	**4,926,795**	**4,990,377**	**63,582**

(Amounts expressed in thousands of reais, unless otherwise indicated)

Cash flow	Consolidated			Parent company		
	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts	12/31/2019 (Published)	12/31/2019 (Restated)	Impacts
Net income for the year	1,002,315	1,106,117	103,802	1,001,859	1,105,661	103,802
Equity income (loss)	(306,338)	(369,811)	(63,473)	(479,005)	(582,807)	(103,802)
Infrastructure implementation income	(705,445)	(752,819)	(47,374)	(202,106)	(202,106)	-
Compensation of concession contract assets	(505,078)	(505,177)	(99)	(452,193)	(452,193)	-
Inflation adjustment of concession contract assets	(164,411)	(164,354)	57	(145,287)	(145,287)	-
Taxes and contributions	143,882	148,584	4,702	99,264	99,264	-
Deferred taxes	29,959	32,344	2,385	879	879	-
Other unaffected items	1,401,295	1,401,295	-	1,360,924	1,360,924	-
Operating cash flow	**896,179**	**896,179**	**-**	**1,184,335**	**1,184,335**	**-**
Cash flow from investment	**(1,813,634)**	**(1,813,634)**	**-**	**(1,362,717)**	**(1,362,717)**	**-**
Cash flow from financing	**979,148**	**979,148**	**-**	**234,297**	**234,297**	**-**
Net increase in cash and cash equivalents	**61,693**	**61,693**	**-**	**55,915**	**55,915**	**-**

Statement of added value	Consolidated			Parent company		
	12/31/2019 (Published)	12/31/2019 (Represented)	Impacts	12/31/2019 (Published)	12/31/2019 (Represented)	Impacts
Income	1,982,456	2,029,872	47,416	1,370,800	1,370,800	-
Inputs acquired from third parties	(557,751)	(557,751)	-	(224,795)	(224,795)	-
Gross added value	**1,424,705**	**1,472,121**	**47,416**	**1,146,005**	**1,146,005**	**-**
Depreciation, amortization and depletion	(13,201)	(13,201)	-	(12,573)	(12,573)	-
Net added value produced	**1,411,504**	**1,458,920**	**47,416**	**1,133,432**	**1,133,432**	**-**
Amount received by transfer						
Equity income (loss)	306,338	369,811	63,473	479,005	582,807	103,802
Other not affected	106,750	106,750	-	91,069	91,069	-
Total added value payable	**1,824,592**	**1,935,481**	**110,889**	**1,703,506**	**1,807,308**	**103,802**
Personnel	114,562	114,562	-	108,846	108,846	-
Taxes	351,979	359,066	7,087	257,639	257,639	-
Third-party capital remuneration	355,736	355,736	-	335,162	335,162	-
Remuneration of own capital	1,002,315	1,106,117	103,802	1,001,859	1,105,661	103,802
Distribution of added value	**1,824,592**	**1,935,481**	**110,889**	**1,703,506**	**1,807,308**	**103,802**

6. CASH AND CASH EQUIVALENTS

	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Cash and banks	6,683	757	1,263	422
Interest earning bank deposits	889,348	81,805	663,669	74,973
	896,031	**82,562**	**664,932**	**75,395**

Accumulated annual rate of return on financial investments	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
CDBs (Bank Deposit Certificates) and Purchase and sale commitments	102.25% CDI	99.66% CDI	101.93% CDI	99.97% CDI

Cash and cash equivalents include cash, bank deposits and short-term financial investments. Highly liquid interest earning bank deposits are promptly convertible into a known sum of cash and subject to an insignificant risk of change of value.

(Amounts expressed in thousands of reais, unless otherwise indicated)

7. SECURITIES

Investment in quota funds, Bank Deposit Certificates and Repurchase and Resale Agreements	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
"Pampulha"	-	1,202,739	-	766,625
"Fundo BNB" (a)	4,878	-	-	-
"BTG Pactual Crédito Corporativo"	-	-	-	-
"BTG Pactual CDB Plus"	-	161,873	-	79,861
"Af Invest Geraes"	-	337,588	-	337,588
"Af Invest Geraes 30"	-	61,894	-	61,894
"Itaú Active FIX 5"	-	273,257	-	273,257
Interest earning bank deposits - Bank Deposit Certificates	-	299,877	-	79,662
Reserve account (b)	4,708	4,586	4,708	4,586
	9,586	**2,341,814**	**4,708**	**1,603,473**
Current assets	**-**	**2,337,228**	**-**	**1,598,887**
Non-current assets	**9,586**	**4,586**	**4,708**	**4,586**

(a) Fundo BNB Automático - a non-exclusive fund, under its management and administration of Banco BNB, which has the characteristic of investing fixed income securities issued by the national treasury and with the purpose of seeking to keep up with interest rate fluctuations, with credit risk exposure. Fund set up to meet the covenants of the financing contract with BNB. (b) Reserve Account – Deposits held with Banco do Nordeste deriving from tax benefits. Reinvestment is a product operated by the bank for companies in the industrial, agroindustrial, infrastructure and tourism sectors, located in the area of operation of Sudene (northeast region, north of Espírito Santo and north of Minas Gerais).

Accumulated annual rate of return	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Fundo de investimento FIC de FI Pampulha	-	103.08% CDI	-	103.08% CDI
Fundo BNB Automático	22.12% CDI	-	-	-
Fundo BTG Pactual Crédito Corporativo	-	-	-	-
Fundo BTG Pactual CDB Plus	-	102.05% of CDI	-	102.05% of CDI
Fundo Af Invest Geraes	-	102.70% CDI	-	102.70% CDI
Af Invest Geraes 30	-	111.00% CDI	-	111.00% CDI
Itaú Active FIX 5	-	102.24% CDI	-	102.24% CDI
Reserve account	95.50% CDI	95.50% CDI	95.50% CDI	95.50% CDI

Annual average yield rate of securities	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Funds, CDBs (Bank Deposit Certificates) and Purchase and sale commitments	81.67% CDI	102.31% CDI	76.18% CDI	102.23% CDI

8. ACCOUNTS RECEIVABLE FROM CONCESSIONAIRES AND PERMISSIONAIRES AND CONCESSION CONTRACT ASSET

Breakdown	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Concessionaires and permissionaires	218,146	154,367	180,889	138,391
Variable portion (i)	(8,133)	(7,321)	(4,581)	(2,773)
	210,013	**147,046**	**176,308**	**135,618**
Current	**190,378**	**128,177**	**157,782**	**117,747**
Non-current (ii)	**19,635**	**18,869**	**18,526**	**17,871**

(i) Variable portion outstanding or under discussion (provision) with ANEEL (Brazilian Electricity Regulatory Agency), arising from the automatic and scheduled disconnections that occurred in the years ended December 31, 2020 and 2019, which – due to the discount limits established by Electric System National Operator - ONS will be deducted from upcoming receipts. (ii) Balance refers to users who contested the collections of the amounts determined by ONS at the administrative and judicial levels. The Company monitors the evolution of the administrative proceedings with ONS and ANEEL, and is also awaiting the decision of the lawsuits.

(Amounts expressed in thousands of reais, unless otherwise indicated)

Changes in variable portion	12/31/2019	Addition (*)	Reversal (*)	Reclassification (**)	12/31/2020
Consolidated	**(7,321)**	3,831	(4,659)	16	**(8,133)**
Parent company	**(2,773)**	6,523	(8,331)	-	**(4,581)**

(*) Amount provisioned for the variable portion of the period, net of discounted amounts, according to the AVC. (**) Refers to provisions for variable portion in the SGT concession, reclassified to liabilities.

Balances of clients per maturity	Balances falling due	Overdue up to 90 days	Overdue >90 days	12/31/2020	12/31/2019
Consolidated	156,222	13,763	48,161	**218,146**	**154,367**
Parent company	125,546	11,224	44,119	**180,889**	**138,391**

The Company does not calculate allowance for doubtful accounts, since in case of non-payment, the Company itself, as a transmission agent may request ONS to resort to the user's bank guarantee in connection with the guaranteed agreement or bank letter of guarantee.

Change in concession contract assets							
Concession	**12/31/2019 (Restated)**	**Addition (a)**	**Acquisition**	**Compensation**	**Inflation adjustment**	**Receipts**	**12/31/2020**
TSN	594,711	3,281	-	62,105	100,098	(73,093)	687,102
Munirah	52,139	4,947	-	5,829	15,002	(18,744)	59,173
Gtesa	23,225	-	-	2,586	4,838	(3,336)	27,313
Patesa	103,235	6	-	7,870	19,499	(12,131)	118,479
ETEO	349,030	-	-	36,216	72,100	(53,120)	404,226
NVT	1,187,077	1,885	-	182,348	244,091	(212,115)	1,403,286
NTE	296,414	223	-	43,600	60,578	(49,217)	351,598
STE	251,791	281	-	26,070	51,992	(33,198)	296,936
ATE	552,189	54	-	51,931	151,851	(110,567)	645,458
ATE II	842,132	59	-	67,927	142,711	(198,141)	854,688
Total parent company	**4,251,943**	**10,736**	**-**	**486,482**	**862,760**	**(763,662)**	**4,848,259**
Current	**734,831**						**728,784**
Non-current	**3,517,112**						**4,119,475**
MAR	156,888	38,724	-	5,040	8,596	(6,594)	202,654
ATE III	531,783	41	-	33,504	16,854	(94,578)	487,604
SGT	64,179	-	-	3,344	2,551	(4,750)	65,324
MIR	534,804	1,943	-	40,610	22,045	(44,557)	554,845
JAN	302,369	1,273,657	-				1,576,026
BRAS	209,698		-	22,639	7,103	(25,519)	213,921
SAN	34,824	166,992	-	-	-		201,816
SJT	-		542,047	31,053	60,057	(39,477)	593,680
SPT	-	31,646	456,419	26,574	28,827	(32,730)	510,736
LNT	-		118,615	8,572	(1,167)	(8,688)	117,332
Total consolidated	**6,086,488**	**1,523,739**	**1,117,081**	**657,818**	**1,007,626**	**(1,020,555)**	**9,372,197**
Current	**855,975**						**1,015,498**
Non-current	**5,230,513**						**8,356,699**

Change in concession contract assets							
Concession	**01/01/2019 (Restated)**	**Addition (a)**	**Acquisition**	**Compensation**	**Inflation adjustment**	**Receipts**	**12/31/2019 (Restated)**
TSN	585,450	2,176	-	56,757	16,505	(66,177)	594,711
Munirah	67,927	(426)	-	7,124	1,866	(24,352)	52,139
Gtesa	24,110	(718)	-	2,469	830	(3,466)	23,225
Patesa	106,628	(203)	-	7,662	6,133	(16,985)	103,235
ETEO	352,449	(1,329)	-	34,938	12,591	(49,619)	349,030
NVT	1,014,653	225,603	-	150,118	31,805	(235,102)	1,187,077
NTE	319,181	(6,589)	-	41,913	10,325	(68,416)	296,414
STE	261,437	1,075	-	24,930	15,507	(51,158)	251,791
ATE	611,105	440	-	53,590	19,775	(132,721)	552,189
ATE II	942,473	(17,923)	-	72,692	29,950	(185,060)	842,132
Total parent company	**4,285,413**	**202,106**	**-**	**452,193**	**145,287**	**(833,056)**	**4,251,943**
Current	**772,021**						**734,831**
Non-current	**3,513,392**						**3,517,112**
MAR	93,909	62,979	-	-	-	-	156,888
ATE III	573324	(759)	-	36,365	14,460	(91,607)	531,783
SGT	63,485	-	-	3,317	1,980	(4,603)	64,179
MIR	304,666	230,084	-	232	107	(285)	534,804
JAN	78,784	223,585	-	-	-	-	302,369
BRAS	-	-	208,777	13,070	2,520	(14,669)	209,698
SAN	-	34,824	-	-	-	-	34,824
Total consolidated	**5,399,581**	**752,819**	**208,777**	**505,177**	**164,354**	**(944,220)**	**6,086,488**

(Amounts expressed in thousands of reais, unless otherwise indicated)

Change in concession contract assets							
Concession	**01/01/2019 (Restated)**	**Addition (a)**	**Acquisition**	**Compensation**	**Inflation adjustment**	**Receipts**	**12/31/2019 (Restated)**
Current	**863,892**						**855,975**
Non-current	**4,535,689**						**5,230,513**

(a) Main additions are related to reinforcements and new construction work of substations and transmission lines:

Concession	Description	Legislative Act	Annual Permitted Income - RAP	Estimated infrastructure implementation cost (ANEEL's Capex)	Estimated conclusion	REIDI (**)
New buildings						
MAR LT Itabirito 2 Vespasiano 2	Implementation of 500 kV transmission line	ANEEL Concession contract 011/2014	R$15,363	R$107,000	Energization completed on 05/25/2020	Executive Declaratory Act (ADE) of the Federal Revenue Service 394/2014 (***)
MIR Miracema - Lajeado C2Lajeado - Palmas C1 and C2 SE Palmas SE Lajeado	Implementation of related transmission lines, construction and substations.	ANEEL Concession contract 017/2016	R$65,033	R$275,483	Energizations completed on 11/29/2019	Executive Declaratory Act (ADE) of the Federal Revenue Service 899/2016 (***)
JAN Pirapora 2 – Janaúba 3 Janaúba 3 – Bom Jesus da Lapa 2	Deployment of transmission lines and expansion of related substations	ANEEL Concession contract 015/2017	R$194,060	R$959,604	February 2022	Executive Declaratory Act (ADE) of the Federal Revenue Service 119/2017 (***)
SAN Livramento 3 – Alegrete 2 Livramento 3 – Cerro Chato Livramento 3 – Santa Maria 3 Livramento 3 – Maçambará 3 Seccionamento Maçambará – Santo Ângelo C1/C2 SE Livramento 3 and synchronous compensator SE Maçambará 3	Implementation of related transmission lines, construction of associated substations.	ANEEL Concession contract 012/2019	R$60,935	R$610,364	March 2023	Executive Declaratory Act (ADE) of the Federal Revenue Service 89/2019 (***)
Reinforcements						
NVT SE Miracema - Gurupi	MG Miracema CR 500 KV 161 Mvar Miracema BC2 LT 500 KV Gurupi/Miracema C2	REA 6369/2017	R$24,161	R$87,185	Completed at 11/18/2019	Executive Declaratory Act (ADE) 09/2017 of the Federal Revenue Service (RFB) - Gurupi and Miracema (***)
	MG Gurupi				Completed at 10/28/2019	
	BS 500 KV 161 Mvar Gurupi BC2				Completed at 10/21/2019	
NVT	CR 500 KV 161 Mvar Gurupi BC4	REA 6306/2017	R$13,896	R$147,326	Completed at 10/28/2019	

(Amounts expressed in thousands of reais, unless otherwise indicated)

Concession	Description	Legislative Act	Annual Permitted Income - RAP	Estimated infrastructure implementa-tion cost (ANEEL's Capex)	Estimated conclusion	REIDI (**)
SE Gurupi - Serra da Mesa	MG Gurupi BS 500 KV 107 Mvar Serra da Mesa MG Serra da Mesa				Completed at 10/21/2019	Executive Declaratory Act 08/2017 (ADE) of the Federal Revenue Service (RFB) - Gurupi and Serra da Mesa (***)
NVT Samambaia	Improvement of SCADA System - COC TAESA	Facilities Modernization Plan 2014-2017	(*)	(*)	December 2022	None
TSN SE Bom Jesus da Lapa II	Modernization of the Control System	REA 5861/2016	(*)	(*)	December 2021	None
TSN Sapeaçu	Modernization of the Control System	REA 5861/2016	(*)	(*)	December 2021	None
TSN SE Rio das Éguas	Bar Reactor Installation	REA 6603/2017	R$3,747	R$16,700	Completed at 07/21/2019	Executive Declaratory Act (ADE) of the Federal Revenue Service 04/2018 (***)
TSN Serra da Mesa	Installation of digital disturbance recorder - DDR with the synchrophrasors functionalities (PMU) and TW.	PAR 2018–2020	(*)	R$246	Completed at 02/22/2020	None
TSN Serra da Mesa II	Installation of digital disturbance recorder - DDR with the synchrophrasors functionalities (PMU) and TW.	PAR 2018–2020	(*)	R$407	Completed at 02/22/2020	None
TSN Sapeaçu	Installation of a single-phase reactor bank (3-phase plus a backup unit), short-circuit current limiters in the tertiary of the ATR-05T1.	REA 7761/2019	(*)	(*)	April 2022	None
TSN Sapeaçu	Installation of a single-phase reactor bank (3-phase plus a backup unit), short-circuit current limiters in the tertiary of the ATR-05T2.	REA 7761/2019	(*)	(*)	April 2022	None
TSN Sapeaçu	Installation of a single-phase reactor bank (3-phase plus a backup unit), short-circuit current limiters in the tertiary of the ATR-05T3.	REA 7761/2019	(*)	(*)	April 2022	None
STE SE Santa Rosa	Acquisition and installation of 2 Sets of Battery Bank and Telecom Rectifiers	ANEEL Authorization Resolution 5861/2016	(*)	R$350	Completed at 12/06/2019	None
STE SE Santo Ângelo	Acquisition and installation of 2 Sets of Battery Bank and Telecom Rectifiers	ANEEL Authorization Resolution 5861/2016	(*)	R$350	Completed at 12/06/2019	None
ATE SE Assis	Acquisition and installation of 2 Sets of Battery Bank and Telecom Rectifiers	ANEEL Authorization Resolution 5861/2016	(*)	R$400	Completed at 10/15/2019	None
MAR SE Itabirito 2	I - Adaptation of the General Module with the	ANEEL Authorizatio	R$725	R$5,565	Completed at 12/20/2019	Executive Declarato

(Amounts expressed in thousands of reais, unless otherwise indicated)

Concession	Description	Legislative Act	Annual Permitted Income - RAP	Estimated infrastructure implementa-tion cost (ANEEL's Capex)	Estimated conclusion	REIDI (**)
	implementation of a Maneuver Infrastructure Module, Breaker-and-Half configuration, II - Extension of Busbars	n Resolution 6753/2017				ry Act (ADE) of the Federal Revenue Service 134/2018 (***)
MIR SE Miracema	I – Adaptation of the general module of the Miracema Substation II – Implementation of a busbar interconnection module, breaker-and-half configuration	ANEEL Authorization Resolution 6755/2017	R$1,653	R$12,635	Completed at 10/01/2019	Executive Declaratory Act (ADE) of the Federal Revenue Service 127/2018 (***)
Munirah SE Camaçari	Replacement of lightning rod cable for OPGW cable of LT 500 kV Camaçari II / Sapeaçu.	ANEEL Authorization Resolution 8314/2019	(*)	R$6,200	October 2022	Awaiting RFB approval
SPT SE Rio Grande II	Implementation of the second 230/138 kV autotransformer	ANEEL Authorization Resolution 7540/2018	(*)	R$17,777	Completed at 07/08/2020	None
SPT SE Barreiras II	Implementation of the second 500/230 kV autotransformer	ANEEL Authorization Resolution 8091/2019	R$4,248	R$35,079	August 2021	Executive Declaratory Act (ADE) of the Federal Revenue Service 1911/2019

(*) It will be established only after the cycle, after the conclusion of the project. (**) Special Incentive Regime for Infrastructure Development. (***) Executive Declaratory Act of the Brazilian Federal Revenue Service.

- Main characteristics of concession contracts

RAP - the provision of transmission services will take place on payment of the RAP to the transmission company, as of the date of availability of the transmission facilities for commercial operations. The RAP is annually adjusted by the General Market Price Index - IGP-M (TSN, Gtesa, Patesa, Munirah, Novatrans, ETEO, ETAU, ATE, ATE II, STE, EATE, ETEP, ENTE, ECTE, ERTE, Lumitrans, Transudeste, Transleste, Transirapé and NTE), and Broad Consumer Price Index - IPCA (BRAS, ATE III, SGT, MAR, MIR, JAN, STJ, SPT, LNT, Paraguaçú, Aimorés, STC, EBTE, ETSE, ESDE, ESTE, Ivaí, EDTE and SAN).

Billing operating, maintenance, and infrastructure implementation income - On making available the transmission facilities for commercial operations, the transmission company will be entitled during the first 15 years of commercial operations to annual operating, maintenance, and construction invoicing, with annual readjustments and review. In the 16th year of commercial operations, the transmitting company's annual invoicing, maintenance, and construction (TSN, NVT, GTESA, NTE, STE, PATESA, MUNIRAH, ETEO, ATE, ATE II, ATE III, ETEP, EATE, ERTE, ENTE, ETAU, STC, ECTE, LUMITRANS, TRANSLESTE, TRANSUDESTE and TRANSIRAPÉ) will have a 50% decrease until the end of the concession.

In the case of the concessions gained by BRAS, SGT, MAR, MIR, JAN, SAN, SPT, SJT, LNT, Paraguaçú, Aimorés, Ivaí, ETSE, EBTE, ESDE and ESTE, as well as reinforcements in transmission lines performed after the year 2008, there will be no decrease in billings for the 16th year, and the RAP will be received at the same level throughout the concession's term.

Variable Portion - Operating, maintenance, and construction income will be subject to discounts on a monthly basis, according to the availability of the transmission facilities in accordance with the methodology provided for in the Transmission Service Agreement - CPST.

The portion regarding the annual discount for non-availability cannot exceed 12.5% (specifically in case of ECTE, 25%) of the transmission company's annual operating, maintenance, and construction income, in connection with the consecutive 12-month period prior to the month of non-availability, including this month. Should the above-mentioned limit be exceeded, the transmission company will be subject to a fine applied by ANEEL pursuant to Resolution no. 318 dated October 6, 1998, of a sum per violation not greater than 2% of the total annual operating, maintenance, and implementation billing for the last 12 months prior to issuing the tax assessment notice.

Concession's extinction and reversal of assets related - the concession contract's final term lawfully establishes the concession's extinction, and ANEEL at its sole discretion may extend the mentioned agreement until take take-over by a new transmission company. The extinction of the concession will determine, the release of the assets linked to the service to the Concession Grantor, with the proper inspections and appraisals, as well as the determination of the amount to be reimbursed to the transmission company, taking into consideration the values and dates of their merger into the electric power system. The amount of the indemnity to be paid will be obtained from an inventory carried out by the ANEEL or by an entity specially appointed for this purpose, and the payment will be made by using the funds of the Overall Reversal Reserve (RGR). The Company is not obligated to remunerate the Concession Grantor for the Concessions of the energy transmission lines by means of additional investments upon the reversal of the assets associated with the public electric power service. Management understands that the best estimate of indemnity value is the residual book value of property, plant and equipment.

Renewal - At ANEEL's sole discretion and in order to ensure an ongoing quality of the public service, the concession's term may be extended for not more than an equal term upon previous requirement from transmission company.

Environmental aspects - The transmission company should implement, operate, and maintain the transmission facilities in accordance with legislation and the applicable environmental requisites, and should adopt all the measures required by the respective bodies to obtain any licenses, at its own account and risk, and to comply with all of its requirements.

Non-compliance with penalties - In case of non-compliance with the penalties owing to violations or to notices or orders by ANEEL and grid procedures, termination of the concession may be determined in order to resume normal service provision, as provided for in Law and in the concession contract, without prejudice to any responsibility by the transmission company with the Concession Grantor, ANEEL, users, and third parties, and the applicable reparations. Alternately to termination being ordered, ANEEL may recommend expropriation of the transmission company's block of controlling shares and take them to a public auction. The minimum value defined for the auction will be the net sum of the indemnity due in case of termination. A calculated amount will be transferred to controlling shareholders, which corresponds to respective interest.

- Breakdown of Permitted Annual Income (RAP) - The concessions of the electric power transmission lines are remunerated for making their transmission facilities available, which comprise the Basic Network, the Border Network, or the other Transmission Facilities - DIT, and are not restricted to the charge of electric power transmitted, but to the amount approved by the ANEEL upon the grant of the concession contract. The compensation for the Other Transmission

(Amounts expressed in thousands of reais, unless otherwise indicated)

Facilities (DIT), which do not belong to the Basic Network, occurs through a tariff defined by ANEEL.

Concession	Cycle 2020-2021 Resolution 2725, 07/14/2020 Period: 07/01/2020–06/30/2021			Cycle 2019–2020 Resolution 2565, 06/25/2019 Period: 07/01/2019–06/30/2020			Cycle 2018–2019 Resolution 2408, 06/28/2018 Period: 07/01/2018–06/30/2019		
	RAP	PA	Total	RAP	PA	Total	RAP	PA	Total
TSN	325,134	(3,212)	321,922	300,992	(11,015)	289,977	279,621	(13,793)	265,828
Gtesa	5,877	(45)	5,832	5,516	(249)	5,267	5,822	(379)	5,443
Munirah	28,957	450	29,407	40,947	(2,391)	38,556	38,039	(1,476)	36,563
Patesa	17,405	(68)	17,337	18,079	(1,020)	17,059	26,074	(1,015)	25,059
ETEO	105,373	(997)	104,376	98,933	(3,625)	95,308	91,909	(3,489)	88,420
Novatrans (i)	352,463	(1,189)	351,274	292,844	(16,250)	276,594	413,509	(20,780)	392,729
STE	50,610	(190)	50,420	48,636	(3,285)	45,351	85,256	(2,963)	82,293
NTE	92,101	(410)	91,691	86,287	(4,962)	81,325	125,210	(6,196)	119,014
ATE	115,113	(1,657)	113,456	167,265	(6,071)	161,194	155,389	(6,029)	149,360
ATE II	275,495	(2,544)	272,951	258,669	(9,089)	249,580	240,250	(9,118)	231,132
ATE III	127,711	(724)	126,987	125,389	(4,507)	120,882	119,808	(4,361)	115,447
SGT	5,518	(815)	4,703	5,416	(4)	5,412	5,175	(136)	5,039
BRAS (ii)	28,123	(77)	28,046	27,559	(774)	26,785	26,213	(838)	25,375
MAR	16,431	9	16,440	-	-	-	-	-	-
MIR (i)	67,939	1,249	69,188	-	-	-	-	-	-
SPT (iii)	46,533	(2,542)	43,991	44,927	(91)	44,836	-	-	-
SJT (iii)	49,835	(34,649)	15,186	47,573	(57,995)	(10,422)	-	-	-
LNT (iv)	12,854	(525)	12,329	12,617	(756)	11,861	-	-	-
	1,723,472	**(47,936)**	**1,675,536**	**1,581,649**	**(122,084)**	**1,459,565**	**1,612,275**	**(70,573)**	**1,541,702**

(i) The RAPs of the Miracema and Novatrans concessions were adjusted in accordance with ANEEL Order 3219/2020, which amended annexes I, II, III, IV, V and VI of Ratifying Resolution 2725/2020. (ii) On May 31, 2019, Brasnorte became a subsidiary of Taesa. Therefore, in the 2018-2019 cycle, Taesa consolidated one month of results with the new percentage. (iii) On February 14, 2020, the Company completed the acquisition of all the shares of SJT and SPT. (iv) On March 13, 2020, the Company completed the acquisition of all the shares of LNT.

9. LEASE

The Company and its subsidiaries have lease agreements of real estate and automobiles. Property lease terms range from 13 and 101 months, while automobiles have lease terms of 39 months. There are no lease agreements that include renewal and termination options, or variable lease payments. The Company and its subsidiaries also have leases with terms of 12 months or less and leases whose underlying assets are of low value. For these cases, the Company and its subsidiaries apply exemptions from the recognition of short-term leases and leases of low value assets.

Right-of-use

Right-of-use assets were measured at cost, comprised of the initial measurement value of lease liabilities and the expected costs of the decommissioning.

Right-of-use	12/31/2019	Addition by new contracts	Depreciation	Write-off of Contract	Remeasurement adjustment	12/31/2020
Parent company						
Properties	21,971	98	(3,038)	-	1,279	20,310
Automobiles	10,064	-	(3,276)	-	770	7,558
Non-current	**32,035**	**98**	**(6,314)**	**-**	**2,049**	**27,868**
Consolidated						
Properties	23,013	306	(3,333)	(771)	1,279	20,494
Automobiles	10,759	423	(3,556)	-	814	8,440
Non-current	**33,772**	**729**	**(6,889)**	**(771)**	**2,093**	**28,934**

Right-of-use	First-time adoption -	Depreciation	Estimated cost of demobilization	Remeasurement adjustment	12/31/2019

	CPC 06 (R2)				
Parent company					
Properties	24,380	(3,012)	457	146	21,971
Automobiles	12,564	(3,020)	-	520	10,064
Non-current	**36,944**	**(6,032)**	**457**	**666**	**32,035**
Consolidated					
Properties	25,834	(3,428)	461	146	23,013
Automobiles	13,462	(3,231)	-	528	10,759
Non-current	**39,296**	**(6,659)**	**461**	**674**	**33,772**

On December 31, 2019, the provision for demobilization of leased assets was R$457 in Consolidated, in Parent Company (R$461 in Consolidated and R$457 in Parent Company on December 31, 2019).

Lease liability

The lease liabilities recognized were measured at the present value of future payments.

Lease liability	12/31/2019	Interest for the period	Addition by new contracts	Consideration paid	Write-off of Contract	Remeasurement adjustment	12/31/2020
Parent company							
Properties	22,729	1,801	98	(4,131)	-	1,279	21,776
Automobiles	10,745	763	-	(3,833)	-	770	8,445
	33,474	**2,564**	**98**	**(7,964)**	**-**	**2,049**	**30,221**
Current	**7,794**						**8,406**
Non-current	**25,680**						**21,815**
Consolidated							
Properties	23,845	1,871	306	(4,569)	(766)	1,279	21,966
Automobiles	11,487	826	423	(4,143)	-	814	9,407
	35,332	**2,697**	**729**	**(8,712)**	**(766)**	**2,093**	**31,373**
Current	**8,521**						**8,911**
Non-current	**26,811**						**22,462**

Lease liability	First-time adoption - CPC 06 (R2)	Interest for the period	Consideration paid	Remeasurement adjustment	12/31/2019
Parent company					
Properties	24,380	1,984	(3,781)	146	22,729
Automobiles	12,564	923	(3,262)	520	10,745
	36,944	**2,907**	**(7,043)**	**666**	**33,474**
Current					**7,794**
Non-current					**25,680**
Consolidated					
Properties	25,834	2,081	(4,216)	146	23,845
Automobiles	13,462	988	(3,491)	528	11,487
	39,296	**3,069**	**(7,707)**	**674**	**35,332**
Current					**8,521**
Non-current					**26,811**

Below are the aging analyses of lease liabilities:

	Up to 01 month	02–03 months	04–12 months	01–05 years	>05 years	Total
Real estate	376	752	3,382	19,865	4,674	29,049
Automobile	367	734	3,301	5,869	-	10,271
Consolidated	**743**	**1,486**	**6,683**	**25,734**	**4,674**	**39,320**
Real estate	371	743	3,342	19,690	4,674	28,820
Automobile	329	658	2,963	5,267	-	9,217
Parent company	**700**	**1,401**	**6,305**	**24,957**	**4,674**	**38,037**

The amounts recognized in income are shown below:

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Consolidated	Parent company
Depreciation expenses in right-of-use assets	6,889	6,314
Interest expense on lease liabilities	2,697	2,564
Expenses related to short-term leases and leases of low-value assets (included in the Other Operating Costs and Expenses lines)	1,762	799
Total recognized in income (loss)	**11,348**	**9,677**

The Company, following CPC 06 (R2), used discounted cash flow techniques without considering projected inflation in lease payment flows. In fulfillment of guidelines issued by the CVM's technical areas, the Company analyzed the impacts on balances of lease liabilities, right-of-use, depreciation and financial expenses, considering the application of projected inflation in lease payment flows and concluded that the effects are immaterial regarding the financial statements on December 31, 2020.

10. CURRENT TAXES AND SOCIAL CONTRIBUTIONS

	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
IRPJ and CSLL prepaid and to offset / IRRF on financial investments	107,023	87,642	97,430	78,078
PIS and COFINS recoverable	303	5,219	152	5,074
Withholding taxes and social contributions	10,343	6,647	10,073	6,019
Other	6,686	2,274	1,867	1,066
Current assets	**124,355**	**101,782**	**109,522**	**90,237**
Current IRPJ and CSLL	10,251	5,620	-	-
PIS and COFINS	27,692	22,750	23,035	19,765
INSS and FGTS	4,561	4,193	2,152	1,633
ISS	7,812	3,208	2,026	1,176
ICMS	1,384	1,604	240	152
Other	3,457	3,356	2,817	2,774
Current liabilities	**55,157**	**40,731**	**30,270**	**25,500**

11. DEFERRED TAXES AND SOCIAL CONTRIBUTIONS

The tax credits arising from tax losses, social contribution negative base, and other sums that form temporary differences, which will be employed to reduce future tax payments, were recognized based on the background of profitability and expectations for generating taxable income in the next years. Sums were stated according to CVM Instructions 319/99 and 349/01, as established by ANEEL, will be amortized according to the curve between expectations of future earnings and the concession periods of the Company and its subsidiaries.

Consolidated	12/31/2020			12/31/2019 (Restated)		
	Assets	Liabilities	Net effect – asset (liability)	Assets	Liabilities	Net effect – asset (liability)
TAESA (Parent Company)	401,118	(871,401)	(470,283)	357,595	(567,896)	(210,301)
JAN	32,919	(213,148)	(180,229)	8,043	(44,308)	(36,265)
ATE III	8,125	(39,327)	(31,202)	7,961	(38,216)	(30,255)
BRAS	945	(13,700)	(12,755)	630	(8,243)	(7,613)
SGT	-	(2,012)	(2,012)	-	(2,242)	(2,242)
SAN	-	(6,216)	(6,216)	-	(1,019)	(1,019)
MIR	-	(17,089)	(17,089)	-	(16,474)	(16,474)
MAR	-	(6,244)	(6,244)	-	(4,831)	(4,831)
SPT	-	(15,731)	(15,731)	-	-	-
SJT	-	(18,285)	(18,285)	-	-	-

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Consolidated	12/31/2020			12/31/2019 (Restated)		
	Assets	Liabilities	Net effect – asset (liability)	Assets	Liabilities	Net effect – asset (liability)
LNT	-	(3,584)	(3,584)	-	-	-
Non-current liabilities	**443,107**	**(1,206,737)**	**(763,630)**	**374,229**	**(683,229)**	**(309,000)**
Total consolidated	**443,107**	**(1,206,737)**	**(763,630)**	**374,229**	**(683,229)**	**(309,000)**

	Consolidated		Parent company	
	12/31/2020	12/31/2019 (Restated)	12/31/2020	12/31/2019
Tax credit absorbed - goodwill (i)	290,363	309,598	290,363	309,598
Temporary differences (ii)	115,899	52,351	110,755	47,997
Tax losses and the negative social contribution base	36,845	12,280	-	-
Non-current assets	**443,107**	**374,229**	**401,118**	**357,595**
Temporary differences (ii)	(1,206,737)	(683,229)	(871,401)	(567,896)
Non-current liabilities	**(1,206,737)**	**(683,229)**	**(871,401)**	**(567,896)**
Net balance	**(763,630)**	**(309,000)**	**(470,283)**	**(210,301)**

(i) Arising from merger of the spun off portion of Transmissora Atlântico de Energia S.A. in 2009 and merger of Transmissora Alterosa de Energia S.A. during 2010. (ii) The temporary differences comprise the balances of the companies that adopt the taxable income and are as follows:

	Calculation basis	IRPJ and CSLL	
	12/31/2020	12/31/2020	12/31/2019 (Represented)
Consolidated			
Advance Apportionment and Adjustment Portion	52,637	17,897	6,198
Provision for profit sharing	16,857	5,731	5,864
Provision for suppliers	17,111	5,818	7,861
Provision for variable portion	6,193	2,106	1,490
Provision for labor, tax and civil risks	34,348	11,678	9,505
Taxes with payment requirement suspended	19,034	6,472	5,317
Cash flow hedge	23,180	7,881	-
Mark-to-market - Debt	9,169	3,117	-
Exchange-rate change on the cash basis	162,351	55,199	16,116
Total assets		**115,899**	**52,351**
Derivative financial instruments	(157,169)	(53,438)	(19,080)
Mark-to-market - Debt	-	-	3,792
Technical Pronouncement CPC 08 (R1) - Cost of Transactions and Premiums in Issuing Securities	(87,817)	(29,858)	(17,030)
Technical Pronouncement CPC 47 - Revenue from contract with Customer	(3,304,241)	(1,123,441)	(650,911)
Total liabilities		**(1,206,737)**	**(683,229)**
Parent company			
Advance Apportionment and Adjustment Portion	46,307	15,744	5,083
Provision for profit sharing	16,580	5,637	5,782
Provision for suppliers	16,012	5,444	7,555
Provision for variable portion	4,581	1,558	942
Provision for labor, tax and civil risks	30,227	10,277	7,733
Taxes with payment requirement suspended	17,345	5,897	4,788
Cash flow hedge	23,180	7,881	-
Mark-to-market - Debt	9,169	3,117	-
Exchange-rate change on the cash basis	162,351	55,200	16,114
Total assets		**110,755**	**47,997**
Derivative financial instruments	(157,169)	(53,438)	(19,080)
Mark-to-market - Debt			3,792
Technical Pronouncement CPC 08 (R1) - Cost of Transactions and Premiums in Issuing Securities	(79,035)	(26,872)	(12,841)

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Calculation basis	IRPJ and CSLL	
	12/31/2020	12/31/2020	12/31/2019 (Represented)
Technical Pronouncement CPC 47 - Revenue from contract with Customer	(2,326,738)	(791,091)	(539,767)
Total liabilities		**(871,401)**	**(567,896)**

	Tax credit absorbed - Goodwill	Temporary differences		Tax losses and the negative social contribution base	Total	
	Parent company and Consolidated	Consolidated	Parent company	Consolidated	Consolidated	Parent company
2021	18,974	23,513	21,313	4,389	46,876	40,287
2022	20,355	22,296	19,819	32,456	75,107	40,174
2023	21,761	70,090	69,623	-	91,851	91,384
2024–2026	74,784	-	-	-	74,784	74,784
2027–2029	89,995	-	-	-	89,995	89,995
2030–2032	46,101	-	-	-	46,101	46,101
2033–2035	12,273	-	-	-	12,273	12,273
2036–2038	6,120	-	-	-	6,120	6,120
Total	**290,363**	**115,899**	**110,755**	**36,845**	**443,107**	**401,118**

Management expects to realize the balances presented. Estimates are reviewed regularly, so that any changes in the recovery outlook for these credits may be considered in a timely manner in the financial statements. In accordance with article 510 of the Income Tax Regulation (RIR/99), the tax loss and negative basis of social contribution are liable to be offset against future income up to 30% of taxable income.

12. DEFERRED TAXES

	Consolidated		Parent company	
	12/31/2020	12/31/2019 (Restated)	12/31/2020	12/31/2019
Deferred PIS and COFINS - liabilities (i)	**524,897**	**334,543**	**238,407**	**214,754**

(i) Amount related to the temporary difference (cash regime) on the Taesa Group's income, in the application of CPC 47, which will be amortized until the end of the concession.

13. INTEREST (IN SUBSIDIARIES, JOINTLY-CONTROLLED SUBSIDIARIES AND ASSOCIATED COMPANIES)

Direct investments		Total number of shares	Direct interest	Consolidated		Parent company	
				12/31/2020	12/31/2019 (Represented)	12/31/2020	12/31/2019 (Restated)
Subsidiary	ATE III	448,500,000	100.00%	-	-	540,112	508,592
	SGT	10,457,000	100.00%	-	-	23,067	22,743
	MAR	174,500,000	100.00%	-	-	186,631	147,921
	MIR	277,940,000	100.00%	-	-	510,724	472,186
	JAN	40,645,100	100.00%	-	-	290,645	100,250
	SAN	121,801,000	100.00%	-	-	193,501	41,224
	BRAS	191,052,000	100.00%	-	-	183,930	190,745
	SJT	394,523,157	100.00%	-	-	536,318	-
	SPT	470,235,007	100.00%	-	-	475,869	-
	LNT	41,116,290	100.00%	-	-	59,017	-
				-	**-**	**2,999,814**	**1,483,661**
Jointly-controlled subsidiary	ETAU	34,895,364	75.62%	122,464	95,650	122,464	95,650
	Aimorés	315,900,000	50.00%	254,302	104,585	254,302	104,585
	Paraguaçu	459,700,000	50.00%	383,945	174,772	383,945	174,772
	Ivaí	135,000,000	50.00%	187,057	92,072	187,057	92,072
				947,768	**467,079**	**947,768**	**467,079**

(Amounts expressed in thousands of reais, unless otherwise indicated)

Direct investments		Total number of shares	Direct interest	Consolidated 12/31/2020	Consolidated 12/31/2019 (Represented)	Parent company 12/31/2020	Parent company 12/31/2019 (Restated)
Direct associated company (*)	EATE	180,000,010	49.98%	790,604	664,870	790,604	664,870
	EBTE	263,058,339	49.00%	186,705	169,544	186,705	169,544
	ECTE	42,095,000	19.09%	65,812	64,589	65,812	64,589
	ENTE	100,840,000	49.99%	478,384	445,192	478,384	445,192
	ETEP	45,000,010	49.98%	155,352	168,675	155,352	168,675
	ERTE	84,133,970	21.95%	53,221	54,606	53,221	54,606
	EDTE	1,218,126	24.95%	68,382	42,844	68,382	42,844
	Transudeste	30,000,000	49.00%	57,291	45,916	57,291	45,916
	Transleste	49,569,000	49.00%	71,994	54,784	71,994	54,784
	Transirapé	22,340,490	49.00%	77,012	61,199	77,012	61,199
				2,004,757	**1,772,219**	**2,004,757**	**1,772,219**
		Total investment		**2,952,525**	**2,239,298**	**5,952,339**	**3,722,959**

(*) On December 31, 2020, by means of its direct associated companies, the Company had indirect interests in the following associated companies: (i) STC - 39.99%; (ii) ESDE – 49.98%; (iii) Lumitrans – 39.99%; (iv) ETSE – 19.09%; (v) EBTE – 25.49%; (vi) ERTE – 28.04%; (vii) ESTE - 49.98%; (viii) EDTE - 25.04%; and (ix) Transudeste, Transleste and Transirapé - 5%.

Change in investments		12/31/2019 (Restated)	Acquisition of companies	Capital increase	Dividends	Equity in net income of subsidiaries	12/31/2020
Subsidiary	ATE III	508,592	-	-	(31,165)	62,685	540,112
	SGT	22,743	-	-	(4,249)	4,573	23,067
	MAR	147,921	-	27,500	(4,489)	15,699	186,631
	MIR	472,186	-	5,000	(40,661)	74,199	510,724
	JAN	100,250	-	-	(89,066)	279,461	290,645
	SAN	41,224	-	149,200	(882)	3,959	193,501
	BRAS (**)	190,745	-	-	(22,091)	15,276	183,930
	SJT (***)	-	358,402	114,912	(16,079)	79,083	536,318
	SPT (***)	-	354,139	86,996	(12,480)	47,214	475,869
	LNT (***)	-	60,482	-	(3,732)	2,267	59,017
		1,483,661	**773,023**	**383,608**	**(224,894)**	**584,416**	**2,999,814**
Jointly-controlled subsidiary	ETAU (**)	95,650	-	-	(15,377)	42,191	122,464
	Aimorés	104,585	-	94,000	-	55,717	254,302
	Paraguaçu	174,772	-	127,500	-	81,673	383,945
	Ivaí	92,072	-	-	-	94,985	187,057
		467,079	**-**	**221,500**	**(15,377)**	**274,566**	**947,768**
Direct associated company	EATE	664,870	-	-	(142,651)	268,385	790,604
	EBTE	169,544	-	-	(3,339)	20,500	186,705
	ECTE	64,589	-	-	(15,274)	16,497	65,812
	ENTE	445,192	-	-	(89,981)	123,173	478,384
	ETEP	168,675	-	-	(54,982)	41,659	155,352
	ERTE	54,606	-	-	(2,223)	838	53,221
	EDTE	42,844	-	-	(2,495)	28,033	68,382
	Transudeste (**)	45,916	-	-	(4,655)	16,030	57,291
	Transleste (**)	54,784	-	-	(3,398)	20,608	71,994
	Transirapé (**)	61,199	-	-	(7,840)	23,653	77,012
		1,772,219	**-**	**-**	**(326,838)**	**559,376**	**2,004,757**
		3,722,959	**773,023**	**605,108**	**(567,109)**	**1,418,358**	**5,952,339**

Change in investments		01/01/2019 (Restated)	Acquisition of companies	Gains (losses) from acquisi-tion	Transfer of balances	Capital increase (decrease)	Dividends	Equity in net income of subsidia-ries	12/31/2019 (Restated)
Subsidiary	ATE III	664,912	-	-	-	(140,000)	(62,806)	46,486	508,592
	SGT	46,757	-	-	-	-	(28,762)	4,748	22,743
	MAR	81,594	-	-	-	59,583	3,544	3,200	147,921
	MIR	253,324	-	-	-	123,848	(4,256)	99,270	472,186
	JAN	54,482	-	-	-	1,697	(5,004)	49,075	100,250
	SAN	-	-	-	-	41,101	(50)	173	41,224
	BRAS	-	97,875	916	89,180	-	(7,270)	10,044	190,745
		1,101,069	**97,875**	**916**	**89,180**	**86,229**	**(104,604)**	**212,996**	**1,483,661**
Jointly-controlled	ETAU (**)	68,553	32,880	-	-	-	(13,344)	7,561	95,650
	BRAS (**)	89,332	-	-	(89,180)	-	(2,513)	2,361	
	Aimorés	20,296	-	-	-	52,500	-	31,789	104,585
	Paraguaçu	21,733	-	-	-	87,500	-	65,539	174,772
	Ivaí	29,849	-	-	-	45,000	-	17,223	92,072
		229,763	**32,880**		**(89,180)**	**185,000**	**(15,857)**	**124,473**	**467,079**
	EATE	712,744	-	-	-	-	(136,224)	88,350	664,870

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Direct associated company	EBTE	172,314	-	-	-	-	-	(2,770)	169,544
	ECTE	63,997	-	-	-	-	(6,110)	6,702	64,589
	ENTE	429,160	-	-	-	-	(63,486)	79,518	445,192
	ETEP	163,707	-	-	-	-	(14,321)	19,289	168,675
	ERTE	58,722	-	-	-	-	(9,218)	5,102	54,606
	EDTE	13,347	-	-	-	-	-	29,497	42,844
	Transudeste (**)	21,670	18,340	5,136	-	-	(3,577)	4,347	45,916
	Transleste (**)	31,254	24,199	3,759	-	-	(9,904)	5,476	54,784
	Transirapé (**)	24,682	34,969	-	-	-	(8,279)	9,827	61,199
		1,691,597	**77,508**	**8,895**	**-**	**-**	**(251,119)**	**245,338**	**1,772,219**
		3,022,429	**208,263**	**9,811**	**-**	**271,229**	**(371,580)**	**582,807**	**3,722,959**

(**) In 2019, the Company acquired shares belonging to Eletrobras, increasing its interest in the companies. On May 31, 2019 Brasnorte became a subsidiary. Taesa also acquired the shares of Brasnorte, belonging to Bipar, increasing its interest to 100%. (***) Acquisition of SJT, SPT and LNT in the first quarter of 2020 (see note 2).

Changes in dividends receivable were presented in Note 14 – Related parties.

The base date of the financial statements of investees is December 31 of each year.

Summarized financial statements

Considering that directly associated companies in which Taesa holds an ownership interest are managed as a group of concessions (TBE Group and Transmineiras), Company management decided to aggregate the financial statements for reporting the balance sheet and statement of income.

Balance sheet	12/31/2020				12/31/2019 (Restated)			
	Jointly-controlled subsidiaries	Associated Companies		Total	Jointly-controlled subsidiaries	Associated Companies		Total
		TBE Group	Transmi-neiras			TBE Group	Transmi-neiras	
Cash and cash equivalents	141,603	106,515	16,993	265,111	13,166	110,714	17,024	140,904
Concession contract asset (i)	18,455	557,665	87,303	663,423	22,379	475,479	114,423	612,281
Other current assets	948,897	84,526	5,040	1,038,463	1,692,349	102,773	7,087	1,802,209
Current assets	**1,108,955**	**748,706**	**109,336**	**1,966,997**	**1,727,894**	**688,966**	**138,534**	**2,555,394**
Concession contract asset (i)	3,362,687	3,792,659	413,445	7,568,791	1,126,101	3,369,457	321,985	4,817,543
Other noncurrent assets	51,648	1,167,395	3,757	1,222,800	1,443	974,900	1,979	978,322
Non-current assets	**3,414,335**	**4,960,054**	**417,202**	**8,791,591**	**1,127,544**	**4,344,357**	**323,964**	**5,795,865**
Loans, financing, debentures (ii)	6,012	158,921	44,391	209,324	95,091	182,381	45,034	322,506
Lease	150	3,656	119	3,925	165	3,487	-	3,652
Other current liabilities	257,601	486,213	49,854	793,668	116,904	323,017	28,766	468,687
Current liabilities	**263,763**	**648,790**	**94,364**	**1,006,917**	**212,160**	**508,885**	**73,800**	**794,845**
Loans, financing, debentures (ii)	1,733,257	1,084,925	47,861	2,866,043	1,574,582	962,962	90,967	2,628,511
Lease	1,190	17,440	314	18,944	15	17,996	-	18,011
Other non-current liabilities	770,997	1,072,744	42,921	1,886,662	258,307	849,244	34,632	1,142,183
Non-current liabilities	**2,505,444**	**2,175,109**	**91,096**	**4,771,649**	**1,832,904**	**1,830,202**	**125,599**	**3,788,705**
Individual shareholders' equity	**1,754,083**	**2,884,861**	**341,078**	**4,980,022**	**810,374**	**2,694,236**	**263,099**	**3,767,709**
Individual shareholders' equity – Taesa's stake	**901,081**	**1,276,313**	**167,129**	**2,344,523**	**422,432**	**1,188,774**	**128,919**	**1,740,125**
Allocated fair value of concession contract asset, net of taxes and other	46,687	522,148	39,167	608,002	44,647	421,546	32,980	499,173
Total investment of Taesa	**947,768**	**1,798,461**	**206,296**	**2,952,525**	**467,079**	**1,610,320**	**161,899**	**2,239,298**

Statement of income	12/31/2020				12/31/2019 (Restated)			
	Jointly-controlled subsidiaries	Associated Companies		Total	Jointly-controlled subsidiaries	Associated Companies		Total
		TBE Group	Transmineiras			TBE Group	Transmineiras	
Net operating income	2,068,825	1,151,614	158,672	3,379,111	861,185	1,244,091	103,553	2,208,829
Costs and expenses	(1,156,614)	(196,605)	(14,691)	(1,367,910)	(462,029)	(410,197)	(10,374)	(882,600)
Financial income	38,741	7,098	427	46,266	3,703	13,361	2,659	19,723
Financial expenses	(166,617)	(67,919)	(5,571)	(240,107)	(5,523)	(66,968)	(11,173)	(83,664)
Financial income (loss)	**(127,876)**	**(60,821)**	**(5,144)**	**(193,841)**	**(1,820)**	**(53,607)**	**(8,514)**	**(63,941)**
Equity in net income of subsidiaries	-	319,427	-	319,427	-	207,203	-	207,203
Current and deferred IRPJ and CSLL	(263,289)	(242,839)	(5,367)	(511,495)	(136,196)	(173,847)	(4,275)	(314,318)
Income (loss) for the period	**521,046**	**970,776**	**133,470**	**1,625,292**	**261,140**	**813,643**	**80,390**	**1,155,173**

(Amounts expressed in thousands of reais, unless otherwise indicated)

Income for the period - Taesa interest	**272,529**	**443,416**	**65,401**	**781,346**	**132,580**	**353,722**	**39,391**	**525,693**
Allocation of allocated fair value of concession contract asset, net of taxes and other	2,037	55,670	(5,111)	52,596	(8,107)	(128,034)	(19,741)	(155,882)
Equity income (loss) - Taesa	**274,566**	**499,086**	**60,290**	**833,942**	**124,473**	**225,688**	**19,650**	**369,811**

(i) Infrastructure implementation in progress

Concession	Description	ANEEL Resolution	RAP	Estimated infrastructure cost (Capex Aneel)	Estimated conclusion	REIDI [1]
New buildings						
AIMORÉS LT 500 kV Padre Paraíso 2 - Governador Valadares 6 C2	Deployment of transmission line	Concession contract 004/2017	R$80,864	R$341,118	February 2022	MME Ordinance 171/2017. Executive Declaratory Act (ADE) of the Federal Revenue Service 191/2017
PARAGUAÇU LT 500 kV Poções III - Padre Paraíso 2 C2	Deployment of transmission line	Concession contract 003/2017	R$120,704	R$509,595	February 2022	MME Ordinance 181/2017. Executive Declaratory Act (ADE) of the Federal Revenue Service 98/2017
Ivaí Guaíra - Sarandi - CD, C1 and C2; LT Foz do Iguaçu - Guaíra - CD, C1 and C2; Londrina - Sarandi, CD, C1 and C2; Sarandi - Paranavaí Norte, CD; Guaíra; SE Sarandi; SE Paranavaí Norte	Deployment of transmission lines and substations and expansion of related substations	Concession contract 022/2017	R$299,522	R$1,936,474	August 2022	MME Ordinance 355/2017. Executive Declaratory Act (ADE) of the Federal Revenue Service 10/2018
ESTE Mesquita - João Neiva 2; SE João Neiva 2	Deployment of transmission lines and expansion of related substations.	Concession contract 019/2017	R$114,371	R$485,841	February 2022	MME Ordinance 216/2017. Executive Declaratory Act (ADE) of the Federal Revenue Service 167/2017
EDTE Ibicoara - Poções III; Poções III - Poções II CD, C1 and C2, 2 vs. 2.5 km; SE 500/230 kV Poções III - (3+1Res) vs. 200 MVA	Deployment of transmission lines and substations and expansion of related substations	Concession contract 015/2016	R$70,445	R$367,948	Completed at 01/20/2020	MME Ordinance 118/2017. Executive Declaratory Act (ADE) of the Federal Revenue Service 90/2017

[1] Special Regime of Incentives for the Development of Infrastructure.

(ii) Loans, financing and debentures

Concession	Lender	Final maturity	Guarantees	Financial charges	12/31/2020	12/31/2019
IVAÍ	Itaú	Dec 2043	(g)	4.9982% p.a.	1,727,550	1,652,203
ETAU	BNDES Finame Alston	Jan 2021	(f)	Fixed rate 9.5% p.a.	7	83
	BNDES Finame Toshiba	Jan 2021	(d)	Fixed rate 9.5% p.a.	75	974
	Automatic BNDES Credit Line	Aug 2021	(b)	TJLP + 5.20% / SELIC + 3.76%	2,442	6,034
	BNDES Giro	Aug 2023	(d)	TLP + 2.78%	9,195	10,379
Jointly-controlled subsidiaries					**1,739,269**	**1,669,673**
EATE	Itaú	Aug 2020	(a)	109.75% CDI	-	28,261
	Itaú	Sep 2021		116% CDI	54,054	54,149
	Itaú	Sep 2022		107.75% CDI	26,661	41,901
	Bradesco	June 2023		112% CDI	46,226	64,713
	Bradesco	July 2024		108.60% CDI	272,013	276,018
EBTE	Bradesco	June 2023	(a)	112% CDI	54,831	76,755
ECTE	Itaú	Feb 2020	(a)	CDI + 2.15%	-	2,007
	Itaú	Sep 2022		107.75% CDI	54,216	74,861
	Bradesco	July 2024		108.60% CDI	50,295	51,022
	Santander	July 2025		2.90% p.a. + CDI	81,321	-
ENTE	Itaú	Aug 2020	(a)	109.75% CDI	-	44,077

(Amounts expressed in thousands of reais, unless otherwise indicated)

Concession	Lender	Final maturity	Guarantees	Financial charges	12/31/2020	12/31/2019
	Itaú	Sep 2021		116% CDI	-	12,023
	Bradesco	July 2024		108.60% CDI	50,287	51,012
	Santander	July 2025		2.90% p.a. + CDI	101,672	-
ETEP	Itaú	Aug 2020	(a)	109.75% CDI	-	12,263
	Bradesco	June 2023		112% CDI	27,466	38,450
	Santander	July 2025		2.90% p.a. + CDI	91,503	-
EDTE	Itaú	Dec 2028	(e)	IPCA + 5.29%	333,301	317,830
TRANSLESTE	BDMG	Feb 2025	(d)	9.5% p.a.	10,310	12,784
	BNB	Mar 2025		9.5% p.a.	3,129	3,950
	Itaú	Aug 2020	(a)	109.87% CDI	-	9,916
	Itaú	Sep 2022		107.75% CDI	25,151	29,875
TRANSIRAPÉ	BDMG	July 2020	(c)	4.5% p.a.	-	77
	BDMG	Jan 2024		3.5% p.a.	7,357	9,742
	BDMG	Apr 2021		4.5% + TJLP	995	2,047
	BDMG	Oct 2029		3.5% + TJLP	3,879	4,317
	BNDES	Apr 2026		6.5% + TJLP	3,062	3,166
	Itaú	Sep 2022	(a)	107.75% CDI	16,987	26,634
TRANSUDESTE	Itaú	Sep 2022	(a)	107.75% CDI	21,382	33,493
Direct and indirect associated companies					**1,336,098**	**1,281,343**
					3,075,367	**2,951,016**

(a) No guarantees; (b) Letter of Guarantee issued by Taesa, in favor of Banco Santander, formalized in a separate instrument. The contracted amount was R$ 13,619, and the funds will be released upon financial proof; (c) Pledge of Company's shares held by EATE and Transminas Holding S.A., recognition of a reserve account and attachment of Company's income; (d) Letter of Guarantee issued by Taesa, in favor of Banco Santander, formalized in a separate instrument at the limit of 52.6% of the amount of R$125, proportional to the ownership interest; (e) Alupar proportional guarantee of 50.01% of the total amount (Taesa - 49.99% of the total amount); (f) Letter of Guarantee issued by Taesa, in favor of Banco Santander, formalized in a separate instrument at the limit of 52.6% of the amount of R$125, proportional to the ownership interest; (g) CTEEP proportional guarantee of 50.00% of the total amount (Taesa - 50.00% of the total amount).

The loan and financing agreements have financial and non-financial covenants regarding early maturity, including compliance with certain financial indicators during the term of the contracts. On December 31, 2020, all covenants in the loans and financing agreements in force were fulfilled by jointly-controlled subsidiaries and associated companies of the Taesa Group.

(iii) Provision for labor and civil risks and contingent liabilities

	Provision for risks		Contingent liabilities	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
ETAU	411	364	35	35
BRAS	-	216	-	-
Jointly-controlled subsidiaries	**411**	**580**	**35**	**35**
EATE	1,376	1,349	4,356	4,263
EBTE	21	18	776	1,325
ECTE	52	52	203	30
ETEP	7	6	-	-
ENTE	-	-	1,177	877
Direct associated companies	**1,456**	**1,425**	**6,512**	**6,495**
	1,867	**2,005**	**6,547**	**6,530**

(iv) Annual Permitted Income

Concession	Cycle 2020-2021 Resolution 2725, 07/14/2020 Period: 07/01/2020–06/30/2021			Cycle 2019–2020 Resolution 2565, 06/25/2019 Period: 07/01/2019–06/30/2020			Cycle 2018–2019 Resolution 2408, 06/26/2018 Period: 07/01/2018–06/30/2019		
	RAP	PA	Total	RAP	PA	Total	RAP	PA	Total
ETAU	39,506	1,786	41,292	50,913	(1,578)	49,335	48,001	(1,960)	46,041
BRAS (*)	-	-	-	-	-	-	26,213	(838)	25,375
ENTE	134,579	(2,169)	132,410	204,038	(9,025)	195,013	234,740	(8,555)	226,185
EATE (**)	261,211	(2,107)	259,104	244,572	(9,496)	235,076	227,207	(13,837)	213,370
EBTE	48,889	1,223	50,112	46,126	(1,609)	44,517	48,313	(1,577)	46,736

(Amounts expressed in thousands of reais, unless otherwise indicated)

Concession	Cycle 2020-2021 Resolution 2725, 07/14/2020 Period: 07/01/2020–06/30/2021			Cycle 2019–2020 Resolution 2565, 06/25/2019 Period: 07/01/2019–06/30/2020			Cycle 2018–2019 Resolution 2408, 06/26/2018 Period: 07/01/2018–06/30/2019		
	RAP	PA	Total	RAP	PA	Total	RAP	PA	Total
ECTE	56,825	(542)	56,283	53,352	(1,838)	51,514	49,564	(1,659)	47,905
ETEP	58,788	(461)	58,327	55,143	(1,997)	53,146	51,228	(2,159)	49,069
ERTE	30,648	(12,395)	18,253	38,978	(1,998)	36,980	52,687	(1,851)	50,836
STC	48,133	(769)	47,364	47,345	(1,478)	45,867	45,238	(3,522)	41,716
Lumitrans	31,841	(346)	31,495	29,910	(1,038)	28,872	27,786	(917)	26,869
ESDE	14,363	(482)	13,881	14,098	(1,957)	12,141	13,471	(307)	13,164
ETSE	21,485	(142)	21,343	21,089	(792)	20,297	20,151	(2,292)	17,859
EDTE (**)	70,445	597	71,042	-	-	-	-	-	-
Transirapé	41,048	1,774	42,822	37,175	(1,221)	35,954	34,535	(1,173)	33,362
Transleste	35,664	(472)	35,192	45,794	(1,484)	44,310	42,543	(1,652)	40,891
Transudeste	30,231	(324)	29,907	28,384	(938)	27,446	26,369	(1,024)	25,345
TOTAL	**923,656**	**(14,829)**	**908,827**	**916,917**	**(36,449)**	**880,468**	**948,046**	**(43,323)**	**904,723**

(*) On May 31, 2019 Brasnorte became a subsidiary of Taesa. Therefore, the RAP information for said concession was presented in Note 8. (**) The RAPs of the EATE and EDTE concessions were adjusted in accordance with ANEEL Order 3219/2020, which amended annexes I, II, III, IV, V and VI of Ratifying Resolution 2725/2020.

14. RELATED PARTY TRANSACTIONS

I - Other Accounts Receivable – OCR, Other Accounts Payable – OCP, and Accounts Receivable from Concessionaires and Permissionaires – CRCP:

a) Assets and income

REF	Main information on contracts and transactions with related parties					
	Accounting classification, nature of contract and counterparty	**Original value**	**Effectiveness period/ duration**	**Interest rate charged / Inflation adjustment**	**Main conditions for termination or extinction**	**Other relevant information**
	Transactions between Taesa and its jointly-controlled subsidiaries					
1	OCR vs. Other income - Back-office - ETAU	R$69 Monthly amount	07/09/2018–07/09/2023	Fine of 2% p.m. / Annual restatement at IGP-M	The Contract may be terminated at any time, unilaterally, upon a 30-day notice, for reason of impediment of operation or in case of a judicial recovery or bankruptcy of either party.	None.
2	OCR vs. cash and cash equivalents - reimbursement of expenses - ETAU (*)	N/A	N/A	N/A	N/A	None.
3	OCR vs. Other income – O&M - ETAU	R$18 Monthly amount	08/01/2020–08/01/2024	Fine of 2% p.m. / late-payment interest of 1% p.m. / annual restatement at IGPM.	Default and any contractual clause, court-ordered recovery, bankruptcy, judicial liquidation.	None.
	Transactions between Taesa and its associated companies					
4	OCR vs. cash and cash equivalents - CCI - EDTE	229 Total amount	12/27/2018 until termination of the concession	Fine of 2% p.m. + late-payment interest of 12% p.a. / annual restatement at IPCA.	None.	None.
	Transactions between Taesa and its subsidiaries					
5	OCR vs. Other income - “Back-office” - BRAS (**)	R$36 Monthly amount	05/21/2018–05/21/2023	Fine of 2% p.m. / late-payment interest in accordance with the financial market/annual restatement at IGP-M.	The Contract may be terminated at any time, unilaterally, upon a 30-day notice, for reason of impediment of operation or in case of a judicial recovery or bankruptcy of either party.	None.
6	OCR vs. Other income - Back-office services - MAR	R$27 Monthly amount	11/05/2019–11/05/2024	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA.	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the	Contract acceded to through ANEEL Order 2.977/2019.

(Amounts expressed in thousands of reais, unless otherwise indicated)

					parties, irrespective of a judicial or extrajudicial notice.	
7	OCR vs. Other income - Operating and Maintenance Services - ATE III	R$226 Monthly amount	12/04/2019–12/04/2024	Fine of 2% plus late-payment interest of 1% p.m. / Annual restatement at IPCA/September.	The contract may be terminated at the discretion of the principal, subject to judicial or extrajudicial interpellation or notification, and without entitling the contractor to any reimbursement or indemnity (subject to the terms of the clause fourteen), at least 30 calendar days in advance.	Contract extended and object changed to Operation and Maintenance. The contractor undertakes to provide and maintain in force, on its sole account, all insurance required by law, effective throughout the contract.
8	OCR vs. Other income - Back-office services - ATE III	R$27 Monthly amount	06/13/2019–06/13/2024	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA.	The Agreement may be terminated at any time, unilaterally, upon a 30-day notice, for reason of impediment of operation or in case of a court-ordered reorganization or extrajudicial and/or bankruptcy of either party, irrespective of a judicial or extrajudicial notice.	Contract acceded to through ANEEL Order 1.665/2019.
9	OCR vs. cash and cash equivalents - reimbursement of expenses - ATEIII (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None.	None.
10	OCR vs. Other income - Back-office services - SGT	R$27 Monthly amount	09/27/2019–09/27/2024	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA.	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	Contract acceded to through ANEEL Order 2.637/2019
11	OCR vs. Other income - Back-office services - MIR	R$44 Monthly amount	10/28/2016–10/27/2021	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA.	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	The contract was approved by Aneel pursuant to Order 472 on February 15, 2017.
12	OCR vs. cash and cash equivalents - reimbursement of expenses - MIR (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None.	None.
13	OCR vs. Other income - Operation and Maintenance - MIR	R$125, Monthly amount	12/05/2019–12/04/2024	Fine of 2% plus late-payment interest of 1% p.m. + monetary restatement at IGPM/Annual restatement at IGPM	The contract can be terminated, by the principal, in cases of proven breach of any contractual clause by the contractor, or technical incapacity.	None.
14	OCR vs. cash and cash equivalents - CCI - JAN	R$5, Monthly amount from the beginning of the operation	September 29, 2017 until termination of the concession	Fine of 2% p.m. + late-payment interest of 12% p.a. / Annual restatement at IPCA.	It may be terminated in the event of extinction of the concession of any of the parties or by legal determination or by mutual agreement of the parties.	Implementation costs of R$1,512 were paid in 10 monthly installments from June 2018 to March 2019, corrected for inflation according to the accumulated IPCA index.
15	OCR vs. cash and cash equivalents - reimbursement of expenses - JAN (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None	None

(Amounts expressed in thousands of reais, unless otherwise indicated)

16	OCR vs. Other income - Back-office services - JAN	R$27 Monthly amount	03/30/2020–03/30/2025	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA.	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	None.
17	OCR vs. cash and cash equivalents - reimbursement of expenses - SAN (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None.	None.
18	OCR vs. Other income - O&M services - LNT	R$24 Monthly amount	05/15/2020–05/15/2025	Fine of 2% p.m. plus late-payment interest of 1% / Annual restatement at IPCA.	The contract can be terminated in the following cases: Proven non-compliance with any contractual clause, technical incapacity, court-ordered recovery.	None.
19	OCR vs. Other income - Back-office services - LNT	R$10 Monthly amount	06/15/2020–06/15/2025	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA.	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	None.
20	OCR vs. cash and cash equivalents - reimbursement of expenses - LNT (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None	None
21	OCR vs. Other income - O&M services - SPT	R$87 Monthly amount	05/15/2020–05/15/2025	Fine of 2% p.m. plus late-payment interest of 1% / Annual restatement at IPCA.	The contract can be terminated in the following cases: Proven non-compliance with any contractual clause, technical incapacity, court-ordered recovery.	None.
22	OCR vs. Other income - Back-office services - SPT	R$36 Monthly amount	06/15/2020–06/15/2025	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA.	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	None.
23	OCR vs. cash and cash equivalents - reimbursement of expenses - SJT (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None	None
24	OCR vs. Other income - O&M services - SJT	R$90 Monthly amount	05/15/2020–05/15/2025	Fine of 2% p.m. plus late-payment interest of 1% / Annual restatement at IPCA.	The contract can be terminated in the following cases: Proven non-compliance with any contractual clause, technical incapacity, court-ordered recovery.	None.
25	OCR vs. Other income - Back-office services - SJT	R$38 Monthly amount	06/15/2020–06/15/2025	Fine of 2% p.m. plus late-payment interest / Annual restatement at IPCA.	The agreement may be terminated at any time, unilaterally, upon previous written notice in no less than thirty (30) days, in the event of a judicial or extrajudicial court-ordered reorganization and/or bankruptcy of either of the parties, irrespective of a judicial or extrajudicial notice.	None.

Transactions between subsidiaries and related companies

(Amounts expressed in thousands of reais, unless otherwise indicated)

26	CRCP vs. Other income - CCT contract - CEMIG D vs. SGT	R$57 Monthly amount	03/18/2014 up to the end of concession.	Effective late-payment interest of 12% p.a. and fine of 2% / annual restatement at IPCA, when updating the RAP.	By either party due to declaration of bankruptcy, judicial dissolution, or any change in Bylaws of the parties that undermines the capability to fulfill the obligations of this contract, unforeseeable events or force majeure.	None.

(*) As part of the process of managing and prorating the Group's costs and expenses, one of the companies makes the payment of these expenditures on the order of other Group companies. Management considers, for disclosure purposes, only the outstanding balance (payable or receivable) in the Group and understands that there is no specific amount involved to be disclosed or impact on statement of income. There is no incidence of interest or correction for inflation.

There are no provisions for doubtful accounts related to the amount of existing balances.

REF	Contracts and other transactions	Consolidated			
		Assets		Income	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
	Transactions with jointly-controlled subsidiaries				
1	Back-office services Taesa vs. Etau	82	76	960	899
2	Reimbursement of expenses - Taesa vs. Etau	-	29	-	-
3	O&M Services - Taesa vs. ETAU	18	-	91	-
	Transactions with associated companies				
4	Reimbursement of expenses - Taesa vs. EDTE	6	-	440	-
	Transactions between subsidiaries and related companies				
24	CCT contract - CEMIG D vs. SGT (*)	83	81	986	968
		189	**186**	**2,477**	**1,867**

(*) Existing balance recorded in balance sheet under "Accounts receivable from concessionaires and permissionaires".

REF	Contracts and other transactions	Parent company			
		Assets		Income	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
	Transactions with jointly-controlled subsidiaries				
1	Back-office services - Taesa vs. Etau	82	76	960	899
2	Reimbursement of expenses - Taesa vs. Etau	-	29	-	-
3	O&M Services - Taesa vs. ETAU	18	-	91	-
	Transactions with associated companies				
4	Reimbursement of expenses - Taesa vs. EDTE	6	-	440	-
	Transactions with subsidiaries				
5	Back-office services - Taesa vs. Brasnorte	42	38	490	501
6	Back-office services - Taesa vs. Mariana	27	27	334	319
7	O&M Services - Taesa vs. ATE III	253	89	2,857	518
8	Back-office services - Taesa vs. ATEIII	28	27	330	321
9	Reimbursement of expenses - Taesa vs. ATEIII	45	17	-	-
10	Back-office services - Taesa x SGT	28	27	334	307
11	Back-office services - Taesa vs. Miracema	50	48	594	578
12	Reimbursement of expenses - Taesa vs. Miracema	-	1	-	-
13	O&M Services - Taesa vs. Miracema	125	-	1,500	-
14	Taesa vs. Janaúba - CCI	-	-	-	465
15	Reimbursement of expenses - Taesa vs. Janaúba	2	270	-	-
16	Back-office services - Taesa vs. Janaúba	27	-	217	-
17	Reimbursement of expenses - Taesa Vs. Sant'Ana	4	2	-	-
18	O&M Services - Taesa vs. LNT	24	-	183	-
19	Back-office services - Taesa vs. LNT	10	-	63	-
20	Reimbursement of expenses - Taesa vs. LNT	2	-	-	-
21	O&M Services - Taesa vs. SPT	87	-	651	-
22	Back-office services - Taesa vs. SPT	36	-	216	-
23	Reimbursement of expenses - Taesa x SJT	10	-	-	-
24	O&M Services - Taesa vs. SJT	89	-	674	-
25	Back-office services - Taesa vs. SJT	38	-	228	-
		1,033	**651**	**10,162**	**3,908**

b) Liabilities, costs and expenses

REF	Main information on contracts and transactions with related parties					
	Accounting classification, nature of contract and counterparty	Original value	Effectiveness period/ duration	Interest rate charged / Inflation adjustment	Main conditions for termination or extinction	Other relevant information
	Transactions between Taesa and related companies					

1	OCP vs. Rendering of services "Data Center" - Ativas	R$47, monthly amount.	09/29/2017–09/29/2020	Interest of 1% p.m. and fine of 2% / Annual restatement at IGP-M (general market price index).	Each party shall be entitled to terminate the contract, by sending written notice to the other party at least 90 days in advance, in the event of any occurrence such as declaration of bankruptcy, partial or total transfer of equity or assets, or if any of the parties violates any provisions of the contract.	This agreement may be renewed for longer periods upon the signing of addenda.
2	OCP vs. services provided - Provision of technical services and post-production support of Mega system - Axxiom	R$1,318 Contract's total amount.	09/02/2016 - undetermined end.	Interest of 1% p.m.	None.	None.
3	OCP vs. Cost and Expense with personnel - Private Pension Plan - Forluz	Investment according to employee's option.	03/19/2012 - undetermined end.	1% administration fee on the total monthly contributions / There is no inflation adjustment.	None.	None.
4	OCP vs. services rendered - CCI - TAESA (ETEO) - CTEEP	Agreement's total amount, R$2.	07/20/2001 until termination of the concession by one of the parties	Interest of 12 p.a./Fine of 2% - Restatement at IGP-M.	It may only be terminated in the event of extinction of the concession of any of the parties or by legal determination.	None.
5	OCP vs. services rendered - CCI - TAESA (ATE) - CTEEP	Agreement's total amount R$10 - monthly amount	July 22, 2004 until termination of the concession by one of the parties	Interest of 12 p.a./Fine of 2% - Restatement at IGP-M.	None.	None.
6	OCP vs. Services rendered - Telecommunications - TAESA - INTERNEXA	Agreement's total amount R$3 - monthly amount	08/30/2018–08/30/2020	Interest of 1% p.m. and fine of 2% / Annual restatement at IGP-M (general market price index).	Failure to comply with any of the obligations, judicial reorganization, both parties opting for early termination.	None.
	Transactions between subsidiaries and related companies					
7	OCP vs. Services rendered - CCI - SGT vs. CEMIG GT	R$3, Monthly amount	As of 02/17/2014, until expiration of the concession.	Effective late-payment interest of 1% p.m. and fine of 2% / Annual restatement at IPCA.	It may be terminated in the event of extinction of the concession of any of the parties or by legal determination.	None.
8	OCP vs. O&M - SGT vs. CEMIG GT	R$49 Monthly amount	07/10/2019–07/10/2024	Effective late-payment interest of 1% p.m. and fine of 2% / Annual restatement at IPCA.	It may be terminated, unilaterally and in advance, at its sole discretion, for failure to comply with any term or condition for a period agreed upon between the parties, forfeiture of concession relating to transmission installations; and by decision of the principal after 18 months have elapsed from the signing of CPSOM.	None.

(Amounts expressed in thousands of reais, unless otherwise indicated)

9	OCP vs. Services rendered - CCI - MAR vs. CEMIG GT	R$205 lump sum and R$50 Monthly amount	11/12/2015 until termination of the concession by one of the parties.	Annual restatement at IPCA (National amplified consumer price index).	None.	Payment of the monthly amount shall be due starting from the beginning of commercial operation.
10	OCP vs. Services rendered - O&M - MAR vs. CEMIG GT	R$48 Monthly amount	03/03/2020–03/02/2025	Annual restatement at IPCA (National amplified consumer price index).	The contract can be unilaterally terminated at any time, by means of written notice at least 180 days in advance; as a result of non-compliance with the agreed conditions; and the occurrence of fortuitous or force majeure events.	None.
	Transactions between Taesa and its subsidiaries					
11	OCR vs. cash and cash equivalents - reimbursement of expenses - SAN (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None	None
12	OCR vs. Cash and cash equivalents - reimbursement of expenses - MAR (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None	None
13	OCR vs. cash and cash equivalents - reimbursement of expenses - ATE III (*)	N/A	N/A	There is no interest rate and inflation adjustment.	None	None
	Transactions between Taesa and its Parent Company					
14	OCP vs. Investment – acquisition Transmineiras – Additional Amount - CEMIG	Bullet Payment of R$12,883	Upon the awarding of the favorable decision for Transmineiras in lawsuits.	Accumulated change of 100% CDI from 01/01/2017 until the business day prior to payment.	None.	According to the corporate restructuring instrument, the maximum amount of R$ 11,786 may be owed to CEMIG. Restated amount, R$ 12,883.

(*) As part of the process of managing and prorating the Group's costs and expenses, in certain situations, one of the companies makes the payment of these expenditures on the order of other Group companies. Therefore, Management considers, for disclosure purposes, only the outstanding balance (payable or receivable) in the Group. There is no specific amount involved to be disclosed or that affects the bottom line and no interest levied or inflation adjustments.

REF	Consolidated				
	Contracts and other transactions	Liabilities		Cost/Expense	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
	Transactions between Taesa and related companies				
1	Data Center - Taesa vs. Ativas	159	53	638	622
2	Contract: Taesa vs. Axxiom - Provision of technical services and post-production support of the MeGA system	-	-	243	19
3	Private pension plan - Taesa vs. Forluz – expenses	-	-	1,735	1,708
3	Private pension plan - Taesa vs. Forluz - cost	-	-	813	590
4	Taesa (ETEO) vs. CTEEP – CCI	-	-	22	88
5	Taesa (ATE) vs. CTEEP – CCI	-	-	95	276
6	Taesa vs. INTERNEXA - Telecommunications	9	-	89	21
	Transactions between subsidiaries and related companies				
7	CCI - SGT vs. CEMIG GT	4	-	48	47
8	O&M - SGT vs. CEMIG GT	45	43	601	587
9	CCI - MARIANA vs. CEMIG GT	16	-	48	7
10	O&M - MARIANA vs. CEMIG GT	46	-	378	-
	Transactions between Taesa and its Parent Company				
14	Transmineiras acquisition - Additional value - TAESA vs. CEMIG	12,883	12,883	-	-
		13,162	**12,979**	**4,710**	**3,965**

REF	Parent company				
	Contracts and other transactions	Liabilities		Cost/Expense	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
	Transactions between Taesa and related companies				
1	Data Center - Taesa vs. Ativas	159	53	638	622

(Amounts expressed in thousands of reais, unless otherwise indicated)

REF	Contracts and other transactions	Parent company			
		Liabilities		Cost/Expense	
		12/31/2020	12/31/2019	12/31/2020	12/31/2019
2	Contract: Taesa vs. Axxiom - Provision of technical services and post-production support of the MeGA system	-	-	243	19
3	Private pension plan - Taesa vs. Forluz - expenses	-	-	1,731	1,675
3	Private pension plan - Taesa vs. Forluz - cost	-	-	759	593
4	Taesa (ETEO) vs. CTEEP – CCI	-	-	22	88
5	Taesa (ATE) vs. CTEEP - CCI	-	-	95	276
6	Taesa vs. INTERNEXA - Telecommunications	9	-	89	21
Transactions with subsidiaries					
11	Reimbursement of expenses - Taesa Vs. Sant'Ana	-	2	-	-
12	Reimbursement of expenses - Taesa vs. MARIANA	-	1	-	-
13	Reimbursement of expenses - Taesa x ATE III	-	10	-	-
Transactions between Taesa and its Parent Company					
14	Transmineiras acquisition - Additional value - TAESA vs. CEMIG	12,883	12,883	-	-
		13,051	**12,949**	**3,577**	**3,294**

II– Fixed income fund.

Title	Issuer	Date of maturity	Rates	Consolidated		Parent company		Profitability effective rate	
				12/31/2020	12/31/2019	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Investments in non-exclusive investment fund (Taesa Group and Cemig Group)									
NC	Gasmig	09/25/2020	107% CDI	-	4,675	-	2,981	-	6.36%
				-	**4,675**	**-**	**2,981**		

III - Dividends and JCP payable and receivable

Dividends receivable	12/31/2019	Addition (a)	Receipt	12/31/2020
Jointly-controlled subsidiaries and associated companies				
ETAU	101	15,377	(15,124)	354
EATE	-	142,651	(92,675)	49,976
EBTE	-	3,339	(3,339)	-
ECTE	-	15,274	(15,274)	-
ENTE	-	89,981	(89,979)	2
ERTE	-	2,223	(2,223)	-
ETEP	-	54,982	(54,982)	-
EDTE	-	2,495	(2,495)	-
TRANSLESTE	-	3,398	(3,398)	-
TRANSIRAPÉ	-	7,840	(7,840)	-
TRANSUDESTE	-	4,655	(4,655)	-
Consolidated	**101**	**342,215**	**(291,984)**	**50,332**
Subsidiaries				
ATE III	-	31,165	(31,165)	-
BRAS	7,270	22,091	(29,258)	103
SGT	34,393	4,249	(3,000)	35,642
MAR	806	4,489	-	5,295
MIR	22,673	40,661	(44,808)	18,526
JAN	9,995	89,066	-	99,061
SAN	50	882	-	932
SJT	-	16,079	-	16,079
SPT	-	12,480	-	12,480
LNT	-	3,732	-	3,732
Parent company	**75,288**	**567,109**	**(400,215)**	**242,182**

Dividends receivable	12/31/2018	Addition (reversal) (a)	Receipt	12/31/2019
Jointly-controlled subsidiaries and associated companies				
ETAU	93	13,344	(13,336)	101
BRAS	2,514	2,513	(5,027)	-
EATE	-	136,224	(136,224)	-
ECTE	2,103	6,110	(8,213)	-
ENTE	-	63,486	(63,486)	-
ERTE	-	9,218	(9,218)	-
ETEP	-	14,321	(14,321)	-
TRANSLESTE	37	9,904	(9,941)	-
TRANSIRAPE	833	8,279	(9,112)	-
TRANSUDESTE	-	3,577	(3,577)	-
Consolidated	**5,580**	**266,976**	**(272,455)**	**101**
Subsidiaries				
BRAS	-	7,270	-	7,270
ATE III	-	62,806	(62,806)	-

(Amounts expressed in thousands of reais, unless otherwise indicated)

Dividends receivable	12/31/2018	Addition (reversal) (a)	Receipt	12/31/2019
SGT	5,631	28,762	-	34,393
MAR	4,350	(3,544)	-	806
MIR	18,417	4,256	-	22,673
JAN	4,991	5,004	-	9,995
SAN	-	50	-	50
Parent company	**38,969**	**371,580**	**(335,261)**	**75,288**

Dividends and JCP payable	12/31/2019			Addition (a)		Payment		12/31/2020		
	Dividends	JCP	Total	Dividends	JCP	Dividends	JCP	Dividends	JCP	Total
Consolidated and Parent company										
ISA	-	-	-	145,734	34,620	(129,976)	(34,620)	15,758	-	15,758
Cemig	-	-	-	212,296	50,434	(189,340)	(50,434)	22,956	-	22,956
Non-controlling shareholders	7	4	11	621,398	147,620	(554,197)	(147,615)	67,208	9	67,217
	7	**4**	**11**	**979,428**	**232,674**	**(873,513)**	**(232,669)**	**105,922**	**9**	**105,931**

(*) R$105,909 refers to mandatory dividends of 2020.

Dividends and JCP payable	12/31/2018			Addition (a)		Payment		12/31/2019		
	Dividends	JCP	Total	Dividends	JCP	Dividends	JCP	Dividends	JCP	Total
Consolidated and Parent company										
ISA	-	-	-	56,127	40,787	(56,127)	(40,787)	-	-	-
Cemig	-	-	-	81,765	59,418	(81,765)	(59,418)	-	-	-
Non-controlling shareholders (b)	5	2	7	239,329	173,919	(239,327)	(173,917)	7	4	11
	5	**2**	**7**	**377,221**	**274,124**	**(377,219)**	**(274,122)**	**7**	**4**	**11**

(a) Refers to mandatory dividends, proposed additional items approved, interim dividends, and interest on shareholders' equity receivable, which are presented net of withheld income tax. Interest on shareholders' equity payable are presented gross of withheld income tax.

(b) Dividends and JCP payable to non-controlling shareholders, not yet paid for lack of these shareholders' data in the brokerage firm.

Approval of dividends and JCP (*)	Year of accrual	Approval date	Approval agency	Date of Payment	Approved amount	Value per common share	Value per preferred share
Interim dividends	2020	11/11/2020	CA	11/25/2020	410,772	0.39746	0.39746
Interim dividends	2020	08/12/2020	CA	08/26/2020	220,542	0.21339	0.21339
Interim dividends	2020	05/14/2020	CA	05/28/2020	180,442	0.17459	0.17459
Additional dividends proposed	2019	04/30/2020	AGO	05/15/2020	61,763	0.05976	0.05976
					873,519		
Interest on shareholders' equity	2020	12/10/2020	CA	12/28/2020	54,218	0.02460	0.02460
Interest on shareholders' equity	2020	11/11/2020	CA	11/25/2020	58,415	0.05652	0.05652
Interest on shareholders' equity	2020	08/12/2020	CA	08/26/2020	58,765	0.05685	0.05685
Interest on shareholders' equity	2020	05/14/2020	CA	05/28/2020	61,276	0.05929	0.05929
					232,674		
Interim dividends	2019	11/13/2019	CA	11/29/2019	121,157	0.11722	0.11722
Interim dividends	2019	08/05/2019	CA	08/19/2019	180,022	0.17419	0.17419
Interim dividends	2019	05/14/2019	CA	06/28/2019	18,872	0.01826	0.01826
Additional dividends proposed	2018	04/29/2019	AGO	05/13/2019	57,170	0.05532	0.05532
					377,221		
Interest on shareholders' equity	2019	12/11/2019	CA	12/27/2019	62,154	0.06013	0.06013
Interest on shareholders' equity	2019	11/13/2019	CA	11/29/2019	65,387	0.06326	0.06326
Interest on shareholders' equity	2019	08/05/2019	CA	08/19/2019	68,708	0.06648	0.06648
Interest on shareholders' equity	2019	05/14/2019	CA	06/28/2019	77,875	0.07535	0.07535
					274,124		

(*) Interim dividends and interest on shareholders' equity were allocated to minimum mandatory dividends addressed in Article 202 of the Brazilian Corporate Law.

IV - Remuneration of the Board of Directors, Executive Board and Audit Committee - classified in Income - Personnel expenses

Proportion of total remuneration	2020		2019	
	Fixed rate	Variable rate	Fixed rate	Variable rate
Board of Directors	100%	-	100%	-
Audit Committee	100%	-	100%	-
Statutory Board (*)	55%	45%	72%	28%

(Amounts expressed in thousands of reais, unless otherwise indicated)

(*) Composition of fixed compensation: "Directors' fees" payments, charges, direct and indirect benefits (private pension, health plan, dental plan, life insurance and meal/food tickets), post-employment benefits (health plan and dental plan). Breakdown of variable compensation: Profit sharing, cessation of the tenure of office and indemnities

Amounts recognized in income (loss)	Board of Directors		Statutory Executive Board		Audit Committee	
	2020	2019	2020	2019	2020	2019
Average paid members for the year (*)	10.42	14.34	3.83	4	4.83	5
Fixed compensation (**)	**2,391**	**2,524**	**7,140**	**5,943**	**580**	**569**
Salary or direct compensation	2,092	2,179	3,608	3,922	483	474
Direct and indirect benefits	n/a	n/a	506	631	n/a	n/a
Charges	299	345	2,482	1,109	97	95
Provisions	n/a	n/a	544	281	n/a	n/a
Variable remuneration	**n/a**	n/a	**5,918**	**2,290**	**n/a**	n/a
Profit sharing	n/a	n/a	3,275	2,290	**n/a**	n/a
Benefits motivated by cessation of position	n/a	n/a	n/a	n/a	**n/a**	n/a
Indemnities	n/a	n/a	1,695	n/a	n/a	n/a
Bonus	n/a	n/a	948	n/a	**n/a**	n/a
Total amount of remuneration	**2,391**	**2,524**	**13,058**	**8,233**	**580**	**569**

(*) Includes sitting members and alternate members, whereas alternate fiscal board members receive compensation when replacing the effective members. The average remuneration of paid members was calculated monthly, excluding the members who waived their remuneration.
(**) The fixed remuneration cost of the Board includes "Directors' fees" payments and 20% of Employer INSS.

	Board of Directors		Statutory Executive Board		Audit Committee	
	2020	2019	2020	2019	2020	2019
No. of effective members	12	13	5	4	5	5
No. of alternate members	-	-	-	-	5	5
Highest individual compensation in the period (monthly)	20	19	449	210	10	9
Lowest individual compensation in the period (monthly)	17	10	48	154	9	9
Average individual compensation in the period (monthly) (*)	20	15	218	172	10	9

(*) The amount was calculated by the average of the remunerated members.

15. LOANS, FINANCING AND PROMISSORY NOTES

Lender	Concession	Funding				Annual financial charges
		Signature date	Type	Amount contracted and received	Final maturity	
Domestic currency - R$[1]						
BNDES FINAME	TSN	12/05/2012	CCB - Subcredit A	20,250	12/15/2022	Fixed rate of 2.5% p.a.
BNDES FINAME	TSN	06/20/2012	CCB - Subcredit A	727	07/15/2022	Fixed rate of 5.5% p.a.
BNDES FINAME	TSN	06/13/2013	CCB - Subcredit A	30,458	06/15/2023	Fixed rate of 3.5% p.a.
BNDES FINAME	Patesa	10/14/2014	CCB - Subcredit A	430	08/15/2024	Fixed rate of 6% p.a.
BNDES FINAME	SGT	12/04/2012	CCB - Subcredit A	19,571	12/15/2022	Fixed rate of 2.5% p.a.
CEF [2]	SJT	12/30/2013	FINISA	215,634	12/31/2023	Fixed rate of 3.5% p.a.
CEF [3]	SPT	12/30/2013	FINISA	175,942	12/31/2023	Fixed rate of 3.5% p.a.
CCB - BRADESCO	Taesa	04/13/2020	CCB	100,000	04/08/2021	CDI 2.55505%
CCB - CITIBANK	Taesa	04/15/2020	CCB	350,000	04/14/2022	CDI 2.8500%
CEF [4]	SPT	02/05/2016	FINISA	8,843	02/15/2026	136.33% CDI p.a.
BNB - FNE	LNT	04/27/2018	CCB-FNE	62,749	05/15/2038	Apportionment of constitutional funds rate (TFC) p.m.
Foreign currency - US$ [5]						
Citibank - Contract B (Renegotiation)	Taesa	05/11/2018	Law 4131/62	350,000	05/10/2023	Libor + 0.34% p.a.

[1]Loans at amortized cost [2] Contract settled on February 14, 2020 in the total amount of R$128,718. [3] Contract settled on February 14, 2020, in the total amount of R$106,725. [4] Contract settled on February 14, 2020 in the total amount of R$7,237. [5] Loan measured at fair value.

(Amounts expressed in thousands of reais, unless otherwise indicated)

Changes in loans and financing

Lender	12/31/2019	Acquisition	Funding/ Costs	Interest, inflation adjustment and exchange-rate change	Fair value adjustment	Interest paid	Amortization of principal	12/31/2020	Current	Non-current
CCB – BRADESCO	-	-	99,512	3,830	-	-	-	103,342	103,342	-
CCB - CITIBANK	-	-	348,010	13,301	-	(9,114)	-	352,197	2,516	349,681
BNDES-FINAME	21,452	-	-	527	-	(533)	(6,490)	14,956	6,509	8,447
Citibank - Contract B (Renegotiation)	396,153	-	-	122,476	(1,984)	(8,478)	-	508,167	466	507,701
Parent company	**417,605**	**-**	**447,522**	**140,134**	**(1,984)**	**(18,125)**	**(6,490)**	**978,662**	**112,833**	**865,829**
BNDES-FINAME	7,347	-	-	153	-	(153)	(2,448)	4,899	2,452	2,447
CEF-FINISA	-	128,718	-	-	-	(359)	(128,359)	-	-	-
CEF-FINISA	-	7,237	-	-	-	(71)	(7,166)	-	-	-
CEF-FINISA	-	106,725	-	-	-	(297)	(106,428)	-	-	-
BNB-CCB-FNE	-	59,017	(1,304)	2,750	-	-	-	60,463	6,070	54,393
Consolidated	**424,952**	**301,697**	**446,218**	**143,037**	**(1,984)**	**(19,005)**	**(250,891)**	**1,044,024**	**121,355**	**922,669**

Changes in loans, financing and promissory notes

Lender	12/31/2018	Funding/ funding costs	Interest, inflation adjustment and exchange-rate change	Fair value adjustment	Interest paid	Amortization of principal	12/31/2019	Current	Non-current
BNDES-FINAME	27,948	-	724	-	(730)	(6,490)	21,452	6,516	14,936
Citibank - Contract B (Renegotiation)	382,787	-	28,181	(1,657)	(13,158)	-	396,153	1,425	394,728
Parent company	**410,735**	**-**	**28,905**	**(1,657)**	**(13,888)**	**(6,490)**	**417,605**	**7,941**	**409,664**
BNDES-FINAME	9,796	-	215	-	(216)	(2,448)	7,347	2,454	4,893
SANTANDER – NP[(1)]	-	29,713	1,080	-	(793)	(30,000)	-	-	-
Consolidated	**420,531**	**29,713**	**30,200**	**(1,657)**	**(14,897)**	**(38,938)**	**424,952**	**10,395**	**414,557**

[1] Funding in the amount of R$30,000 and funding costs in the amount of R$391.

Installments maturing per index - Consolidated

Index	Current	Non-current					Total
		2022	2023	2024	After 2024	Subtotal	
Fixed rate	8,961	8,899	1,957	36	-	10,892	19,853
Libor + Dollar	466	-	507,701	-	-	507,701	508,167
IPCA	6,367	3,544	3,544	3,595	48,562	59,245	65,612
CDI	106,963	350,000	-	-	-	350,000	456,963
(-) Cost to be amortized	(1,402)	(604)	(285)	(285)	(3,995)	(5,169)	(6,571)
	121,355	**361,839**	**512,917**	**3,346**	**44,567**	**922,669**	**1,044,024**

Loans and financing contracts have non-financial covenants providing for early maturity during contract effective period. As of December 31, 2020, covenants were complied with.

Information regarding derivative financial instruments (swap transactions) contracted to hedge the Citibank debt service, as well as the Company’s exposure to interest rate risks, is disclosed in Note 21.

(Amounts expressed in thousands of reais, unless otherwise indicated)

16. DEBENTURES

Company	Creditor	Currency	Interest rates	Maturity	12/31/2020				12/31/2019				
					Inappropriate cost	Principal	Interest	Total	Inappropriate cost	Principal	Interest	MTM	Total
Taesa (a)	3rd Issuance - 2nd series (Itaú BBA) (*)	R$	IPCA + 4.85%	10/15/2020	(396)	-	-	**(396)**	(502)	395,772	3,935	-	**399,205**
Taesa (a)	3rd Issuance - 3rd series (Itaú BBA) (*)	R$	IPCA + 5.10%	10/15/2024	(396)	1,097,342	11,540	**1,108,486**	(502)	1,050,855	11,051	-	**1,061,404**
Taesa (b)	4th Issuance - 1st series (Itaú BBA/BB/Santander)	R$	IPCA + 4.41%	09/15/2024	(3,020)	289,255	3,689	**289,924**	(2,359)	276,719	3,529	-	**277,889**
Taesa (b)	4th Issuance - 2nd series (Itaú BBA/BB/Santander)	R$	105% CDI	09/15/2020	-	-	-	-	(2,359)	287,669	4,413	-	**289,723**
Taesa (c)	5th Issuance - 1st series (BB/Safra/Bradesco)	R$	IPCA + 5.9526%	07/15/2025	(8,879)	574,421	15,630	**581,172**	(11,328)	549,526	15,211	-	**553,409**
Taesa (d)	6th Issuance - 1st series (Santander-ABC-BB)	R$	108% CDI	05/15/2026	(9,881)	850,000	2,197	**842,316**	(10,528)	850,000	5,034	2,306	**846,812**
Taesa (d)	6th Issuance – 2nd series (Santander-ABC-BB)	R$	IPCA + 5.50%	05/15/2044	(9,881)	222,584	1,518	**214,221**	(10,528)	211,064	1,350	-	**201,886**
Taesa (e)	7th Issuance - 1st series (BTG-Santander-XP Investimentos)	R$	IPCA + 4.50%	09/15/2044	(29,046)	536,216	28,355	**535,525**	(31,330)	513,193	4,050	-	**485,913**
Taesa (f)	8th Issuance - 1st series (Santander)	R$	IPCA +4.7742	12/15/2044	(19,293)	311,274	14,077	**306,058**	-	-	-	-	**-**
Taesa (g)	9th Issuance - 1st series (Santander)	R$	CDI + 2.85%	04/08/2022	(1,677)	450,000	4,801	**453,124**	-	-	-	-	**-**
Parent company					**(82,469)**	**4,331,092**	**81,807**	**4,330,430**	**(69,436)**	**4,134,798**	**48,573**	**2,306**	**4,116,241**
Current								**319,473**					**724,086**
Non-current								**4,010,957**					**3,392,155**
JAN (h)	1st issuance - 1st series (BTG-Santander-XP)	R$	IPCA + 4.5%	07/15/2033	(11,136)	241,124	20,539	**250,527**	(12,697)	228,463	8,826	-	**224,592**
JAN (i)	2nd Issuance - Single series (Itaú - BTG)	R$	IPCA + 4.8295%	12/15/2044	(35,450)	602,207	29,675	**596,432**	(35,366)	576,805	648	-	**542,087**
Consolidated					**(129,055)**	**5,174,423**	**132,021**	**5,177,389**	**(117,499)**	**4,940,066**	**58,047**	**2,306**	**4,882,920**
Current								**319,473**					**724,086**
Non-current								**4,857,916**					**4,158,834**

(*) Instruments traded on the secondary market, whose fair values of which were measured based on quotations and are shown in Note 21.

(Amounts expressed in thousands of reais, unless otherwise indicated)

Taesa:

(a) On October 15, 2012, it issued simple debentures, non-convertible into shares, corrected for inflation according to the IPCA index, of which 793,000 (seven hundred ninety-three thousand) are of the 2nd series and 702,000 (seven hundred two thousand) are of the 3rd series. Payment of interest on October 15 every year. The 2nd series with amortization in three annual installments, the first due on October 15, 2018, and the 3rd series with amortization in four annual installments, with the first one due on October 15, 2021.
(b) On September 15, 2017, it issued simple debentures, non-convertible into shares, of which 255,000 (two hundred fifty-five thousand) of the 1st series are corrected for inflation according to the IPCA index, with interest payments on September 15 of each year, and 287,669 (two hundred eighty-seven thousand, six hundred sixty-nine) 2nd series securities with interest payment on March 15th and September 15th of each year. 1st series with amortization into two annual installments and the first installment maturing on September 15, 2023 and the 2nd Series with single amortization on September 15, 2017.
(c) On July 15, 2018, it issued 525,772 (five hundred twenty-five thousand, seven hundred seventy-two) simple debentures, non-convertible into shares, corrected for inflation according to the IPCA index. Payment of interest on the 15th of July every year and amortization in two installments, and first maturing on July 15, 2024.
(d) On May 15, 2019, it issued simple debentures, non-convertible into shares, of which 850,000 (eight hundred fifty thousand) are of the 1st series and 210,000 (two hundred ten thousand) are of the 2nd series. The 1st Series was not monetarily restated and single amortization was on May 15, 2026. The 2nd series, corrected for inflation according to the IPCA index and with semi-annual amortization, the first one maturing on May 15, 2023. Payment of interest from both series on the 15th of November and May every year.
(e) On September 15, 2019, it issued 450,000 (four hundred fifty thousand) simple debentures, non-convertible into shares, corrected for inflation according to the IPCA index. Payment of interest on the 15th of March and September every year and semi-annual amortization, and first maturing on September 15, 2025.
(f) On December 18, 2019, it issued 300,000 (three hundred thousand) simple debentures, non-convertible into shares, corrected for inflation according to the IPCA index. On January 17, 2020, funds were raised. Payment of interest on the 15th of June and December every year and semi-annual amortization, and first maturing on December 15, 2022.
(g) On April 08, 2020, it issued 450,000 (four hundred fifty thousand) simple debentures, non-convertible into shares, single series, not corrected for inflation. Payment of interest on April 8 and October 8 of each year and single amortization on April 8, 2022.

Janaúba:

(h) On January 11, 2019, it issued 224,000 (two hundred twenty four thousand) simple debentures, non-convertible into shares, corrected for inflation according to the IPCA index. Payment of interest and amortization on January 15th and July 15th of each year, with the first maturity on January 15, 2022.

(i) On December 16, 2019, it issued 575,000 (five hundred seventy-five thousand) simple debentures, non-convertible into shares, corrected for inflation according to the IPCA index. Payment of interest and amortization on December 15th and June 15th of each year, with first maturity on December 15, 2025.

Changes in debentures	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Opening balance	**4,882,920**	**2,879,424**	**4,116,241**	**2,879,424**
(+) New funding	750,000	2,367,960	750,000	1,568,960
(+) Incurred interest and inflation adjustment	431,331	305,825	352,529	290,082
(-) Payment of principal	(691,260)	(391,201)	(691,260)	(391,201)
(-) Payment of interest	(181,741)	(185,321)	(181,741)	(185,321)
(-) Funding costs (new fundings)	(26,057)	(103,651)	(23,395)	(53,908)

(Amounts expressed in thousands of reais, unless otherwise indicated)

Changes in debentures	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
(+) Amortization of fund raising costs	14,502	7,578	10,362	5,899
(+) MTM	-	2,306	-	2,306
(+) Hedge accounting adjustment	(2,306)	-	(2,306)	-
Closing balance	**5,177,389**	**4,882,920**	**4,330,430**	**4,116,241**

Installments maturing per index	Current	Non-current					Total
		2022	2023	2024	After 2024	Subtotal	
CDI	6,998	450,000	-	-	450,000	900,000	906,998
IPCA	320,790	379,793	431,326	721,948	2,545,589	4,078,656	4,399,446
(-) Issuance costs to be amortized	(8,315)	(14,328)	(9,545)	(7,819)	(89,048)	(120,740)	(129,055)
	319,473	**815,465**	**421,781**	**714,129**	**2,906,541**	**4,857,916**	**5,177,389**

Contracts for the 3rd, 4th, 5th, 6th, 7th, 8th and 9th issuance of Taesa's debentures and 1st issuance of Janaúba's debentures have non-financial covenants providing for early maturity.

2nd Series of 6th and 8th issuance of Taesa's debentures have the following non-financial and early maturity covenants:

Opening of an account with Banco Santander in favor of debentureholders named "Account for Payment of Debentures", in which a minimum balance corresponding to at least the value of next installment of Adjusted Nominal Value plus value of next Compensation installment must be maintained.

As of December 31, 2020, all covenants were complied with.

Information regarding derivative financial instruments (swap transactions) contracted to hedge the service associated with the 1st Series in 6th issuance of debentures, as well as the Company's exposure to interest rate risks, is disclosed in Note 21.

17. PROVISION FOR LABOR, TAX AND CIVIL RISKS

The Company and its subsidiaries are parties in judicial actions and administrative proceedings before several courts and governmental bodies, arisen out of the ordinary course of operations, involving tax matters, civil and labor aspects and other issues.

Based on opinion from its external legal advisors and analysis of pending legal proceedings, Management formed a provision for labor, tax and civil risks in amounts considered sufficient to cover estimated losses from current lawsuits.

The lawsuits and administrative proceedings provisioned, presented on December 31, 2020, are related to a judicial deposit amounting to R$26,007 (R$10,971 as of December 31, 2019). Balances basically refer to civil, labor and tax lawsuits involving disputes regarding administrative easement, outsourcing, respectively, and manifestations of nonconformity related to offset of Federal taxes and contributions (IRPJ, CSLL, PIS, COFINS, IRRF and CSRF) not approved by Federal Revenue Service (RFB).

Changes in provisions	12/31/2019	Acquisition (a)	Additions	Write-off	Reversals (b)	Easements (c)	12/31/2020
Labor	4,057	-	2,405	(156)	(607)	-	5,699
Tax	12,404	-	420	(1,349)	-	-	11,475
Civil	4,800	-	7,112	(214)	(129)	-	11,569
Other	1,484	-	-	-	-	-	1,484

(Amounts expressed in thousands of reais, unless otherwise indicated)

Parent company	**22,745**	**-**	**9,937**	**(1,719)**	**(736)**	**-**	**30,227**
Labor	4,058	-	2,446	(196)	(608)	-	5,700
Tax	14,978	-	450	(1,349)	-	-	14,079
Civil	10,758	20	7,658	(241)	(133)	5,013	23,075
Other	1,484	-	-	-	-		1,484
Consolidated	**31,278**	**20**	**10,554**	**(1,786)**	**(741)**	**5,013**	**44,338**

Changes in provisions	12/31/2018	Acquisition (a)	Additions	Write-off	Reversals (b)	12/31/2019
Labor	3,833	-	1,492	-	(1,268)	4,057
Tax	13,939	-	80	(1,484)	(131)	12,404
Civil	5,085	-	641	(88)	(838)	4,800
Other	-	-	1,484	-	-	1,484
Parent company	**22,857**	**-**	**3,697**	**(1,572)**	**(2,237)**	**22,745**
Labor	3,993	-	1,492	-	(1,427)	4,058
Tax	13,939	2,573	80	(1,483)	(131)	14,978
Civil	10,543	216	1,302	(453)	(850)	10,758
Other	-	-	1,484	-	-	1,484
Consolidated	**28,475**	**2,789**	**4,358**	**(1,936)**	**(2,408)**	**31,278**

(a) Acquisitions of companies SJT, SPT e LNT in 2020 and acquisition of control of Brasnorte in 2019. Reversals occurred, basically, due to conclusion of several labor, tax and civil proceedings, with no need of making payment, therefore, amounts were converted in favor of the Company and its subsidiaries. (c) Refers to provisions for civil risks referring to right of way.

Contingent liabilities

	12/31/2020				12/31/2019			
	Labor	Tax	Civil	Total	Labor	Tax	Civil	Total
Taesa	3,802	749,435	54,448	807,685	2,446	636,646	51,555	690,647
ATE III	-	5,226	5,949	11,175	-	5,183	5,949	11,132
Brasnorte	-	4,760	-	4,760	-	2,727	-	2,727
Mariana	24	75	-	99	-	-	-	-
São Pedro	11	-	1,997	2,008	-	-	-	-
São João	45	-	150	195	-	-	-	-
Total	**3,882**	**759,496**	**62,544**	**825,922**	**2,446**	**644,556**	**57,504**	**704,506**

Main reasons for possible loss are related to tax risks by means of tax lawsuits and manifestations of non-conformity and civil by annulment actions:

Taesa-TSN – alleged irregularities at offsets of federal tax and contributions, including PIS, COFINS, IRPJ, and CSLL in the amount of R$27,377 on December 31, 2020 and R$20,220 on December 31, 2019.

Taesa-NVT - Manifestations of nonconformity referring to alleged irregularities in the offsetting of federal taxes and contributions, among these: COFINS and IRPJ, totaling R$4,802 as of December 31, 2020 and R$5,013 as of December 31, 2019.

Taesa-ETEO - alleged irregularities at offsets of federal taxes and contributions, including PIS, IRPJ, and CSLL in the amount of R$69,470 on December 31, 2020 and December 31, 2019. There are two lawsuits related to the deductibility of amortization expenses of goodwill paid by Lovina Participações S.A. ("Lovina") for the acquisition of ETEO: one related to the tax assessment notice (issued in 2012) for calendar year 2008, in the approximate amount of R$39,403 and the other relating to the tax assessment notice issued in 2014, referring to calendar years 2009 and 2010, at approximately R$68,737. The first case was closed in May 2018 and the second one is awaiting the judgment of the Voluntary Appeal filed against the unfavorable decision rendered by Brazil's Federal Revenue Service office in Ribeirão Preto.

Taesa-NTE – writ of annulment, manifestations of nonconformity and tax foreclosures referring to alleged irregularities in offsets of federal taxes and contributions, including PIS, COFINS, IRPJ, IRRF, CSRF and CSLL, totaling R$8,717 on December 31, 2020 and R$8,759 on December 31, 2019 and the amount of R$5,448 refers to proceedings started before acquisition by Taesa of UNISA Group's companies.

Taesa-ATE – alleged irregularities in offsets of federal taxes and contribution, including PIS, COFINS, IRRF, IRPJ and CSLL, totaled R$2,872 on December 31, 2020 and R$3,855 on December 31, 2019 was originated before acquisition by Taesa of UNISA Group's companies.

Taesa-STE - Non-compliance referring to alleged irregularities in offsets of federal taxes and contributions, including PIS, COFINS, IRPJ, CSLL, CSRF and IRRF, totaling R$4,122 on December 31, 2020 and R$4,368 on December 31, 2019, refers to proceedings started before acquisition of UNISA Group's companies by Taesa.

Taesa-ATE II - declaratory actions and disagreements referring to alleged irregularities in offsets of federal taxes and contributions, including IRPJ and CSLL, totaled R$3,631 on December 31, 2020 and December 31, 2019; the amount of R$2,465 refers to proceedings started before acquisition by Taesa of companies of UNISA Group.

Taesa-ATEII/TSN – writ of annulment judged to annul the tax assessment notice 27/2015 issued by ANEEL deriving from inspection conducted to verify causes and consequences of failures provoked by fires in the right of way at LT Ribeiro Gonçalves - São João do Piauí, in the amount of R$2,401 on December 31, 2020 and as of December 31, 2019. The lawsuit is concluded and awaiting sentence. And civil cancellation suit in order to avoid irreparable damage, in case of adverse outcome in punitive administrative proceeding 48500.006152/2012-53.

ATE III – tax proceedings started before acquisition by Taesa of companies of UNISA Group and ICMS tax foreclosures, totaling R$5,183 on December 31, 2020 and December 31, 2019. ATE III is the defendant in tax administrative proceedings claiming disallowance of expenses with resulting reduction of tax losses and negative CSLL and IRPJ calculation bases, causing an impact of R$1,117 on the Company's contingent liabilities.

Brasnorte – Tax enforcement related to the discussion regarding the ICMS tax requirement in the State of Mato Grosso, totaling R$2,180 on December 31, 2020 and December 31, 2019.

Other relevant matters:

Atlântico/Alterosa Goodwill - On May 31, 2017, Taesa received Letter of the Federal Revenue Service (RFB) requested clarifications and documentation on the exclusions in the amounts of R$98,621 and R$108,036, recorded in code 152 (goodwill), declared in the e-lalur and e-lacs of 2014 and 2015. The Company presented on timely basis the information required by the Tax Auditor. On September 13, 2018, Taesa was notified of the Tax Procedure Filing Document, related to corporate income tax and social contribution not collected during the calculation period from January 2014 to December 2015, before deduction of the calculation basis of the amounts referring to goodwill arising from the acquisition of TERNA by CEMIG and FIP. On November 11, 2019, the Company received the Statement of Closure related to the ongoing tax proceedings, the result of which culminated in the issuance of a tax assessment notice in the amount of R$ 143,085. On December 11, 2019, the Company presented the challenge of tax assessment notice, which was declined by the Office of Federal Revenue Service. As of October 8, 2020, the Company filed a Voluntary Appeal against the decision. As of December 31, 2020, the Company awaited trial.

PIS/Cofins Audit, Calendar Years 2015 - On November 11, 2019, the Company became aware of the Tax Assessment Notice issued in the amount of R$173,163, resulting from the closure of tax procedure 07.1.85.00-2019-00012, initiated for the purpose of analyzing the legal compliance of the calculation of contributions to the Social Integration Program/ Public Servant Fund Program (PIS/Pasep) and Contribution to Social Security Financing (COFINS), from January 1 to December

31, 2015. The reason for the notice of infraction stems from an alleged error in the definition of the tax regime adopted by the Company whereby, according to what was contained in the statement of closure, all of the Company's concessions should have been taxed under the non-cumulative regime for PIS and COFINS. As of December 11, 2019, the Company presented the challenge of tax assessment notice. As of December 31, 2020, the Company awaited trial.

PIS/COFINS Audit, Calendar Year 2016 - On November 13, 2019, the Company became aware of the Tax Assessment Notice issued in the amount of R$140,599, resulting from the closure of tax procedure 07.1.85.00-2019-00078-7, initiated for the purpose of analyzing the legal compliance of the calculation of contributions to the Social Integration Program/ Public Servant Fund Program (PIS/Pasep) and Contribution to Social Security Financing (COFINS), from January 1 to December 31, 2016. The reason for the notice of infraction is an alleged error in the definition of the tax regime adopted by the company. In light of the foregoing, all of the Company's concessions should have been taxed under the non-cumulative regime for PIS and COFINS. As of December 11, 2019, the Company presented the challenge of tax assessment notice. In view of the lower court decision that maintained the assessment notice, a Voluntary Appeal was filed on December 10, 2020. As of December 31, 2020, the Company awaited trial.

18. SHAREHOLDERS' EQUITY

a) Capital - On December 31, 2020 and December 31, 2019, subscribed and paid-in capital of the Company was of R$3,067,535, represented by 590,714,069 common shares and 442,782,652 preferred shares, nominative, registered shares, with no par value.

The amount of capital of R$25,500, net of taxes and contributions, was deducted from capital value in accounting books, pursuant to the terms of Brazilian Securities Commission (CVM) Decision 649/10 that addresses share issuance costs, thus resulting in net capital of R$3,042,035.

As per bylaws, the Company is authorized increase its capital as per resolution of the Board of Directors, not depending on statutory reform, up to the limit of five million reais (R$5,000,000), with or without the issuance of common or preferred shares, and it is incumbent upon the Board of Directors to establish the issuance conditions, including price, term and payment method.

Each common share grants its holders the right to have one vote in the Annual Shareholders' Meetings, which resolutions shall be taken pursuant to the applicable legislation, and these Bylaws.

Preferred shares have the following preferences and benefits: (i) priority in capital reimbursement, without premium; (ii) the right to share in the distribution of profits on an equal basis in relation to the common shares; and (iii) the right to be included in public offer resulting from disposal of Company's Control, by the same price and conditions of the common shares pertaining to the Controlling Block.

The preferred shares grant their holders the right to vote in any decisions of the Annual General Meeting on: (i) transformation, Take-over, Merger or Spin-off of the Company; (ii) approval of agreements entered into between the Company and the Controlling Shareholder, directly of by means of third parties, as well as other companies in which the Controlling Shareholder holds interest, whenever their resolution is required in a General Meeting, pursuant to legal disposition or to these Bylaws; (iii) appraisal of assets earmarked for the capital increase subscription of the Company; (iv) choice of a specialized company for determination of the Company's Economic Value; and (v) alteration or revocation of statutory provisions that alter or modify any of the requirements provided for in item 4.1 of the regulation of differentiated corporate governance practices at level 2, except that this voting right will prevail while the Agreement on the Adoption of Differentiated Corporate Governance Practices at Level 2 remains in force.

(Amounts expressed in thousands of reais, unless otherwise indicated)

Shareholding structure on December 31, 2020 and December 31, 2019								
	Common shares		Preferred shares		Total		Controlling block	
	Quantity	%	Quantity	%	Quantity	%	Quantity	%
CEMIG (*)	218,370,005	36.97	5,646,184	1.28	224,016,189	21.68	215,546,913	58.36%
ISA	153,775,790	26.03	-	-	153,775,790	14.88	153,775,790	41.64%
Free Float	218,568,274	37.00	437,136,468	98.72	655,704,742	63.44	-	-
	590,714,069	**100.00**	**442,782,652**	**100.00**	**1,033,496,721**	**100.00**	**369,322,703**	**100.00**

(*) There are 2,823,092 common shares and 5,646,184 preferred shares that do not belong to control block.

Amendment to the Bylaws - Taesa – In AGE held on December 18, 2020, articles 12 (paragraph one, sub-item "n") 19 and 20 (§3) were amended, which consist in: (a) change the approval level of the matter referring to the "association by the Company and/or its Subsidiaries, in any form whatsoever, with other companies, including the formation of a joint venture or consortium", which is currently under the approval authority of the Annual General Meeting, changing it to the approval authority of the Board of Directors; (b) adjustment the name of the "Committee on Strategy, Governance and Human Resources" and of the "Committee on Implementation and New Business", in the current item "q" of Article 19 of the Company's Bylaws, in order to update said Bylaws with the current names adopted by the Company for its Committees that advise the Board of Directors; and (c) exclude §3, article 20, of the Bylaws, which addressed the removal and replacement of members of the Executive Board, since said provision already arises from the law, which is why it is not necessary that it be expressly included in the Bylaws. The consolidation of the Company's Bylaws, in order to reflect, in only document, the wording in effect, was also approved.

Legal reserve - formed based on a basis of 5% of the net income determined in each fiscal year before other allocation, under the terms of art. 193, Law 6404/76, limited to 20% or 30% of capital. The purpose of the legal reserve is to ensure the integrity of capital and can only be used to increase capital or offset losses. The Company may stop forming the legal reserve when the balance of this reserve, plus the amount of capital reserves, exceeds 30% of capital, in accordance with §1 of said law.

b) Tax Benefit Reserve - income tax incentives on earned income received from the public utility concession for the electric power transmission lines located in Pernambuco, Paraíba, Rio Grande do Norte, Piauí, Bahia, Maranhão, Tocantins, Goiás states and Federal District, granted by SUDAM and SUDENE, in the amount of R$19,071 as of December 31, 2020 and R$25,083 as of December 31, 2019. Grants are recorded in accounting books in a separate account of the statement of income and submitted to the Shareholders' Meeting for approval of their destination, considering restrictions provided for in respective constitutive reports and prevailing tax law.

c) Goodwill special reserve - Based on provision in CVM Instruction 319 dated December 3, 1999, art 6, in December 2009, a goodwill reserve was set up in the value of R$412,223, regarding the counterparty of the net assets of Transmissora do Atlântico de Energia Elétrica S.A. in the merger process of the latter by the Company. On December 31, 2010, the amount of R$ 182,284 relating to the merger of Transmissora Alterosa de Energia S.A., totaling R$ 594,507. The tax benefit used by the Company up to December 31, 2020 was R$304,144 (R$284,909 up to December 31, 2019).

d) Other comprehensive income - Changes in the fair value of financial instruments designated as cash flow hedges are recognized under "Other comprehensive income". As of December 31, 2020, the Company recognized a loss in the amount of R$23,180 (R$15,298, net of taxes).

e) Compensation to shareholders - The Bylaws provides for the payment of a minimum compulsory annual dividend of 50%, calculated on the net income for the year, under the terms of Law 6404/76. At the discretion of Management, the Company may pay interest on shareholders' equity, the net value of which shall be imputed to mandatory minimum dividends, as stipulated by article 9 of Law 9249/95. Interest on shareholders' equity is calculated based on the balance of shareholders' equity, limited to the pro rata day change in the Long-Term Interest Rate (TJLP). The actual payment or credit of interest on shareholders' equity is conditioned on the existence of profit (net income for the year after deducting the social contribution on net income and before deducting the provision for income tax), computed before the deduction of interest on shareholders' equity, or of retained earnings and profit reserves at an amount at least as high as twice the interest to be paid or credited. Interest shall be subject to the incidence of withholding income tax at the rate of 15% on the date of payment or credit to the beneficiary.

(Amounts expressed in thousands of reais, unless otherwise indicated)

The common and preferred shares issued by the Company entitle the owner with profit sharing for each year under the same conditions, and the owners of each preferred share are also entitled with the priority in the capital reimbursement, without premium, in the case of the Company's liquidation and, in the case of the disposal of shareholding control, both through one transaction or continuous transactions, the right to dispose the shares under the same terms and conditions assured to the Disposing Controlling Shareholder (tag-along with 100% of the price).

Allocation of income for the year	12/31/2020	12/31/2019 (Represented)
Net income for the year	2,262,927	1,105,661
Legal reserve	-	(50,093)
Tax benefit reserve	(25,083)	(19,071)
Adjusted net income for the year	2,237,844	1,036,497
Minimum mandatory dividends - 50% (R$1.08266 per common and preferred share in 2020 and R$0.50145 per common and preferred share in 2019 – in Brazilian reais-R$)	1,118,922	518,249
Interim dividends paid (R$0.78545 per common and preferred share in 2020 and R$0.30968 per common and preferred share in 2019 - in reais)	(811,756)	(320,051)
Interest on shareholders' equity paid (R$0.22513 per common and preferred share in 2020 and R$0.26524 per common and preferred share in 2019 - in reais)	(232,674)	(274,124)
	(1,044,430)	(594,175)
IRRF (Withholding income tax) on interest on shareholders' equity	31,417	37,117
Interim dividends and interest on shareholders' equity paid attributed to minimum mandatory dividends.	(1,013,013)	(557,058)
Minimum mandatory dividends (R$0.10248 per common and preferred share in 2020)	(105,909)	-
Additional dividends proposed (R$0.44125 per common and preferred share in 2020 and R$0.05976 per common and preferred share in 2019 - in reais)	(456,035)	(61,763)
Special reserve	(631,470)	(380,559)
Adjustments in accumulated losses	-	(40,220)
Special reserve	-	40,220
Summary of allocations:		
Reserves	(656,553)	(409,503)
Dividends and interest on shareholders' equity (R$1.55431 per common and preferred share in 2020 and R$0.63468 per common and preferred share in 2019 - in reais)	(1,606,374)	(655,938)
	(2,262,927)	**(1,065,441)**

19. CREDIT (EXPENSE) FROM INCOME TAX AND SOCIAL CONTRIBUTION

	Consolidated		Parent company	
	2020	2019 (Restated)	2020	2019
Current IRPJ and CSLL	(27,698)	(4,014)	(10,421)	4,349
Deferred income tax and social contribution	(428,557)	(144,570)	(267,863)	(103,613)
	(456,255)	**(148,584)**	**(278,284)**	**(99,264)**

Reconciliation of effective rate of IRPJ and CSLL - Taxable income	Consolidated		Parent company	
	2020	2019 (Restated)	2020	2019 (Restated)
Income (loss) before taxes	2,719,182	1,254,701	2,541,211	1,204,925
IRPJ and CSLL expenses, calculated at the rate of 34%	(924,522)	(426,599)	(864,012)	(409,675)
Equity in net income of subsidiaries	283,541	125,736	482,242	198,155
Tax benefit - IRPJ (Corporate Income Tax) - SUDAM/SUDENE	39,253	30,240	25,083	19,071
Tax benefit - IRPJ - Audiovisual Sponsorships	1,800	1,355	1,800	802

(Amounts expressed in thousands of reais, unless otherwise indicated)

Reconciliation of effective rate of IRPJ and CSLL - Taxable income	Consolidated		Parent company	
	2020	2019 (Restated)	2020	2019 (Restated)
JCP paid	79,109	93,202	79,109	93,202
Consolidated companies - Deemed Income	68,229	18,602	-	-
Other	(3,665)	8,880	(2,506)	(819)
IRPJ (Corporate Income Tax) and CSLL (Social contribution on net income) expense	**(456,255)**	**(148,584)**	**(278,284)**	**(99,264)**
Effective rate	**17%**	**12%**	**11%**	**8%**

Tax benefit - SUDAM/SUDENE

The Company and its subsidiaries ATE III and Brasnorte are entitled to tax benefits granted by the Superintendency of Development for the Amazon - SUDAM and by the Northeast Development Authority (SUDENE), which represent a reduction of 75% of income tax owed due to exploration of transmission concessions. Such benefits have some obligations, among which we highlight the following: (a) distribution to shareholders of tax amount not paid as a result of this benefit is prohibited; (b) recognition of a tax benefit reserve with amounts resulting from this benefit, which may only be used to absorb losses or increase capital; and (c) obtained benefit must be invested in activities directly related to production in benefitted region.

Concession	Authorizing Agency	Constitutive report	Location	Term
Parent company				
TSN	SUDENE	139/2014	BA and GO	12/31/2023
Novatrans	SUDAM	207/2014	TO, MA and DF	12/31/2023
Gtesa	SUDENE	143/2014	PB and PE	12/31/2023
Munirah	SUDENE	138/2014	BA	12/31/2023
ATE II	SUDENE and SUDAM	38/2007 and 237/2017	TO,PI,MA and BA	12/31/2017 and 12/31/2026 (*)
Patesa	SUDENE	100/2016	RN	12/31/2025 (**)
Subsidiaries				
ATE III	SUDAM	222/2018	PA and TO	12/31/2027
BRAS	SUDAM	239/2018	MT	12/31/2027
MIR	SUDAM	(***)	TO	(***)

(*) Benefit approved by SUDENE by means of Appraisal Report 0237/2017 and ratified by Federal Revenue Service. The benefit by the area with incentive from SUDAM, approved by Appraisal Report 38/2007 is in phase of renewal. (**) Benefit approved by SUDENE through Appraisal Report 100/2016 filed with the Federal Revenue Service on October 3, 2016. Due to the end of the applicable statute of limitation for manifestation of Federal Revenue Service (RFB), Patesa obtained tacit recognition of the tax benefit, recognizing the effects of the benefit as of July 2017. (***) According to Resolution 221, dated June 22, 2018, SUDAM recognizes the right to the incentive, and upon the start-up of the undertaking, the investee will present the information required for issuing the constitutive report, with the purpose of receiving the benefit, which will last 10 years as of the release of such report, limited to the effectiveness of the benefit. On November 29, 2019, Taesa completed the last energizations of the Miracema undertaking, and is currently in the process of preparing the project to request the final report before SUDAM.

Considering all companies merged by Taesa over the last years, the Company's total tax benefit on December 31, 2020 is approximately 56.26% on income from exploration of benefited areas.

The Company and its subsidiaries do not incur non-performance of the obligations of the conditions relating to tax benefits.

Tax Benefit - NTE - On December 28, 2004, NTE registered with the Federal Revenue Service a request for recognition of the right to reduce Corporate Income Tax based on Constitutive Report 323/04, issued by SUDENE, which granted to the concessionaire tax benefit of 75% reduction in Corporate Income tax from 2005 to 2013.

Pursuant to the terms of prevailing Law, as a result of elapsing of 120 days counted as of request presentation as provided for in paragraph 1 of Article 60 of Federal Revenue Service (SRF) Regulatory Instruction 267/02, and without Federal Revenue Service having issued an opinion about claim made, NTE obtained tacit recognition of the right to Corporate Income tax reduction and started to legitimately enjoy such tax benefit beginning as of calendar-year 2005.

(Amounts expressed in thousands of reais, unless otherwise indicated)

On July 9, 2012, the Federal Revenue Service (RFB) communicated NTE, through Decision 237/12, that it did not prepare the request for recognition of the right to Corporate Income tax reduction filed by NTE because it understood that presentation of the Constitutive Report original copy was an indispensable condition for claim analysis, and decided that the request was misbegotten for not complying with this requirement. Since then, the Company has been filling appeals with the competent bodies.

Based on arguments and evidences presented and on its external legal advisors, Management considers that tax benefit amount determined up to December 31, 2012, of R$64,988, was properly recognized and that likelihood of administrative and court losses is remote. As regards benefits determined beginning as of the date in which said Order was known (July 9, 2012) up to December 31, 2013 (benefit effective period), the Company will only enjoy this reduction of R$14,308 after conclusion of lawsuit.

There were no updates to the process up to December 31,2020.

20. INSURANCE COVERAGES

Taesa and its subsidiaries and subsidiaries adopt the policy of contracting insurance coverage for assets subject to risks to cover eventual casualties, considering the nature of its activity, have insurance coverage against fire and multiple peril for tangible assets tied to the concession, except for project's transmission lines. Such fact is a consequence of coverage comprised in policies not been compatible with the actual risks of transmission lines and premiums charged in the insurance and reinsurance market being extremely high. The Company and its subsidiaries maintain only an insurance for damages in equipment in an amount greater than R$500, sheds and inventories and civil liability coverage for directors and administrators - "Director and Officer - D&O" and fleet.

Type of insurance	Insurance company	Maturity	Maximum indemnity limit	DM - Value at risk	Full Indemnity	Premium
General liability	AXA Seguros	09/20/2020–09/19/2021	10,000	-	-	58
Operating risk	Mapfre Seguros	12/02/2019–06/01/2021	-	647,431 (a)	-	1,794
Vehicle insurance - Fleet	Tokio Marine	12/24/2019–12/23/2020	-	-	100% FIPE table	157
Directors and officers civil liability	Zurich Seguradora	09/18/2020–09/18/2021	40,000	-	-	57

(a) DM – Material damage to third parties - R$600; personal injuries to third parties - R$600; personal accidents - R$5; and pain and suffering - R$60.

Guarantee insurance of faithful compliance

Subsidiaries JAN and SAN contracted insurance of faithful compliance for losses deriving from non-performance of obligations assumed in concession contract, referring solely to construction, operation and maintenance of facilities described in said contract.

Concession	Auction	Insurance company	Maturity	Insured amount
JAN	13/2015 – step 2	Austral Seguradora S.A.	02/07/2017–11/06/2022	95,960
SAN	004/2018	Fator Seguradora S.A.	03/02/2019–12/17/2023	30,518

The Company's insurance is purchased according to the respective risk management and insurance policies, and considering its nature, is not in the scope of our independent auditors.

(Amounts expressed in thousands of reais, unless otherwise indicated)

21. FINANCIAL INSTRUMENTS

21.1 Risk management structure

Risk management of the Company and its subsidiaries intends to identify and analyze risks considered relevant by Management, including market (currency, interest rate and other operating risks), credit and liquidity risks. The Company and its subsidiaries do not contract or trade financial instruments, including derivative financial instruments for speculative purposes.

21.2 Capital risk management

The Company and its subsidiaries manage its capitals to ensure the maintenance of its regular activities and, at the same time, maximize return to all stakeholders or parties involved in its operation, through debt and equity balance optimization. Capital structure is formed by net indebtedness, that is, loans and financing, derivative financial instruments, debentures, and lease liability, less cash and cash equivalents, securities, and shareholders' equity.

21.3 Categories of financial instruments

	Consolidated		Parent company	
	12/31/2020	12/31/2019	12/31/2020	12/31/2019
Financial assets				
Fair value through profit or loss:				
- Securities	9,586	2,341,814	4,708	1,603,473
- Cash equivalents - Interest earning bank deposits	889,348	81,805	663,669	74,973
Amortized cost:				
- Cash and banks	6,683	757	1,263	422
- Accounts receivable from concessionaires and permissionaires	210,013	147,046	176,308	135,618
- Advance Apportionment and Adjustment Portion	4,126	-	2,617	-
	1,119,756	**2,571,422**	**848,565**	**1,814,486**
Financial liabilities				
Fair value through profit or loss:				
- Loans and financing	508,167	396,154	508,167	396,154
- Debentures	-	2,306	-	2,306
- Derivative financial instruments	(157,169)	(42,836)	(157,169)	(42,836)
Fair value through other comprehensive income				
- Derivative financial instruments	47,061	-	47,061	-
Other financial liabilities at amortized cost:				
- Suppliers	85,086	91,200	36,858	48,026
- Loans and financing	535,857	28,798	470,495	21,451
- Debentures	5,177,389	4,880,614	4,330,430	4,113,935
- Lease liability	31,373	35,332	30,221	33,474
- Advance Apportionment and Adjustment Portion	3,432	18,241	-	14,950
	6,231,196	**5,409,809**	**5,266,063**	**4,587,460**

21.4 Market risk

21.4.1 Interest rate risk management

The Company is subject to currency risk in the loans denominated in a currency other than the Company's functional currency, the Real (R$).

On December 31, 2020, the Company had 8.27% (R$508,167) of its total debt (loans and financing, debentures, financial instruments and lease liability) linked to foreign exchange rate. To mitigate this risk, the Company contracted derivative financial instruments ("swap") to protect total principal and interest future payments from fluctuations in US dollar and in interest rate (Libor). The Company intends to settle both instruments on the same date.

(Amounts expressed in thousands of reais, unless otherwise indicated)

21.4.2 Interest rate risk management

The Company and its subsidiaries' income is adjusted on a monthly basis at inflation rates. In case of deflation, the concessionaires will have their income reduced. In case of sudden increase of inflation, the concessionaires could not have their income timely adjusted, consequently suffering impacts on income (loss).

To minimize the risk of raising insufficient funds with adequate costs and reimbursement periods, the Company permanently monitors its obligations' payment schedule and cash generation. There were no changes in Company's market risk or in the management and measurement method of these risks.

The Company and its subsidiaries are exposed to fluctuations of floating interest rate for loans and financing, debentures and financial investments. This risk is administered by monitoring changes in interest rates and by maintaining a proper mix of assets and liabilities denominated in floating interest rates. Moreover, the Company contracts different interest rate swaps, in which the Company agrees to exchange, at specific intervals, the difference between the amounts of the variable interest rates (CDI) calculated based on the notional principal amount agreed between the parties. Said swaps are intended to hedge the debenture obligations that are the hedge object. On December 31, 2020, after considering the effect of interest rate swaps, approximately 83.08% of the debentures issued by the Group were subject to inflation adjustment + a fixed rate.

The Company's debt is segregated by index in Note 15 – Loans and Financing and Note 16 – Debentures.

21.5 Hedge accounting activities and derivative financial instruments

Derivatives not designated as hedge instruments

In the management of its exposures, the Company raises loans in foreign currency and enters into swap contracts. These forward currency contracts are not designated as cash flow hedges, fair value hedges or net investment hedges, but are entered into for periods consistent with the currency transaction exposures.

The Company and its subsidiaries contract derivative financial instruments to administer their exposure to risk related to foreign exchange rate, i.e., foreign exchange swap without cash - US$ versus CDI.

	Citibank foreign exchange swap – Renegotiation
Reference value (Notional) as of 12/31/2020	US$ 98,592
Reference value (Notional) as of 12/31/2019	US$ 98,592
The company's right to receive (long position)	(3-month Libor + Spread: 0.34%) – [1] 1.17647
The company's obligation to pay (short position)	106.0% CDI
Maturity on	05/10/2023
Long position - 12/31/2020	508,167
Short position - 12/31/2020	(350,998)
"Swap" assets (liabilities) as of 12/31/2020[2]	157,169
"Swap" assets (liabilities) as of 12/31/2019[2]	43,907
Amount receivable (payable) as of 12/31/2020	157,169
Amount receivable (payable) as of 12/31/2019	43,907
Fair value as of 12/31/2020	157,169
Fair value as of 12/31/2019	43,907

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Citibank foreign exchange swap – Renegotiation
Gains (losses) 01/01/2020–12/31/2020	110,319
Gains (losses) 01/01/2019–12/31/2019	4,840

(1) Factor 1.17647 represents gross up of income tax owed upon amortization and interest payments.
(2) Unrealized gains recorded in the parent company's balance sheet and in consolidated, deriving from swaps.

The transactions are registered with clearance and custody chambers. There is no margin deposited in guarantee, and the operation has no initial cost.

Derivatives designated as hedge instruments - Cash flow hedges

As of January 2020, the Company designated derivatives in the amount of R$400,000 million, referring to part of the issuance of its debentures, as a hedge instrument for a cash flow hedge structure. The derivatives contracted were swaps that exchange the risk of 108% of the CDI (interest rate on debentures) for the IPCA + fixed rates.

The effect of cash flow hedge on the statement of income and in other comprehensive income is presented below:

Hedge rating	Hedged item	Hedge instrument	Reference value	Index	Maturity	Gain (loss) in Other comprehensive income 12/31/2020
Cash flow hedge	Debenture indexed at 108% of CDI	Swaps	50,000	IPCA + 3.94%	05/15/2026	2,859
			50,000	IPCA + 3.91%	05/15/2026	2,883
			100,000	IPCA + 4.00%	05/15/2026	5,491
			50,000	IPCA + 3.53%	05/15/2026	4,115
			50,000	IPCA + 3.66%	05/15/2026	2,302
			100,000	IPCA + 3.99%	05/15/2026	5,530
Parent company and Consolidated						**23,180**

Changes in derivative financial instruments

Lender	12/31/2019	Interest, inflation adjustment and exchange-rate	Fair value adjustment (Income)	Fair value adjustment (OCI)	Hedge accounting adjustments	(Payments) Receipts	12/31/2020
SWAP contract (Citibank 4131)	(43,907)	(112,295)	1,984	-	-	(2,951)	(157,169)
SWAP contract (Santander)	128	7,523	-	7,832	826	(849)	15,460
SWAP contract (BR Partners)	995	9,005	-	8,373	826	(1,044)	18,155
SWAP contract (Itaú)	77	3,014	-	2,860	327	(332)	5,946
SWAP LP Agreement (ABC Brasil)	(129)	3,352	-	4,115	327	(165)	7,500
Parent company and Consolidated	**(42,836)**	**(89,401)**	**1,984**	**23,180**	**2,306**	**(5,341)**	**(110,108)**

Lender	12/31/2018	Interest, inflation adjustment and exchange-rate change	Fair value adjustment (Income)	(Payments) Receipts	12/31/2019
SWAP contract (Citibank 4131) [1]	(29,853)	(6,497)	1,657	(9,214)	(43,907)
SWAP contract (Santander) [2]	-	1,038	(826)	(84)	128
SWAP contract (BR Partners) [2]	-	1,083	(826)	738	995
SWAP contract (Itaú) [2]	-	(265)	(327)	669	77
SWAP LP Agreement (ABC Brasil) [2]	-	(248)	(327)	446	(129)
Parent company and Consolidated	**(29,853)**	**(4,889)**	**(649)**	**(7,445)**	**(42,836)**

[1] Derivative financial instrument and loan measured at fair value. [2] Financial instrument measured at fair value and debentures at amortized cost.

(Amounts expressed in thousands of reais, unless otherwise indicated)

21.6 Sensitivity analysis of financial instruments and derivatives

The Company and its subsidiaries carried out sensitivity analyses as required by accounting practices, prepared based on net exposure to variable rates of relevant derivative and non-derivative asset and liability financial instruments outstanding at the end of this report's period, assuming that the value of assets and liabilities below were outstanding during the entire period, adjusted based on rates estimated for a probable scenario of risk behavior that may generate adverse results, in case it occurs.

Rates used to calculate probable scenarios are referenced by an independent, external source, and these scenarios are used as the basis to define two additional scenarios with deterioration of 25% and 50% in risk variable (scenarios A and B, respectively) considered for net exposure, when applicable, as follows:

	Probable scenario	Scenario A (25% deterioration)	Scenario B (50% deterioration)	Realized up to 12/31/2020 Annualized
CDI (i)	4.00%	5.00%	6.00%	2.75%
IPCA (i)	3.82%	4.78%	5.73%	4.52%
Libor (ii)	0.1755%	0.2194%	0.2633%	0.2373%

(i) According to data disclosed by the Central Bank of Brazil (BACEN) (Focus Report - *Mediana Agregado*), on February 19, 2021. (ii) As rates disclosed on Bloomberg website on February 19, 2021.

Sensitivity analysis of the net exposure of financial instruments to an increase in interest rates and/or foreign exchange	Balance at 12/31/2020	Effect on income before taxes - from January to December 2020 – increase (decrease)		
		Probable	Scenario A	Scenario B
Unhedged				
Consolidated				
Financial assets				
Cash equivalents and securities				
- CDI	898,934	11,237	20,226	29,215
Financial liabilities				
Financing and debentures				
- CDI	906,998	(8,386)	(15,077)	(21,753)
- IPCA	4,465,058	22,988	(8,486)	(39,887)
		25,839	**(3,337)**	**(32,425)**
Unhedged				
Parent company				
Financial assets				
Cash equivalents and securities				
- CDI	668,377	8,355	15,038	21,722
Financial liabilities				
Financing and debentures				
- CDI	906,998	(8,386)	(15,077)	(21,753)
- IPCA	3,505,901	18,050	(6,663)	(31,318)
		18,019	**(6,702)**	**(31,349)**
Hedged				
Parent company and Consolidated				
Financial liabilities (protected debt)				
Loans and financing				
- Libor	508,167	(223)	(502)	(780)
- Dollar	508,167	14,345	(109,110)	(232,566)
Derivatives				
Long position – Libor	(508,167)	223	502	780
Long position – Dollar	(508,167)	(14,345)	109,110	232,566
Short position - CDI	350,998	(3,245)	(5,835)	(8,418)

(Amounts expressed in thousands of reais, unless otherwise indicated)

Sensitivity analysis of the net exposure of financial instruments to an increase in interest rates and/or foreign exchange	Balance at 12/31/2020	Effect on income before taxes - from January to December 2020 – increase (decrease)		
		Probable	Scenario A	Scenario B
Net effect		**(3,245)**	**(5,835)**	**(8,418)**
Financial liabilities				
Debentures				
- CDI	401,034	(3,708)	(6,667)	(9,618)
- IPCA	448,095	2,307	(852)	(4,003)
Derivatives				
Long position - CDI	(401,034)	3,708	6,667	9,618
Short position - IPCA	(448,095)	(2,307)	852	4,003
Net effect		-	-	-

21.7 Credit Risk Management

Credit risk refers to the risk of a counterparty not complying with its contractual obligations, thus causing the Company to incur financial losses. This risk derives basically from investments held with Banks and financial institutions.

Credit risk of funds and derivative financial instruments is limited because counterparties are represented by Banks and financial institutions that have satisfactory credit rating levels, showing great likelihood that no counterparty fails to comply with its obligations.

As regards credit risk deriving from client transactions and concession contract asset, Management understands that it is not necessary to recognize a provision for losses or credit analyses in relation to its clients, as CUST, entered into by ONS and network users, ensures receipt of amounts owed by users for services rendered through a Contract for the Constitution of Guarantee (CCG) and Bank Guarantee Letter (CFB). It is through CUST that the management of the collection and settlement of charges for the use of transmission and the execution of the guarantee system is carried out, in which ONS acts on behalf of the transmission concessionaires. Main advantages of these protection mechanisms are: (a) Diluted risks, as every user pays all the transmission companies; (b) Financial guarantees are provided individually by users; and (c) payment discussions take place between transmission companies and users. In case of non-payment, the Company as a transmission agent may request ONS to resort to the user's bank guarantee in connection with the guarantee agreement (CCG) or bank letter of guarantee (CFB).

21.8 Liquidity risk management

The Company and its subsidiaries manage liquidity risk by maintaining proper reserves and bank credit facilities and they also manage liquidity risk to raise loans - through monitoring cash flows and maturity profiles.

Table below: (a) shows in detail the remaining contractual maturity of non-derivative financial liabilities (and the contractual repayments terms of the Company and its subsidiaries); (b) was prepared in accordance with financial liabilities undiscounted cash flows based on the closest date in which the Company and its subsidiaries shall settle respective obligations; and (c) includes interest and principal cash flows.

Loans, financing and debentures	Up to 01 month	01–03 months	03–12 months	01–05 years	>05 years	Total
Postfixed	4,736	1,605	576,895	3,088,555	4,566,104	8,237,895
Fixed	792	1,574	7,012	11,108	-	20,486
Derivative financial instruments		1,819	16,544	440,774	535,974	995,111
Consolidated	**5,528**	**4,998**	**600,451**	**3,540,437**	**5,102,078**	**9,253,492**
Postfixed	4,736	1,605	576,895	3,088,555	4,566,104	8,237,895
Fixed	578	1,148	5,112	8,628	-	15,466

(Amounts expressed in thousands of reais, unless otherwise indicated)

Loans, financing and debentures	Up to 01 month	01–03 months	03–12 months	01–05 years	>05 years	Total
Derivative financial instruments		1,819	16,544	440,774	535,974	995,111
Parent company	**5,314**	**4,572**	**598,551**	**3,537,957**	**5,102,078**	**9,248,472**

21.9 Management of operating risks

It is the risk of direct or indirect losses arising from different causes related to the Company's processes, personnel, technology and infrastructure and external factors, except credit, market and liquidity risks, as those arising from legal and regulatory requirements and from generally accepted corporate behavior standards. Main operating risks that the Company and its subsidiaries are exposed to are the following:

Regulatory risks - Extensive governmental legislation and regulation issued by the following bodies: Ministry of Environment (MME), ANEEL, ONS, Ministry of Mines and Energy and Brazilian Securities Commission (CVM). If the Company infringes any provisions of applicable law or regulation, such infringement may result in the imposition of sanctions by the competent authorities.

Insurance risk - Hiring of operating risk and civil responsibility insurance for their substations. Despite the adoption criteria for obtaining insurance against operating risks and civil liability with the purpose of employing practices adopted by other representative companies in the activity, damage to transmission lines such as losses due to fire, lightning, explosions, short-circuits, and electricity outage are not covered by this insurance, which may give rise to significant costs and additional investments.

Risk of interruption in services - In case of interruption in services, the Company and its subsidiaries will be subject to reduction in their income due to application of certain penalties, depending on the type, level and duration of service unavailability, as rules established by regulatory body. In case of extended interruptions, the effects may be relevant.

Risk of construction and development of infrastructure - in the event the Company and its subsidiaries shall expand its business by constructing new transmission installations, it may incur in risks inherent to the construction activity, delays in the execution of the work, and potential environment damages that may result in costs not provided for and/or penalties. If any delay or environmental damage occurs in connection with the construction and development of infrastructures, such events may adversely affect the operating performance of the Company and its subsidiaries or delay their expansion programs, in which case the financial performance of the Company or its subsidiaries could suffer an adverse impact.

Since the Company and its subsidiaries may depend on third parties to provide the equipment used in their facilities, they are subject to price increases and failures on the part of such suppliers, including delays in delivery or delivery of damaged equipment. Such failures could adversely affect the activities and have an adverse effect on the results.

Additionally, due to the technical specifications of equipment used in their facilities, some suppliers are at their disposal and one single supplier for certain equipment, there is only one supplier.

If a supplier discontinues the production or stop the sale of any equipment purchased, they may not be able to acquire such equipment with other suppliers. In this case, the provision of electricity transmission service provided may be materially affected, and the Company and its subsidiaries may be obliged to make not expected investments in order to develop or fund the development of new technology to replace the unavailable equipment, which may negatively impact the financial condition and operating income.

(Amounts expressed in thousands of reais, unless otherwise indicated)

Technical risk - Events related to Act of God or force majeure may cause economic and financial impacts bigger than those provided for in the original project. In such cases, the costs necessary to replace installations in operating conditions should be supported by the Company and its subsidiaries. If such risks materialize, the Company's financial and operating performance could be adversely affected.

Litigation risk - The Company and its subsidiaries are parties to a number of lawsuits and administrative proceedings which are followed-up by legal advisors. The Company periodically analyzes information made available by its legal advisors to conclude on likelihood of obtaining success in lawsuits, avoiding financial losses and damage in reputation and seeking for cost effectiveness.

Top Management is responsible for developing and implementing controls to mitigate operating risks. (i) Proper function segregation requirements, including independent authorization of operations; (ii) Transaction reconciliation and monitoring requirements; (iii) conformity with regulatory and legal requirements; (iv) documentation of controls and procedures; (v) Requirements of periodic evaluation of operating risks and adequacy of controls and procedures to address identified risks; (iv) Operating loss reporting requirements and proposed corrective measures; (vii) development of contingency plans; (viii) Training and professional development; (ix) ethical and commercial standards; and (x) risk mitigation, including insurance, if effective.

21.10 Fair value hierarchy of derivative and non-derivative financial instruments

The different levels were defined as follow: (a) Level 1 – Prices quoted (not adjusted) in active markets for identical assets and liabilities; (b) Level 2 - inputs, except for quoted prices, included in Level 1 which are observable for assets or liabilities, directly (prices) or indirectly (derived from prices). and (c) Level 3 - assumptions, for assets or liabilities, which are not based on observable market data (non-observable inputs). There was no change in the level of these financial instruments in the year ended December 31, 2020.

21.10.1 Financial instruments stated at fair value through profit or loss

	Note	12/31/2020	12/31/2019	Fair value hierarchy
Consolidated				
Securities	7	9,586	2,341,814	Level 2
Cash equivalents - Interest earning bank deposits	6	889,348	81,805	Level 2
Financial assets		**898,934**	**2,423,619**	
Loans and financing	15	508,167	396,154	Level 2
Debentures	16	-	2,306	Level 2
Derivative financial instruments	21,5	(157,169)	(42,836)	Level 2
Financial liabilities		**350,998**	**355,624**	

21.10.2 Financial instruments not measured at fair value through profit or loss (however, fair value disclosures are required)

Except as detailed in table below, Management considers that accounting values of other financial assets and liabilities not measured at fair value and recognized in this financial information approximate their fair values.

	Note	12/31/2020		12/31/2019		Fair value hierarchy
		Book value	Fair value	Book value	Fair value	
Consolidated						
Debentures - Financial liabilities	16	5,177,389	5,325,196	4,880,614	4,521,820	Level 2

(Amounts expressed in thousands of reais, unless otherwise indicated)

	Note	12/31/2020		12/31/2019		Fair value hierarchy
		Book value	Fair value	Book value	Fair value	
Parent company						
Debentures - Financial liabilities	16	4,330,430	4,432,879	4,113,935	4,290,726	Level 2

Debentures: Management considers that debentures' accounting balances, classified as "other financial liabilities at amortized cost" approximate their fair values, except when these debentures have Unit Price (PU) in secondary market close to report period whose fair value were measured based on quotation.

As regards other financial assets and liabilities not measured at fair value, Management considers that book values approximate fair values, as: (i) they have average receipt/ payment period of less than 60 days; (ii) they are concentrated on fixed income securities remunerated at CDI rate; and (iii) there are no similar instruments with comparable maturities and interest rates.

22. EARNINGS PER SHARE

	Parent company	
	2020	2019 (Restated)
Net income for the year	2,262,927	1,105,661
Net income for the year proportional to common shares (1)	1,293,418	631,961
Weighted average number of common shares (2) (*)	590,714	590,714
Net income for the year proportional to preferred shares (3)	969,509	473,700
Weighted average value of preferred shares (4) (*)	442,783	442,783
Earnings per common share - Basic and diluted in R$ = (1) and (2) (**)	2.18958	1.06983
Earnings per common share - Basic and diluted in R$ = (3) and (4) (**)	2.18958	1.06983

(*) Quantity per thousand shares. (**) The Company does not have instruments with a dilutive effect.

23. NET OPERATING INCOME

Breakdown of the net operating income	Consolidated		Parent company	
	2020	2019 (Restated)	2020	2019
Compensation of concession contract assets	657,818	505,177	486,482	452,193
Inflation adjustment of concession contract assets	1,007,626	164,354	862,760	145,287
Operation and maintenance	676,162	607,244	600,538	560,961
Infrastructure implementation income (a)	1,523,739	752,819	10,736	202,106
Variable portion (b)	(23,136)	(15,278)	(17,120)	(5,319)
Other income	32,402	15,556	18,160	15,572
Gross operating income	**3,874,611**	**2,029,872**	**1,961,556**	**1,370,800**
Current PIS and COFINS	(95,402)	(81,319)	(73,916)	(67,782)
Deferred PIS and COFINS	(150,115)	(32,344)	(23,653)	(879)
ISS	(507)	(176)	(507)	(176)
ICMS	(93)	(54)	(13)	(54)
Sectoral charges (c)	(67,208)	(75,989)	(58,515)	(69,830)
Deductions from income	**(313,325)**	**(189,882)**	**(156,604)**	**(138,721)**
Net operating income	**3,561,286**	**1,839,990**	**1,804,952**	**1,232,079**

(a) The Company has reviewed and changed the income nomenclature related to the implementation of transmission infrastructures, where the "Construction income" has become "Infrastructure implementation income". (b) Portion to be deducted from the income of the transmission company due to the inadequate provision of the public transmission service. Variable portion may be classified into *Not scheduled*, when system is not available due to accident, and into *Scheduled* when transmission line equipment is maintained. Sectorial charges defined by ANEEL, provided for in the law, and intended to P&D benefits, establishment of RGR of public services, Inspection Rate, Energy Development Account and Program for the Fostering of Electric Power Alternative Sources.

Performance obligation margins	Consolidated		Parent company	
	2020	2019	2020	2019
Infrastructure implementation				
- Income	1,523,739	752,819	10,736	202,106
- Costs	(883,675)	(369,297)	(6,113)	(55,822)

(Amounts expressed in thousands of reais, unless otherwise indicated)

Margin (R$)	**640,064**	**383,522**	**4,623**	**146,284**
Perceived margin (%)	**42.01%**	**50.94%**	**43.06%**	**72.38%**
Operation and maintenance – O&M				
- Income	676,162	607,244	600,538	560,961
- Costs	(164,304)	(204,721)	(130,955)	(183,682)
Margin (R$)	**511,858**	**402,523**	**469,583**	**377,279**
Perceived margin (%)	**75.70%**	**66.29%**	**78.19%**	**67.26%**

Reconciliation between gross and recorded income corporate income tax and social contribution	Consolidated		Parent company	
	2020	2019 (Restated)	2020	2019
Gross operating income	3,874,611	2,029,872	1,961,556	1,370,800
(+/-) Effects of corporate adjustments and taxation at cash system	(2,076,758)	(440,628)	(793,105)	(181,538)
Taxable gross operating income	**1,797,853**	**1,589,244**	**1,168,451**	**1,189,262**

24. NATURE OF COSTS AND EXPENSES

	Consolidated		Parent company	
	2020	2019	2020	2019
- Direct compensation	(91,344)	(72,038)	(83,564)	(68,989)
- Benefits	(41,593)	(37,002)	(37,464)	(34,582)
- FGTS and INSS	(33,678)	(25,285)	(30,553)	(24,139)
Personnel	**(166,615)**	**(134,325)**	**(151,581)**	**(127,710)**
- Infrastructure implementation cost (a)	(883,675)	(369,297)	(6,113)	(55,822)
- O&M	(34,587)	(105,917)	(28,383)	(95,297)
- Other	(3,818)	(2,448)	(2,862)	(2,060)
Material	**(922,080)**	**(477,662)**	**(37,358)**	**(153,179)**
Outsourced services	(72,863)	(61,580)	(58,633)	(56,968)
Depreciation and amortization	(15,280)	(13,201)	(14,703)	(12,573)
- Indemnities	(8,306)	(1,171)	(7,927)	(547)
- Sponsorships	(5,622)	(7,368)	(4,482)	(6,361)
- Other	(9,757)	(10,807)	(6,021)	(8,530)
Other operating costs	**(23,685)**	**(19,346)**	**(18,430)**	**(15,438)**
Total costs and expenses	**(1,200,523)**	**(706,114)**	**(280,705)**	**(365,868)**

(a) The Company reviewed and changed the cost nomenclature related to the implementation of the transmission infrastructures, where the "Construction cost" became the "Infrastructure implementation cost".

Statement of income uses cost and expenses classification based on their function, and nature of their main amounts is as follows:

Costa and expenses with outsourced services: Costs on operation and maintenance, sharing of facilities, communication, surveillance and cleaning of Right of Way, and expenses on administrative and legal consulting services, printing services, communication, vehicle maintenance, travel, and auditing.

Costs with materials: Costs with acquisition of materials, services provided and other costs used at construction stage and for maintenance of transmission lines.

Other operating costs and expenses: Costs with rents, insurance, expenses with fees, contributions, gains on disposal of assets, indemnities, donations, sponsorships, and environmental compensation.

(Amounts expressed in thousands of reais, unless otherwise indicated)

25. FINANCIAL INCOME (EXPENSES)

	Consolidated		Parent company	
	2020	2019	2020	2019
Yields of interest earning bank deposits	38,813	96,939	24,213	81,258
Financial income	**38,813**	**96,939**	**24,213**	**81,258**
Loans and financing				
- Interest accrual	(28,079)	(14,830)	(25,176)	(13,535)
- Exchange-rate change	(114,958)	(15,370)	(114,958)	(15,370)
- Fair value adjustment	1,984	1,657	1,984	1,657
	(141,053)	**(28,543)**	**(138,150)**	**(27,248)**
Debentures				
- Interest accrual	(270,217)	(210,389)	(225,338)	(199,234)
- Inflation adjustments	(175,616)	(103,014)	(137,553)	(96,746)
- Fair value adjustment	-	(2,306)	-	(2,306)
	(445,833)	**(315,709)**	**(362,891)**	**(298,286)**
Derivative financial instruments				
- Interest accrual	(25,557)	(6,571)	(25,557)	(6,571)
- Exchange-rate change	114,958	15,370	114,958	15,370
- Fair value adjustment	(1,984)	649	(1,984)	649
- Inflation adjustment	-	(3,910)	-	(3,910)
	87,417	**5,538**	**87,417**	**5,538**
Total financial expenses related to debts	**(499,469)**	**(338,714)**	**(413,624)**	**(319,996)**
Lease	(2,697)	(3,069)	(2,564)	(2,907)
Other financial income (expenses), net	(12,170)	(13,953)	(9,419)	(12,259)
Financial expenses	**(514,336)**	**(355,736)**	**(425,607)**	**(335,162)**
	(475,523)	**(258,797)**	**(401,394)**	**(253,904)**

Financial expenses linked to debts - per type	Consolidated		Parent company	
	2020	2019	2020	2019
Interest accrual	(323,853)	(231,790)	(276,071)	(219,340)
Inflation adjustment	(175,616)	(106,924)	(137,553)	(100,656)
	(499,469)	**(338,714)**	**(413,624)**	**(319,996)**

26. PRIVATE PENSION PLAN – DEFINED CONTRIBUTION

Taesaprev Plan was created in Forluz, a privately-held supplementary pension plan entity, in which the Company became one of its sponsors, and the approval was published in the Federal Official Gazette on March 27, 2012. On December 31, 2020, 75% of effective staff of the Company and its subsidiaries BRAS, ATE III, MAR, MIR, JAN, SAN, SJT and SPT participated in Taesaprev Plan (80% as of December 31, 2019).

The Company's single obligation is to make contributions in accordance with the private pension plan's rules, which are settled up to the month subsequent to recognition of these expenses. The plan's assets are maintained segregated from the Company's other assets, under control of Forluz. Forluz main sponsor is CEMIG (founder-sponsor), one of the Company's parent company.

The Company may, at any time and following the law, request withdrawal of sponsorship, which will depend on approval by competent government authority and will be subject to pertinent law. In case of hypothetical withdrawal of the plan sponsor, sponsor's commitment is fully covered by the plan's assets. Liability, cost and expense values are presented in Note 14.

27. ASSUMED COMMITMENTS

Environmental compensation

(Amounts expressed in thousands of reais, unless otherwise indicated)

The obligations for execution of Environmental Compensation projects are under way, based on schedules established in the relevant instruments, when applicable. Environmental compensations for which provisions were recognized by the Company and its subsidiaries are recorded under caption "Other accounts payable".

28. OTHER INFORMATION

Operation and maintenance	Concessions
Carried out with own resources	Taesa (TSN, Munirah, GTESA, Patesa, Novatrans, ETEO, STE, ATE, ATE II, NTE), ETEP (only maintenance of transmission line), ECTE, ERTE (maintenance of LT and SE of Castanhal and operation of the entire concession), STC, LUMITRANS, EBTE, EATE (maintenance of Açailândia transmission lines and substation), ENTE (maintenance of Açailândia substation and transmission lines), ETSE, EDTE and BRAS.
Performed by Taesa	ATE III, MIR, SJT, SPT and LNT
Performed by Eletronorte	EATE (operation of the entire concession and maintenance of substations, except for Açailândia substation), ENTE (Maintenance of substations Tucuruí and Marabá and operation of the entire concession), ETEP (maintenance of Tucuruí and Vila do Conde substations and operation of the entire concession) and ERTE (maintenance of Vila do Conde and Santa Maria).
Held by CEEE-GT, Taesa and with own funds	ETAU
Performed by CEMIG GT	ESDE, SGT, MAR, Transleste, Transirapé and Transudeste (SE Juiz de Fora 1 and LT)
Performed by Furnas	Transudeste (SE Itutinga)

<u>Environmental aspects</u> - The national environment policy establishes that the regular operation of activities considered actually or potentially polluting, or that, in any way, cause degradation to the environment, is subject to prior environment licensing.

Permits issued for the Company and its subsidiaries						
Company	**Stretch**	**Operating Permit**	**Issuing Date**	**Maturity**	**Issuing Authority**	
Taesa (NVT)	Samambaia/DF –Imperatriz/MA	384/2004	09/06/2011	09/06/2021	IBAMA	
Taesa (TSN)	Serra da Mesa/GO - Sapeaçu/BA	287/2002	08/27/2018	08/27/2028	IBAMA	
Taesa (Munirah)	Camaçari II - Sapeaçu	2005-002212/TEC/LO-0044	07/24/2005	07/24/2010		(b)
Taesa (Gtesa)	Goianinha - Mussuré SE Norfil	339/2003 742/2019	06/26/2015 04/01/2019	06/26/2025 03/30/2024	IBAMA	
Taesa (Patesa)	Paraíso-Açu	2018-130625/TEC/RLO-1289	06/05/2020	06/05/2026	IDEMA	(d)
Taesa (ETEO)	Taquaraçu – Sumaré	00026/2008	06/13/2008	06/13/2014	CETESB	(c)
Taesa (NTE)	Angelim - Campina Grande Xingó – Angelim	349/2003 350/2003	12/23/2015 12/23/2015	12/23/2025 12/23/2025	IBAMA	
Taesa (ATE)	Londrina – Araraquara	492/2005	02/29/2012	02/29/2022		
Taesa (STE)	Uruguaiana - Santa Rosa	08827/2019	12/26/2019	03/31/2022	FEPAM	
Taesa (ATE II)	Colinas - Sobradinho	579/2006	02/01/2016	02/01/2026	IBAMA	
ATE III	Itacaiunas - Colinas Marabá - Carajás	753/2008 10275/2016	06/17/2008 12/28/2016	06/17/2012 12/17/2021	IBAMA SEMAS/PA	(a)
MIR	SE Palmas SE Miracema Lajeado – Palmas SE Lajeado Miracema – Lajeado	3359/2019 3523/2019 4149/2019 4174/2019 5297/2019	07/11/2019 07/16/2019 08/07/2019 08/08/2019 09/02/2019	07/11/2024 07/16/2024 08/07/2029 08/08/2024 09/02/2029	NATURATINS	
MAR	Itabirito II – Vespasiano II	160/2018	01/24/2019	12/21/2028	COPAM	
SPT	LT 230 SE Barreira II, SE Rio Grande II-Barreiras/São Desidério LT 230 SE Gilbués, SE Bom Jesus, SE Eliseu Martins - PI	10707/2017 382/2016	11/06/2015 06/16/2016	11/06/2020 06/16/2020	INEMA SEMAR-PI	(b) (f)
SJT	LT 500 SE Gilbués II - SE São João do Piauí	381/2016	06/16/2016	06/16/2020	SEMAR-PI	(f)
LNT	LT Currais Novos II - Lagoa Nova II SE Currais Novos II	111138/2017 129600/2018	12/08/2017 12/28/2018	12/08/2023 12/28/2024	IDEMA	(e)

(Amounts expressed in thousands of reais, unless otherwise indicated)

(a) Renewal requested to IBAMA and valid until its declaration (CONAMA Resolution 237/97).
(b) The Environment Institute (IMA) of the State of Bahia, (Decree 11235/08) exempts, specially, transmission or distribution lines from the renewal of the operating permit (LO).
(c) Renewal requested to CETESB and valid until its declaration.
(d) The former license 2014-072326 TEC/LS 0062 referring to the Sectioning of Paraíso-Açu Lagoa Nova II (PATES.A.), effective up to 8/19/2020, was unified in the recent renewal of the license of Paraíso-Açu (PATESA Concession).
(e) Simplified license;
(f) Renewal requested to SEMAR/PI and valid until its declaration (CONAMA Resolution 237/97).

Permits issued subsidiaries, jointly-controlled subsidiaries and associated companies						
Company	**Stretch**	**Preliminary Permit No.**	**Installation Permit No.**	**Issuing Date**	**Maturity**	**Issuing Authority**
JAN	LT 500 KV Bom Jesus da Lapa 2 - Janaúba 3 - Pirapora 2	-	1302/2019	07/11/2019	07/11/2025	IBAMA
SAN	LT 230kV Livramento 3 / Santa Maria 3	-	417/2020	11/11/2020	11/11/2025	FEPAM
	LT 230kV Livramento 3 / Alegrete 2	-	140/2020	04/08/2020	04/08/2025	FEPAM
	SE Maçambará 3	-	147/2019	10/17/2019	10/18/2024	FEPAM
	SE Livramento 3	-	152/2019	10/18/2019	10/21/2024	FEPAM
Paraguaçu	LT 500 kV Poções 3 - Padre Paraíso 2 C 2	-	1287/2019	05/07/2019	05/07/2021	IBAMA
Aimorés	LT 500 kV Padre Paraíso 2 - Governador Valadares 6 C2	-	1284/2019	04/18/2019	10/18/2021	IBAMA
Ivaí	LT 230 KV Sarandi – Paranavaí Norte CD	-	23606/2019	06/18/2019	06/18/2023	IAP
	SE 230/138kV - Paranavaí Norte	-	23563/2019	05/01/2019	05/01/2023	IAP
	SE Sarandi 230kV/525kV	-	23550/2019	04/11/2019	04/11/2023	IAP
	SE Londrina 525Kv	-	23634/2019	08/05/2019	08/05/2023	IAP
	SE Guaira 525Kv/230kV	-	23649/2019	08/20/2019	08/20/2021	IAP
	SE Foz do Iguaçu 525kV	-	23636/2019	08/06/2019	08/06/2023	IAP
	LT 525kV Guaíra – Sarandi – CD	-	23754/2019	12/20/2019	12/20/2021	IAP
	LT 525KV Foz do Iguaçu – Guaíra	-	23737/2019	12/09/2019	12/09/2021	IAP
	LT 525Kv Sarandi – Londrina	-	23648/2019	08/20/2019	08/20/2023	IAP
ESTE	LT 500 KV SE Mesquita - SE João Neiva 2	-	1316/2019	10/15/2019	10/15/2023	IBAMA

Request for payment referring to early maturity of Guarantee Letter – On June 29, 2017, the Company filed a Collection Suit for Extrajudicial Enforceable Document against Banco Votorantim, under 1062838-60.2017.8.26.0100, for the purpose of receiving the amount of R$30,000, referring to early maturity of Guarantee Letter issued to guarantee the contract for purchase and sale of shares entered into with Abengoa (MADRI II). The sentence dismissed the proceeding without prejudice, accepting the preliminary arbitration agreement alleged by Banco Votorantim, under the argument that the effects of the master agreement arbitration clause would be extended to the guarantee contract. Currently, the proceeding is awaiting the execution of the defeated party's fees, while the parties are in negotiations for settlement.

COVID-19 - The beginning of 2020 was marked by the COVID-19 pandemic, which affected everyone, including Taesa. Since then, the Company has been adopting measures for the protection, safety and health of its employees, their families and local communities, with the purpose of protecting its greatest asset — people — and reducing the speed of dissemination of the new coronavirus within the country. Thus, we highlight the main measures implemented to date:

Employees' health protection

- Adoption of measures to safeguard our major asset, people, and guarantee the continuity of our operations;
- Frequent and updated communication for employees on the new coronavirus;
- Gradual resumption of employees to on-site work, complying with all protocols and guidelines of health agencies, accompanied by specialized medical advice;
- Suspension of trips (except O&M and Implementation) and face-to-face meetings;

(Amounts expressed in thousands of reais, unless otherwise indicated)

- Monitoring of employees, providing support in the handling of suspected or positive COVID-19 cases;
- Provision of several service channels to take care of the physical and mental health of employees and their families;
- Flu Vaccination Campaign for risk group;
- Reinforcement of the communication on the importance of complying with protection and care measures (Campaign "I take care of you and you take care of me").

Continuity of operations and undertakings under construction

- Creation of the Overcoming Committee and the Supplier Management Committee;
- Maintenance of operation and maintenance activities to ensure the safety of people and the electrical system;
- Maintenance of high availability rates (99.88% in 2020);
- All works on the undertakings under construction are in progress;
- The Company continues working towards the fulfillment of the project delivery schedule;
- Maintenance of investments in construction undertakings – R$1.5 billion invested only in 2020.

Preservation of the Company's financial health

- Maintenance of a comfortable liquidity position (R$906 millions in cash);
- Adequate debt profile with low costs and extended terms;
- The highest credit risk rating with Moody's and Fitch (AAA on the National Scale);
- 100% of the funds to finance the projects under construction were raised;
- Consistent operating cash generation, maintaining the Company's low historical default levels;
- Financial discipline linked to adequate remuneration to shareholders;
- Continuous monitoring of defaults and the effects of the crisis in the electricity sector;

Statement of Regulatory Accounting - DCR - The statement of regulatory accounting for the year ended December 31, 2020 will be available on the Company's website until April 30, 2021, as provided for by the Accounting Manual for the Electric Sector.

29. SUBSEQUENT EVENTS

Capital increase in subsidiaries

Investee	Approval date	Body	Amount
SAN	01/11/2021	AGE	90,000
JAN	01/18/2021	AGE	90,000
SAN	01/18/2021	AGE	75,000

NOTES TO THE FINANCIAL STATEMENTS
ON DECEMBER 31, 2020
(Amounts expressed in thousands of reais, unless otherwise indicated)

Executive Board	
Directors	**Position**
André Augusto Telles Moreira	CEO
Erik da Costa Breyer	CFO and Investor Relations Officer
Marco Antônio Resende Faria	Chief Technical Officer
Fábio Antunes Fernandes	Chief Business and Ownership Interest Management Officer
Marco Antônio Resende Faria	Chief Legal and Regulatory Officer
Marcus Vinícius do Nascimento	Chief Implementation Officer

Board of Directors
Holders
Reynaldo Passanezi Filho (CEMIG)
Vacant position (CEMIG)
Daniel Faria Costa (CEMIG)
Paulo Mota Henriques (CEMIG)
José João Abdalla Filho (CEMIG)
Bernardo Vargas Gibsone (ISA)
César Augusto Ramírez Rojas (ISA)
Fernando Augusto Rojas Pinto (ISA)
Fernando Bunker Gentil (ISA)
Luis Augusto Barcelos Barbosa (independent member)
François Moreau (independent member)
Celso Maia de Barros (independent member)
Hermes Jorge Chipp (independent member)

Audit Committee	
Holders	**Alternate members**
Custódio Antonio de Mattos (CEMIG)	Eduardo José de Souza (CEMIG)
Júlia Figueiredo Goytacaz Sant'Anna (CEMIG)	Luiz Felipe da Silva Veloso (CEMIG)
Manuel Domingues de Jesus e Pinho (ISA)	João Henrique de Souza Brum (ISA)
Murici dos Santos (Preferred minority shareholders)	Renato Venícius da Silva (Preferred minority shareholders)
Marcello Joaquim Pacheco (Preferred minority shareholders)	Alberto Jorge Oliveira da Costa (Preferred minority shareholders)

Wagner Rocha Dias
Accountant CRC RJ-112158/O-3
SSN 778.993.777-49

Capex projections

Transmissora Aliança de Energia Elétrica S.A. (B3: TAEE11) ("Taesa" or "Company"), pursuant to CVM Instruction 358, dated January 3, 2002, as amended, and CVM Instruction 480, dated December 7, 2009, as amended, communicates to its shareholders, to the market in general and to other stakeholders who, in line with the best corporate governance practices, reviewed its Nominal Capex projections and increased Annual Permitted Income (RAP) for undertakings under construction fully controlled by the Company.

The total nominal Capex realized for these undertakings in 2020 was R$840.7 million, a decrease of 19.2% in relation to the minimum projection disclosed. This change is mainly explained by the delay in obtaining the environmental license for the last section of the Sant'Ana line. However, this factor does not compromise the conclusion of the undertaking. Thus, the Company remains committed to concluding the Sant'Ana and Janaúba concessions on the scheduled dates. It is important to highlight that Miracema and Mariana went into operation in November 2019 and May 2020, respectively.

2020 Projection (R$ million)	Realized in 2020 (R$ million)
Max. 1,040 Min. 1,130	841

Based on the foregoing, the Company reviewed its nominal Capex projections for undertakings under construction 100% controlled by Taesa for 2021, the investments not made in 2020 were transferred to the current year.

Previous projection of nominal Capex (in R$ millions):

2020	2021	2022
Max. 1,130 Min. 1,040	Max. 340 Min. 310	Max. 20 Min. 15

Updated projection of nominal Capex (in R$ millions):

2020 (Realized)	2021
841	Max. 630 Min. 570

The projections referring to the increase in Permitted Annual Income ("RAP") after the start-up of each of the Undertakings 100% controlled by Taesa are as follows:

2020 (Realized)	2021	2022	TOTAL
82	190	110	382

The amounts projected in this table consider the current RAP cycle (2019–2020) and are reported in real terms (not corrected for inflation).

We stress that the projections presented herein reflect Company Management's current estimates or expectations only, which are subject to risks and uncertainties, and in no way constitute a promise of performance. The information on business outlooks, projections and financial targets are mere forecasts, based on Management's current expectations regarding the future of the Company and its subsidiaries. These expectations depend on market conditions and on the performance and execution capacity of EPC contractors, as well as the Brazilian economic scenario. Any change in perception or in the factors described above may cause the concrete results to differ from the projections presented herein.

Capital budget proposal

In compliance with article 196 of Brazil’s Corporations Act and CVM Instruction 480, article 25, §1, item IV, we submit the proposed Consolidated Capital Budget for fiscal year 2020, for analysis and subsequent approval for submission to the Annual General Meeting to be held no later than April 29, 2021.

Aiming to meet its commitments, the Company proposes to allocate the amount of R$695,052,550.41 to the Special Reserve, whose approval will be submitted to shareholders, pursuant to article 196 of Law 6404/76 and subsequent amendments.

Source: Effects of CPC 47 – Revenue from Contracts with Customers, as follows:

- ✓ Profit retention for the year 2020 amounting to R$631,469,547.58. and
- ✓ Impact related to CVM/SNC/SEP Circular Letter 04/2020 referring to previous years, in the amount of R$63,583,002.83.

Rio de Janeiro, March 03, 2021.

STATEMENT OF EXECUTIVE BOARD

The members of the Executive Board of Transmissora Aliança de Energia Elétrica S.A. (the "Company"), who sign below, while performing their legal and statutory functions, hereby state that they reviewed, discussed, and agree with the Company's financial statements for the year ended December 31, 2020, and corresponding supplementary documents.

Rio de Janeiro, March 03, 2021.

André Augusto Telles Moreira CEO	Erik da Costa Breyer CFO and Investor Relations Officer
Marco Antônio Resende Faria Technical and Chief Legal and Regulatory Officer	Fábio Antunes Fernandes Business and Ownership Interest Management Officer

Marcus Vinícius do Nascimento
Chief Implementation Officer

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STATEMENT OF EXECUTIVE BOARD

The members of the Executive Board of Transmissora Aliança de Energia Elétrica S.A. (the "Company"), who sign below, while performing their legal and statutory functions, hereby state that they reviewed, discussed, and agree with the opinions expressed in the Company's Independent auditors' report on financial statements for the fiscal year ended December 31, 2020, and corresponding supplementary documents.

Rio de Janeiro, March 03, 2021.

André Augusto Telles Moreira
CEO

Erik da Costa Breyer
CFO and Investor Relations Officer

Marco Antônio Resende Faria
Technical and Chief Legal and Regulatory Officer

Fábio Antunes Fernandes
Business and Ownership Interest Management Officer

Marcus Vinícius do Nascimento
Chief Implementation Officer

AUDIT COMMITTEE'S OPINION

The members of the Audit Committee of Transmissora Aliança de Energia Elétrica S.A. (the "Company"), undersigned, exceptionally brought together by videoconferencing, in the performance of their legal and statutory duties, considering the decision of the Company's Executive Board dated March 03, 2021, examined the Management Report and other documents that make up the Company's individual and consolidated Financial Statements for the fiscal year ended December 31, 2020, along with the opinion from the independent auditors issued on this date, as well as Management's proposal for allocation of the Earnings for fiscal year 2020 and capital budget. After verifying that the aforementioned documents reflect the Company's equity, financial and management situation, and also considering the clarifications provided by the representatives of the Management and of its independent auditors (Ernst & Young Auditores Independentes), are in favor of approving the aforementioned documents to be forwarded to the Annual General Meeting, under Law 6404/76 and subsequent legislation.

Rio de Janeiro, March 03, 2021.

Manuel Domingues de Jesus e Pinho
Full Member

Custódio Antônio de Mattos
Full Member

Júlia Figueiredo Goytacaz Sant'Anna
Full Member

Murici dos Santos
Full Member

Marcello Joaquim Pacheco
Full Member