Table of Contents

Company Data / Capital Composition

Number of Shares (Thousand)	Current Quarter March 31, 2021
Paid in Capital	
Common Shares	15,527
Preferred Shares	23,044
Total	38,571
Treasury Shares	
Common Shares	0
Preferred Shares	0
Total	0

Individual Financial Statements / Statement of Financial Position - Assets

(Thousands of Reais)

Account Code	Account Description	Current Quarter March 31, 2021	Previous Fiscal Year December 31, 2020
1	Total Assets	2,314,465	2,133,733
1.01	Current Assets	185,387	208,401
1.01.01	Cash and cash equivalents	36,251	50,421
1.01.06	Taxes recoverable	17,308	25,888
1.01.06.01	Current Taxes Recoverable	17,308	25,888
1.01.08	Other current assets	131,828	132,092
1.01.08.03	Others	131,828	132,092
1.01.08.03.01	Dividends Receivable	131,783	132,047
1.01.08.03.03	Other Credits	45	45
1.02	Non-current Assets	2,129,078	1,925,332
1.02.01	Long-term Receivables	173,125	171,651
1.02.01.02	Investments Appraised at Fair Value through Other Comprehensive Results	137,478	137,478
1.02.01.02.02	Other Securities	217	217
1.02.01.02.03	Trading Securities	137,261	137,261
1.02.01.07	Deferred taxes	14,349	12,827
1.02.01.07.01	Deferred Income Tax and Social Contribution	14,349	12,827
1.02.01.10	Other Non-current Assets	21,298	21,346
1.02.01.10.03	Court deposits	21,298	21,346
1.02.02	Investments	1,951,122	1,748,723
1.02.02.01	Equity Interests	1,951,122	1,748,723
1.02.02.01.01	Investments in Associates	101,991	91,104
1.02.02.01.02	Interest in Subsidiaries	1,747,203	1,558,988
1.02.02.01.04	Other Investments	101,928	98,631
1.02.03	Property, plant and equipment	13	14
1.02.03.01	Fixed Assets in Operation	13	14
1.02.04	Intangible assets	4,818	4,944
1.02.04.01	Intangible Assets	4,818	4,944
1.02.04.01.01	Concession Agreement	4,818	4,944

Individual Financial Statements / Statement of Financial Position – Liabilities

(Thousands of Reais)

Account Account	Description	Current Quarter March 31, 2021	Previous Fiscal Year December 31, 2020
2	Total Liabilities	2,314,465	2,133,733
2.01	Current Liabilities	125,783	144,163
2.01.01	Social and labor obligations	1,000	879
2.01.01.01	Social Obligations	1,000	879
2.01.01.01.01	Social Charges	1,000	879
2.01.02	Trade payables	81	72
2.01.02.01	National Suppliers	81	72
2.01.03	Tax obligations	219	18,795
2.01.03.01	Federal Tax Obligations	89	18,665
2.01.03.01.01	Income Tax and Social Contribution Payable	0	971
2.01.03.01.02	Other Federal Tax Obligations	85	6.365
2.01.03.01.03	PIS/COFINS	4	11,329
2.01.03.03	Municipal Tax Obligations	130	130
2.01.05	Other liabilities	124,483	124,417
2.01.05.02	Others	124,483	124,417
2.01.05.02.01	Dividends and Interest on Shareholders’ Equity Payable	123,621	123,621
2.01.05.02.04	Other Current Liabilities	862	796
2.02	Noncurrent Liabilities	4,886	4,928
2.02.04	Provisions	4,886	4,928
2.02.04.01	Labor and Civil Security Tax Provisions	1,403	1,445
2.02.04.01.01	Tax Provisions	1,263	1,263
2.02.04.01.04	Civil Provisions	140	182
2.02.04.02	Other Provisions	3,483	3,483
2.02.04.02.04	Regulatory Provisions	3,483	3,483
2.03	Shareholders' equity	2,183,796	1,984,642
2.03.01	Paid-up Share Capital	1,340,000	1,340,000
2.03.02	Capital Reserves	316	316
2.03.02.06	Advance for Future Capital Increase	316	316
2.03.04	Profit reserves	1,911,470	1,911,470
2.03.04.01	Legal reserve	196,308	196,308
2.03.04.05	Retained Profits Reserve	1,715,162	1,715,162
2.03.05	Accumulated Profit/Loss	199,295	0
2.03.06	Adjustments to Equity Valuation	-1,267,285	-1,267,144

Income Statement - Parent Company / Statement of Income

(Thousands of Reais)

Account Code	Account Description	Current YTD Fiscal Year January 1, 2021 to March 31, 2021	Fiscal Year YTD Previous January 1, 2020 to March 31, 2020
3.04	Operating Expenses/Revenues	197,424	143,983
3.04.02	General and administrative expenses	-4,342	-4,503
3.04.05	Other Operating Expenses	-1,000	-517
3.04.06	Equity Income	202,766	149,003
3.05	Income Before Financial Result and Taxes	197,424	143,983
3.06	Financial Result	208	52
3.06.01	Financial income	229	70
3.06.02	Financial expenses	-21	-18
3.07	Income Before Taxes on Profit	197,632	144,035
3.08	Income Tax and Social Contribution on Profit	1,522	0
3.08.02	Deferred	1,522	0
3.09	Net Income from Continuing Operations	199,154	144,035
3.11	Profit/Loss for the Period	199,154	144,035
3,99	Earnings per Share - (Reais/Share)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Common Shares	4.87220	3.52370
3.99.01.02	Preferred Shares	5.35940	3.87610
3.99.02	Diluted Earnings per Share		
3.99.02.01	Common Shares	4.87220	3.52370
3.99.02.02	Preferred Shares	5.35940	3.87610

Income Statement - Parent Company / Statement of Comprehensive

(Thousands of Reais)

Account Code	Account Description	Current YTD Fiscal Year January 1, 2021 to March 31, 2021	Fiscal Year YTD Previous to January 1, 2020 to March 31, 2020
4.01	Net Income for the Period	199,154	144,035
4.03	Comprehensive Income for the Period	199,154	144,035

Income Statement - Parent Company / Statement of Cash Flow - Indirect Method

(Thousands of Reais)

Account Code	Account Description	Current YTD Fiscal Year January 1, 2021 to March 31, 2021	Fiscal Year YTD Previous January 1, 2020 to March 31, 2020
6.01	Net Cash from Operating Activities	-14,434	-14,374
6.01.01	Cash from Operations	-4,682	-4,456
6.01.01.01	Net Income before Income Tax and Social Contribution (CSLL)	197,632	144,035
6.01.01.02	Depreciation and amortization	494	494
6.01.01.03	Equity income	-202,766	-149,003
6.01.01.07	Incorporation (Reversal) of Provision for Contingent Liabilities	-42	18
6.01.02	Changes in Assets and Liabilities	-9,752	-9,918
6.01.02.03	Court deposits	48	-87
6.01.02.04	Trade payables	9	-123
6.01.02.05	Social Security and Labor Obligations	121	-26
6.01.02.06	Taxes to be Collected	-18,576	-9,634
6.01.02.07	Other Accounts - Liabilities	0	-34
6.01.02.08	Taxes recoverable	8,580	-14
6.01.02.09	Other Accounts - Liabilities	66	0
6.02	Net Cash from Investing Activities	264	278
6.02.04	Dividends Received	264	278
6.05	Increase (Decrease) in Cash and Cash Equivalents	-14,170	-14,096
6.05.01	Opening Balance of Cash and Cash Equivalents	50,421	28,451
6.05.02	Closing Balance of Cash and Cash Equivalents	36,251	14,355

Individual Financial Statements / Statement of Changes in the Shareholders' Equity / SCE - January 1, 2021 to March 31, 2021

(Thousands of Reais)

Account Code	Account Description	Paid-up Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Profit or Loss Accumulated	Other Results Comprehensive	Shareholders' Equity
5.01	Opening Balances	1,340,000	316	1,911,470	0	-1,267,144	1,984,642
5.03	Adjusted Opening Balances	1,340,000	316	1,911,470	0	-1,267,144	1,984,642
5.05	Total Comprehensive Income	0	0	0	199,295	-141	199,154
5.05.01	Net Profit for the Period	0	0	0	199,154	0	199,154
5.05.03	Reclassifications to the Result	0	0	0	141	-141	0
5.05.03.02	Assigned Cost Recognized	0	0	0	141	-141	0
5.07	Closing Balances	1,340,000	316	1,911,470	199,295	-1,267,285	2,183,796

Individual Financial Statements / Statement of Changes in the Shareholders’ Equity / SCE - January 1, 2020 to March 31, 2020

(Thousands of Reais)

Account Code	Account Description	Paid-up Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Profit or Loss Accumulated	Other Results Comprehensive	Shareholders' Equity
5.01	Opening Balances	1,340,000	316	1,521,681	0	-1,454,873	1,407,124
5.03	Adjusted Opening Balances	1,340,000	316	1,521,681	0	-1,454,873	1,407,124
5.05	Total Comprehensive Income	0	0	0	144,176	-141	144,035
5.05.01	Net Profit for the Period	0	0	0	144,035	0	144,035
5.05.03	Reclassifications to the Result	0	0	0	141	-141	0
5.05.03.02	Assigned Cost Recognized	0	0	0	141	-141	0
5.07	Closing Balances	1,340,000	316	1,521,681	144,176	-1,455,014	1,551,159

Income Statement - Parent Company / Statement of Added Value

(Thousands of Reais)

Code of Account	Account Description	Current YTD Fiscal Year January 1, 2021 to March 31, 2021	Fiscal Year YTD Previous January 1, 2020 to March 31, 2020
7.02	Inputs Purchased from Third Parties	-1,113	-1,199
7.02.02	Materials, Energy, Outsourced Services and Others	-1,113	-1,199
7.03	Gross Added Value	-1,113	-1,199
7.04	Deductions	-494	-494
7.04.01	Depreciation, Amortization and Exhaustion	-494	-494
7.05	Net Added Value Produced	-1,607	-1,693
7.06	Added Value Received on Transfer	202,995	149,073
7.06.01	Equity Income	202,766	149,003
7.06.02	Financial income	229	70
7.07	Total Added Value to be Distributed	201,388	147,380
7.08	Distribution of Added Value	201,388	147,380
7.08.01	Employees	3,514	2,976
7.08.01.01	Direct Compensation	3,134	2,671
7.08.01.02	Benefits	205	181
7.08.01.03	F.G.T.S.	175	124
7.08.02	Taxes, charges and contributions	-1,361	269
7.08.02.01	Federal	-1,365	109
7.08.02.02	State taxes	2	4
7.08.02.03	Municipal	2	156
7.08.03	Compensation of Third-Party Capital	81	100
7.08.03.02	Rent	60	82
7.08.03.03	Other	21	18
7.08.04	Return on Shareholders' Equity	199,154	144,035
7.08.04.02	Dividends	47,294	0
7.08.04.03	Retained Profit/Loss for the Period	151,860	144,035

Income Statement – Consolidated / Balance Sheet - Assets

(Thousands of Reais)

Account Code	Account Description	Current Quarter March 31, 2021	Previous Fiscal Year December 31, 2020
1	Total Assets	10,531,731	10,667,254
1.01	Current Assets	3,942,641	3,955,299
1.01.01	Cash and cash equivalents	1,018,770	1,166,205
1.01.03	Accounts receivables	1,984,183	1,918,725
1.01.03.01	Customer	1,712,675	1,623,760
1.01.03.01.01	Trade receivables	2,233,184	2,141,621
1.01.03.01.02	Allowance for Doubtful Accounts	-520,509	-517,861
1.01.03.02	Other Accounts Receivable	271,508	294,965
1.01.04	Inventories	14,873	12,313
1.01.06	Taxes recoverable	568,445	591,837
1.01.06.01	Current Taxes Recoverable	568,445	591,837
1.01.08	Other current assets	356,370	266,219
1.01.08.03	Others	356,370	266,219
1.01.08.03.01	Dividends Receivable	14,088	14,352
1.01.08.03.02	Other Credits	147,899	171,161
1.01.08.03.03	Financial Assets - Portion A – CVA	112,786	0
1.01.08.03.04	Financial Assets – Concession Bonus	34,565	33,674
1.01.08.03.05	CDE Resources for CVA Coverage	47,032	47,032
1.02	Non-current Assets	6,589,090	6,711,955
1.02.01	Long-term Receivables	2,366,322	2,623,539
1.02.01.02	Investments Appraised at Fair Value through Other Comprehensive Results	137,478	137,478
1.02.01.02.02	Other Securities	217	217
1.02.01.02.03	Trading Securities	137,261	137,261
1.02.01.04	Accounts receivables	30,662	32,454
1.02.01.04.01	Customer	142,663	143,850
1.02.01.04.02	Allowance for Doubtful Accounts - PCLD	-114,614	-114,614
1.02.01.04.03	Other Accounts Receivable	2,613	3,218
1.02.01.07	Deferred taxes	868,792	884,423
1.02.01.07.01	Deferred Income Tax and Social Contribution	868,792	884,423
1.02.01.10	Other Non-current Assets	1,329,390	1,569,184
1.02.01.10.03	Taxes recoverable	15,624	109,904
1.02.01.10.04	Court deposits	302,009	291,869
1.02.01.10.05	Financial Assets Indemnification - Concession	538,959	612,637
1.02.01.10.06	Financial Assets - Portion A – CVA	196,095	286,861
1.02.01.10.07	Financial Assets – Concession Bonus	272,903	267,913
1.02.01.10.08	Advance for Future Capital Increase	3,800	0
1.02.02	Investments	286,683	268,933
1.02.02.01	Equity Interests	286,683	268,933
1.02.02.01.01	Investments in Associates	184,755	170,302
1.02.02.01.04	Interest in Jointly Controlled Companies	101,928	98,631
1.02.03	Property, plant and equipment	206,660	201,427
1.02.03.01	Fixed Assets in Operation	138,557	138,404
1.02.03.03	Construction in Progress	68,103	63,023
1.02.04	Intangible assets	3,729,425	3,618,056
1.02.04.01	Intangible Assets	3,729,425	3,618,056

Income Statement – Consolidated / Balance Sheet - Assets

(Thousands of Reais)

Account Code	Account Description	Current Quarter March 31, 2021	Previous Fiscal Year December 31, 2020
1.02.04.01.01	Concession Agreement	3,722,087	3,610,710
1.02.04.01.02	Other Intangible Assets	7,338	7,346

Income Statement – Consolidated / Balance Sheet - Liabilities

(Thousands of Reais)

Account Code	Account Description	Current Quarter March 31, 2021	Previous Fiscal Year December 31, 2020
2	Total Liabilities	10,531,731	10,667,254
2.01	Current Liabilities	3,309,365	3,522,162
2.01.01	Social and labor obligations	208,609	211,656
2.01.01.01	Social Obligations	208,609	211,656
2.01.02	Trade payables	1,000,914	1,224,547
2.01.02.01	National Suppliers	1,000,914	1,224,547
2.01.03	Tax obligations	420,105	370,858
2.01.03.01	Federal Tax Obligations	142,366	94,368
2.01.03.01.01	Income Tax and Social Contribution Payable	85,577	15,362
2.01.03.01.02	PIS/COFINS	55,051	70,171
2.01.03.01.03	Others	1,738	8,835
2.01.03.02	State Tax Obligations	276,308	274,512
2.01.03.03	Municipal Tax Obligations	1,431	1,978
2.01.04	Loans and financing	949,123	968,493
2.01.04.01	Loans and financing	846,281	865,901
2.01.04.01.01	National Currency	834,303	860,552
2.01.04.01.02	Foreign Currency	11,978	5,349
2.01.04.02	Debentures	102,842	102,592
2.01.05	Other liabilities	532,323	548,707
2.01.05.02	Others	532,323	548,707
2.01.05.02.01	Dividends and Interest on Shareholders' Equity Payable	123,621	123,621
2.01.05.02.04	Regulatory Fees	296,963	177,921
2.01.05.02.05	Financial Liabilities - "Portion A" - CVA	0	142,491
2.01.05.02.06	Other Current Liabilities	111,739	104,674
2.01.06	Provisions	198,291	197,901
2.01.06.01	Labor and Civil Security Tax Provisions	198,291	197,901
2.01.06.01.03	Provisions for Employee Benefits	198,291	197,901
2.02	Noncurrent Liabilities	5,038,570	5,160,450
2.02.01	Loans and financing	1,055,061	992,959
2.02.01.01	Loans and financing	875,448	789,043
2.02.01.01.01	National Currency	26,775	83,870
2.02.01.01.02	Foreign Currency	848,673	705,173
2.02.01.02	Debentures	179,613	203,916
2.02.02	Other liabilities	1,188,672	1,330,797
2.02.02.02	Others	1,188,672	1,330,797
2.02.02.02.03	Social and labor obligations	45,009	60,264
2.02.02.02.04	Regulatory Fees	53,596	183,078
2.02.02.02.06	PIS/COFINS to be Returned to Consumers	1,090,067	1,087,455
2.02.03	Deferred taxes	31,085	24,469
2.02.03.01	Deferred Income Tax and Social Contribution	31,085	24,469
2.02.04	Provisions	2,763,752	2,812,225
2.02.04.01	Labor and Civil Security Tax Provisions	2,496,789	2,546,272
2.02.04.01.01	Tax Provisions	19,645	19,677
2.02.04.01.02	Social Security and Labor Provisions	41,998	45,002
2.02.04.01.03	Provisions for Employee Benefits	2,275,766	2,319,432
2.02.04.01.04	Civil Provisions	159,380	162,161

Income Statement – Consolidated / Balance Sheet - Liabilities

(Thousands of Reais)

Account Code	Account Description	Current Quarter March 31, 2021	Previous Fiscal Year December 31, 2020
2.02.04.02	Other Provisions	266,963	265,953
2.02.04.02.04	Regulatory Provisions	248,274	247,250
2.02.04.02.05	Environmental Provisions	18,689	18,703
2.03	Shareholders’ equity - Consolidated	2,183,796	1,984,642
2.03.01	Paid-up Share Capital	1,340,000	1,340,000
2.03.02	Capital Reserves	316	316
2.03.02.06	Advance for Future Capital Increase	316	316
2.03.04	Profit reserves	1,911,470	1,911,470
2.03.04.01	Legal reserve	196,308	196,308
2.03.04.05	Retained Profits Reserve	1,715,162	1,715,162
2.03.05	Accumulated Profit/Loss	199,295	0
2.03.06	Adjustments to Equity Valuation	-1,267,285	-1,267,144

Income Statement – Consolidated / Statement of Income

(Thousands of Reais)

Account Code	Account Description	Current YTD Fiscal Year January 1, 2021 to March 31, 2021	Fiscal Year YTD Previous January 1, 2020 to March 31, 2020
3.01	Revenue from Sale of Goods and/or Services	2,523,690	2,109,793
3.01.01	Sales and Services Revenue	2,220,400	2,046,323
3.01.02	Construction Revenue	136,448	107,065
3.01.03	Revenue Portion A - CVA	162,731	-44,878
3.01.04	Financial Asset Update VNR	4,111	1,283
3.02	Cost of Goods and/or Services Sold	-2,163,802	-1,790,126
3.02.01	Cost of Sale and Services	-1,861,132	-1,515,071
3.02.02	Cost of Goods Sold	-2,882	-2,908
3.02.03	Cost of services Rendered	-163,340	-165,082
3.02.04	Construction Cost - CPC 47	-136,448	-107,065
3.03	Gross Profit (Loss)	359,888	319,667
3.04	Operating Expenses/Revenues	-64,193	-92,382
3.04.01	Selling Expenses	-40,463	-52,508
3.04.02	General and administrative expenses	-72,928	-88,518
3.04.04	Other Operating Revenues	31,358	39,048
3.04.06	Equity Income	17,840	9,596
3.05	Income Before Financial Result and Taxes	295,695	227,285
3.06	Financial Result	9,217	-8,568
3.06.01	Financial income	54,708	42,252
3.06.02	Financial expenses	-45,491	-50,820
3.07	Income Before Taxes on Profit	304,912	218,717
3.08	Income Tax and Social Contribution on Profit	-105,758	-74,682
3.08.01	Current	-83,513	-64,732
3.08.02	Deferred	-22,245	-9,950
3.09	Net Income from Continuing Operations	199,154	144,035
3.11	Consolidated Profit/Loss for the Period	199,154	144,035
3.11.01	Assigned to the Shareholders of the Parent Company	199,154	144,035
3.99	Earnings per Share - (Reais/Share)		
3.99.01	Basic Earnings per Share		
3.99.01.01	Common Shares	4.87220	3.52370
3.99.01.02	Preferred Shares	5.35940	3.87610
3.99.02	Diluted Earnings per Share		
3.99.02.01	Common Shares	4.87220	3.52370
3.99.02.02	Preferred Shares	5.35940	3.87610

Income Statement – Consolidated / Comprehensive Statement of Income

(Thousands of Reais)

Account Code	Account Description	Current YTD Fiscal Year January 1, 2021 to March 31, 2021	Fiscal Year YTD Previous January 1, 2020 to March 31, 2020
4.01	Consolidated Net Income for the Period	199,154	144,035
4.03	Comprehensive Consolidated Income for the Period	199,154	144,035
4.03.01	Assigned to the Shareholders of the Parent Company	199,154	144,035

Income Statement – Consolidated / Statement of Cash Flow - Indirect Method

(Thousands of Reais)

Account Code	Account Description	Current YTD Fiscal Year January 1, 2021 to March 31, 2021	Fiscal Year YTD Previous January 1, 2020 to March 31, 2020
6.01	Net Cash from Operating Activities	-55,957	-71,279
6.01.01	Cash from Operations	357,945	259,642
6.01.01.01	Earnings before Income Tax and Social Contribution (CSLL)	304,912	218,717
6.01.01.02	Depreciation and amortization	62,436	59,368
6.01.01.04	Equity income	-17,840	-9,596
6.01.01.05	Restatement/Interest Return/Concession Bonus	-14,646	-9,819
6.01.01.06	Interest and Monetary Variations	42,916	48,585
6.01.01.08	Income Tax and Social Contribution (CSLL) Paid	-63,252	-50,565
6.01.01.09	Interest paid	-5,596	-17,600
6.01.01.11	Provision for Actuarial Liabilities	-2,407	12,490
6.01.01.12	Incorporation (Reversal) of Provision for Contingent Liabilities	-4,807	-4,873
6.01.01.14	Write-off of Fixed Assets/Intangible Assets	14,787	8,290
6.01.01.15	Financial Assets Update – VNR	-4,111	-1,283
6.01.01.17	Estimated losses in Doubtful Accounts	45,443	5,920
6.01.01.18	Write-off of Financial Indemnity Assets - Concession	110	8
6.01.02	Changes in Assets and Liabilities	-413,902	-330,921
6.01.02.02	Financial Assets - (CVA, Concession Bonus)	-21,676	68,435
6.01.02.03	Accounts receivables	-66,919	-142,983
6.01.02.05	Taxes recoverable	117,672	-12,913
6.01.02.06	Court deposits	-10,140	-7,953
6.01.02.07	Inventories	-2,560	-2,642
6.01.02.08	Advance for Future Capital Increase	-3,800	0
6.01.02.10	Other Accounts - Assets	-18,928	31,151
6.01.02.14	Trade payables	-223,633	-163,760
6.01.02.15	Taxes to be collected	28,986	29,266
6.01.02.16	Social Security and Labor Obligations	-18,302	-22,013
6.01.02.17	Regulatory Fees	-11,946	-29,147
6.01.02.18	Financial Liabilities - CVA	-134,070	-22,777
6.01.02.19	Actuarial Liabilities	-55,653	-44,262
6.01.02.20	Other Accounts - Liabilities	7,067	-11,323
6.02	Net Cash from Investing Activities	-115,792	-99,912
6.02.01	Additions Fixed Assets/Intangible Assets	-115,779	-100,292
6.02.03	Capital Increase (Decrease) Investees	-277	198
6.02.05	Dividends Received	264	182
6.03	Net Cash from Financing Activities	24,314	-53,231
6.03.03	Amortization of Loans and Financings	-91,220	-27,741
6.03.04	Additions of Loans and Financing	141,025	0
6.03.07	Payment of Debentures	-25,491	-25,490
6.05	Increase (Decrease) in Cash and Cash Equivalents	-147,435	-224,422
6.05.01	Opening Balance of Cash and Cash Equivalents	1,166,205	566,181
6.05.02	Closing Balance of Cash and Cash Equivalents	1,018,770	341,759

Consolidated Financial Statements / Statement of Changes in Shareholders' Equity / SCE - January 1, 2021 to March 31, 2021

(Thousands of Reais)

Account Code	Account Description	Paid-up Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Profit or Loss Accumulated	Other Results Comprehensive	Shareholders' Equity	Non-Controlling Interest	Shareholders' Equity Consolidated
5.01	Opening Balances	1,340,000	316	1,911,470	0	-1,267,144	1,984,642	0	1,984,642
5.03	Adjusted Opening Balances	1,340,000	316	1,911,470	0	-1,267,144	1,984,642	0	1,984,642
5.05	Total Comprehensive Income	0	0	0	199,295	-141	199,154	0	199,154
5.05.01	Net Profit for the Period	0	0	0	199,154	0	199,154	0	199,154
5.05.03	Reclassifications to the Result	0	0	0	141	-141	0	0	0
5.05.03.02	Assigned Cost Recognized	0	0	0	141	-141	0	0	0
5.07	Closing Balances	1,340,000	316	1,911,470	199,295	-1,267,285	2,183,796	0	2,183,796

Consolidated Financial Statements / Statement of Changes in Shareholders’ Equity / SCE - January 1, 2020 to March 31, 2020

(Thousands of Reais)

Account Code	Account Description	Paid-up Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Profit or Loss Accumulated	Other Results Comprehensive	Shareholders' Equity	Non-Controlling Interest	Shareholders' Equity Consolidated
5.01	Opening Balances	1,340,000	316	1,521,681	0	-1,454,873	1,407,124	0	1,407,124
5.03	Adjusted Opening Balances	1,340,000	316	1,521,681	0	-1,454,873	1,407,124	0	1,407,124
5.05	Total Comprehensive Income	0	0	0	144,176	-141	144,035	0	144,035
5.05.01	Net Profit for the Period	0	0	0	144,035	0	144,035	0	144,035
5.05.03	Reclassifications to the Result	0	0	0	141	-141	0	0	0
5.05.03.02	Assigned Cost Recognized	0	0	0	141	-141	0	0	0
5.07	Closing Balances	1,340,000	316	1,521,681	144,176	-1,455,014	1,551,159	0	1,551,159

Consolidated Financial Statements / Value Added Statement

(Thousands of Reais)

Account Code	Account Description	Current YTD Fiscal Year January 1, 2021 to March 31, 2021	Fiscal Year YTD Previous January 1, 2020 to March 31, 2020
7.01	Income	3,966,487	3,359,071
7.01.01	Sales of Goods, Products and Services	3,786,343	3,216,550
7.01.02	Other revenues	46,025	41,376
7.01.03	Revenues related to Construction of Own Assets	136,448	107,065
7.01.04	Provision / Reversion of Credits Doubtful Settlement Accounts	-2,329	-5,920
7.02	Inputs Purchased from Third Parties	-2,076,046	-1,692,424
7.02.01	Costs Prods., Mercs. and Services Sold	-1,896,081	-1,545,731
7.02.02	Materials, Energy, Outsourced Services and Others	-43,517	-39,628
7.02.04	Others	-136,448	-107,065
7.02.04.01	Costs related to Construction of Own Assets	-136,448	-107,065
7.03	Gross Added Value	1,890,441	1,666,647
7.04	Deductions	-62,436	-59,368
7.04.01	Depreciation, Amortization and Exhaustion	-62,436	-59,368
7.05	Net Added Value Produced	1,828,005	1,607,279
7.06	Added Value Received on Transfer	72,548	51,848
7.06.01	Equity Income	17,840	9,596
7.06.02	Financial income	54,708	42,252
7.07	Total Added Value to be Distributed	1,900,553	1,659,127
7.08	Distribution of Added Value	1,900,553	1,659,127
7.08.01	Employees	139,189	164,239
7.08.01.01	Direct Compensation	109,516	135,822
7.08.01.02	Benefits	23,192	21,699
7.08.01.03	F.G.T.S.	6,481	6,718
7.08.02	Taxes, charges and contributions	1,512,230	1,293,304
7.08.02.01	Federal	830,768	658,785
7.08.02.02	State taxes	678,304	631,068
7.08.02.03	Municipal	3,158	3,451
7.08.03	Compensation of Third-Party Capital	49,980	57,549
7.08.03.01	Interest	1,198	2,246
7.08.03.02	Rent	4,489	6,729
7.08.03.03	Other	44,293	48,574
7.08.03.03.01	Monetary and Exchange Rate Variations	1,615	6,187
7.08.03.03.03	Other Financing Expenses	42,678	42,387
7.08.04	Return on Shareholders’ Equity	199,154	144,035
7.08.04.02	Dividends	47,294	0
7.08.04.03	Retained Profit/Loss for the Period	151,860	144,035

Comments on the Performance

1. INVESTMENTS

The funds invested in property, plant and equipment, intangible assets and shares in SHPs by the Company in the first quarter of 2021 reached R$153,169, compared to R$129,849 in 2020, 17.96% higher than the same period of the previous year, as shown in the table below:

Description	March 31, 2021		March 31, 2020		Consolidated Analysis Horizontal
	R$ '000	%	R$ '000	%	
Electricity Distribution	**146,110**	**95.39%**	**125,826**	**96.90%**	**16.12%**
Own Resources	109,088	-	96,559	-	-
Consumer Financial Participation	37,022	-	29,267	-	-
Electricity Generation	**7,059**	**4.61%**	**4,023**	**3.10%**	**75.47%**
Equity Interests	277	-	290	-	-
Own Generating Site	6,782	-	3,733	-	-
Total	**153,169**	**100%**	**129,849**	**100%**	**17.96%**

Of the total invested, the largest volume of R$146,110 was allocated to the expansion and improvement of the system, operational efficiency and modernization of the management of Celesc D. Of this amount, R$109,088 was related to its own resource (with R$97,817 in materials and services, R$11,271 in own resources) and R$37,022 were related to funds from third parties, derived from Consumer Financial Participation in works of Celesc D. The rules of Consumer Financial Participation are established in ANEEL Normative Resolution No. 414 from September 9, 2010.

Among the main investments made in the own generator park in the first quarter of 2021, R$585 thousand were spent on charges and costs of debentures, turbines and parts for generation, electrical assembly, mobilization and construction sites of the Celso Ramos Power Plant; R$739 thousand were invested in two 4x4 double cabin pickup trucks, integration software development service, 20 notebooks, electromechanical maintenance service for the Central Adm; R$150,000 refer to the reform of the generator UG-02 and battery banks of the Pery Power Plant; R$92,000 were allocated in power cables of UG-01, battery banks and exchange of IP's of the Bracinho Power Plant; R$69,000 were applied in main border meters and replacement of excitation cables of the Salto Power Plant and R$46,000 were allocated in the replacement of excitation cables and buoy signaling of the Garcia Power Plant.

2. STOCK MARKET

The BOVESPA index closed the first quarter of 2021 with a 2% depreciation. The Energy Sector Index (IEE), indicator of the electricity sector, increased by 2.33% in the same period.

During this same period, the Company's common shares (ON) appreciated by 1.37%, while the preferred shares (PN) appreciated by 9.04%.

The table below presents the final quotations as of March 31, 2021 and the respective percentage changes in the Company's shares and the key market indicators:

Description	Closing	Variation %	
	March 31, 2021	1Q21	In 12 months
Celesc Preferred Shares	R$59.24	9.04%	34.76%
Celesc Common Shares	R$58.90	1.37%	9.56%
IBOVESPA	116,634	-2.00%	59.73%
IEE	80,913	-2.33%	40.35%

Percentage changes with adjustment to earnings

3. SHARE MARKET VALUE

The Company's shares market value as of March 31, 2021, as shown above, are: R$58.90 (fifty-eight reais and ninety centavos) for each common share - ON (CLSC3) and R$59.24 (fifty-nine reais and twenty-four centavos) for each preferred share - PN (CLSC4).

Its majority shareholder is the State of Santa Catarina, which owns 50.2% of the Company's common shares, corresponding to 20.2% of the total capital. The shareholding and corporate structure, as of March 31, 2021, is presented in the following chart:

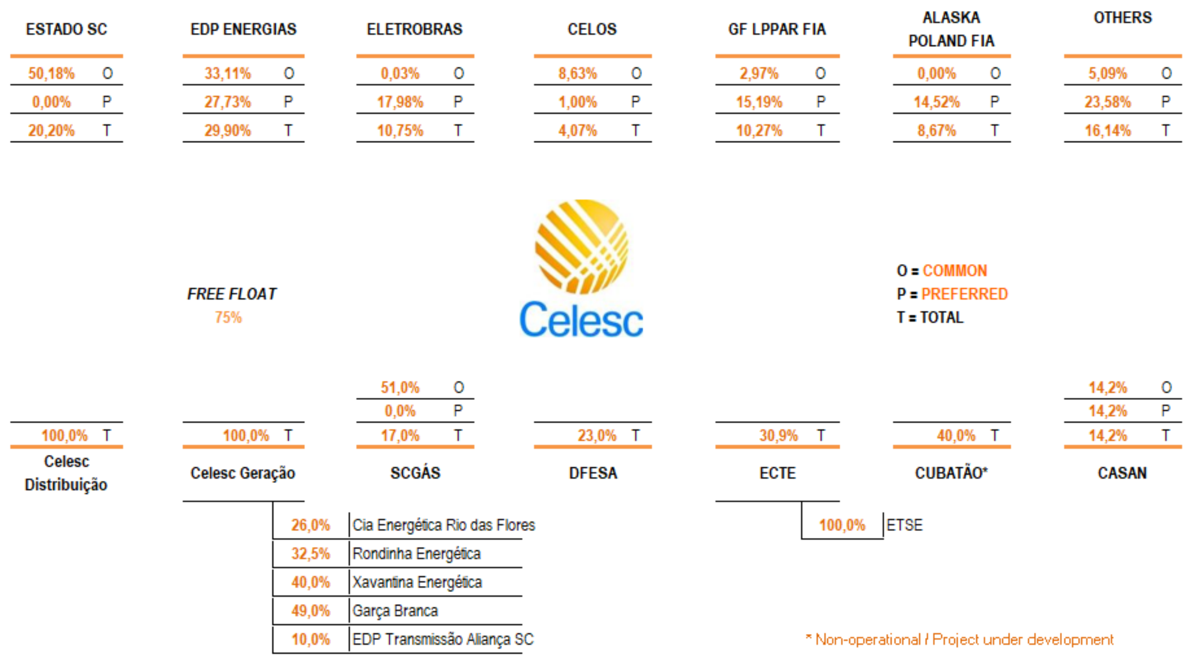
Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Comments on the Performance

CELESC'S SHAREHOLDER AND SOCIAL STRUCTURE

March/2021



4. HUMAN RESOURCES

Celesc ended the first quarter of 2021 with a staff of 3,486 employees. The total number of employees represents an increase of 3.1% year-over-year (3,382 employees).

5. ECONOMIC AND FINANCIAL PERFORMANCE

Celesc reported, in 1Q21, Net Income of R$199.2 million, representing an increase of 38.27% when compared to the same period of 2020, whose value was R$144.0 million.

In 1Q21, Gross Operating Revenue (GOR) was R$3.9 billion, 18.11% more than the R$3.3 billion in the same period of 2020.

Net Operating Revenue (NOR) reached R$2.5 billion in the period, up by 19.62% year-on-year.

The following table shows the main economic and financial indicators for the 1Q21, compared to the same period previous year:

Description - Amount in Reais (thousand)	March 31, 2021	March 31, 2020	AH (%)
Gross Operating Revenue - ROB or GOR	3,926,902	3,324,898	18.11%
Net Operating Revenue - ROL or NOR	2,523,690	2,109,793	19.62%
Operating Results	295,695	227,285	30.10%
EBITDA	358,131	286,653	24.94%
EBITDA Margin (EBITDA/NOR)	14.19%	13.59%	0.60 p.p.
Net Margin (LL/NOR)	7.89%	6.83%	1.06 p.p.
Financial Result	9,217	(8,568)	-207.57%
Total Assets	10,531,731	9,425,930	11.73%
Property, plant and equipment	206,660	177,233	16.6%
Shareholders' equity	2,183,796	1,551,159	40.78%
Net income/loss	199,154	144,035	38.27%

The Company showed a significant positive variation in Net Income, due to the gain in the result of the equity equivalence of its investees, mainly Celesc D, which totaled R$17.8 million, against R$9.6 million in the

Comments on the Performance

First quarter of 2020, representing an increase of approximately 72.5% thereof.

In order to achieve the positive result for 1Q21, Celesc D highlights an increase in the Gross Operational Revenue, impacted mainly by the average tariff adjustment of 8.14% applied as of August 22, 2020 to its consumers, the constitution of financial assets (CVA) and the increased revenue from providing the power grid.

The Financial Result in 1Q21 was positive by R$9.2 million, an improvement when compared to the negative financial result in the same period of 2020, which was R$8.6 million. This increase is mainly due to the recognition of financial revenue, interest and accruals on invoices, as well as by the significant reduction in interest and monetary restatements of debt charges.

At Celesc G, the positive change in the result was mainly due to the increase in Energy Supply Revenue, which had an individual performance 32.5% higher than the 1Q20, representing a value of R$27.1 million. Another factor that contributed significantly to the increase in Net Income was the improved Equity in Earnings of the investees, which increased from R$1.3 million in 1Q20 to R$3.3 million in 1Q21. In addition, it also contributed to leverage the Company's Result was the reversion of the Estimated Loss for Credit of Doubtful Liquidation - PECLD.

Regarding the change in Net earnings before interest, taxes, financial result and depreciation/amortization (EBITDA), are detailed in the following table:

Reconciliation of EBITDA - Amount in reais (thousand)	March 31, 2021	March 31, 2020
Net income/loss	199,154	144,035
Current and Deferred Income Tax (IRPJ) and Social Contribution (CSLL)	105,758	74,682
Financial Result	(9,217)	8,568
Depreciation and amortization	62,436	59,368
EBITDA	**358,131**	**286,653**

EBITDA for 1Q21 was R$358.1 million, 24.9% higher than in 1Q20, which was R$286.7 million. The EBITDA margin moved from 13.6% to 14.2% in the respective periods.

6. OWNERSHIP STRUCTURE

The equity structure, in the number of shares of shareholders with more than 5% of any kind or class, is represented according to the table below:

Shareholding Base on September 30, 2020

Shareholder	Common Shares		Preferred Shares		Total	
	Number of options	%	Quantity	%	Quantity	%
State of Santa Catarina	7,791,010	50.18	191	0.00	7,791,201	20.20
EDP Energias do Brasil S.A.	5,140,868	33.11	6,390,720	27.73	11,531,588	29.90
Fundação Celesc de Seguridade Social - Celos	1,340,474	8.63	230,800	1.00	1,571,274	4.07
Geração LPar Fundo de Investimento	460,600	2.97	3,500,000	15.19	3,960,600	10.27
Centrais Elétricas Brasileiras - Eletrobras*	4,233	0.03	4,142,774	17.98	4,147,007	10.75
Alaska Poland FIA	-	0.00	3,345,500	14.52	3,345,500	8.67
Others	789,952	5.09	5,434,469	23.58	6,224,421	16.14
Total	**15,527,137**	**100.00**	**23,044,454**	**100.00**	**38,571,591**	**100.00**
Share Capital: R$1,340,000,000.00 and Authorized Capital: R$1,340,000,000.00						
*Public-Held Company						
Overall total	**15,527,137**	**40.26**	**23,044,454**	**59.74**	**38,571,591**	**100.00**

7. FOREIGN CAPITAL SHARE

Foreign investors closed the first quarter of 2021, representing 0.55% of the Company's total share capital, with a total of 213,735 shares, mostly preferred shares.

Investor Share by Residence	Amount of Shares	%
Foreign Investors	213,735	0.55%
Domestic Investors	38,357,856	99.45%
Total	**38,571,591**	**100.00**

8. SHARES OF THE CONTROLLING SHAREHOLDER, MEMBERS OF THE MANAGEMENT AND MEMBERS OF THE FISCAL COUNCIL

The Company is bound to arbitration in the Market Arbitration Chamber, according to the arbitration clause contained in its Bylaws.

Shareholder	Common Shares		Preferred Shares		Total	
	Number of options	%	Quantity	%	Quantity	%
Controlling Shareholder	9,229,660	59.44%	234,305	1.02%	9,463,965	24.54%
Board of Directors	20	-	-	0.00%	20	0.00%
Board of Executive Officers	-	-	22	0.00%	22	0.00%
Fiscal Council	-	-	-	0.00%	-	0.00%
Other Shareholders	6,297,457	40.56%	22,810,127	98.98%	29,107,584	75.46%
Total	**15,527,137**	**100.00%**	**23,044,454**	**100.00%**	**38,571,591**	**100.00%**
Outstanding Shares	**6,297,457**	**40.56%**	**22,810,127**	**98.98%**	**29,107,584**	**75.46%**

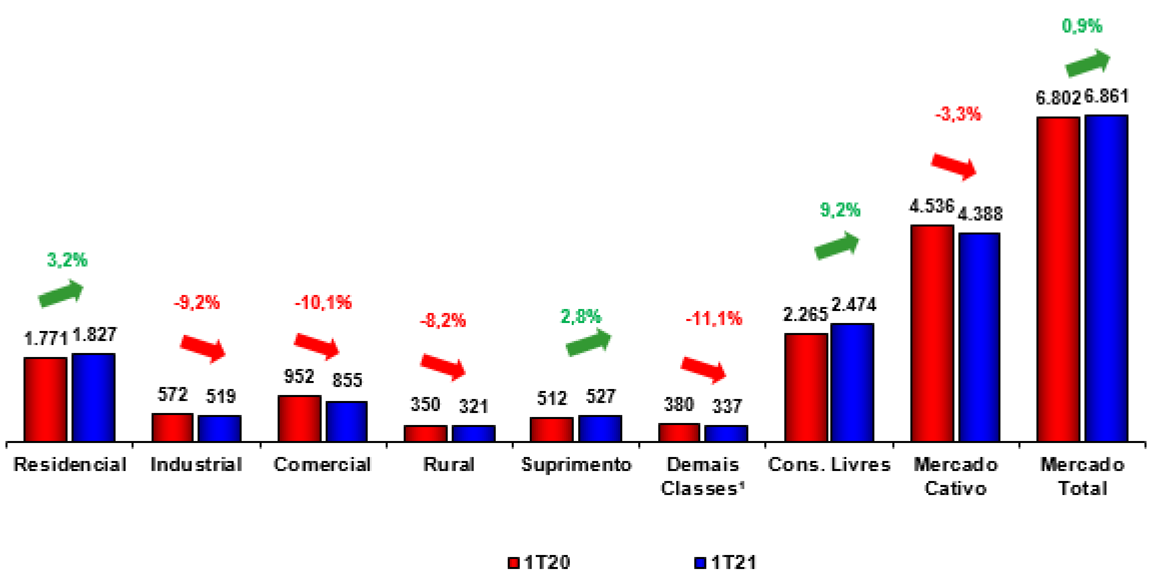
9. OUTSTANDING SHARES

Description	Common Shares – CLSC3		Preferred Shares – CLSC4			
	TotalAmount	%	Amount	%	Amount	%
Total Capital	15,527,137	100.0	23,044,454	100.0	38,571,591	100.00
Outstanding Shares	6,297,457	40.56	22,810,127	98.98	29,107,584	75.46

10. ENERGY BALANCE

Celesc D's captive market retracted by 3.3% in the first quarter of 2021 year-over-year, reaching 4,388 GWh. Regarding the total market, including free consumers, the increase in electricity consumption was 0.9%, reaching 6,861 GWh.

The chart below shows the consumption values of each class in the captive market, as well as the total market:



Other Classes[1] = Government + Public Lighting + Public Service. Own Consumption not considered.

Comments on the Performance

11. ELECTRICITY MARKET

ELECTRICITY CAPTIVE MARKET

Description	2021 1Q	2021 Accumulated	2020 1Q	2020 Accumulated	Vertical Change 1Q 2021	Vertical Change YTD 2021	Vertical Change 1Q 2020	Vertical Change YTD 2020	Change Horizontal 1Q 21-20	Change Horizontal YTD 21-20
Sales Revenue by Consumption Class in R$ '000										
Residential	1,294,645	1,294,645	1,093,801	1,093,801	45.3%	45.3%	42.9%	42.9%	+18.4%	+18.4%
Industrial	387,611	387,611	359,698	359,698	13.6%	13.6%	14.1%	14.1%	7.8%	7.8%
Institutional	656,674	656,674	623,379	623,379	23.0%	23.0%	24.4%	24.4%	5.3%	5.3%
Rural	197,482	197,482	174,261	174,261	6.9%	6.9%	6.8%	6.8%	13.3%	13.3%
Government	67,519	67,519	73,079	73,079	2.4%	2.4%	2.9%	2.9%	-7.6%	-7.6%
Public Lighting	69,193	69,193	61,369	61,369	2.4%	2.4%	2.4%	2.4%	12.7%	12.7%
Public Service	58,719	58,719	55,540	55,540	2.1%	2.1%	2.2%	2.2%	5.7%	5.7%
Subtotal	**2,731,843**	**2,731,843**	**2,441,127**	**2,441,127**	**95.5%**	**95.5%**	**95.7%**	**95.7%**	**11.9%**	**11.9%**
Supply	127,465	127,465	110,760	110,760	4.5%	4.5%	4.3%	4.3%	15.1%	15.1%
TOTAL	**2,859,308**	**2,859,308**	**2,551,887**	**2,551,887**	**100%**	**100%**	**100%**	**100%**	**12.0%**	**12.0%**
Consumption by Class in MWh										
Residential	1,827,475	1,827,475	1,770,930	1,770,930	41.7%	41.7%	39.0%	39.0%	3.2%	3.2%
Industrial	519,436	519,436	571,922	571,922	11.8%	11.8%	12.6%	12.6%	-9.2%	-9.2%
Institutional	855,253	855,253	951,811	951,811	19.5%	19.5%	21.0%	21.0%	-10.1%	-10.1%
Rural	321,201	321,201	349,843	349,843	7.3%	7.3%	7.7%	7.7%	-8.2%	-8.2%
Government	92,158	92,158	117,359	117,359	2.1%	2.1%	2.6%	2.6%	-21.5%	-21.5%
Public Lighting	155,107	155,107	162,232	162,232	3.5%	3.5%	3.6%	3.6%	-4.4%	-4.4%
Public Service	90,139	90,139	100,094	100,094	2.1%	2.1%	2.2%	2.2%	-9.9%	-9.9%
Subtotal	**3,860,769**	**3,860,769**	**4,024,191**	**4,024,191**	**88.0%**	**88.0%**	**88.7%**	**88.7%**	**-4.1%**	**-4.1%**
Supply	526,782	526,782	512,268	512,268	12.0%	12.0%	11.3%	11.3%	2.8%	2.8%
TOTAL	**4,387,551**	**4,387,551**	**4,536,459**	**4,536,459**	**100%**	**100%**	**100%**	**100%**	**-3.3%**	**-3.3%**
Unit Average Price for the MWh in R$										
Residential	708.43	708.43	617.64	617.64	108.7%	108.7%	109.8%	109.8%	14.7%	14.7%
Industrial	746.22	746.22	628.93	628.93	114.5%	114.5%	111.8%	111.8%	18.6%	18.6%
Institutional	767.81	767.81	654.94	654.94	117.8%	117.8%	116.4%	116.4%	17.2%	17.2%
Rural	614.82	614.82	498.11	498.11	94.3%	94.3%	88.5%	88.5%	23.4%	23.4%
Government	732.64	732.64	622.70	622.70	112.4%	112.4%	110.7%	110.7%	17.7%	17.7%
Public Lighting	446.10	446.10	378.28	378.28	68.5%	68.5%	67.2%	67.2%	17.9%	17.9%
Public Service	651.43	651.43	554.88	554.88	100.0%	100.0%	98.6%	98.6%	17.4%	17.4%
Subtotal	**707.59**	**707.59**	**606.61**	**606.61**	**108.6%**	**108.6%**	**107.8%**	**107.8%**	**16.6%**	**16.6%**
Supply	241.97	241.97	216.21	216.21	37.1%	37.1%	38.4%	38.4%	11.9%	11.9%
TOTAL	**651.69**	**651.69**	**562.53**	**562.53**	**100%**	**100%**	**100%**	**100%**	**15.8%**	**15.8%**

12. ARBITRATION CLAUSE

The Company informs that it is bound to arbitration in the Market Arbitration Chamber (CAM), according to the Arbitration Clause contained in its Bylaws, article 73: "The Company, its shareholders, administrators and members of the Fiscal Council undertake to resolve, through arbitration, before the Market Arbitration Chamber (CAM), any dispute or controversy that may arise between them, related to or arising in particular from the application, validity, effectiveness, interpretation, violation and its effects, of the provisions contained in the Brazilian Corporate Law, Company's Bylaws, rules issued by the National Monetary Council, the Central Bank of Brazil and the Brazilian Securities and Exchange Commission, as well as other rules applicable to the operation of the capital market in general, in addition to those Regulation of Level 2, the Level 2 Participation Contract, the Sanctions Regulation and the Arbitration Regulation of the Market Arbitration Chamber."

Celesc
Centrais Elétricas de Santa Catarina S.A.

Comments on the Performance

13. AUDITORS

Pursuant to CVM Instruction No. 381, from January 14, 2003, and ratified by Circular Order CVM/SNC/SEP No. 01, from February 25, 2005, the Company informs that the Independent Auditor did not provide any type of service other than those strictly related to the external audit activity.

Florianópolis, May 7, 2021.

Management

1. OPERATING CONTEXT

Centrais Elétricas de Santa Catarina S.A. – Celesc ("Company" and, together with its subsidiaries, "Group"), is a publicly held company, founded on December 9, 1955 by State Decree No. 22, headquartered at Itamarati Avenue, 160, Itacorubi neighborhood, CEP: 88.034-900, Florianópolis/SC, Brazil.

It obtained its first stock exchange listing on March 26, 1973, and today its shares are traded on the São Paulo stock exchange in Level 2 of Corporate Governance of B3 S.A. - Brasil, Bolsa, Balcão, in São Paulo.

The majority shareholder is the State of Santa Catarina, holder of 50.18% of the Company's common shares, corresponding to 20.20% of the total Capital. The updated, subscribed and paid-up Share Capital is R$1,340,000,000.00 represented by 38,571,591 nominative shares, with no par value, of which 40.26% are common voting shares and 59.74% are preferred shares, also nominative, without voting rights.

The main activities of the Company and its subsidiaries and associates are the Generation, Transmission and Electricity Distribution. In addition, its jointly-owned subsidiary Companhia de Gás de Santa Catarina S.A. - SCGÁS, operates in the piped natural gas distribution segment.

1.1. Coronavirus Pandemic – COVID-19

Celesc has been following the initiatives under discussion within the scope of the Ministry of Mines and Energy, ANEEL and ABRADEE, as well as implementing measures to fight the impacts that COVID-19 may have in the economic and financial result.

1.1.1. Initiatives in the Electric Sector

The electricity sector is having discussions, in different spheres, to minimize the impacts of the pandemic. The Energy Regulation and Management Board - DRG coordinates the discussions with different players, together with associations and other departments, thus seeking solutions to maintain the Company's essential activities.

1.1.1.1. Ministry of Mines and Energy - MME

On April 8, 2020, the Executive Branch issued Provisional Measure 950, which established important steps to deal with the impacts of the COVID-19 pandemic in the electricity sector.

The Government solved two urgent issues envisaged by the Ministries involved: the loss of the payment capacity of low-income consumers, beneficiaries of the social tariff, and a partial relief in the financial capacity of the electricity distributors, given the increased default and the decreased energy consumption.

The Provisional Measure exempted consumers who benefit from the social tariff from paying for a consumption of up to 220 kWh/month, for 3 months. Therefore, an investment of R$900 million were foreseen in the Energy Development Account (CDE), which was made possible through the creation of extraordinary credit, subject of Provisional Measure 949, also signed on the same date.

The Government established the conditions to make credit operations feasible, to provide financial relief to distributors given the sudden decrease in the market and delinquency increase. The measure allowed distributors to continue honoring their commitments to other sector agents, preserving the sustainability of the entire chain of the electricity sector. Additionally, it eased the tariff pressure on consumers in 2020, due to extraordinary costs in the context of the COVID-19 pandemic.

On May 18, 2020, Decree No. 10,350 was published, which provides for the creation of an account for the electricity sector to confront the state of public calamity, recognized by Legislative Decree No. 6 from March 20, 2020. It also regulates Provisional Measure 950, of April 8, 2020, and makes other provisions.

On September 1, 2020 Provisional Measure 998 was also signed, being a further measure adopted by the Government in the context of the COVID-19 pandemic in addition to the measures implemented through Provisional Measure 950/2020.
This Provisional Measure focuses on mitigating impacts on consumers' electricity bills, also in the medium and long term, considering resources for Research and Development - R&D and Energy Efficiency - EE for the Energy Development Account - CDE, tariff reductions in the northern region, modernization with subsidy reduction, contracting power by necessity, market opening, among other foreseen measures.

1.1.1.2. Brazilian Electricity Regulatory Agency [ANEEL - Agência Nacional de Energia Elétrica]

On July 21, 2020, Regulatory Resolution 891/2020 was approved, resulting CP 38/2020. According to the new rules, several activities must be resumed by distributors as of August 1, 2020, such as:

in-person service to the public, delivery of the printed bill and compliance with previously required deadlines and indicators. However, any restrictions should be discussed with the local health authority, who have legal authority to assess the feasibility of the services in the context of the pandemic's restrictions.

ANEEL also decided to keep the ban on power cuts due to lack of payment for consumers classified as Low Income, while the pandemic's state of emergency lasts. According to Legislative Decree 06/2020, this period currently remains until the end of 2020. However, as of August 1, 2020, the possibility of power cuts due to non-payment for residential consumers was again allowed, as well as those related to the supply of energy to services and activities considered essential, provided that consumers are warned in advance.

The ban on cutting remained for some groups of consumers as long as the pandemic state of emergency lasted: low-income consumers, units where the person who depends on electrical equipment essential for the preservation of life resides, units that no longer receive the printed invoice without authorization of consumers, those in places with no collection posts in operation or where the circulation of people is restricted by an act of public power. In addition, according to Federal Law 14,015, of June 15, 2020, it was forbidden to make cuts due to non-payment on Fridays, Saturdays, Sundays, holidays and the days before the holidays. The requirements and deadlines for services previously required should also be re-fulfilled. In these cases, the following deadlines were foreseen for the regularization of the distributors' activities: until August 31, 2020, the services requested by the consumer and not yet met, including reimbursement for damage to equipment and, until October 31, 2020, payments compensation for the breach of continuity indicators, with monetary restatement calculated based on the IGP-M.

It should also be noted that the ban on the cancellation of the social tariff for electric energy remained. Its restart will be carried out in accordance with the provisions of the Ministry of Citizenship.

In addition, since March 24, 2020, public meetings of the board of directors are being held virtually, with live transmission and preservation of all rites, remaining this way so far.

The Regulatory Agency authorized the Electric Energy Trading Chamber (CCEE) to transfer to distributors and part of the free market agents the financial funds available in the reserve fund for future burden relief. The action's purpose was to reinforce the electricity sector's liquidity in the pandemic scenario and will anticipate R$2.0 billion reserved for future relief of charges for the distributors of the Regulated Contracting Environment - ACR and for 7,166 agents of the Free Contracting Environment - ACL. The highlight is the amount of R$71.4 million received by Celesc D, on April 8, 2020 in the first tranche, R$7.2 million received in the second tranche, on May 14, 2020, and R$1.9 million in the third and last tranche, on July 1, 2020.

In addition, ANEEL established, on April 8, 2020, the Office to Monitor the Electricity Situation - GMSE. The action was added to others that the Agency previously announced, focused on addressing the pandemic scenario. The Office was created to identify the effects of the pandemic on the energy market, monitor the economic and financial situation and the energy demand and supply, as well as coordinate studies of proposals focused on preserving the balance in the relations between agents in the sector. GMSE is coordinated by the collegiate board of ANEEL and have technical advisors from the board. The Technical Note No. 001/2020, issued by the Office, stands out with initial considerations of the effects of the pandemic.

Based on Decree 10,350/2020, ANEEL performed the first calculation of the needs of the COVID Account, having released the first version of the values on May 25, 2020 in Technical Note 77/2020–SGT/SFF/SRM/SRD/GMSE/ANEEL, whose main subject is the proposal for a regulatory act to regulate Decree 10,350/2020. After the release of the Technical Note, ANEEL opened a public consultation for possible contributions.

On June 23, 2020, ANEEL approved the regulation of the COVID Account at a public board meeting, issuing Regulatory Resolution 885, of June 23, 2020, which regulates the COVID Account. The resolution also defines criteria and procedures for the management of COVID Account, establishing limits for funds by distributors, based on the loss of collection and market of each distribution agent. Also, the rule details the cost items that the account and the operational flow of the transfers can cover.

Celesc D adhered to the Term of Acceptance of Regulatory Resolution 885/2020, related to ANEEL Decree 10,320/2020 ("COVID Account"). The total required was R$583.2 million, referring to the amounts set by ANEEL. This represents 100% of the maximum amount established for the Company.

On July 21, 2020, ANEEL approved, through Order 2086/2020, the Credit Operation Contracts for the COVID Account. These contracts were signed between the Electric Energy Trading Chamber and 16 financial institutions, as provided for in Decree 10,350/2020 and Regulatory Resolution 885/2020. ANEEL's decision details the technical and legal aspects of the contracts widely discussed and improved in an intense dialogue between ANEEL, CCEE and financial institutions. During the discussion, were established: guarantees, gross amount of the open facility line, remuneration, calculation method, application of interest and late payment fine, grace period, amortization period, allocation of funds and necessary documents of the operation.

On July 31, 2020, Celesc D was credited with the funds from COVID Account in full. The collateral for the payment was items accounted as regulatory assets in the Compensation Account for Change in Amounts of Portion A Items - CVA. With the prepayment of these amounts in cash, which would be received by the consumer during the tariff cycle (12 months), the insertion of a negative financial component with effect in 12 (twelve) months has already been carried out in the 2020 tariff process, from August 2020 to July 2021.

As for consumers, the measure allowed a postponement of this effect that would be perceived in a single cycle for up to five tariff cycles, starting in August 2021. The amount to be included in the next cycle, which starts in August 2021 and lasts until July 2022, was defined by Order 181, of January 26, 2021, later rectified by Order 939 of April 5, 2021, with a value of R$233,673,660.83, equivalent to ¼ of the total value. The next 03 (three) annual quotas will be defined by the Regulatory Agency.

It is noteworthy that Public Consultation 35/2020 is in its third phase, in which it analyzes additional information to improve the proposal for Regulatory Resolution that regulates Article 6 of Decree 10,350/2020, which provides for the impacts of the COVID-19 pandemic on the economic and financial balance of the electricity distribution concession and permit agreements.

The second phase of Public Consultation 35/2020, in the Document Interchange modality, lasted 45 (forty-five) days, from August 19 to October 5, 2020.

The second phase of Public Consultation 35/2020, in the Document Interchange modality, lasted 47 (forty-seven) days, from December 16, 2020 to February 1, 2021.

The Distributor made an individual statement and also via ABRADEE, in addition to attending meetings with the technical areas and with the Reporting Director in the scope of the 03 (three) phases.

1.1.1.3. Brazilian Association of Electricity Distributors - ABRADEE

ABRADEE, due to the first legal acts related to the pandemic, still in March 2020, sent an official letter to sector agents, addressing the possible impacts on the distribution activity and in the entire chain of the electric sector.

ABRADEE stressed that, since the Association is at the end of the electricity industry chain, the energy distribution represents the link with consumers and has received requests from many segments of society affected by the crisis.

However, the Association recalled that in this gear that makes electricity reach the consumer units, there are several agents involved, emphasizing that over 80% of the electricity bill corresponds to costs that are not from energy distributors, such as taxes and charges of the sector, transferred to governments and other agents; as well as electricity purchase and transmission costs, which are transferred to generators and transmitters.

In short, it showed that the distributor is main responsible for collecting and transferring revenues to the other members of the electricity production chain and the taxes destined to the government.

Also, due to its minority share in the total of this revenue from the electricity supply, it is worth noting that the distributor, alone, does not have the financial and economic conditions to withstand the extraordinary impacts that this crisis has brought to the planet.

From an internal point of view, the Association discussed on its Board of Directors many possibilities, opening two working fronts: the first, addressing an immediate solution with the sector’s entities to the distributor’s cash and the second, creating two thematic groups, of which Celesc D participates, through the coordination of its regulatory department:

G1: Apportionment of intrasectorial default (formulation of ABRADEE's position on the notifications issued by the associates), work that continues by sending and monitoring the daily information on billed energy and demand, injected energy and amounts collected from invoices through Circular Letter no. 5/2020-DR/ANEEL, of August 10, 2020, which extended the request for information until July 2021.

G2: Formulating the new COVID Account and the Regulatory Asset of Portion B.

Celesc D participates, through the coordination of its regulatory area, of the two groups and, at this moment, both thematic fronts, with the contracted consultants, are defining new strategies aligned with the Board of Directors to reduce the impact on the energy distribution environment.

1.1.2. Actions in the Company

1.1.2.1. Protection of Celesc D's Cash

To maintain a healthy short-term cash flow, Celesc D makes use of credit cards for some types of transactions, such as payment of bills.

In addition to using special credit lines, Celesc D adopted the following measures to protect the cash:

a) approval, by the Board of Directors, at an extraordinary meeting, on March 27, 2020, of the launch of a new Public Call notice to raise funds for Celesc D;

b) offsetting credits referring to the lawsuit, final and unappealable, of Celesc D on the exclusion of ICMS from the PIS/COFINS:

c) funding through a Promissory Note, totaling R$489 million, with CDI costs + 4.5% and a 12-month termination term. The referred funding entered Celesc's cash on May 29, 2020 and will be settled in the 2Q21, in bullet format.

d) Raising of funds through a Debenture Issue (4th Issue) of Celesc D, in the total amount of R$550 million, at a cost of CDI + 2.6% and total operation term of 60 months. The referred funding should enter Celesc's cash flow in the beginning of May 2021. The payment method for this operation will be as follows: with the following characteristics: 18-month grace period on principal with quarterly interest payments during this period. At the end of this grace period, amortizations and interest payments will be monthly.

1.1.2.2. Fighting the Pandemic

The company maintains precautionary measures for 2021, namely:

a) making available hand sanitizers and masks for customer service points;

b) all interstate and international business trips have been suspended;

c) employees who return from trips abroad cannot go to their workplace up to 7 days after their arrival and, after the deadline, they must contact Celesc's medical team for evaluation;

d) employees with symptoms of infection by COVID-19 (symptomatic) must take a leave of absence for, at least, 14 (fourteen) days, after them from the trip or after contact, as established by a doctor;

e) employees with 60 years old or more, with chronic respiratory diseases, who live with elderly people with chronic diseases or live with people who have been abroad in the last seven days, pregnant women, nursing mothers and employees who have school-age children whose classes have been suspended and they have no other caregiver to take care of the child or they need to take turns in the care may work from home, as well as other management's employees; the essential services necessary must be maintained;

f) To date, Celesc has maintained part of its employees working remotely, with a gradual return of administrative and support activities, however, with priority remote work until July 31, 2021.

2. BUSINESS PROFILE

2.1. Wholly Owned Subsidiaries

2.1.1. Celesc Distribution S.A. - Celesc D

Centrais Elétricas de Santa Catarina S.A. – Celesc, signed on July 22, 1999, Contract 56 for the electricity distribution concession, which regulates the exploitation of public electricity distribution services, effective until July 7, 2015.

On September 29, 2006, Celesc D was constituted as a privately held company, as authorized by State Law 13,570, of November 23, 2005. With the deverticalization process in 2006, the distribution activity was transferred to Celesc D.

On December 9, 2015, in a lawsuit filed by the Ministry of Mines and Energy - MME, Celesc D signed the 5th Addendum to Concession Agreement 56/99, thus extending the concession for another 30 years. The concession agreement, as well as the 5th Addendum that extended the concession term, is within the scope of ICPC01.

Celesc D operates in the electric energy distribution segment and serves, totally or partially, 285 municipalities, accounting for 3,158,612 consumer units. Of the total, 264 municipalities are covered by the distributor's concession agreement (263 in Santa Catarina and 1 in Paraná) and 21 municipalities are covered on a precarious basis, in concession areas of other distributors (17 in Santa Catarina and 4 in Paraná). The precarious service occurs, according to ANEEL rules, due to technical and economic convenience, resulting from the lack of a network of the concessionaire holding the concession. Additionally, Celesc D is responsible for supplying electric power to the service of four concessionaires and 20 distribution permissionaires, which operate in Santa Catarina, in other municipalities not served by the Company.

2.1.1.1. Regulatory Environment

The Brazilian electricity sector is regulated by the Federal Government, acting through the Ministry of Mines and Energy - MME, which has exclusive authority over the electric sector. The regulatory policy for the sector is defined by ANEEL.

a) Concession Extension

On December 9, 2015, Celesc D signed the 5th Addendum to the Electricity Distribution Concession Agreement No. 56/1999, for a period of 30 years, which states that in the first 5 (five) years there will be targets to be indicators for technical quality and economic and financial sustainability, conditions for confirmation of the extension of the concession.

From the sixth year following the conclusion of the contract, non-compliance with the quality criteria for three consecutive years, or economic and financial management criteria for two consecutive years, will lead to the opening of the expiration process of the concession.

b) 2020 Annual Tariff Readjustment

ANEEL, through Ratifying Resolution No. 2,756 from August 21, 2020, approved the Annual Tariff Adjustment of Celesc D, applied as of August 22, 2020. Said adjustment resulted in a tariff effect average to be perceived by consumers, around 8.14 %, being 7.67% on average for connected consumers in the High Voltage and 8.42% on average for consumers connected in the Low Voltage.

The Sector Charges have a 2.11% share, 3.38% of Transmission Costs, 5.89% of Energy Expenses, 0.54% with Distributor Costs, -0.64% of Financial Components of the current process, and -3.19% related to the withdrawal of the Financial Components of the previous ordinary process.

On September 4, 2020, the Judge of the 2nd Federal Court of Florianópolis decided, on summary cognition, that the readjustment authorized by ANEEL in Resolution No. 2,756, of August 18, 2020, violates the Principle of Financial-Economic Equilibrium and the Imprediction Theory, in the terms of article 6, V, of the Consumer Protection Code, which is why it suspended its application during the public calamity period provided for in Federal Legislative Decree 06/2020. The preliminary decision issued in the records of Public Civil Lawsuit 5018546-02.2020.4.04.7200/SC was filed by PROCON/SC.

The aforementioned injunction's purpose is to suspend the implementation of the electricity tariff readjustment within the State of Santa Catarina until the end of the state of public calamity, due to the COVID-19 pandemic, recognized by Legislative Decree 06/2020, with effect until December 31, 2020. Also in court, it was established that Celesc, if it already has sent the bill to consumers with the new adjustment, sent a new electricity bill without the adjustment and, if the user has already paid the adjusted bill, the corresponding amount be credited to the bill for the following month.

Against the preliminary decision, Celesc filed an appeal at the Federal Regional Court of the 4th Region (5044167-67.2020.4.04.0000), requesting that, *in limine*, the emergency relief granted by the singular court be suspended.

At the same time, a consultation was carried out with the Tariff Management Superintendence - SGT/ANEEL, regarding the maintenance of the treatment regarding the calculation of regulatory assets and liabilities in line with the provisions of REH 2756/2020. This understanding was ratified by SGT through electronic notice on October 19, 2020: *"for tariff purposes, SGT sees that CELESC's tariffs are in effect and once the injunction is reversed, CELESC will be able to proceed with the re-billing immediately*."

Thus, as for the items of regulatory assets and liabilities and other aspects, the definitions set by REH 2756/2020 were used to calculate the next tariff process in August 2021, on a provisional basis, until decision in an interlocutory appeal in the injunction (Case Records 5044167-67.2020.4.04.7200) or decision on the merits in Case Records 5018546-02.2020.4.04.7200/SC.

On October 30, 2020, Celesc was notified of the decision that granted the appeal injunction in the records of Interlocutory Appeal No. 5044167-67.2020.4.04.0000 - Implementation of the Tariff Adjustment, returning the situation to its status quo. Thus, the company proceeded to adjust the invoices that did not realize the effects of the August 22, 2020 tariff adjustment, to restore its required revenue for the tariff cycle, as stated in Homologatory Resolution 2,756 of August 18, 2020. The effects of the preliminary injunction were considered in fiscal 2020.

c) Tariff Levels

At the public meeting of the board of ANEEL on May 26, 2020, it was decided to keep the green level activated until December 31, 2020. However, the ANEEL board decided, at an extraordinary meeting held on November 30, 2020, to reactivate the system for activating the Tariff Levels due to the drop in storage levels in the hydroelectric reservoirs and the resumption of electricity consumption.

It was an emergency measure adopted by the Agency to reduce consumers' electricity bills in the future, since the costs would be included in the next tariff events, and to help the electricity sector in the midst of the COVID- pandemic scenario.
19. The figures of the tariff levels are updated every year and consider parameters such as market estimates, inflation, projected volume of hydroelectric power plants, operating history of the National Interconnected System, in addition to the amounts and limits of the Difference Settlement Price (PLD) and the physical guarantee of the power plants.

Since, on March 10, 2020 - the day before the World Health Organization (WHO) announced a pandemic - ANEEL had proposed the discussion for the 2020/2021 cycle of additional fees, the proposal was in Public Consultation from March 12 to April 27, 2020. However, the impacts of the pandemic on energy consumption and economic activities have significantly changed the studies and parameters used in the Agency's proposal.

On March 24, 2021, ANEEL established Public Consultation 10/2021, which addresses the improvement of the proposal for revision of the Additionals and Activation Bands for the Tariff Flags 2021/2022. The period for contributions will last until May 7, 2021. The new amounts are expected to be calculated and defined by ANEEL in the first half of 2021.

The levels of activation and the additional tariff flags in force are:

i) Green Level: favorable conditions of energy generation. The tariff will not undergo any additional fees;
ii) Yellow Level: R$1,343 for every 100 kwh;
iii) Red Level 1: R$4.169 for every 100 kwh;
iv) Red Level 2: R$6,243 for every 100 kwh;

The definition of the levels of activation is carried out according to the Accumulated Distribution Function (FDA) method, defined in the PRORET Manual on Tariff Regulation Procedures, sub-module 6.8, by the following criteria:

i) Green Tariff Level: statistical number of FDA associated with the probability of 75%;
ii) Yellow Tariff Level: average sample value of FDA comprised between 75% and 85%;
iii) Red Tariff Level: FDA range between 85% and 95%: iii-a) Level 1: average sample value of FDA comprised between 85% and 90%;
iii-b) Level 2: average sample value of FDA comprised between 90% and 95%.

The activation of the flags and the monthly values of the Centralizing Account of Tariff Flags (Levels) Resources (CCRBT), transferred to Celesc D, as well as the amounts transferred from Celesc D to CCRBT for the purpose of settlement of short-term market Operations with the Electric Energy Trading Chamber - CCEE, in 2021 are:

Month	Flag	Transfer from CCRBT to Celesc D (R$/thousand)	Transfers from Celesc D to CCRBT (R$/thousand)	Orders ANEEL
January	Yellow	4,475	-	272/2021
February	Yellow	4,168	-	567/2021
March	Yellow	4,527	-	908/2021

d) 2014 Contractual Exhibit – ANEEL Order No. 2642/2015 and No. 2078/2016

Celesc D filed a lawsuit against ANEEL, seeking to challenge Order 2,078/16, in order to obtain the full recognition of contractual exposures as involuntary, at the same time that it requested the grant of an injunction to suspend the application of reducer R$256.6 million, expected to be applied together with the homologation of the Periodic Tariff Review process that would occurred on August 22, 2016.

After the lawsuit was filed, Celesc obtained an injunction to dismiss the application of the mentioned tariff reducer. This decision was met by ANEEL upon ratification of the tariff processes of 2016, 2017 and 2018.

In December 2018, the amount was updated through SELIC to R$317.6 million and is recorded under the provision for regulatory contingency.

Notes

In 2019, the judge in charge of the case, after examining ANEEL's statement regarding the arguments presented by Celesc D, decided to maintain the injunction previously granted. Also in 2019, before the 2019 Annual Tariff Adjustment (RTA) process, a court decision was rendered against Celesc D. Given this decision, Celesc D had to appeal to discuss the matter in the second instance and awaits a decision from judges.

Due to the decision in the first instance, in August 2019, ANEEL, through Ratification Resolution No. 2,593, allocated in the tariff process the value of the non-transfer of tariffs. The Distributor requested a deferral in the amount of 5 tariff processes and ANEEL then partially accepted the request and ratified the deferral of the financial effect of the 2014 contractual exposure by a fifth of the amount in the 2019 tariff adjustment, totaling R$65.8 million.

In the 2020 RTA, the same method was adopted, considering the request formally made to the Regulatory Agency for deferral in 5 processes and this time with the treatment of R$68,540 million as a reducer.

For the next tariff processes, the Agency will evaluate the possibility of maintaining the deferral or the full consideration of the amount. The remaining balance remains as a regulatory contingency, and the updated balance in March 2021 is R$208,3 million.

e) Reversal Financial Item: Extraordinary Tariff Adjustment - 2015 ETR and CVA CDE (2015 RTA and 2016 RTP)

As noted in Technical Note No. 194/2015-SGT/ANEEL 16, which instructed Celesc D's 2015 RTA, the reversal of the 2015 RTE's financial component was not carried out, due to the legal discussion regarding the payment of quotas and receipts of CDE's subsidies. Similarly, the previous CVA CDE for the same period had not been considered in the tariff processes.

Administratively, the CDE installment agreement has not yet been terminated by ANEEL. Therefore, a note was inserted in the process making it possible to revisit the amounts considered, if there is an unfavorable position in the proceedings.

Item 28 if the Vote assigned to the Rapporteur Officer of the Proceeding has the following wording:

> *"Given arguments and documents presented by the Concessionaire, as well as the Superintendence's analysis, while the decision is in force, Celesc-DIS's claim must now be accepted, so that the differences between payment and coverage are established in the original payment dates, without no prejudice to future analysis, possibly in the specific administrative proceeding No. 48500.003205/2017-9919, in the scenario of an unfavorable decision to the concessionaire."*

2.1.2. Celesc Geração S.A. - Celesc G

On September 29, 2006, Celesc G was constituted as a privately held company, as authorized by State Law 13,570/2005. With the deverticalization process in 2006, the generation activity was transferred to Celesc G.

Celesc G is the wholly-owned subsidiary of the Celesc and operates in the electricity generation and transmission segments through the operation, maintenance and expansion of its own generation park and participation in power generation and transmission projects in partnerships with private investors.

2.1.2.1. Generating Site

On March 31, 2021, Celesc G had its own generation complex consisting of 12 power plants, of which 6 are hydroelectric power plants
5 hydroelectric generating plants (HGPs) and 1 small hydroelectric plant (SHP).

Also, in the generation segment, Celesc G holds a minority interest in another 6 generation projects, developed in partnership with private investors, in the format of Special Purpose Company - SPC, all already in commercial operation.

Celesc G's total generation capacity in operation in the period was 118.21 MW, being 106.97 MW referring to its own site and 11.24 MW referring to the generation site established through partnerships - already proportional to the Celesc G shareholding in these ventures.

All the plants of the own generating site and all the plants in partnership participate in the Electric Power Reallocation Mechanism – MRE or ERM, share system of hydrological risks, in which the participating plants transfer the generated energy surplus to their physical guarantee to the plants generated below.

Celesc G also has a Generation Operation Center (GOC), which is responsible for supervising, monitoring, centralizing and remotely operating Celesc G's generating plants. The COG operates and supervises the entire in-house generator park, in shifts that extend 24 hours a day, seven days a week.

2.1.2.1.1. Own Generating Site – 100% owned by Celesc G

Own Generating Site - Physical Characteristics

Plants	Location	Final Term Concession	Installed Power (MW)	Guarantee Physical (MW)	Physical Guarantee in Quotas
Pery HPP	Curitibanos/SC	July 9, 2047	30.00	14.08	100%
Palmeiras HPP	Rio dos Cedros/SC	November 7, 2046	24.60	16.70	70%
Bracinho HPP	Schroeder/SC	November 7, 2046	15.00	8.80	70%
Garcia HPP	Angelina/SC	July 7, 2045	8.92	7.10	70%
Cedros HPP	Rio dos Cedros/SC	November 7, 2046	8.40	6.75	70%
Salto Weissbach HPP	Blumenau/SC	November 7, 2046	6.28	3.99	70%
Celso Ramos SHP	Faxinal dos Guedes/SC	March 17, 2035	5.62	3.80	(**)
Caveiras HGP	Lages/SC	(*)	3.83	2.77	(**)
Ivo Silveira HGP	Campos Novos/SC	(*)	2.60	2.03	(**)
Rio do Peixe HGP	Videira/SC	(*)	0.52	0.50	(**)
Piraí HGP	Joinville/SC	(*)	0.78	0.45	(**)
São Lourenço HGP	Mafra/SC	(*)	0.42	0.22	(**)
Total			**106.97**	**67.19**	

(*) Plants with a power of less than 5 MW are exempt from the concession act (Federal Law No. 13,360/2016) (**) Not applicable

2.1.2.1.2. Generator Park - Developed with partners

Generating Site with Minority Interest - Physical Characteristics

Plants	Location	Final Term Concession	Installed Power (MW)	Guarantee Physical (MW)	Interest Celesc G	Power Equiv. Inst. (MW)	Guarantee Equiv. Physical (MW)
Rondinha SHP	Passos Maia/SC	10/05/2040	9.60	5.48	32.5%	3.12	1.78
Prata SHP	Bandeirante/SC	05/05/2039	3.00	1.68	26.0%	0.78	0.44
Belmonte SHP	Belmonte/SC	05/05/2039	3.60	1.84	26.0%	0.94	0.48
Bandeirante SHP	Bandeirante/SC	05/05/2039	3.00	1.76	26.0%	0.78	0.46
Xavantina SHP	Xanxerê/SC	04/07/2040	6.08	3.54	40.0%	2.43	1.42
White Garça SHP	Anchieta/SC	03/13/2043	6.50	3.44	49.0%	3.19	1.69
Total			**31.78**	**17.74**		**11.24**	**6.27**

2.1.2.1.3. Own Generating Site - Expansion Projects

In recent years, guided by the strategic position of increasing its own generation capacity, Celesc G started to invest in the expansion of its own plants and in the expansion of partnerships to enable projects focused on the construction of new projects. The following tables show the projects under development and their stages.

Regarding the physical guarantee (new or incremental), the goal is to obtain on average 55% of the capacity factor, a standard observed for other ventures in operation with similar characteristics.

Own Generating Site - Expansion Projects

Plants	Localization	Final Concession Term	Installed Power (MW)	Power Increase (MW)	Power Final (MW)	Prev. Entry Operation	Status
Celso Ramos SHP	Faxinal dos Guedes/SC	March 17, 2035	5.62	8.30	13.92	2021	Construction works in progress
Salto Weissbach HPP	Blumenau/SC	November 7, 2046	6.28	23.00	29.28	(**)	Environmental Licensing
Cedros HPP Steps 1 and 2	Rio dos Cedros/SC	November 7, 2046	8.40	4.50	12.90	(**)	Review of the Basic Project
UHE Palmeiras	Rio dos Cedros/SC	November 7, 2046	24.60	0.75	25.35	(**)	Review of the Basic Project
Maruim HGP	São José/SC	(*)	0.00	1.00	1.00	(**)	Environmental Licensing

(*) Power plants with a power of less than 5 MW are exempt from the concession act (**) Depends on regulatory procedures.

2.1.2.2. Transmission Projects

2.1.2.2.1. Celesc G/EDP Energias do Brasil - Minority Interest

Celesc G holds a 10% interest (90% under the control of EDP Energias do Brasil) in a transmission project, called EDP Transmissão Aliança SC S.A., whose purpose is to implement lot 21 of the ANEEL Auction 05/2016, the third largest project, with investment forecast at R$1.1 billion.

The facilities aim to expand the system of the South and Plateau region of the State of Santa Catarina and will also enable Celesc G to connect its distribution system to the new structure in order to bring direct benefits to critical regions in the state's energy system. The deadline for the works execution is 60 months and the commercial start-up determined is August 2022, with a possibility of anticipation. The SPC was constituted in July 2017 and the Concession Agreement was signed in August of the same year.

The project includes 5 sections of Transmission Lines and a Substation, as follows:

Description	Origin	Destination	Circuit	Extension (KM)	Voltage (KV)
TRANSMISSION LINES	Abdon Batista SE	Campos Novos SE	Simple	39.8	525
	Siderópolis 2 SE	Abdon Batista SE	Double	209	525
	Biguaçu SE	Siderópolis 2 SE	Simple	150.5	525
	Siderópolis 2 SE	Siderópolis SE	Double	6.0	230
	Siderópolis 2 SE	Forquilhinha SE	Simple	27.8	230
Total				**433.1**	
SUBSTATION	Siderópolis 2 SE				525/230

The environmental licenses for installation were issued in 2019 and construction started in parallel with their

issuances. The following table summarizes the main information on the project:

Project	Localização	Final Concession Term	Transformation Power (MVA)	Transmission Lines (km)	Interest Celesc G
EDP – Transmissão Aliança SC	SC	August 11, 2047	1,344	433	10.0%

2.1.2.3. Regulatory Environment

a) Auction of Amortized Plants

Of the 12 plants that make up Celesc G's own site, 9 were covered by Federal Law 12,783, from January 11, 2013: Palmeiras HPP, Bracinho HPP, Garcia HPP, Cedros HPP, Salto Weissbach HPP, Pery HPP, Celso Ramos SHP, Caveiras HGP and Ivo Silveira HGP.

With the entry into force of Federal Laws No. 13,097, from January 19, 2015 and No. 13,360, from November 17, 2016, since the Ivo Silveira and Caveiras Plants have an installed capacity of less than 5 MW, both were converted into HGPs, through ANEEL Authorizing Resolutions No. 5,362, from July 21, 2015 (Ivo Silveira) and No. 7,246, from August 21, 2018 (Caveiras). To legitimize the change in the concession system, the addendums to the Concession Agreement No. 006/2013 were also signed. Accordingly, the effects of Federal Law No. 12,783/2013 do not affect such plants.

In 2015, the MME, through Decree 218, established that ANEEL should promote a bidding process for the concessions of the Hydropower Plants, that do not adhere to the terms of the early extension of the concessions, in accordance with the terms and conditions established in Law 12,783/2013. According to the sectorial rule established by said Act, after the concession ends, the plant will be bidden in the form of revenue per tariff, established through the Annual Revenue Generation - AGR, included in the Annual Compensation for Plant Management - GAG-O&M and the Compensation for improvements - GAC-Improvements were included, as well as the Concession Bonus - RBO at an actual rate of 9.04% p.a.

On the other hand, the Concession Bonus was required as the portion of the bid to be carried out in the auction, whose winner would be the one offering the lowest cost management for generation assets. Celesc G won Lot C by offering a discount of 5.21% of the ceiling price defined for the management of generation services for the 5 plants covered by Law No. 12,783/2013, added to the financial contribution of R$228.6 million as Concession Bonus.

Last but not least, as a result of the auction, Celesc G signed the Concession Agreements for Generation Service No. 006/2016 and No. 007/2016 on January 5, 2016. Such contracts are effective for 30 years starting from the end of the term of the previous concessions.

The Palmeiras, Bracinho, Cedros and Salto Weissbach plants had previous concessions to the Auction 12/15 still in force until the date of November 7, 2016, and from that date on, the execution of the new Concession Agreement

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

The following table shows the list of the plants in Lot C purchased by Celesc G:

Plants	Location	Installed Power (MW)	Physical Guarantee (MW)	Final Concession Term
Palmeiras HPP	Rio dos Cedros/SC	24.60	16.70	November 7, 2046
Bracinho HPP	Schroeder/SC	15.00	8.80	November 7, 2046
Garcia HPP	Angelina/SC	8.92	7.10	January 5, 2046
Cedros HPP	Rio dos Cedros/SC	8.40	6.75	November 7, 2046
Salto Weissbach HPP	Blumenau/SC	6.28	3.99	November 7, 2046
Total		**63.20**	**43.34**	

The energy generated by the plants was allocated to the quota system, which is the percentage of the plant's energy and power physical guarantee allocated to the Distributors of the National Interconnected System (SIN or NIS). The quota system was 100% of the Physical Guarantee in 2016 and 70% as of January 1, 2017.

b) Extension of the Pery HPP Concession

In 2017, Celesc G decided to extend the concession of the Pery – HPP in accordance with Law 12,783/2013, through the quota regime. Thus, on July 7, 2017 Celesc G signed with the Ministry of Mines and Energy - MME the 4th Amendment to Concession Agreement 006/2013 - ANEEL, with the purpose of exploiting the potential of hydraulic energy of the plant, with the full allocation of energy in the quota system of the physical guarantee of energy and power, extending its concession for a period of 30 years, with a final term on July 9, 2047.

In the following years (2018 to 2020), the National Agency of Electric Energy - ANEEL fixed the Annual Generation Revenue (RAG) for the next cycles of UHE Pery, including the GAG Improvement along with the RAG, and the indemnity value of the assets not amortized relating to the expansion completed in August 2013, during the term of the previous concession contract, were not considered for the definition of the RAG value.

Since then, Celesc G has been discussing with ANEEL the compensation method for the Basic and Executive Project related to the UHE Pery Expansion.

***c)* Generation Scaling Factor Adjustment - GSF**

The GSF represents an index that expresses the ratio between the sum of all the energy produced by the MRE Plants and the sum of the physical guarantees of the Plants.

Since August 2015, Celesc G has an injunction that obligates CCEE to limit the incidence of GSF to the maximum percentage of 5% of the total physical guarantee, including any collection or apportionment resulting from the GSF adjustment factor or from other legal proceedings.

On September 9, 2020, Law 14,052/2020 was published, which regulates hydrological risk (GSF), establishing compensations for hydroelectric plants in the MRE that were impacted, by postponing the concession period. The legal amendment was intended to compensate the owners of hydroelectric plants participating in the MRE for non-hydrological risks caused by: i) generation undertakings called structuring undertakings, related to the anticipation of the physical guarantee, ii) restrictions on the entry into operation of the transmission facilities necessary for the flow of generation from the structuring undertakings, and iii) by generation out of order of merit and imports. The referred compensation will be granted through the extension of the concession, limited to 7 years, calculated based on the values of the parameters applied by ANEEL.

On December 1, 2020, ANEEL Normative Resolution 895 was issued, establishing the methodology for calculating the compensation and the procedures for the renegotiation of the hydrological risk. In order to be qualified for the compensations foreseen in Federal Law 14,052/2020, the owners of hydroelectric plants participating in the MRE must: i) give up any legal actions whose object is the exemption or mitigation of hydrological risks related to the MRE, ii) waive any claim and/or new actions regarding the exemption or mitigation of hydrological risks related to the MRE, and iii) not have renegotiated the hydrological risk.

The main highlights of the resolution are as follows:

a) Inclusion of the free portion (30% of the GF) of the plants re-bid in December 2015. In the captive portion that became quotas (70%), the risk belongs to the consumer. Contribution of the agents, including Celesc G, for this claim to be granted, since it was not initially considered in the initial draft of the resolution;

b) The CGHs were not included in the proposal because they operate under an authorization regime and not a concession regime, i.e., they do not have an expiration date;

c) The possibility of accepting the proposal by enterprise, and no longer by economic group as it was in the first renegotiation.

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

On March 4, 2021, CCEE presented the calculations of the GSF repatriation compensation and the extensions of the permits for the plants that adhere to the repatriation of hydrological risk in the ACL.

ANEEL had a period of 30 days to analyze and approve the calculations. From then on, the generators would have a period of 60 days to cease and renounce legal actions and request an extension of the concession term.

However, a few days before (on March 1, 2021), Federal Law 14,120 was sanctioned, which in one of its articles established that for the quota plants, if the agent holding the concession after the signing of the new concession contract remained the same, the old concession period should also be contemplated for the compensations referred to in the referred law.

Therefore, CCEE should recalculate for this group of plants and publish the new values on March 18, 2021. Thus, in addition to the inclusion of the Pery Mill, a significant increase in terms was observed, as shown in the table below:

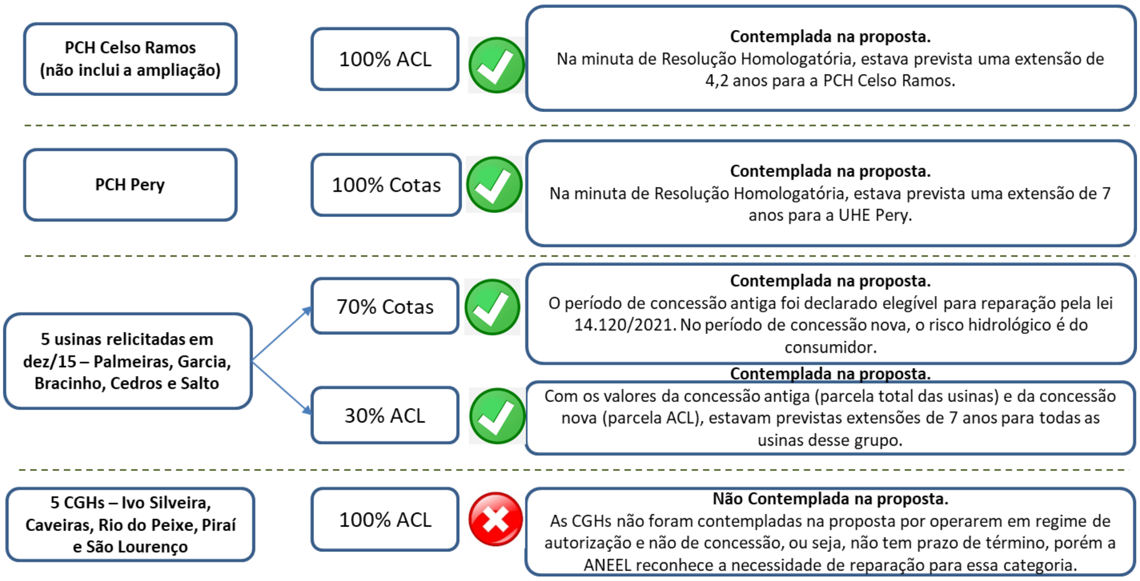
Power Plant Name	Term Extension Concession (Days) - HPP_EXT (plant)	Net Margin Power Plant (R$/MWh) - HPP_ML (plant)	Future Value of Impact Financial (R$) - VF_IFT_HPP (plant)	Impact Financial (R$) - IFT_HPP (plant)	Date End of Concession (plant)	Number of Years until End of Concession (years) - NAUHE (plant)	Years of Extension
GARCIA HPP	2555	5,958,085.30	41,380,575.80	4,118,101.51	January 5, 2046	25.096774	7
UHE BRACINHO	2555	7,401,989.76	59,054,937.42	5,439,515.30	November 8, 2046	25.938172	7
CEDROS HPP	2555	5,677,662.60	47,051,709.75	4,333,905.11	November 8, 2046	25.938172	7
CELSO RAMOS SHP	1,530.65	3,196,026.09	10,617,891.92	2,848,936.20	3/22/2035	14.30914	4.19
PERY HPP	2555	11,813,575.66	74,428,691.83	6,446,402.55	July 9, 2047	26.607527	7
PALMEIRAS HPP	2555	14,046,957.84	112,770,384.42	10,387,213.30	November 8,	25.938172	7

On March 30, 2021, the extensions were scheduled to be approved at ANEEL's ordinary meeting, with the subsequent publication of a Homologation Resolution, which would include the extensions of all the contemplated plants.

However, some agents and associations made representations, which were discussed in the collegiate meeting. Among the requests, the request by some agents for plants that have already renegotiated the hydrological risk to be contemplated was accepted.

The Federal Audit Court (Tribunal de Contas da União - TCU) understood that this change would conflict with the text of Law 13,203/2015 (given by Law 14,052/2020) and, on April 12, 2021, requested that the negotiations related to the extensions not proceed until the merits of the issue are judged.
Additionally, at the ANEEL board meeting held on March 30, 2021, the agency acknowledged that the CGHs were impacted and that they have rights to compensation, but there was no consensus as to whether the reparation could be carried out in an infra-legal manner, in the absence of terms provided by law.

On March 31, 2021, the plants of the company's own generation park are in the following situation of being contemplated by Law 14,052/2020:



Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

By extending the concession term of the hydroelectric power plants, since they are not subject to IFRIC 12 (ICPC 01) - Concessions, the granting authority compensates the generators by granting a non-pecuniary right, in the form of extension of the concession term, in order to recover the costs incurred from the non-hydrological risk portions, impacted in the formation of the GSF, as of 2013.

The extension of the concession term by the grantor has the criteria indicated by the standard CPC 04 (R1) - Intangible Assets for recognition of intangible assets. The asset is recognized at cost in the group of intangible assets, as soon as decided by ANEEL and duly accepted by each plant, with a useful life equal to the new concession term, and its amortization is linear.

Considering that there has been no homologating decision by ANEEL yet, Celesc G is waiting for the values and deadlines for the definitive extensions of its power plants and the impacts, considering a possible withdrawal of the lawsuit, a requirement to obtain the compensation. In this context, the Company’s management is carrying out a strategic analysis regarding the action in the case, maintaining permanent monitoring of the progress of the process, as well as evaluating the market movements, to anticipate measures, if necessary.

d) Expansion of the Celso Ramos SHP

Celesc G obtained authorization to enlarge Celso Ramos SHP Power Plant in the order of 7.2MW (5.62MW to 12.82MW) by means of ANEEL Authorization Resolution No. 5078/2015, as well as the extension of the concession for 20 years, conditioned to the conclusion of the projects by November 2021.

In 2018, the Basic Project for the expansion of the Plant was revised and consolidated, foreseeing the installation of a new adductor circuit, which will have a new water intake channel, forced conduit and a new powerhouse with two UG-3 and UG-4, with 4.15MW each, totaling an increase of 8.3MW in the utilization (going from 7.2MW to 8.3MW and totaling 13.92MW of installed capacity).

On March 29, 2019, ANEEL issued the Order No. 939/2019, registering the suitability for the use of the hydraulic potential of the revision of the Basic Project for the Expansion of Celso Ramos SHP and ratifying new parameters required to define the Physical Guarantee of the project. With the registration at ANEEL’s 29th New Energy Auction, the Energy Research Company – (EPE) defined the project’s Physical Guarantee. The works started in July 2019, with 95% completed by March 2021.

It is also noteworthy that Celesc G participated in the aforementioned Auction A-4, successfully selling the energy of this project, effective in January 2023. Notice on the Approval and Grant of Auction No. 03/2019 was published on October 3, 2019.

With the signing of the CCEARs in the last quarter of 2020, ANEEL issued Authorizing Resolution No. 9,524 of December 8, 2020, which changed the technical characteristics of PCH Celso Ramos, in adherence with Order 939/2019, also adjusting the schedule for the implementation of the works, scheduled for completion by the end of March 2021.

With regard to the effects of the COVID-19 pandemic, in compliance with Municipal Decree 064/2021, Celesc G suspended the expansion work at the Celso Ramos Plant for the period February 26 to March 8, 2021. Due to this suspension, the deadline for the conclusion of the plant's expansion work is now May 2021, and the start of commercial operation is linked to the issue of the Plant Operation License (LAO).

e) Extension of the Salto Weissbach HPP

In 2018, the basic expansion project of the Salto Weissbach HPP, located in the city of Blumenau/SC, was approved by ANEEL through Order No. 1,117, from May 21, 2018. The expansion project foresees the construction of a new adductor circuit in parallel to the existing one, with adduction channel, water outlet and each of force with two generating units of 11.5MW each, totaling the addition of 23MW of installed power in the plant, going to 29.28MW.

In 2019 Celesc G filed the request to obtain the Installation Environmental License - LAI with the Environmental Institute of Santa Catarina - IMA. In June 2019, after manifestation of that Institute, Celesc presented all technical information consistent with the referred stage. However, in August of that same year, the environmental agency requested an Integrated Study of the Basins, and later, in 2020, the study was waived, which may reduce the analysis time of the process. In the first quarter of 2021 the environmental licensing was still under analysis by IMA.

After the LAI is issued, the process returns for analysis by the Empresa de Pesquisa Energética - EPE, which will then be forwarded to ANEEL to calculate the remuneration of this project, whose energy will be fully dedicated to the quota regime, so that the Company can forward the stages of financial feasibility, bidding, and construction.

Notes

f) Expansion of Caveiras HGP

In 2018, Celesc G filed at ANEEL an application to carry out inventory studies for the section of the river where the Caveiras HGP is installed, with a view to promoting the expansion of its installed capacity. In the same year, through Order No. 3,005/2018, provided to Celesc G the inventory registration for a period of 630 days as of order's issuance.

In 2019, Celesc G contracted the services to conduct the Hydroelectric Inventory Studies for the Caveiras River, and this study was forwarded in July 2020 to ANEEL. On September 28, 2020, through Order 2,752, ANEEL approved the revision of the Inventory Studies and guaranteed to Celesc G the right of first refusal for the PCH Caveiras project.

On December 17, 2020, ANEEL issued Order 3,592, which granted Celesc G the Order of Registration of Intent to Grant Authorization - DRI PCH. Thus, the Company must, within fourteen months from the abovementioned Order, prepare the Basic Project and present ANEEL with the Executive Summary.

In the first quarter of 2021, a bidding procedure was launched to hire a specialized company to consolidate the Basic Project for the Caveiras Plant. After the revision and consolidation of the basic project and respective approval by ANEEL, the environmental feasibility study will be carried out, the licenses (preliminary and installation) will be obtained from IMA/SC and the business plan will be approved by the Company, for the project to be bid and built.

g) Reactivation of Maruim HGP

Maruim HGP, built in 1910, is located in the municipality of São José/SC. Considered one of the oldest hydroelectric plants in the country, it has been decommissioned since 1972 and Celesc G has a project for its reactivation.

In 2018, Celesc G promoted the revision and consolidation of the Basic Project, and this new configuration foresees an installed capacity of 1 MW, using the existing powerhouse, listed as a historical heritage since 2005.

In 2020, Celesc G continued the negotiations with IMA/SC aiming to issue the Environmental Installation License (EIL), which was approved by IMA/SC in the third quarter of the year, but without legal publication, a necessary formalization to conduct the next stages.

The Business Plan was presented to the Executive Board and approved for execution in March 2021.

h) EDP Transmissão Aliança SC S.A.

EDP Transmissão Aliança SC, a company formed by EDP - Energias do Brasil, with 90.00% interest, and by Celesc G, with 10.00% interest, won the bidding for lot 21 of Auction 05/2016 of ANEEL, referring to the Bidding for the Concession of Public Service of Electric Energy Transmission, including the Construction, Operation and Maintenance of the Transmission Facilities of the National Interconnected System, which was held at B3, by offering a discount of 34.99%, or a proposal of annual revenue allowed (RAP) of R$171.824 million, against the maximum value of R$264.343 million established by ANEEL.

Lot 21 was the third largest project offered in the auction and demands investments of around R$1.2 billion.

	Origin	Destination	Circuit*	Extension (KM)	Voltage (Kv)
TRANSMISSION LINES	Abdon Batista SE	Campos Novos SE	SC	39.8	525
	Siderópolis 2 SE	Abdon Batista SE	DC	209.0	525
	SE Biguaçu	Siderópolis 2 SE	SC	150.5	525
	Siderópolis 2 SE	Siderópolis SE	DC	6.0	230
	Siderópolis 2 SE	Forquilhinha SE	SC	27.8	230
Total			**CS/DC**	**433.1**	**525/230**
SUBSTATION	SE 525/230 SIDERÓPOLIS 2		-	-	525/230

* SC: Simple Circuit / DC: Double Circuit

The facilities aim to expand the system of the South and plateau region of the State of Santa Catarina and will also enable Celesc to connect its distribution system to the new structure in order to bring direct benefits to critical regions in the state's energy system.

Notwithstanding, the implementation of reinforcements and improvements in transmission facilities is mandatory to concessionaires of transmission services and is provided for in the Concession Agreement No. 39/2017 signed by EDP Transmission Aliança SC S.A. and ANEEL.

In this sense, on January 10, 2019, ANEEL sent to EDP Transmissão Aliança SC S.A. the Official Letter 011/2019, informing that it is part of the Electric Energy Transmission Grant Plan 2018 - POTEE 2018, issued by the Ministry of Mines and

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

Energy - MME, the installation of the third autotransformer 525/230 kV, 3 X 224 MVA single-phase in SE Siderópolis 2, with a requirement date in December 2022, whose implementation is the responsibility of EDP Transmissão Aliança SC S. A. Through Technical Note 501/2019, ANEEL authorized the implementation of the reinforcement still in 2019. Therefore, the SPC decided to expand the scope of the current agreement to build SE Siderópolis (original project), immediately starting the implementation of the reinforcement together with the SE, minimizing environmental and land impacts and mitigating the risks of the work carried out.

The investment of this third auto transformed, estimated by ANEEL, is R$42 million and establishes an additional Allowed Annual Revenue (AAR) of R$5 million.

Regarding the effects of the COVID-19 pandemic on the project, the activities related to the manufacture of equipment could be maintained, according to the state decree in force. However, as the project covers around 30 municipalities in Santa Catarina and a large number of workers, civil construction works were suspended until the beginning of June 2020, when they were gradually resumed. The Company evaluates that the regulatory schedule has not been affected, and the deadline for commercial operation of the entire project is August 2022.

i) Adjustment of Annual Generation Revenue - 2020 AGR

ANEEL, by means of an Approval Resolution No. 2,746 from July 28, 2020, ANEEL has ratified the readjustment of the Annual Generation Revenue (AGR) for hydroelectric Plants under quotas, under the terms of Federal Law 12,783/2013. The new AGR readjustment term is effective from July 1, 2020 to June 30, 2021.

The AGRs established for Celesc G's Fixed Assets and which are to be charged on a monthly basis are:

Plants	Annual Revenue (R$) v 2020/2021 Cycle	monthly Revenue (R$) Re Cycle 2020/2021
Pery HPP	10,474,530.55	872,877.55
Garcia HPP	10,821,565.74	901,797.14
Bracinho HPP	13,725,718.15	1,143,809.85
Cedros HPP	9,808,376.89	817,364.74
Palmeiras HPP	21,243,017.34	1,770,251.44
Salto HPP	6,739,359.83	561,613.32

j) Dam Safety Plan (DSP) and Emergency Action Plan (EAP)

The DSP has the conditions, characteristics and operational rules for each dam. The EAP, on the other hand, provides strategies in emergency situations. In 2017, Celesc G concluded the DSPs and EAPs of the plants and forwarded them to the regulatory body and related entities.

In 2019, Celesc G continued the EAP and held a meeting with the Civil Defenses of Angelina (Garcia Plant), Blumenau (Salto Weissbach Plant), Rio dos Cedros (Cedros and Palmeiras Plants) and Schroeder (Bracinho Plant).

In the same year, Celesc G hired a company to prepare and issue a dam safety report to corroborate the finding that the dams are in normal operating conditions, with no significant anomalies that put them at risk.

The safety reports were prepared and completed by the specialized consulting firm in the second half of 2020, with satisfactory results, and the recommended actions to adapt and maintain the structures will be taken during the year 2021, including hiring a company to install dam instrumentation and an executive project for civil adaptation to Eletrobras' current criteria.

Also in the company's action plan is the hiring of a consulting engineering company to prepare the RPS - Periodic Safety Review, where the PSB/PAE will be totally reviewed, with updated hydrological data, new dam break studies, computer simulation of the affected areas, and dissemination of the results to the civil defense agencies involved. According to ANEEL Resolution 695/2015, Celesc G has until the year 2022 to submit the reviews.

Notes

2.2. Other Interests

Investments	Classification	Description	Recognition
Companhia de Gás de Santa Catarina S.A. – SCGÁS	Joint venture	SCGAS holds the concession for the exploration of natural gas distribution services in 100% of the Santa Catarina territory and its concession contract for piped gas distribution, signed on March 28, 1994, is valid for 50 years (2044). The Company markets and distributes approximately 2 million cubic meters of natural gas daily to approximately 16,700 customers. Celesc has 51.0% of the common shares, Petrobras Gás S.A. – Gaspetro has 23.0%, Mitsui Gás e Energia do Brasil Ltda – Mitsui Gás has 23.0% and Infraestrutura de Gás para a Região Sul S.A. S.A. – Infragás 3.0%. Interest in the total share capital is as follows: Celesc 17.0%, Gaspetro 41.0%, Mitsui Gás 41.0% and Infragás 1.0%.	Equity Income
Empresa Catarinense de Transmissão de Energia S.A. – ECTE	Affiliate	Established in August 2000, with the specific purpose of integrating the electric power transmission system in the state of Santa Catarina, with the exploration of the power transmission lines in the eastern and coastal regions of Santa Catarina, the company is the concessionaire of the transmission line SE Campos Novos/SC - SE Blumenau/SC, with 252.5 km of extension. It is the second development in operation in the new modality designed for the new model of the electric sector. The line is responsible for transporting about 20% of the energy assured for supplying the demand in the concession area of Celesc D. ECTE, after winning lot D of auction No. 006/2012, established in November/2016, its subsidiary ETSE - Empresa de Transmissão Serrana S.A. (—"ETSE"), which includes the concession of the Abdon Batista Substation (525/230 kV) and the Gaspar Substation (230/138 kV), both in the State of Santa Catarina, and aims to integrate the power generation plants to the SIN, as well as to provide access to Celesc's distribution system, and to meet the expansion of the supply of electricity to the Vale do Itajaí region. The affiliate ECTE holds a power transmission concession contract No. 088/2000, dated from November 1, 2000, with a 30-year term. For its subsidiary ETSE, the concession contract for transmission of electric power No. 006/2012is dated from May 10, 2012, with a 30-year term. Celesc holds 30.88% of the Company's share capital. The other shareholders are Alupar, with 50.02%, and TAESA, with 19.10%.	Equity Income
Dona Francisca Energética S.A – DFESA	Affiliate	An independent power producer, DFESA owns the Dona Francisca, Hydroelectric Power Plant built on the Jacuí River in Rio Grande do Sul, with an installed capacity of 125MW and assured energy of 80MW. The development was inaugurated in May 2001. DFESA has a concession agreement dated from August 28, 1998, with a 35-year term. Celesc holds 23.03% of the company's share capital, Gerdau holds 51.82%, COPEL holds 23.03 and Statkraft holds 2.12%.	Equity Income
Companhia Catarinense de Água e Saneamento – Casan	Temporary Investment	As a mixed economy-held company controlled by the State Government of Santa Catarina, the role of Casan is to plan, execute, operate and explore the water supply and sanitation services in their areas of concessions (municipality). Currently, the company provides services to 194 municipalities in Santa Catarina and 1 in Paraná, serving approximately 2.8 million consumers with treated water and more than 700 thousand people with sewage collection, treatment and disposal. Celesc holds 14.736% of the company's total share capital, while the State of Santa Catarina holds 65.312%, SC Participações e Parcerias holds 17.704%, Companhia de Desenvolvimento do Estado de Santa Catarina S.A. – Codesc 2.238% and Others 0.010%.	Fair Value through Other Comprehensive Income - VJORA.
Usina Hidrelétrica Cubatão S.A.	N/A	Special Purpose Company (SPC), established in 1996, for deploying the Cubatão Hydroelectric Power Plant, located in Joinville/SC. With the background of environmental obstacles, rejection of the postponement of the concession period and the consequent economic impracticability for developing the project, the venture requested ANEEL to amicably terminate Concession Agreement No. 04/1996 (ANEEL Case 48100.003800/1995- 89). Through Ordinance 310, of July 27, 2018, the Ministry of Mines and Energy (MME) decided to terminate the concession and recognizes, furthermore, that there are no reversible assets linked to the concession, nor any burden of any nature to the Granting Authority or ANEEL. Celesc holds 40% of the company's Share Capital, Inepar S.A. 40%, and Statkraft Energias Renováveis S.A. 20%. The investment in the said plant is fully provisioned as a devaluation in equity interest. SPC has been dealing with the corporate aspects for its dissolution.	N/A

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

3. BASIS OF PREPARATION

The preparation bases applied in this individual and consolidated Quarterly Financial Report are detailed below:

3.1. Compliance Statement

The Individual and Consolidated Quarterly Information were elaborated in accordance with the Technical Pronouncement CPC 21 (R1)
– Interim Statements and International Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and presented as per the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Quarterly Financial Report (ITR).

The issue of the Interim Financial Information was authorized by the Board of Directors on May 6, 2021.

3.2. Functional and Presentation Currency

The Parent Company and Consolidated Quarterly Information Reports are shown in Brazilian Reais, which is the functional currency and all amounts are rounded to thousands of Reais, except when indicated otherwise.

3.3. Critical Accounting Estimates and Judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events, considered reasonable under the circumstances. By definition, the resulting accounting estimates will rarely equal their actual results.

Estimates and assumptions may cause significant adjustments in equity and income values for the following periods, impacting on the following measurements:

a) Fair value of financial instruments (Note 5.7);
b) Estimated Losses in Doubtful Settlement Accounts - PECLD (Note 9);
c) Financial Asset - Concession Bonus; (Note 13.2);
d) Impairment of non-financial assets (Notes 18 and 19);
e) Accomplishment do Deferred income and social contribution taxes (Note 17);
f) Contingencies (Note 27);
g) Actuarial Liabilities (CPC 33) (Note 28);
h) Unbilled Revenue - Celesc D (Note 9 and Note 32.1);
i) Depreciation - Celesc G (Note 19); and
j) Amortization of Indemnifiable Assets - Celesc D (Note 20).

4. ACCOUNTING POLICIES

The preparation basis and the accounting policies are the same used in the preparation of the annual Financial Statements for the year ended on December 31, 2020, contemplating the adoption of accounting pronouncements effective as of January 1, 2021.

4.1. Measurement Basis

The Interim Quarterly Financial Report, Individual and Consolidated, have been prepared based on historical cost, with the exception of Financial Assets measured at Fair Value through Other Comprehensive Income - VJORA and at Fair Value through Profit - VJR recognized in the Balance Sheet.

4.2. New Standards and Interpretations

The following standards amendments were issued by IASB, but are not yet effective for 2021. Although encouraged by IASB standards, early adoption is not allowed by the Brazilian Accounting Pronouncements Committee (CPC).

Notes

Standard	Corresponding CPC	Change	Application
IAS 37	CPC 25	Classification of onerosity for fulfilling a contract. In the assessment whether a contract is onerous, the cost of fulfilling the contract includes the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling it.	January 1, 2022
IAS 16	CPC 27	Entity prohibition from deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the asset is being prepared for its intended use. Such revenues and related costs must be recognized in the income statement.	January 1, 2022
IAS 1	CPC 26	Classification of liabilities as current or non-current	January 1, 2022
IFRS 3	CPC 15	Update to provide reference for the new Conceptual Framework	January 1, 2022
IFRS 9	CPC 48	Clarifies which rates should be included in the 10% test for the write-off of financial liabilities.	January 1, 2022
IFRS 16	CPC 06	Leasing incentives (amendment to Illustrative Example 13)	January 1, 2022
IFRS 17	CPC 25	Insurance contracts	January 1, 2023

The standards highlighted have no significant impact on the Company's Financial Statements. Furthermore, there are no other IFRS standards or IFRIC interpretations still to come in force that could have this impact, and they are not even mentioned.

5. RISK MANAGEMENT

The company's Department of Planning, Controls and Compliance (DPL) develops the strategic management of risks and internal controls, preparing the corporate risk map, evaluating and monitoring these risks in order to mitigate them by means of action plans, thus aiming to achieve the company's long-term strategies.

5.1. Financial Risk Class

5.1.1. Process Category

a) Delinquency

Risk of impairment of financial economic planning due to non-receipt of invoiced revenue due to communication, delivery and collection deficiencies in relation to customers.

5.1.2. Liquidity Category

a) Third-Party Capital

Risk of the impossibility or unavailability to obtain capital from third parties in the market or impacts due to the early maturity of debts with the financial market or due to untimely and unplanned changes in interest and exchange rates.

b) Cash Flow

Risk of low financial liquidity is due to the low collection, impossibility of funding, defaults, excess expenses and/or investments, to fulfill financial commitments and the business strategy.

The amounts disclosed in the table are the undiscounted contracted cash flows on March 31, 2021.

Consolidated

Description	Charges %	Less than one month	From one to three months	From three months to one year	Between one and five years	More than five years	Total
Accounts Receivable (net of PECLD)		1,860,104	67,379	56,700	24,455	3,594	**2,012,232**
Cash and Cash Equivalents		1,018,770	-	-	-	-	**1,018,770**
Court deposits		-	-	-	302,009	-	**302,009**
CDE Subsidy (Decree No. 7,891/2013)		47,032	-	-	-	-	**47,032**
Financial assets –CVA	SELIC	9,418	18,876	86,191	222,220	-	**336,705**
Concession Bonus	IPCA	2,901	5,733	26,549	123,391	223,854	**382,428**
Total Assets		**2,938,225**	**91,988**	**169,440**	**672.075**	**227,448**	**4,099,176**
Bank Loans CDI rate	CDI + 0.8% to 4.5%p.a.	57,295	549,035	224,139	19,222	-	**849,691**
Eletrobras	5% p.a.	76	146	666	3,120	-	**4,008**
Finame	2.5% to 9.5% p.a.	646	759	3,284	5,665	-	**10,354**
Debentures – Celesc D	CDI rate + 1.9% p.a.	17,887	-	49,721	101,725	-	**169,333**
Debentures – Celesc G	CDI rate + 2.5% p.a.	-	593	34,852	44,819	-	**80,264**
Debentures – Celesc G	IPCA rate + 4.3% p.a.	-	33	102	12,914	27,975	**41,024**
Trade payables		592,696	403,153	5,065	-	-	**1,000,914**
Financial Liabilities - CVA Amortize	SELIC	-	-	-	-	-	**-**
Mathematical Reserve to	IPCA + 6% p.a.	16,428	14,765	68.817	297,212	-	**397,222**
BID	CDI + 0.77% to 1.98% p.a.	11,991	-	-	90,359	865,864	**968,214**
Total Liabilities		**697,019**	**968,484**	**386,646**	**575,036**	**893,839**	**3,521,024**

c) Actuarial

Risk of financial losses as a result of the joint and several liabilities of the Celesc, as the sponsor of its employees' pension fund (CELOS), by definition of a wrong actuarial rate, inadequate management, or in disagreement with market practices, or unexpected fluctuations in market variables.

5.2. Operating Risk Class

5.2.1. Management Category

a) Investments

Risk of losses due to non-compliance with schedules, insufficient rates of return, unforeseen disbursements and incorrect appropriation of funds.

5.2.2. Process Category

a) Safeguarding Assets

Risk of financial losses due to the lack of protection mechanisms, claims and/or unauthorized access.

b) Losses

Risk of revenue reduction due to surpassing, technical and/or non-technical losses, the limits recognized in the tariff by ANEEL.

c) Distributor Energy Contracting

Risk of non-full tariff transfer of contracted energy costs and penalties due to contracting outside regulatory limits.

5.2.3. Personnel Category

a) Health and Safety

Risk of labor liabilities, interdiction of activities and removal or death of workers caused by non-compliance with legal norms, lack of training and lack of adequate protective equipment.

b) Management and Development of Personnel

Risk of losses due to the limits of the mechanisms to hire and retain employees or inability to promote the development of the group’s professionals, with the available workforce out of date and unable to develop the challenges of the strategy.

5.2.4. Information and Technology Category

a) Cyber and IT Infrastructure

Risk of loss or damage arising from unauthorized access to critical data and information due to inappropriate security policies or parameters, or malicious intent of users, as well as the ability to process systems or failures/delays in the operations of the systems available and inadequate protection/physical safeguarding of network assets.

5.3. Compliance Risk Class

5.3.1. Regulatory/Legal Category

a) Social and Environmental

Risk of losses arising from environmental and social policies and practices that are exposing the Company to inspection by inspection agencies, not obtaining licenses and image wear.

b) Tariff Review

Risk of losses in remuneration in the so-called Portion B, which represents the Company's manageable costs, as well as the risk of losses in the remuneration in Portion A for Irrecoverable Revenues and losses of electricity, caused by non-compliance with regulatory requirements established by ANEEL or by changes in the methodology applied in the tariff review process, resulting in lower than expected tariffs and resulting in a reduction in the distributors' margin.

c) Extinction of the Distribution Concession

Risk of extinction of the Concession Agreement for the exploitation of the public electricity distribution service due to non-compliance with the limits established in the amendment to the distributor’s Concession Agreement, for the collective indicators of economic and financial continuity and sustainability.

As obrigações estabelecidas até 2020 foram cumpridas plenamente.

ANEEL Normative Resolution No. 896, published on November 17, 2020, regulated the parameters and the calculation methodology for the concession indicators, which were established for the years 2021 to 2045. The document is the result of Public Consultation No. 24/2019, which aimed to discuss and collect subsidies for defining the regulations for the opening of forfeiture proceedings of electrical energy distribution concession contracts, based on service quality and economic and financial sustainability requirements.

From 2020 on, non-compliance with any of the DECi or FECi limits for one year will result in the mandatory submission by the concessionaire of a results plan, which shall be presented for prior acceptance by ANEEL and its execution monitored by the inspection areas, through periodic reports to be submitted by the concessionaires as well.

The non-compliance with the DECi or FECi limits for two consecutive years, or for three out of the five previous calendar years, calculated separately or jointly, or with the efficiency criterion regarding the economic-financial management for one year, obliges the concessionaire to limit the payment of dividends and interest on equity capital, separately or jointly, to 25% (twenty-five percent) of the net profit, less or plus the amount intended for the constitution of the Legal Reserve and the amount intended for the constitution of the Contingency Reserve;

The non-compliance of DECi or FECi, separately or jointly, for three consecutive years or of the efficiency criterion with respect to economic-financial management for two consecutive years, constitutes the concessionaire's contractual default and will result in the opening, by ANEEL, of a punitive administrative proceeding aimed at the application of the sanction of declaration of forfeiture of the concession, in accordance with Normative Resolution No. 846, of June 11, 2019, or subsequent rules that may succeed it.

The financial and economic management efficiency criterion will be measured by calculating the inequality, every calendar year, and will be considered non-complied when there is non-compliance or when the EBITDA is lower than the QRR. The ratio (Net Debt/EBITDA - QRR) of Celesc D should remain between the limits of 10 to 15 times, since now the SELIC had a minimum limit of 6% and a maximum of 9%.

d) Electricity Generation

Risk of extinction of the extension of the Celso Ramos SHP Concession Agreement due to the obligation to start commercial operations by 2021 of two new generating units to be built by Celesc G.

Notes

e) Regulation of the Electric Sector

Risk of administrative sanctions applied by Regulatory Agency in the face of inadequate internal processes, loss of value due to changes in legislation that are out of alignment with company's strategic interests, and exposure to defined government policies for the sector, as well as interference from external bodies.

f) Fraud

Risk of financial loss, image damage, service quality decrease and legal sanctions due to internal or external fraud caused by employees or third parties due to control or collusion failures.

g) Lawsuits

Risk of losses caused by practices or internal deficiencies that hinder or prevent the construction of defense.

5.4. Strategic Risk Class

5.4.1. Governance Category

a) Image

Risk of drop in the Group's reputation level before the main stakeholders.

5.4.2. Credit Category

a) Innovation

Risk of loss of competitive advantage due to the difficulty to develop and/or implement new technologies, compromising several aspects such as access to new markets, maximizing revenues, acquiring new knowledge, valuing the brand and corporate sustainability.

5.5. Additional Sensitivity Analysis Required by CVM

The following table shows the sensitivity analysis of financial instruments, which describes the risks of interest rates that may generate material effects for the Company, with a more probable scenario (scenario I), according to an evaluation made by the Management, considering a three-month horizon, when the next financial information containing such analysis should be disclosed.

In addition, two other scenarios are demonstrated, in the terms determined by CVM Instruction No. 475, dated from December 17, 2008, in order to present 25% and 50% of deterioration in the respective risk variable, respectively (scenarios II and III).

The sensitivity analysis presented considers changes in relation to a certain risk, keeping all other variables constant, associated to other risks, with balances as of March 31, 2021:

						Consolidated
Assumptions	**Effects of Accounts on Results**	**Note**	**Balance**	**(Scenario I)**	**(Scenario II)**	**(Scenario III)**
CDI				**3.35%**	**4.19%**	**5.03%**
	Financial Investments	8	975,402	32,676	40,869	49,063
	Loans	22	(1,708,026)	(57,219)	(71,566)	(85,914)
	Debentures	23.5	(245,454)	(8,223)	(10,285)	(12,346)
Selic				**5.13%**	**6.41%**	**7.70%**
	Financial Assets - CVA	13.1	308,881	15,846	19,799	23,784
	Financial Liabilities - CVA	13.1	-	-	-	-
IPCA				**6.10%**	**7.63%**	**9.15%**
	Indemnifiable Financial Assets - Concession	14	341,111	20,808	26,027	31,212
	Debentures	23	(37,001)	(2,257)	(2,821)	(3,386)
	Financial Assets – Concession Bonus	13.2	307,468	18,756	23,460	28,133
	Mathematical Reserve to be Amortized	-	(375,933)	(22,932)	(28,684)	(34,398)

5.6. Capital Management

The objectives of managing its capital are to safeguard the Company's ability to continue to offer shareholder returns and benefits to other stakeholders, as well as to maintain an ideal capital structure to reduce this cost.

In order to maintain or adjust the capital structure, the Company may review the dividend payment policy, returning capital to the shareholders, or issue new shares or sell assets to reduce, for example, the level of indebtedness.

Notes

Consistent with other companies in the sector, the Company monitors the capital based on the financial leverage ratio. This index corresponds to the net debt divided by the total capital.

Net Debt, in turn, corresponds to total Loans and Financings, including short- and long-term loans, and Debentures, subtracted from the amount of Cash and Cash Equivalents. The total capital is determined by the sum of shareholders' equity with the net debt.

The table below shows the Financial Leverage Ratio:

			Consolidated
Description	**NE nº**	**March 31, 2021**	**December 31, 2020**
Loans and Financing - National Currency	22	861,078	944,422
Loans and Financing - Foreign Currency	22	860,651	710,522
Debentures	23.5	282,455	306,508
(-) Cash and Cash Equivalents	8	(1,018,770)	(1,166,205)
Net Debt		**985,414**	**795,247**
Total Shareholders' Equity		**2,183,796**	**1,984,642**
Total Capital		**3,169,210**	**2,779,889**
Financial Leverage Ratio (%)		**31.09%**	**28.61%**

5.7. Fair Value Estimate

It is assumed that the accounts receivable from customers and accounts payable balances at the book value, less the impairment loss, are close to their fair values. The fair value of financial liabilities, for disclosure purposes, is estimated by discounting the future contractual cash flow at the prevailing market interest rate, which is available to the Company for similar financial instruments.

For financial instruments measured in the balance sheet at fair value the Company applies CPC 46 - Fair Value Measurement, which requires disclosure, by level, in the following hierarchy:

Quoted prices (unadjusted) in active markets for assets and liabilities that are identical to those that the entity may have access to at the measurement date (Level 1).

Information, in addition to the quoted prices, included in Level 1 that are adopted by the market for the Assets or Liabilities, either directly, that is, as prices or indirectly, that is, derived from prices (Level 2).

Inserts for assets or liabilities that are not based on the data adopted by the market, that is, unobservable inserts (Level 3).

The following table sets forth the Group's assets measured at fair value on March 31, 2021. The book value is close to the fair value of financial assets and liabilities. The Company does not have liabilities measured at fair value at that base date.

			Consolidated
Description – Level 3	**Note**	**March 31, 2021**	**December 31, 2020**
Fair Value through Other Income Comprehensive – VJORA			
Marketable securities	15	137,261	137,261
Others	-	217	217
Fair Value by Income - VJR			
Indemnifiable Asset – Concession	14	538,959	612,637
Total Assets		**676,437**	**750,115**

Specific valuation techniques used to measure financial instruments at fair value include:

a) Market approach; b) Cost Approach; c) Revenue Approach; d) Other techniques.

The assets registered as Securities, evaluated by FVOCI, other techniques were used, such as discounted flow analysis. For the other account the technique applied was the cost approach.

For the concession assets, valued at FVTPL, the measurement was by means of the cost approach technique, referring to the current replacement/replacement cost, other techniques were used, such as discounted flow analysis.

Notes

6. FINANCIAL INSTRUMENTS BY CATEGORY

The following table sets forth the financial instruments by category as of March 31, 2021.

Consolidated

Description	Cost Amortized	Fair Value through Result	Fair Value through Other comprehensive results	Total
Assets	**4,631,515**	**538,959**	**137,478**	**5,307,952**
Cash and cash equivalents	1,018,770	-	-	1,018,770
Trade receivables	2,647,355	-	-	2,647,355
Court deposits	302,009	-	-	302,009
CDE Subsidy (Decree No. 7,891/2013)	47,032	-	-	47,032
Marketable Securities	-	-	137,261	137,261
Indemnifiable Financial Assets – Concession	-	538,959	-	538,959
Financial Assets - CVA	308,881	-	-	308,881
Financial Assets – Bonus Grants	307,468	-	-	307,468
Others	-	-	217	217

Description	Cost Amortized	Fair Value through Result	Fair Value through Other comprehensive results	Total
Liabilities on	**3,381,031**	**-**	**-**	**3,381,031**
Trade payables	1,000,914	-	-	1,000,914
National Currency Loans	861,078	-	-	861,078
Foreign Currency Loan	860,651	-	-	860,651
Debentures	282,455	-	-	282,455
Mathematical Reserve to be Amortized	375,933	-	-	375,933

The following table sets forth the financial instruments by category as of December 31, 2020.

Consolidated

Cost ption	Descri Amortized	Fair Value through Result	Fair Value through Other comprehensive results	Total
Assets	**4,673,990**	**612,637**	**137,478**	**5,424,105**
Cash and cash equivalents	1,166,205	-	-	1,166,205
Trade receivables	2,580,436	-	-	2,580,436
Court deposits	291,869	-	-	291,869
CDE Subsidy (Decree No. 7,891/2013)	47,032	-	-	47,032
Marketable Securities	-	-	137,261	137,261
Indemnifiable Financial Assets – Concession	-	612,637	-	612,637
Financial Assets - CVA	286,861	-	-	286,861
Financial Assets – Bonus Grants	301,587	-	-	301,587
Others	-	-	217	217

Description	Cost Amortized	Fair Value through Result	Fair Value through Other comprehensive results	Total
Liabilities on	**3,716,533**	**-**	**-**	**3,716,533**
Trade payables	1,224,547	-	-	1,224,547
National Currency Loans	944,422	-	-	944,422
Foreign Currency Loan	710,522	-	-	710,522
Debentures	306,508	-	-	306,508
Mathematical Reserve to be Amortized	388,043	-	-	388,043
Financial Liabilities - CVA	142,491	-	-	142,491

7. QUALITY OF FINANCIAL ASSETS CREDIT

The quality of credit of financial assets can be assessed by reference to the internal ratings of assignment of credit limits.

Consolidated

Trade receivables	March 31, 2021	December 31, 2020
Group 1 – Customers with Collection in Due Date	939,113	929,782
Group 2 – Customers with an average delay between 1 and 90 days	919,926	868,941
Group 3 – Customers with an average delay of more than 90 days	788,316	781,713
Total	**2,647,355**	**2,580,436**

Consolidated

Trade receivables	March 31, 2021	December 31, 2020
Group 1 – Customers with Collection in Due Date	939,113	929,782
Group 2 – Customers with an average delay between 1 and 90 days	919,926	868,941
Group 3 – Customers with an average delay of more than 90 days	788,316	781,713
Total	**2,647,355**	**2,580,436**

All other financial assets held by the Company, mainly checking accounts and financial investments, are considered to be of high quality and do not show any signs of losses.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held for the purpose of meeting short-term commitments and not for other purposes.

	Parent Company		Consolidated	
Description	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Resources at the Bank and in Cash	39	40	43,368	56,232
Financial Investments	36,212	50,381	975,402	1,109,973
Total	**36,251**	**50,421**	**1,018,770**	1,166,205

Financial investments are highly liquid, readily convertible into a known amount of cash, and are not subject to significant risk of change in value. These securities refer to repurchase agreements and Bank Deposit Certificates (CDBs), remunerated on average at the rate of 95.5% of the variation of the Interbank Deposit Certificate (CDI).

9. TRADE RECEIVABLES

a) Consumers, Concessionaires and Permissionaires

				Consolidated	
Description	**Falling Due**	**Overdue up to 90 Days**	**Overdue up to 90 days**	**March 31, 2021**	**December 31, 2020**
Consumers	**1,271,513**	**336,043**	**700,981**	**2,308,537**	**2,207,203**
Residential	332,216	181,610	144,185	658,011	597,374
Industrial	94,556	75,373	376,124	546,053	604,324
Trade	159,181	56,463	139,062	354,706	351,248
Rural	44,666	17,285	11,877	73,828	78,422
Government	40,904	1,857	9,870	52,631	45,113
Public Lighting	18,929	3,095	18,437	40,461	38,216
Public Service	19,972	360	1,426	21,758	23,839
Unbilled sales	561,089	-	-	561,089	468,667
Supply to Other Concessionaires	**249,894**	**19,857**	**69,067**	**338,818**	**373,233**
Concessionaires and Permissionaires	224,550	4,121	13,005	241,676	236,918
Transactions in the Scope of CCEE	12,475	-	25,737	38,212	65,672
Other Credits	4,720	15,736	30,325	50,781	62,534
Unbilled Concessionaires and Permissionaires	8,149	-	-	8,149	8,109
Total	**1,521,407**	**355,900**	**770,048**	**2,647,355**	**2,580,436**
PECLD with Customers (b)				(635,123)	(632,475)
Total Accounts Receivable from Customers - Net				**2,012,232**	**1,947,961**
Current				**1,984,183**	**1,918,725**
Non-current				**28,049**	**29,236**

b) Estimated Losses in Doubtful Settlement Accounts - PECLD

The estimated losses on the outstanding amounts are constituted by significant increases in credit risk since the initial recognition, assessed individually or collectively, considering all reasonable and sustainable information, including forward- looking information.

Celesc G, in addition to the defaults generated by bilateral contracts, is subject to defaults occurring in the electricity market of the national interconnected system, that are managed and accounted for by CCEE and are distributed among market agents.

The composition, by consumption class is shown below:

Notes

		Consolidated
Consumers	**March 31, 2021**	**December 31, 2020**
Residential	81.996	76,631
Industrial	228,019	226,456
Textile (i)	114,614	114,614
Trade, Services and Others	113,946	109,029
Rural	5,762	5,509
Government	11,259	11,235
Public Lighting	18,084	16,611
Public Service	1,447	1,429
Concessionaires and Permissionaires (ii)	35,347	47,207
Free Consumers	1,332	1,250
Others	23,317	22,504
Total	**635,123**	**632,475**
Current	**520,509**	**517,861**
Non-current	**114,614**	**114,614**

b.1) Changes

	Consolidated
Description	**Total**
Balance as of December 31, 2020	**632,475**
Provision Constituted in the Period	16,743
Reversal/Write-offs of Accounts Receivable	(14,095)
Balance as of March 31, 2021	**635,123**

Celesc D, as established by CPC 48/IFRS 9, has reviewed its expected credit loss matrix considering its historical experience, adjusting it to better reflect information about current conditions and reasonable and supportable forecasts of future economic conditions, without disregarding market information about credit risk. The impact of the revision is accounted for in the Group's result as a PECLD reversal.

The following are the percentages of expected losses segregated by consumption class, applied in the recognition of receivables:

Aging	Residential Power	Industrial	Commercial	Rural	Public	Lighting Public	Service Public	Supply	Charges for Use of Network	Service Fee
1	23.85%	12.23%	12.25%	14.03%	10.48%	1.23%	2.54%	15.86%	15.86%	15.86%
3	2.55%	0.81%	1.08%	1.71%	0.55%	0.46%	0.08%	1.54%	1.54%	1.54%
6	1.18%	0.57%	0.67%	0.64%	0.17%	0.45%	0.07%	0.82%	0.82%	0.82%
12	0.85%	0.53%	0.56%	0.34%	0.04%	0.45%	0.07%	0.64%	0.64%	0.64%
18	0.76%	0.49%	0.52%	0.25%	0.02%	0.45%	0.07%	0.59%	0.59%	0.59%
24	0.70%	0.47%	0.49%	0.21%	0.01%	0.45%	0.07%	0.53%	0.53%	0.53%
36	0.63%	0.45%	0.44%	0.16%	0.01%	0.45%	0.07%	0.50%	0.50%	0.50%
48	0.52%	0.43%	0.41%	0.14%	0.01%	0.45%	0.07%	0.48%	0.48%	0.48%
60	0.46%	0.38%	0.37%	0.11%	0.01%	0.45%	0.07%	0.39%	0.39%	0.39%

(i) Estimated Losses in Doubtful Settlement Accounts - PECLD with the Textile Sector

In 2009, Celesc D implemented an action plan for debt recovery for companies in the textile industry, among them Têxtil Renaux View S.A, Tecelagem Kuehnrich - TEKA and Companhia Industrial Schlösser S.A.

In relation to the Company Têxtil Renaux View S.A., the Management of Celesc D, considering the non-payment rate of the debt related to the installment agreement, and due to the remote possibility of receiving it, it constituted a provision of the total amount receivable in the amount of R$45,215 in 2013.

In 2012, TEKA filed an application for judicial recovery before the Blumenau District, Santa Catarina. The recovery plan was approved by most of the creditors, although Celesc D has voted against it and in favor of the company's bankruptcy. Therefore, the likelihood of receiving this amount is remote in the management's assessment, and Celesc D incorporated a provision for the full payment of the installment that TEKA has with Celesc D, totaling R$55,794.

Also in 2011, Companhia Industrial Schlösser S.A. also entered into a judicial reorganization, with a provision of R$16,888 in 2012. Celesc D received, in 2017, a judicial recovery in the amount of R$3,283, a reversed amount of the provision.

b.2) Changes in PECLD – Textile Sector

The composition, per company is shown below:

	Consolidated
Description	**Total**
Têxtil Renaux View S.A.	45,215
Teka Tecelagem Kuehnrich S.A.	55,795
Companhia Industrial Schlösser S.A	13,604
Balance as of December 31, 2020	**114,614**
Provision Constituted in the Period	-
Reversal in the Period	-
Balance as of March 31, 2021	**114,614**

***(ii)* Judgment of the Generation Scaling Factor Adjustment - GSF**

The amounts referring to the adjustments of the preliminary measures regarding the GSF in the reports of the results of the short-term market accounting, issued by CCEE, related to Celesc G are in the amount of R$25,737 as of March 31, 2021, with R$14,095 reversed throughout this period due to its receipt.

***b.3)* GSF Changes in PECLD**

	Consolidated
Description	**Total**
Balance as of December 31, 2020	**37,801**
Provision Constituted in the Period	2,031
Reversal in the Period (Write-offs no Accounts receivables)	(14,095)
Balance as of March 31, 2021	**25,737**

10. INVENTORIES

Inventories are made up of materials intended for the maintenance of energy distribution operations and materials for administrative use.

		Consolidated
Description	**March 31, 2021**	**December 31, 2020**
Warehouse	14,816	12,257
Others	57	56
Total	**14,873**	**12,313**

Inventories are segmented into construction materials financed by the IDB and materials acquired with own resources.

11. TAXES RECOVERABLE

		Parent Company		Consolidated
Description	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
PIS/COFINS (ICMS Exclusion Base Calculation)	-	-	436,110	611,534
Income Tax/Social Contribution	17,308	25,888	76,485	14,830
ICMS	-	-	53,248	57,208
PIS/COFINS	-	-	17,237	17,179
Others	-	-	989	990
Total	**17,308**	**25,888**	**584,069**	**701,741**
Current	**17,308**	**25,888**	**568,445**	**591,837**
Non-current	**-**	**-**	**15,624**	**109,904**

On April 1, 2019, Celesc D obtained the final favorable decision from court, filed under No. 5006834-93.2012.4.04.7200, which recognized the right to recover the overpayments as PIS/COFINS due to the inclusion of ICMS (State VAT) in the calculation basis of taxes paid. The amounts paid to be credited to Celesc D correspond to the period from April 2007 to December 2014, due to the time limit granted in the decision due to the supereminence of Law 12,973/2014. Celesc D has recognized the amount of R$436,1 billion of taxes to be recovered, restated in accordance with Brazilian Federal Revenue Service (RFB), Resolution No. 13/2018, in Other Non-Current Liabilities - Consumers. The Company obtained credits from the Federal Revenue Service in February 2020. Thus, it started the process to offset overdue taxes and reclassified this credit to current assets based on projected amounts to be offset in the next twelve months.
In addition, it should be noted that the Company filed another lawsuit, under No. 5016157-78.2019.4.04.7200, claiming the return of the amounts from January 2015 onwards, which is undergoing. The initiative

was upheld at first instance, recognizing the concessionaire's right to exclude ICMS from PIS and COFINS calculation base as of January 1, 2015, an understanding confirmed by the Federal Regional Court of the 4th Region when examining the Appeal filed by the Federal Government - National Treasury. At the moment, the process is suspended, by determination of the Vice President of the Federal Regional Court of the 4th Region, until the judgment by the Federal Supreme Court of Brazil of the Motion for Clarification filed by the Federal Government in the records of the leading case (Extraordinary Appeal 574706/PR) that deals with the matter in terms of general impact, whose definition of the modulation of the effects of the decision on the merits is expected by the Company. The Trial is scheduled for April 29, 2021.

The Income Tax (IRPJ) and Social Contribution (CSLL) balances are substantially comprised of amounts paid in advance and reductions in Source for income tax on financial investments and will be realized in the normal course of operations.

The ICMS (State VAT) credits recoverable recorded in non-current assets derive from acquisitions of fixed assets and can be offset up to 48 months.

The balance of PIS and COFINS is composed mainly of higher payments related to a request for a preliminary injunction granted by the Federal Court regarding the process of recognition of the 2014 contractual exposure.

12. OTHER ASSETS - CURRENT AND NON-CURRENT

		Consolidated
Description	**March 31, 2021**	**December 31, 2020**
PIS/COFINS and ICMS ST (i)	57,614	58,040
Infrastructure Share (ii)	24,917	27,241
Proinfa Down payment (iii)	17,509	17,509
CDE Refund Difference (iv)	15,521	42,777
Low Income Program	11,990	11,907
Prepaid Expenses	8,839	5,785
Bill Level	4,528	3,155
Other Credits	9,594	7,965
Total	**150,512**	**174,379**
Current	**147,899**	**171,161**
Non-current	**2,613**	**3,218**

(i) PIS/COFINS and ICMS Tax Replacement (ST)
Amounts receivable from Free Consumers arising from the collection of taxes on electric energy invoices linked to Convenio/CONFAZ 77, of August 5, 2011.

(ii) Infrastructure Share
It refers to the use of attachment points on the posts of Celesc D, carried out by third parties, for the provision of telecommunications services of collective interest, such as telephony, internet, cable TV and others.

(iii) Advance of the Incentive Program for Alternative Sources of Electric Energy - PROINFA
Refers to the advance payment of the charge regulated by Decree 5,025/2004, in Celesc D, which aims to increase the participation of alternative renewable sources in the production of electricity.

(iv) CDE Refund Difference
Corresponds to the difference between the amounts granted as tariff discounts to the consumer units of Celesc D and the amounts received from the CEEE - Câmara de Comercialização de Energia Elétrica to compensate the referred discounts on the tariffs applicable to: generators and consumers with an incentive source; special schedule irrigation and aquiculture service; public water, sewage and sanitation service; distributors with their own market below 500 GWh/year; rural class; rural electrification cooperative sub-class and; public irrigation service.

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

13. FINANCIAL ASSETS/LIABILITIES

13.1. Portion A – CVA

Description	December 31, 2020	Additions	Amortization	Remuneration	March 31, 2021	Balance on Amortization	Current Constitution	Balance	Non -current
CVA Assets	**1,177,150**	**211,189**	**(186,240)**	**5,492**	**1,207,591**	**289,022**	**918,569**	**845,267**	**362,324**
Energy	596,827	(34,220)	(54,988)	(3,355)	510,974	84.849	426,125	342,891	168,083
Itaipu Electricity Cost	175,062	2,413	(51,027)	(204)	126,652	80,509	46,143	108,451	18,201
Proinfa	-	9,868	-	17	9,885	-	9,885	5,986	3,899
Basic Grid Transport	91,284	17,022	(10,186)	(452)	98,572	15,887	82,685	65,957	32,615
Electric Power Transport	15,889	2,431	(2,512)	78	15,886	3,916	11,970	11,165	4,721
ESS	64,690	124,916	-	533	190,139	-	190,139	115,140	74,999
CDE	82,429	65,914	(29,573)	(521)	119,291	46,124	73,167	90,431	28,860
Neutrality of Portion A	23,551	-	(9,136)	-	14,415	14,415	-	14,415	-
Over-contracting Energy	92,692	22,845	(17,316)	(297)	98,518	27,321	71,197	70,435	28,083
Others	34,726	-	(11,502)	35	23,259	16,001	7,258	20,396	2,863
CVA Liability	**(1,032,780)**	**(162,639)**	**300,421**	**(3,712)**	**(898,710)**	**(472,996)**	**(425,714)**	**(732,481)**	**(166,229)**
Proinfa	(14,402)	-	5,651	(64)	(8,815)	(8,815)	-	(8,815)	-
Electric Power Overcontracting	(44,170)	-	17,135	-	(27,035)	(27,035)	-	(27,035)	-
ESS	(127,017)	-	49,844	570	(77,743)	(77,743)	-	(77,743)	-
Neutrality of Portion A	(25,855)	(58,298)	-	(292)	(84,445)	-	(84,445)	(51,136)	(33,309)
Tariff Returns	(93,077)	(10,866)	8,397	(1,680)	(97,226)	(13,248)	(83,978)	(65,793)	(31,433)
Others	(728,259)	(93,475)	219,394	(1,106)	(603,446)	(346,155)	(257,291)	(501,959)	(101,487)
Assets/(Liabilities) Balance	**144,370**	**48,550**	**114,181**	**1,780**	**308,881**	**(183,974)**	**492,855**	**112,786**	**196,095**

		Consolidated
Description	**March 31, 2021**	**December 31, 2020**
CVA 2020 - Period from August 23, 2019 to August 22, 2020	144,727	236,455
CVA 2021 - Period from August 23, 2020 to August 22, 2021	840,114	648,307
Total - CVA	**984,841**	**884,762**
Other Items - Period from August 23, 2019 to August 22, 2020	(328,701)	(535,672)
Other Items - Period from August 23, 2020 to August 22, 2021	(347,259)	(204,720)
Total - Other Items - CVA	**(675,960)**	**(740,392)**
Total	**308,881**	**144,370**

13.2. Financial Assets – Concession Bonus

In 2016, Celesc G paid R$228.6 million as Concession Bonus - BO referring to the new Garcia, Bracinho, Palmeiras, Cedros and Salto Plant concessions. This amount is included in the tariff of these Plants and will be reimbursed by consumers over 30 years with an annual readjustment by the IPCA, as defined by ANEEL. The balance of the financial asset for each of the Plants is calculated by the amount paid:

a) by deducting the monthly amount received from Return on Concession Bonus - RBO, established by ANEEL Resolution 2,746, of July 28, 2020;

b) Summing up the monthly interest calculated on the basis of the Effective Interest Rate (TIR); and

Adding the monetary adjustment by the IPCA, established by the Concession Agreement.

						Consolidated
Description	**Garcia Plant**	**Bracinho Plant**	**Cedros Plant**	**Salto Plant**	**Palmeiras Plant**	**Total**
Balance as of December 31, 2020	**43,944**	**63,048**	**48,139**	**29,048**	**117,408**	**301,587**
Monetary restatement	869	1,247	953	573	2,331	5,973
Interest	1,307	1,902	1,404	982	3,078	8,673
Amortization/Write-off	(1,319)	(1,905)	(1,413)	(970)	(3,158)	(8,765)
Balance as of March 31, 2021	**44,801**	**64,292**	**49,083**	**29,633**	**119,659**	**307,468**
Current						**34,565**
Non-current						**272,903**

14. INDEMNIFIABLE FINANCIAL ASSETS - CONCESSION

		Consolidated
Description	**March 31, 2021**	**December 31, 2020**
Concession Asset - Electricity Distribution (a)	**536,538**	**610,216**
In Service	341,111	289,571
Ongoing	195,427	320,645
Concession Assets – Power Generation (b)	**2,421**	**2,421**
Indemnifiable Assets	2,421	2,421
Total	**538,959**	**612,637**
Non-current	**538,959**	**612,637**

14.1. Indemnifiable Financial Asset - Electricity Distribution

Due to the extension of the 5th Addendum to Concession Agreement No. 56/1999, Celesc D bifurcated its assets related to the concession in intangible assets and indemnifiable assets.

Based on Technical Interpretation ICPC 01 - Concession Agreements, the portion of the infrastructure that will be used during the concession was recorded in intangible assets, consisting of electricity distribution assets, net of special obligations (consumer participations).

	Consolidated
Description	**Total**
Balance as of December 31, 2020	**610,216**
(+) New Investments	47,538
(+/-) Changes of Fixed Assets in Progress - AIC	(125,217)
(+) Update on Indemnifiable Financial Assets - Concession (i)	4,111
(-) Redemption	(110)
Balance as of March 31, 2021	**536,538**

(i) IPCA

14.2. Indemnifiable Financial Asset - Power Generation

Celesc G requested to the granting power, at the end of the concessions granted by Plants Bracinho, Cedros, Salto and Palmeiras, as indemnification, according to criteria and procedures for calculation established by Normative Resolution No. 596 from December 19, 2013, investments made in infrastructure and not depreciated in the concession period, as it has an unconditional right to be indemnified, as provided for in the agreement.

The Public Hearing 03/2019 held by ANEEL, which aimed to amend REN No. 596/2013, in view of the non-applicability of the unit cost reference base provided for in paragraph 1 of article 10 of Decree 7,805 of 2012, to the investments made throughout the concession, and considering that remained without conclusion until the end of the year, it is believed that the values presented in the table below should be required again to the granting authority, through a new procedure to be established.

		Consolidated
Plants	**March 31, 2021**	**December 31, 2020**
Bracinho HPP	85	85
Cedros HPP	195	195
Salto HPP	1,906	1,906
Palmeiras HPP	235	235
Total	**2,421**	**2,421**

15. MARKETABLE SECURITIES

Temporary investments classified as noncurrent assets are measured at fair value.

	Parent Company		Consolidated	
Fair Value through Other Comprehensive Income (VJORA)	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Casan Shares	137,261	137,261	137,261	137,261
Other Investments	217	217	217	217
Non-current	**137,478**	**137,478**	**137,478**	**137,478**

15.1. Companhia Catarinense de Águas e Saneamento – Casan

The Company has 56,713,251 Common Shares - ON, and 56,778,178 Preferred Shares - PN, representing 14.19% of Casan's Share Capital. The reduction from 14.74% to 14.19% was due to two reasons, namely: non-authorization of the use of the dividends proposed to Celesc in fiscal years 2012 and 2014 for the constitution of AFAC, subscribed in fiscal year 2020, and the non-implementation of the capital increase proposed by Casan at the end of fiscal year 2020.

As it did not have a significant influence on Casan, the Company measured the fair value of its equity interest in the temporary investment, adopting the discounted cash flow method for the annual evaluation of said investment. The historical acquisition cost of Casan's shares is of R$110.7 million.

For the calculation of valuation, the projection period adopted is 5 years (up to 2025), with a terminal value (flow of the last 12 months of projection). The discount rate used was a nominal WACC of 10.13% p.a., with a nominal long-term (perpetuity) growth rate of 3.07% (average of the inflation projections for the next 5 years). The debt cost after taxes is 4.43% p.a. and the equity cost is 14.92% p.a., resulting in a fair value of R$138.3 million.

As there was no participant in the active market and because it is an estimate with several variables, which did not result in material additions, the Company did not change the fair value of this financial instrument on March 31, 2021.

Book Value Reconciliation

	Parent Company	Consolidated
Casan Shares	**Total**	**Total**
Balance as of December 31, 2019	**137,261**	**137,261**
Historical Acquisition Cost	110,716	110,716
Fair Value	26,545	26,545
Balance as of December 31, 2020	**137,261**	**137,261**
Historical Acquisition Cost	110,716	110,716
Fair Value	26,545	26,545
Balance as of March 31, 2021	**137,261**	**137,261**

16. RELATED PARTIES

The Company has a related party transactions policy, approved by the Board of Directors in 2018.

Balances recorded in related parties in current and noncurrent assets and liabilities and changes in results for the period are as follows:

a) The following table shows the changes in results for the period.

	Parent Company			Consolidated
Description	**Other Expenses**	**Taxes**	**Sales Revenue**	**Financial Expenses**
Government of the State of SC:				
ICMS	-	(631,050)	-	-
Sales Revenue	-	-	21,935	-
Underground Network	-	-	-	-
Celos				
Mathematical Reserve Update	-	-	-	(11,329)
Celesc D				
Personnel Available	(1,144)	-	-	-
Balance as of March 31, 2020	**(1,144)**	**(631,050)**	**21,935**	**(11,329)**
Government of the State of SC:				
ICMS	-	(678,294)	-	-
Sales Revenue	-	-	18,271	-
Underground Network	-	-	-	-
Celos				
Mathematical Reserve Update	-	-	-	(14,784)
Celesc D				
Personnel Available	(1,637)	-	-	-
Balance as of March 31, 2021	**(1,637)**	**(678,294)**	**18,271**	**(14,784)**

b) The table below shows the balances and transactions in the period.

Description	Parent Company: Trade receivables	Parent Company: Others	Consolidated: Trade receivables	Consolidated: Taxes Recoverable	Consolidated: Taxes to be Collected	Consolidated: Others
Government of the State of SC						
ICMS	-	-	-	57,208	274,512	-
Electric Billing	-	-	6,285	-	-	-
Personnel Available	-	-	256	-	-	-
Celos						
Contrib. Pension Plan, Health Plan and Others	-	44	-	-	-	17,715
Celesc G						
Dividends and Interest on Shareholders' Equity	20,546	-	-	-	-	-
Celesc D						
Personnel Available	-	546	-	-	-	-
Dividends and Interest on Shareholders' Equity	97,149	-	-	-	-	-
Balance as of December 31, 2020	**117,695**	**590**	**6,541**	**57,208**	**274,512**	**17,715**
Government of the State of SC						
ICMS	-	-	-	53,248	276,308	-
Electric Billing	-	-	7,936	-	-	-
Personnel Available	-	-	256	-	-	-
Celos						
Contrib. Pension Plan, Health Plan and Others	-	54	-	-	-	13,102
Celesc G						
Dividends and Interest on Shareholders' Equity	-	-	-	-	-	-
Celesc D						
Personnel Available	-	603	-	-	-	-
Dividends and Interest on Shareholders' Equity	97,149	-	-	-	-	-
Balance as of March 31, 2021	**97,149**	**657**	**8,192**	**53,248**	**276,308**	**13,102**

c) Remuneration of Key Management Personnel

The remuneration of administrators (Board of Directors - CA, Fiscal Council - CF, Statutory Audit Committee – CAE and Board of Executive Officers) is shown below:

Description	Parent Company: March 31, 2021	Parent Company: December 31, 2020	Consolidated: March 31, 2021	Consolidated: December 31, 2020
Fees	1,181	4,432	1,181	4,432
Profit Sharing	-	1,220	-	1,220
Social Charges	315	1,229	315	1,229
Others	202	766	202	766
Total	**1,698**	**7,647**	**1,698**	**7,647**

17. RESULT FROM LEGAL ENTITY INCOME TAX – INCOME TAX (IRPJ) AND THE SOCIAL CONTRIBUTION ON NET PROFIT (CSLL)

17.1. Composition of net deferred income tax (IRPJ) and social contribution (CSLL) Deferred Net
Deferred Income Tax (IRPJ) and Social Contribution (CSLL) assets and liabilities were calculated based on:

(i) Provision for contingencies of legal proceedings;
(ii) ICPC 10 - Interpretation on the initial application to the property, plant & equipment;
(iii) CPC 01 (R1) - Impairment of assets on provision for losses on property, plant & equipment;
(iv) CPC 33 (R1) - Benefits to employee;
(v) Adjustment to the fair value of the property, plant & equipment, arising from the initial adoption of Technical Pronouncement CPC 27 - Property, Plant & Equipment;
(vi) CPC 39 - Financial Instruments in the recognition and measurement of the New Restitution Value - VNR.
(vii) Deferred taxes calculated on the Concession Bonus were calculated in accordance with RFB Regulatory Instruction No. 1,700, from March 14, 2017, issued by the Federal Revenue Service.

The following table shows the balances of deferred Income Tax (IRPJ) and Social Contribution (CSLL) accounts:

Description	March 31, 2021	December 31, 2020
Assets	868,792	871,596
Liabilities	(31,085)	(11,642)
Net Deferred Tax	**837.707**	**859,954**

Consolidated

Temporary Differences	Deferred Assets		Deferred Liabilities		Deferred Net	
	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
Provision for Contingencies	172,425	174,057	-	-	172,425	174,057
Provision for Losses on Assets	61,009	64,738	-	-	61,009	64,738
Post-Employment Benefit	749,818	766,900	-	-	749,818	766,900
Assigned Cost	-	-	7,443	7,515	(7,443)	(7,515)
Deferred Income Tax and Social Contribution on Unrecognized Tax Losses	14,346	12,827	-	-	14,346	12,827
Effects ICPC 01 - Concession Agreements	-	-	51,389	51,919	(51,389)	(51,919)
Effects CPC 39 - Financial Instruments	-	-	63,319	63,971	(63,319)	(63,971)
Concession Bonus	-	-	37,506	35,052	(37,506)	(35,052)
Other Provisions	-	-	234	111	(234)	(111)
Total	**997,598**	**1,018,522**	**159,891**	**158,568**	**837,707**	**859,954**

17.2. Realization Of Deferred Assets

The Income Tax (IRPJ) and Social Contribution (CSLL) base derives not only from the profit generated, but from the existence of non-taxable revenues, non-deductible expenses, tax incentives and other variables, without an immediate correlation between the Company's net profit and income tax and social contribution. Therefore, the expectation of the use of tax credits should not be taken as the only indicative of the Company's future results.

The realization of deferred taxes is based on the budget projections approved by the Company's Board of Directors, with the purpose of defining and presenting actions necessary to meet regulatory demands, also converging to comply with the concession agreement.

The Company's Management considers that the deferred assets arising from temporary differences will be realized, in proportion to the final resolution of the contingencies and the events to which they refer when they will be offset against the profits taxable.

Deferred taxes on actuarial liabilities of employee benefits are being realized through the payment of contributions.

The remaining balance of the process of initial recognition of 2014 contractual exposure by the regulatory body in the amount of R$208,2 million updated until March 31, 2021 is in judicial demand with the federal court and had the Income Tax (IRPJ) and Social Contribution (CSLL) amounts deferred until a final court decision is issued on the ongoing case. In August 2019, through Approval Resolution 2593, ANEEL approved the deferral of the financial effect of the 2014 contractual exposure, reflected in five subsequent annual tariff processes. Accordingly, the 2019 and 2020 tariff adjustment had a financial realization of R$65.7 million and R$68.5 million, respectively, and the consequent realization of deferred Income Tax (IRPJ) and Social Contribution (CSLL) on this basis.

The realization of estimates for the balance of the total assets of March 31, 2021 are:

Consolidated

Year	March 31, 2021	December 31, 2020
2021	65,159	81,847
2022	78,913	78,914
2023	75,303	75,304
2024	74,549	74,550
Over 2025	703,674	707,907
Total	**997,598**	**1,018,522**

17.3. Income Tax (IRPJ) and Social Contribution (CSLL) Reconciliation Recognized in the Shareholders' Equity

The change in the assigned cost and the initial adoption of CPC 48 - Financial Instruments with Income Tax (IRPJ) and Social Contribution (CSLL) amounts, recognized directly in the shareholders' equity, is shown below:

Consolidated

Description	Total
Balance as of December 31, 2019	**26,229**
(-) Write-off of Assigned Cost	(855)
(+) Taxes (Income Tax/Social Contribution)	291
Balance as of December 31, 2020	**25,665**
(-) Write-off of Assigned Cost	(213)
(+) Taxes (Income Tax/Social Contribution)	72
Balance as of March 31, 2021	**25,524**

17.4. Income Tax (IRPJ) and Social Contribution (CSLL) Reconciliation Recognized in other Comprehensive Results

The changes in the actuarial liabilities with Income Tax (IRPJ) and Social Contribution (CSLL) amounts, recognized directly in other comprehensive income, are shown below:

Total	Consolidated Description
Balance as of December 31, 2019	**1,470,026**
(+) Addition of Actuarial Liabilities	(285,293)
(-) Taxes (Income Tax/Social Contribution)	97,000
Balance as of December 31, 2020	**1,281,733**
(+) Addition of Actuarial Liabilities	-
(-) Taxes (Income Tax/Social Contribution)	-
Balance as of March 31, 2021	**1,281,733**

17.5. Current and Deferred Income Tax (IRPJ) and Social Contribution (CSLL) Reconciliation

The reconciliation of Income Tax (IRPJ) and Social Contribution (CSLL) expenses, at the nominal and effective rate, is shown below:

		Parent Company		Consolidated
Description	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Profit/(Loss) before Income Tax (IRPJ) and Social Contribution (CSLL)	**197,632**	**144,035**	**304,912**	**218,717**
Combined Nominal Rate of Income Tax (IRPJ) and Social Contribution (CSLL)	34%	34%	34%	34%
Income Tax (IRPJ) and Social Contribution (CSLL)	**(67,195)**	**(48,972)**	**(103,670)**	**(74,364)**
Permanent Additions and Exclusions				
Equity Income	68.940	50,661	6,066	3,262
Fiscal Benefit	-	-	(17)	(26)
Tax Incentive	-	-	1,404	1,124
Non-deductible provisions	(150)	(170)	(150)	(170)
Non-Deductible Fines	-	-	(2,877)	(2,471)
Income Tax/Social Contribution not recognized without tax loss	-	(1,451)	-	(1,451)
Managers' Interest	(73)	(68)	(83)	(78)
Non-Technical Losses	-	-	(6,435)	(498)
Other Additions (Exclusions)	-	-	4	(10)
Total Current and Deferred Income Tax (IRPJ) and Social Contribution (CSLL)	**1,522**	**-**	**(105,758)**	**(74,682)**
Current	-	-	(83,513)	(64,732)
Deferred	1,522	-	(22,245)	(9,950)
Effective Tax Rate	**-0.77%**	**0.00%**	**34.68%**	**34.15%**

17.6. Uncertainty about Income Tax (IRPJ) and Social Contribution (CSLL) Treatment

On September 24, 2018, the Special Office of the Brazilian Federal Revenue Service (SERFB) started the Tax Proceeding No. 0900100-2018-00117-1. This procedure resulted, on January 8, 2019, in the Deficiency Notice 10980.727742/2018-81 in the amount of R$306.8 million. Said deficiency notice is related to the calculation of the taxable income and the Social Contribution (CSLL) calculation basis, thus imputing to the concessionaire:

a) Undue adjustments attributed to the Variation Compensation Account of Portion A - CVA Items;

b) Failure to comply with the remaining term of the concession agreement for the purposes of the determinations provided for in article 69 of Federal Law No. 12,973/2014.

After the Management's analysis, it was found that the amounts determined by the tax entity are dissociated from tax rules, doctrine and court decisions in similar cases. The Management, supported by the position of its legal advisors, understands that the procedures adopted will probably be accepted in decisions of higher courts of last resort (probability of acceptance > 50%), for its total value and, therefore, did not record any liabilities of Income Tax (IRPJ)/Social Contribution (CSLL) in relation to these lawsuits.

In 2020, the Board of Tax Appeals - CARF, in hearing the Voluntary Appeal filed by the Company, partially granted the request in order to cancel the requirements related to the adjustments (additions) referred to in article 69 of Law 12,973/2014, and the application of individual fines for failure to collect estimates, maintaining the requirement to tax positive adjustments related to the CVA on an accrual basis. As a result, it is estimated that the granting of the appeal implied a reduction in the contingency to R$107 million. The taxpayer filed a motion for clarification of the decision, which is pending trial before the CARF.

18. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND AFFILIATED COMPANIES

	Parent Company		Consolidated	
Description	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Subsidiaries	**1,747,203**	**1,558,988**	**-**	**-**
Celesc D	1,146,316	990,001	-	-
Celesc G	600,887	568,987	-	-
Joint Ventures	**101,928**	**98,631**	**101,928**	**98,631**
SCGÁS	101,928	98,631	101,928	98,631
Affiliated Companies	**101,991**	**91,104**	**184,755**	**170,302**
ECTE	71,598	62,955	71,598	62,955
DFESA	30,393	28,149	30,393	28,149
SPCs	-	-	82,764	79,198
Cubatão	3,353	3,353	3,353	3,353
(-) Provision for Loss in the Cubatão Investment	(3,353)	(3,353)	(3,353)	(3,353)
Total	**1,951,122**	**1,748,723**	**286,683**	**268,933**

18.1. Information on Investments

Description	**Company's Shares**	**Company's Interest**		**SE**	**Total**	**Parent Company**
	Common Shares	**Capital stock**	**Voting Capital**		**Assets**	**Profit (Loss)**
Balance as of December 31, 2020						
Celesc D	630,000	100.00%	100.00%	990,001	9,553,390	409,048
Celesc G	43,209	100.00%	100.00%	568,987	768,717	81,909
ECTE	13,001	30.88%	30.88%	203,837	538,314	80,619
SCGÁS	1,827	17.00%	51.00%	379,388	627,715	70,357
DFESA	153,382	23.03%	23.03%	122,227	128,798	42,007
Cubatão	1,600	40.00%	40.00%	1,566	5,739	(125)
Balance as of March 31, 2021						
Celesc D	630,000	100.00%	100.00%	1,146,316	9,294,120	156,315
Celesc G	43,209	100.00%	100.00%	600,887	790,157	31,900
ECTE	13,001	30.88%	30.88%	231,822	562,313	24,927
SCGÁS	1,827	17.00%	51.00%	400,939	670,261	21,551
DFESA	15,476	23.03%	23.03%	131,968	138,211	9,741
Cubatão	1,600	40.00%	40.00%	1,566	5,739	(125)

Description	**Company's Shares**	**Company's Interest**		**SE**	**Total**	**Consolidated Profit**
	Common Shares	**Capital stock**	**Voting Capital**		**Assets**	**(Loss)**
Balance as of December 31, 2020						
ECTE	13,001	30.88%	30.88%	203,837	538,314	80,619
SCGÁS	1,827	17.00%	51.00%	379,388	627,715	70,357
DFESA	153,382	23.03%	23.03%	122,227	128,798	42,007
Cubatão	1,600	40.00%	40.00%	1,566	5,739	(125)
Rondinha Energética S.A.	15,113	32.50%	32.50%	44,716	54,652	2,712
Cia Energética Rio das Flores S.A.	8,035	26.07%	26.07%	49,843	59,662	7,775
Xavantina Energética S.A.	266	40.00%	40.00%	25,464	38,065	736
Garça Branca Energética S.A.	22,326	49.00%	49.00%	36,983	62,655	(719)
EDP Transmissão Aliança SC	2,650	10.00%	10.00%	232,092	1,784,077	74,871
Balance as of March 31, 2021						
ECTE	13,001	30.88%	30.88%	231,822	562,313	24,927
SCGÁS	1,827	17.00%	51.00%	400,939	670,261	21,551
DFESA	15,476	23.03%	23.03%	131,968	138,211	9,741
Cubatão	1,600	40.00%	40.00%	1,566	5,739	(125)
Rondinha Energética S.A.	15,113	32.50%	32.50%	45,808	53,067	786
Cia Energética Rio das Flores S.A.	8,035	26.07%	26.07%	52,532	61,681	1,770
Xavantina Energética S.A.	271	40.00%	40.00%	25,663	37,587	138
Garça Branca Energética S.A.	23,793	49.00%	49.00%	37,165	61,975	(191)
EDP Transmissão Aliança SC	12,650	10.00%	10.00%	254,696	1,897,364	16,111

18.2. Changes in investments

Description	Celesc D	Celesc G	ECTE	SCGÁS	DFESA	Parent Company Total
Balance as of December 31, 2020	**990.001**	**568,987**	**62,955**	**98,631**	**28,149**	**1,748,723**
Dividends and Interest on Shareholders' Equity Credited	-	-	-	-	-	-
Amortization of the Right to Use Concessions	-	-	-	(367)	-	(367)
Equity Income	156,315	31,900	8,643	3,664	2,244	202,766
Adjustments to Equity Valuation in Subsidiary	-	-	-	-	-	-
Balance as of March 31, 2021	**1,146,316**	**60,887**	**71,598**	**101,928**	**30,393**	**1,951,122**

Description	ECTE	SCGÁS	DFESA	SPCs	Consolidated Total
Balance as of December 31, 2020	**62,955**	**98,631**	**28,149**	**79,198**	**268,933**
Payments	-	-	-	277	277
Dividends and Interest on Shareholders' Equity Credited	-	-	-	-	-
Amortization of the Right to Use Concessions	-	(367)	-	-	(367)
Equity Income	8,643	3,664	2,244	3,289	17,840
Balance as of March 31, 2021	**71,598**	**101,928**	**30,393**	**82,764**	**286,683**

18.3. Acquisition of Concession Use Right

The balance of the concession uses right generated in the acquisition of SCGÁS on March 31, 2021 is R$33,768 (R$34,135 on December 31, 2020). The concession use right is amortized by the concession term of provision of public services by said company.

19. PROPERTY, PLANT & EQUIPMENT

19.1. Balance Breakdown

Description	Lands	Reservoirs, Dams and Water Mains	Buildings and Constructions	Machinery and Equipment	Others	Construction in Progress (i)	Consolidated Total
Balance as of December 31, 2020	**8,447**	**13,975**	**30,949**	**84,302**	**731**	**63,023**	**201,427**
Property, Plant & Equipment Cost	20,202	169,061	50,166	171,152	2,087	63,023	475,691
Provision for Losses	(4,427)	(23,138)	(436)	(2,778)	78	-	(30,701)
Accumulated Depreciation	(7,328)	(131,948)	(18,781)	(84,072)	(1,434)	-	(243,563)
Balance as of December 31, 2020	**8,447**	**13,975**	**30,949**	**84,302**	**731**	**63,023**	**201,427**
Additions	-	-	-	-	-	6,619	6,619
Gross Balance Write-offs	-	-	-	-	-	-	-
Depreciation Write-offs	-	-	-	-	-	-	-
Depreciation	-	(167)	(224)	(951)	(44)	-	(1,386)
(+/-) Transfers	-	-	97	1,442	-	(1,539)	-
Reversal/Recoverability Loss Assets	-	-	-	-	-	-	-
Balance as of March 31, 2021	**8,447**	**13,808**	**30,822**	**84,793**	**687**	**68,103**	**206,660**
Property, Plant & Equipment Cost	20,202	169,061	50,263	172,594	2,087	68,103	482,310
Provision for Losses	(4,427)	(23,138)	(436)	(2,778)	78	-	(30,701)
Accumulated Depreciation	(7,328)	(132,115)	(19,005)	(85,023)	(1,478)	-	(244,949)
Balance as of March 31, 2021	**8,447**	**13,808**	**30,822**	**84,793**	**687**	**68,103**	**206,660**
Average Depreciation Rate	**0%**	**4.91%**	**2.18%**	**3.13%**	**13.31%**	**0.00%**	

(i) Among the main investments made in the own generator park in the first quarter of 2021, R$585 thousand were spent on charges and costs of debentures, turbines and parts for generation, electrical assembly, mobilization and construction sites of the Celso Ramos Power Plant; R$739 thousand were invested in two 4x4 double cabin pickup trucks, integration software development service, 20 notebooks, electromechanical maintenance service for the Central Adm; R$150,000 refer to the reform of the generator UG-02 and battery banks of the Pery Power Plant; R$92,000 were allocated in power cables of UG-01, battery banks and exchange of IP's of the Bracinho Power Plant; R$69,000 were applied in main border meters and replacement of excitation cables of the Salto Power Plant and R$46,000 were allocated in the replacement of excitation cables and buoy signaling of the Garcia Power Plant.

19.2. Depreciation

The average annual depreciation rates estimated for the current year are as follows:

	Consolidated
Management	**Percentage (%)**
Buildings and Constructions	6.3
Machinery and equipment	6.0
Vehicles	14.3
Furniture and Utensils	6.3

Operation	Percentage (%)
Buildings and Constructions	2.4
Machinery and Equipment	3.1
Reservoirs, Dams and Water Mains	4.9
Vehicles	6.3
Furniture and Utensils	1.6

The linear depreciation method, shelf lives and residual values are reviewed at each financial year-end and any adjustments are recognized as changes in accounting estimates.

The Garcia, Palmeiras, Salto Weissbach, Cedros and Bracinho Plants are depreciated based on the concession term defined in the agreement.

The assets of Pery Plant, Celso Ramos SHP and Caveiras, Ivo Silveira, Piraí, São Lourenço and Rio do Peixe HGPs are depreciated at the rates established by ANEEL Resolution No. 674, from August 11, 2015, since they have a registration agreement.

The investments made for expansion in the Celso Ramos, Garcia, Palmeiras, Salto Weissbach, Cedros and Bracinho Plants, which are susceptible to indemnification at the end of the concession, are also depreciated by the same Resolution.

The assets of the Central Management (Buildings and Constructions, Machinery and Equipment, Vehicles, Furniture and Utensils) are also depreciated by the rates established in the said Resolution.

19.3. Fully Depreciated Fixed Assets Still in Operation

The gross accounting amount of Property, Plant & Equipment that are fully depreciated and which are still in operation on March 31, 2021:

		Consolidated
Description	**March 31, 2021**	**December 31, 2020**
Reservoirs, Dams and Water Mains	132,349	132,349
Buildings, Works and Improvements	11,935	11,935
Machinery and Equipment	48,354	48,297
Others	13,826	13,826
Total	**206,464**	**206,407**

20. INTANGIBLE ASSETS

20.1. Goodwill ECTE

The goodwill generated on the acquisition of ECTE is amortized by the concession term of provision of public services by said company.

			Parent Company
Description	**December 31, 2020**	**Amortizations**	**March 31, 2021**
Goodwill ECTE	4,944	(126)	4,818

20.2. Concession Agreements

The fees established by ANEEL are used in the tariff review processes, indemnification calculation at the end of the concession and are recognized as a reasonable estimate of the shelf life of the concession assets. Therefore, these rates were used as a basis for the evaluation and amortization of the intangible assets.

						Consolidated
Description	**Concession Asset Celesc D (ii)**	***Software* Acquired**	**Goodwill**	**Level of Bonding**	**Items on In progress**	**Total**
Balance as of December 31, 2020	**3,610,710**	**832**	**4,944**	**70**	**1,500**	**3,618,056**
Total Cost	5,757,746	7,404	14,248	70	1,500	5,780,968
Accumulated amortization	(2,147,036)	(6,572)	(9,304)	-	-	(2,162,912)
Balance as of December 31, 2020	**3,610,710**	**832**	**4,944**	**70**	**1,500**	**3,618,056**
Additions	186,676	-	-	-	163	186,839
Write offs	(14,787)	-	-	-	-	(14,787)
Amortizations	(60,512)	(45)	(126)	-	-	(60,683)
Transfers	-	-	-	-	-	-
Balance as of March 31, 2021	**3,722,087**	**787**	**4,818**	**70**	**1,663**	**3,729,425**
Total Cost	5,929,635	7,404	14,248	70	1,663	5,953,020
Accumulated amortization	(2,207,548)	(6,617)	(9,430)	-	-	(2,223,595)
Balance as of March 31, 2021	**3,722,087**	**787**	**4,818**	**70**	**1,663**	**3,729,425**
Average Amortization Rate	**4.3%**	**20.0%**	**0.2%**	**0%**	**0%**	

21. TRADE ACCOUNTS PAYABLE

		Consolidated
Description	**March 31, 2021**	**December 31, 2020**
Electricity	572,146	571,122
Charges for Using the Electric Grid	139,677	121,416
Materials and Services	103,023	138,291
Electric Energy Trading Chamber – CCEE (i)	186,068	393,718
Total	**1,000,914**	**1,224,547**

(i) The CCEE has as one of its attributions, to determine the value of the accounting of agents. This value, in the case of the distributors, involves in addition to the sale and purchase in the short term, charges, effect of dispatch of thermals and also diverse impacts of hydrological risk. The hydrological risk in the case of the distributors is associated with the energy contracts (CCEAR-QT) that have been renegotiated, contracts of physical guarantee quota and contract with Itaipu. Celesc D, even being a buyer, assumes the hydrological risk. The high costs in Summary (SUM001) in 1Q21 is due to the deterioration of the weather scenario at the end of 2020, in which reservoirs in the South and Southeast were impacted by the lowest rainfall rates since 1930. In this scenario, the GSF (production factor of the hydroelectric plants) is negatively impacted, which generates a higher payment in terms of hydrological risk. Besides this, in order to promote the system's energy security, there was a significant increase in the cost of charges, mainly due to energy imports from Uruguay and Argentina, in order to guarantee the supply of energy in the South of the country.

22. LOANS AND FINANCING

Loans and Financing have five distinct classifications: (i) Bank Loans, (ii) Commercial Promissory Note, (iii) Eletrobras Loans, (iv) Finame Loans and (v) Loans - IDB, and some of them are guaranteed by the Holding's receivables and surety, as per contractual provisions.

			Consolidated
Description		**March 31, 2021**	**December 31, 2020**
Total in National Currency		**861,078**	**944,422**
Bank Loans (i)	CDI+1.3% p.a.	89,043	122,406
Bank Loans (i)	CDI + 0.8% p.a.	242,473	298,315
Commercial Promissory Note (ii)	CDI + 4.5% p.a.	515,859	507,939
Eletrobras Loans (iii)	5% p.a.	3,637	3,857
Finame Loans (iv)	2.5% to 9.5% p.a.	10,066	11,905
Total in Foreign Currency		**860,651**	**710,522**
Loans - IDB (v)	CDI + 0.77% to 1.98% p.a.	860,651	710,522
Total		**1,721,729**	**1,654,944**
Current		**846,281**	**865,901**
Non-current		**875,448**	**789,043**

i) Bank Loans

The Bank Loans balances refer to the contracting, whose funds were used exclusively to strengthen the Company's cash.

In November 2018 and through Bank Credit Bill, R$200 million were contracted with Banco Safra, with remuneration at the rate equivalent to the CDI + 1.3% p.a. required monthly. The term is 36 months, with an 18-month grace period for the beginning of the amortization of the principal amount, and settlement in 18 monthly installments, started in June 2020 and expected to end in November 2021.

At the end of the contracts classified as Bank Loans, in April 2019, R$335 million was contracted with Banco Safra through a Bank Credit Note -, with interest rate equivalent to the CDI + 0.80% p.a. and required monthly. The deadlines for validity, grace period and settlement of the principal are identical to those described in the previous contract, with the beginning of the amortization scheduled for November 2020 and the end for April 2022.

The significant reduction in bank loan balances occurred due to the amortization of R$33.3 million in the contract that foresees remuneration of CDI + 1.3% p.a. and R$55.8 million in the contract that foresees remuneration of CDI + 0.8% p.a.

ii) Commercial Promissory Note

On May 29, 2020, Celesc D made the first issue of Commercial Promissory Notes, with 489 (four hundred and eighty-nine) securities issued with a unit value of R$1.0 million, totaling R$489.0 million. Maturities on May 24, 2021 and the amortization will be made in a single installment, in bullet mode. The Promissory Notes will bear interest corresponding to 100% of the accumulated variation of the average daily "over extra group" DI – Interbank Deposits rates for one day, calculated and published by B3, based on 252 business days, plus a spread of 4.50% (four point fifty per percent) per year, on a pro rata basis. Interest payments will also occur on the due date.

iii) Eletrobras

The funds of these hirings were intended, among other applications, to the rural electrification programs and come from the Global Reserve of Reversão - RGR and of the Financing Fund of Eletrobras. In general, the contracts have a grace period of 24 months, amortization in 60 monthly installments, interest rate of 5.00% p.a., management fee of 2.00% p.a. and commission rate of 0.83%. All contracts have ANEEL's consent.

iv) Finame

The funds of these contracts were useful to cover some of Celesc D's insufficient funds and were used to purchase machinery and equipment. Each acquisition constitutes a contract, which were traded at interest rates ranging from 2.50% to 9.50% p.a. and with amortizations estimated for 96 monthly installments. All contracts have ANEEL's consent.

v) Banco Interamericano de Desenvolvimento – IDB

On October 31, 2018, Celesc D and the Inter-American Development Bank - IDB signed an external credit operation called Loan 4404/OC-BR (BR-L1491).

The total amount of the transaction is US$276,051,000.00 (two hundred and seventy-six million and fifty-one thousand US dollars) and the amortization period is of 234 (two hundred and thirty-four) months with a grace period of up to 66 (sixty-six) months, reaching a total term of 300 (three hundred) months.
The amortization is semi-annual through the constant system and the interest rate is the 3-month libor (USD-LIBOR 3m) plus spread, with monetary restatement calculated by the exchange rate change. In addition, there is a requirement for a commitment fee of up to 0.75% per annum on the undisbursed balance and a supervisory fee of up to 1% of the loan amount, divided by the number of semesters included in the original disbursement term 5 (five) years.

The loan is guaranteed by the Federative Republic of Brazil and the State of Santa Catarina, and is intended for the partial financing of the Energy Infrastructure Investment Program within the jurisdiction of the Celesc D.

The first release occurred on December 10, 2018, in the amount of seventy million, three hundred seventy-four thousand, three hundred and two US dollars and ninety-five cents (US$70,374,302.95) and the second on January 28 2019, in the amount of nine million, seven hundred and four thousand, three hundred and twenty-eight US dollars and ten cents (US$9,704,328.10).

On May 2, 2019, Celesc D opted to convert, in national currency, the debt balance released up to that date, in the amount of eighty million, seventy-eight thousand, six hundred and thirty-one US dollars and five cents (US$80,078,631.05), and by the change in the interest rate applied to the contract, which became CDI + 0.89% p.a. (already considering the IDB costs) throughout the term of the contract for these releases, therefore, there is no longer any exchange rate change.

Following the transaction, five more releases occurred: the third, on October 07, 2019, in the amount of twenty-six million, two hundred ten thousand, seven hundred fifty-five dollars (US$26,210,755.00); the fourth, on December 10, 2019, in the amount of nine million, seven hundred and sixty-seven thousand, eight hundred and ninety-one dollars and seventy-three cents (US$9,767,891.73); the fifth, on June 9, 2020, in the total amount of seven million, two hundred seventy-three thousand, one hundred sixty-nine dollars and seventy-six cents (US$7,273,169.76); the sixth release, on October 13, 2020, in the total amount of thirty-five million dollars (US$35,000,000.00); and the seventh release, on March 19, 2021, in the total amount of twenty-five million dollars (US$25,000,000.00).

As in the previous ones, it was also decided to convert the released balance at the national interest rate, linked to the CDI, with CDI + 0.935% p.a. for the release occurred on October 7, 2019, CDI + 0.77% p.a. for the release that took place on December 10, 2019 and CDI + CDI + 1.14% p.a. for the release that took place on June 9, 2020, and CDI+1.80% p.a. for the release that took place on on October 13, 2020 and CDI+1.98 p.a. for the release on March 19, 2021 (already considering IDB's costs), throughout the term of the contract for these releases, so that there is no incidence of exchange rate variation on this financing.

a) Breakdown of Investments

The amounts classified as non-current liabilities have the following composition, by year of maturity:

						Consolidated
Description	**Domestic**		**Foreign**		**Total**	
	March 31, 2021	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Year 2022	22,013	79,107	-	-	22,013	79,107
Year 2023	3,260	3,260	-	-	3,260	3,260
Year 2024	1,139	1,139	42,434	35,259	43,573	36,398
Year 2025 +	363	364	806,239	669,914	806,602	670,278
Total	**26,775**	**83,870**	**848,673**	**705,173**	**875,448**	**789,043**

b) Movement of Loans and Financing - National

			Consolidated
Description	**Current**	**Non-current**	**Total**
Balance as of December 31, 2020	**860,552**	**83,870**	**944,422**
Additions	-	-	-
Monetary restatement	-	-	-
Provisioned Fees	10,821	-	10,821
Transfers	57,095	(57,095)	-
Amortizations of Principal	(91,220)	-	(91,220)
Payment of Charges	(2,945)	-	(2,945)
Balance as of March 31, 2021	**834,303**	**26,775**	**861,078**

c) Movement of Loans and Financing - Foreign – IDB

			Consolidated
Description	**Current**	**Non-current**	**Total**
Balance as of December 31, 2020	**5,349**	**705,173**	**710,522**
Additions	-	141,025	141,025
Monetary restatement	-	2,475	2,475
Provisioned Fees	6,629	-	6,629
Payment of Charges	-	-	-
Balance as of March 31, 2021	**11,978**	**848,673**	**860,651**

23. DEBENTURES

23.1. Debentures 2018 - Celesc D

Celesc D issued, on July 13, 2018, 250,000 (two hundred and fifty thousand) debentures, not convertible into shares, in the unit face value of R$1.0 thousand, totaling R$250 million, due on July 13, 2023, not convertible into shares. The proceeds of this issuance were used as an aid for the ordinary management of its business.

The actual guarantee is the assignment in trust of existing and/or future receivables arising from the gross electricity supply to Celesc D's customers and Celesc Holding will provide surety in favor of the debenture holders, being obligated as a guarantor and principal payment of all due amounts under the Deed of Issuance.

The debentures will have a 5 year term as of the date of issuance, so that they expire on July 13, 2023; with a remuneration of interest corresponding to 100% of the cumulative variation of the daily average rates of DI or ID – Interbank Deposits of one day, plus a surcharge or spread of 1.9% per year.

The amortization was scheduled in 15 consecutive quarterly installments, always on the 13th of January, April, July and October, starting on January 13, 2020 and the last one on the due date. The remuneration will occur in quarterly and consecutive installments, without a grace period, as of October 13, 2018. Until March 31, 2021, R$37,5 million in interest payments were paid.

Annually, the Company, as guarantor, is committed to a covenant in which the Debentures issued do not present a Net Debt/EBITDA ratio above 2.5. Failure to comply with this financial indicator may entail the early due date of the total debt. As of December 31, 2020, the calculation result of this ratio was 0.92, thus fulfilling this obligation.

23.2. Debentures 2018 - Celesc G

On June 1, 2018, Celesc G issued 15,000 debentures with a unit par value of R$10,000, not monetarily restated, totaling R$150 million. The issue was made in a single series, of the simple type and not convertible into shares. The actual guarantee was defined by the assignment in trust of present and/or future receivables arising from the gross electricity supply to Celesc G's customers. In turn, a guarantee was set as the trust in favor of the Debentures owners, undertaking the role of guarantor and principal payment of all amounts due under the deed of issuance. They have a five-year term, as of the issue date, and the remuneratory interest corresponds to 100% of the accumulated variation of the average daily Interfinancial Deposit rates - DI, plus a surcharge or spread of 2.5% p.a., until the effective payment date.

Interest has been paid since September 2018 and the amortization has been made since June 2019, both quarterly and consecutively. Until March 31, 2021, R$25.8 million in remuneration and R$70.6 million in principal had been paid.

On a semi-annual basis, the Company, as guarantor, and Celesc G, as issuer, have a covenant related to the issuance of the debentures not to present a Net Debt/EBITDA ratio of more than 2. Failure to comply with this financial indicator may lead to the early maturity of the total debt. On December 31, 2020, the result of the calculation of these ratios were 0.92 and 0.65, respectively, thus meeting these obligations.

23.3. 2020 Debentures – Celesc G

On December 10, 2020, Celesc G issued 37,000 debentures with a unit par value of R$1,000 totaling R$37 million. The monetary update is calculated by the accumulated variation of the Broad National Consumer Price Index (IPCA) released monthly by the Brazilian Institute of Geography and Statistics (IBGE). The issue was made in a single series, of the simple type and not convertible into shares. A guarantee was set as the trust in favor of the Debentures owners, undertaking the role of guarantor and principal payment of all amounts due under the Deed of Issuance. They have a ten-year term, as of the issue date, and remunerative interest of 4.30% p.a., until the effective payment date.

Interest payments will begin in June 2021 and amortization in December 2023, both semiannually and consecutively.

Annualy, Celesc G, as issuer, have a covenant related to the issuance of the Debentures not to present a Net Debt/EBITDA ratio of more than 3.50. Failure to comply with this financial indicator may lead to the early maturity of the total debt. As of December 31, 2020, the calculation result of this ratio was 0.65, thus fulfilling this obligation.

23.4. Changes in Debentures

	Consolidated
Description	**Total**
Balance as of December 31, 2020	**306,508**
Additions	-
Provisioned Fees	2,512
Payments of Charges	(2,651)
Principal Payment	(25,491)
Costs to Issue Celesc D Debentures	153
Costs to Issue Celesc G Debentures	123
Interest on Construction in Progress	1,301
Balance as of March 31, 2021	**282,455**
Current	**102,842**
Non-current	**179,613**

23.5. Costs in the Collection of Debentures to be Owned

		Consolidated
Description	**March 31, 2021**	**December 31, 2020**
Year 2021	938	1,248
Year 2022	1,248	1,248
Year 2023	660	660
Total	**2,846**	**3,156**

Notes

23.6 Reconciliation of Liabilities Resulting from Financing Activities

Description	Parent Company
Dividends and Interest on Shareholders' Equity Balance on December 31, 2020	**123,621**
Payments - Changes in the Financing Flow	-
Changes that do not Affect the Cash	-
Dividends and Interest on Shareholders' Equity Balance on March 31, 2021	**123,621**

Description	December 31, 2020	Inflow of Funds	Principal Payment	Total Changes in the Financing Flow	Payment of Interest (i)	Changes other than Affects Cash(ii)	Consolidated March 31, 2021
Loans/Financing	1,654,944	141,025	(91,220)	49,805	(2,945)	19,925	1,721,729
Debentures	306,508	-	(25,491)	(25,491)	(2,651)	4,089	282,455
Dividends and Interest on Shareholders' Equity	123,621	-	-	-	-	-	123,621
Total	**2,085,073**	**141,025**	**(116,711)**	**24,314**	**(5,596)**	**24,014**	**2,127,805**

(i) Interest paid is classified in the Operating Activities flow in the Statement of Cash Flow.
(ii) Provision for Loans and Financing totaled R$17,450. Debentures totaled R$2,512, with R$276 regarding costs with debentures incurred in 2021.

24. SOCIAL SECURITY AND LABOR OBLIGATIONS

	Parent Company		Consolidated	
Description	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Provisions for Payroll and Social Charges	772	658	94,187	94,946
Incentivized Dismissal Plan - PDI (i)	-	-	110,317	132,670
Consignment in Favor of Third Parties	-	-	3,506	7,479
Provision for Profit Sharing - PLR	-	-	33,932	24,155
Net Payroll	228	221	11,676	12,670
Total	**1,000**	**879**	**253,618**	**271,920**
Current	**1,000**	**879**	**208,609**	**211,656**
Non-current	**-**	**-**	**45,009**	**60,264**

24.1. Incentivized Dismissal Plan - PDI

The program is part of the Company's strategy to adjust its operating costs, optimize processes and improve indicators with a view to aggregating value to shareholders.

On February 22, 2016, Celesc D approved the regulation of Incentivized Dismissal Plan (PDI). This program was first implemented in December 2016. In the following years, new editions were made with the same criteria and regulations, with changes only in the minimum company time as an eligibility rule.

Plans	Minimum Time Company	Number of Installmets	Number of Installments with Adherence to the CD Plan
PDI 2016	25 years	From 24 to 60	None
PDI 2017	25 years	From 24 to 60	None
PDI 2018	25 years	From 24 to 60	None
PDI 2019	25 years	From 24 to 60	None
PDI 2020	24 years	From 24 to 60	None

On April 23, 2020, Celesc D obtained approval to carry out an Emergency Incentivized Dismissal Plan, called PDI-E, for employees with over 33 years of work. 85 employees had left the company.

Plan	Minimum Company Time	Number of Installments	Number of Installments with Adherence to the CD Plan
PDI-E 2020	33 years	From 36 to 60	18

In July 2020, a new edition was approved. The PDI 2020 dismissals started in September, with 18 dismissals, and should continue until July 2021.

Since the implementation of the program until March 31 2021, 959 dismissals have occurred, with expenses totaling R$364,548.

The table below shows the summary of dismissals and the expenses recognized for each edition:

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

Plans	Number of Employees Dismissed	Expenses in R$ thousand
PDI 2016	71	16,183
PDI 2017	181	79,531
PDI 2018	316	68,737
PDI 2019	272	87,250
PDI/PDI-E 2020	119	112,847

In December of each year, installments are updated based on the INPC variation in the last 12 months.

25. TAXES

25.1. Income Tax (IRPJ) and Social Contribution (CSLL) on Net Income and Income Tax on ISE

	Parent Company		Consolidated	
Description	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Income Tax (IRPJ)	-	-	61,657	10,123
Social Contribution (CSLL)	-	971	23,920	5,239
Income Tax on Interest on Shareholder' Equity (ISE)	-	6,272	-	6,272
Total to be Collected	**-**	**7,243**	**85,577**	**21,634**
(-) Taxes to be Recovered	(17,308)	(25,888)	(76,484)	(14,831)
Net Taxes	**(17,308)**	**(18,645)**	**9,093**	**6,803**

25.2. Other Taxes

	Parent Company		Consolidated	
Description	**March 31, 2021**	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
ICMS	-	-	276,308	274,512
PIS and COFINS	4	11,329	55,051	70,171
Others	215	223	3,169	4,540
Total to be Collected	219	11,552	**334,528**	**349,223**
(-) Taxes to be Offset	-	-	(507,585)	(686,910)
Net Taxes	**219**	**11,552**	**(173,057)**	**(337,687)**

26. REGULATORY FEES

		Consolidated
Description	**March 31, 2021**	**December 31, 2020**
Energy Efficiency Program – PEE (EEP (i)	196,922	118,427
Research and Development – R&D (i)	64,415	131,873
Emergency Capacity Charge - ECE or ECC (ii)	19,442	19,442
ECE Installments	49,975	53,596
Charge Bill Level	18,283	36,244
Inspection Charge ANEEL	768	768
Emergency Electricity Acquisition Charge - EAEEE	416	417
Others	338	232
Total	**350,559**	**360,999**
Current	**296,963**	**177,921**
Non-current	**53.596**	**183,078**

i) R&D and PEE - Pursuant to Law No. 9,991, of July 24, 2000, the public service concessionaires of electric power distribution must apply, annually, a minimum percentage of their net operating revenues - NOR - in Research and Technological Development projects of the Electric Power Sector - R&D, and in Energy Efficiency Programs - PEE, according to regulations established by ANEEL.

Pursuant to the same Law, the generation concessionaires and companies authorized to independent production of electricity, with the exception of some modalities, must also apply this minimum percentage of their net operating revenues, but only in research and development of the electric sector.

On September 1, 2020, Provisional Measure 998 was published, which provides for changes in legal norms, comprising an emergency temporary measure aimed at mitigating the economic effects of the COVID-19 pandemic on electricity tariffs.

On March 30, 2021, ANEEL published Normative Resolution No. 229 and Order No. 904, defining the form and the amounts to be transferred to the Account for Energy Development - CDE. The payments to the CDE correspond to the uncommitted balances with the liabilities of the R&D and EEP programs on the base date of August 31, 2020, and 30% of the current amounts for the period from September 1, 2020 to December 31, 2025.

Regarding the balance as of August 31, 2020 and the retroactive amounts from September 2020 to January 2021, Celesc D and Celesc G will transfer an amount of R$172.7 million and R$2.6 million, respectively, in 9 successive installments, from April to December 2021, corrected by the SELIC rate. As of the February 2021 reference until the December 2025 reference, the calculated amounts will be distributed monthly, on the 10th day of the second subsequent month.

ii) Emergency Capacity Charge - ECE - was instituted by Law 10,438/02 with the purpose of covering the cost of hiring emergency thermoelectric plants installed in the country, available to generate energy in case of risk of shortage. This cost was paid by all consumers in the National Interconnected System, with the exception of those classified as low income.

27. PROVISION FOR CONTINGENCY AND COURT DEPOSITS

On the dates of the Quarterly Financial Reports, the Company had the following liabilities and corresponding court deposits for contingencies:

27.1. Probable Contingencies

				Parent Company
Contingencies	**Judicial Deposits**		**Provision for Risks**	
	March 31, 2021	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Tax	2,117	2,117	1,263	1,263
Labor	4,686	4,686	-	-
Civil	6,313	6,361	140	182
Regulatory	8,182	8,182	3,483	3,483
Environmental	-	-	-	-
Total	**21,298**	**21,346**	**4,886**	**4,928**

				Consolidated
Contingencies	**Court Deposits**		**Povision for Risks**	
	March 31, 2021	**December 31, 2020**	**March 31, 2021**	**December 31, 2020**
Tax (i)	3,754	3,753	19,645	19,677
Labor (ii)	33,323	35,919	41,998	45,002
Civil (iii)	109,717	96,982	159,380	162,161
Regulatory (iv)	155,215	155,215	248,274	247,250
Environmental (v)	-	-	18,689	18,703

The operations in provisions and deposits are shown below:

		Parent Company		Consolidated
Description	**Court Deposits**	**Provision for Risks**	**Court Deposits**	**Provision for Risks**
Balance as of December 31, 2020	**21,346**	**4,928**	**291,869**	**492,793**
Constitution	4	9	36,678	35,739
Financial Update	-	-	-	1,007
Write offs	(52)	(51)	(26,538)	(41,553)
Balance as of March 31, 2021	**21,298**	**4,886**	**302,009**	**487,986**

The changes in judicial deposits in the period result from payments made for new and existing lawsuits. The most relevant was in the amount of R$11.6 million related to the final payment of process No. 5000548-66.2016.8.24.0023 of Inepar Indústria e Construções, which deals with non-compliance with a contractual clause for payments made after the due date and without the due moratorium accruals.

The Company is a party involved in labor, civil, tax, regulatory and environmental proceedings in progress, and is discussing these issues at both the administrative and judicial levels.

These lawsuits, when applicable, are supported by judicial deposits. Provisions for possible losses arising from these processes are estimated and updated by the management, supported by the opinion of its internal and external legal advisors.

The nature of the probable contingencies can be summarized as follows:

i) Tax Contingencies

They are related to tax contingencies at the federal level, related to the collection of COFINS and Social Security Contribution, and at the municipal level, associated with tax notices issued by the City of Florianópolis for ISS requirement.

Notes

The most relevant lawsuit, at the federal level, has an estimated loss of R$3.6 million and refers to the tax execution proposed by the Federal Government, with the object of the social security contribution, provided for in article 31 of Law 8212/91, incident on invoices of services provided by assigning labor. Celesc D filed appeals to tax enforcement, maintaining the non-enforceability of the tax, which were deemed partially valid, requiring the Union to rectify the Active Debt Certificate (CDA) under the terms of the decision. The process is in the final stage of adjusting the CDA and determining the remaining tax credit.

In the municipal sphere, the most relevant lawsuit has an estimated loss of R$10.1 million, and is related to the levy of ISS on the collection of COSIP (Contribution to Funding Public Lighting Service) through an agreement signed with the public entity.

ii) Labor Contingencies

These are related to complaints filed by employees and former employees of the Group and companies that provide services (outsourced) related to overtime pay issues, mainly those related to breaches of intrajourney and interjourney intervals, as well as to a revision of the calculation basis of salary, additional fees, severance pay, among other labor rights.

iii) Civil Contingencies

They are related to civil actions in general, with the purpose, in sum, of compensation for damages (material and/or moral) arising from: undue suspension of electricity supply, registration of consumer names with credit protection agencies, electrical damages caused by loss of production (smoking, chickens), accidents involving third parties.

There are, in the same way, other types of demands that generate the payment of amounts by Celesc D, such as: billing review, tariff reclassification, revision of bidding agreements (economic and financial rebalancing), public bidding, among others.

iv) Regulatory Contingencies

Regulatory contingencies are associated with notifications made by ANEEL, ARESC or CCEE in punitive administrative proceedings arising from events that have already occurred, the settlement of which may result in the delivery of funds for contractual or regulatory violations of the electricity sector. Regulatory contingencies are also legal proceedings in which the Celesc D discusses with other sector agents (concessionaires for generation, trading, transmission or distribution of electric energy, in addition to institutional agents such as ANEEL, CCEE, ONS, EPE and MME) sectorial regulation. The most significant regulatory contingency refers to the 2014 contractual exposure (note 2.1.1.1, item d).

v) Environmental Contingencies

These are cases related to judicial discussions regarding the payment of material and moral damages, due to an environmental accident that occurred in the concession area of Celesc D.

27.2. Possible Contingencies

The Company also has tax, labor, civil, regulatory and environmental lawsuits, involving the risk of loss classified by the Management as possible, based on the assessment of its legal advisors, for which there is no provision made, according to the composition and estimate below:

		Consolidated
Contingencies	**March 31, 2021**	**December 31, 2020**
Tax (i)	4,241	4,237
Labor (ii)	16,396	15,908
Civil (iii)	222,253	212,033
Regulatory (iv)	205,514	176,772
Environmental (v)	23,281	24,079
Total	**471,685**	**433,029**

The increase in the balance of possible regulatory contingencies was due, among other factors, to the recognition of R$14.3 million related to the Notice of Infraction 030/2020-ANEEL, applied to Celesc D, for non-compliance with the quality standards established by the regulatory agency with respect to the continuity and frequency of power interruptions. This was verified during the inspection action that took place from January 3 to March 9, 2020, which evaluated the period from January to December 2019. In addition, another relevant factor for the increase in this balance was the significant receipts under the CCEE of the revenues recognized in Celesc G through the GSF injunction described in Note 2.1.2.3, item “c”. Such receipts, when they occur, are reversed from the PECLD provisioned at the time of revenue recognition and considered in the balance of regulatory contingencies with possible risk of return. In the 1Q21, these amounts totaled R$14.1 million.

The nature of possible contingencies can be summarized as follows:

Notes

i) Tax Contingencies

These are related to tax contingencies at the federal level, related to the collection of PIS, COFINS.

ii) Labor Contingencies

Most of these are related to complaints filed by employees and former employees of the Group and companies that provide services (outsourced) related to issues of subsidiary/joint liability, overtime, severance pay, and other labor rights.

iii) Civil Contingencies

They are related to several civil actions filed by individuals and legal entities, related to indemnification issues caused by material damages, moral damages and loss of profits, accident, bidding processes and others.

iv) Regulatory Contingencies

Regulatory contingencies are associated with notifications made by ANEEL, ARESC or CCEE in punitive administrative proceedings that imply fines for breaching contractual or regulatory estimates of the electric sector, where the Company appealed at the administrative and judicial levels. At the same time, regulatory contingencies are the legal actions in which the Company discusses with sector agents (other concessionaires of generation, trading, transmission or distribution of electric energy, in addition to institutional agents such as ANEEL, CCEE, ONS, EPE and MME) to the application of electricity sector regulation.

v) Environmental Contingencies

They are related to administrative and judicial environmental contingencies filed by individuals and legal entities, consisting mainly of indemnification for material damages, moral damages and loss of profits.

28. ACTUARIAL LIABILITIES

		Consolidated
Obligations Recorded	**March 31, 2021**	**December 31, 2020**
Social Security Plans	**1,209,716**	**1,239,278**
Mixed Plan and Transitional Plan (a)	1,209,716	1,239,278
Assistance Plans	**1,264,341**	**1,278,055**
Celos Healthcare Agreement Plan (b)	1,200,449	1,213,968
Other Benefits (c)	63,892	64,087
Total	**2,474,057**	**2,517,333**
Current	**198,291**	**197,901**
Non-current	**2,275,766**	**2,319,432**

Celesc D is a sponsor of the Celesc Social Security Foundation - CELOS, a closed non-profit private pension fund entity, whose main objective is the managementof social security benefit plans for its participants basically represented by employees of Celesc D.

a) Mixed Plan and Transitional Plan

The Mixed Plan has defined benefit characteristics for the mathematical reserve portion already existing at the transition date and for the benefits granted, and defined contribution characteristics for the post-transition contributions related to the scheduled retirement benefits to be granted. The previous defined benefit plan, called the "Transitional Plan", continues to exist, exclusively covering retired participants and their beneficiaries.

Of the total amount, R$376.8 million refers to the debt agreed with CELOS on November 30, 2001, for payment of 277 additional monthly contributions, with an interest rate of 6% p.a. and updated by the IPCA to cover actuarial liability of the Mixed and Transitional Plan.

Since this debt should be paid even in the event of a surplus of the Foundation, Celesc D recorded as of 2015 the monetary restatement and interest as a financial result, in accordance with CPC 33 (R1) - Benefits to Employee.

b) CELOS Saúde Plan

Celesc D offers health insurance (medical, hospital and dental care) to its active employees, retirees and pensioners.

Notes

c) Other Benefits

These are amounts referring to deficient aid, funeral aid, compensation for natural or accidental death and minimum benefit to the retiree.

28.1. Actuarial Assessment Results

a) Actuarial Obligations

						Consolidated
Description	**Mixed Plan**	**Transitional Plan**	**Celos Healthcare Agreement Plan**	**Savings Plan**	**Other Benefits**	**Total**
Balance as of December 31, 2019	**2,687,478**	**778,947**	**1,335,525**	**2,146**	**62,920**	**4,867,016**
Cost of Current Net Service	7,524	-	(25,801)	147	-	(18,130)
Contributions from Participants Made in the Period	27,529	14,831	41,238	-	-	83,598
Interest on Actuarial Duty	183,018	50,274	93,198	134	4,180	330,804
Benefits Paid in the Fiscal Year	(182,457)	(83,046)	(84,518)	(218)	(4,514)	(354,753)
(Gains) Losses on Actuarial Liabilities	(104)	5,504	(102,520)	(276)	1,501	(95,895)
Balance as of December 31, 2020	**2,722,988**	**766,510**	**1,257,122**	**1,933**	**64,087**	**4,812,640**

b) Determination of Net Liabilities (Assets)

						Consolidate
Description	**Mixed Plan**	**Transitional Plan**	**Celos Healthcare Agreement Plan**	**d Savings Plan**	**Other Benefits**	**Total**
Liabilities (Assets) as of December 31, 2019	**1,050,428**	**417,126**	**1,308,002**	**-**	**62,920**	**2,838,476**
Fair Value of Assets at the End of the Period	(1,887,276)	(362,944)	(43,154)	(12,490)	-	(2,305,864)
Actuarial Obligations at the End of the Period	2,722,988	766,510	1,257,122	1,933	64,087	4,812,640
Effect of Asset Ceiling and Additional Liabilities End-Period	-	-	-	10,557	-	10,557
Liabilities (ASSETS) as of December 31, 2020	**835,712**	**403,566**	**1,213,968**	**-**	**64,087**	**2,517,333**

c) Reconciliation of the Assets Fair Value

					Consolidated
Description	**Mixed Plan**	**Transitional Plan**	**Celos Healthcare Agreement Plan**	**Savings Plan**	**Total**
Balance as of December 31, 2019	**1,637,050**	**361,821**	**27,523**	**11,362**	**2,037,756**
Benefits Paid in the Period Using the Plan Assets	(182,457)	(83,046)	(84,518)	(218)	(350,239)
Contributions from Participants Made in the Period	27,529	14,831	41,239	-	83,599
Employer Contributions Accomplished in the Period	76,016	62,274	53,856	-	192,146
Expected Return on Assets	111,923	24,054	2,234	769	138,980
Gain (Loss) on the Fair Value of the Plan's Assets	217,215	(16,990)	2,820	577	203,622
Balance as of December 31, 2020	**1,887,276**	**362,944**	**43,154**	**12,490**	**2,305,864**

d) Costs Recognized in the Income Statement for the Period

		Consolidated
Description	**March 31, 2021**	**March 31, 2020**
Transitional Plan	2,041	2,957
Mixed Plan	8,180	12,867
Health Care Plan	1,083	6,913
Other Benefits	1,073	1,082
Total	**12,377**	**23,819**
Personnel Expenses	(2,407)	12,490
Financial Expense	14,784	11,329
Total	**12,377**	**23,819**

e) Estimated Expenses for the 2021 Fiscal Year

The estimated expenditure for the 2021 financial year is shown below:

Plans	**Expenses to be Recognized in 2021**
Transitional Plan	8,165
Mixed Plan	32,720
Savings Plan	127
Health Care Plan	4,332
Others	4,163
Total	**49,507**

Notes

g) Changes in Actuarial Liabilities

Description	Transitional/Mixed Plan	Celos Healthcare Agreement Plan	Other Benefits	Total
Balance as of December 31, 2020	**1,239,278**	**1,213,968**	**64,087**	**2,517,333**
Payment	(39,783)	(14,602)	(1,268)	(55,653)
Provision	10,221	1,083	1,073	12,377
Balance as of March 31, 2021	**1,209,716**	**1,200,449**	**63,892**	**2,474,057**

29. PIS/COFINS TO BE RETURNED TO CONSUMERS

On April 1, 2019, as described in Note 11 of Recoverable Taxes, Celesc D obtained the final favorable decision from court, filed under No. 5006834-93.2012.4.04.7200, which recognized the right to recover the overpayments as PIS/COFINS due to the inclusion of ICMS (State VAT) in the calculation basis of taxes paid. The decision limited the effects to the period April 13, 2007 through December 31, 2014.

The Company has adopted the understanding that all amounts recovered in the lawsuit will be reimbursed to consumers through mechanisms to be defined by ANEEL. Due to the system adopted, the accounting records were made between Assets (Taxes to Recover) and Liabilities (PIS/COFINS to Refund to Consumers)

Regarding the Liabilities and the respective method of refund, the issue is still subject to administrative discussion by ANEEL's collegiate through the opening of Public Consultation No. 005/2021, published on February 10, 2021. The contribution period was defined until March 29, 2021, in order to raise subsidies for the improvement of the proposal for the return of the tax credits resulting from the exclusion of the ICMS from the calculation basis of the PIS and COFINS mentioned above.

Concerning the refund proposal, the main points addressed by the regulatory agency are the following: i) how the amounts should be refunded; ii) how long the refund should take; iii) incentives for the distributors to proceed in court to settle the matter and iv) what are the changes for the operationalization of the refund of credits and possible consequences.

Given the scope of the discussion, Celesc D considered in its contribution that there is a need, among others, to also evaluate the limitation period as a limitation point for refunding consumers, which is fundamental in order not to incur in restitution of debts. In this sense, it is considered relevant the evaluation of the regulatory agency, regarding the statute of limitations of the respective credits, considering the discussion of the form of return due to the high time interval covered in the processes and the clear definition of the statute of limitations, and this fact may be relegated to the judiciary, eventually, depending on the recommendation of the regulatory agency.

30. SHAREHOLDERS' EQUITY

30.1. Capital stock

The Company's update, paid-in and subscribed Share Capital is R$ 1,340,000,000.00 (one billion three hundred and forty million reais), represented by 38,571,591 nominative shares, with no par value, of which 15,527,137 are common shares (40.26%), with voting rights and 23,044,454 preferred shares (59.74%), also nominative. Preferred shares have a priority in the receipt of 25% non-cumulative dividends.

On January 21, 2020, the Board of Directors approved the proposal to amend the Company's Bylaws, increasing the amount of Authorized Share Capital to two billion six hundred million reais (R$2,600,000,000.00).

In addition to the increase in the Authorized Share Capital, it also approved the increase in the Paid-in Capital to two billion, four hundred and eighty million reais (R$2,480,000,000.00). The payment will be made with the incorporation of part of the Profit Retention Reserves of previous years, without any issue of new shares.

Article 40 of the current Constitution of Santa Catarina, which deals with matters of the exclusive competence of the Legislative Assembly, establishes in its paragraph 2, whose wording was given by Constitutional Amendment No. 59, of September 21, 2011, that the vote of the State representatives on the administrative boards of Mixed Economy Companies, except for the Companhia Catarinense de Águas e Saneamento S.A. - Casan, which implies a change in the bylaws, will be preceded by authorization from the Legislative Branch, by an absolute majority of its members.

Fulfilling the legal requirement, the matter was forwarded to the Civil House of the State of Santa Catarina, which sent the matter to the Legislative Assembly. The approval of the change, contained in Letter No. 0012.1/2020 from that legislative house, originating from Government Message No. 399, dated February 19, 2020, is represented by Legislative Decree No. 18,339, dated December 17, 2020, published in the Santa Catarina Assembly Gazette No. 7,768, dated December 18, 2020.

Notes

The termination of this corporate entity is described in Note 35.2 - Subsequent Events.

30.2. Legal Reserve and Profit Retention Reserve

The legal reserve is constituted annually as a 5% allocation of net income for the fiscal year and may not exceed 20% of the share capital. The legal reserve aims to ensure the integrity of the share capital and can only be used to offset losses and increase capital.

The profit retention reserve refers to the retention of the remaining balance of retained earnings in order to meet the business growth plan established in its investment plan, in accordance with the capital budget approved and proposed by the Company's administrators, to be deliberated at the Shareholders' General Meeting.

30.3. Basic and Diluted Earnings per Share

The calculation of Basic and diluted profit per share as of March 31, 2021 and 2020 was based on the net income for the period and the weighted average number of common shares and preferred shares outstanding during the periods presented.

As of March 31, 2021 and 2020, the Company's shares were unchanged. During this period, there were no transactions involving ordinary shares or potential common shares between the balance sheet date and the date of completion of the Quarterly Information.

During the periods of March 31, 2021 and 2020, the Company did not have any convertible instruments in stock that would have a dilutive impact on profit/(loss) per share.

30.4. Breakdown of Basic and Diluted Earnings

Description	March 31, 2021	March 31, 2020
Weighted Average Number of Shares (thousands)		
Common Nominative Shares - ON	15,527	15,527
Preferred Nominative Shares - PN	23,044	23,044
Basic and Diluted Earnings per Share Assigned to Company Shareholders (R$)		
Common Nominative Shares - ON	4.8722	3.5237
Preferred Nominative Shares - PN	5.3594	3.8761
Basic and Diluted Earnings Assigned to the Company's Shareholders		
Common Nominative Shares - ON	75,651	54,713
Preferred Nominative Shares - PN	123,503	89,322
Total Basic and Diluted Profit Assigned to the Company's Shareholders	**199,154**	**144,035**

30.5. Adjustments to Equity Valuation

The table below shows the net effect in the amount of R$1,267,285 on March 31, 2021 and R$1,267,144 on December 31, 2020, in Shareholders' Equity:

		Consolidated
Adjustments to Equity Valuation	**March 31, 2021**	**December 31, 2020**
Assigned Cost – Celesc G (a)	14,448	14,589
Actuarial Liabilities Adjustment - Celesc D (b)	(1,281,733)	(1,281,733)
Total	**(1,267,285)**	**(1,267,144)**

(a) The attributed cost, measured at fair value at the date of the initial adoption of the CPCs in 2009, was recognized in the Equity Assessment adjustment, in shareholders' equity, net of deferred income tax and social contribution, as a counter-entry to fixed assets. Its realization is recorded as a counter-entry to the YTD profits account to the extent that the depreciation of the fair value of fixed assets is recognized in the income statement.

(b) Actuarial gains and losses arising from adjustments by experience and changes in actuarial assumptions are recorded directly in shareholders' equity, as other comprehensive income - equity valuation adjustments.

31. INSURANCES

Insurance coverage on March 31, 2021 was contracted at the amounts shown below, which are in accordance with the insurance policies:

Notes

Consolidate

d Company	Branch	Assets Covered	Maturity	Insured Amount (i)
Celesc D	Guarantee	Procedures Guarantee	12/29/2017 to 12/31/2021	300,000
Celesc D	Insurance Named Risks	Judicial/Administrative Substations	05/14/2020 to 05/14/2021	25,000
Celesc G	Fire/Lightning/Explosion	Plants and Substations	08/08/2020 to 08/08/2021	24,272
Celesc G	Aircraft Fall	Plants and Substations	08/08/2020 to 08/08/2021	12,136
Celesc G	Gale	Plants and Substations	08/08/2020 to 08/08/2021	12,136
Celesc G	Electrical Damage	Plants and Substations	08/08/2020 to 08/08/2021	24,272
Celesc G	Collateral Insurance	Guarantee of Hydroelectric Utilization of Caveiras Mills	11/25/2020 to 11/25/2022	307

(i) The assumptions and risks adopted, given their nature, are not part of the scope of an audit of the Financial Statements, therefore they were not examined by our independent auditors.

32. INFORMATION BY BUSINESS SEGMENT

The Management has defined the Company's operating segments, based on the reports used to make strategic decisions, reviewed by the Board of Executive Officers.

The presentation of the segments is consistent with the internal reports provided to the Company's Board of Executive Officers, responsible for allocating resources and evaluating the segments' performance.

The information by business segment, as reviewed by the Executive Board for the years ended on March 31, 2021 and 2020, is as follows:

March 31, 2021

Description	Parent Company	Celesc D	Celesc G	Adjustments Consolidation	Total
Net Operating Revenue – ROL or NOR	**-**	**2,481,528**	**43,677**	**(1,515)**	**2,523,690**
Cost of Sales	-	(2,157,377)	(7,940)	1,515	(2,163,802)
Gross Operating Income	**-**	**324,151**	**35,737**	**-**	**359,888**
Selling Expenses	-	(52,330)	11,867	-	(40,463)
General and administrative expenses	(4,342)	(64,442)	(4,144)	-	(72,928)
Other Net Revenues/Expenses	(1,000)	32,035	323	-	31,358
Equity Income	202,766	-	3,289	(188,215)	17,840
Income from Activities	**197,424**	**239,414**	**47,072**	**(188,215)**	**295,695**
Financial income	229	53,585	648	246	54,708
Financial expenses	(21)	(44,134)	(1,090)	(246)	(45,491)
Net Financial Result	**208**	**9,451**	**(442)**	-	**9,217**
Earnings before Income Tax and Social Contribution	**197,632**	**248,865**	**46,630**	**(188,215)**	**304,912**
Income Tax (IRPJ) and Social Contribution (CSLL)	1,522	(92,550)	(14,730)	-	(105,758)
Net Income for the Period	**199,154**	**156,315**	**31,900**	**(188,215)**	**199,154**
Total Assets	**2,314,465**	**9,294,120**	**790,157**		
Total Liabilities	**130,669**	**8,147,804**	**189,270**		

March 31, 2020

Description	Parent Company	Celesc D	Celesc G	Consolidation Adjustments	Total
Net Operating Revenue – ROL or NOR	**-**	**2,075,756**	**35,409**	**(1,372)**	**2,109,793**
Cost of Sales	-	(1,783,089)	(8,409)	1,372	(1,790,126)
Gross Operating Income	**-**	**292,667**	**27,000**	-	**319,667**
Selling Expenses	-	(51,992)	(516)	-	(52,508)
General and administrative expenses	(4,503)	(80,370)	(3,645)	-	(88,518)
Other Net Revenues/Expenses	(517)	39,565	-	-	39,048
Equity Income	149,003	-	1,328	(140,735)	9,596
Income from Activities	**143,983**	**199,870**	**24,167**	**(140,735)**	**227,285**
Financial income	70	41,265	1,234	(317)	42,252
Financial expenses	(18)	(48,867)	(2,252)	317	(50,820)
Net Financial Result	**52**	**(7,602)**	**(1,018)**	-	**(8,568)**
Earnings before Income Tax and Social Contribution	**144,035**	**192,268**	**23,149**	**(140,735)**	**218,717**
Income Tax (IRPJ) and Social Contribution (CSLL)	-	(67,269)	(7,413)	-	(74,682)
Net Income for the Period	**144,035**	**124,999**	**15,736**	**(140,735)**	**144,035**
Total Assets	**1,625,423**	**3,525,095**	**701,083**		
Total Liabilities	**74,264**	**7,786,749**	**170,570**		

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

32.1. Consolidated Operating Revenue

Description	March 31, 2021	March 31, 2020
Gross Operating Revenue – ROB or GOR	**3,926,902**	**3,324,898**
Electricity Supply (a)	1,806,158	1,679,273
Unbilled sales (a)	92,422	(41,346)
Electric Energy Supply (a)	153,632	129,895
Unbilled Supply (a)	40	531
Electric Grid Availability (i)	1,269,107	1,194,089
Update on Indemnifiable Financial Assets - Concession	4,111	1,283
Financial Income - Concession Bonus (a)	14,646	9,819
Income from Services	383	111
Short-Term Electricity	147,343	118,990
Revenue from Regulatory Assets and Liabilities	162,731	(44,878)
Other Operating Revenues	1,819	2,018
Donations and Subsidies (ii)	138,062	168,048
Construction revenue	136,448	107,065
Deductions from Gross Operating Revenue	**(1,403,212)**	**(1,215,105)**
ICMS	(678,294)	(631,050)
PIS	(62,338)	(52,948)
COFINS	(287,132)	(243,878)
Energy Development Account – CDE (EDA)	(366,840)	(300,735)
Research and Development – R&D	(12,000)	(10,111)
Energy Efficiency Program – PEE (EEP)	(11,747)	(9,873)
Inspection Charge – ANEEL	(2,306)	(1,964)
Compensation for use of water resources – CFURH	(516)	(235)
Other Charges (Tariff Level)	17,961	35,689
Net Operating Revenue – ROL or NOR	**2,523,690**	**2,109,793**

(i) In compliance with the Accounting Manual for the Electric Sector - MCSE, approved by Regulatory Resolution 605/2014, Celesc D segregated TUSD's revenue from Captive Consumers for Electricity Supply for Electric Network Availability.

(ii) Amount passed on by Eletrobras, referring to the reimbursement of discounts on the tariffs applicable to users of the public electricity distribution service. The amount of revenue accounted for as CDE Subsidy (Decree No. 7,891/2013) in the first quarter of 2021 was R$141,097. The others refer to the Low-Income Program in the amount of R$3,381, supply of CCRBT Flags at R$12,784 and difference in CDE reimbursement at R$19,200.

a) Electricity Supply and Provision

Description	Number of Consumers (i)		MWh (i)		Gross Revenue	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Residential	2,489,313	2,418,807	1,827,475	1,770,930	1,294,646	1,093,801
Industrial	118,335	111,756	2,633,868	2,583,451	392,280	366,536
Institutional	289,810	276,091	1,178,177	1,247,399	658,716	625,587
Rural	232,208	237,895	338,112	366,357	197,481	174,261
Government	23,771	23,552	92,158	117,359	67,519	73,079
Public Lighting	915	863	155,107	162,232	69,192	61,369
Public Service	3,797	3,557	90,817	100,094	58,719	55,540
Reclassif. Rec. Subj. Electric Energy Grid Cons.Cat.	-	-	-	-	(839,973)	(812,246)
Total Supply	**3,158,149**	**3,072,521**	**6,315,714**	**6,347,822**	**1,898,580**	**1,637,927**
Energy Supply	101	95	717,758	732,513	153,672	130,426
Financial Revenue Concession Bonus	-	-	-	-	14,646	9,819
Total	**3,158,250**	**3,072,616**	**7,033,472**	**7,080,335**	**2,066,898**	**1,778,172**

(i) Non-audited information

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

32.2. Consolidated Operating Costs and Expenses

Consolidated operating costs and expenses consist of the following types of expenses:

March 31, 2021

Description	Costs of Goods and/or Services	General and Administrative Expenses	Expenses with Sales	Other Expenses / Revenues Net	Total
Electricity Purchased for Resale (a)	1,409,186	-	-	-	1,409,186
Charges on Use of Electric Energy Grid (b)	451,946	-	-	-	451,946
Personnel (b)	70,917	44,224	14,139	4,685	133,965
Management	-	1,698	-	-	1,698
Actuarial Expense	-	(2,407)	-	-	(2,407)
Private Social Security Entity (c)	3,586	1,801	546	-	5,933
Supplies	4,068	1,290	-	-	5,358
Construction Cost	136,448	-	-	-	136,448
Third Party Costs and Services	28,494	18,051	15,550	390	62,485
Depreciation and amortization	56,285	5,658	-	493	62,436
Net Provisions	-	-	2,329	(5,813)	(3,484)
Donations, Contributions and Subsidies	-	-	-	-	-
Leases and Rents	513	3,853	123	(23)	4,466
Infrastructure Share (d)	-	-	-	(41,891)	(41,891)
Others	2,359	(1,240)	7,776	10,801	19,696
Total	**2,163,802**	**72,928**	**40,463**	**(31,358)**	**2,245,835**

March 31, 2020

Description	Costs of Goods and/or Services	Expenses - General and Administrative	Expenses with sales	Other Expenses / Net Revenues	Total
Electricity Purchased for Resale (a)	1,287,279	-	-	-	1,287,279
Charges on Use of Electric Energy Grid (b)	227,792	-	-	-	227,792
Personnel (b)	80,517	41,528	15,321	5,869	143,235
Management	-	1,616	-	-	1,616
Actuarial Expense	-	12,490	-	-	12,490
Private Social Security Entity (c)	4,134	2,138	626	-	6,898
Supplies	2,411	1,350	-	-	3,761
Construction Cost	107,065	-	-	-	107,065
Third Party Costs and Services	26,173	17,727	14,004	278	58,182
Depreciation and amortization	52,202	6,673	-	493	59,368
Net Provisions	-	-	5,920	(7,669)	(1,749)
Leases and Rents	486	6,052	191	(103)	6,626
Infrastructure Share (d)	-	-	-	(39,990)	(39,990)
Others	2,067	(1,056)	16,446	2,074	19,531
Total	**1,790,126**	**88,518**	**52,508**	**(39,048)**	**1,892,104**

a) Electric Energy Purchased for Resale

		Consolidated
Description	**March 31, 2021**	**March 31, 2020**
Electric Power Purchase in the Regulated Environment - CCEAR	780,417	618,070
Electric Energy Trading Chamber – CCEE	216,603	302,999
Itaipu Binacional	336,757	296,019
Bilateral Contracts	4,732	5,338
Nuclear Energy Quotas	40,860	49,155
Physical Guarantee Quotas	117,955	102,215
Proinfa	52,528	42,660
PIS/COFINS	(140,666)	(129,177)
Total	**1,409,186**	**1,287,279**

b) Charges for Using the Electric Grid

		Consolidated
Description	**March 31, 2021**	**March 31, 2020**
System Use Charge	300,337	222,065
System Services Charges - ESS	154,520	4,861
Itaipu Transportation Charges	29,277	24,084
Reserve Energy Charge - EER	13,878	-
(-) Reserve Energy Account - CONER	-	-
PIS/COFINS	(46,066)	(23,218)
Total	**451,946**	**227,792**

Notes

c) Personnel and Private Pension

		Parent Company		Consolidated
Description	**March 31, 2021**	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Personnel	**1,813**	**1,360**	**133,965**	**143,235**
Compensations	1,746	1,271	68,637	72,179
Social Charges	48	51	26,905	28,176
Profit Sharing	-	-	9,649	9,678
Assistance Benefits	-	-	17,029	14,598
Provisions and Indemnities	-	26	11,717	18,582
Others	19	12	28	22
Private Pension Plans - Celos	**3**	**-**	**5,933**	**6,898**
Total	**1,816**	**1,360**	**139,898**	**150,133**

d) Infrastructure Share

It refers to the use of attachment points on the posts of Celesc D, carried out by third parties, for the provision of telecommunications services of collective interest, such as telephony, internet, cable TV and others.

32.3. Financial Result

		Parent Company		Consolidated
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Financial Revenues	**229**	**70**	**54,708**	**42,252**
Financial Investment Income	182	76	3,590	2,991
Additions to Arrears on Electric Energy Bills	-	-	25,218	21,361
Monetary Variations	-	-	20,615	5,351
Monetary Restatement on Financial Assets - CVA	-	-	5,035	12,363
Other financial revenues	58	-	2,906	2,264
(-) PIS/COFINS w/o Financial Revenue	(11)	(6)	(2,656)	(2,078)
Financial Expenses	**(21)**	**(18)**	**(45,491)**	**(50,820)**
Debt Charges	-	-	(19,831)	(19,864)
Mathematical Reserve Update to be Amortized	-	-	(14,784)	(11,329)
Tax on Financial Transactions - IOF	-	-	(445)	(884)
Monetary Variations	-	-	(1,615)	(6,187)
R&D Update and Energy Efficiency	-	-	(1,523)	(2,371)
Monetary Restatement on Financial Liabilities - CVA	-	-	(4,653)	(7,093)
Interest and Expenditure with Debentures	-	-	(1,198)	(2,246)
Other Financial Expenses	(21)	(18)	(1,442)	(846)
Financial Result	**208**	**52**	**9,217**	**(8,568)**

33. COMPLEMENTARY INFORMATION OF CELESC D

33.1. Balance Sheet - Assets

Assets	**March 31, 2021**	**December 31, 2020**
Current	**3,662,394**	**3,765,236**
Cash and cash equivalents	831,937	1,061,116
Trade receivables	1,959,159	1,889,243
Inventories	14,786	12,221
Taxes recoverable	548,846	583,781
CDE - Subsidy Decree No. 7,891/2013	47,032	47,032
Financial Assets - CVA	112,786	-
Others	147,848	171,843
Non-current	**5,631,726**	**5,788,154**
Long-Term Receivables	**1,909,639**	**2,177,444**
Indemnifiable Financial Assets - Concession	536,538	610,216
Trade receivables	28,049	29,236
Deferred taxes	854,443	871,596
Taxes recoverable	11,544	106,149
Court deposits	280,358	270,170
Financial Assets - CVA	196,095	286,861
Others	2,612	3,216
Intangible Assets	**3,722,087**	**3,610,710**
Total Assets	**9,294,120**	**9,553,390**

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

33.2. Balance Sheet – Liabilities

Liabilities on	March 31, 2021	December 31, 2020
Current	**3,226,403**	**3,523,748**
Trade payables	994,992	1,217,190
National Currency Loans	834,303	860,552
Foreign Currency Loans	11,978	5,349
Debentures	67,414	67,558
Social Security and Labor Obligations	207,609	210,777
Taxes to be Collected	409,888	351,984
Dividends and Interest on Shareholders' Equity - Declared	97,149	97,149
Regulatory Fees	293,393	176,672
Loans (i)	-	91,832
Actuarial Liabilities (CPC 33)	198,291	197,901
Financial Liabilities - CVA	-	142,491
Other Liabilities	111,386	104,293
Non-current	**4,921,401**	**5,039,641**
National Currency Loans	26,775	83,870
Foreign Currency Loans	848,673	705,173
Debentures	99,201	115,714
Regulatory Fees	52,977	180,358
Social Security and Labor Obligations	45,009	60,264
Actuarial Liabilities (CPC 33)	2,275,766	2,319,432
Provision for Contingencies	482,933	487,375
PIS/COFINS to be Refunded to Consumers	1,090,067	1,087,455
Shareholders' Equity	**1,146,316**	**990,001**
Paid-up Share Capital	1,053,590	1,053,590
Profit Reserves	1,218,144	1,218,144
Adjustments to Equity Valuation	(1,281,733)	(1,281,733)
Accumulated Profits	156,315	-
Total Liabilities	**9,294,120**	**9,553,390**

(i) Loan between Celesc D and Celesc G

At a regular meeting of the Board of Directors, held on January 21, 2020, the transfer of funds from Celesc G to Celesc D in the form of a Loan Agreement was approved. The purpose of the operation is for working capital and ANEEL's consent was given through Order No. 3679/2019 from December 27, 2019.

The contract was signed on February 26, 2020, effective for twelve (12) months. The transfers were made in the amounts of R$40 million on the date of signature and R$50 million the following day, totaling R$90 million, which is equivalent to the limit established.

The remuneration interest of the operation corresponds to 96.75% of the CDI per year, of the accumulated variation of the daily average rates of DI - Interbank Deposits of one day, over extra-group, based on 252 business days, calculated and disclosed daily by B3. R$2.18 million of remuneration interest was recognized during the term of the contract and the settlement occurred on its maturity, February 25, 2021.

Notes

33.3. Income Statement

Description	March 31, 2021	March 31, 2020
Net Operating Revenue – NOR	**2,481,528**	**2,075,756**
Net Revenue from Electric Energy Sales and Service	2,178,238	2,012,286
Revenue from Financial Assets (Liabilities) (CVA)	162,731	(44,878)
Construction Revenue - CPC 47	136,448	107,065
Update on Indemnifiable Financial Assets - Concession	4,111	1,283
Costs of Sales/Services	**(2,157,377)**	**(1,783,089)**
Cost of Goods Sold	(1,857,578)	(1,510,942)
Cost of services Rendered	(163,351)	(165,082)
Construction Cost - CPC 47	(136,448)	(107,065)
Gross Operating Income	**324,151**	**292,667**
Operating Expenses	**(84,737)**	**(92,797)**
Selling Expenses	(52,330)	(51,992)
General and administrative expenses	(64,442)	(80,370)
Other Operating Revenues (Expenses)	32,035	39,565
Operating Income before Finance Result	**239,414**	**199,870**
Financial Result	**9,451**	**(7,602)**
Financial income	53,585	41,265
Financial expenses	(44,134)	(48,867)
Earnings before Corporate Income Tax and Social Contribution	**248,865**	**192,268**
Income Tax (IRPJ) and Social Contribution (CSLL)	**(92,550)**	**(67,269)**
Current	(75,398)	(58,259)
Deferred	(17,152)	(9,010)
Net Income for the Period	**156,315**	**124,999**

33.3.1. Operating Revenue

Description	March 31, 2021	March 31, 2020
Gross Operating Revenue – ROB or GOR	**3,879,917**	**3,286,923**
Electricity Supply (a)	1,800,328	1,670,218
Unbilled sales (a)	91,542	(41,337)
Electric Energy Supply (a)	127,466	110,760
Financial Assets and (Liabilities) – CVA	162,731	(44,878)
Electric Grid Availability	1,269,684	1,194,645
Short-Term Electricity	147,343	118,990
Donations and Subsidies	138,062	168,048
Construction Revenue	136,448	107,065
Update on Indemnifiable Financial Assets - Concession	4,111	1,283
Other Operating Revenues	2,202	2,129
Deductions from Gross Operating Revenue	**(1,398,389)**	**(1,211,167)**
ICMS	(678,294)	(631,050)
PIS	(61,673)	(52,342)
COFINS	(284,068)	(241,089)
Energy Development Account – CDE (EDA)	(366,840)	(300,735)
Research and Development – R&D	(11,747)	(9,873)
Energy Efficiency Program – PEE (EEP)	(11,747)	(9,873)
Inspection Charge	(1,981)	(1,894)
Other Charges	17,961	35,689
Net Operating Revenue – ROL or NOR	**2,481,528**	**2,075,756**

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

a) Electricity Supply and Provision

The composition of the Gross Revenue of electricity supply and provision, by class of consumers, is as follows:

Description	Number of Consumers (i)		MWh (i)		Gross Revenue	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Residential	2,489,313	2,418,807	1,827,475	1,770,930	1,294,646	1,093,801
Industrial	118,326	111,748	2,612,256	2,551,420	387,612	359,698
Institutional	289,809	276,090	1,166,297	1,233,803	656,674	623,379
Rural	232,208	237,895	338,112	366,357	197,481	174,261
Government	23,771	23,552	92,158	117,359	67,519	73,079
Public Lighting	915	863	155,107	162,232	69,192	61,369
Public Service	3,797	3,557	90,817	100,094	58,719	55,540
Reclassif. Revenue Avail. Electric Energy Grid – Cons. Cativo	-	-	-	-	(839,973)	(812,246)
Total Supply	**3,158,139**	**3,072,512**	**6,282,222**	**6,302,195**	**1,891,870**	**1,628,881**
Energy Supply	50	51	579,661	604,276	127,466	110,760
Total	**3,158,189**	**3,072,563**	**6,861,883**	**6,906,471**	**2,019,336**	**1,739,641**

(i) Non-audited information

33.3.2. Operating Costs and Expenses

March 31, 2021

Description	Costs of Goods and/or Services	General Expenses and Administrative	with sales	Other Expenses / Revenues Net	Total
Electricity Purchased for Resale	1,857,578	-	-	-	1,857,578
Employees	70,346	39,456	14,009	4,685	128,496
Actuarial Expense	-	(2,407)	-	-	(2,407)
Private Social Security Entity	3,586	1,798	546	-	5,930
Supplies	4,021	1,238	-	-	5,259
Construction Cost	136,448	-	-	-	136,448
Third Party Costs and Services	27,542	16,523	15,498	390	59,953
Depreciation and amortization	54,947	5,565	-	-	60,512
Net Provisions	-	-	14,393	(5,448)	8,945
Others	2,909	2,269	7,884	(31,662)	(18,600)
Total	**2,157,377**	**64,442**	**52,330**	**(32,035)**	**2,242,114**

March 31, 2020

Description	Costs of Goods and/or Services	General Expenses and D Administrative	Sales Expenses	Other Expenses/ Net Revenues	Total
Electricity Purchased for Resale	1,510,942	-	-	-	1,510,942
Employees	80.000	37,377	15,149	5,869	138,395
Actuarial Expense	-	12,490	-	-	12,490
Private Social Security Entity	4,134	2,138	626	-	6,898
Supplies	2,341	1,338	-	-	3,679
Construction Cost	107,065	-	-	-	107,065
Third Party Costs and Services	25,086	16,090	13,849	278	55,303
Depreciation and amortization	50,946	6,444	-	-	57,390
Net Provisions	-	-	5,753	(7,687)	(1,934)
Others	2,575	4,493	16,615	(38,025)	(14,342)
Total	**1,783,089**	**80,370**	**51,992**	**(39,565)**	**1,875,886**

Notes

34. COMPLEMENTARY INFORMATION OF CELESC G

34.1. Balance Sheet - Assets

Assets	**March 31, 2021**	**December 31, 2020**
Current	**214,668**	**119,428**
Cash and cash equivalents	150,582	54,668
Trade receivables	25,265	29,727
Inventories	87	92
Taxes recoverable	2,291	223
Advance to Suppliers	1,805	918
Prepaid expenses	72	125
Financial Assets – Concession Bonus	34,565	33,674
Others	1	1
Non-current	**575,489**	**649,289**
Long-Term Receivables	**283,558**	**366,276**
Loans	-	91,832
Court deposits	353	353
Taxes recoverable	4,080	3,755
Prepaid expenses	1	2
Indemnifiable Financial Assets - Concession	2,421	2,421
Financial Assets – Concession Bonus	272,903	267,913
Advance for Future Capital Increase	3,800	-
Investments	**82,764**	**79,198**
Property, Plant & Equipment	**206,647**	**201,413**
Intangible Assets	**2,520**	**2,402**
Total Assets	**790,157**	**768,717**

34.2. Balance Sheet – Liabilities

Liabilities on	**March 31, 2021**	**December 31, 2020**
Current	**76,987**	**83,849**
Trade payables	6,082	7,530
Debentures	35,428	35,034
Taxes to be Collected	9,998	18,134
Regulatory Fees	3,570	1,249
Dividends payable	20,546	20,546
Others	1,363	1,356
Non-current	**112,283**	**115,881**
Debentures	80,412	88,202
Deferred taxes	31,085	24,469
Regulatory Fees	619	2,720
Provision for Contingencies	167	490
Shareholders' Equity	**600,887**	**568,987**
Share Capital	250,000	250,000
Legal reserve	21,700	21,700
Retained Profits Reserve	279,900	279,900
Dividends at the disposal of the ASM	2,798	2,798
Adjustments to Equity Valuation	14,448	14,589
Accumulated Profits	32,041	-
Total Liabilities	**790,157**	**768,717**

Celesc
Centrais Elétricas de Santa Catarina S.A.

GOVERNO DE SANTA CATARINA

Notes

34.3. Income Statement

Description	March 31, 2021	March 31, 2020
Net Operating Revenue – NOR	**43,677**	**35,409**
Net Revenue from Electric Energy Sales	43,677	35,409
Cost of Sales	**(7,940)**	**(8,409)**
Operation Cost	(7,940)	(8,409)
Gross Income	**35,737**	**27,000**
Operating Expenses	**11,335**	**(2,833)**
Cost of Sales	11,867	(516)
General and Administrative	(4,144)	(3,645)
Other Net Revenues/Expenses	323	-
Equity Income	3,289	1,328
Operating Income before Finance Result	**47,072**	**24,167**
Financial Result	**(442)**	**(1,018)**
Financial income	648	1,234
Financial expenses	(1,090)	(2,252)
Earnings before Corporate Income Tax and Social Contribution	**46,630**	**23,149**
Income Tax (IRPJ) and Social Contribution (CSLL)	**(14,730)**	**(7,413)**
Current	(8,115)	(6,473)
Deferred	(6,615)	(940)
Net Income for the Period	**31,900**	**15,736**

34.3.1. Operating Revenue

Description	March 31, 2021	March 31, 2020
Gross Operating Revenue - ROB or GOR (a)	**48,500**	**39,347**
Electricity Supply - Industrial	3,799	6,847
Electricity Supply - Industrial - Unbilled	880	(9)
Electricity Supply - Commercial	2,042	2,208
Electric Energy Supply	21,915	16,550
Electric Energy Supply - Unbilled	40	531
Short-Term Electricity	5,178	3,401
Update/Interest Return/Concession Bonus	14,646	9,819
Deductions from Operating Revenue	**(4,823)**	**(3,938)**
PIS	(665)	(606)
COFINS	(3,064)	(2,789)
Supervisory Fee ANEEL	(325)	(70)
Research and Development – R&D	(253)	(238)
Compensation for use of water resources	(516)	(235)
Net Operating Revenue – ROL or NOR	**43,677**	**35,409**

a) Electricity Supply and Provision

Description	Number of Consumers (i)		MWh (i)		Gross Revenue	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Industrial	9	8	21,612	32,031	4,679	6,838
Commercial, Services and Others	1	1	11,880	13,596	2,042	2,208
Energy Supply	51	44	134,238	120,196	21,955	17,081
Short-Term Electricity (CCEE)	-	-	3,859	8,041	5,178	3,401
Update/Interest Return/Concession Bonus	-	-	-	-	14,646	9,819
Total	**61**	**53**	**171,589**	**173,864**	**48,500**	**39,347**

(i) Non-audited information

34.3.2. Operating Costs and Expenses

Description	Costs of Goods and/or Services	General Administrative Expenses and	Selling Expenses	Others expenses/ Net Revenues	Total
Electricity Purchased for Resale	4,481	-	-	-	4,481
Charges for Using the Electric Grid	577	-	-	-	577
Employees	571	2,955	130	-	3,656
Supplies	47	52	-	-	99
Third Party Costs and Services	963	977	52	-	1,992
Depreciation and amortization	1,338	92	-	-	1,430
Insurance coverage	53	-	-	-	53
Net Provisions	-	-	(12,064)	(323)	(12,387)
Taxes	(90)	24	15	-	(51)
Rent	-	44	-	-	44
Total	**7,940**	**4,144**	**(11,867)**	**(323)**	**106**

Notes

March 31, 2020

Description and/or	Costs of Goods Services	General Expenses and Selling Expenses Administrative		Other Expenses/ Net Revenues	Total
Electricity Purchased for Resale	4,945	-	-	-	4,945
Charges for Using the Electric Grid	556	-	-	-	556
Employees	517	2,791	172	-	3,480
Supplies	70	12	-	-	82
Third Party Costs and Services	1,087	497	155	-	1,739
Depreciation and amortization	1,256	228	-	-	1,484
Insurance coverage	57	-	-	-	57
Net Provisions	-	-	167	-	167
Taxes	(79)	31	22	-	(26)
Rent	-	86	-	-	86
Total	**8,409**	**3,645**	**516**	**-**	**12,570**

35. SUBSEQUENT EVENTS

35.1. New Debentures Issue

The Board of Directors, in an extraordinary meeting held on April 14, 2021, approved the Fourth Issue of Debentures of Celesc D, in the total amount of R$550 million. The issue will be of the simple type, not convertible into shares, unsecured, with additional collateral and surety provided by Celesc Holding.

The resource will be used to reinforce Celesc D's cash flow, the total term of the operation will be five years and there will be a grace period of eighteen months for the beginning of the payment of the principal, with interest paid quarterly during this period. At the end of the grace period, the principal and interest payments will be made on a monthly basis. The remuneration of the operation will be CDI+2.60% p.a.

The issue date will be established in the Issuance Deed and its settlement will occur upon the completion of its procedures with the coordinators.

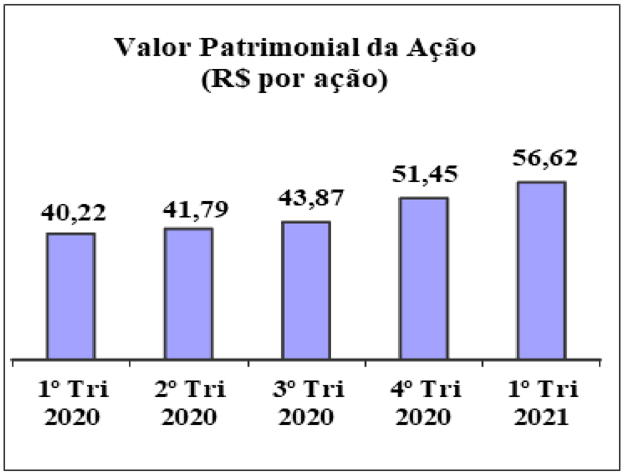
35.2. New Payment of Capital Stock

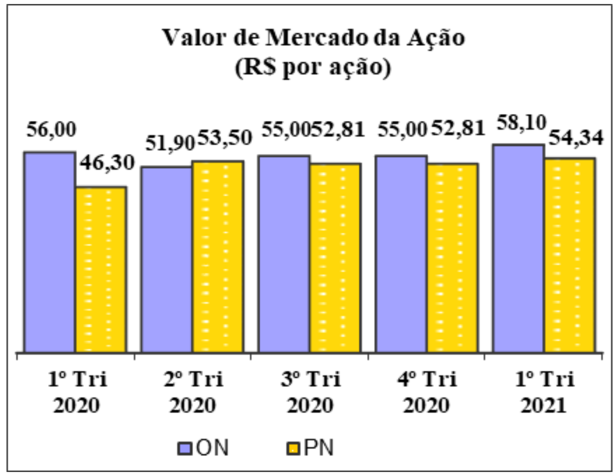
On April 29, 2021, the Company's Annual and Extraordinary Shareholders' Meeting approved the amendment to the Bylaws described in Note 30.1 to Shareholders' Equity, thus allowing the new paid-in Capital to be accounted for.

Other Information Deemed Relevant by the Company

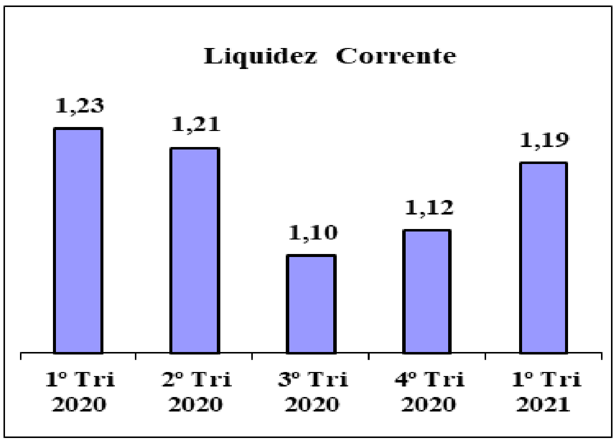
1. QUARTERLY FINANCIAL INDICATORS (Non-Audited Information)

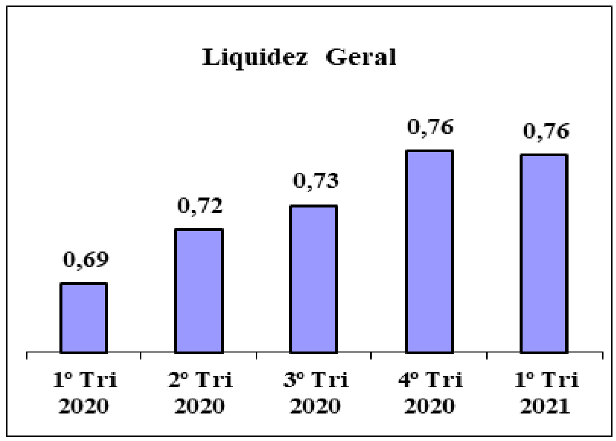
1.1. Equity



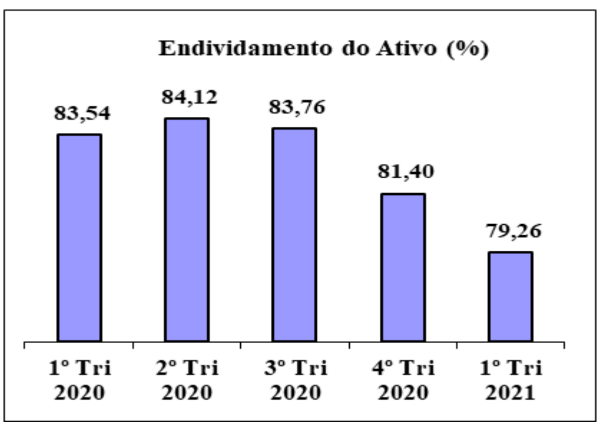


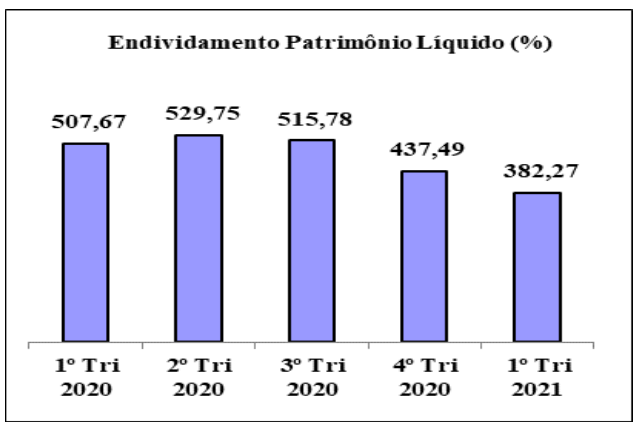
1.2. Liquidity



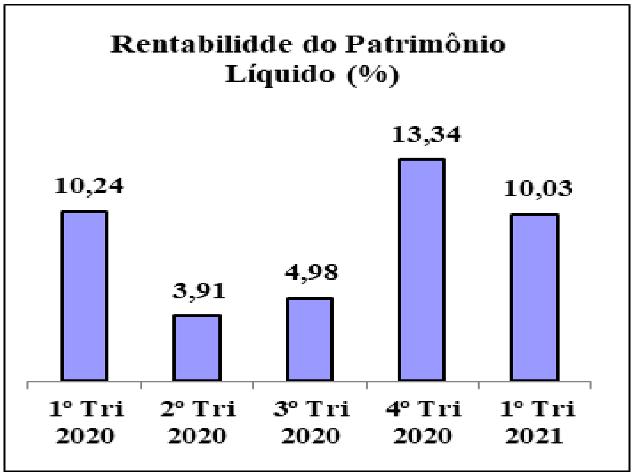


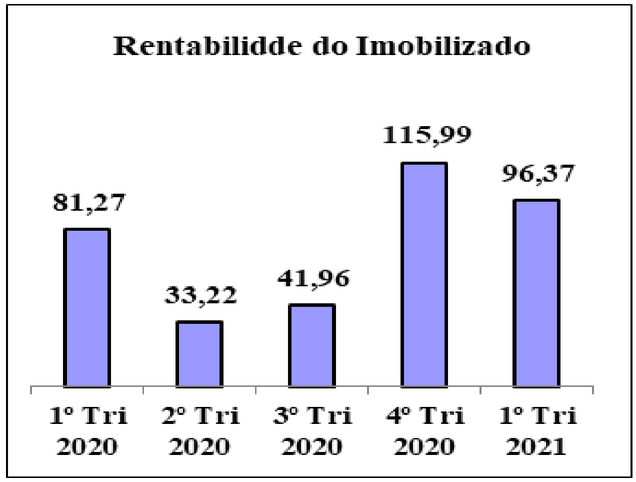
1.3. Debt

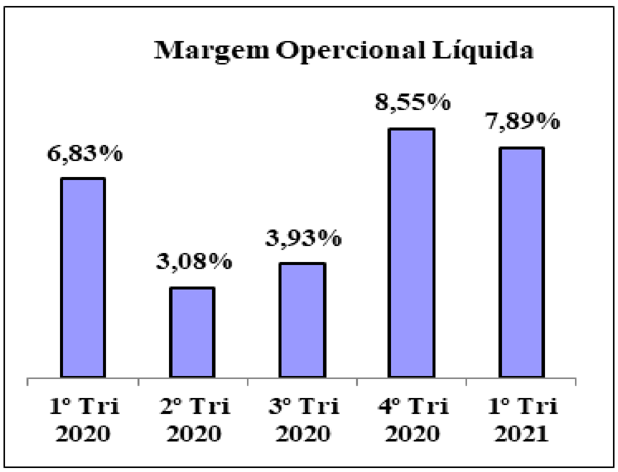


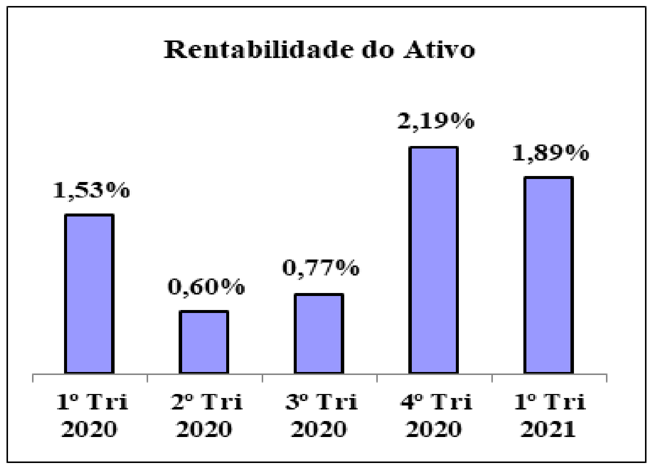


1.4. Profitability

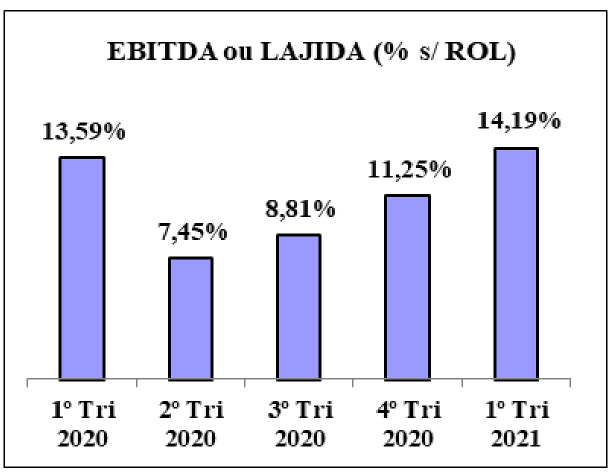


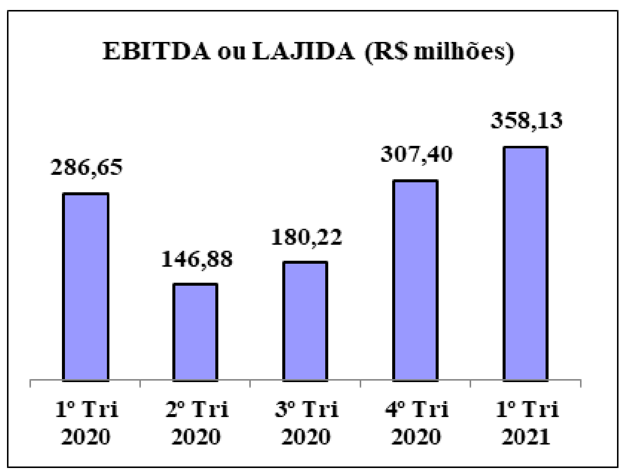






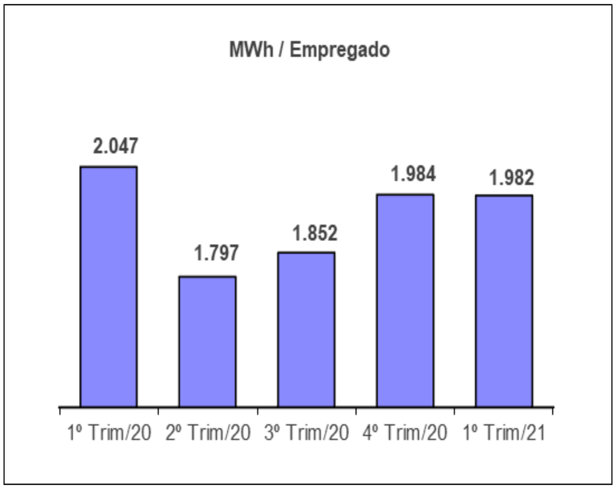
1.5. EBITDA

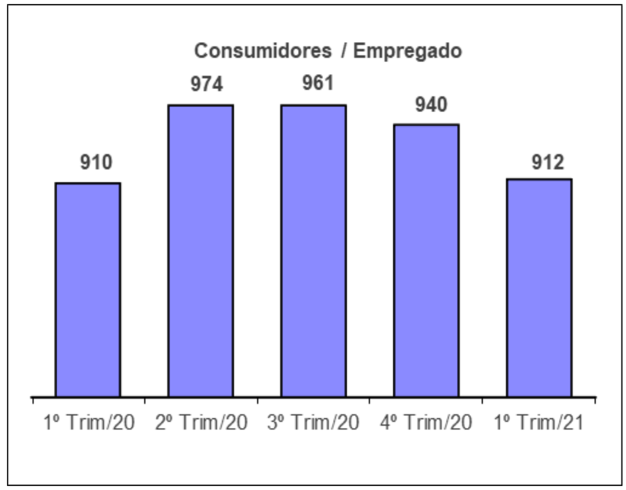


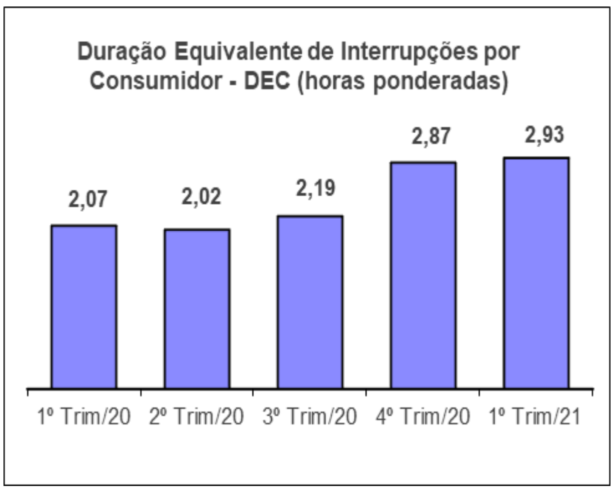


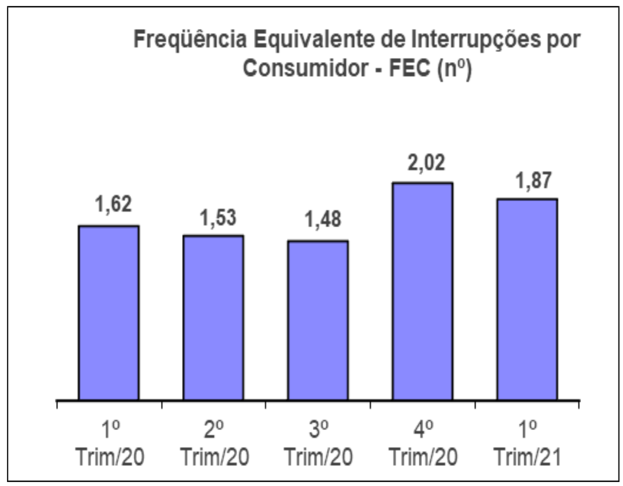
Other Information Deemed Relevant by the Company

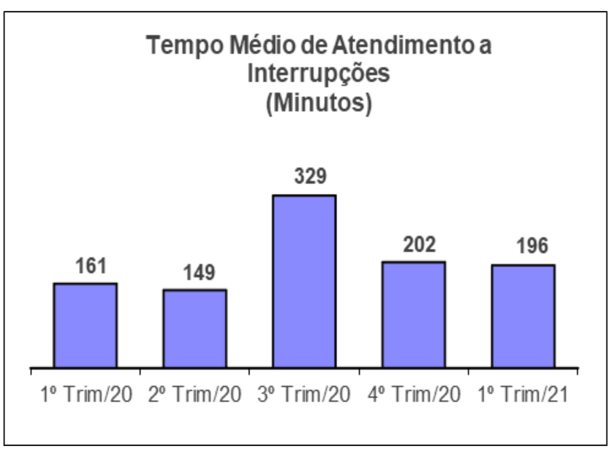
1.6. Efficiency

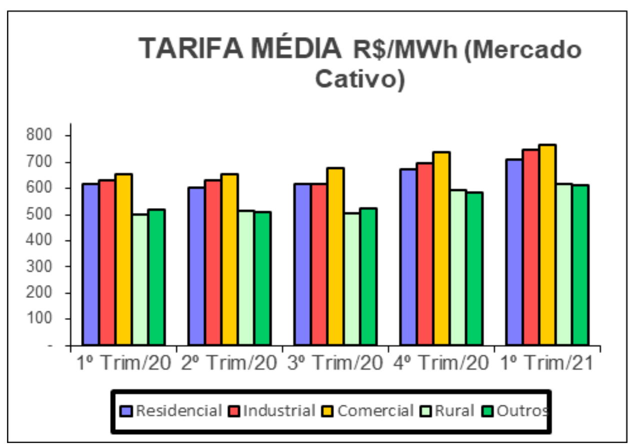












Expert Opinions and Statements / Special Review Report - Unqualified

Report on the review of quarterly financial information

.

To the Management and Shareholders of

Centrais Elétricas de Santa Catarina S.A.

.

Introduction

.

We have reviewed the parent company and consolidated interim accounting information of Centrais Elétricas de Santa Catarina S.A. (“Company”), included in the Quarterly Information Form - ITR for the quarter ended March 31, 2021, comprising the balance sheet and the income statements and comprehensive income for the three-month period then ended, and statements of changes in equity and cash flows for the three-month period then ended, and a summary of significant accounting policies and other explanatory information.

.

The Management is responsible for preparing the parent company and consolidated quarterly financial information as per Technical Pronouncement CPC 21 - Interim Financial Reporting and the international accounting standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as for presenting this information in compliance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Financial Report (ITR).

Our responsibility is to express a conclusion on this interim financial information based on our review.

.

Scope of the Review

.

We have reviewed the interim quarterly financial information in accordance with Brazilian and international standards for reviewing interim information (NBC TR 2410 – “Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade” and ISRE 2410 – “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, respectively). A review of interim financial information includes inquiries, mainly to those in charge of the financial and accounting matters, and the use of analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we became aware of all significant matters that might be identified in an audit. Therefore, we do not issue an audit opinion.

.

Conclusion on the Interim Information

.

Based on our review, we are not aware of any fact that would lead us to believe that the parent company and consolidated interim financial information mentioned above, have not been prepared, in all material respects, in accordance with CPC 21 and IAS 34, applicable to the preparation of Quarterly Financial Report (ITR), and in compliance with the standards issued by the Brazilian Securities and Exchange Commission.

.

Other Subjects

.

Statement of Added Value

.

The quarterly information referred to above includes the parent company and consolidated statements of added value for the period of three months ended March 31, 2021, which are the responsibility of the Company's management and presented as supplementary information for purposes of IAS 34. These statements have been subject to review procedures carried out with the review of the quarterly financial report to conclude that they are reconciled with interim financial information and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". Based on our review, nothing has come to our attention that causes us to believe that these statements of value added have not been prepared, in all material respects, according to the criteria established by said Technical Pronouncement in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

.

Florianópolis, May 7, 2021

.

.

PricewaterhouseCoopers

Independent Auditors

CRC 2SP000160/O-5

.

.

Leandro Sidney Camilo da Costa

Accountant CRC 1SP 236051/O-

7

Expert Opinions and Statements / Statement from the Executive Officers on the Financial Statements

STATEMENT FROM THE EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS

.

.

The Executive Officers of Centrais Elétricas de Santa Catarina S.A. - Celesc state that they have examined, reviewed and agreed with all information in the Company's Interim Financial Statements for the 1st quarter of 2021.

.

.

Cleicio Poleto Martins

Chief Executive

Officer

.

Claudine Furtado Anchite

Chief Financial and Investor Relations Officer

.

Vitor Lopes Guimarães

Chief Commercial

Officer

.

Sandro Ricardo Levandoski

Distribution Officer

.

Pablo Cupani Carena

Corporate Management Officer

.

Pablo Cupani Carena

Generation, Transmission and New Business Officer

.

Fábio Valentim da Silva

Regulation and Energy Management Officer

.

Marcos Penna

Planning, Control and Compliance Officer

.

.

Rogéria Rodrigues Machado

Accountant – CRC/SC 024.797/O-0

Expert Opinions and Statements / Statement from the Executive Officers on the Independent Auditor's Report

STATEMENT FROM THE EXECUTIVE OFFICERS ON THE INDEPENDENT AUDITORS' REPORT

.

.

The Executive Officers of Centrais Elétricas de Santa Catarina S.A. - Celesc state that they have examined, reviewed and agreed with all information included in the Independent Auditors' Report on the Company's Interim Financial Statements for the 1st quarter of 2021.

.

.

Cleicio Poleto Martins

Chief Executive

Officer

.

Claudine Furtado Anchite

Chief Financial and Investor Relations Officer

.

Vitor Lopes Guimarães

Chief Commercial

Officer

.

Sandro Ricardo Levandoski

Distribution Officer

.

Pablo Cupani Carena

Corporate Management Officer

.

Pablo Cupani Carena

Generation, Transmission and New Business Officer

.

Fábio Valentim da Silva

Regulation and Energy Management Officer

.

Marcos Penna

Planning, Control and Compliance Officer

.

.

Rogéria Rodrigues Machado

Accountant – CRC/SC 024.797/O-0