

4Q20 and 2020 RESULTS



Rio de Janeiro, March 3, 2020

Transmissora Aliança de Energia Elétrica S.A. (“Taesa” or the “Company”; B3: TAEE11), one of Brazil’s largest concessionaire groups in electricity transmission, announces today its results for the forth quarter and for the year 2020.

The consolidated financial statements of the Company are prepared and issued in accordance with the accounting practices set forth in the Accounting Manual for the Electricity Sector, by the National Electrical Energy Agency (ANEEL) and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), defined in this document as Regulatory Results and IFRS Results, respectively. The presentation of this information is in line with the standards issued by the Brazilian Securities Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR).

The Company adopted, as of January 1, 2018, CPC 47 (IFRS 15) - Revenues from Contracts with Customers, based on the modified retrospective method, explained in section 4.4 of this document.

As of the second quarter of 2020 the Company revised and changed the nomenclatures of revenues and costs related to the construction of transmission infrastructures, where: Construction Revenues became Implementation of Infrastructure Revenues, Construction Margin became Implementation of Infrastructure Margin, and Construction Costs became Implementation of Infrastructure Costs.

The Brazilian Securities and Exchange Commission - CVM, through Circular Letter No. 04/2020 of December 1, 2020, provided guidance on relevant aspects of CPC 47 and CPC 48 (equivalent to IFRS 15 and IFRS 9, respectively) for publicly-traded electric power transmission companies.

The Company adapted its accounting practices in relation to its contract assets, revising its estimates and judgments on the project’s margins and remuneration rates (implicit rates), since in the previous model the WACC ANEEL was used. As a result, the Company identified the following impacts, net of taxes: (i) R\$ 124.9 million for fiscal year 2020, recorded in net income for the year; and (ii) R\$ 63.5 million for previous years recorded in Shareholders’ Equity.

Based on the guidelines issued by “CPC 23 - Accounting Policies, Changes in Estimates and Correction of Errors”, the Company carried-out the restatement of the financial statements of December 31, 2019 and opening balances, with the adjustments and reclassifications throughout the document.

In the Regulatory Results presented below, prepared based on the structure prevailing in the Accounting Manual for the Electricity Sector as issued by ANEEL, all investments in the construction of transmission lines and substations are recorded as fixed assets and the effects of the application of CPC 47 (IFRS 15) are eliminated, including the fiscal impact (deferred IR and social contribution and deferred PIS and COFINS) are recognized on the differences arising from the temporary application of this interpretation. It is important to mention that the Regulatory Results are not audited.

To facilitate the understanding of the information presented herein, the terms associated with the words Regulatory and IFRS follow the same principles and structure defined above for the Regulatory Results and IFRS Results, respectively.

In line with accounting standards, Taesa does not proportionally consolidate jointly controlled and associated companies. Thus, the results of Transirapé, Transudeste, Transleste (together, “Transmineiras”), ETAU, Aimorés, Paraguaçu, Ivaí and the TBE group are accounted for in the equity method line both in the IFRS and in the Regulatory Results

Taesa’s dividends distribution is based on the IFRS Results as reviewed by the auditor.

**Videoconference call in English
(simultaneous translations)**

March 4, 2021
Thursday
New York 9 am
Brasília 11 am

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1. MESSAGE FROM THE ADMINISTRATION

SOLID RESULTS WITH THE CONTRIBUTION OF THE ACQUISITIONS AND COMPLETION OF PROJECTS

Last year brought us great challenges to the global economy and the entire world population with the emergence and rapid evolution of COVID-19 pandemic. Taesa, always committed to the health and safety of its employees and the Brazilian Interconnected System (SIN), quickly sought to inform itself and take the necessary measures. Thus, since February 2020, the Company has adopted measures for protection, security and health of its employees, families and local communities, in order to protect our most important asset – people – and reduce the speed of the dissemination of the new coronavirus in Brazil. 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 remote work by the administrative teams, which completed a year now in March, and an operation and maintenance plan that has been successful in ensuring the availability of our assets to the SIN.

Another important front in 2020 was in relation to Sustainability. The Company reinforced its commitment to this theme, which is an organizational value, and continued to implement several actions in order to strengthen its communication and ensure the evolution of the Environmental, Social and Governance practices (known as ESG) inside and outside Taesa. Among the actions are: (i) the survey of the inventory of greenhouse gas emissions (GHG) according to the GHG Protocol methodology, (ii) the goals for reducing fossil fuel consumption in the Company's fleet, (iii) the inclusion of environmental and social clauses in contracts with suppliers; (iv) elaboration of the socio-environmental report based on the practices of the Global Reporting Initiative; (v) launch of the diversity program; (vi) Great Place to Work certification; (vii) adherence to the UN Global Compact with a commitment to the 2030 Agenda regarding the Sustainable Development Goals; and (viii) ESG dashboard available on the IR website; among others.

Despite the adversities brought about by the crisis, the Company presented a solid result in 2020 confirming its commitment to its strategic pillars of sustainable growth and financial discipline. In the first half 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 projects under construction EDTE and Mariana. These events associated with the projects completed at the end of 2019 (Miracema and reinforcements from Novatrans), which together total R\$ 259.1 million of RAP (cycle 2020-2021), were responsible for the resumption of growth of the operating result, after two years (2018 and 2019) of reduction in revenues due to contractual drop in RAP for category 2 concessions. Thus, the Company's regulatory net revenues grew 9.4% compared to 2019, totaling R\$ 1,525 million, and regulatory EBITDA recorded an annual increase of 8.3%, totaling R\$ 1,249 million in 2020 and 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 transmission line availability rate of 99.88% and Variable Portion of R\$ 23.1 million, equivalent to 1.3% of RAP, already considering the Variable Portion of the operating assets that were incorporated last year. This solid performance evidences the Company's ability to adapt and react quickly in the midst of a very adverse scenario that has never been seen before.

Additionally, the works of the 6 projects under construction are still in progress even with the extension of the pandemic. The Company has been working with a focus on execution and making better efforts to comply with the project schedule, seeking Capex efficiency and anticipating delivery, in order to further enhance its returns. It is worth noting that in 2020 Taesa made investments totaling R\$ 1,535 million in these projects, an increase of more than 110% compared to investments made in 2019 and representing almost 60% of the total investment made in 2014 projects so far. It should also be noted that there are good expectations for delivering some projects already in 2021, before ANEEL's deadline.

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

As per IFRS results, the Company recorded net profit of R\$ 829.0 million in 4Q20 and R\$ 2,263 million in 2020, 194.7% and 104.6% higher than the same periods in 2019, due to higher macroeconomic indexes recorded in the compared periods, mainly in IGP-M which recorded 11.24% in the quarter, the largest investments in projects under construction, recent acquisitions and the entry into operation of new assets.

Based on this result, the Board of Directors today approved the proposal for the allocation of the profit for 2020, which includes the distribution of additional dividends of R\$ 561.9 million (R\$ 1.63 / Unit) and which is yet to be submitted for the General 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 2020 result, equivalent to a dividend yield of around 15% at Taesa's Unit prices today.

It is worth remembering that on November 16, 2020, the new executive officers elected by the Board of Directors in October, took office, namely Mr. André Augusto Telles Moreira – Chief Executive Officer, Mr. Erik da Costa Breyer – Investors Relations and Chief Financial Officer, and Mr. Fábio Antunes Fernandes – Business and Participations Management Officer.

We continue to monitor 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, maintaining our commitment to transmit energy with reliability, transparency and security to all society and respecting the environment and all stakeholders.

2. SUMMARY OF RESULTS

Consolidated						
R\$ mn	4Q20	4Q19*	Chg.%	2020	2019*	Chg.%
Net Revenues IFRS	1,174.0	472.5	148.5%	3,561.3	1,840.0	93.5%
Net Income IFRS	829.0	281.3	194.7%	2,262.9	1,106.1	104.6%
Net Revenues Reg.	382.9	339.5	12.8%	1,524.8	1,394.2	9.4%
EBITDA Reg.	302.0	258.2	17.0%	1,249.1	1,153.7	8.3%
EBITDA Margin Reg.	78.9%	76.1%	2.8 bps	81.9%	82.7%	-0.8 bps
Net Debt	5,205.7	2,840.7	83.3%	5,205.7	2,840.7	83.3%
Dividends and IoE Paid	523.4	248.7	110.5%	1,106.2	651.3	69.8%

* Due to the impact of OFÍCIO-CIRCULAR/CVM/SNC/SEP/No. 04/2020 referring to CPC 47, fully recorded in 4Q20, the Company performed the adjustments and reclassifications of the 2019 result for purposes of comparison with the 2020 result.

Consolidated and Associated Concessions						
R\$ mn	4Q20	4Q19*	Chg.%	2020	2019	Chg.%
Net Revenues Reg.	485.6	444.3	9.3%	1,956.3	1,806.6	8.3%
EBITDA Reg.	390.7	348.0	12.3%	1,626.7	1,514.6	7.4%
EBITDA Margin Reg.	80.5%	78.3%	2.1 bps	83.2%	83.8%	-0.7 bps
Net Debt	6,214.1	3,296.6	88.5%	6,214.1	3,296.6	88.5%
Net Debt/EBITDA	3.8	2.2	73.6%	3.8	2.2	73.6%

IFRS RESULTS

- Net income amounted to R\$ 829.0 million in 4Q20 and R\$ 2,262.9 million in 2020, a 194.7% and 104.6% y.o.y increase, respectively, mainly due to:
 - (i) Greater macroeconomic indices recorded between the compared periods, mainly IGP-M, reflecting positively the monetary restatement revenues (4Q20: +R\$ 458.0 million and 2020: +R\$ 843,3 million);
 - (ii) Consolidation of results from the recent acquisitions of São João, São Pedro, Lagoa Nova, the conclusion of the Novatrans reinforcements, and the entry into operation of the concessions of Miracema, Mariana and EDTE, adding approximately R\$ 110 million on the net income for the quarter and R\$ 340 million for the year;
 - (iii) Higher investments in construction projects with a positive impact on the Company's infrastructure implementation margin (4Q20: + R\$ 123.5 million and 2020: + R\$ 192.6 million);
 - (iv) Increase in equity method as a result of higher investments in projects and greater macroeconomic indices;
 - (v) The above effects were partially offset by the following:
 - a. Increase in net financial expenses (4Q20: +160.0% and 2020: +R\$ 83.7%), as a result of the funds raised in 2020, the greater IPCA and the lower cash volume due to the payments of debt interest and principal, dividends and to higher investments in the projects under construction in the period; and
 - b. Higher operating costs and expenses, ex-implementation, mainly due to the operating start-up of the new concessions and inflation adjustment.
- Adjusted net income for 2020 was R\$ 1,631.5 million, ex-effects of the adoption of CPC 47 in the amount of R\$ 631.5 million. After the allocation of the legal and tax incentive reserves, distributable profit totaled R\$ 1,606.4 million (R\$ 4.66 / Unit and payout of 98,5% of adjusted net income and 71,0% of net income).

- (i) Payment of R\$ 1,044.4 million (R\$ 3.03 / Unit) made throughout 2020 as follows: R\$ 811.8 million (R\$ 2.36 / Unit) as interim dividends and R\$ 232.7 million (R\$ 0.68 / Unit) as Interest on Equity;
- (ii) The remaining amount of R\$ 561.9 million (R\$ 1.63 / Unit) to be distributed as proposed additional dividends was approved by the Board of Directors on March 3, 2021, and will be submitted for approval at the Annual Shareholders' Meeting.

REGULATORY RESULTS

- Net revenues totaled R\$ 382.9 million in 4Q20 and R\$ 1,524.8 million in 2020, registering a 12.8% and 9.4% y.o.y growth, respectively, explained the entry into operation of Miracema, Mariana and reinforcements of Novatrans, acquisition of São João, São Pedro and Lagoa Nova concessions, consolidation of Brasnorte results and the inflation adjustment for the 2020-2021 cycle. These effects offset the RAP drop from some concessions.
- PMSO costs totaled R\$ 80.9 million in 4Q20, an y.o.y increase of 0.4% due mainly to some non-recurring events in the line of other operating costs. For the 2020, PMSO costs amounted to R\$ 257.7 million registering an increase of 14.6% due to the consolidation of results from the recent acquisitions and the inflation adjustment.
- EBITDA stood at R\$ 302.0 million in this quarter and R\$ 1,249.1 million in 2020, 17.0% and 8.3% higher y.o.y, respectively. EBITDA margin stood at 78.9% in 4Q20 (+2.8pp vs 4Q19) and at 81.9% in 2020 (-0.8pp vs 2019). This performance is the result of the positive impact of recent acquisitions and the entry into operation of new assets, which totaled approximately R\$ 40 million in 4Q20 and R\$ 165 million in 2020.
- Increase of 160.0% in the quarter and 83.7% in the year of net financial expenses, result of the funds raised in 2020, the greater IPCA and the lower cash volume due to the payments of debt interest and principal and to higher investments in the projects under construction in the period
- Net income stood in R\$ 93.7 million in the quarter, an y.o.y decrease of 36.6%. In 2020, it closed at R\$ 656.0 million, 14.5% lower than the same period of the previous year.
- On December 31, 2020, the gross debt closed at R\$ 6,111.3 million, a 4.9% q.o.q reduction. The cash position was R\$ 905.6 million (-49.7% q.o.q), resulting in a net debt of R\$ 5,205.7 million (+12.6% q.o.q). The ratio of proportional net debt / EBITDA was 3.8x (versus 3.4x in 3Q20).
- The transmission lines availability rate of 99.88% and R\$ 23.1 million of PV (1.34% of consolidated RAP) in 2020.

3. OVERVIEW

3.1. Corporate Structure

The 39 concessions/interests of transmission owned by TAESA are segregated into: (i) 10 concessions that make up the holding company (TSN, Novatrans, ETEO, GTESA, PATESA, Munirah, NTE, STE, ATE, and ATE II); (ii) 10 full investees (ATE III, Brasnorte, São Gotardo, Mariana, Miracema, Janaúba, Sant'Ana, São João, São Pedro, and Lagoa Nova (new name for Rialma I)); and (iii) shareholding interest in 19 companies (ETAU, Transmineiras, AIE, and TBE).

On February 14, 2020, the Company completed the acquisition of 100% of the shares of São João Transmissora de Energia S.A. ("São João") and São Pedro Transmissora de Energia S.A. ("São Pedro"), after complying with the suspensive conditions applicable to the acquisition of these assets, adding a RAP of R\$ 96.4 million (2020-2021 cycle).

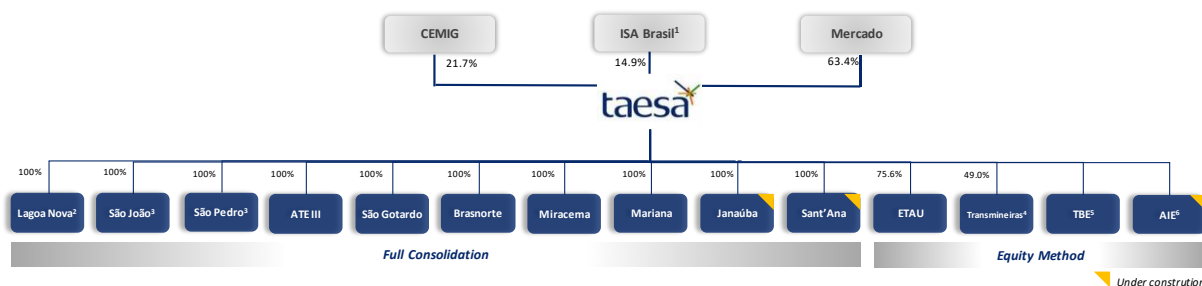
On March 13, 2020, Taesa completed the acquisition of 100% of the shares representing the total and voting capital of Rialma Transmissora de Energia I S.A. ("Rialma I"), after the fulfillment of the precedent conditions. The Extraordinary General Meeting held on the same day approved the change of the corporate name of Rialma I, which was renamed Lagoa Nova Transmissão de Energia Elétrica S.A.

Regarding the projects under construction, 3 of the 9 projects acquired in auctions started operations between the end of 2019 and the first half of 2020. The energizations of the Miracema concession, referring to the 230kV TL Lajeado-Palmas stretch, the new Palmas substation and the adequacy the 500kV TL Miracema-Lajeado stretch (circuit 1) with the Lajeado substation were completed on November 29, 2019. Before that, the Company had already energized the Miracema-Lajeado TL stretch (circuit 2), at 500kV voltage and 30 km length, on September 30, 2019. On January 20, 2020, the last energization of EDTE for the 230kV TL Poções III-Poções II stretch (representing only 6% of the project) was completed. Previously, the energizations of the 500kV LT Ibicoara-Poções III and 500/230kV SS Poções III sections were completed on December 22, 2019. Finally, the energization of the Mariana concession regarding the 500kV CS Itabirito 2-Vespasiano 2 transmission line with 82 km in length and two substations (500kV SS Itabirito 2 and 500kV SS Vespasiano 2) was completed on May 25, 2020.

With this, the Company completes the delivery of the Miracema, EDTE, and Mariana projects, adding a RAP of R\$ 119.6 million (2020-2021 cycle).

It is also important to highlight that the Company completed the reinforcements of the Novatrans concession regarding the authorization resolutions REA 6306/17 and REA 6369/17, adding R\$ 41.4 million in RAP (2020-2021 cycle). The Serra da Mesa and Gurupi Sul capacitor banks, referring to REA 6306/17, were energized on October 21, 2019, and the Gurupi Norte and Miracema capacitor banks, referring to REA 6369/17, were energized, respectively, in October 28 and November 18, 2019.

After the completion of the operations and deliveries of the projects and reinforcements in construction mentioned above, Taesa's corporate structure is as follows.



¹ ISA Investimentos e Participações do Brasil S.A.

² Lagoa Nova Transmissora de Energia Elétrica is the new corporate name of Rialma I concession acquired by Taesa on March 13, 2020.

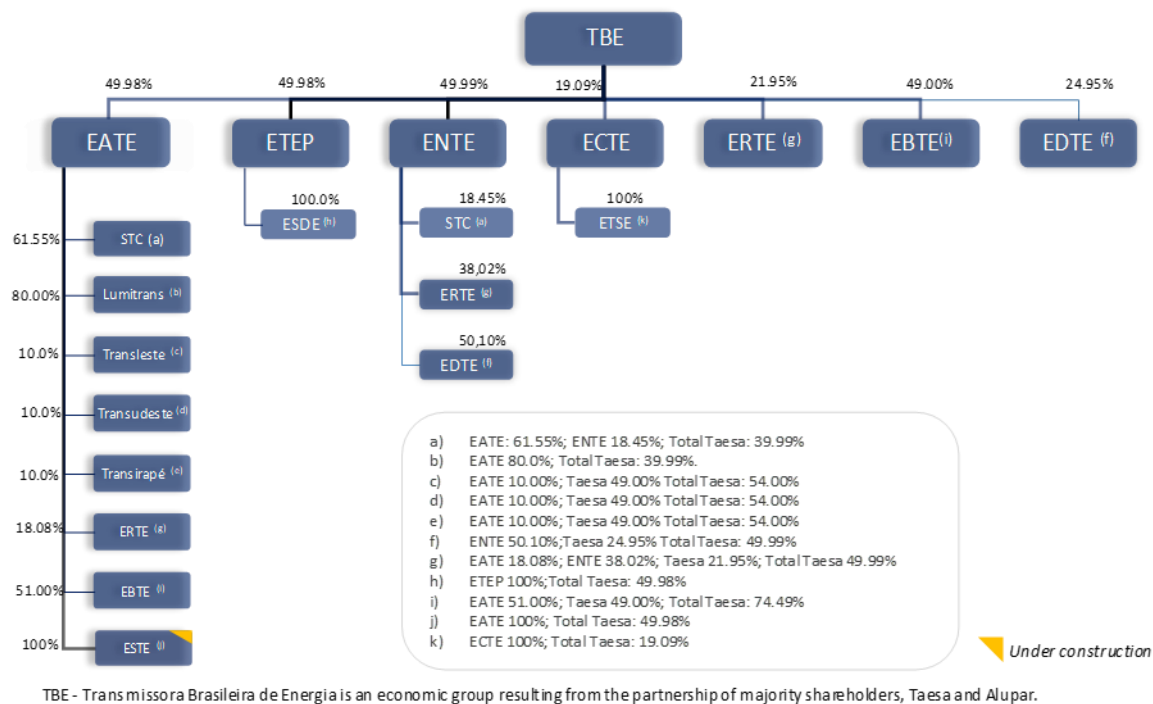
³ In 2018, the Company announced the purchase of 4 operating assets from Ambar Energia Ltda. The acquisition of São João Transmissora de Energia SA and São Pedro Transmissora de Energia SA was completed on February 14, 2020. The closing of the transaction for the acquisition of Triângulo Mineiro Transmissora de Energia SA and São Bartolomeu Transmissora de Energia SA still subject to the fulfillment of precedent conditions.

⁴ Transmineiras is a group in which Taesa holds stakes in 3 concessions: Transirapé (54.0%), Transleste (54.0%) and Transudeste (54.0%).

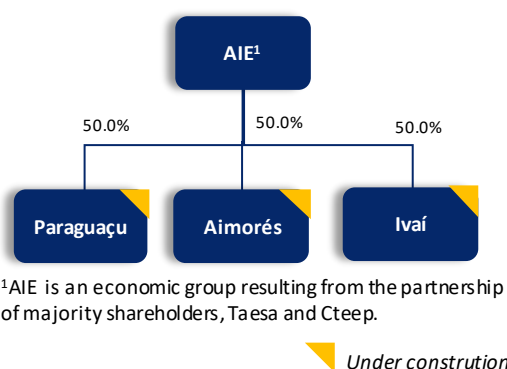
⁵ TBE - Transmissora Brasileira de Energia is a group resulting from the partnership of majority shareholders Taesa and Alugar.

⁶ AIE - Aliança Inteligência Elétrica is an economic group of the partnership of the companies TAESA and ISA CTEEP, currently responsible for implementing 3 new projects.

3.2. TBE Corporate Structure



3.3. AIE Corporate Structure

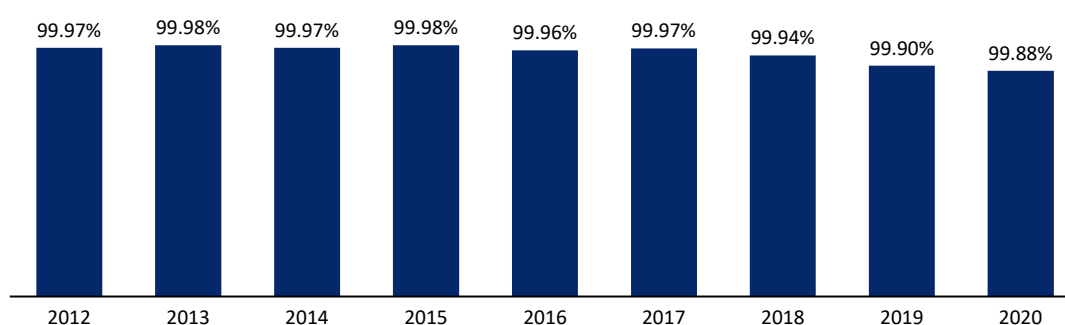


4. ECONOMIC AND FINANCIAL PERFORMANCE

4.1. Operational Performance

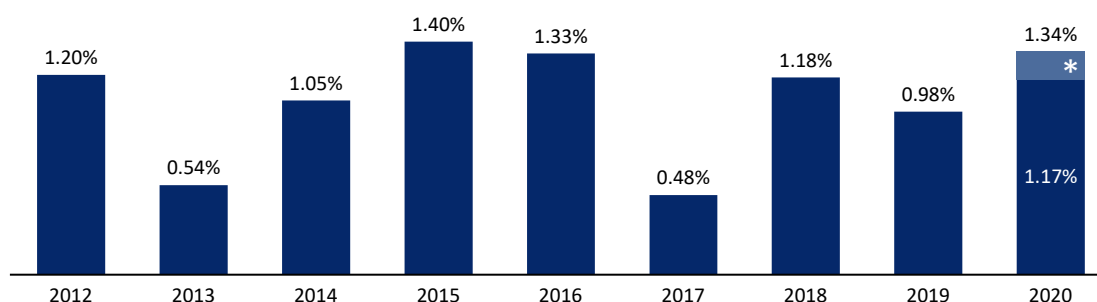
With a high operating performance over the years, Taesa recorded a consolidated average line availability rate of 99.88% in 2020, as shown in the diagram below, which shows its consolidated performance, therefore, disregarding ETAU, Transmineiras, AIE and TBE.

Line Availability Rate is a measure of time and is strictly an operational indicator. The calculation consists of: number of hours that the line is available, divided by the number of hours contained in 1 year (8,760 hours), measured by 100km spreads.



$$\sum \frac{(\text{Length of the line} \times \text{hours available})/100}{(\text{Length of the Line} \times 8.670 \text{ hours})/100} \times 100$$

The indicator showing the impact of transmission line unavailability on the Company's income statements is the variable portion (PV). Due to the unstable behavior of PV in the short term, the best way to understand Taesa's performance is to analyze the value of PV divided by RAP, as shown in the diagram below.



*PV's referring to events occurred prior to the acquisition of São João concession that were indemnified within the scope of the transaction.

Accumulated PV in 2020 was R\$ 23.1 million, an increase of R\$ 7.9 million compared to the same period of 2019, mainly due to the disconnections/provisions in São João, Novatrans, TSN, ATE I and ETEO. We highlight the following events in 2020: (i) São João: two automatic shutdowns on the 500 kV TL Gilbués II São João Piauí C1, one due to a fire at the 500 kV RE7-08 reactor at the Gilbués II SS terminal in July 2019, the other due an emergency shutdown for cable traction to align the insulator chain in January 2020 (prior to Taesa) and fall of towers on the LT LT 500 kV Gilbués II São João Piauí in November 2020; (ii) Novatrans: occurrence of failure in the MCCL7-2 Capacitor Bank at the Gurupi SS in February 2020, shutdown of TCSC 500kV IZCL-05 Series Capacitors due to a failure in the control module in March 2020, corrective maintenance in the Bypass SCC on Banks 9489 (GUR) and MCSL7-07 (MIR), requiring the TL to be disconnected to make provisional adjustments in May 2020, and corrective maintenance in Tower 257 of TL 500 kV Colinas/Miracema C2 in September 2020, due to a damage caused by collision of agricultural machine; (iii) TSN: de-energization of the Serra da

Mesa II/Rio das Éguas 500 kV TL due to a gas relay activation in the RT SDRE7-02 reactor in April 2020; (iv) ETEO: failure after the shutdown of the LT Assis/Sumaré for voltage control and insertion of transmission line reactor in the SE busbar in April 2020; and (v) ATE: failure in the camera system related to the disconnect switch 4529-378 of SE Assis during the isolation of the LT 525kV Assis / Araraquara for voltage control in April 2020. The above listed events of São João concession were indemnified in 2Q20 by the sellers as agreed in the purchase and sale agreement, since the triggering factor for these events occurred before the closing date of the acquisition, although the materialization of the effective PV took place after the closing.

4.2. RAP Cycle 2020-2021

In July 14, 2020, ANEEL published the Ratifying Resolution 2.275/2020, which established the Annual Permitted Revenues (RAP) from transmission concessions for the 2020-2021 cycle, effective from July 1, 2020 to June 30, 2021, affecting therefore the Company's results only from 3Q20 onwards. The concessions adjusted by IGP-M (Category II) were monetarily restated by 6.51%, and concessions adjusted by IPCA (Category III) were monetarily restated by 1.88%.

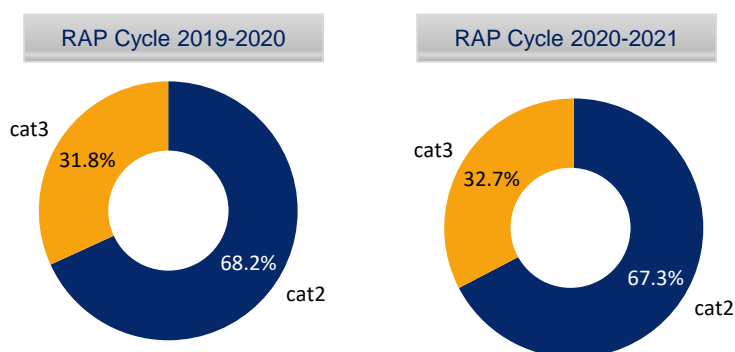
RAP (R\$ mn)	2018-2019 Cycle	2019-2020 Cycle	2020-2021 Cycle
IGP-M Adjustment	4.26%	7.64%	6.51%
Novatrans ²⁸	413.5	330.9	352.5
TSN ²	279.6	301.0	325.1
Munirah	38.0	40.9	29.0
GTESA	5.8	5.5	5.9
PATESA ²	26.1	18.1	17.4
ETAU ¹²	25.2	38.5	29.9
ETEO	91.9	98.9	105.4
NTE ²	125.2	86.3	92.1
STE ²	85.3	48.6	50.6
ATE I ²	155.4	167.3	115.1
ATE II ²	240.3	258.7	275.5
EATE ¹²⁸	113.6	122.2	130.6
ETEP ¹	25.6	27.6	29.4
ENTE ¹	117.4	102.0	67.3
ECTE ¹	9.4	10.2	10.8
ERTE ¹²	26.3	19.5	15.3
Lumitrans ¹²	11.1	12.0	12.7
Transleste ¹	12.8	24.7	19.3
Transirapé ¹	10.2	20.1	22.2
Transudeste ¹	7.6	15.3	16.3
Subtotal	1,820.4	1,748.3	1,722.3
IPCA Adjustment	2.86%	4.66%	1.88%
ATE III ²³⁵	119.8	125.4	127.7
São Gotardo ³	5.2	5.4	5.5
Mariana ³	14.7	15.4	16.4
Miracema ³⁸	62.1	65.0	67.9
Janaúba ³⁴	185.4	194.1	197.7
Aimorés ¹³⁴	37.9	39.7	40.4
Paraguaçu ¹³⁴	56.6	59.2	60.4
Brasnorte ¹²³⁸	10.2	27.6	28.1
STC ¹²³	18.1	18.9	19.2
EBTE ¹²³	35.8	34.4	36.4
ESDE ¹³	6.7	7.0	7.2
ETSE ¹²³	3.8	4.0	4.1
ESTE ¹³⁴	53.6	56.1	57.2
Ivaí ¹³⁴	140.5	147.0	149.8
EDTE ¹³⁸	33.0	34.6	35.2
Sant'Ana ⁴	59.0	60.9	62.1
São João ⁶		47.6	49.8
São Pedro ⁶		44.9	46.5
Lagoa Nova ⁷		12.6	12.9
Subtotal	842.4	999.8	1,024.6
Total	2,662.8	2,748.1	2,746.9

Including the controlled concessions, jointly-controlled investees and affiliates¹, Taesa's total RAP (operational and under construction) for 2020-2021 cycle is R\$ 2,746.9 million, of which 49.8% is at the holding company level. Considering the completion of the Mariana project in May 2020, Taesa's operating RAP for 2020-2021 cycle was R\$ 2,179 million, against R\$ 2,176 million for 2019-2020 cycle, considering the conclusion of Mariana project only for 2020-2021 cycle.

The RAP readjustment for 2020-2021 cycle was different from inflation in some concessions for the following reasons: (i) **Munirah**, **PATESA**, **ETAU**, **STE**, **ATE I**, **ENTE**, **ERTE**, and **Transleste** were impacted by the 50% drop in RAP due to entry in the 16th year of operation (for further details, see section 4.3); (ii) **TSN** and **Mariana** reinforcements entered into operation; and (iii) **NTE**, **ETEP**, **Lumitrans**, **Transirapé**, **EBTE**, **Brasnorte**, **STC**, **Mariana**, **São João**, and **São Pedro** were affected by tariff reviews.

The following is also worth mentioning: (i) the acquisition of Eletrobras' interests in ETAU, Brasnorte and Transmineiras were completed in 2Q19; (ii) a 11.624% interest in Brasnorte was acquired in Aug/19; (iii) energizing of Miracema (Nov/19), EDTE (Jan/20) and Mariana (May/20) projects; (iv) completion of Novatrans reinforcements regarding the authorization resolutions REA 6306/17 and REA 6369/17 in Nov/19; (v) completion of the São João and São Pedro acquisitions in Feb/20; and (vi) completion of the acquisition of Lagoa Nova in Mar/20. More details in section 3.1.

The applicable PIS/COFINS must be added to the published RAP values of ATE III, São Gotardo, Mariana, Miracema, Janaúba, Aimorés, Paraguaçu, Brasnorte, STC, EBTE, ESDE, ETSE, ESTE, Ivaí, EDTE, Sant'Ana, São João, São Pedro, and Lagoa Nova concessions.



¹ RAP amount proportional to TAESA's stake

² Including reinforcements

³ Gross up PIS/COFINS

⁴ Under Construction

⁵ Category II Concession with IPCA Adjustment

⁶ Acquisition completed on February 14, 2020

⁷ Acquisition completed on March 13, 2020

⁸ RAP's rectified based on ANEEL order 3,219 / 2020 on 11/20/2020

4.3. Drop of 50% in RAP

The transmission concession contracts included in the bidding process between 1999 and 2006 (Category II) provide for a 50% reduction in RAP (Basic Network) as of the 16th year of commercial operation of the facilities. Considering that the concession contracts include facilities whose associated RAP portion will be reduced by 50% on different dates throughout its cycle, an equivalent RAP was calculated to be received by the concessionaires over said cycle and future cycles, considering the pro-rata amounts of RAP installments without reduction from the beginning of the cycle (July 1st) to the end of the 15th year of commercial operation of facilities, and the pro rata amounts of the RAP installments with a reduction of 50%, as of the start date of the 16th year of commercial operation of the installations until the end of the same cycle (June 30th).

For the 2016-2017 cycle, two concessions reached the 16th year of operation¹:

- **ETEO**: 100% of RAP from ETEO started the 16th year of operation on 10/19/2016.
- **ECTE³**: 67.6% of RAP from ECTE started the 16th year of operation on 3/9/2017, and 28.4% started on 3/26/2017.

For the cycles 2017-2018, 2018-2019 and 2019-2020, and 2020-2021, the following concessions reached or will reach the 16th year of operation¹:

- **ETEP³**: 99.7% of RAP from ETEP reached the 16th year of operation on 8/25/2017.
- **EATE³**: 19.0% of RAP from EATE reached the 16th year of operation on 2/1/2018, 45.6% of RAP on 2/20/2018, and 33.5% of RAP on 3/10/2018.
- **TSN³**: 89.9% of RAP from TSN reached the 16th year of operation on 3/4/2018, 4.0% of RAP on 4/5/2018, 0.7% of RAP on 5/22/2018, and 1.3% of RAP on 6/3/2018.
- **Novatrans**: 16.3% of RAP from Novatrans reached the 16th year of operation on 6/3/2018, 19.4% of RAP on 12/8/2018, 19.1% da RAP on 12/23/2018, and 45.2% of RAP on 4/8/2019.
- **GTESA**: 100% of RAP from GTESA reached the 16th year of operation on 8/26/2018.
- **NTE**: 100% of RAP from NTE reached the 16th year of operation on 1/25/2019.
- **STE³**: 19.0% of RAP from STE reached the 16th year of operation on 6/27/2019, 36.6% of RAP on 7/13/2019, and 42.1% of RAP on 7/18/2019.
- **PATESA³**: 98.2% of RAP from PATESA reached the 16th year of operation on 9/1/2019.
- **ERTE³**: 71.5% of RAP from ERTE reached the 16th year of operation on 09/15/2019.
- **ENTE**: 100% of RAP from ENTE reached the 16th year of operation on 2/12/2020.
- **ETAU³**: 34.2% of RAP from ETAU reached the 16th year of operation on 4/17/2020, and 36.0% of RAP on 9/29/2020.
- **Munirah**: 100% of RAP from Munirah reached the 16th year of operation on 10/30/2020.
- **ATE I**: 54.0% of RAP from ATE I reached the 16th year of operation on 10/8/2020, and 46.0% of RAP on 10/27/2020.
- **Transleste**: 100% of RAP from Transleste reached the 16th year of operation on 12/18/2020.

For future cycles, the following concessions will reach the 16th year of operation¹:

- **ATE II**: 100% of RAP from ATE II will reach the 16th year of operation on 12/11/2021.
- **Transudeste**: 100% of RAP from Transudeste will reach the 16th year of operation on 2/23/2022.
- **Transirapé³**: 45.1% of RAP from Transirapé will reach the 16th year of operation on 05/23/2022, and 15.9% of RAP on 5/30/2022.

- **Lumitrans³**: 99.9% of RAP from Lumitrans will reach the 16th year of operation on 10/3/2022.
- **STC³**: 71.9% of RAP from STC will reach the 16th year of operation on 11/8/2022.
- **ATE III³**: 54.4% of RAP from ATE III will reach the 16th year of operation on 4/27/2023, and 40.1% of RAP on 5/23/2023.

Notes:

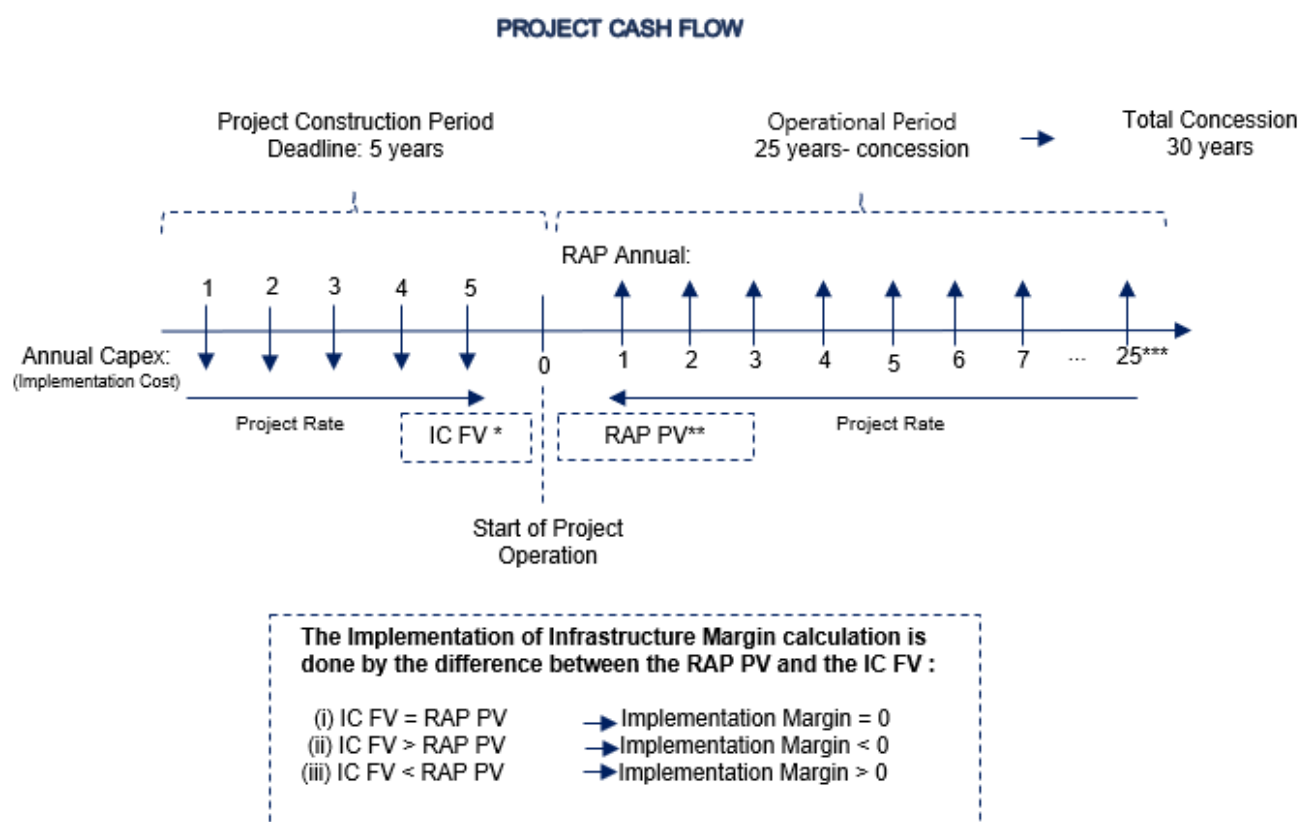
1. The 50% reduction schedule of RAP mentioned above was taken from the Technical Note n. 144-2018-SGT of ANEEL.
2. The RAP percentages were calculated based on the value of the RAP prior to the date of the first 50% reduction.
3. For those concessions whose percentages of RAP indicated above do not add up to 100%, the difference is due to reinforcements/improvements that do not fit into the category 2 assets subject to the 50% drop in RAP at the beginning of the 16th year of operation.

4.4. Impact of Accounting Change (CPC 47)

In the accounting under IFRS up to the 3rd quarter of 2018, the investments were recognized as Financial Assets at amortized cost, pursuant to Resolution n. 1,261 of 12/10/2009 (Federal Accounting Council). Consequently, Revenues under IFRS reflected the movement of Financial Assets. As of January 1, 2018, the adoption of IFRS 9 (CPC 48) or IFRS 15 (CPC 47) became mandatory, in effect as of the disclosure of the Annual Financial Statements for 2018. The Company opted to adopt IFRS 15, whose principles are based on the business model that identifies the contract with the client (goods or services) and its respective contractual performance obligations, defining the price of the transaction and recognition of income as of the realization of these obligations (recognition of the Contractual Assets).

The rate considered in calculating the Financial Assets was the Financial Assets Remuneration Rate (TRAF) which matched the present value of investments with the present value of the flow of receipts from financial assets, that is, it was the internal rate of return of the flow. For the calculation of the Contractual Asset, the rate adopted becomes the market rate at the time of the auction, fixed over the term of the concession ("Project Rate"). The Company chose to adopt the real auction WACC (ANEEL) as the Project Rate as it is a known and benchmark rate for the market. It is important to mention that this change in the rate explained above applies only to companies that were built by Taesa or are in the process of construction. In the case of acquisitions, brownfield, there was no rate change, as it is not possible to retrace the project's construction date. Thus, the Company believes that the rate used until then is the most appropriate.

Based on the above, the accounting for the transmission asset became effective as a Contractual Asset and no longer as Financial Assets. Therefore, the Contractual Asset is calculated monthly from the future flow of receipts brought to present value according to the Project Rate.



* IC FV: Future Value of Implementation Cost

** RAP PV: Present Value of Annual Permitted Revenue (Formation of Contractual Assets)

***PV of the receivables includes the RAP and the residual balance to be indemnified

Under the accounting method (CPC 47 - Contractual Asset), the efficiencies/inefficiencies generated in the project under construction are recorded as implementation of infrastructure margin. That is, the implementation of infrastructure revenues will comprise the implementation margin, calculated by the difference between the Present Value of the RAP and the Future Value of Implementation Cost in the start-up of operations (see picture above). Accordingly, if in the Financial Asset the impact of the construction in the result was basically null during the pre-operational stage (implementation revenues were equal to the implementation cost plus PIS/COFINS), in the Contractual Asset the implementation margin will impact the Income Statements of the project. In other words, the implementation revenues will be calculated, over the pre-operational period, as the implementation cost plus the implementation margin, which also includes the interest on the remuneration of the asset in the period, calculated by the Project Rate over the balance of the contractual asset.

Another important change refers to the remuneration of the asset. Under the Financial Asset method, the revenues from remuneration were calculated based on the TRAF levied on the balance of the financial asset since the beginning of the concession. Under the Contractual Asset method, such revenues from the remuneration are calculated based on the Project Rate levied on the balance of the contractual asset and is recorded solely after the start-up of operations of the project. During the construction period, the interest on the remuneration is included in the Implementation of Infrastructure Revenues and the calculation is performed as described above.

The other lines of the revenues under IFRS (O&M and Monetary Restatement) maintain exactly the same recording criterion of the method that was formerly adopted.

Another change in the adoption of CPC 47 occurs in the treatment of advances with suppliers. Previously the advance related to Financial Asset was recorded directly in the balance sheet as a financial asset, and therefore not recognized in the statement of income. As from the accounting using the Contractual Asset method, this advance must necessarily pass through the result as implementation of infrastructure cost.

In addition, the Brazilian Securities and Exchange Commission (CVM) published Circular Letter No. 04/2020 of December 1, 2020, with guidance on relevant aspects of CPC 47 and CPC 48 (equivalent to IFRS 15 and IFRS 9, respectively) for the publicly traded electric power transmission companies. Thus, the Company adapted its accounting practices in relation to its contractual assets, reviewing its estimates and identified the following impacts, net of taxes: (i) R\$ 124.9 million for the year 2020, recorded in the income for the year; and (ii) R\$ 63.5 million for previous years, recorded in Shareholders' Equity.

Impacts of the accounting changes due to CPC-47 recorded so far:

The adjustments generated by the adoption of CPC 47 as of January 1, 2018 were:

- (i) For the initial (starting) balance of the Contractual Asset on January 1, 2018, the adjustment was entered into the special reserve account for the 2018 financial year (Shareholders' Equity), in the amount of R\$ 113,399,544.45, referring to previous years.
- (ii) For Fiscal year 2018, the adjustment was entered into the Income Statements in the amount of R\$ 116,924,085.17 and allocated to the special reserve account at the end of the year, net of the 5% that were retained as legal reserve.
- (iii) For Fiscal year 2019, the adjustment was entered into the Income Statements in the amount of R\$ 291,323,518.24 and allocated to the special reserve account at the end of the year, net of the 5% that were retained as legal reserve.
- (iv) For the Fiscal Year 2020, the adjustment was entered in the Income Statements in the amount of R\$ 631,469,547.58 (including the amount of R\$ 124,947,792.20 related to the CIRCULAR LETTER / CVM / SNC / SEP / nº 04 / 2020) that was allocated to the special reserve account at the end of the year. In addition, the amount of R\$ 63,583,002.83 also related to the CIRCULAR LETTER / CVM / SNC / SEP / nº 04/2020 for previous years was recorded in the special reserve account, in the 2020 shareholders' equity. It is important to note that for the year 2020, the legal reserve (5%) was not constituted based on art. 193 paragraph 1 of the Brazilian Corporation Law, which says that the Company may stop constituting the legal reserve for the year when the balance of that reserve, plus the amount of capital reserves referred to in paragraph 1 of article 182, exceeds 30% of the share capital.

The aforementioned adjustments totalled R\$ 1,216,699,698.28, of which R\$ 1,196,287,318.11 recorded as Special Reserve and R\$ 20,412,380.17 as Legal Reserve (5%). It is important to note that the effects related to the adoption of CPC 47 are excluded from the distributable net income and, during the year, are recorded in the Accumulated Incomes account, being allocated to the Special Reserve and Legal Reserve accounts at the end of the fiscal year.

4.5. Net Revenues under IFRS

Net Revenues under IFRS in 4Q20 was R\$ 1,174.0 million, 148.5% higher y.o.y, due to the increase in all lines of revenues as a result of the recent acquisitions and entry into operation of some concessions, and due to the growth of monetary restatement of contractual assets explained by the increase of IGP-M.

2020 net revenues under IFRS was R\$ 3,561.3 million, 93.5% higher y.o.y.

Since the adoption of CPC 47 (IFRS 15), as explained in section 4.4, the change in the recognition of the transmission asset has an effect on the Implementation of Infrastructure Revenues that now accounts for an implementation of infrastructure margin, thus generating impact on the net income.

Considering the monetary restatement of the revenues assured in the concession agreement, the Company monthly records the monetary restatement of the concession's contractual asset in the result. Thus, the inflationary effect is diluted month by month considering the inflation as per the IGP-M or the IPCA verified in the previous month. The indices used for the monetary restatement of the forth quarter of 2020 were: IGP-M of 4.34%, 3.23% and 3.28% (accumulated +11.24%), and IPCA of 0.64%, 0.86% and 0.89% (accumulated +2.41%), referring to the months of September, October and November, 2020, respectively. In the forth quarter of 2019, the IGP-M was -0.01%, 0.68% and -0.30% (accumulated +0.97%), and the IPCA was -0.04%, 0.10% and 0.51% (accumulated +0.57%), referring to the respective months of 2019. For the year 2020, the cumulative IGP-M was 24.52% while IPCA was 4.31%. For 2019, IGP-M recorded 3.97% and IPCA 3.27% (base for the monetary restatement in the year: December through November).

Net Revenues - IFRS (Consolidated)

	R\$ mn	4Q20	4Q19*	Chg.%	2020	2019*	Chg.%
Operation and Maintenance		175.0	157.6	11.0%	676.2	607.2	11.3%
Remuneration of contractual assets		180.8	127.1	42.2%	657.8	505.2	30.2%
Monetary restatement of contractual assets		493.5	35.5	1290.2%	1,007.6	164.4	513.1%
Implementation of infrastructure		416.6	197.8	110.6%	1,523.7	752.8	102.4%
Total IFRS Revenues		1,266.0	518.1	144.4%	3,865.3	2,029.6	90.4%
Variable Portion		(7.7)	(7.0)	9.9%	(23.1)	(15.3)	51.4%
Other Revenues		5.8	7.8	-26.0%	32.4	15.6	108.3%
Total Gross Revenues		1,264.1	518.9	143.6%	3,874.6	2,029.9	90.9%
PIS/Cofins		(74.1)	(28.8)	157.6%	(245.5)	(113.7)	116.0%
Service Tax		(0.15)	(0.04)	227.8%	(0.5)	(0.2)	188.2%
ICMS		(0.01)	(0.01)	-7.9%	(0.09)	(0.05)	71.7%
Consumer's Fees		(15.8)	(17.5)	-9.9%	(67.2)	(76.0)	-11.6%
Deductions		(90.1)	(46.4)	94.3%	(313.3)	(189.9)	65.0%
Total Net Revenues		1,174.0	472.5	148.5%	3,561.3	1,840.0	93.5%

* Due to the impact of OFÍCIO-CIRCULAR/CVM/SNC/SEP/No. 04/2020 referring to CPC 47, fully recorded in 4Q20, the Company performed the adjustments and reclassifications of the 2019 result for purposes of comparison with the 2020 result.

The variation and composition of Taesa's net revenues under IFRS mainly reflect the following aspects:

- **Operation and maintenance:** The 11.0% y.o.y increase in O&M revenues is mainly due to (i) the inflation adjustment of the 2020-2021 cycle, 6.51% from IGP-M and 1.88% from IPCA, considering the variation between the periods from July 2020 to June 2021, according to the Ratifying Resolution 2,275/20, (ii) the entry into operation of Miracema concession at the end of 2019 and of Mariana concession in May 2020, and (iii) the completion of the acquisition of São João and São Pedro in February 2020, and of Lagoa Nova in March 2020. The 11.3% increase between 2020 and 2019 is explained by the same reasons mentioned above.
- **Remuneration of the contractual asset of concession:** Calculated by multiplying the project rate over the balance of the contractual asset (recorded only in the operating period of the concession). 4Q20 results showed a

42.2% y.o.y increase due to (i) the completion of the acquisition of São João and São Pedro in February 2020, and of Lagoa Nova in March 2020, (ii) the entry into operation of concessions Miracema at the end of last year and Mariana in May 2020, (iii) the completion of Novatrans reinforcements at the end of 2019, and (iv) the monetary restatement of the contractual asset of the last months, which softened the natural effect of the amortization of the the asset balance by the receivables. In the comparison between 2019 and 2018, the the increase of 30.2% is explained by way of the same motives mentioned above.

- Monetary restatement of the concession contractual asset:** Based on the monthly inflation adjustment. Monetary restatement revenues showed an y.o.y increase of R\$ 458.0 million, mainly due to the rise of macroeconomic indices recorded in the periods under comparison, with a greater effect of IGP-M that recorded an inflation of 11.24% in the accumulated quarter against an inflation of 0.97% in the same quarter of 2019, as described above. It is worth mentioning the the impact of higher macroeconomic indexes recorded in the monetary restatement were also affected by the consolidation of the new assets (São João, São Pedro, Lagoa Nova, Miracema, Mariana and Novatrans reinforcements) in the year 2020. The increase of R\$ 843.3 million in the comparison between 2020 and 2019 is due to the same reasons mentioned above, with greater effect in 3Q20 and 4Q20.
- Implementation of infrastructure:** As explained in section 4.4, since the adoption of CPC 47, the efficiencies generated until then in projects under construction are now accounted for as an implementation margin in this revenues line. Also bearing in mind that the interest on the remuneration of the asset is also added to implementation revenues during the pre-operating period. The 110.6% y.o.y growth in implementation revenues is basically due to : (i) higher investments in Janaúba and Sant'Ana and the reinforcement of São Pedro, which was partially offset by the completion of Miracema project and Novatrans reinforcements, both at the end of last year; and (ii) reversal of R\$ 80.6 million in 4Q19 of implementation revenues from improvement projects, mainly especially from concessions ATE II, TSN and NTE concessions based on Technical Note 125/2018-SRM / SCT / ANEEL, of August 3, 2018.
- Variable portion (PV):** PV increased 9.9% between 4Q20 and 4Q19. In the comparison between 2020 and 2019, there was an impact of R\$ 7.9 million mainly due to disconnections/provisions in São João, Novatrans, TSN, ATE I and ETEO. For more details see section 4.1.
- Other operating revenues:** The annual reduction of 26.0% is mainly due to the accounting of R\$ 3.8 million in the result for the 4Q19 relating to the pro-rata revenues of Novatrans reinforcements through November 2019, since the operation of those reinforcements for purposes of calculation of the contractual asset began only in December 2019 (the first full month of RAP receivables). Such effect was partially compensated by the revenues arising from the *Rede de Fronteira* and DIT (Other Installations) of São Pedro and Miracema. In the comparison between 2020 and 2019, the increase of R\$ 16.8 million resulted from the: (i) recognition of R\$ 8.9 million in the revenues accrued by Miracema in the first three months of operation due to the use of the facilities of 500kV and 230kV in different periods, since the contractual asset is only accounted for after the release of all facilities; (ii) recognition of the revenues from the *Rede de Fronteira* and DIT (Other Installations) of São Pedro, Miracema and Brasnorte (consolidation of the results recognized by Brasnorte in Taesa beginning in June 2019); and (iii) revenues accrued by Mariana in June, considering that the contractual asset is only accounted for after the full receipt of the RAP.
- Deductions of gross revenues:** There was an increase of 94.3% in the comparison between 4Q20 and 4Q19 and of 65.0% between 2020 and 2019. The variations mentioned are due to PIS / COFINS, which follows the variation in gross revenue under IFRS (the tax varies from according to each concession - see section 4.15). This effect was partially offset by the reduction in sector charges. For more details see section 4.8.

4.6. Costs, Expenses, Depreciation and Amortization under IFRS

Costs, Expenses, and Depreciation and Amortization totaled R\$ 337.2 million in 4Q20, 35.0% higher y.o.y.

Costs, Expenses, and Depreciation and Amortization totaled R\$ 1,200.5 million in 2020, 70.0% higher y.o.y.

Cost, Expenses and D&A - IFRS (Consolidated)

	R\$ mn	4Q20	4Q19	Chg. %	2020	2019*	Chg. %
Personnel		(43.7)	(36.2)	20.6%	(166.6)	(134.3)	24.0%
Material		(256.9)	(183.1)	40.3%	(922.1)	(477.7)	93.0%
Third Party Services		(22.5)	(20.6)	9.3%	(72.9)	(61.6)	18.3%
Other		(11.0)	(7.0)	56.9%	(23.7)	(19.3)	22.4%
Total		(334.0)	(246.9)	35.3%	(1,185.2)	(692.9)	71.1%
Depreciation and amortization		(3.2)	(2.8)	12.4%	(15.3)	(13.2)	15.7%
Total		(337.2)	(249.8)	35.0%	(1,200.5)	(706.1)	70.0%

The variations in IFRS costs were caused mainly by the following events:

- **Personnel:** The y.o.y increase of 20.6% is explained by the employee's salary adjustments of 5.45% under the collective bargaining agreement (result of the mix of the inflation indices for the 2019-2020 RAP cycle – 6.51% for IGP-M and 1.88% for IPCA), the completion of São João, São Pedro and Lagoa Nova acquisitions and the entry into operation of Miracema and Mariana, in addition to the meritocracy and promotions program and increase in staff. In the year, the 24.0% increase refers to the reasons listed above in addition to the consolidation of Brasnorte in the Company as of June 2019.
- **Material:** The y.o.y increase of R\$ 73.7 million is mainly due to higher investments in projects under construction of Janaúba (+R\$ 67.3 million) and Sant'Ana (+R\$ 58.2 million) and of São Pedro reinforcement (+R\$ 22.6 million), partially offset by the drop in investments in the completed projects of Miracema, Mariana, and reinforcements of Novatrans and TSN. In the year, the 93.0% increase refers to the same reasons mentioned above, with the impacts of R\$ 539.0 million in Janaúba, R\$ 118.6 million in Sant'Ana and R\$ 33.5 million of the reinforcement of São Pedro.
- **Third-party services:** The 9.3% y.o.y growth was mainly influenced by the increased expenses with cleaning of the right of way, by the acquisition of São João, São Pedro and Lagoa Nova and the entry into operation of Miracema and Mariana. This growth was partially offset by the reduction of administrative consultancy, legal and travelling expenses. The increase of 18.3% between 2020 and 2019 was mainly due to the recent acquisitions and concessions that became operational, in addition to the increase in expenses for cleaning of the right of way, hiring of strategic consultants and the consolidation of Brasnorte in Taesa from June 2019. These effects were partially offset by the reduction in travel expenses.
- **Other:** These expenses increased by 56.9% due to: (i) change in the prognosis of civil contingencies; (ii) consolidation of São João and São Pedro concessions; and (iii) write-off of transmission assets with no expectations of recoverability in 2020. The increase was partially offset by the contractual reimbursement related to the acquisitions of São Pedro and São João in the amount of R\$ 3.4 million, lower expenses with sponsorships and donations and lower insurance expenses. In the comparison between 2020 and 2019, the increase of 22.4% refers to the same reasons mentioned above
- **Depreciation and amortization:** The increase of 12.4% between 4Q20 and 4Q19 and 15.7% between 2020 and 2019 is basically due to the remeasurement of financial lease agreements within the scope of CPC 06 (R2), which generated an increase in depreciation in 4Q20 compared to 4Q19.

4.7. EBITDA and EBITDA Margin under IFRS

In 4Q20 IFRS EBITDA totaled R\$ 840.0 million with an EBITDA margin of 71.5%. The y.o.y increase of 272.4% in the IFRS EBITDA was basically due to the higher macroeconomic indices recorded in the period, which positively impacted the monetary restatement revenues, to the recent acquisitions and the entry into operation of new assets and to the greater investments in the Janaúba and Sant'Ana projects. These same reasons explain the 105.4% increase in the comparison between 2020 and 2019.

EBITDA IFRS is not a measure that reflects the Company's operating cash generation, since the IFRS standards generate a mismatch between the Income Statements and the Cash Flow.

EBITDA IFRS (Consolidated)

	R\$ mn	4Q20	4Q19*	Chg.%	2020	2019*	Chg.%
Net Revenues		1,174.0	472.5	148.5%	3,561.3	1,840.0	93.5%
Costs and Expenses		(334.0)	(246.9)	35.3%	(1,185.2)	(692.9)	71.1%
Gains (losses) on company acquisitions		-	-	-	-	9.8	0.0%
EBITDA		840.0	225.6	272.4%	2,376.0	1,156.9	105.4%
EBITDA margin		71.5%	47.7%	23.8 bps	66.7%	62.9%	384.4%

* Due to the impact of OF/CIO-CIRCULAR/CVM/SNC/SEP/No. 04/2020 referring to CPC 47, fully recorded in 4Q20, the Company performed the adjustments and reclassifications of the 2019 result for purposes of comparison with the 2020 result.

4.8. Regulatory Net Revenues

Regulatory Net Revenues in 4Q20 reached R\$ 382.9 million, 12.8% higher y.o.y, explained by the entry into operation of Miracema, Mariana and the reinforcements of Novatrans, acquisition of São João, São Pedro and Lagoa Nova concessions, and by the inflation adjustment, effects that were partially offset by the RAP drop on some concessions.

Regulatory Net Revenues in 2020 totaled R\$ 1,524.8 million, showing an y.o.y increase of 9.4%.

The Regulatory Net Revenues are not impacted by recognition of the inflationary effects described in section 4.5 of the Net Revenues under IFRS, since this recognition is an IFRS accounting definition on the monetary restatement of the contractual asset that therefore influences only the Net Revenues under IFRS. On the other hand, the RAP is annually adjusted by inflation at each new cycle that starts on the 1st of July of each year and ends on the 30th of June of the following year (see section 4.2).

The 14.4% y.o.y growth in the line of RAP is explained basically by the entry into operation of Miracema and Mariana concessions, and Novatrans reinforcements, by the conclusion of the acquisition of São João, São Pedro and Lagoa Nova, and by the inflation adjustment of the 2020-2021 RAP cycle (6.51% from IGP-M and 1.88% from IPCA). This increase was partially offset by the RAP drop from Munirah, PATESA, STE and ATE I (more details on the effects and cutoff dates in sections 4.2 and 4.3). The 10.3% increase in the comparison between 2020 and 2019 is basically due to the same reasons mentioned above, also considering for this comparison the inflation adjustment of the 2019-2020 RAP cycle (7.64% in IGP-M and 4.66 % in IPCA) and the consolidation of Brasnorte in Taesa from June 2019, which effects were partly compensated by the 50% reduction in Novatrans and NTE, in addition to the abovementioned concessions relating to the 2019-2020 and 2020-2021 cycles.

The Variable Portion (PV) increased 9.9% in the comparison between 4Q20 and 4Q19. In the comparison between 2020 and 2019, there was a impact of R\$ 7.9 million mainly due to disconnections / provisions in São João, Novatrans, TSN, ATE I and ETEO. For more details see section 4.1.

The other revenues presented an y.o.y reduction of R\$ 8.9 million related to São João's adjustment portion, defined in the ratifying resolution 2.275/20, as a result of ANEEL's administrative process 48500.002803/2017-41 established before the conclusion of its acquisition, whose total amount was agreed through an escrow account, therefore with no financial impact to TAESA. This same reason explains the R\$ 17.7 million reduction in other operating revenues in 2020 and 2019 comparison.

The reduction in sector charges is due to the 50% RAP drop, as mentioned above, since the new concessions that affected the results are exempt from the collection of the Global Reversion Reserve - RGR tariff, according to Law 12,783/2013, which waives this payment for concessions auctioned after September 12, 2012.

Net Revenues - Regulatory (Consolidated)

	R\$ mn	4Q20	4Q19	Chg.%	2020	2019	Chg.%
RAP Concessions		439.4	384.0	14.4%	1,727.6	1,565.8	10.3%
Variable Portion		(7.7)	(7.0)	9.9%	(23.1)	(15.3)	51.4%
Service Revenues		431.8	377.0	14.5%	1,704.5	1,550.5	9.9%
Other Revenues		(8.7)	0.3	n/a	(16.5)	1.2	n/a
Total Gross Revenues		423.1	377.3	12.1%	1,688.0	1,551.7	8.8%
PIS/Cofins		(24.2)	(20.2)	19.6%	(95.4)	(81.3)	17.3%
Service Tax		(0.15)	(0.04)	227.8%	(0.5)	(0.2)	187.8%
ICMS		(0.01)	(0.01)	-7.9%	(0.1)	(0.1)	73.1%
Consumer's Fee		(15.8)	(17.5)	-9.9%	(67.2)	(76.0)	-11.6%
Deductions		(40.1)	(37.8)	6.2%	(163.2)	(157.5)	3.6%
Total Net Revenues		382.9	339.5	12.8%	1,524.8	1,394.2	9.4%

4.9. Regulatory Costs, Expenses, Depreciation and Amortization

Costs, Expenses, and Depreciation and Amortization totaled R\$ 143.6 million in 4Q20, 9.6% higher y.o.y. PMSO costs totaled R\$ 80.9 million, registering an y.o.y decrease of 0.4%.

Costs, Expenses, and Depreciation and Amortization in 2020 reached R\$ 517.8 million, 18.8% higher y.o.y. PMSO costs totaled R\$ 275.7 million in 2020, an y.o.y increase of 14.6%.

Costs, Expenses and D&A - Regulatory (Consolidated)

	R\$ mn	4Q20	4Q19	Chg. %	2020	2019	Chg. %
Personnel		(43.7)	(36.2)	20.6%	(166.6)	(134.3)	24.0%
Material		(1.7)	(0.9)	88.6%	(3.8)	(2.4)	56.0%
Third Party Services		(22.5)	(20.6)	9.3%	(72.9)	(61.6)	18.3%
Other		(13.0)	(23.5)	-44.7%	(32.4)	(42.2)	-23.2%
Total		(80.9)	(81.3)	-0.4%	(275.7)	(240.5)	14.6%
Depreciation and amortization		(62.6)	(49.7)	25.9%	(242.1)	(195.2)	24.0%
Total		(143.6)	(131.0)	9.6%	(517.8)	(435.7)	18.8%

The differences between Regulatory Results and IFRS, in the line of costs, expenses and depreciation and amortization are verified in expenses with materials and in depreciation and amortization. The IFRS Results recognize the investment in the construction of new assets, reinforcements and improvements, as expenses with materials, while at the same time capitalizes the implementation revenues in the contractual asset. The Regulatory Results depreciate the investments in fixed assets. In addition, as from the adoption of CPC 06 (IFRS 16) - Leasing Operations, in 2019, differences are also observed in the lines of Other operating costs and expenses, between the Regulatory and IFRS Results.

The costs and expenses for PMSO totaled R\$ 80.9 million in 4Q20 (-0.4% y.o.y) and R\$ 275.7 in 2020 (+14.6% y.o.y), explained by the following events:

- **Personnel:** The y.o.y increase of 20.6% is explained by the employee's salary adjustments of 5.45% under the collective bargaining agreement (result of the mix of the inflation indices for the 2019-2020 RAP cycle - 6.51% for IGP-M and 1.88% for IPCA), the completion of São João, São Pedro and Lagoa Nova acquisitions, and the entry into operation of Miracema and Mariana, in addition to the meritocracy and promotions program and increase in staff. In the year, the 24.0% increase refers to the reasons listed above in addition to the consolidation of Brasnorte in the Company as of June 2019.
- **Material:** The y.o.y increase of R\$ 88.6% is due to higher operation and maintenance expenses and to the completion of São João, São Pedro and Lagoa Nova acquisitions.
- **Third-party services:** The 9.3% y.o.y growth was mainly influenced by increased expenses with cleaning of the right of way, by the acquisition of São João, São Pedro and Lagoa Nova and the entry into operation of Miracema and Mariana. This growth was partially offset by the reduction of administrative consultancy, legal and travelling expenses. The increase of 18.3% between 2020 and 2019 was mainly due to the recent acquisitions and concessions that became operational, in addition to the increase in expenses for cleaning up the right of way, hiring of strategic consultants and the consolidation of Brasnorte in Taesa from June 2019. These effects were partially offset by the reduction in travel expenses.
- **Others:** These expenses decreased by 44.7% due to: (i) a inventory write-off in 4Q19 of approximately R\$ 15.1 million related to the Novatrans reinforcements, concluded in November 2019, which consisted on the replacement of 4 capacitor banks; and (ii) contractual reimbursement related to the acquisitions of São Pedro and São João in the amount of R\$ 3.4 million. This reduction was partially offset by the changes in the prognosis of civil contingencies and the write-off of transmission assets with no expectations of recoverability in 2020. The reduction of 23.2% in the comparison between 2020 and 2019 is explained by the same reasons mentioned above.

- **Depreciation and Amortization:** The increase in depreciation, both in the comparison between 4Q20 and 4Q19 and 2020 and 2019, refers to the unitizations of Novatrans reinforcements, the entry of operation of Miracema and the acquisition of São João, São Pedro and Lagoa Nova.

4.10. Regulatory EBITDA and EBITDA Margin

The Regulatory EBITDA for 4Q20 reached R\$ 302.0 million, 17.0% higher y.o.y, and an EBITDA margin of 78.9%. In 2020, Regulatory EBITDA reached R\$ 1,249.1 million, 8.3% higher compared to 2019, with an EBITDA margin of 81.9%. As previously mentioned, the 50% RAP drop of some concessions were offset by the recent acquisitions and the entry into operation of new assets.

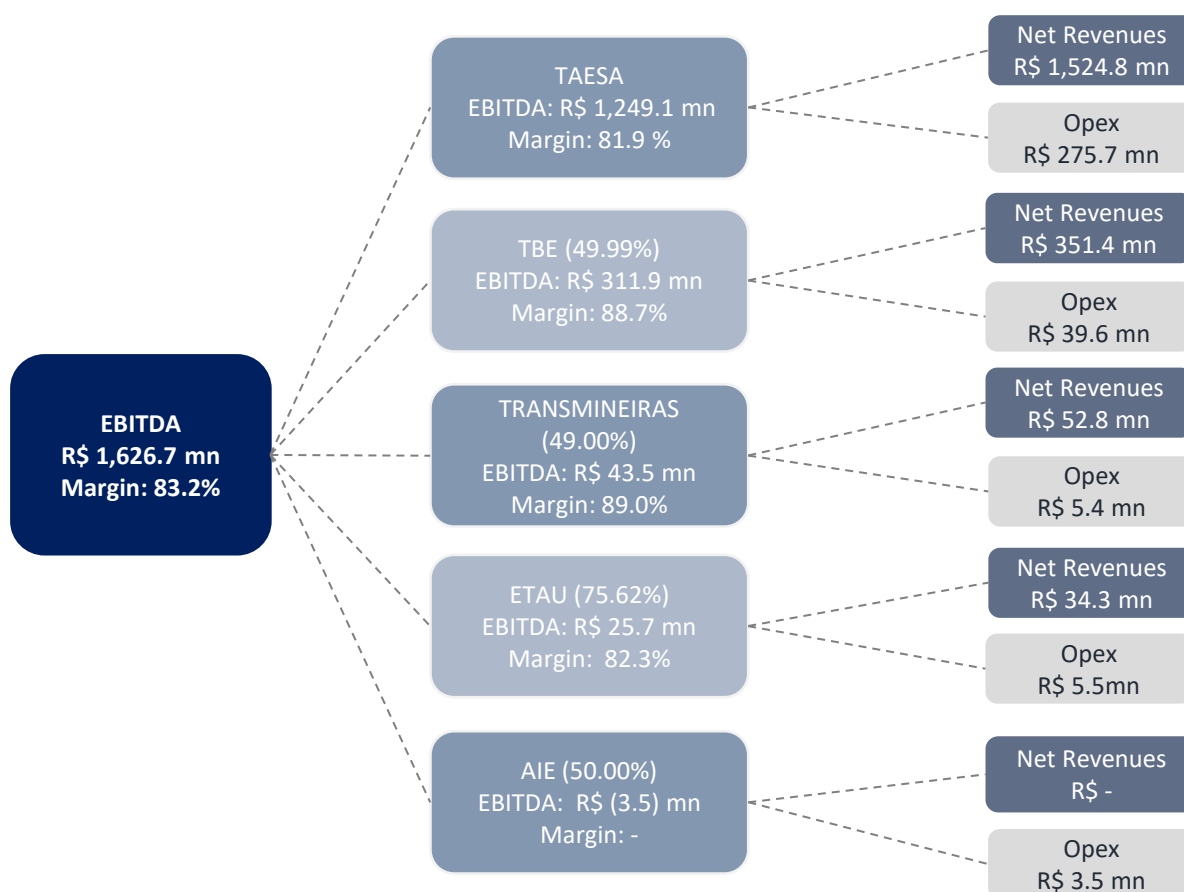
In the power transmission sector, the **Regulatory EBITDA** is an important operating and financial performance indicator, since it is adherent to the Company's effective operating cash generation.

EBITDA Regulatoty (Consolidated)

	R\$ mn	4Q20	4Q19	Chg.%	2020	2019	Chg.%
Net Revenues		382.9	339.5	12.8%	1,524.8	1,394.2	9.4%
Costs and Expenses		(80.9)	(81.3)	-0.4%	(275.7)	(240.5)	14.6%
EBITDA		302.0	258.2	17.0%	1,249.1	1,153.7	8.3%
EBITDA margin		78.9%	76.1%	2.8 bps	81.9%	82.7%	-0.8 bps

4.11. Composition of Regulatory EBITDA

The diagram below shows how the Regulatory EBITDA would be in the first nine months of 2020, considering all concessions of Taesa group proportionally. It is important to note that the consolidated results according to the Brazilian accounting standards do not include the jointly-controlled investees and affiliates (ETAU, Brasnorte, Transmineiras, AIE, and TBE).



4.12. Equity Method under IFRS

The Equity Method under IFRS in 4Q20 totaled R\$ 355.5 million, 115.5% higher y.o.y. In 2020, Equity Method under IFRS closed at R\$ 833.9 million, 125.5% higher y.o.y.

Equity Method - IFRS

R\$ mn	4Q20	4Q19*	Chg. %	2020	2019*	Chg. %
ETAU	11.6	(2.0)	-	42.2	7.6	458.0%
TBE	209.4	72.6	188.3%	499.1	225.7	121.1%
Aimorés	20.7	25.9	-19.9%	55.7	31.8	75.3%
Paraguaçu	35.5	51.2	-30.7%	81.7	65.5	24.6%
Ivaí	50.9	9.3	445.2%	95.0	17.2	451.5%
Transmineiras	27.4	8.9	209.2%	60.3	19.7	206.8%
Total Equity method	355.5	165.0	115.5%	833.9	369.8	125.5%

* Due to the impact of OFÍCIO-CIRCULAR/CVM/SNC/SEP/No. 04/2020 referring to CPC 47, fully recorded in 4Q20, the Company performed the adjustments and reclassifications of the 2019 result for purposes of comparison with the 2020 result

The y.o.y increase of 115.5% in the IFRS results of the jointly-controlled investees and affiliates in the comparison between 4Q20 and 4Q19, is mainly due to: (i) positive variation in the monetary restatement revenues in the result of TBE, Transmineiras and ETAU by virtue of the rise of macroeconomic indexes recorded in the quarter; (ii) greater investments in concessions under construction (ESTE, which is part of TBE, and Ivaí of the AIE group) and (iii) adaptation of the calculation methodology of the contractual assets in 4Q20 and 4Q19 under CIRCULAR LETTER/ CVM / SNC / SEP / nº 04/2020, issued on December, 2020, which mainly impacted Ivaí, Aimorés and Paraguaçu concessions. These effects were partially offset by the lower investments in Aimorés, Paraguaçu and EDTE concessions - the latter entered into operation in January 2020 - and by the higher financial expenses in Ivaí due to the 1st issuance of debentures in December 2019. In the comparison between 2020 and 2019, the 125.5% increase is explained by the same reasons mentioned above, in addition to the acquisition of Eletrobrás' stake in Transmineiras and ETAU in 2Q19 and the greater investments in Aimorés.

4.13. Regulatory Equity Method

The Regulatory Equity Method totaled R\$ 32.0 million in 4Q20, 36.3% lower y.o.y. In 2020, Regulatory Equity Method closed at 162.3 million, a reduction of 17.6% y.o.y.

Equity method - Regulatory

R\$ mn	4Q20	4Q19	Chg. %	2020	2019	Chg. %
ETAU	2.8	3.6	-21.3%	14.1	14.2	-0.5%
TBE	48.7	53.3	-8.7%	215.9	212.0	1.8%
Aimorés	0.3	(0.2)	-	(0.1)	(0.7)	-89.5%
Paraguaçu	0.4	(0.3)	-	(0.1)	(0.9)	-85.5%
Ivaí	(15.4)	(1.2)	1201.4%	(47.1)	(1.5)	3142.2%
Transmineiras	8.9	8.6	3.9%	34.2	26.0	31.8%
Subsidiaries Net Income	45.6	63.8	-28.5%	216.9	251.4	-13.7%
Amortization of goodwill - TBE	(13.6)	(13.6)	0.0%	(54.6)	(54.6)	0.0%
Total Equity Method	32.0	50.1	-36.3%	162.3	196.8	-17.6%

The Regulatory Equity Method in 4Q20 presented a y.o.y reduction of 36.3%, due to the increase in financial expenses related to the 1st issuance of debentures of Ivaí and the 2nd issuance of debentures of EDTE and to the 50% reduction in the

RAP of ETAU, Transleste, ERTE and ENTE, partially offset by the inflation adjustment of the 2020-2021 RAP cycle. The 17.6% drop in the comparison between 2020 and 2019 is explained by the same reasons as above, partially offset by the acquisition of Eletrobrás' stake in Transmineiras and ETAU.

The difference between the Equity Method in Taesa and the sum of the results of ETAU, Aimorés, Paraguaçu, Ivaí, Transmineiras, and TBE is due to the amortization of the goodwill arising from the allocation of the price paid for the acquisition of TBE.

4.14. Net Financial Results

The net financial expenses under IFRS totaled R\$ 192.9 million in 4Q20, 160.0% higher y.o.y. The Regulatory net financial expenses totaled R\$ 192.3 million, 161.4% higher y.o.y.

In 2020, net financial expenses under IFRS closed at R\$ 475.5 million, showing an y.o.y increase of 83.7%. The Regulatory net financial expenses reached R\$ 472.8 million, 84.9% higher y.o.y.

With the adoption of CPC 06 (IFRS 16) - Leasing Operations, as of January 1, 2019, rental expenses are no longer accounted for as other operating expenses, but are now accounted for as financial expenses (in the line "Leasing"), and depreciation, against Lease Liabilities (short and long term) in the balance sheet, and Right of Usage (long term) of the Asset. Therefore, as of 2019, the financial results under IFRS will differ from the regulatory financial results only in the "Leasing" line.

Net Financial Expenses IFRS

	R\$ mn	4Q20	4Q19	Chg.%	2020	2019	Chg.%
Financial Revenues		5.8	22.2	-73.6%	38.8	96.9	-60.0%
Revenues from financial investments		5.9	22.2	-73.6%	38.8	96.9	-60.0%
Financial Expenses		(198.8)	(96.4)	106.2%	(514.3)	(355.7)	44.6%
Interest incurred		(89.7)	(61.9)	45.0%	(323.9)	(231.8)	39.7%
Monetary and exchange variations		(106.9)	(30.7)	248.7%	(175.6)	(106.9)	64.2%
Fair Value Adjustment		(0.0)	0.0	-	0.0	(0.0)	n/a
Leasing		(0.6)	(0.6)	-10.7%	(2.7)	(3.1)	-12.1%
Other financial expenses/revenues		(1.6)	(3.2)	-51.6%	(12.2)	(14.0)	-12.8%
Total IFRS		(192.9)	(74.2)	160.0%	(475.5)	(258.8)	83.7%

The 73.6% y.o.y reduction in Financial Revenues occurred mainly due to the lower average cash volume invested by virtue of the payment of interest and amortization in the amount of R\$ 477.5 million (2nd and 3rd series of the 3rd issuance of debenture of Taesa), payment of dividends and interest on equity in the 4Q20 of R\$ 523.4 million (additional amount of R\$ 274.7 million compared to 4Q19) and investments in the projects. Such reduction was slightly offset by the higher profitability achieved in the investments this quarter. In the year, the annual reduction of 60.0% resulted from the payment of interest and amortization in the amount of R\$ 908.8 million (3rd, 4th, 5th, 6th and 9th issuance of debentures of Taesa), payment of dividends and interest on equity totaling R\$ 1,106.2 million (additional amount of R\$ 454.9 million compared to 2019), investments in the projects under construction and lower profitability from the investments in 2020 associated with a lower CDI rate.

The increases recorded between the 4Q20 and the 4Q19, and between 2020 and 2019, in the interest incurred line was resulted basically from the increase in the debts for the compared periods, by virtue of the 8th issuance of debentures of Taesa in the amount of R\$ 300 million in January 2020, 9th issuance of debentures of Taesa in the amount of R\$ 450 million in April 2020, the two bank credit notes of R\$ 350 million and R\$ 100 million, on behalf of Banco Citibank and Bradesco, respectively, both in April 2020 and the financing of R\$ 62.7 million of BNB with Lagoa Nova, asset acquired in March 2020.

The effect from the increased debt fully compensated the decrease in the CDI rate applicable to the interest for the period, as the debt subject to the CDI rate is equivalent to solely 27.5% of the total gross debt – as at December 31, 2020.

The y.o.y growth in the line of monetary and exchange variations line is explained by the increase of accumulated inflation of IPCA recorded in the period associated with the higher volume of debt linked to IPCA.

Other financial expenses/income decreased by 51.6% in the annual comparison due to the increase in the revenues from adjustment for inflation relating to recoverable credits. The decrease of 13% in 2020, compared to 2019, refers basically to the reduction of PIS and COFINS on the financial revenues in 2020, increase in revenues from adjustment for inflation of taxes in 2020 and reduction of the expenses arising from the adjustment for inflation of the P&D balances.

The line of leasing recorded a 10.7% y.o.y reduction explained by the amortization of leasing contracts between the periods compared.

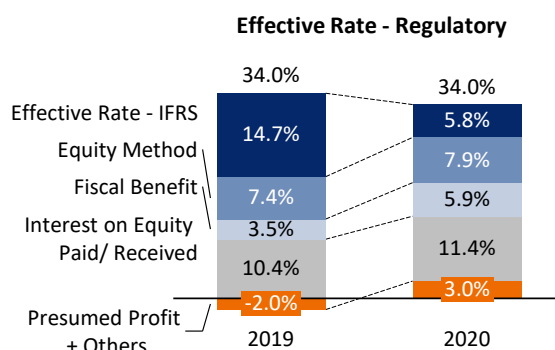
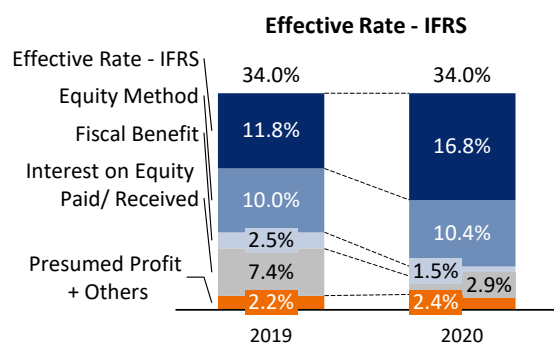
4.15. Taxes

The y.o.y increase of 428.9% and 207.1% in Income Tax and Social Contribution in IFRS and recognized in the result, in the comparison in 4Q20 and in the year 2020, is explained by the increase in income before taxes, which was not followed by the deductible effects of interest on equity and SUDAM/SUDENE tax benefit. The drop in paid interest on equity is due to the reduction in the 2020 TJLP rate, which is the basis for interest on equity calculation. The SUDAM/SUDENE tax incentive, on the other hand, did not grow in the same proportion as the corporate profit due to the tax adjustments to the real profit (monetary restatement of the contractual asset and the infrastructure implementation margin), which limited the use of the tax benefit for the period.

	R\$ mn			IFRS		
Reconciliation of Income Tax	4Q20	4Q19*	Chg.%	2020	2019*	Chg.%
PreTax Profit	999.4	313.5	218.8%	2,719.2	1,254.7	116.7%
IRPJ and CSLL rate of 34%	(339.8)	(106.6)	218.8%	(924.5)	(426.6)	116.7%
Equity Method	120.9	56.1	115.5%	283.5	125.7	125.5%
SUDAM/SUDENE	(9.5)	(32.0)	-70.4%	41.1	31.6	29.9%
Interest on Equity Paid/Received	38.3	43.4	-11.7%	79.1	93.2	-15.1%
Presumed Profit Companies	15.0	(14.9)	n/a	68.2	18.6	266.8%
Others	4.6	21.8	-78.8%	(3.7)	8.9	n/a
IRPJ and CSLL recognized in profit	(170.4)	(32.2)	428.9%	(456.3)	(148.6)	207.1%
Effective Rate	17.1%	10.3%	6.8 pp	16.8%	11.8%	4.9 pp

* Due to the impact of the OFÍCIO-CIRCULAR/CVM/SNC/SEP/nº 04/2020 referring to CPC 47, fully recorded in 4Q20, the Company proceeded with the adjustments and reclassifications of the 2019 results for purposes of comparability with the results of 2020.

	R\$ mn			Regulatory		
Reconciliation of Income Tax	4Q20	4Q19	Chg.%	2020	2019	Chg.%
PreTax Profit	79.0	185.0	-57.3%	696.4	899.6	-22.6%
IRPJ and CSLL rate of 34%	(26.9)	(62.9)	-57.3%	(236.8)	(305.9)	-22.6%
Equity Method	10.9	17.0	-36.3%	55.2	66.9	-17.6%
SUDAM/SUDENE	(9.5)	(32.0)	-70.4%	41.1	31.6	29.9%
Interest on Equity Paid/Received	38.3	43.4	-11.7%	79.1	93.2	-15.1%
Presumed Profit Companies	5.9	0.3	1879.0%	24.8	(0.5)	n/a
Others	(4.1)	(3.1)	34.6%	(3.8)	(17.2)	-78.0%
IRPJ and CSLL recognized in profit	14.6	(37.3)	-139.3%	(40.4)	(131.9)	-69.4%
Effective Rate	-18.5%	20.1%	3868.7%	5.8%	14.7%	-8.9 pp



The table below shows the tax regime for each concession, as well as those that enjoy a tax benefit, the date in which the benefit expires, and the PIS and COFINS rate applicable to each concession.

Concession	Fiscal Regimen	Fiscal Benefit	% Area	Maturity	PIS	COFINS
TSN	"Real"	"Sudene"	84%	2023	0.65%	3.00%
NVT	"Real"	"Sudam"	73%	2023	0.65%	3.00%
GTESA	"Real"	"Sudene"	100%	2023	0.65%	3.00%
PATESA	"Real"	"Sudene"	100%	2025	0.65%	3.00%
Munirah	"Real"	"Sudene"	84%	2023	0.65%	3.00%
ETEO	"Real"	-	-	-	0.65%	3.00%
NTE	"Real"	-	-	-	0.65%	3.00%
STE	"Real"	-	-	-	0.65%	3.00%
ATE I	"Real"	-	-	-	0.65%	3.00%
ATE II	"Real"	"Sudene"	85%	2026	1.65%	7.60%
ATE III	"Real"	"Sudam"	100%	2027	1.65%	7.60%
São Gotardo	"Presumed"	-	-	-	0.65%	3.00%
Mariana	"Presumed"	-	-	-	0.65%	3.00%
Miracema	"Presumed"	"Sudam"	100%	2029	0.65%	3.00%
Janaúba	"Real"	"Sudene"	100%	2032	1.65%	7.60%
Aimorés	"Real"	"Sudene"	80%	2032	1.65%	7.60%
Paraguaçu	"Real"	"Sudene"	100%	2032	1.65%	7.60%
ETAU	"Real"	-	-	-	0.65%	3.00%
BRASNORTE	"Real"	"Sudam"	100%	2027	1.65%	7.60%
EATE	"Real"	"Sudam"	100%	2023	0.65%	3.00%
ENTE	"Real"	"Sudam"	100%	2025	0.65%	3.00%
ECTE	"Real"	-	-	-	0.65%	3.00%
ETEP	"Real"	"Sudam"	100%	2025	0.65%	3.00%
ERTE	"Presumed"	-	-	-	0.65%	3.00%
LUMITRANS	"Presumed"	-	-	-	0.65%	3.00%
ESDE	"Presumed"	-	-	-	0.65%	3.00%
STC	"Presumed"	-	-	-	0.65%	3.00%
ETSE	"Presumed"	-	-	-	0.65%	3.00%
ESTE	"Real"	"Sudene"	22%	2032	1.65%	7.60%
IVAÍ	"Real"				1.65%	7.60%
TRANSUDESTE	"Presumed"	-	-	-	0.65%	3.00%
TRANSLESTE	"Presumed"	-	-	-	0.65%	3.00%
TRANSIRAPÉ	"Presumed"	-	-	-	0.65%	3.00%
EDTE	"Real"	"Sudene"	100%	2029	1.65%	7.60%
Sant'Ana	"Presumed"	-	-	-	0.65%	3.00%
São João	"Presumed"	-	-	-	0.65%	3.00%
São Pedro	"Presumed"	-	-	-	0.65%	3.00%
Lagoa Nova	"Presumed"	-	-	-	0.65%	3.00%

The SUDAM/SUDENE tax benefit is calculated based on the net income under IFRS of each concession. These benefits are tax incentives granted by the Superintendency of Development for the Amazon (SUDAM) and by Superintendency of Development of the Northeast (SUDENE) in activities directly related to production in the region and they reduce 75% of income tax due to exploration of transmission concessions.

Income and social contribution taxation rule by fiscal regimen

Lucro Real (real profit): The company must anticipate taxes monthly, based on monthly revenues, over which predetermined percentages are applied, according to the activities, in order to obtain an estimated profit margin on which the income tax (IRPJ) and social contribution (CSLL) are levied. At the end of each year, the legal entity states its annual balance sheet and adjusts the profit for the year, calculating the final IRPJ and CSLL and discounting the anticipated taxes paid monthly. Eventually, the anticipated tax payments may be higher than the real taxes due, generating a credit in favor of the taxpayer.

Lucro Presumido (presumed profit): IRPJ and CSLL for "Lucro Presumido" are calculated quarterly. The rate of each tax (IRPJ and CSLL) is levied on revenues based on a percentage of variable presumption, depending on the activity. In Taesa's case, the presumption rates of IRPJ and CSLL are 8% and 12%, respectively.

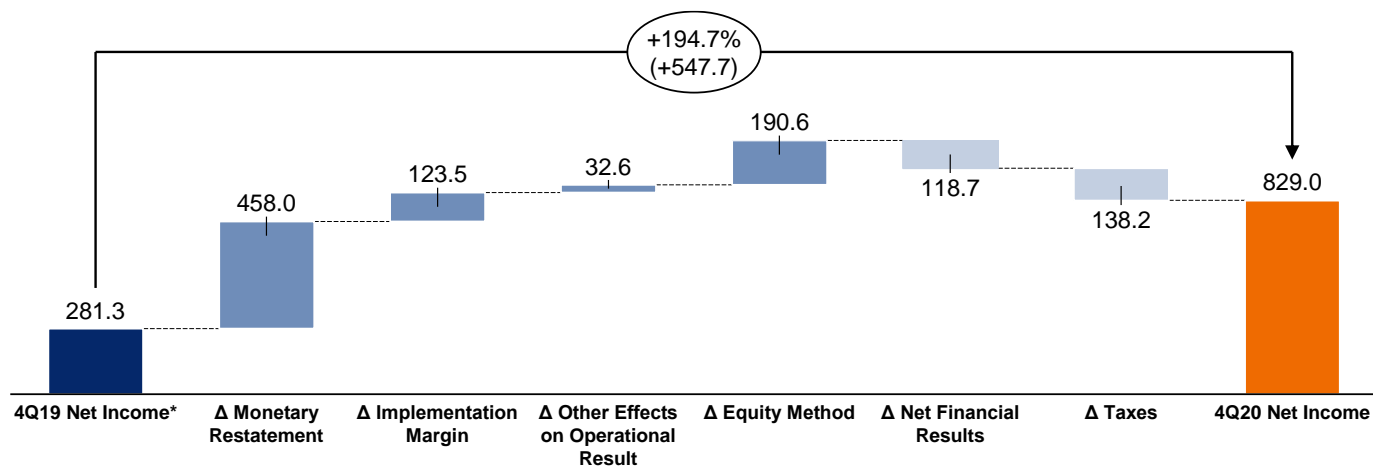
With the Law 12,973/2014, from 2015 until November 2017 the Company accounted the income and social contribution taxes using the presumption rate of 32%. However, based on past law cases, in 4Q17 the Company reversed the provision for IRPJ and CSLL in ETAU* and São Gotardo, and began to account them using the previous rates (8% and 12%). The same occurred for concessions of the TBE group that adopt "Lucro Presumido" regime.

* In 2015, ETAU used the "Lucro Presumido" regime. However, from January 2016, it opted for the "Lucro Real" regime, aiming to reduce the tax rate of IRPJ and CSLL, due to the enactment of Law 12,973/14.

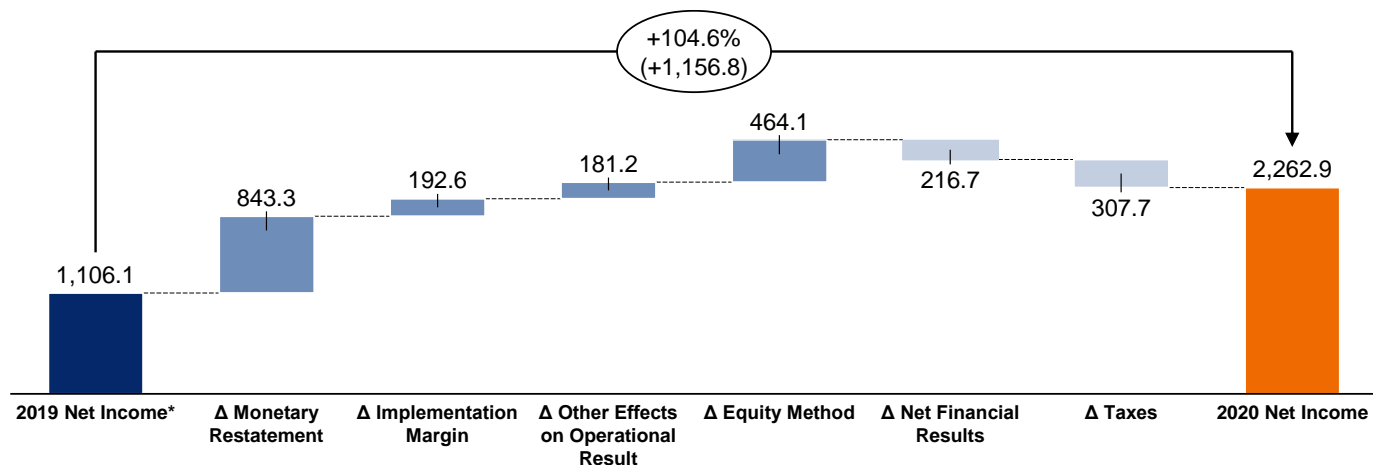
4.16. Net Income

Net Income under IFRS totaled R\$ 829.0 million in 4Q20, 194.7% higher y.o.y. In 2020, Net Income under IFRS totaled R\$ 2,262.9 million, 104.6% higher y.o.y.

4Q20 Net Income under IFRS:



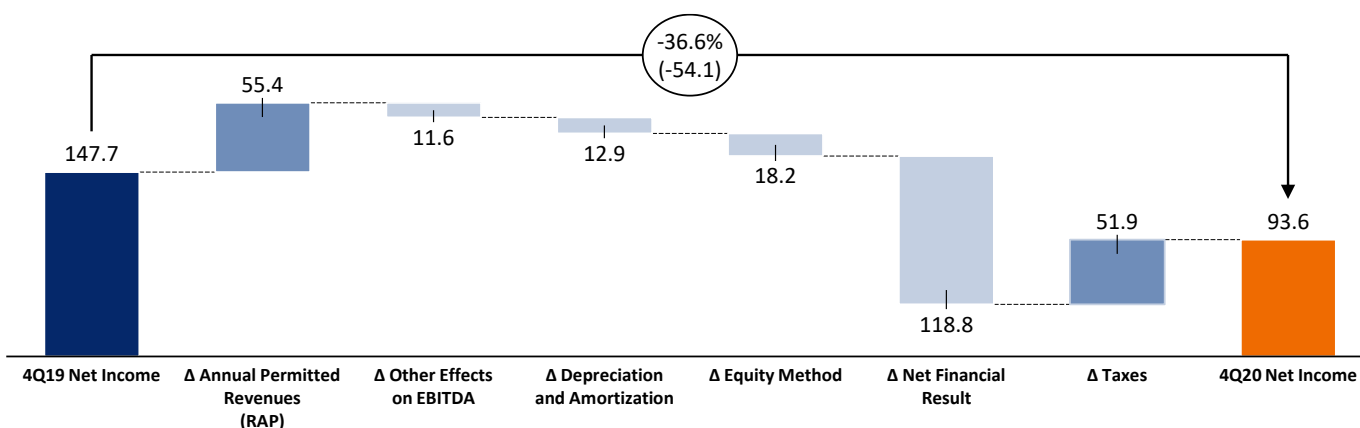
2020 Net Income under IFRS:



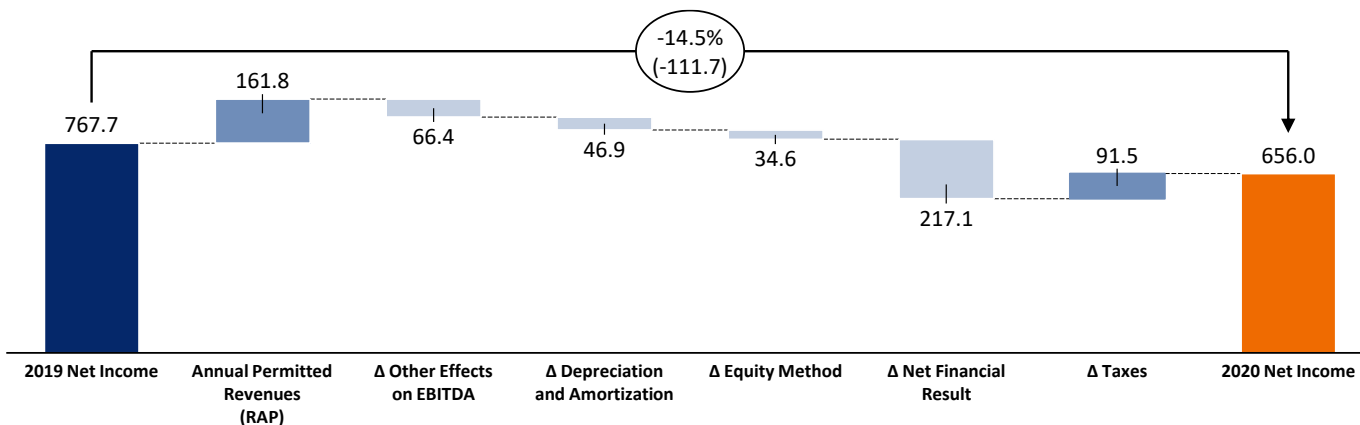
* Due to the impact of the OFÍCIO-CIRCULAR/CVM/SNC/SEP/nº 04/2020 referring to CPC 47 fully stated in 4Q20, the Company proceeded with the adjustments and reclassifications of the 2019 results for purposes of comparability with the results of 2020.

Regulatory Net Income totaled R\$ 93.6 million in 4Q20, presenting an y.o.y decrease of 36.6%. In 2020, Regulatory Net Income closed at R\$ 656.0 million, 14.5% lower y.o.y.

4Q20 Regulatory Net Income:



2020 Regulatory Net Income:



Adjusted Net Income

With the adoption of CPC 47 for 2018 onwards, the Company began to anticipate a result that is strictly accounting (with no cash effect) in connection with the efficiency of the construction (see section 4.4 for further details). However, for purposes of distribution of dividends and in order to maintain the flow of dividends that Taesa has historically paid, without impacting its cash and leverage position, the Company will record, on a quarterly basis, the adjusted net income excluding the effects of construction margins. That is, the adjusted net income approximates the previously adopted accounting method (financial asset at amortized cost). Consequently, the Company will record the special earnings reserve relating to such adjustments, which may be distributed as dividends in the future.

Income Statement under IFRS - Consolidated - 2020

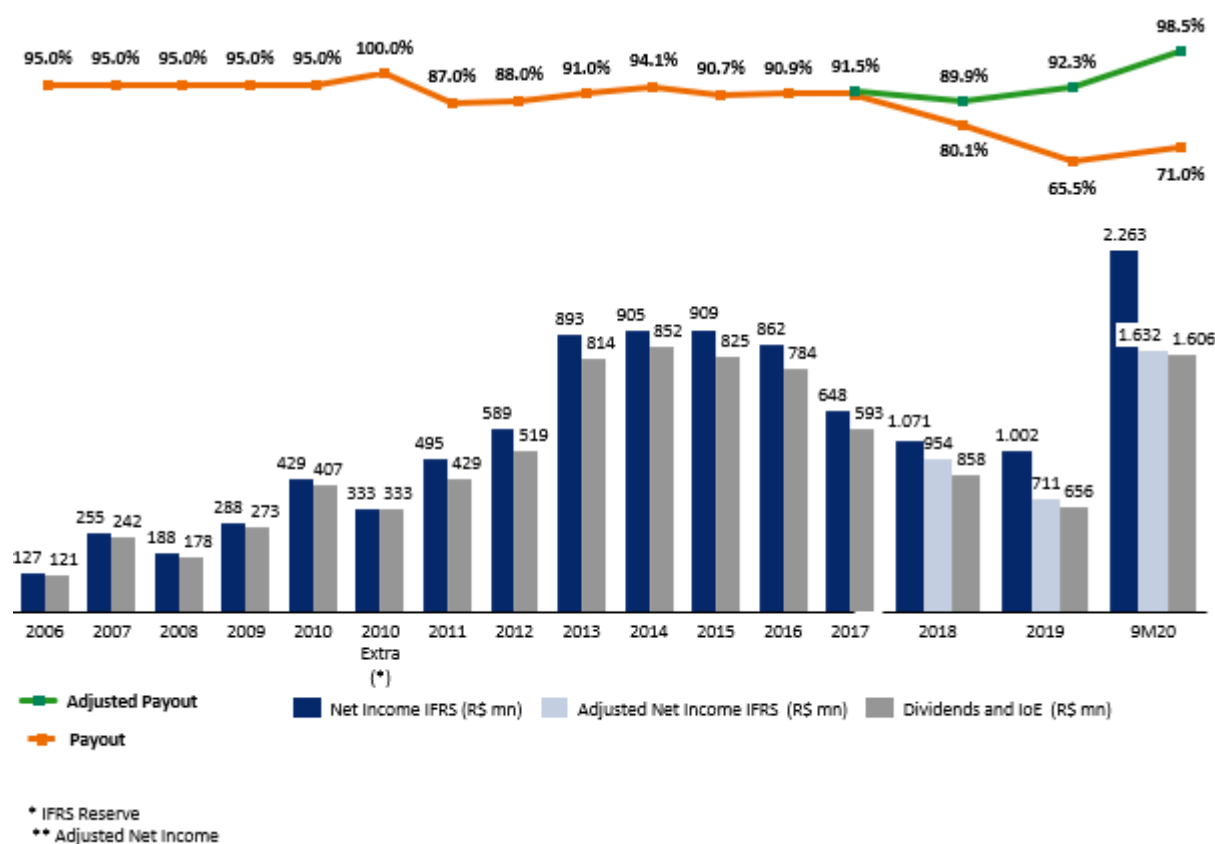
	R\$ '000	Financials (CPC 47)	Adjustments	Adjusted Financials
GROSS OPERATING REVENUES				
Operation and Maintenance		676,162		676,162
Remuneration of the Contractual Asset		657,818	(25,030)	632,789
Monetary Restatement of the Contractual Asset		1,007,626		1,007,626
Implementation of Infrastructure Revenues		1,523,739	(467,383)	1,056,356
Other Revenues		32,402		32,402
Variable Portion		(23,136)		(23,136)
TOTAL GROSS REVENUES		3,874,612	(492,412)	3,382,199
PIS/Cofins		(245,517)	44,410	(201,106)
Service Tax		(507)		(507)
ICMS		(93)		(93)
RGR, P&D, TFSEE, CDE and PROINFA		(67,208)		(67,208)
Others Deductions		-		-
Gross Revenue deductions		(313,325)	44,410	(268,914)
NET REVENUES		3,561,287	(448,002)	3,113,285
COSTS AND OPERATING EXPENSES				
Personnel		(166,616)		(166,616)
Material		(922,080)	35,903	(886,177)
Third party services		(72,864)		(72,864)
Depreciation and amortization		(15,279)		(15,279)
Other operating expenses		(23,685)		(23,685)
Costs and Expenses		(1,200,523)	35,903	(1,164,620)
Gains (losses) on company acquisitions		-	-	-
GROSS PROFIT		2,360,763	(412,099)	1,948,664
Equity method		833,942	(371,055)	462,887
Revenues from financial investments		38,813		38,813
Financial Expenses		(514,338)		(514,338)
Financial Revenues (Expenses)		(475,524)	-	(475,524)
NET INCOME BEFORE INCOME TAXES		2,719,182	(783,154)	1,936,027
Income taxes and social contribution		(456,255)	151,685	(304,570)
NET INCOME		2,262,927	(631,470)	1,631,457
Controlling Shareholder Interest (Distributable)		2,262,927	(631,470)	1,631,457
Participation of non-controlling shareholders		-		-
Fiscal Incentive Reserve		(25,083)		(25,083)
Special Reserve - Initial Adoption CPC 47		(631,470)	631,470	-
Distributable Profit		1,606,374		1,606,374
Payout		71.0%		98.5%

4.17. Dividends and Interest on Equity

In 2020, Taesa paid R\$ 1,106.2 million (R\$ 3.21 million / Unit) as dividends and interest on equity, divided into (i) dividends of R\$ 61.7 million (R\$ 0.18 / Unit) referring to the 2019 income statements approved at the Annual Shareholders' Meeting on April 30, 2020, (ii) interim dividends totaling R\$ 811.8 million (R\$ 2.35 / Unit) referring to the 2020 income statements, and (iii) R\$ 232.7 million (R\$ 0.68 / Unit) as interest on equity, also referring to the 2020 income statements.

In addition, the Company's Board of Directors approved today the proposal for the allocation of the 2020 result, in the amount of R\$ 2,262.9 million, the destination of which consists: (i) tax incentive reserve of R\$ 25.1 million; (ii) special reserve (CPC 47) of R\$ 631.5 million; (iii) R\$ 811.8 million as interim dividends paid in advance in 2020; (iv) R\$ 232.7 million as interest on equity paid in advance in 2020; and (v) R\$ 561.9 million (R\$ 1.63119213894 / Unit) as additional dividends proposed to be paid by May 31, 2021. It is worth mentioning that Law 6,404 / 76 (Brazilian Corporation Law) provides Art. 193, § 1 that the Company may stop constituting the legal reserve in the year in which the balance of this reserve, plus the amount of capital reserves referred to in § 1 of article 182, exceeds 30% of the share capital. In view of the fact that the amount of the legal reserve, plus the amount of the capital reserve, exceeds 30% of the share capital, the Company ceased to constitute a legal reserve in 2020.

Taesa will call the Annual Shareholders' Meeting to approve Income Statements for the fiscal year 2020. If approved by the ASM, the total dividends and interest on equity distributed for the fiscal year 2020 will be R\$ 1,606.4 million, representing a dividend payout of 71.0% on net income and 98.5% over the adjusted net income (see section 4.16 on Net Income).



4.18. Indebtedness

In 4Q20, Taesa's Gross Debt totaled R\$ 6,111.3 million, a 4.9% q.o.q decrease. The Company's cash position totaled R\$ 905.6 million, a reduction of 49.7% in the quarter, resulting in a net debt of R\$ 5,205.7 million, a q.o.q increase of 12.6%.

R\$ mn					
Net Debt	4Q20	% Outst. Debt	3Q20	% Outst. Debt	Chg.%
Short Term	440.8	7.2%	642.2	10.0%	-31.4%
Fixed Coupon	9.0	0.1%	9.0	0.1%	0.0%
CDI	111.3	1.8%	121.2	1.9%	-8.2%
IPCA	320.6	5.2%	512.0	8.0%	-37.4%
Long Term	5,670.5	92.8%	5,781.6	90.0%	-1.9%
Fixed Coupon	10.9	0.2%	13.1	0.2%	-17.0%
CDI	1,590.7	26.0%	1,589.9	24.7%	0.1%
IPCA	4,068.9	66.6%	4,178.6	65.0%	-2.6%
Total Debt	6,111.3	100.0%	6,423.7	100.0%	-4.9%
(-) Cash and cash equivalents*	(905.6)		(1,799.4)		-49.7%
(=) Net Debt	5,205.7		4,624.3		12.6%

* The cash value is the sum of the Cash and Cash Equivalent and Securities lines.

At the end of 4Q20, the gross debt totaled R\$ 6,111.3 million and the cash position R\$ 905.6 million, resulting in a net debt of R\$ 5,205.7 million. The reduction of 4.9% in the gross debt for the period resulted basically from the payment of principal and interest of the 2nd and 3rd series of the 3rd issuance of Taesa's debenture and interest of the 1st and 2nd series of 6th issuance of Taesa's debentures, in the total amount of R\$ 493.4 million.

The 49.7% fall in Cash and Cash Equivalents is explained by (i) the payment of dividends/loE in the amount of R\$ 523.4 million, (ii) payment of debt amortization and interest in the amount of R\$ 518.6 million, (iii) capex disbursements for the projects under construction in the amount of R\$ 213.3 million, and (iv) equity contribution to jointly-controlled, which are under construction, in the amount of R\$ 27.0 million. This drop is partially offset by the operating cash generation in the quarter of R\$ 279.4 million and dividends received from affiliated and controlled companies in the amount of R\$ 188.0 million.

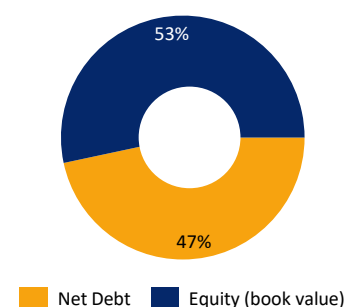
By proportionally consolidating the jointly-controlled and affiliated companies, the total gross debt is R\$ 7,833.3 million and the cash position is R\$ 1,619.3 million, considering the following amounts: (i) TBE's debt in the amount of R\$ 799.6 million and cash/investments of R\$ 162.6 million; (ii) ETAU's debt in the amount of R\$ 8.9 million and cash/investments of R\$ 7.1 million; (iii) Transmineiras' debt in the amount of R\$ 49.8 million and cash/investments of R\$ 9.2 million; and (iv) AIE's debt (Aimorés, Paraguaçu and Ivaíá) of R\$ 863.8 million and cash/investments of R\$ 534.8 million.

Considering the proportional net debt of jointly-controlled and affiliated companies, the net debt to EBITDA ratio was 3.8x in 4Q20, higher than 3Q20 (3.4x). Excluding the results of subsidiaries, this ratio would be 3.8x in 3Q20, in line with the registered in the previous quarter.

Debt by Company (R\$ mn)

Company	Gross Debt R\$ mn	Cash Balance R\$ mn	Net Debt R\$ mn
TAESA	6,111.3	905.6	5,205.7
ETAU (75.6%)	8.9	7.1	1.8
TBE (49.99%)	799.6	162.6	637.0
Transmineiras (49%)	49.8	9.2	40.6
AIE (50%)	863.8	534.8	328.9
TOTAL	7,833.3	1,619.3	6,214.1

Capital Structure Taesa (Book Value)



Fourth quarter and full year 2020 Earnings Release



The debt of Taesa, jointly-controlled and associated companies is detailed in the table below, proportionally.

Company	Creditor	Index	Principal (R\$ / 000)	Interest (R\$ / 000)	Cost	Issuance Rating	Maturity	Amort	Coupons per Year
Taesa	3rd Debentures	IPCA	1,096,549	11,540	IPCA + 5.10%	Br.AAA	Oct - 2024	Annual	1
	4th Debentures	IPCA	286,236	3,689	IPCA + 4.41%	AAA.br	Sep - 2024	Annual	1
	5th Debentures	IPCA	565,542	15,630	IPCA + 5.9526%	-	Jul - 2025	Annual	1
	6th Debentures	CDI	440,119	2,197	108% CDI	AAA.br	May-2026	Bullet	1
	6th Debentures	IPCA	212,704	1,518	IPCA + 5.50%	AAA.br	May-2044	Monthly	12
	7th Debentures	IPCA	507,169	28,354	IPCA + 4.50%	AAA.br	Sep-2044	Semiannual	2
	8th Debentures	IPCA	291,980	14,077	IPCA + 4.77%	AAA.br	Dec-2044	Semiannual	2
	9th Debentures	CDI	448,323	4,801	CDI + 2.85%	-	Apr/2022	Bullet	1
	CCB Bradesco	CDI	99,850	3,492	CDI + 2.55%	-	Apr/2021	Bullet	1
	CCB citibank	CDI	348,726	3,471	CDI + 2.85%	-	Apr/2022	Bullet	1
	SWAP - CITIBANK*	CDI	350,999	0	106.0% CDI	-	May-2023	Bullet	1
	SWAP 1ª Serie of 6th issuance (BR Partners)	CDI	111,704	0	3.995%.per year	-	May-2026	Bullet	1
	SWAP 1st Serie of 6th issuance (Santander)	IPCA	111,704	0	3.99%.per year	-	May-2026	Bullet	1
	SWAP 1st Serie of 6th issuance (Itaú)	IPCA	55,959	0	3.94%.per year	-	May-2026	Bullet	1
	SWAP 1st Serie of 6th issuance (Br Partners)	IPCA	55,838	0	3.91%.per year	-	May-2026	Bullet	1
	SWAP 1st Serie of 6th issuance (Santander)	IPCA	55,025	0	3.66%.per year	-	May-2026	Bullet	1
	SWAP 1ª 1st Serie of 6th issuance (ABC)	IPCA	56,831	0	3.59%.per year	-	May-2026	Bullet	1
	FINAME	Fixed	144	0	5.50%	-	Jul - 2022	Monthly	12
SGT	FINAME	Fixed	5,077	6	2.50%	-	Dec - 2022	Monthly	12
	FINAME	Fixed	9,518	13	3.00%	-	Aug - 2024	Monthly	12
	FINAME	Fixed	197	0	6.00%	-	Jun - 2023	Monthly	12
	FINAME	Fixed	4,893	5	2.5%	-	Dec - 2022	Monthly	12
Janaúba	1st Debentures	IPCA	229,988	20,539	IPCA + 4.5% per year	-	Jul/2033	Quarterly	4
	2nd Debentures	IPCA	566,758	29,675	4.8295%.per year	-	Dec - 2044	Annual	1
Lagoa Nova	BNB Financing	IPCA	57,603	2,861	IPCA + 2.109% per year	-	May - 2038	Monthly	12
ETAU	BNDES	Selic	914	1	SELIC + 3.76%	-	Aug - 2021	Monthly	12
	BNDES	TJLP	927	4	TJLP + 5.20%	-	Aug - 2021	Monthly	12
	FINAME	Fixed	5	0	9.50%	-	Jan - 2021	Monthly	12
	FINAME	Fixed	56	0	9.50%	-	Jan - 2021	Monthly	12
	BNDES - GIRO	TJLP	6,905	49	TLP + 2.78% + 1.5% + 1.5%	-	Oct - 2023	Monthly	12
EATE	5th Debentures - 2nd	CDI	26,978	40	116% CDI	-	Sep - 2021	Monthly	12
	6th Debentures	CDI	13,322	3	107.75% CDI	-	Sep - 2022	Monthly	12
	7th Debentures	CDI	23,099	6	113.53 % CDI	-	Jun - 2023	Monthly	12
	8th Debentures	CDI	134,674	1,285	108.60% CDI	-	Jul - 2024	Bullet	1
EBTE	1st Debentures	CDI	40,834	10	113.83% CDI	-	Jun - 2023	Monthly	12
EDTE	2nd Debentures	IPCA	152,930	13,544	IPCA + 5.29%	-	Dec - 2028	Semiannual	2
ECTE	4th Debentures	CDI	11,823	3	107.75% CDI	-	Sep - 2022	Monthly	12
	5th Debentures	CDI	9,508	91	108.60% CDI	-	Jul - 2024	Semiannual	2
	CCB Santander	CDI	15,147	59	2,90% per year + CDI	-	Jul - 2025	Monthly	12
ENTE	4th Debentures	CDI	24,894	238	108.60% CDI	-	Jul - 2024	Bullet	1
	CCB Santander	CDI	49,588	192	2,90% per year + CDI	-	Jul - 2025	Monthly	12
ETEP	3rd Debentures	CDI	15,093	3	112% CDI	-	Jun - 2023	Monthly	12
	CBB Santander	CDI	44,624	173	TJLP + 2.08%	-	Apr - 2027	Monthly	12
ETSE	BNDES	Fixed	5,055	17	3.50%	-	Nov - 2023	Monthly	12
	BNDES - FINAME	Fixed	2,683	4	3,5% per year	-	Nov - 2023	Monthly	12
ESTE	1st Debentures	IPCA	195,146	19,279	IPCA + 4.5% per year	-	Dec - 2044	Semiannual	2
TRANSELESTE	BDMG	Fixed	5,538	29	10% per year	-	Mar - 2025	Monthly	12
	BNB	Fixed	1,563	127	9.50%	-	Mar - 2025	Monthly	12
	2nd Debentures	CDI	13,578	3	107.75% CDI	-	Sep - 2022	Monthly	12
TRANSIRAPÉ	BDMG	Fixed	3,967	6	3.5%	-	Jan - 2024	Monthly	12
	BDMG	Fixed	511	26	4.5% + TJLP	-	Apr - 2021	Monthly	12
	BDMG	Fixed	2,008	86	3.5% + TJLP	-	Oct - 2029	Monthly	12
	2nd Debentures	CDI	9,172	2	107.75% CDI	-	Sep - 2022	Mensal	12
	BNDES	Fixed	1,561	92	6.0% + TJLP	-	Apr - 2026	Monthly	12
TRANSUDESTE	2nd Debentures	CDI	11,544	3	107.75% CDI	-	Sep-2022	Monthly	12
IVAÍ	1st Debentures	IPCA	820,513	43,262	4,8892% a.a.	-	Dec-2043	Semiannual	2
Total			7,612,839	220,507					

* The debt was collected in USD, and indexed to Libor. However, as the debt includes a swap for CDI, the final value of the debt was considered with the swap balance included in said value.

4.19. Investments

In 2020, Taesa, its subsidiaries, jointly-controlled and affiliated companies invested a total of R\$ 1,535.2 million against R\$ 718.3 million invested in 2019, regarding the projects under construction. The y.o.y increase of R\$ 816.9 million is due to the higher investments in almost all projects (except Miracema, EDTE and Mariana that have already been completed and are in operation), especially for Janaúba and Ivaí, which presented an y.o.y increase of R\$ 539.0 million and R\$ 332.9 million, respectively.

Projects under Construction

R\$ '000	Implementation Cost (Capex)							TOTAL
	2014	2015	2016	2017	2018	2019	9M20	
Mariana	2,619	4,751	21,181	38,106	22,797	55,083	34,592	179,129
Miracema			1,197	41,695	115,009	110,664	-	268,565
Janaúba				10,190	30,741	116,074	655,111	812,116
Aimorés				3,923	3,638	65,877	82,034	155,472
Paraguaçu				5,750	4,611	110,848	108,966	230,175
Ivaí				8,662	12,740	46,190	379,137	446,729
ESTE				868	4,546	6,243	122,486	134,142
EDTE					14,635	175,155	1,837	191,626
Sant'Ana						32,172	151,021	183,193
Total	2,619	4,751	22,378	109,195	208,716	718,306	1,535,184	2,601,149

Note: The amounts presented in the table above consider the implementation of infrastructure costs in each of the projects on an accrual basis, in line with the IFRS Results disclosed by the Company. The adjustment in the implementation costs line generated by the adoption of CPC 47, related to the treatment of advances with suppliers until December 31, 2017, was recorded in the special reserve account for the 2018 fiscal year (PL). For the purposes of monitoring in the table above, this impact was added to the investment value of each project in 2017.

4.20. Investment Projections (Capex)

In 2019, Taesa began disclosing nominal Capex projections for the years 2019, 2020, 2021 and 2022 and the incremental in the Annual Permitted Revenues for the years 2020, 2021 and 2022 of the projects under construction wholly owned by the Company (Mariana, Miracema, Janaúba, and Sant'Ana), in accordance with the best corporate governance practices and aiming to align the market about the expectations in relation to the progress of the projects under construction. In 2020, the Company carried out the first review for the year of 2019, informing the capex realized and the justifications for the variations with the projected (for more information see release 4Q19 and material fact released on March 12, 2020).

The total nominal Capex for these projects made in 2020 was R\$ 840,7 million, a reduction of 19,2% compared to the minimum projection disclosed. This difference is basically explained by the delay in obtaining the environmental license of the last section of Sant'Ana's transmission lines, however it does not compromise the conclusion of the project. Thus, the Company remains committed to conclude the concessions of Sant'ana and Janaúba on schedule. It is important to note that Miracema and Mariana became operational in November 2019 and May 2020, respectively.

2020 Projected (R\$ million)	2020 Accomplished (R\$ million)
Máx. 1,040 Mín. 1,130	841

Based on the foregoing, the Company revised its nominal capex projections for the projects under construction wholly owned by Taesa for 2021, transferring the investments not made in 2020 to the current year.

Previous projections of nominal Capex (in R\$ million):

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

Updated projections of nominal Capex: (in R\$ million):

2020 Accomplished	2021
841	Max. 630 Min. 570

It is worth mentioning that the projections referring to the Incremental in Annual Permitted Revenues (RAP) after the start-up of each of the projects wholly owned by Taesa are as follows:

2020 Accomplished	2021	2022	TOTAL
82	190	110	382

The values projected in this table consider the current RAP cycle (2020-2021) and are presented in real terms (not adjusted 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 actual results to differ from the projections presented herein.

4.21. Projects under Construction

Currently Taesa has 6 projects under construction with a total investment of R\$ 4,844 million and a RAP of R\$ 875 million (2020-2021 cycle). Considering only the Company's interest in these concessions, the amount to be invested is R\$ 3,206.9 million with a proportional RAP of R\$ 567.5 million. It is worth mentioning that 3 projects, Miracema, EDTE and Mariana, and reinforcements for Novatrans were recently concluded, adding a total RAP of R\$ 161.0 million to Taesa – 2020-2021 cycle (see section 3.1 for further details).

Auction	Project	Extension / Location	Partnership	RAP (2020-21 cycle) R\$ mn	Capex ANEEL R\$ mn	Contract Signing	ANEEL's Deadline	Status
Auction 013/2013 (Dec-13)	Mariana (Lot A)	82 km / Minas Gerais	100% Taesa	16.4	107	May/14	May/17	Concluded in 05/25/2020
Auction 013/2015 (Apr-16)	Miracema (Lot P)	90 km / Tocantins	100% Taesa	67.9	276	Jun/16	Dec/19	Concluded in 11/29/2019
	EDTE (Lot M)	167 km / Bahia	25% Taesa 25% Apollo 12 50% ENTE	70.4	368	Dec/16	Dec/19	Concluded in 01/20/2020
Auction 013/2015 2ª Part (Oct-16)	ESTE (Lot 22)	236 km / Minas Gerais and Espírito Santo	50% Taesa 50% Alupar (100% EATE-TBE)	114.4	486	Feb/17	Feb/22	In progress
	Janaúba (Lot 17)	542 km / Bahia and Minas Gerais	100% Taesa	197.7	960	Feb/17	Feb/22	In progress
	Aimorés (Lot 4)	208 km / Minas Gerais	50% Taesa 50% CTEEP	80.9	341	Feb/17	Feb/22	In progress
	Paraguaçu (Lot 3)	338 km / Bahia and Minas Gerais	50% Taesa 50% CTEEP	120.7	510	Feb/17	Feb/22	In progress
Auction 005/2016 (Apr-16)	Ivai (Lot 1)	600 km / Paraná	50% Taesa 50% CTEEP	299.5	1937	Aug/17	Aug/22	In progress
Auction 004/2018 Dec/18	Sant'Ana (Lot 12)	591 km / Rio Grande do Sul	100% Taesa	62.1	610	Mar/19	Mar/23	In progress
TOTAL		2.854 km		R\$ 1.030 mn	R\$ 5.595 mn			

Project Status

Mariana

- Preliminary License (LP) issued in May 2016.
- Installation and Operation Licences (LI e LO) issued in December 2018.
- Issuance of TLD (Termo de Liberação Definitivo) on 20/12/2019 for Mariana reinforcement.
- Energization scheduled for May 25, 2020.
- Issuance of TLD (Termo de Liberação Definitivo) on June 8, 2020, with date to entry into retroactive commercial operation on June 4, 2020.
- Concession in operation.

Miracema

- All environmental licenses have been obtained: LI's and LP's of LT 500kV, LT 230kV, SE Palmas, SE Lajeado and SE Miracema.
- Recognition of the right to SUDAM's tax benefit in September 2018. The benefit will last for 10 years, from the start of its operations.
- The section LT Miracema – Lajeado (circuit 2), with 500kV of voltage and 30 km of extension, was energized in September 2019. Energization of the remaining section concluded in November 29, 2019.
- Issuance of TLD (Termo de Liberação Definitivo) on October 1, 2019 for the reinforcement, in December 27, 2019 for the 500kV installations, and on February 18, 2020 for the 230 kV and 138 kV installations, where for the latter, a TLR (Termo de Liberação de Receita) was issued for the period between December 27, 2019 and February 7, 2020.

- Concession in operation.

EDTE

- Preliminary License (LP) issued in June 2018.
- 2nd issuance of Debentures of EDTE in December 2018.
- Installation License (LI) issued in January 2019.
- Energization of the LT 500kV Ibicoara – Poções III and 500/230kV Poções III Substation in December 22, 2019.
- Last energization of EDTE refers to the LT 230kV poções III – Poções II on January 20, 2020.
- Issuance of TLP (Termo de Liberação Provisória) on January 20, 2020.
- Issuance of TLD (Termo de Liberação Definitiva) on February 7, 2020.
- Concession in operation.

ESTE

- Basic project filed in ANEEL and already approved in ONS.
- Preliminary License (LP) issued in January 2019.
- Installation Licence (LI) issued in October 2019.
- 1st issuance of debentures of ESTE in December 2019.
- Issued the OSC (Ordem de Serviço de Campo) for the start of field work.
- Construction progress: 45% accomplished.

Janaúba

- Basic project approved by ANEEL/ONS for the substations and transmission lines.
- The design implementation / topography activities were completed.
- Preliminary License (LP) issued in September 2018.
- Financing agreement signed with BNB in September 2018.
- Recognition of the right to SUDENE tax benefit in September 2018. The benefit will last for 10 years, from the start of its operations.
- 1st issuance of debentures of Janaúba in January 2019.
- Installation Licence (LI) issued in July 2019.
- 2nd issuance of debentures of Janaúba in December 2019.
- Construction progress: 85% accomplished.

Aimorés

- Basic project approved by ANEEL.
- Preliminary License (LP) issued in October 2018.
- Recognition of the right to SUDENE tax benefit in December 2018. The benefit will last for 10 years, from the start of its operations.
- Installation Licence (LI) issued in April 2019.
- Construction progress: 86% accomplished.

Paraguaçu

- Basic project approved by ANEEL.
- Preliminary License (LP) issued in October 2018.
- Recognition of the right to SUDENE tax benefit in December 2018. The benefit will last for 10 years, from the start of its operations.
- Installation Licence (LI) issued in May 2019.
- Construction progress: 86% accomplished.

Ivaí

- Basic project filed in ANEEL.
- EIA/RIMA registered with IAP.
- Preliminary License (LP) for the 230 kV installations issued in September 2018.
- Change in corporate name of Elétricas Reunidas do Brasil S.A. (ERB1) for Interligação Elétrica Ivaí S.A.
- Installation Licence (LI) issued for SE Sarandi of 525/230 kV in April 2019, SE Paranavaí Norte - 230/138 kV in May 2019, LT 230 kV Sarandi - Paranavaí Norte in June 2019, and for the Substations Londrina of 525 kV, Foz do Iguaçu of 525 kV and Guaíra of 525 kV/230 kV and the LT 525 kV Sarandi - Londrina in August 2019.
- 1st issuance of debentures of Ivaí in January 2020.
- Construction progress: 64% accomplished.

Sant'Ana

- Establishment of the company Sant'Ana Transmissora de Energia S.A. in January 2019.
- Execution of the concession agreement on March 22, 2019.
- Previous and Installation Licences (LPI) issued for the SEs Livramento 3 and Maçambará 3, both with 230kV, in October 2019.
- Previous Licenses (LP) issued for all transmission lines and for the 3 existing substations (SE Alegrete 2, SE Cerro Chato and SE Santa Maria 3) in December 2019.
- Installation Licence issued for the transmission lines LT Livramento 3 – Alegrete 2 (C1), LT Livramento 3 – Maçambará 3 (C1), LT Livramento 3 – Cerro Chato (C1), and LT Maçambará – Santo Ângelo (C1/C2), all with 230kV voltage, as well as for the expansion of existing substations of SE 230kV Alegrete 2 and SE 230kV Cerro Chato on April 9, 2020.
- Issuance of the last installation license in november 2020 referring to the LT 230kV CS Livramento 3 - Santa Maria 3 and for the expansion of existing associated substations.
- Construction progress: 41% accomplished.

4.22. Environmental, Social and Governance (ESG) Initiatives

In the implementation, operation and maintenance activities of the electric energy transmission assets, as well as in the administrative procedures and business management, Taesa considers the sustainability matter an important value to be developed and maintained in its culture, in order to ensure the security and reliability of its processes, as well as to improve the life quality of the population, based on environmental respect and sustainable development.

The Company has always acted on several fronts and actions focused on the social, environmental and governance themes, publicizing them in its Social and Environmental Responsibility Report, which is a document required by ANEEL. However, the Company realized that it was important to advance on the communication of its actions related to ESG themes and to seek new and better market practices.

TAESA carried out a work with a specialized consulting firm to assess its maturity in ESG practices and to draw up an action plan. The consulting firm's initial assessment showed a very satisfactory degree of the Company's maturity and adherence to ESG practices. Based on this work and seeking continuous improvement on ESG practices, within the scope of the transmission business, the Company defined a 4-year action plan (2020 to 2023).

Among the defined actions, the Company has already implemented the following:

- UN Global Compact Signatory committed to the 2030 Agenda (SDG)
- Evolution of the Social and Environmental Report inspired in the Global Reporting Initiative practices
- Issuance of 4 green bonds
- Elaboration of a Biodiversity Policy
- Great Place to Work Certification – 1st place in the GPTW Energy 2020 Spotlight - Generation, Distribution and Transmission Segment
- Social Responsibility Projects
- Commitment to reduce fossil fuel in the fleet
- Targets for reducing water and energy consumption
- Environmental and social clauses in contracts with suppliers
- Diversity program
- Greenhouse gas (GHG) inventory, structured based on the GHG Protocol methodology
- Discussion of long-term strategic planning
- Intensification of protection, safety and health measures against the pandemic
- Financial discipline associated with adequate remuneration to shareholder

For more information, access the IR website and TAESA's 12th Social and Environmental Responsibility Report (2019): https://ri.taesa.com.br/wp-content/uploads/2018/11/Taesa_Relat%C3%B3rio-2019_03-04-vers%C3%A3o-leve_ING_VFInal-1.pdf

Still based on the ESG action plan and looking for the continuous evolution in the communication of ESG themes, Taesa prepared a table of ESG indicators and developed an exclusive page on the investor relations website. The purpose of this project was to concentrate the indicators disclosed in the Company's reports in only one place in order to facilitate the access for investors, shareholders and the market in general. The indicator panel is available on the IR website: <https://ri.taesa.com.br/en/taesa/asg-indicators/>

4.23. Initiatives to Mitigate COVID-19 Impacts

The beginning of 2020 was marked by the COVID-19 pandemic, which affected the entire world and also Taesa. Since then, the Company has adopted measures for protection, security and health of its employees, families and local communities, in order to protect Taesa's most important asset – the persons – and reduce the speed of the dissemination of the new coronavirus in Brazil. Therefore, the main measures implemented so far are presented below:

Protection of the employees' health

- Adoption of measures to protect Taesa's most important asset, the persons, and ensure the continuity of the operations;
- Continuous and updated documentation submitted to the employees with respect to the new coronavirus;
- Gradual return of employees to the offices, complying with all protocols and guidelines of the health organizations, accompanied by specialized medical advice;
- Suspension of travels (except for O&M and Implementation) and meetings in person;
- Monitoring of the employees, with support in the treatment of suspected or positive cases identified by COVID-19;
- Several channels to take care of the physical and emotional health of Taesa's employees and families;
- Vaccination against the flu for the persons included in the risk group;
- Reinforcement of communication on the importance of complying with protection and safety measures (Campaign "I take care of you and you take care of me").

Continuity of the operations and projects under construction

- Creation of the Overcoming Committee and Suppliers' Management Committee;
- Maintenance of the O&M activities in order to guarantee the safety of people and the electric system;
- Maintenance of high availability rates (99.88% in 2020);
- Projects under construction are in progress;
- The Company is working towards complying with the delivery schedule of the projects;
- Maintenance of the investments in the projects under construction – R\$ 1,5 billion invested only in 2020.

Protection of the Company's financial health

- Maintenance of a comfortable liquidity position (R\$ 906 million in cash);
- Proper debt profile with low costs and long terms (3.8x net debt / EBITDA);
- The highest credit risk score with Moody's and Fitch (AAA on the National Scale);
- 100% of the funds to finance the projects of construction were done;
- Consistent operating cash generation, maintaining the Company's low historical default levels;
- Financial discipline with adequate remuneration to the shareholders;
- Continuous monitoring of the default level and impacts from the crisis in the electric energy sector.

5. FINANCIAL STATEMENTS

5.1. Revenues under IFRS by Concession

Remuneration of Contractual Assets is obtained by multiplying the balance of Assets by the Market Rate. The **Monetary Restatement of Contractual Assets** is the monthly recognition of inflation effects. **O&M Revenues** is a value adjusted to inflation (IGP-M or IPCA) on annual basis, in the same way as RAP. The **Variable Portion** (PV) is a penalty derived from unavailability of the lines (see detail on section 4.1). All the captions of income mentioned above are related to the operating period of the concessions.

In the Income Statement, the **Remuneration of Contractual Assets**, the **Monetary Restatement of Contractual Assets**, the **Implementation of Infrastructure Revenues** and **O&M Revenues** are accounted for in Revenues, as shown in the following table.

R\$ mn					4Q20
Concession	Remuneration of Contractual Asset	Monetary Restatement of Contractual Asset	Implementation of Infrastructure Revenues	O&M	PV (Variable Portion)
NOVATRANS	48.6	125.0	0.5	33.3	(2.3)
TSN	19.5	50.6	1.8	62.4	(0.6)
MUNIRAH	1.6	8.2	5.1	4.2	(0.1)
GTESA	0.7	2.5	-	0.6	-
PATESA	2.1	9.8	0.0	1.5	-
ETEO	9.6	36.5	-	12.6	(0.0)
NTE	11.6	30.8	0.1	10.3	0.0
STE	6.9	26.3	0.2	4.1	(0.1)
ATE	14.8	106.9	0.0	7.9	(1.2)
ATE II	17.1	69.7	0.0	17.8	(0.7)
ATE III	8.1	9.1	0.0	11.4	0.2
ETAU	1.7	37.3	-	2.8	(0.0)
BRASNORTE	5.7	4.5	-	0.6	(0.1)
SÃO GOTARDO	0.9	1.4	-	0.2	(0.2)
SÃO JOÃO	8.7	12.8	-	1.9	(1.7)
SÃO PEDRO	7.6	10.9	13.5	1.5	(0.1)
LAGOA NOVA	2.5	2.6	-	0.4	(0.0)
MARIANA	3.1	(24.8)	38.7	0.6	(0.3)
MIRACEMA	11.8	10.6	(0.4)	3.7	(0.4)
JANAÚBA	-	-	270.8	-	-
SANT'ANA	-	-	86.2	-	-
AIMORÉS	-	-	68.5	-	-
PARAGUAÇÚ	-	-	114.3	-	-
IVAÍ	-	-	322.3	-	-
EATE	14.9	91.9	-	5.7	(0.0)
EBTE	4.3	8.1	-	2.3	(0.0)
ECTE	1.2	7.5	-	0.4	-
EDTE	5.9	16.5	-	1.8	(0.8)
ENTE	8.0	54.1	-	2.9	(0.3)
ERTE	1.5	11.2	-	1.0	(0.0)
ESDE	1.0	1.4	-	0.3	(0.149)
ESTE	-	-	97.5	-	-
ETEP	3.1	19.0	-	1.8	-
ETSE	0.7	1.1	3.8	0.2	(0.007)
LUMITRANS	0.9	6.2	-	0.4	(0.1)
STC	1.0	1.5	-	0.7	-
TRANSIRAPE	1.6	8.0	1.3	0.6	(0.1)
TRANSLESTE	2.2	8.3	-	0.4	(0.0)
TRANSUDESTE	1.3	6.2	-	0.4	-
Total	230.3	771.8	1,024.2	196.7	(9.3)

5.2. Movement of Contractual Assets (IFRS)



Concession	Project Rate	Contractual Asset 3Q20	Remuneration of Contractual Asset	Contractual Asset - Monetary Restatement	Implementation of Infrastructure Revenues	O&M	RAP	Contractual Asset 4Q20
NOVATRANS	10.3%	1,283.6	48.6	125.0	0.5	33.3	(87.6)	1,403.3
TSN	10.5%	634.1	19.5	50.6	1.8	62.4	(81.3)	687.1
MUNIRAH	11.7%	47.3	1.6	8.2	5.1	4.2	(7.2)	59.2
GTESA	11.1%	25.0	0.7	2.5	-	0.6	(1.5)	27.3
PATESA	7.7%	109.5	2.1	9.8	0.0	1.5	(4.4)	118.5
ETEO	10.4%	371.9	9.6	36.5	-	12.6	(26.3)	404.2
NTE	15.0%	321.8	11.6	30.8	0.1	10.3	(23.0)	351.6
STE	10.4%	272.0	6.9	26.3	0.2	4.1	(12.7)	296.9
ATE	9.6%	544.6	14.8	106.9	0.0	7.9	(28.8)	645.5
ATE II	8.5%	818.9	17.1	69.7	0.0	17.8	(68.8)	854.7
ATE III ¹³	6.8%	494.3	8.1	9.1	0.0	11.4	(35.3)	487.6
ETAU ³	17.5%	90.2	1.7	37.3	-	2.8	(12.4)	119.6
BRASNORTE ³	6.2%	210.1	5.7	4.5	-	0.6	(7.1)	213.9
SÃO GOTARDO ¹	5.3%	64.2	0.9	1.4	-	0.2	(1.4)	65.3
SÃO JOÃO ¹³	5.7%	583.6	8.7	12.8	-	1.9	(13.3)	593.7
SÃO PEDRO ¹³	5.7%	488.1	7.6	10.9	13.5	1.5	(10.8)	510.7
LAGOA NOVA ¹³	8.7%	114.9	2.5	2.6	-	0.4	(3.2)	117.3
MARIANA ¹²³	5.8%	189.3	3.1	(24.8)	38.7	0.6	(4.3)	202.7
MIRACEMA ¹²³	9.5%	546.2	11.8	10.6	(0.4)	3.7	(17.1)	554.8
JANAÚBA ¹²³	9.7%	1,305.2	-	-	270.8	-	-	1,576.0
SANT'ANA ¹²³	9.4%	115.8	-	-	86.2	-	-	202.0
AIMORÉS ¹²³	7.9%	274.0	-	-	68.5	-	-	342.4
PARAGUAÇU ¹²³	7.7%	402.4	-	-	114.3	-	-	516.7
IVAI ¹²³	7.7%	459.1	-	-	322.3	-	-	781.5
EATE ³	6.6%	906.0	14.9	91.9	-	5.7	(32.7)	985.8
EBTE ¹	4.4%	385.3	4.3	8.1	-	2.3	(9.4)	390.5
ECTE	6.2%	76.3	1.2	7.5	-	0.4	(2.7)	82.7
EDTE ¹²³	9.0%	381.2	5.9	16.5	-	1.8	(16.5)	388.9
ENTE	6.0%	535.8	8.0	54.1	-	2.9	(16.9)	584.0
ERTE	5.3%	113.6	1.5	11.2	-	1.0	(3.8)	123.6
ESDE ¹	6.6%	63.5	1.0	1.4	-	0.3	(1.7)	64.6
ESTE ¹²³	8.0%	164.6	-	-	97.5	-	-	262.1
ETEP	6.4%	193.7	3.1	19.0	-	1.8	(7.4)	210.2
ETSE ¹	5.6%	45.8	0.7	1.1	3.8	0.2	(1.1)	50.5
LUMITRANS	5.1%	67.9	0.9	6.2	-	0.4	(3.1)	72.2
STC ¹	4.9%	77.6	1.0	1.5	-	0.7	(3.7)	77.1
TRANSIRAPE	7.7%	86.8	1.6	8.0	1.3	0.6	(2.7)	95.6
TRANSLESTE	10.5%	86.8	2.2	8.3	-	0.4	(4.4)	93.3
TRANSUDESTE	8.0%	66.9	1.3	6.2	-	0.4	(3.6)	71.2
Total	-	13,018.0	230.3	771.8	1,024.2	196.7	(556.2)	14,684.9

¹ The RAPs must be grossed up of PIS/COFINS

² under construction

³ The remuneration rates were adjusted based on CVM Circular Letter No. 04/2020, which deals with the relevant aspects of CPC 47 and CPC 48 for the transmission companies.

5.3. 4Q20 Income Statement

Income Statement

	IFRS			Regulatory			
	R\$ mn	4Q20	4Q19*	Chg. %	4Q20	4Q19	Chg. %
GROSS OPERATING REVENUES							
Service revenues	-	-	-		439,443	384,008	14.4%
Operation and Maintenance	175,025	157,636	11.0%		-	-	0.0%
Remuneration of contractual assets	180,837	127,131	42.2%		-	-	0.0%
Monetary restatement of contractual assets	493,501	35,499	1290.2%		-	-	0.0%
Implementation of Infrastructure Revenues	416,632	197,787	110.6%		-	-	0.0%
Other Revenues	5,767	7,794	-26.0%		(8,668)	250	-
Variable Portion	(7,683)	(6,988)	9.9%		(7,683)	(6,988)	9.9%
TOTAL GROSS REVENUES	1,264,079	518,860	143.6%		423,093	377,270	12.1%
PIS/Cofins	(74,117)	(28,768)	157.6%		(24,180)	(20,212)	19.6%
Service Tax	(147)	(45)	227.8%		(147)	(45)	227.8%
ICMS	(8)	(8)	-7.9%		(8)	(8)	-7.9%
RGR, P&D, TFSEE, CDE and PROINFA	(15,813)	(17,542)	-9.9%		(15,813)	(17,542)	-9.9%
Other Deductions	-	-	0.0%		-	-	0.0%
Gross Revenue deductions	(90,085)	(46,363)	94.3%		(40,147)	(37,807)	6.2%
NET REVENUES	1,173,994	472,496	148.5%		382,946	339,463	12.8%
Personnel	(43,703)	(36,230)	20.6%		(43,703)	(36,230)	20.6%
Material	(256,851)	(183,129)	40.3%		(1,730)	(917)	88.6%
Third party services	(22,495)	(20,581)	9.3%		(22,495)	(20,581)	9.3%
Other operating expenses	(10,964)	(6,989)	56.9%		(13,008)	(23,534)	-44.7%
Costs and Expenses	(334,014)	(246,930)	35.3%		(80,936)	(81,263)	-0.4%
Depreciation and amortization	(3,178)	(2,826)	12.4%		(62,623)	(49,738)	25.9%
Costs, Expenses and D&A	(337,191)	(249,756)	35.0%		(143,558)	(131,000)	9.6%
Gains (losses) on company acquisitions	(0)	-	0.0%		-	-	0.0%
GROSS PROFIT	836,803	222,741	275.7%		239,387	208,463	14.8%
Equity method	355,523	164,966	115.5%		31,958	50,144	-36.3%
Revenues from financial investments	5,850	22,180	-73.6%		5,850	22,180	-73.6%
Financial Expenses	(198,770)	(96,393)	106.2%		(198,212)	(95,768)	107.0%
Borrowings and financing	29,519	9,950	196.7%		29,519	9,950	196.7%
- Interests Incurred	(8,351)	(3,086)	170.6%		(8,351)	(3,086)	170.6%
- Monetary Variation	(2)	-	0.0%		(2)	-	0.0%
- Exchange variation	44,968	12,620	256.3%		44,968	12,620	256.3%
- Fair value adjustment	(7,096)	416	-		(7,096)	416	-
Financial instrument	(54,049)	(11,083)	387.7%		(54,049)	(11,083)	387.7%
- Interests Incurred	(16,178)	(282)	5628.6%		(16,178)	(282)	5628.6%
- Exchange Variation	(44,968)	(12,620)	256.3%		(44,968)	(12,620)	256.3%
- Monetary Variation	-	(3,252)	-100.0%		-	(3,252)	-100.0%
- Fair value adjustment	7,096	5,072	39.9%		7,096	5,072	39.9%
Debentures	(172,108)	(91,387)	88.3%		(172,108)	(91,387)	88.3%
- Interests incurred	(65,180)	(58,485)	11.4%		(65,180)	(58,485)	11.4%
- Monetary Variation	(106,928)	(27,414)	290.1%		(106,928)	(27,414)	290.1%
- Mark to market	-	(5,488)	-100.0%		-	(5,488)	-100.0%
Leasing	(558)	(625)	-10.7%		-	-	0.0%
Other financial expenses	(1,573)	(3,248)	-51.6%		(1,573)	(3,248)	-51.6%
Financial Revenues (Expenses)	(192,920)	(74,213)	160.0%		(192,362)	(73,588)	161.4%
NET INCOME BEFORE INCOME TAXES	999,407	313,494	218.8%		78,984	185,019	-57.3%
Income taxes and social contribution	(170,429)	(32,221)	428.9%		14,670	(37,273)	-
NET INCOME	828,978	281,273	194.7%		93,654	147,746	-36.6%
EBITDA	839,981	225,567	272.4%		302,010	258,201	17.0%
EBITDA Margin	71.5%	47.7%	23.8 pp		78.9%	76.1%	2.8 pp

* Due to the impact of the OFÍCIO-CIRCULAR/CVM/SNC/SEP/nº 04/2020 referring to CPC 47 fully stated in 4Q20, the Company proceeded with the adjustments and reclassifications of the 2019 results for purposes of comparability with the results of 2020.

5.4. 2020 Income Statement

Income Statement

	R\$ mn	IFRS			Regulatory		
		2020	2019*	Chg. %	2020	2019	Chg. %
GROSS OPERATING REVENUES							
Service revenues	-	0	(0)		1,727,646	1,565,807	10.3%
Operation and Maintenance	676,162	607,244	11.3%		-	-	0.0%
Remuneration of contractual assets	657,818	505,177	30.2%		-	-	0.0%
Monetary restatement of contractual assets	1,007,626	164,354	513.1%		-	-	0.0%
Implementation of Infrastructure Revenues	1,523,739	752,819	102.4%		-	-	0.0%
Other Revenues	32,402	15,556	108.3%		(16,506)	1,212	-
Variable Portion	(23,136)	(15,278)	51.4%		(23,136)	(15,278)	51.4%
TOTAL GROSS REVENUES	3,874,612	2,029,872	90.9%		1,688,004	1,551,741	8.8%
PIS/Cofins	(245,517)	(113,663)	116.0%		(95,402)	(81,319)	17.3%
Service Tax	(507)	(176)	188.2%		(507)	(176)	187.8%
ICMS	(93)	(54)	71.7%		(93)	(54)	73.1%
RGR, P&D, TFSEE, CDE and PROINFA	(67,208)	(75,989)	-11.6%		(67,208)	(75,989)	-11.6%
Other Deductions	-	-	0.0%		-	-	0.0%
Gross Revenue deductions	(313,325)	(189,882)	65.0%		(163,210)	(157,538)	3.6%
NET REVENUES	3,561,287	1,839,990	93.5%		1,524,794	1,394,203	9.4%
Personnel	(166,616)	(134,325)	24.0%		(166,616)	(134,325)	24.0%
Material	(922,080)	(477,662)	93.0%		(3,818)	(2,449)	55.9%
Third party services	(72,864)	(61,580)	18.3%		(72,864)	(61,580)	18.3%
Other operating expenses	(23,685)	(19,346)	22.4%		(32,395)	(42,166)	-23.2%
Costs and Expenses	(1,185,244)	(692,913)	71.1%		(275,692)	(240,520)	14.6%
Depreciation and amortization	(15,279)	(13,201)	15.7%		(242,135)	(195,210)	24.0%
Costs, Expenses and D&A	(1,200,523)	(706,114)	70.0%		(517,827)	(435,730)	18.8%
Gains (losses) on company acquisitions	-	9,811	-100.0%		-	-	0.0%
GROSS PROFIT	2,360,763	1,143,687	106.4%		1,006,967	958,478	5.1%
Equity method	833,942	369,812	125.5%		162,280	196,848	-17.6%
Revenues from financial investments	38,813	96,939	-60.0%		38,813	96,939	-60.0%
Financial Expenses	(514,338)	(355,736)	44.6%		(511,639)	(352,667)	45.1%
Borrowings and financing	(141,054)	(28,543)	394.2%		(141,053)	(28,543)	394.2%
- Interests Incurred	(28,080)	(14,830)	89.3%		(28,080)	(14,830)	89.3%
- Monetary Variation	-	-	0.0%		-	-	0.0%
- Exchange variation	(114,958)	(15,370)	647.9%		(114,958)	(15,370)	647.9%
- Fair value adjustment	1,984	1,657	19.7%		1,984	1,657	19.7%
Financial instrument	87,418	5,538	1478.5%		87,418	5,538	1478.5%
- Interests Incurred	(25,556)	(6,571)	288.9%		(25,556)	(6,571)	289.0%
- Exchange Variation	114,958	15,370	647.9%		114,958	15,370	647.9%
- Monetary Variation	-	(3,910)	-100.0%		-	(3,910)	-100.0%
- Fair value adjustment	(1,984)	649	-		(1,984)	649	-
Debentures	(445,834)	(315,709)	41.2%		(445,834)	(315,709)	41.2%
- Interests incurred	(270,217)	(210,389)	28.4%		(270,217)	(210,389)	28.4%
- Monetary Variation	(175,616)	(103,014)	70.5%		(175,616)	(103,014)	70.5%
- Mark to Market	-	(2,307)	-100.0%		-	(2,307)	-100.0%
Leasing	(2,697)	(3,069)	-12.1%		-	-	0.0%
Other financial expenses	(12,170)	(13,953)	-12.8%		(12,170)	(13,953)	-12.8%
Financial Revenues (Expenses)	(475,524)	(258,797)	83.7%		(472,827)	(255,728)	84.9%
NET INCOME BEFORE INCOME TAXES	2,719,182	1,254,702	116.7%		696,420	899,598	-22.6%
Income taxes and social contribution	(456,255)	(148,584)	207.1%		(40,391)	(131,896)	-69.4%
NET INCOME	2,262,927	1,106,118	104.6%		656,029	767,702	-14.5%
Participação dos acionistas não-controladores	-	456	-100.0%		-	329	-100.0%
EBITDA	2,376,043	1,156,888	105.4%		1,249,102	1,153,683	8.3%
EBITDA Margin	66.7%	62.9%	3.8 pp		81.9%	82.7%	-0.8 pp

* Due to the impact of the OFÍCIO-CIRCULAR/CVM/SNC/SEP/nº 04/2020 referring to CPC 47, fully recorded in 4Q20, the Company proceeded with the adjustments and reclassifications of the 2019 results for purposes of comparability with the results of 2020.

5.5. 4Q20 IFRS Income Statement (Subsidiaries)

The difference between the Equity Method in the business and the sum of results of ETAU, TBE, Aimorés, Paraguaçu, Ivaí and Transmineiras is due to the amortization of goodwill arising from the allocation of the price paid for the acquisition of TBE.

IFRS Income Statement						
R\$ mn	ETAU	TBE	Aimorés	Paraguaçu	Ivaí	Transmineiras
GROSS OPERATING REVENUES						
Service revenues	-	-	-	-	-	-
Operation and Maintenance	2,796	17,562	-	-	-	1,360
Remuneration of the Contractual Asset	1,837	46,748	-	-	-	5,201
Monetary adjustment of the Contractual Asset	13,741	218,442	-	-	-	22,503
Implementation of Infrastructure Revenues	-	97,077	68,451	114,256	322,308	1,294
Other Revenues	1,337	646	-	-	-	1,244
Variable Portion	22	(813)	-	-	-	(133)
TOTAL GROSS REVENUES	19,734	379,661	68,451	114,256	322,308	31,469
PIS/Cofins	(1,050)	(21,548)	(10,046)	(17,158)	(31,977)	(1,139)
Service Tax	-	-	-	-	-	-
ICMS	-	-	-	-	-	-
RGR, P&D, TFSEE, CDE and PROINFA	(370)	(3,387)	-	-	-	(510)
Other Deduction	-	-	-	-	-	-
Gross Revenue deductions	(1,420)	(24,936)	(10,046)	(17,158)	(31,977)	(1,650)
NET REVENUES	18,314	354,725	58,406	97,098	290,332	29,819
COSTS AND OPERATING EXPENSES						
Personnel	(162)	(5,109)	(265)	(320)	(530)	(180)
Material	(1,021)	(46,522)	(6,609)	(7,013)	(161,451)	35
Third party services	(1,161)	(4,319)	(66)	(55)	(181)	(847)
Depreciation and amortization	(0)	(90)	(12)	(15)	(13)	(4)
Other operating expenses	(50)	(544)	(0)	(0)	(0)	54
Costs and Expenses	(2,394)	(56,584)	(6,953)	(7,404)	(162,175)	(941)
GROSS PROFIT	15,919	298,142	51,453	89,695	128,156	28,878
Equity method	-	2,272	-	-	-	-
Revenues from financial investments	65	367	36	30	3,114	64
Financial Expenses	(321)	(10,542)	(3)	(3)	(36,134)	(494)
Interests Incurred	(293)	(9,945)	-	-	-	(472)
Monetary Variation	(5)	442	-	-	-	(10)
Fair value adjustment	-	-	-	-	-	-
Financial instrument	-	-	-	-	-	-
Other financial expenses	(23)	(1,039)	(3)	(3)	(36,134)	(13)
Financial Revenues (Expenses)	(255)	(10,176)	33	28	(33,020)	(431)
NET INCOME BEFORE INCOME TAXES	15,664	290,238	51,486	89,722	95,137	28,447
Income taxes and social contribution	(4,037)	(80,883)	(30,739)	(54,241)	(44,236)	(1,035)
NET INCOME	11,627	209,355	20,747	35,481	50,901	27,412
EBITDA	15,920	298,232	51,465	89,710	128,169	28,882
EBITDA Margin	86.9%	84.1%	88.1%	92.4%	44.1%	96.9%

5.6. 2020 IFRS Income Statement (Subsidiaries)

IFRS Income Statement							
	R\$ mn	ETAU	TBE	Aimorés	Paraguaçu	Ivaí	Transmineiras
GROSS OPERATING REVENUES							
Service revenues	-	-	-	-	-	-	-
Operation and Maintenance	12,852	65,868	-	-	-	-	5,218
Remuneration of the Contractual Asset	5,735	172,175	-	-	-	-	20,124
Monetary adjustment of the Contractual Asset	54,694	410,390	-	-	-	-	44,946
Implementation of Infrastructure Revenues	-	287,574	210,312	304,258	670,708	2,362	
Other Revenues	4,525	8,646	-	-	-	-	5,026
Variable Portion	(9)	(1,334)	-	-	-	-	(852)
TOTAL GROSS REVENUES	77,797	943,319	210,312	304,258	670,708	76,824	
PIS/Cofins	(4,012)	(57,103)	(23,168)	(34,733)	(64,203)	(2,768)	
Service Tax	-	-	-	-	-	-	-
ICMS	-	-	-	-	-	-	-
RGR, P&D, TFSEE, CDE and PROINFA	(1,564)	(14,070)	-	-	-	(2,074)	
Other Deduction	-	-	-	-	-	-	-
Gross Revenue deductions	(5,577)	(71,174)	(23,168)	(34,733)	(64,203)	(4,841)	
NET REVENUES	72,221	872,145	187,144	269,525	606,504	71,983	
COSTS AND OPERATING EXPENSES							
Personnel	(608)	(20,119)	(523)	(757)	(1,074)	(2,017)	
Material	(1,580)	(138,244)	(82,034)	(108,966)	(379,137)	(1,050)	
Third party services	(4,841)	(15,147)	(244)	(238)	(524)	(3,183)	
Other operating expenses	(57)	(4,084)	(11)	(12)	(14)	(158)	
Costs and Expenses	(7,087)	(177,595)	(82,812)	(109,973)	(380,749)	(6,408)	
Depreciation and amortization	(283)	(186)	(45)	(57)	(49)	(44)	
Costs, Expenses and D&A	(7,370)	(177,781)	(82,857)	(110,030)	(380,797)	(6,452)	
GROSS PROFIT	64,851	694,365	104,287	159,495	225,707	65,532	
Equity method	-	6,226	-	-	-	-	-
Revenues from financial investments	262	2,554	203	238	18,242	210	
Financial Expenses	(1,107)	(32,831)	(20)	(24)	(82,018)	(2,727)	
Interests Incurred	(1,000)	(27,402)	-	-	-	(2,564)	
Monetary Variation	(38)	(2,657)	-	-	-	(103)	
Exchange variation	-	-	-	-	-	-	-
Fair value adjustment	-	-	-	-	-	-	-
Other financial expenses	(70)	(2,772)	(20)	(24)	(82,018)	(59)	
Financial Revenues (Expenses)	(845)	(30,277)	184	213	(63,776)	(2,517)	
NET INCOME BEFORE INCOME TAXES	64,006	670,313	104,471	159,709	161,931	63,015	
Income taxes and social contribution	(21,815)	(171,227)	(48,754)	(78,036)	(66,946)	(2,724)	
NET INCOME	42,191	499,087	55,717	81,673	94,985	60,290	
EBITDA	65,134	694,550	104,333	159,552	225,756	65,575	
EBITDA Margin	90.2%	79.6%	55.7%	59.2%	37.2%	91.1%	

5.7. 4Q20 Regulatory Income Statement (Subsidiaries)

The difference between the equity income in Taesa and the sum of the income from ETAU, TBE, Aimorés, Paraguaçu, Ivaí and Transmineiras is due to the amortization of the goodwill arising from the allocation of the price paid for the acquisition of TBE.

Regulatory Income Statement

R\$ mn	ETAU	TBE	Aimorés	Paraguaçu	Ivaí	Transmineiras
GROSS OPERATING REVENUES						
Service revenues	7,528	93,856	-	-	-	13,141
Operation and Maintenance	-	-	-	-	-	-
Remuneration of the Contractual Asset	-	-	-	-	-	-
Monetary adjustment of the Contractual Asset	-	-	-	-	-	-
Implementation of Infrastructure Revenues	-	-	-	-	-	-
Other Revenues	-	(1,112)	-	-	-	(110)
Variable Portion	22	(821)	-	-	-	(133)
TOTAL GROSS REVENUES	7,550	91,923	-	-	-	12,898
PIS/Cofins	(368)	(4,591)	-	-	-	(475)
Service Tax	-	-	-	-	-	-
ICMS	-	-	-	-	-	-
RGR, P&D, TFSEE, CDE and PROINFA	(370)	(3,387)	-	-	-	(510)
Other Deduction	-	-	-	-	-	-
Gross Revenue deductions	(738)	(7,979)	-	-	-	(985)
NET REVENUES	6,812	83,945	-	-	-	11,913
COSTS AND OPERATING EXPENSES						
Personnel	(162)	(5,109)	(265)	(320)	(530)	(180)
Material	(8)	-	-	-	-	-
Third party services	(1,161)	(4,346)	(74)	(62)	(188)	(847)
Depreciation and amortization	(878)	(11,349)	(5)	(8)	(6)	(1,271)
Other operating expenses	(50)	(730)	(0)	(0)	(0)	54
Costs and Expenses	(2,258)	(21,534)	(344)	(391)	(724)	(2,244)
GROSS PROFIT	4,553	62,411	(344)	(391)	(724)	9,670
Equity method	-	907	-	-	-	-
Revenues from financial investments	65	367	36	30	3,114	64
Financial Expenses	(321)	(10,542)	(2)	(2)	(36,133)	(494)
Interests Incurred	(293)	(9,945)	-	-	-	(472)
Monetary Variation	(5)	442	-	-	-	(10)
Fair value adjustment	-	-	-	-	-	-
Financial instrument	-	-	-	-	-	-
Other financial expenses	(23)	(1,039)	-	-	-	(13)
Financial Revenues (Expenses)	(255)	(10,176)	34	29	(33,019)	(431)
NET INCOME BEFORE INCOME TAXES	4,298	53,142	(310)	(362)	(33,743)	9,239
Income taxes and social contribution	(1,458)	(4,432)	568	713	18,298	(351)
NET INCOME	2,840	48,710	258	351	(15,446)	8,888
EBITDA	5,431	73,760	(339)	(383)	(718)	10,941
EBITDA Margin	79.7%	87.9%	-	-	-	91.8%

5.8. 2020 Regulatory Income Statement (Subsidiaries)

Regulatory Income Statement

	R\$ mn	ETAU	TBE	Aimorés	Paraguaçu	Ivaí	Transmineiras
GROSS OPERATING REVENUES							
Service revenues		34,268	385,192	-	-	-	53,695
Operation and Maintenance		-	-	-	-	-	-
Remuneration of the Contractual Asset		-	-	-	-	-	-
Monetary adjustment of the Contractual Asset		-	-	-	-	-	-
Implementation of Infrastructure Revenues		-	-	-	-	-	-
Other Revenues		-	186	-	-	-	-
Variable Portion		(9)	(1,342)	-	-	-	(852)
TOTAL GROSS REVENUES		34,259	384,035	-	-	-	52,843
PIS/Cofins		(1,460)	(18,541)	-	-	-	(1,929)
Service Tax		-	-	-	-	-	-
ICMS		-	-	-	-	-	-
RGR, P&D, TFSEE, CDE and PROINFA		(1,564)	(14,070)	-	-	-	(2,074)
Other Deduction		-	-	-	-	-	-
Gross Revenue deductions		(3,024)	(32,612)	-	-	-	(4,002)
NET REVENUES		31,235	351,424	-	-	-	48,840
COSTS AND OPERATING EXPENSES							
Personnel		(608)	(20,119)	(523)	(757)	(1,074)	(2,017)
Material		(19)	-	-	-	-	-
Third party services		(4,841)	(15,175)	(270)	(264)	(551)	(3,183)
Other operating expenses		(57)	(4,270)	(11)	(12)	(14)	(158)
Costs and Expenses		(5,525)	(39,564)	(805)	(1,033)	(1,638)	(5,358)
Depreciation and amortization		(3,486)	(45,162)	(21)	(33)	(25)	(5,070)
Costs, Expenses and D&A		(9,011)	(84,725)	(826)	(1,066)	(1,663)	(10,428)
GROSS PROFIT		22,224	266,698	(826)	(1,066)	(1,663)	38,412
Equity method		-	3,506	-	-	-	-
Revenues from financial investments		262	2,554	203	238	18,242	210
Financial Expenses		(1,107)	(32,831)	(15)	(20)	(82,014)	(2,727)
Interests Incurred		(1,000)	(27,402)	-	-	-	(2,564)
Monetary Variation		(38)	(2,657)	-	-	-	(103)
Exchange variation		-	-	-	-	-	-
Fair value adjustment		-	-	-	-	-	-
Other financial expenses		(70)	(2,772)	-	-	-	(59)
Financial Revenues (Expenses)		(845)	(30,277)	188	218	(63,771)	(2,517)
NET INCOME BEFORE INCOME TAXES		21,379	239,927	(638)	(848)	(65,434)	35,896
Income taxes and social contribution		(7,245)	(24,076)	568	713	18,298	(1,676)
NET INCOME		14,134	215,851	(70)	(135)	(47,137)	34,219
EBITDA		25,709	311,860	(805)	(1,033)	(1,638)	43,482
EBITDA Margin		82.3%	88.7%	-	-	-	89.0%

5.9. EBITDA Reconciliation

The reconciliation of EBITDA excludes the impact caused by the equity method in the Company's results.

EBITDA Reconciliation IFRS

	R\$ mn	4Q20	4T19*	Chg. %	2020	2019*	Chg. %
Net Income		829.0	281.3	194.7%	2,262.9	1,106.1	104.6%
Income taxes and social contribution		170.4	32.2	428.9%	456.3	148.6	207.1%
Net Financial Expenses		192.9	74.2	160.0%	475.5	258.8	83.7%
Depreciation and amortization		3.2	2.8	12.4%	15.3	13.2	15.7%
Equity method		(355.5)	(165.0)	115.5%	(833.9)	(369.8)	125.5%
EBITDA		840.0	225.6	272.4%	2,376.0	1,156.9	105.4%
EBITDA Margin		71.5%	47.7%	23.8 bps	66.7%	62.9%	3.8 bps

* Due to the impact of the OFÍCIO-CIRCULAR/CVM/SNC/SEP/nº 04/2020 referring to CPC 47 fully stated in 4Q20, the Company proceeded with the adjustments and reclassifications of the 2019 results for purposes of comparability with the results of 2020.

EBITDA Reconciliation Regulatory

	R\$ mn	4Q20	2019	Chg. %	2020	2019	Chg. %
Net Income		93.7	147.7	-36.6%	656.0	767.7	-14.5%
Income taxes and social contribution		(14.7)	37.3	-139.4%	40.4	131.9	-69.4%
Net Financial Expenses		192.4	73.6	161.4%	472.8	255.7	84.9%
Depreciation and amortization		62.6	49.7	25.9%	242.1	195.2	24.0%
Equity method		(32.0)	(50.1)	-36.3%	(162.3)	(196.8)	-17.6%
EBITDA		302.0	258.2	17.0%	1,249.1	1,153.7	8.3%
EBITDA Margin		78.9%	76.1%	2.8 bps	81.9%	82.7%	-0.8 bps

5.10. Balance Sheet

Balance Sheet				
	4Q20			
	R\$ '000	IFRS	Adjustment	Regulatory
Assets				
Cash and cash equivalent	896.031	-	-	896.031
Financial Investments	-	-	-	-
Receivables	190.378	(15.102)	-	205.480
Contractual Asset	1.015.498	1.015.498	-	-
Recoverable taxes	124.355	-	-	124.355
Bonds and related deposits	11	-	-	11
Derivative financial instruments	-	-	-	-
Dividends and interest on equity to receive	49.978	-	-	49.978
Stocks	8.889	-	-	8.889
Other Current Assets	74.667	-	-	74.667
Total Current Assets	2.359.807	1.000.396	-	1.359.411
Financial Investments	9.586	-	-	9.586
Financial Asset	8.356.699	8.356.699	-	-
Deferred income tax	-	-	-	-
Deferred income tax and social contribution	-	(29.933)	-	29.933
Income tax and social contribution	-	-	-	-
Investment	2.952.878	1.245.790	-	1.707.088
Receivables	19.635	-	-	19.635
Escrow deposits	44.870	-	-	44.870
Financial instruments derivatives	157.169	-	-	157.169
Other receivables	41.526	1	-	41.525
Fixed Assets	44.744	(6.159.144)	-	6.203.888
Intangible Assets	89.572	(172.373)	-	261.945
Right of use	28.934	28.934	-	-
Total Non Current Assets	11.745.613	3.269.974	-	8.475.639
Total Assets	14.105.420	4.270.370	-	9.835.050
Liabilities				
Trade accounts payable	85.086	-	-	85.086
Taxes	55.157	-	-	55.157
Borrowings and financing	121.355	-	-	121.355
Debentures	319.473	-	-	319.473
Leasing liability	8.911	8.911	-	-
Financial instruments derivatives	-	-	-	-
Dividends to pay	105.931	-	-	105.931
Regulatory fees	62.536	-	-	62.536
Other payables	83.193	22.649	-	60.544
Total Current Liabilities	841.642	31.560	-	810.082
Borrowings and financing	922.669	-	-	922.669
Debentures	4.857.916	-	-	4.857.916
Leasing liability	22.464	22.464	-	-
Financial instruments derivatives	47.061	-	-	47.061
Deferred taxes and social contributions	763.630	682.808	-	80.822
Deferred Taxes	524.897	524.897	-	-
Provisions for contingencies	44.338	2.594	-	41.744
Provision for asset demobilization	457	457	-	-
Special obligations	-	(11.461)	-	11.461
Suppliers	40.113	-	-	40.113
Other payables	14.330	-	-	14.330
Total Non Current Liabilities	7.237.875	1.221.759	-	6.016.116
Paid-in capital	-	-	-	-
Capital Reserve	3.042.035	-	-	3.042.035
Earnings reserve	598.736	4.229	-	594.507
Profit reserve	1.944.395	-	-	1.944.395
Proposed additional dividends	456.035	-	-	456.035
Equity valuation adjustment	(15.298)	-	-	(15.298)
AFAC Reserve	-	-	-	-
Interim dividends and interest on equity	-	-	-	-
Accumulated Losses	-	3.012.822	-	(3.012.822)
Retained earnings	-	-	-	-
Attributing interest of controlling shareholders	6.025.903	3.017.051	-	3.008.852
Participation of non-controlling shareholders	-	-	-	-
Total Shareholder's Equity	6.025.903	3.017.051	-	3.008.852
Total Liabilities and Shareholder's Equity	14.105.420	4.270.370	-	9.835.050

5.11. IFRS Cash Flow

Cash Flow		
	R\$ mn	IFRS
	R\$ thousand	4Q20
Cash Flow from operating activities		
Income for the period		2.262.927
Adjusts to:		
Equity Method (subsidiaries net income)		(833.942)
Depreciation and amortization		8.391
Amortization of right of use		6.889
Tax, social security, labor and civil provisions		9.813
Environmental compensation provisions		-
Revenues from financial investments		(38.813)
Implementation cost - provision suppliers		883.675
Interest, monetary variation and exchange gains / losses and fair value adjustment		141.053
Interest and inflation adjustment on debentures		445.833
Leasing liability interest		2.697
Derivative financial instruments		(87.417)
Income tax and social contribution		27.698
Income tax and social contribution deferred		428.557
Deferred taxes		150.115
Remuneration of Contractual Asset		(657.818)
Monetary Restatement of Contractual Asset		(1.007.626)
Implementation of Infrastructure Revenues		(1.523.739)
Gains (losses) on company acquisitions		-
Variable Portion Provision		828
		219.121
Changes in assets and liabilities:		
(Increase) Reduction in customer balance		(56.438)
(Increase) Decrease in the Balance of Concession Contractual assets		1.020.557
(Increase) Decrease in the balance of income tax and social contribution assets		5.564
(Increase) Decrease in the balance of Income taxes and deferred social contribution		-
(Increase) Reduction in the balance of deferred taxes		-
(Increase) Decrease in the balance of other assets		(29.987)
(Increase) Decrease in balance of trade accounts payable		(852.951)
(Increase) Decrease in the balance of regulatory fees		(7.498)
(Increase) Decrease in the balance of other payables		(30.151)
Dividends earned from jointly controlled		2.494
Dividends and interest on equity earned from jointly controlled		289.490
		341.080
Cash from operating activities		560.201
Income tax and social contribution paid		(42.656)
Cash flow of investing activities		517.545
Additions in property, intangible assets		
(Increase) Decrease in the balance of DTVM and other investments		2.416.706
(Additions) Write-offs in fixed and intangible assets		(41.179)
Acquisition of subsidiaries, net of cash acquired		(765.131)
Acquisition of jointly controlled subsidiaries		-
Capital increase in the joint subsidiary		-
Capital increase in jointly-owned subsidiaries		(221.500)
Advance for future capital increase in subsidiaries		-
Cash Flow provided by financing activities		1.388.896
Payment of borrowings and financing (principal)		
Borrowing and financing		446.218
Payment of borrowing and financing - principal		(250.891)
Payment of borrowing and financing - interest		(19.005)
Debentures		723.943
Payment of debentures (principal)		(691.260)
Payment of debentures (interest)		(181.741)
Payment of derivative financial instruments (interest)		(14.942)
Receipt (payment) on settlement of financial instruments		9.601
Payment of lease liabilities		(8.712)
Subsidiary Acquisition		-
Payment of dividends and interest on equity		(1.106.182)
Advance for future capital increase		-
Capital increase		-
Others		-
Net Cash provided by financing activities		(1.092.971)
Increase (Decrease) in cash and cash equivalents		813.470
Opening balance of cash and cash equivalents		82.562
Closing balance of cash and cash equivalents		896.031
Increase (decrease) in cash and cash equivalents		813.469

5.12. Regulatory Cash Flow

Cash Flow		
	R\$ mn	Regulatory
	R\$ thousand	4Q20
Cash Flow from operating activities		
Income for the period		656.029
Adjusts to:		
Equity Method (subsidiaries net income)		(162.280)
Depreciation and amortization		242.135
Amortization of right of use		-
Tax, social security, labor and civil provisions		9.813
Environmental compensation provisions		-
Revenues from financial investments		(38.813)
Implementation cost - provision suppliers		-
Interest, monetary variation and exchange gains / losses and fair value adjustment (141.053
Interest and inflation adjustment on debentures		445.833
Leasing liability interest		-
Derivative financial instruments		(87.417)
Income tax and social contribution		27.698
Income tax and social contribution deferred		12.694
Deferred taxes		-
Remuneration of Contractual Asset		-
Monetary Restatement of Contractual Asset		-
Implementation Revenues		-
Gains (losses) on company acquisitions		-
Variable Portion Provision		828
		1.247.573
Changes in assets and liabilities:		
(Increase) Reduction in customer balance		(56.438)
(Increase) Decrease in the Balance of Financial assets		-
(Increase) Decrease in the balance of income tax and social contribution assets		5.564
(Increase) Decrease in the balance of Income taxes and deferred social contribution		-
(Increase) Reduction in the balance of deferred taxes		-
(Increase) Decrease in the balance of other assets		(29.987)
(Increase) Decrease in balance of trade accounts payable		30.724
(Increase) Decrease in the balance of regulatory fees		(7.498)
(Increase) Decrease in the balance of other payables		(12.170)
Dividends earned from jointly controlled		2.494
Dividends and interest on equity earned from jointly controlled		289.490
		222.179
Cash from operating activities		1.469.752
Income tax and social contribution paid		(42.656)
Cash flow of investing activities		1.427.096
Additions in property, intangible assets		
(Increase) Decrease in the balance of DTVM and other investments		2.416.706
(Additions) Write-offs in fixed and intangible assets		(959.442)
Acquisition of subsidiaries, net of cash acquired		(765.131)
Acquisition of jointly controlled subsidiaries		-
Capital increase in the joint subsidiary		-
Capital increase in jointly-owned subsidiaries		(221.500)
Cash Flow provided by financing activities		470.633
Payment of borrowings and financing (principal)		
Borrowing and financing		446.218
Payment of borrowing and financing - principal		(250.891)
Payment of borrowing and financing - interest		(19.005)
Debentures		723.943
Payment of debentures (principal)		(691.260)
Payment of debentures (interest)		(181.741)
Payment of derivative financial instruments (interest)		(14.942)
Receipt (payment) on settlement of financial instruments		9.601
Payment of lease liabilities		-
Subsidiary Acquisition		-
Payment of dividends and interest on equity		(1.106.182)
Receiving and settlement of financial instruments		-
Advance for future capital increase		-
Capital increase		-
Others		-
Net Cash provided by financing activities		(1.084.259)
Increase (Decrease) in cash and cash equivalents		813.470
Opening balance of cash and cash equivalents		82.562
Closing balance of cash and cash equivalents		896.031
Increase (decrease) in cash and cash equivalents		813.469

Disclaimer

The consolidated financial statements were prepared in accordance with accounting practices adopted in Brazil, comprising the Brazilian corporate law, Statements, Guidelines and Interpretations issued by the Accounting Pronouncements Committee and the standards of the Brazilian Securities and Exchange Commission (CVM), combined with specific legislation issued by the National Electricity Regulatory Agency (ANEEL). ANEEL, as a regulatory agency, has the power to regulate concessions.

The statements in this document related to business prospects, projections about operating and financial results, and those related to Taesa's growth prospects are merely projections and, as such, based solely on the executive boards expectations about the business future. These expectations depend, substantially, on changes in market conditions, the Brazilian economy performance, the industry and international markets and, therefore, are subject to change without prior notice.

EBITDA:

EBITDA is net income before taxes, net financial expenses, and depreciation, amortization and income expenses. EBITDA is not recognized by accounting practices adopted in Brazil or by IFRS, does not represent cash flow for the covered periods, and should not be considered as alternative net income. EBITDA presented is used by Taesa to measure its own performance. Taesa understands that some investors and financial analysts use EBITDA as an indicator of its operating performance.

Net debt:

"Net debt" is not recognized by accounting practices adopted in Brazil or by IFRS, does not represent cash flow for the covered periods. Net debt presented is used by Taesa to measure its own performance. Taesa understands that some investors and financial analysts use debt net as an indicator of its operating performance.