3F CAPITAL S.A.

Financial Statements
As of December 31, 2019

3F CAPITAL S.A.

FINANCIAL STATEMENTS AS OF DECEMBER 31, 2019

CONTENT

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS
(A free translate of original in portuguese)

To the Partners and Managers of
3F Capital S.A.
Goiânia – GO, Brazil

Opinion
We have audited the individual and consolidated financial statements of 3F Capital SA ("Company"), which comprise the balance sheet as of December 31, 2019, in addition to the respective statements of income, other comprehensive income, changes in shareholders' equity and cash flows for the year ended on the date mentioned above. The corresponding explanatory notes, including the summary of the main accounting policies, are also part of this document.

In our opinion, the aforementioned financial statements referred to above present fairly, in all material respects and in accordance with international financial accounting standards, the financial position of 3F Capital SA, and the result of its operations, and its cash flows for the year ended December 31, 2019.

Basis for opinion
Our audit was conducted in accordance with Brazilian and international auditing standards. Our responsibilities, also in accordance with such standards, are described in the section entitled "Auditor's responsibilities for auditing the accounting statements". We are independent from 3F Capital S.A., in accordance with the relevant ethical principles set out in the Accountant's Code of Professional Ethics and in the professional standards issued by the Federal Accounting Council. Likewise, we comply with other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to support our opinion.

Management and governance responsibility for financial statements

The Company's management is responsible for the preparation and adequate presentation of the financial statements, in accordance with international financial accounting standards - IFRS, as well as for the internal controls considered by it to be necessary to allow the preparation of these accounting statements free from material misstatement, regardless of whether caused for fraud or error.

In preparing the financial statements, the company's management is responsible for assessing the company's ability to continue operating, disclosing, when applicable, matters related to its operational continuity and the use of this accounting basis in the preparation of the accounting statements, unless management intends to liquidate the Company or cease its operations, or has no realistic alternative to avoid closing operations.

Those responsible for governance are those responsible for overseeing the process of preparing the financial statements.

INDEPENDENT AUDITORS' REPORT ON THE ACCOUNTING STATEMENTS (Continuation)
(A free translate of original in portuguese)

Auditor's responsibility for auditing financial statements

Our objectives are to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error and to issue an audit report containing our opinion. Reasonable security is a high level of security, but not a guarantee that the audit carried out in accordance with Brazilian and international auditing standards always detects any relevant existing distortions. The misstatements, when identified, may be due to fraud or error and are considered relevant when, individually or together, they can influence, within a reasonable perspective, the economic decisions of users made based on these financial statements.

As part of the audit carried out in accordance with Brazilian and international auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. In addition:

- We identify and assess the risks of material misstatement in the accounting statements, whether due to fraud or error; we plan and execute audit procedures in response to such risks; we look for appropriate and sufficient audit evidence to support our opinion. The risk of not detecting material misstatement resulting from fraud is greater than that arising from error, since fraud may involve the act of circumventing internal controls, collusion, forgery, omission, or intentional misrepresentation.
- We obtain an understanding of the internal controls relevant to the audit. In this way, we are able to plan audit procedures appropriate to the circumstances, without this having the objective of expressing an opinion on the effectiveness of the Company's internal controls.
- We assess the adequacy of the accounting policies used and the reasonableness of the accounting estimates and respective disclosures made by management.
- Our analysis leads to a conclusion on the appropriateness of management's use of the business continuity accounting basis and, based on the audit evidence obtained, whether there is significant uncertainty regarding events or circumstances that could cause significant doubt about the Company's ability to continue operating. If we conclude that there is significant uncertainty, we will make this observation in our audit report for the respective disclosures in the accounting statements or include changes in our opinion, if the disclosures are inappropriate. 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 no longer to remain in a state of operational continuity.
- We assessed the overall presentation, structure, and content of the accounting statements, including disclosures, and also whether the accounting statements represent the corresponding transactions and events in a manner consistent with the purpose of the presentation.

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INDEPENDENT AUDITORS' REPORT ON THE ACCOUNTING STATEMENTS (Continuation)
(A free translate of original in portuguese)

We were in communication with those charged with the company's governance regarding, among other aspects, the planned scope, timing of the audit, and significant audit findings, including any significant deficiencies in internal controls, if identified during our work.

Goiânia, May 4, 2020.

Otaniel Júnior Martins Rosa
Accountant CRC GO – 013.972/O-3

Gilberto Galinkin
Accountant CRC MG - 035.718/O-8
Baker Tilly Brasil GO Auditores Independentes
CRC GO – 002.338/O-8

3F Capital S.A.
Balance sheet as of December 31, 2019

(Amounts expressed in reais)

ASSET

	Notes	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Current asset					
Cash and cash equivalents	3	2,965	4,619	4,987,167	8,790,418
Accounts receivable	4	-	-	61,026,937	13,129,641
Other credits	5	1,878	-	1,303,594	10,350,354
Recoverable taxes	-	21	-	506,039	153,945
Receivable dividends	-	2,025,295	-	-	-
Total current assets		**2,030,159**	**4,619**	**67,823,737**	**32,424,358**
Non-current assets					
Credit with related parties	6,1	4,423,339	2,823,512	3,059,439	2,691,223
Recoverable taxes	-	-	-	409,074	409,077
Investments	7	27,061,805	18,612,616	18,909,706	2,302,070
Fixed	8	-	-	470,989	432,550
Intangible	9	-	-	243,066	-
Total non-current assets		**31,485,144**	**21,436,128**	**23,092,274**	**5,834,920**
Total assets		**33,515,303**	**21,440,747**	**90,916,011**	**38,259,278**

The accompanying notes are an integral part of these financial statements

3F Capital S.A.
Balance sheet as of December 31, 2019

(Amounts expressed in reais)

LIABILITIES AND SHAREHOLDER'S EQUITY

		Parent company		Consolidated	
	Notes	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Current liabilities					
Payable Loans	10	2,500,001	-	1,048,076	153,171
Suppliers and other accounts payable	11	-	1,375	53,039,610	12,135,368
Social and tax obligations	12	1,970	-	2,906,875	6,423,642
Other obligations	13	-	-	1,502,941	47,590
Total current liabilities		**2,501,971**	**1,375**	**58,497,502**	**18,759,771**
Non-current liabilities					
Debt with related parties	6,2	17,082,610	3,203,629	2,529,994	-
Payable Loans - LP	-	-	-	14,236,366	-
Provision for contingencies	14	-	-	400,000	-
Other liabilities - LP	-	1,500	2,000	119,878	2,000
Total non-current liabilities		**17,084,110**	**3,205,629**	**17,286,238**	**2,000**
Shareholder's equity					
Share capital	15	1,000	1,000	1,000	1,000
Advance for future capital increase	15	13,025,646	5,000,000	13,025,646	5,000,000
Profit reserve	-	902,576	13,232,743	902,576	13,232,743
Equity attributable to controlling shareholders - Total		**18,233,743**	**13,929,222**	**18,233,743**	**13,929,222**
Non-controlling parties' interest	-			1,203,049	1,263,764
Shareholder's equity - Total				**15,132,271**	**19,497,507**
Liabilities and shareholder's equity - Total		**33,515,303**	**21,440,747**	**90,916,011**	**38,259,278**

The accompanying notes are an integral part of these financial statements

3F Capital S.A.

Income statements for the year ended December 31, 2019

(Amounts expressed in reais)

		Parent company		Consolidated	
	Notes	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Net operating revenue	16	-	-	293,125,331	160,974,233
Sales costs	17	-	-	(282,530,362)	(137,319,375)
Gross profit		**-**	**-**	**10,594,969**	**23,654,858**
(Expenses) / operating income					
Administrative and general expenses	18	(251,647)	(22,640)	(4,266,532)	(7,618,009)
Equity equivalence income	7	5,881,718	12,269,315	531,544	-
Other income and expenses	-	(1,500)	1,321,301	(709,764)	1,287,043
Total operating expenses / income		**5,628,571**	**13,567,976**	**(4,444,752)**	**(6,330,966)**
Profit before financial result		**5,628,571**	**13,567,976**	**6,150,217**	**17,323,892**
Net financial result	19	39	(233)	(815,331)	284,612
Income before IRPJ and CSLL		**5,628,610**	**13,567,743**	**5,334,886**	**17,608,504**
Income tax and social contribution	20	(379)	-	(851,539)	(2,332,243)
Net income for the year		**5,628,231**	**13,567,743**	**4,483,347**	**15,276,261**
Profit / loss attributable to non-controlling parties	-	-	-	1,144,884	(1,708,518)
Profit attributable to controllers				**5,628,231**	**13,567,743**

The accompanying notes are an integral part of these financial statements

3F Capital S.A.

Other comprehensive income statements for the year ended at December 31, 2019

(Amounts expressed in reais)

		Parent company		Consolidated	
	Notes	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Net income for the year		**5,628,231**	**13,567,743**	**4,483,347**	**15,276,261**
Other comprehensive results					
items that will not be reclassified for the result		-	-	-	-
Total comprehensive income		**5,628,231**	**13,567,743**	**4,483,347**	**15,276,261**
Profit / loss attributable to non-controlling parties	-			1,144,884	(1,708,518)
Profit attributable to controllers				**5,628,231**	**13,567,743**

The accompanying notes are an integral part of these financial statements

3F Capital S. A.

Statement of changes in shareholders' equity as of December 31, 2019

(Amounts expressed in reais)

		Equity attributable to controlling shareholders					
	Notes	Share capital	Advance for future capital increase	Accumulated profits	Shareholder's Equity - Total	Minority Interest	Shareholder's Equity - Consolidated Total
Balances on December 31, 2017		**1,000**	**2,962,036**	**-**	**2,963,036**	**-**	**2,963,036**
Contribution of capital	12	-	2,037,964	-	**2,037,964**	(444,754)	**1,593,210**
Net income for the year	-	-	-	13,567,743	**13,567,743**	1,708,518	**15,276,261**
Dividends distributed	12	-	-	(335,000)	**(335,000)**	-	**(335,000)**
Balances on December 31, 2018		**1,000**	**5,000,000**	**13,232,743**	**18,233,743**	**1,263,764**	**19,497,507**
Contribution of capital	12	-	8,025,646	-	**8,025,646**	1,084,169	**9,109,815**
Net income for the year	-	-	-	5,628,231	**5,628,231**	(1,144,884)	**4,483,347**
Dividends distributed	12	-	-	(17,958,398)	**(17,958,398)**	-	**(17,958,398)**
Balances on December 31, 2019		**1,000**	**13,025,646**	**902,576**	**13,929,222**	**1,203,049**	**15,132,271**

The accompanying notes are an integral part of these financial statements

3F Capital S. A.

Cash flow statements as of December 31, 2019

(Amounts expressed in reais)

	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Operational activities				
Net income for the year	5,628,231	13,567,743	4,483,347	15,276,261
Income without impact on cash				
Depreciation / amortization	-	-	222,512	31,411
Equity equivalence	(5,881,718)	(12,269,315)	(531,544)	-
Provisions of unbilled revenue	-	-	(34,926,816)	(10,418,029)
Provisions of unbilled revenue costs	-	-	24,080,990	36,243,914
Provision of processes	-	-	(765,944)	-
Decrease / (increase) in assets				
Accounts Receivable	-	-	(12,970,480)	646,901
Other credits	(1,878)	-	9,046,760	(10,625,550)
Recoverable taxes	(21)	-	(352,092)	(557,391)
(Decrease) / increase in liabilities				
Suppliers	(1,375)	1,375	16,823,252	(27,467,100)
Tax and labor obligations	1,970	-	(2,350,823)	5,354,588
Other obligations	(500)	2,000	1,573,232	49,590
Interest on Own Capital	-	-	-	(239,887)
Dividends received	3,906,975	-	-	-
Net cash from operating activities	**3,651,684**	**1,301,803**	**4,332,394**	**8,294,708**
Investment activities				
Receipt / (Concession) of intercompany loan to related parties	13,878,981	2,823,512	(368,216)	959,518
Write-off / (acquisition) of investments	(8,499,740)	(6,343,301)	(16,076,094)	(5,100,105)
Write-off / (acquisition) of fixed assets	-	-	(504,016)	(211,151)
Net cash used in investing activities	**5,379,241**	**(3,519,789)**	**(16,948,326)**	**(4,351,738)**
Financing activities				
Funding / (payment) of loans and financing	2,500,001	(1,000,000)	17,661,265	153,171
Mutual funding / (payment) with related parties	(1,599,827)	1,518,641	0	0
Contribution of capital	8,025,646	2,037,964	9,109,815	1,593,210
Dividends paid	(17,958,399)	(335,000)	(17,958,399)	(335,000)
Net cash from financing activities	**(9,032,579)**	**2,221,605**	**8,812,681**	**1,411,381**
Increase / decrease in cash and cash equivalents	**(1,654)**	**3,619**	**(3,803,251)**	**5,354,351**
At the beginning of the year	4,619	1,000	8,790,418	3,436,067
At the end of the year	2,965	4,619	4,987,167	8,790,418
Increase / decrease in cash and cash equivalents	**(1,654)**	**3,619**	**(3,803,251)**	**5,354,351**

The accompanying notes are an integral part of these financial statements

Notes to the individual and consolidated financial statements for the year ended December 31, 2019
(Amounts expressed in reais, unless otherwise stated)

1. OPERATIONAL CONTEXT

3F Capital SA (individually "Company" or jointly with its subsidiaries "Group") is a closed joint-stock company incorporated on June 21, 2017. The Company is headquartered at Avenida Olinda, No. 960, Parque Lozandes, in Goiânia- GO, Brazil, and has its activity the holding of equity interests in other companies. Currently, together with its subsidiaries, it offers a wide range of products and services in the Brazilian electricity market, as shown below:

- **Pacto Comercializadora de Energia Elétrica e Gás Natural S.A.**
  Headquartered in the city of Goiânia-GO, it was founded on September 9, 2015, and started operations in March 2017. Its activity is i) purchase and sale of electricity, acting as a trading agent, under the terms of resolution 265 of August 13, 1998, of the National Electric Energy Agency (Agência Nacional de Energia Elétrica – Aneel); ii) import and export of electricity, also under the terms of Aneel Resolution 265/98 and; iii) provision of consultancy services, agent representation, intermediation in the purchase and sale of electricity, natural gas, both in the domestic market, as well as in import and export. The company's equity interest corresponds to 100%;

  In 2017, the company developed a very well structured credit and risk policy, which enabled it to generate a result above the desired target. The year 2018 can be considered as the year of consolidation of the company in the sector - net profit of R$ 14.6 million in the period. 2019, in turn, was more affected by the lack of liquidity in the market with new concerns and precautions taken under counterparty risk. Amid the breakdown in the sector, the total exposure in relation to the most relevant traders did not exceed R$ 400 thousand reais.

  The “middle-office” area is internal and has a robust price round generation system. “New Wave” and “DECOMP” models are used together with internal and external meteorologists, who assist with information for decision making. The company also has an external pricing consultancy as a basis for comparing the internal model and which also serves as a support for decision making. The middle-office area has internal systems and its own rain/flow model. The area is currently focused on the development of a system for the Short-Term Hydrothermal Dispatch Model (Dessem), which is expected to be implemented by the Electricity Trading Chamber (Câmara de Comercialização de Energia Elétrica - CCEE) in January 2021.

  Pacto Comercializadora is positioning itself to focus its activities on structured transactions in order to maintain directional trading representing 10% of its turnover. Currently, the table operates directionally in a speculative movement that bets on rain maps and rounds in the middle-office area. To adopt the social capital exposure policy, a professional was designated as a “booker”, and monitors the daily exposure between the counterparties and calculates the VaR and MtM of operations by applying an automatic barrier by means of alarms so that no more than that 15% of the company's share capital is exposed. Like the middle-office area, this professional is removed from the trade table, so that there is no influence bias.

For Transmitters Rio Claro and Cruz Alta, Pacto won, in 2018 via the LUX LUZ consortium, lots 13 and 14 in the first auction to build and operate two electricity substations. It was evaluated that this was the safest way to debut in this market segment, since in the transmission lines, whether in licensing or execution, there are several challenges and obstacles of land and environmental order.

Building substations is a much more direct process and allows the company to mitigate risks and deliver projects on the promised dates. The areas necessary for the construction of a substation are always well compact, drastically reducing land and environmental risks. In addition, the substations can be expanded and the Allowed Annual Revenue (RAP) can increase as energy consumption in the region increases and investments in expansion are made, guaranteeing revenues for another 30 years. Strategically, from the economic point of view of investing in substations, it is like participating in an auction without discount or competition, since the value of the RAP remains unchanged.

From the shareholding point of view, Pacto won the consortium auction, called LUX LUZ, together with JB Construtora, which has extensive experience in substation and transmission line projects, and JHH Investimentos, with a 20% stake. At the moment, these two partners are divesting their interest to a company also with extensive experience in the sector, however with more capital structure than JB and JHH, leaving Pacto in an even more comfortable position. In this movement, Pacto negotiated the possibility of being diluted up to the limit of 6% if it does not make additional contributions. The annual RAP for these projects is R$ 11 million without considering future expansions.

Since 2018 Pacto Energia has participated in all transmission auctions bidding on lots of substations. In the last one held in December 2019, Pacto advanced to the stage of the live auction.

- **Pacto Geração S.A.**
  It was incorporated on October 10, 2014, and is also headquartered in the city of Goiânia-GO. Its activities are i) equity participation in other business companies in the areas of generation, transmission, and commercialization; ii) production, generation, distribution and sale of energy, and; iii) wholesale electricity sales. The company's equity interest corresponds to 100%;

Pacto Geração is a specialist in the development of “greenfied” renewable energy projects. The business model ranges from finding an area with the right profile for generation to carrying out measurements, projects, and licensing necessary to get the project ready (approval by ANEEL, environmental licenses, authorization from states and municipalities, etc.). This allows the entry of a capitalized investor as a majority shareholder so that, together, the parties participate both in auctions in the regulated environment (ACR) and in bids for contracts for the sale of energy in the free market (ACL).

In 2014, the company developed the Bento Miguel wind farm project with an installed capacity of 136MW. The energy of this complex was completely sold at auction A-5/2014. In 2015, the stake held by Pacto was sold to CUTIA (generation company of the COPEL Group - Companhia Paranaense de Energia).

The company is currently developing solar photovoltaic projects. In 2019, it launched the Brasil 25/25 Project, with the objective of developing 25GW of projects by the year 2025. In this sense, more than 30 thousand hectares have already been leased in the states of RN, PB, PI, CE, MG, which are the best insolation and energy flow regions of the NE and SE regions. In some of these locations, for example, in Serra do Mel in RN (1300MW) and Coremas in PB (22.2MW), the projects are in the “Ready to Build or Bid” stage. These two projects even participated in the last auctions for power generation carried out by the Brazilian government in the regulated environment. The company's project pipeline already has approximately 7.00 GW of installed power.

Due to the detachment of the energy price in the NE and SE submarkets, our projects in the state of MG come to meet the great demand for solar projects in the region. The company has approximately 4 thousand hectares of leased areas there with an installed generation potential of 2.00 GWp. Of this total, 1.30 GWp is directed to an agreement signed with a large “Private Equity” fund based in NY, but with presence in Brazil, for the acquisition of these projects in the “Ready to Build or Bid” stage for an amount of R$ 120,000.00/MWp. The project will bring a revenue of R$ 140 million to the company and the fund is responsible for the energy purchase and sale contract (PPA). Solarimetric measurements are underway, and the expectation is that the engineering project will be completed in 2020. Environmental licensing will be done by LAS-CADASTRO, which positively differentiates MG from other states in the federation, bringing greater expedition to the process.

- **Pacto Geração Distribuída S.A.**
  It was incorporated on October 5, 2016, with headquarters in the city of Goiânia-GO. Its activities are the development, sale, installation, operation, and maintenance of photovoltaic, wind, hydroelectric, and biomass solar power generation systems, with a below 5MW (five megawatts) power. The company's equity interest corresponds to 100%;

Pacto Geração Distribuída is specialized in the development of photovoltaic solar energy generation projects. In this business model, an area is sought with or without access, but with relatively low construction cost, for the connection of the future plant to the regional energy distributor. The proximity of an electric power substation and the high level of sunshine allows the optimization of the energy generation of the solar plant that will be rented to the final customer. This customer can be captured directly by the commercial team, via auction or “RFQs” quotation requests from institutions that wish to reduce their energy consumption expenses. In parallel, the company seeks to optimize the rate of return of the project by accessing the capital markets, financial institutions, or third party capital for the construction of photovoltaic plants.

The company currently has two plants in operation and one under construction..

UFV Capim Branco II has a 15-year lease with an approximate value of R$ 300 thousand per month for mining company Algar Telecom. This project received investments of over R$ 20 million and was developed by Pacto GD, which holds a 75% interest in a partnership with Argon Comercializadora de Energia (15%) and an individual investor (10%). The plant is located close to the urban area of the city of Uberlândia with a 5.88 MWp installed power.

The UFV Atlas I plant has a 25-year lease with an approximate value of R$ 32 thousand per month for the ePop COOP distributed micro and mini generation cooperative, which meets the energy demand of its members through the ePOP technology platform (W2E Digital SA), a wholly-owned subsidiary of Grupo 3F Capital. This project received investments of more than R$ 2 million and was developed by Pacto GD, which holds a 15% interest in a partnership with Atlas Armazens Gerais Ltda. (85%). The plant is located close to the urban area of the municipality of Uberaba with a 0.5 MWp installed capacity.

The UFV Atlas II plant, which is under construction, has a 25-year lease with an approximate value of R$ 130 thousand per month for the ePop COOP distributed micro and mini generation cooperative that meets the energy demand of its members through the ePOP technology (W2E Digital SA), a wholly-owned subsidiary of the 3F Capital Group. This project received investments of more than R$ 9 million and was developed by Pacto GD, which holds a 15% interest in a partnership with Atlas Armazens Gerais Ltda. (85%). The plant is located close to the urban area of the municipality of Uberaba with a 2.0 MWp installed power.

Pacto GD develops a pilot project for hybrid power generation that uses a flow battery with a storage capacity of 400 KWh in conjunction with a 100 KWp solar generation system. This lease agreement was signed with a supermarket in Paracatú, MG. The battery was supplied by the American company ESS Batteries, based in Portland, through a program of the United States Trade and Development Agency (USTDA) that counted with a US$ 1.3 million grant (“lost fund” financing). The objective of this project is to prove the financial economic viability of a hybrid system, supplying the energy stored at peak times and charging at low energy consumption times in combination with solar generation. Pacto GD intends to supply these batteries to meet the demand for energy consumption during peak hours, which is currently served by fossil fuel generators. For ESS, this study is very positive, as it proves to its investors the opportunity to advance in South America. ESS has increased its robustness and in its last round of Series C fundraising raised funds of US$ 30 million together to investors like SoftBank and BASF. For Pacto GD, as much as it is a Research and Development project, it economically makes a lot of sense because it will generate investments of R$ 300 thousand for a return on the shared generation of the hybrid system far above the other projects. The Flow Battery is a type of rechargeable battery in which the charging ability is generated by two chemical components dissolved in liquid solutions and separated by a membrane.

- **Pacto Esco S.A.**
  Not yet operational, it was incorporated on January 11, 2017, with headquarters in the city of Aparecida de Goiânia-GO. Its activities are i) measurement of electricity, gas and water consumption, sale of products and provision of services related to energy efficiency projects, and water and gas consumption initiatives as well; ii) the rental of other industrial machinery and equipment. The company's equity interest corresponds to 100%;

- **Pacto Indústria S.A.**
  It was incorporated on January 11, 2017, with headquarters in the city of Aparecida de Goiânia-GO. Its activities are i) manufacture of devices, modules, control panels of plants and equipment for the generation, distribution, and control of photovoltaic energy; ii) manufacturing of inverters; iii) manufacture of metallic structures, engines and turbines, parts, and accessories, except for airplanes and road vehicles; iv) manufacture of hydraulic and pneumatic equipment; v) manufacture of direct and alternating current generators and; vi) wholesale trade of machinery and equipment for industrial use. The company's equity interest corresponds to 100%.

Based in Goiânia, EasySolar, Pacto Indústria's trading name, is the company that performs the engineering, component purchase and construction (EPCista) of the plants sold, being responsible for the delivery of the photovoltaic plant and monitoring the generation of energy during its useful life. .

Currently, the company already has a track-record of more than 12 MWp of installed power. It was the group company with the greatest relevance in relation to Parent company company's net income, generating in 2019 gross revenue of R$ 20.0 million and net profit of R$ 8.1 million. At the moment, the company is in the construction phase of the UFV Atlas II solar plant with an installed capacity of 2.00 MWp, which will be leased to the ePop COOP distributed micro and mini generation cooperative.

Due to the COVID-19 pandemic, the government needed to allocate billions of reais to save the electricity distribution concessionaires, which will have a counterpart in the energy bills of captive customers for a long period of time. Thus, consumers who cannot access the free market, and who have been holding investments, are becoming more likely to invest in photovoltaic plants or to join cooperatives such as ePop COOP to reduce their energy costs.

The government has encouraged banks to release lines of credit for investments. In this sense, the company foresees an improvement in the scenario for this market segment and began to register an increase in sales in the segment of sales to retailers, especially supermarkets, supported by the partnership that EasySolar has with Martins Group’s Tribanco. This has allowed the generation of capillarity to serve all the country. Despite the company's national presence, including far-flung regions, such as Cruzeiro do Sul in the state of Acre, most of its revenue is concentrated in the state of Goiás, the Federal District, and the Triângulo Mineiro area in Minas Gerais.

The growth in sales created the demand for the operation and maintenance of photovoltaic plants (O&M). To respond to this need, the company today has a specific area to serve this market segment.

It currently has a pipeline of more than R$ 168 million in proposals issued, with a conversion rate in 2019 of 3.8%, well above the industry average.

In 2019 EasySolar internally developed the 77sol platform, the first and only digital distributor of photovoltaic equipment in Brazil, hiring the technology team, sharing its technical, commercial, and operations knowledge.

The platform operates as a facilitating link for the entire business chain (manufacturers, importers, distributors, and integrators), from the import of equipment to the delivery of generation systems to final consumers, providing management, purchasing and stock tools, dimensioning of systems, issuing proposals, commercial monitoring, equipment purchase, installation and even financial and administrative support to integrators (companies that install generation systems).

77sol was created to serve the small residential and commercial market segment with average installed power between 5 and 10 KWp, known as the distributed microgeneration market.

- **Pacto Soluções em Energia S.A.**
  It was incorporated on June 21, 2018, headquartered in the city of Arapoti-PR. Its activities are i) intermediation of businesses related to the sale of electricity; ii) provision of consultancy and advisory services related to the sale of electricity; iii) participation in companies, as a partner or shareholder. The company's equity interest corresponds to 100%.

  Pacto Soluções acts with the objective of managing the generators and consumers of energy, assisting them in the migration from the regulated captive market (ACR) to the free energy market (ACL), as well as in the maintenance of their monthly obligations with the Electricity Trading Chamber (Câmara de Comercialização de Energia Elétrica - CCEE). Currently, the company manages 5 consumers, the Olímpia Park Resort, Ilha do Lago and Alta Vista hotels, the NTK plastics industry, with two consumer units, and the ECLAC packaging factory, which is a supplier to the Pepsi-Cola industry group.

  The company also manages 5 electric power generators: CGH Poço da Cruz, CGH Bração, SHP Castanho, SHP Armando Ribeiro and SHP Recanto.

  The company operates with two types of contract: (i) being remunerated on the savings provided to the customer based on the tariff practiced by the captive market (distributors), as is the case of the 3 hotels and (ii) being remunerated with a management fee, as is the case with the KTH, ECLAC, and generators units.

  The company aims to start operating in the management of solar and wind generators by the end of 2020.

- **W2E Digital S.A.**
  Not yet operational, it was incorporated on May 25, 2018, headquartered in the city of São Paulo-SP. Its activities are i) management of a digital energy credit platform, aimed at providing services in all areas of interest to the associated parties throughout the national territory; ii) participation in companies, as partner or shareholder. The company's equity interest corresponds to 100%.

  EPOP (trading name) is the first Brazilian “enertech”. The company is an online platform for clearing and assigning energy credits, developed on algorithms based on new technologies and concepts such as the 'IoT' (internet of things), ‘AI’ (artificial intelligence) and ‘machine learning’. It has plants leased by the EPOPCOOP cooperative for use in Geração Distribuída company within the parameters established by Aneel Resolution 482 of 2012, modified Resolution 687 of 2015 in plants of up to 5MWp.

  To meet the energy demand of its members through the ePOP platform, EPOPCOOP leases two plants: one with 0.5 MWp in operation and the other with 2.00 MWp under construction. Both are located in the municipality of Uberaba.

- **Evolution Comercializadora de Energia Elétrica e Gás Natural LTDA**
  Evolution Comercializadora de Energia Elétrica e Gás Natural Ltda. (“Evolution” or “Company”) was incorporated on June 18, 2019, headquartered in the city of São Paulo-SP, and its activities are: i) wholesale trade in electricity, acting as a trading agent, under the terms of resolution 265 of August 13, 1998, from ANEEL; ii) import and export of electric energy, also under the terms of ANEEL Resolution 265/98 and; iii) provision of consultancy services, agent representation, intermediation in the purchase and sale of electricity, natural gas, both in the domestic market, as well as in import and export.

In 2019, the market was experiencing a strong growth trend in the commercialization segment and, as a result of a partnership with stakes divided between partners and investors with relevant experience, Evolution was created to take advantage of this environment. The company was born within sophisticated credit standards, with experienced professionals and paid-in capital of R $ 5.0 million

As 2019 was greatly affected by the lack of liquidity in the market and by precautions taken under the risk of counterparties, several traders suffered and ended the year with results very close to zero, which was no different with Evolution.

The “middle-office” area was developed entirely and has a robust price round generation system. “New Wave” and “DECOMP” models are used together with internal and external meteorologists, who assist with information for decision making. The company also has an external pricing consultancy as a basis for comparing the internal model and which also serves as a support for decision making. The middle-office area has internal systems and its own rain/flow model. The area is currently focused on system development for the Dessem model, scheduled to start operating in January 2021 with the new hourly PLD.

Currently, the table operates directionally in a speculative movement that bets on rain maps and rounds in the middle-office area. To adopt the social capital exposure policy, a professional was designated as a “booker”, and monitors the daily exposure between the counterparties and calculates the VaR and MtM of operations by applying an automatic barrier by means of alarms so that no more than that 15% of the company's share capital is exposed. Like the middle-office area, this professional is removed from the trade table, so that there is no influence bias.

- **Energy Serviços Digitais LTDA**
  It was incorporated on May 21, 2019, with headquarters in the city of São Paulo-SP. Its activities are i) credit card administration. The company's equity interest corresponds to 99.9%.

  The company invests in the development of a programmed blockchain platform called EnergyBank, which will allow individuals to carry out energy trading in the 'ACL' free market through a 'home-broker'. The application that can be downloaded from Google Play and AppStore is also a fintech that allows the user to have access to a digital account, making transfers between accounts, payments, cell phone recharges, among other services.

The Company's financial statements were approved by Management on March 27, 2020.

2. ACCOUNTING POLICIES

2.1. Basis for preparing the financial statements

The financial statements of the Company and its subsidiaries were prepared in accordance with International Financial Report Accounting – IFRS.

These financial statements are presented in reais, which is the Company's functional currency. All financial information presented in reais has been rounded to the nearest value, unless otherwise indicated.

2.2. Consolidation basis

The statements of the Company and its subsidiaries (mentioned in note 1) were used in the preparation of the consolidated financial statements. Both were closed on the same base date and are consistent with the accounting practices described in note 2.1. As a definition of "subsidiary", management analyzes the existence of a type of control that is obtained when the Company has the power to control the financial and operating policies of an entity to obtain benefits from its activities. Transactions, balances, and unrealized gains on operations between the same partner companies have been eliminated.

2.3. Main accounting practices

a) Cash and cash equivalents

Cash and cash equivalents are classified according to their term of realization. They are stated at acquisition cost and, in the case of financial investments, plus income earned up to the period end dates. Then, when applicable, the provision for adjustment to its net realizable value is deducted.

b) Accounts receivable from customers

Accounts receivable from customers are recorded and maintained on the balance sheet at the nominal value of the securities representing these credits. Then, in the case of a provision for doubtful debts, a deduction is made. If the receipt period is equivalent to one year or less, accounts receivable are classified in current assets. Otherwise, they are presented in non-current assets.

c) Investments in associates and subsidiaries

The Company's investments in its subsidiaries are valued based on the equity method, according to IAS 28 - Investment in Associated and Subsidiary, for the purposes of the Parent Company's financial statements.

Based on the equity method, the investment in the subsidiary is recorded in the parent company's balance sheet at cost, plus changes in the equity interest in the subsidiary after the acquisition.

The equity interest in the subsidiary is presented in the parent company's income statement as equity pickup, representing the net income attributable to the parent company's shareholders.

As mentioned in note 1, the “subsidiaries” are valued using the equity equivalence method..

d) Fixed assets

Property, plant, and equipment are recorded at acquisition or construction cost, plus, when applicable, capitalized interest during the construction period, net of accumulated depreciation, and provision for impairment of assets for paralyzed assets without expectation of reuse.

Depreciation is recognized in the income statement based on the straight-line method in accordance with tax rates, which Management believes represent an estimate close to the useful life of its main fixed assets.

An item of property, plant and equipment is written off after disposal or when there are no future economic benefits resulting from the continued use of the asset. Gains and losses on disposals are calculated by comparing the proceeds of the sale with the residual book value and are recognized in the income statement.

e) Evaluation of the recoverable value of assets

The Company analyzes annually whether there is evidence that the carrying amount of an asset will not be recovered (impairment of assets). If this evidence is present, they estimate the asset's recoverable amount, which is the higher of (a) its fair value minus the costs that would be incurred to realize it and (b) its value in use.

The value in use is equivalent to the discounted cash flows (before taxes) derived from the continuous use of the asset. When the asset's residual book value exceeds its recoverable value, the reduction (provision) of the asset's book balance (impairment) is recognized.

f) Taxation

i. Taxes on profit - current

The provision for taxes on the Parent Company's income is based on taxable income for the year. Actual taxable income differs from the profit presented in the income statement because it excludes taxable or deductible income or expenses of other years. Non-taxable or non-deductible items are permanently excluded. The provision for income tax is calculated based on the rates in effect at the end of the year as follows:

> **Corporate Income Tax**: at the rate of 15%, plus the rate of 10% for the amount of taxable profit that exceeds the amount of R$ 240,000;
> **Social Contribution on Net Income**: at the rate of 9%.

ii. Taxes on profit - deferred

They are calculated based on the temporary differences between the tax base used to calculate the real profit and the corporate accounting result. They are provisioned as deferred tax credits in assets when these differences are negative and as liabilities when positive.

When applicable, the Company recognizes deferred tax on tax losses and the negative basis of social contribution. Accumulated tax losses do not have a statute of limitations, but their offset is limited to 30% of the taxable profit for each year.

In both cases, they are calculated at the same rates as current taxes and assessed by management as to their relevance for recognition in the financial statements.

iii. Sales taxes - current

They mainly refer to contributions to PIS and COFINS in the cumulative regime; calculated at the rates of 1.65% and 7.6% levied on revenues and credited on purchases.

iv. Sales taxes - deferred

They are calculated based on the temporary differences between the tax base and the corporate accounting result, being provisioned as deferred tax credits in assets when these differences are negative and as liabilities when positive. As of December 31, 2019, the main deferred taxes refer to temporary differences between revenues and costs provisioned and not yet invoiced.

v. Subsidiaries taxation
The subsidiaries Pacto Comercializadora and Evolution Comercializadora are also taxed on taxable income and are included in the items above. The others are taxed by the Presumed Profit, where they calculate their current taxes payable or receivable/offset quarterly on the basis of 8% of gross revenue for IRPJ and 12% of gross revenue for CSLL.

Income tax (25%) and Social Contribution on Net Income - CSLL (9%) are calculated by observing their nominal rates, which together total 34%.

As for PIS and COFINS, 0.65% and 3% are fully taxed respectively on their earned income.

g) Financial instruments

Financial assets and liabilities are recognized when the Company is part of the contractual provisions of the instrument. They are initially measured at amortized cost or fair value, depending on their assessment as to the destination.

Transaction costs are directly attributable to the acquisition or issue of financial assets and liabilities (except for financial assets and liabilities recognized at fair value in the income statement) and are added to or deducted from the fair value of financial assets or liabilities, if applicable, after the initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognized in the result.

Financial assets and liabilities are presented at their net value in the balance sheet if, and only if, there is a current and enforceable legal right to offset the recognized amounts and if there is an intention to offset, or to simultaneously realize the asset and settle the liability.

As of December 31, 2018, the Company's financial assets were classified in the following categories:

Amortized cost	• Cash and cash equivalents • Credit with related parties
Fair value through profit or loss	• Accounts receivable from customers

h) Other assets and liabilities (current and non-current)

An asset is recognized in the balance sheet when it is probable that its future economic benefits will be generated in favor of the Company and its cost or value can be reliably measured. A liability is recognized in the balance sheet when the Company has a legal or constituted obligation as a result of a past event, and it is probable that an economic resource will be required to settle it. When applicable, the corresponding charges and monetary or exchange variations incurred are added. Provisions are recorded based on the best estimates of the risk involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur in the next 12 months. Otherwise, they are stated as non-current.

i) Adjustment to present value of assets and liabilities

Monetary assets and liabilities, when applicable, are adjusted to their present value in the initial registration of the transaction, taking into account contractual cash flows and explicit or implicit interest rates (based on market rates for transactions similar to those of the respective assets and liabilities). Subsequently, in the income statement, these effects are reallocated to the financial income or expenses lines, using the discount rate considered and the amortized cost method.

On December 31, 2019, management evaluated its main financial assets and liabilities (accounts receivable, suppliers and credits, and debts with related parties) and concluded that possible adjustments to present value would be irrelevant to the financial statements.

j) Leases

The Company assesses at the beginning of each contract the existence of transactions that transmit the right to control the use of an asset over a period of time in exchange for consideration, classifying them as “lease”.

The Company acts as a “lessee” in the current contracts, applying a single recognition and measurement approach to all leases, except for short-term leases and leases of low-value assets. The accounted contracts involve two main accounts: i) **right-of-use assets** that represent the right to use the goods for the calculated time interval; iI) **lease liabilities** that are used to recognize debt and record lease payments

Right-of-use assets

The Company recognizes the right-of-use assets on the date that the asset can already be used, normally coinciding with the beginning of the contractual lease period. These assets are measured at cost, minus any accumulated depreciation and impairment losses, and adjusted for any new calculations of lease liabilities. The cost of right-of-use assets includes the value of recognized lease liabilities, initial direct costs incurred, and lease payments made up to the start date, minus 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 useful lives of the assets.

Lease liabilities

On the lease start date, the Company recognizes the lease liability at the present value of future payments that will be made during the estimated period for the validity of this operation, which must be net of variable disbursements linked to an index or rate. Amounts to be paid under residual value guarantees are also calculated.

When calculating the present value of lease payments, the Company uses its incremental loan rate (or capitalization of funds) on the start date. After that date, the amount is adjusted monthly by interest and reduced by payments made. Additionally, the carrying amount of the lease liabilities is remeasured if there is a change in the lease term or payments.

Short-term leases and low-value assets

The Company applies the short-term lease recognition exemption to its contracts whose validity is equal to or less than 12 months from the start date and which do not contain a purchase option. It also applies the grant of exemption from the recognition of low-value assets. Short-term payments and leases of low-value assets are recognized as an expense using the straight-line method over the lease term.

2.4 Main accounting judgments and estimates

In applying the accounting practices described in Note 2.3, Management must make judgments and make estimates regarding the book values of assets and liabilities that are not easily obtained from other sources. The estimates and the respective assumptions are based on historical experience and other factors considered relevant. Actual results may differ from these estimates.

The underlying estimates and assumptions are continually reviewed. The effects arising from the revisions made to the accounting estimates are recognized in the period in which the estimates are revised, if the revision affects only this period, or also in subsequent periods if the revision affects both the present and future periods. The main accounting judgments and estimates are presented below:

a) Recognition of sales revenue

In making this judgment, Management took into account the detailed criteria for recognizing revenue from the energy sale.

Revenue is measured based on the consideration set out in the contract with the client, at the fair value of the consideration received or receivable, minus the taxes levied on it.

Revenue is recognized in accordance with the following steps (i) identification of the rights and commitments of the contract with the client; (ii) identification of contracted performance obligations; (iii) determination of the transaction price; (iv) price allocation to performance obligations; and (v) recognition when (or to the extent) performance obligations are met. Revenue is only recognized when there is no significant uncertainty as to its realization.

The following provides information on the nature and timing of compliance with the performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies.

Revenue from energy sales

a.1) Short-term market transactions
The Company recognizes revenue at the fair value of the consideration receivable when transactions in the short-term market occur. The price of energy in these operations is characterized by the link with the Settlement Price for the Differences (PLD).

a.2) Trading operations
Energy trading operations are traded on an active market and, for accounting measurement purposes, meet the definition of financial instruments at fair value.

Revenue from product sales

In the case of equipment sales, the nature and timing of compliance with the performance obligation are correlated to the moment when they are delivered to the customer (in the case of the operation, directly by the supplier), where there is a transfer of control of the equipment. In cases where financial receipts occur before this stage, these amounts are recognized as advances from customers in liabilities.

b) Provisions for lawsuits

Provisions for lawsuits are recognized when the Group has a present or non-formalized obligation as a result of past events and it is considered probable that an outflow of funds will be necessary to settle the obligation, in addition to the amount being safely estimated. Provisions are quantified at the present value of the expected disbursement to settle the obligation, using an appropriate discount rate according to the risks related to the liability. Provisions are updated up to the balance sheet dates by the estimated amount of probable losses, taking into account their nature and supported by the opinion of the Group's lawyers. The provisions judged by the lawyers as possible losses are disclosed in the notes.

c) Provision for doubtful accounts

In order to determine whether the credits present a risk of realization, the Company evaluates aspects such as financial difficulty and history of default, breaches or non-compliance with contracts, renegotiation of contracts that would not occur in normal situations, and creditor in bankruptcy. In this assessment, management analyzes its main contracts. As of December 31, 2019, due to the rapid turnover of its contracts, whose receipt occurred in a period immediately afterward, there were no factors that indicated the existence of any of the aforementioned criteria, a fact for which no provision for doubtful accounts was constituted.

2,5 Changes in accounting practices. New standards adopted.

a) New accounting standards applicable from January 1, 2019

One new IFRS standard IFRS 16 “Leases” is effective as from January 1, 2019. The standard establishes the principles for recognizing, measuring, presenting, and disclosing leases, and requires lessees to recognize most leases on the balance sheet.

The Company adopted IFRS 16 using a modified retrospective approach and, therefore, comparative information has not been restated and continues to be presented in accordance with IFRS 16, effective until December 31, 2018.

The Company also opted to use the recognition exemptions for lease agreements that, on the start date, have a lease term equal to or less than 12 months and do not contain a purchase option (short term lease) and lease agreements for which the underlying asset is of low value (low-value assets).

The main impacts of the initial adoption of IFRS 16 on the consolidated financial statements for the year started on January 1, 2019, are presented below:

	12/31/2019	Movement	12/31/2018
Assets			
Use rights in leases	243,066	243,066	-
	-	-	-
Total	**243,066**	**243,066**	**-**
Liabilities and Net Equity			
Payable leases	(243,066)	(243,066)	-
Net equity	15,838,632	15,926,412	(87,780)
	-	-	-
Total	**15,595,566**	**15,683,346**	**(87,780)**
Income statement			
General and administrative expenses	(141,917)	(8,917)	(133,000)
Operating profit	**(141,917)**	**(8,917)**	**(133,000)**
Financial expenses	(30,583)	(30,583)	**-**
Income tax and social contribution	58,650	13,430	45,220
Net income for the year	**(113,850)**	**(26,070)**	**(87,780)**

- The right-of-use assets were recognized and presented separately in the balance sheet.
- Additional lease liabilities were recognized and included in the group “Loans and financing”;
- There was an increase in depreciation expenses due to the recognition of additional assets depreciation (that is, an increase in right-of-use assets).
- Lease expenses, previously linked to rental agreements, were reduced and impacted the items "Costs of services provided" and "General and administrative expenses”.

3. CASH AND CASH EQUIVALENTS

	Parent company		Consolidated	
Description	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Bank deposits and cash	1,001	4,619	5,225	12,153
Financial investments **(a)**	1,964	-	4,981,942	8,778,265
Total	**2,965**	**4,619**	**4,987,167**	**8,790,418**

(a) Financial investments refer to temporary cash surpluses invested in fixed income with availability for immediate redemption. They are remunerated at the rate between 80% and 105% of the CDI Index Financial investments refer to temporary cash surpluses index.

4. ACCOUNTS RECEIVABLE

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Energy measured / delivered to be invoiced - Third parties **(a)**	-	-	45,761,140	12,387,066
Accounts receivable from customers **(b)**	-	-	15,131,600	655,811
Fair value adjustment	-	-	134,197	86,764
Total	**-**	**-**	**61,026,937**	**13,129,641**

(a) Balance refers to the energy sold by the subsidiaries Pacto Comercializadora and Evolution Comercializadora, which is delivered/consumed during the month. However, billing (invoice issuance) is carried out at the beginning of the following month. Accordingly, accounts receivable in December 2019 correspond to energy generated/delivered in December 2019, whose invoice was issued in early January 2020. The cost of acquiring this energy has the same treatment, being the provision payable recorded in current liabilities against cost in income for the year.

(b) Refers to accounts receivable for the sale of goods by the subsidiaries Pacto Indústria and Pacto Soluções. The breakdown by maturity age is shown below.

Description	12/31/2019	12/31/2018
Expired for more than 180 days	-	18,000
Expiring within 30 days	3,857,70	263,170
Expiring within 180 days	15,127,743	369,785
Expiring in more than 180 days	-	4,856
Total	**15,131,600**	**655,811**

5. OTHER CREDITS

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Advances to energy suppliers **(a)**	-	-	1,270,459	10,346,056
Loans to employees	-	-	-	4,298
Other receivables	1,878	-	33,136	-
Total	**1,878**	**-**	**1,303,594**	**10,350,354**

(a) They currently refer to prepayment transactions carried out with energy suppliers, which will be amortized according to contracts.

6. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

6.1. Credits with related parties

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Current asset				
Pacto Geração S.A.	1,482,905	-	-	-
Pacto geracao distribuida S.A.	850,060	-	-	-
Pacto industria S.A.	282,123	-	-	-
Pacto Esco S.A.	2,166	-	-	-
Pacto Soluções	48,626	-	-	-
Energybank Trade Comercializadora	2,263	-	2,562	-
Epop Coop cooperativa	6,805	-	96,744	-
W2E Digital S.A.	139,713	-	-	-
Ecotx Intermediação	-	-	64,277	-
Energybank Comercializadora de Energia	2,263	-	2,705	-
Origen Comercializadora de Energia	8,373	-	8,672	-
Vertice Comercializadora de Energia	8,373	-	8,672	-
Energy Serviços Digitais	4,999	-	-	-
Loan with partners	584,670	-	1,353,544	-
Pacto Industria S.A.	-	660,674	-	-
Pacto Geração S.A.	-	226,582	-	-
Pacto Geração Distribuidora S.A.	-	328,203	-	-
Pacto Esco S.A.	-	671	-	-
Pacto Soluções S.A.	-	20,512	-	-
W2E Digital S.A.	-	2,200	-	-
Total Solar Participações S.A.	1,000,000	1,584,670	1,522,263	2,691,223
Total	**4,423,339**	**2,823,512**	**3,059,439**	**2,691,223**

6.2. Debt with related parties

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Pacto Comercializadora S.A.	17,066,878	3,203,629	-	-
Evolution Comercializadora	15,732	-	-	-
Loan with shareholders	-	-	2,529,994	-
Total	**17,082,610**	**3,203,629**	**2,529,994**	**-**

6.3. Operations with related parties

The subsidiaries Pacto Comercializadora and Evolution Comercializadora have commercial energy purchase and sale transactions with each other. These operations are eliminated in the consolidated statements and can be summarized as follows:

Seller	Buyer	12/31/2019	12/31/2018
Evolution Comercializadora	Pacto Comercializadora	13,588,340	-
Pacto Comercializadora	Evolution Comercializadora	11,198,605	-

6.4 Remuneration of directors

Until December 31, 2019, in addition to the dividends paid to shareholders mentioned in note 15 b), the company did not pay any other type of direct or indirect compensation to its managers.

7. INVESTMENTS

Investments	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
Interest in subsidiaries	27,061,805	18,612,616	-	-
Interest in associates	-	-	18,909,706	2,302,070
Total	**27,061,805**	**18,612,616**	**18,909,706**	**2,302,070**

7.1. Information on subsidiaries

	Total share in %	Result for the year on 12/31/2019	Profit Sharing on 12/31/2018
Subsidiaries			
Pacto Geração S.A.	100%	(337,218)	(92,349)
Pacto Geração Distribuidora S.A.	100%	(540,044)	(883,435)
Pacto Industria S.A.	100%	8,100,340	5,911,921
Pacto Esco S.A.	100%	(1,495)	(5,416)
Pacto Comercializadora	100%	(429,471)	20,563,896
Pacto Soluções S.A.	100%	(16,598)	(36,863)
W2E Digital S.A.	100%	(47,631)	(49,922)
Evolution Comercializadora	49,99%	(840,704)	1,658,796
Energy Serviços Digitais	100%	(4,823)	(4,823)

7.2. Investment movement (Parent Company)

	12/31/2017	Acquisitions	Contributions	Equity equivalence	12/31/2018
Subsidiaries					
Pacto Geração S.A.	-	10,000	387,261	(152,632)	244,629
Pacto Geração Distribuidora S.A.	-	10,000	(21,125)	(332,266)	(343,391)
Pacto Industria S.A.	-	10,000	(4,044)	(168,202)	(162,246)
Pacto Esco S.A.	-	10,000	(13,010)	(911)	(3,921)
Pacto Comercializadora S.A.	-	5,000,000	952,219	12,947,882	18,900,101
Pacto Soluções S.A.	-	1,000	-	(21,265)	(20,265)
W2E Digital S.A.	-	1,000	-	(3,291)	(2,291)
Total	**-**	**5,042,000**	**1,301,301**	**12,269,315**	**18,612,616**

	12/31/2018	Acquisitions / Contributions (a)	Dividends	Equity equivalence	12/31/2019
Subsidiaries					
Pacto Geração S.A.	244,629	240	-	(337,218)	(92,349)
Pacto Geração Distribuidora S.A.	(343,391)	-	-	(540,044)	(883,435)
Pacto Industria S.A.	(162,246)	-	(2,026,173)	8,100,340	5,911,921
Pacto Esco S.A.	(3,921)	-	-	(1,495)	(5,416)
Pacto Comercializadora S.A.	18,900,101	6,000,000	(3,906,097)	(430,110)	20,563,894
Pacto Soluções S.A.	(20,265)	-	-	(16,598)	(36,863)
W2E Digital S.A.	(2,291)	-	-	(47,631)	(49,922)
Evolution Comercializadora S.A.	-	2,499,500	-	(840,704)	1,658,796
Energy Serviços Digitais	-	-	-	(4,823)	(4,823)
Total	**18,612,616**	**8,499,740**	**(5,932,270)**	**5,881,717**	**27,061,804**

(a) In July 2019, the company invested 2,499,500 in Evolution Comercializadora as pay-up capital to constitute the company. In September 2019, it also made a contribution to Pacto Comercializadora (amounting to 6,000,000) as a capital increase.

8. FIXED

Fixed assets in service	Depreciation rates % - per year	Parent company		Consolidated	
		12/31/2019	12/31/2018	12/31/2019	12/31/2018
Improvements in third-party properties	-	- -		120,587	120,587
Machines and equipment	10%	- -		44,668	49,613
Furniture and utensils	10%	- -		110,487	103,171
Vehicles	20%	- -		99,550	123,651
Computers and Peripherals	20%	- -		94,243	33,598
Communication equipment	20%	- -		1,454	1,930
Total		-	-	**470,989**	**432,550**

8.1. Fixed asset movement

Description	Balances on 12/31/2017	Additions	Depreciation	Balances on 12/31/2018
Improvements in third-party properties	120,587	-	-	120,587
Machines and equipment	11,784	40,965	(3,136)	49,613
Furniture and utensils	120,439	10,043	(27,311)	103,171
Vehicles	-	133,406	(9,755)	123,651
Computers and Peripherals	-	34,899	(1,301)	33,598
Communication equipment	-	2,080	(150)	1,930
Total	**252,810**	**221,393**	**(41,653)**	**432,550**

Description	Balances on 12/31/2018	Additions (a)	Depreciation	Balances on 12/31/2019
Improvements in third-party properties	120,587	-	-	120,587
Machines and equipment	49,613	-	(4,945)	44,668
Furniture and utensils	103,171	27,147	(19,830)	110,487
Vehicles	123,651	2,970	(27,071)	99,550
Computers and Peripherals	33,598	77,417	(16,772)	94,243
Communication equipment	1,930	-	(477)	1,453
Total	**432,550**	**107,534**	**(69,095)**	**470,989**

(a) Refers to the acquisition of furniture, computers and vehicles for administrative use.

9. INTANGIBLE

9.1. Movement of intangible assets

	Balances on 12/31/2018	Additions	Depreciation	Balances on 12/31/2019
Right to use leased assets	-	396,483	(153,417)	243,066
Total	**-**	**396,483**	**(153,417)**	**243,066**

10. LOANS AND FINANCING

Refers to a loan obtained on 08/2019 from Bradesco bank by the subsidiary Pacto Geração Distribuidora for the construction of a solar energy generator project for its investee, Capim Branco II Energia Solar. The loan has a post-fixed interest rate of 157% of the CDI and has a final maturity in 2034, with guaranteed credit rights assignment for the solar generation unit to be built in 2019 and expected to start operating at the end of May 2020. This plant has a PPA for 15 years contracted.

	Parent company		Consolidated	
Description	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Contract - Bradesco	-	-	15,284,442	-
Current liability	**-**	**-**	**1,048,076**	**-**
Non-current liability	**-**	**-**	**14,236,366**	**-**

11. SUPPLIERS AND OTHER ACCOUNTS PAYABLE

	Parent company		Consolidated	
Description	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2019**
Purchase of energy to be invoiced (a)	-	-	14,983,795	11,403,914
Resale suppliers, service and consumption	-	1,375	38,055,814	648,275
Total	**-**	**1,375**	**53,039,610**	**12,052,189**

(a) Refers to the provision for energy purchased in December 2019, whose invoice was received only in January 2020.

12. SOCIAL AND TAX OBLIGATIONS

Description	Parent company		Consolidated	
	12/31/2019	12/31/2018	12/31/2019	12/31/2018
IRPJ	3	-	895,375	1,243,777
CSLL	-	-	461,063	641,715
PIS	-	-	215,433	191,200
COFINS	-	-	973,562	860,999
IRRF	480	-	1,685	750
Salaries and charges	-	-	351,854	220,297
Profit sharing	-	-	-	3,236,074
Others	1,487	-	7,903	28,830
Total	**1,970**	**-**	**2,906,875**	**6,423,642**

13. OTHER OBLIGATIONS

The Company and its subsidiaries substantially lease properties used in their operating activities. The term of the contracts has an average equivalent to 36 months (3 years). These contracts are adjusted annually by the indexes agreed between the parties (IGPM, INCC, etc.) so that they can reflect their market values.

The rates calculated to measure the present value of these contracts were calculated based on risk-free interest observed in the market, as shown in the table below:

Contracts by term and discount rates

Contract terms	Rate % per year
1	12,68%
2	12,68%
3	12,68%

Information on lease liabilities for which the Company is the lessee is presented below:

Description	Amounts
Lease liabilities on 12/31/2018	-
Addition by IFRS 16	462,972
Lease liabilities on 01/01/2019	**462,972**
Payments	(189,323)
Appropriate interest	(30,583)
Lease liabilities on 12/31/2019	**243,066**
Current	125,323
Non-current	117,743
Total	243,066

14. PROVISION FOR CONTINGENCIES

On December 31, 2019, management assessed ongoing administrative and judicial issues and concluded that it had, on that date, a lawsuit assessed as a probable loss:

	Parent company		Consolidated	
Description	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2019**
Labor grievance	-	-	400,000	-
Total	**-**	**-**	**400,000**	**-**

On the same date, the Company and its subsidiaries had lawsuits assessed as a possible loss, as shown below:

	Parent company		Consolidated	
Description	**12/31/2019**	**12/31/2018**	**12/31/2019**	**12/31/2018**
Civil lawsuit	-	-	171,149	-
Total	**-**	**-**	**171,149**	**-**

15. SHAREHOLDER'S EQUITY

a) Share capital

Shareholders	**Capital R$**	**%**
Eagle Energy Parent company	700	**70%**
Salberg Participações S.A.	300	**30%**
Total	**1,000**	**100%**

b) Profit allocation

The Company paid dividends in the amount of R$ 17,958,398. The amount was paid in 2019 according to the dividend distribution policy defined by management in shareholders' resolutions, in accordance with the company's bylaws.

c) Advance for capital increase

Refer to contributions made to Salberg Participações during the year. The intention is that these contributions will be paid in during the year 2020.

d) Legal reserve

The Company did not constitute the legal reserve referring to the allocation of 5% of net income for the year since the limit of 20% of the share capital would limit an amount of R$ 200 (two hundred reais), considered insignificant by the management.

16. NET OPERATING REVENUE

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Gross revenue from electricity sales **(a)**	-	-	266,167,220	160,242,307
Unbilled electricity revenue **(b)**	-	-	34,926,816	10,430,222
Revenue from the sale of goods **(c)**	-	-	20,772,842	1,386,846
Revenue from the sale of services **(d)**	-	-	21,000	-
(-) PIS / COFINS/ICMS	-	-	(28,762,547)	(11,085,142)
Total	**-**	**-**	**293,125,331**	**160,974,233**

(a) Refers to the sale of electricity sold on the open market by the subsidiaries Pacto Comercializadora de Energia e Gás Natural S.A and Evolution Comercializadora.
(b) Provision for revenue from energy sales made in December 2019 and for which billing was made only in January / 2020.
(c) Sale of products used for energy generation by the subsidiary Pacto Indústria S.A.
(d) Sale of investments made by the subsidiary Pacto Soluções S.A.

17. SALES COSTS

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Cost of purchasing electricity	-	-	(248,157,498)	(100,090,404)
Cost of purchased and uninvoiced energy	-	-	(24,080,990)	(36,243,914)
Cost of goods sold	-	-	(10,291,874)	(985,057)
Total	**-**	**-**	**(282,530,362)**	**(137,319,375)**

18. DESPESAS ADMINISTRATIVAS E GERAIS

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Services provided **(a)**	(83,523)	(12,854)	(1,807,652)	(1,312,498)
Salaries and charges	-	-	(576,337)	(1,345,079)
Share in profits **(b)**	-	-	-	(3,238,734)
Attorney services	-	(9,786)	(235,629)	(143,003)
Travel and accommodation expenses	-	-	(260,606)	(87,408)
Fees	(9,046)	-	(394,571)	(106,893)
Property rental and condominium expenses	-	-	-	(133,601)
Others **(c)**	(159,079)	-	(991,736)	(1,250,793)
Total	**(251,647)**	**(22,640)**	**(4,266,532)**	**(7,618,009)**

(a) Refer to expenses with accounting, transport, information technology, consultancy, administrative services, fees, meteorological services, etc.
(b) In 2019 there was no provision for profit sharing because the company did not reach its corporate goals. The Group has not achieved the necessary minimum stipulated in the annual Strategic Planning.
(c) Composed mainly of expenditure on consumption and various materials

PACTOENERGIA

19. NET FINANCIAL RESULT

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Financial income				
Financial investments yield	1,588	-	257,608	320,390
Future positive result	-	-	96,183	
Discounts obtained	-	-	5,725	-
Total financial income	**1,588**	**-**	**359,516**	**320,390**
Financial expenses				
IOF	(502)	-	(333,910)	(18,921)
Bank fees	(1,047)	(233)	(18,683)	(16,808)
Interest on late payments	-	-	(135,035)	(5)
Bank interest rate	-	-	(632,787)	(18)
Others	-	-	(54,432)	(5,082)
Total financial expenses	**(1,549)**	**(233)**	**(1,174,847)**	**(40,834)**
Net financial result	**39**	**(233)**	**(815,331)**	**279,557**

20. INCOME TAX AND SOCIAL CONTRIBUTION - CONSOLIDATED

Income tax (25%) and Social Contribution on Net Income - CSLL (9%) are calculated by observing their nominal rates, which together total 34%.

Description	Parent company 12/31/2019	Parent company 12/31/2018	Consolidated 12/31/2019	Consolidated 12/31/2018
Income before IRPJ and CSLL	5,628,610	13,567,743	5,791,689	17,608,504
(x) IRPJ and CSLL rate	34%	34%	34%	34%
(=) Nominal expense for IRPJ and CSLL	**1,913,727**	**4,613,033**	**1,969,174**	**5,986,891**
Equity equivalence	(5,881,718)	(12,269,315)	531,544	-
Effect of subsidiaries on the presumed profit regime	-	-	1,117,635	3,654,648
Temporary differences and tax losses not recorded	251,993	(8,743)		
(-) Deferred IRPJ and CSLL not recorded	85,678	(655,104)	(486,524)	(1,463,271)
(=) Effective IRPJ and CSLL expenses	**379**	**-**	**(851,539)**	**(2,332,243)**

21. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) General and political considerations

The Group contracts transactions involving financial instruments, including derivatives, when applicable. All are recorded in equity accounts, which are designed to meet your operational and financial needs.

Financial investments, loans and financing, energy sales, as well as derivative financial instruments are contracted.

The management of these financial instruments is carried out through policies, the definition of strategies, and the establishment of control systems, being monitored by the Group's Management.

Financial investments

The Group's management elects the financial institutions with which the contracts can be entered into, making it possible to monitor profitability and fluctuations in the indexes used as the basis for remuneration.

b) Financial risk management

Financial risk factors

The Group's activities expose it to several financial risks: market risk (including currency and interest rate risk), credit risk, and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on financial performance, using, when necessary, derivative financial instruments to protect certain risk exposures.

Risk management is carried out by the Group's executive officers, and all measures must be approved by all officers. The management, when necessary, identifies, evaluates, and contracts financial instruments in order to protect the Group against possible financial risks, which mainly result from interest rates.

b.1) Market risk

The Group is exposed to market risks arising from its business activities. These market risks mainly involve the possibility of fluctuations in the price of energy and changes in interest rates.

The interest rate risk for the Group arises from financial investments and short and long term loans and financing. The Group's management has a policy of maintaining the indexes of its exposures to active and passive interest rates tied to post-fixed rates. Financial investments and loans and financing are adjusted by the post-fixed rate CDI, according to contracts signed with financial institutions.

b.2) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, bonds and securities, in addition to funding available through committed credit lines and the ability to settle market positions. Due to the dynamic nature of the Group's businesses, the board maintains flexibility in funding through the maintenance of committed credit lines.

b.3) Credit risk

Risk management is carried out through the reading, analysis and structured daily monitoring of market movements. This is accompanied by news in the specialized media and financial reports issued and / or requested from market counterparties. The definition of the limit of total amounts of credits to be transacted and the definition of limits for each counterparty and types of operation that each unit of the Pacto Energia Group can contract are defined in periodic and or extraordinary meetings between the Presidency, Operational and Financial Directorates and the Operations Bureau.

c) Capital management

The Group's objectives when managing its capital are to safeguard the Group's ability to continue to offer return to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce this cost.

22. SUBSEQUENT EVENTS

Management has assessed and identified as necessary the disclosure of the following significant subsequent event that occurred between the base date of the financial statements and the date of their respective approval:

a) Reflections of the measures adopted to combat Covid-19

On January 31, 2020, the World Health Organization (WHO) announced that the coronavirus (COVID-19) is a global health emergency. The outbreak triggered significant decisions by governments and private sector entities, which, added to the potential impact of the outbreak, increased the degree of uncertainty for economic agents and increased the possibility of material impacts on the financial statements.

Considering the current situation of the spread of the outbreak and the impacts resulting from adverse changes in the Energy market, volatility in PLD prices, defaults by Customers and Suppliers, requests for contractual renegotiations and variation in foreign currency, internal order retention actions with an exchange rate fixed for operations involving foreign exchange, in addition to the unpredictability about the longevity and evolution of these impacts caused by COVID-19, the management of the Pacto Energia Group prepared itself by making projections for at least three scenarios.
They go from the best perspective with revenue reductions and defaults to the worst, called “war scenario”. Management has also revised its credit and risk policies in line with the current situation. The projected scenarios are already being followed up with forecasting. We understand that the projection of revenues and operating cash flows for the year 2020 are well monitored, thus ensuring Corporate Governance and security for both the company and employees.

The impact of the outbreak on the Company's operations and equity and financial position will continue to be constantly observed and evaluated by Management. The objective is to implement appropriate measures to mitigate the impacts of the outbreak on operations and financial statements.

b) Change in the tax regime

As of the beginning of the year 2020, the investee Pacto Indústria changed its regime to Real Profit.

c) Increase in share capital

In 2020, the share capital of the investee Pacto Indústria was increased to R$ 1,000.000.

d) Acquisition of shareholdings

At the beginning of 2020, the Company acquired 100% of the shares of the subsidiary Evolution Comercializadora (until December 31, 2019 it held 49.99%).

e) Relocation of transmitters

In 2020, in a movement of business reorganization, the shareholding held by Pacto Comercializadora in the transmission SPEs will be transferred to Pacto Geração, which will be renamed Pacto Geração e Transmissão (G&T).

f) Start-up of new business

- In early 2020, the 77Sol platform of the investee Pacto Indústria began operations. Already in the systemic approval phase, it was created to serve the small residential and commercial market segment with average installed power between 5 and 10 KWp, also known as the distributed microgeneration market.

- In early 2020, ePOP (trade name of W2EDigital) started operations. The company, which is the first Brazilian “enertech”, is an online platform for clearing and assigning energy credits. It has plants leased by the EPOPCOOP cooperative for use in Distributed Generation, within the parameters established by Aneel Resolution 482 of 2012, modified Resolution 687 of 2015 for plants of up to 5MWp.

- Start of operations of Pacto Energia e Manutenções Ltda., company whose object is to explore segments that allow cross-selling of products supplied by the other group subsidiaries. The company performs the maintenance of electrical installations and the construction of large power plants and transmission lines, as well as the adaptation and expansion of electric power substations. The goal is to generate the maximum synergy with the operations of the Pacto Group.

- At the beginning of 2020, Pacto Geração Distribuidora signed a 10-year lease with an approximate value of R$ 52 thousand per month with the retailer Flávio’s Calçados, which has 40 low voltage consumer units. The construction of the 856 KWp plant will take place shortly with investments of R$ 3.6 million. Part of this CAPEX related to the purchase of equipment has already been closed with a 10% down payment to WEG with a dollar quoted at R $ 4.10. Pacto GD holds 100% interest in this plant.

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