



Celesc

EBITDA

R\$286.5 million in 3Q21

R\$834.9 million in 9M21

NET INCOME

R\$175.6 million in 3Q21

R\$474.9 million in 9M21

Earnings Release
3Q21/9M21

Capital Market	Market cap on 09/30/2021	Other indicators on 09/30/2021
Preferred Share Price on 09/30/2021	R\$2,763.0 million	Net Debt/LTM Adj. EBITDA (Group): 0.9x
CLSC4: R\$68.02/share	US\$511.0 million	EPS (R\$/share): 4.95
Variation in 3Q21	Free Float: 75.5%	NAV (R\$/Share): 64.16
CLSC4: 0.02%	Ibovespa: -12.47%	Price/NPS: 1.1x

Financial Highlights

- **EBITDA** totaled **R\$286.5 million in 3Q21 (R\$834.9 million in 9M21)**, while **Net Income** came to **R\$175.6 million (R\$474.9 million in 9M21)**. **EBITDA** increased by **59.0% QoQ** in 3Q21 and by **36.0% YoY** in 9M21. **Net Income** rose by **118.6% QoQ** in 3Q21 and by **66.6% YoY** in 9M21;
- **Net Operating Income** totaled **R\$3.6 billion (R\$8.5 billion in 9M21)**, a **YoY increase of 76.2%** in 3Q21, reflecting the performance of the subsidiaries Celesc D and Celesc G;
- **PMOO** totaled **R\$277.2 million in 3Q21 (R\$679.4 million in 9M21)**, up by 23.6% (down by 7% in 9M21);
- **Non-Manageable Expenses** totaled **R\$2.8 billion in the quarter (R\$6.5 billion in 9M21)**;
- **Consolidated Investments** totaled **R\$235.0 million in 3Q21 (R\$545.6 million in 9M21)**, of which R\$228.1 million in subsidiary Celesc Di and R\$6.9 million in subsidiary Celesc G;
- **Consolidated Net Debt of R\$1,081.3 million**, equivalent to 0.9x of the LTM Adjusted EBITDA, and 0.4x of Equity;
- **The Company's shares (CLSC4)** had a **positive variation of 0.02% in the quarter and 36.7% in the last twelve months**.

Operational Highlights

- **EDC** was **7.02 hours in 9M21**, while **EFC** was **4.84 interruptions**, both within the regulatory limits;
- **Total electricity consumption** in Celesc's concession area reached **6,586 GWh in 3Q21, up by 10.1%** over 3Q20. In **9M21**, it increased by **9.2%** over 9M20, reaching **20,244 GWh**;
- **Total cargo losses** reached **8.14% in 3Q21, lower than in 3Q20** when they reached **8.15%**.

Main Results	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Operational Indicators						
Celesc Distribuição – Total Billed Energy (GWh)	5,984	6,586	10.1%	18,532	20,244	9.2%
Celesc Geração - Billed Energy (GWh)	166	156	-6.0%	504	491	-2.6%
Financial Indicators - Consolidated (R\$ million)						
Gross Operating Income	3,156	5,072	60.7%	9,546	12,731	33.4%
Net Operating Income	2,045	3,603	76.2%	6,127	8,538	39.4%
Net Operating Income (excluding Construction Revenue)	1,871	3,382	80.7%	5,730	8,040	40.3%
Operating Costs and Expenses	(1,943)	(3,395)	74.7%	(5,730)	(7,939)	38.5%
Operating Costs and Expenses (excluding Construction Costs)	(1,770)	(3,175)	79.4%	(5,334)	(7,418)	39.1%
EBITDA (IFRS)	180.2	286.5	59.0%	613.8	834.9	36.0%
EBITDA Margin (IFRS)	8.8%	7.9%		10.0%	9.8%	
Adjusted EBITDA (IFRS – Non-Recurring)	183.9	265.3	44.2%	702.1	813.7	15.9%
Adjusted EBITDA Margin	9.8%	8.0%		12.3%	10.2%	
Net Income (IFRS)	80.3	175.6	118.6%	285.0	474.9	66.6%
Net Margin (IFRS)	3.9%	4.9%		4.7%	5.6%	
Adjusted Net Income (IFRS – Non-Recurring)	82.8	151.3	82.8%	343.3	450.6	31.2%
Adjusted Net Margin	4.4%	4.6%		6.0%	5.7%	
Investments in Power Generation and Distribution	190.2	235.0	23.5%	456.7	545.6	19.5%



DISCLAIMER

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The information contained in this document related to business prospects, projected operating and financial results, and Celesc's growth outlooks are merely projections and, as such, are exclusively based on the Executive Board's expectations. These expectations crucially depend on market conditions, Brazil's economic performance, the industry, and international markets and, therefore, are subject to change.

Table of Contents

1 RELEVANT EVENTS OF THE PERIOD	4
1.1 Celesc undergoes the Fifth Tariff Revision (5PTRC) and highlights its progress	4
1.2 Celesc D's Concession Area Growth in the Market Stands Out in Brazil	4
1.3 The city of Araranguá is the first to implement smart electricity meters	5
1.4 Celesc inaugurates a substation in the municipality of Chapecó, in Western Santa Catarina.....	5
1.5 Celesc signs a commitment letter to reinforce its Compliance Program.....	5
1.6 Celesc is the bronze winner of ANEEL's Quality Award	5
1.7 ABRADEE recognizes Celesc as the 3rd best Power Distribution Company, according to consumers' rating.....	6
1.8 Celesc discloses its Diversity and Inclusion Policy	6
1.9 Celesc supports Brazilian campaign "Consumo Consciente Já" (Conscious Consumption Now).....	6
1.10 Celesc inaugurates the expansion of the Celso Ramos SHP and its first Solar Power Plant.....	6
1.11 Celesc EV Charging Station Project.....	7
1.12 Celesc invests in technology by installing new self-service kiosks in Santa Catarina	7
1.13 Indemnification of the Pery Plant	7
2 CELESC GROUP	9
2.1 Corporate Profile	9
3. PERFORMANCE BY SEGMENT	10
3.1. CELESC DISTRIBUIÇÃO S.A.....	10
3.2. CELESC GERAÇÃO.....	33
3.3. CONSOLIDATED.....	46
4. 2021 TARIFF REVISION – 5th CYCLE OF CELESC DISTRIBUIÇÃO: AN IN-DEPTH ANALYSIS.....	53
5. SUSTAINABLE DEVELOPMENT	61
5.1 Environmental	61
5.2 Social	62
5.3 Governance	62
6. CAPITAL MARKET PERFORMANCE.....	64
7. CORPORATE RATING	65
7. EXHIBITS.....	66

1 RELEVANT EVENTS IN THE PERIOD

1.1 Celesc undergoes the Fifth Tariff Revision (5th PTRC) and highlights its progress

On August 17, ANEEL (Brazilian Electricity Regulatory Agency) approved the result of Celesc Distribuição's Periodic Tariff Revision, with an average effect of 5.65% on consumers, to be applied to tariffs from August 22, 2021 to August 21, 2022, considering consumers covered by the Company's total concession area.

We highlight that the adjustment noted by consumers was lower than the IPCA in the last 12 months. The factors leading to an adjustment lower than the index include the pass-through of credits from the exclusion of ICMS from the PIS/PASEP and COFINS tax base, totaling R\$795 million. The credits approved by the Company reduced by 8.67% the calculation of the Tariff Revision's financial components, which contributed to the 5.65% adjustment mentioned above.

As for the Remuneration Base, in 2016, Celesc's reversal fell from 15% to 0.12% in the NRV, that is, very close to zero. This was an evolution we would like to point out. The NRV is the main focus of the regulatory process to define the RRB, as it is used to calculate the return on capital and the regulatory reintegration rate.

As for Operating Costs (which include personnel, materials, outsourced services, insurance, and taxes), Celesc reached a starting regulatory coverage of R\$1.078 billion, with a negative T component that will add coverage over the tariff cycle.

Regarding regulatory technical losses, ANEEL calculated the percentage of 5.81% on injected energy for the next cycle.

As for non-technical losses, the regulatory percentage calculated for the next cycle was 6.26% on the billed low tension market.

Regarding the EDC and EFC indicators, ANEEL established the following amounts for the 2022-2026 cycle:

ANEEL's Quality Indicators (5PTRC - 2022-2026)

Indicator	2022	2023	2024	2025	2026
EDC	10.18	9.82	9.43	9.22	8.68
EFU	7.99	7.56	7.28	7.08	6.55

1.2 Celesc D's Concession Area Growth in the Market Stands Out in Brazil

Total electricity consumption in Celesc's concession area reached 6,586 GWh in 3Q21, up by 10.1% over 3Q20. Year to date, it increased by 9.2% year on year, reaching 20,244 GWh.

The growth recorded in our concession area was higher than the national average and the average of the South region for the same period, confirming our consumer market's strength, which requires a robust and reliable electricity system to support the production growth in the state of Santa Catarina.

To meet the quality standards expected by consumers, with the Regulatory Agency, and the growing demand from the concession market, Celesc Distribuição has made heavy investments that exceed by more than 2 times the depreciation level of its assets.

In the current year, the Capital Budget provided for investments of **R\$722 million**. Year to date, the Company has already invested R\$545.6 million, corresponding to around 75.6% of the capital budget, reinforcing its commitment to investing in its concession area.

1.3 The city of Araranguá is the first to implement smart electricity meters

To insert Santa Catarina in the smart cities map, in July, Celesc started to develop a pioneering project in the city of Araranguá, located in the south region of the state. With investments of around R\$23 million, the pilot project will replace conventional electricity meters with smart meters, which provide data on the quality of power supplied to customers, allowing better consumption and loss management, and the provision of certain remote commercial services. This replacement will also allow for instantaneous identification of power grid issues, ensuring more agile customer service.

1.4 Celesc inaugurates a substation in the municipality of Chapecó, in Western Santa Catarina

On July 23, Celesc inaugurated a substation in the city of Chapecó, located in Western Santa Catarina. As a result, the Company seeks to provide high-quality electricity for the next 20 years.

The substation is located in the Santo Antônio (Chapecó III) district and has a Distribution Line of 138 kV and an installed capacity of 40 MVA. Investments totaled over R\$25 million, covering the project, the substation, and the distribution line.

The project is entering the testing phase and will meet the demand from the Chapecó and Chapecó II substations, to increase the reliability of services provided to customers and expand the electricity system capacity that serves approximately 113,000 consumer units (CUs) in Chapecó and the surrounding region.

1.5 Celesc signs a commitment letter to reinforce its Compliance Program

On July 27, the Executive Board signed a commitment letter to the Company's employees, customers, economic agents, suppliers, partners, and institutional bodies of the state of Santa Catarina to reinforce the initiatives of Celesc's Compliance Program aimed at reaffirming Management's commitment to promoting anticorruption practices, ethics, governance, and integrity policies.

1.6 Celesc is the bronze winner of ANEEL's Quality Award

Celesc was awarded third place among the most well-rated power distribution companies, according to residential consumers in Brazil. The Company was a finalist for ANEEL's 2020 Quality Award in the South Region and Brazil categories among 31 concessionaires serving over 400,000 consumer units (CUs). The award aims to spotlight the best-rated power distribution companies based on an opinion poll conducted with electricity customers across Brazil.

The result of the award was disclosed by the Brazilian Electricity Regulatory Agency (ANEEL) on Thursday, July 29, during a virtual ceremony held in Brasília. The national regulatory agency rewarded the best-rated power distribution companies with trophies, certificates, and quality seals.

The poll was conducted with 29,611 residential consumers from 104 distributors between November 17, 2020 and February 12, 2021 in 625 municipalities across Brazil. The questions addressed overall consumer satisfaction level, quality of power supply, services provided, customer service, and confidence in the distributor. According to ANEEL, the award reflects the improvement in service quality based on consumer satisfaction.

1.7 ABRADEE recognizes Celesc as the 3rd best Power Distribution Company, according to consumers' ratings

Based on an opinion poll conducted with customers, Celesc was recognized as the third-best power distribution company among 31 concessionaires across Brazil serving over 500,000 consumer units (CUs). The achievement was announced during the 2021 ABRADEE Award promoted by the Brazilian Association of Electricity Distributors

(ABRADEE), which annually celebrates the results achieved by power distribution companies regarding services provided to consumers, and their contribution to the improvement of energy-related quality.

The result of the award was disclosed by the ABRADEE in August during a virtual ceremony held in Brasília. On the 23rd edition of the event, the association recognized the best power distribution companies among 41 concessionaires operating across Brazil, which are responsible for supplying power to 99.6% of the Brazilian consumers. Besides winning the “Customer Rating” category, the Santa Catarina Company was one of the finalists in the “South Region” and “National” categories.

1.8 Celesc discloses its Diversity and Inclusion Policy

In September, Celesc’s social responsibility area launched the Diversity and Inclusion Policy. The event was attended by representatives of the IDB, Ethos, ABRADEE, Childhood Brasil, Abring, and ODS Santa Catarina, among other institutions. In this sense, Celesc reinforces its corporate position to internally disseminate cultural diversity, promoting dynamism and productivity, also driving development in the state of Santa Catarina, thus helping to build a fairer and more egalitarian society.

1.9 Celesc supports Brazilian campaign “Consumo Consciente Já” (Conscious Consumption Now)

Aiming to join forces so that everyone can contribute to the security of power supply during the worst water crisis faced in the last 91 years in Brazil, in September, the Ministry of Mines and Energy (MME), the Brazilian Electricity Regulatory Agency (ANEEL), and the Brazilian Association of Electricity Distributors (ABRADEE) and its affiliates launched the national campaign “Consumo Consciente Já” (Conscious Consumption Now), broadcast on Celesc’s official channels, radio stations, TV channels, and digital media, giving simple but effective tips to the population, so it can contribute to this important cause.

The Federal Government also announced the launch of the Voluntary Energy Consumption Reduction Program, which will grant a R\$0.50 discount at every kilowatt-hour (kWh) of electricity saved within the 10-20% target. The comparison will be based on the sum of consumption between September and December 2021 (in comparison with the sum of the same four electricity bills issued in 2020). Low-income people adhering to the social tariff can also participate in the voluntary energy consumption reduction program. Celesc launched the campaign nationwide and on the Company’s official channels.

1.10 Celesc inaugurates the expansion of the Celso Ramos SHP and its first Solar Power Plant

Amid the worst water crisis faced in Brazil over the past 91 years, with drought and low reservoir levels, committed to expanding the Santa Catarina water generation park, in September, Celesc officially announced the completion of the conclusion of the expansion works of the Celso Ramos Small Hydroelectric Plant (SHP) located in the Chapecozinho River, in the municipality of Faxinal dos Guedes. Investments totaled R\$40 million.

Operating since 1963, the plant initially had an installed capacity of 5.6 MW, but, with the current expansion, it has an installed capacity of 13.9 MW, being able to serve approximately 50,000 residential consumer units. The Company also worked to develop the Celso Ramos Solar Power Plant, its first solar power plant and one of the most promising alternative sources to obtain energy.

1.11 Celesc EV Charging Station Project

The Celesc EV Charging Station project is a partnership between Celesc Distribuição and the CERTI Foundation, financed by ANEEL’s R&D program, to diffuse the concept of electric mobility in the state of Santa Catarina and across Brazil by establishing an electric vehicle charging infrastructure covering over 680 km equipped with 8 fast-charging stations and another 22 semi-fast charging stations located in cities across the state of Santa Catarina. We also work to integrate the three Brazilian southern states, paving the way to interconnect the Mercosur countries



through Argentina. As a result, the project will provide an electric vehicle charging infrastructure to cover 75.0% of the state of Santa Catarina.

As electric vehicles (EVs) become popular, we expect to significantly reduce greenhouse gas emissions with the lower burning of fossil fuels. In connection with the higher power demand from electric vehicles, Celesc also encourages the implementation of photovoltaic generation systems in various consumer units through energy efficiency programs. Thus, the impact of the increase in electric vehicles will be mitigated by the generation of clean and sustainable energy coming from the sun, the wind, and the hydroelectric power plants.



1.12 Celesc invests in technology by installing new self-service kiosks in Santa Catarina

To improve the provision of customer services, Celesc has invested in 85 new audio and video self-service kiosks, which were installed in 49 company stores across the state of Santa Catarina. The new equipment is more modern and will enable us to implement new features. The installation was concluded in September.

We mainly aim to reduce the waiting lines at the stores and encourage consumers to adopt the self-service mindset. The self-service kiosks currently offer the following services: copy of invoices, request for electricity reconnection, proof of debt settlement, and debt statement. Customers can also pay their electricity bills and request new electricity connections and change ownership.

1.13 Indemnification of the Pery Plant

The Pery Plant has an installed capacity of 30 MW – the highest of the Company’s generation park. On July 7, 2017, Celesc G signed the Fourth Amendment to Concession Agreement 006/2013 – ANEEL with the Ministry of Mines and Energy (MME), renewing it for another 30 years. MME’s Ordinance 257 of July 5, 2017, established an indemnification of R\$113 million related to the expansion that occurred in 2013, based on prices set in April 2017. The amount should have been considered by ANEEL in the tariff process.

The first tariff process occurred in 2018, and Technical Note 159/2018-SGT, which supported Confirmatory Resolution 2,421/2018, no longer addressed the indemnification of unamortized and not depreciated reversible



assets. After Celesc G submitted its reconsideration request, Technical Note 06/2019-SGT recommended that the indemnification amount (adjusted for the IPCA) be included in the ARG of the 2019/2020 cycle.

After administrative discussions, in the third quarter of 2021, ANEEL's Executive Board recognized the Pery Plant's particularity and defined how the indemnification should be included in the tariff, taking the adequate regulatory approach to the invested capital. The Board also established that the Plant's powerhouses should be separated, considering their depreciation rates, to control the Improvement Cost of the Generation Asset Management – Improvement of the GAM. As a result, the basic project's indemnification referring to the expansion that occurred in 2013 is already recognized in Celesc Geração's tariff.

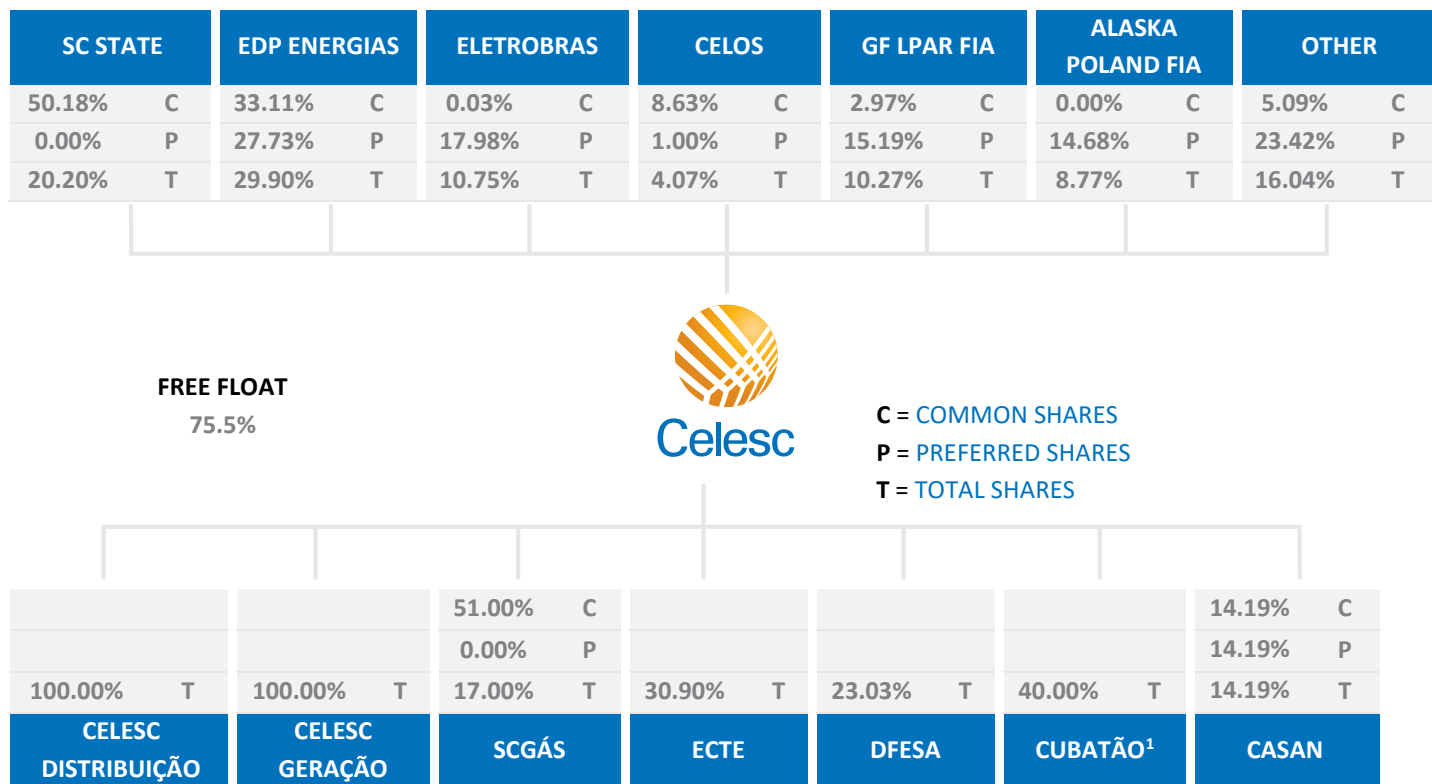
2 CELESC GROUP

2.1 Corporate Profile

Centrais Elétricas de Santa Catarina S.A. – CELESC is one of the largest companies in the Brazilian electricity industry, especially on the power distribution and generation areas. Structured as a holding company in 2006, it has two wholly-owned subsidiaries: Celesc Distribuição S.A. and Celesc Geração S.A. It also controls Companhia de Gás de Santa Catarina (SCGÁS) and is a partner of Dona Francisca Energética S.A. (DFESA), Empresa Catarinense de Transmissão de Energia S.A. (ECTE), Companhia Catarinense de Água e Saneamento (CASAN), and the Usina Hidrelétrica Cubatão S.A. project.

Its controlling shareholder is the State of Santa Catarina, holder of 50.18% of the Company's common shares, corresponding to 20.2% of the total capital.

Figure 01 – Ownership and Corporate Structure in September 2021



¹ Under a divestment process.

3. PERFORMANCE BY SEGMENT

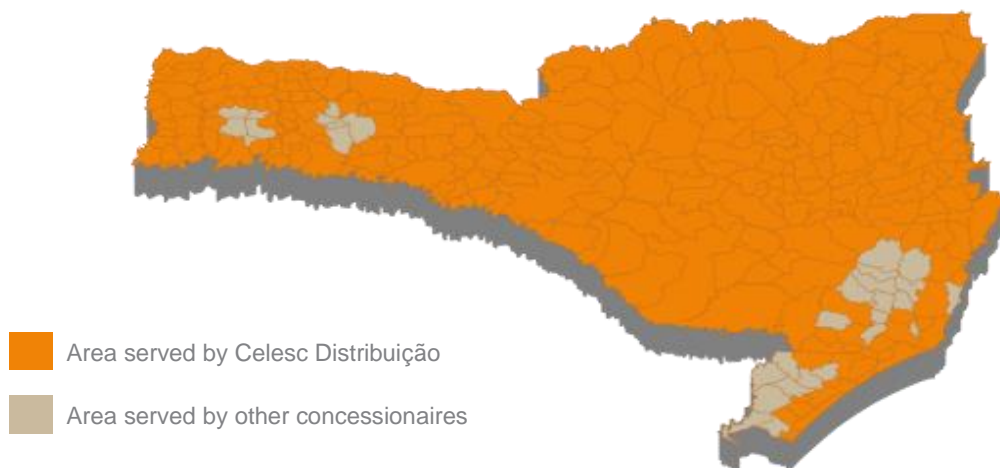
3.1. CELESC DISTRIBUIÇÃO S.A.

3.1.1. Company Profile

Operating Area

Celesc Distribuição S.A. stands out in the power distribution segment. Headquartered in the city of Florianópolis, it is a concessionaire engaged in the public distribution of electricity that fully or partially serves 285 municipalities. 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 as a result of registered warrants, in concession areas of other distributors (17 in Santa Catarina and 4 in Paraná).

The company distributed 20,244 GWh until September 2021 and recorded gross revenue of R\$12,516 billion in the period. The map shows the coverage of Celesc's operating area.



3.1.2. Regulatory Environment

3.1.2.1. Contractual Level of the Distributor

According to the regulation of the electricity system, the distributors' contracting level should comply with the regulatory limit (currently between 100% and 105% of over contracting), plus unplanned surplus. The contracting within this range has a full tariff pass-through, with the corresponding entry recorded as a sectoral financial asset. Amounts exceeding the regulatory range plus unplanned surplus, considered voluntary by the regulator, are deemed as a risk to be taken by the distributor.

Celesc Distribuição's contractual level falls within the regulatory range plus unplanned surplus, thereby ensuring the full pass-through of energy acquisition costs.

3.1.3. Operational Performance

3.1.3.1. Number of Consumers

Charts 1 and 2 below show the evolution of the number of Celesc's captive consumers and the share by type of consumption category, respectively.

In September 2021, Celesc had **3,202,441** captive consumers, a **growth of 3.17%**, an addition of **98,537 new customers** over September 2020.

Chart 1 - Number of Consumers

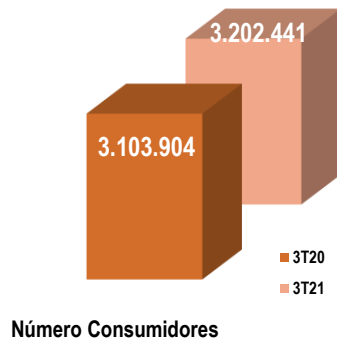
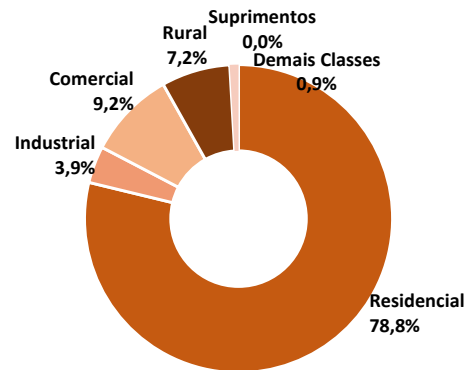


Chart 2 – Share of Consumption Category
(No. of captive consumers)



The table below shows the share of consumption category compared to the total recorded between 2020 and 2021.

Description	Number of Consumers		Variation			
	Sept/20	Sept/21	Share in the Total (%)		2021/2020	
			9M20	9M21	Δ	Δ%
Residencial	2,445,628	2,523,026	78.79%	78.78%	77,398	3.16%
Industrial	113,642,941	123,945	3.66%	3.87%	10,303	9.07%
Commercial	283,468	294,958	9.13%	9.21%	11,490	4.05%
Rural	232,532	231,174	7.49%	7.22%	-1,358	-0.58%
Supplies	19	11	0.00%	0.00%	-8	-42.11%
Other Categories	28,615	29,327	0.92%	0.92%	712	2.49%
Government	23,631	24,065	0.76%	0.75%	434	1.84%
Lighting	875	938	0.03%	0.03%	63	7.20%
Public Service	3,676	3,888	0.12%	0.12%	212	5.77%
Own Consumption	433	436	0.01%	0.01%	3	0.69%
Total	3,103,904	3,202,441	100.00%	100.00%	98,537	3.17%

3.1.3.2. Market

Charts 3 and 4 below show the evolution of the electricity market by Consumer Category in 3Q21/9M21, and Chart 5 shows the share of Consumption Category in the Captive Market, Free Consumers, and Total Market (Captive + Free).

Chart 3: Billed Market (GWh) – Quarterly Comparison

Energia Faturada por Classe de Consumo (GWh)

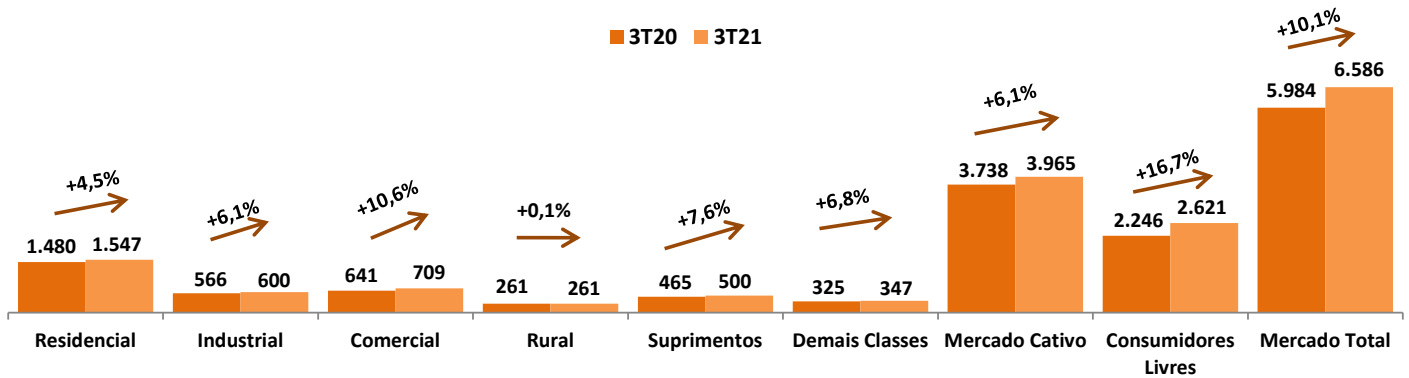


Chart 4: Billed Market (GWh) – YTD Comparison

Energia Faturada por Classe de Consumo (GWh)

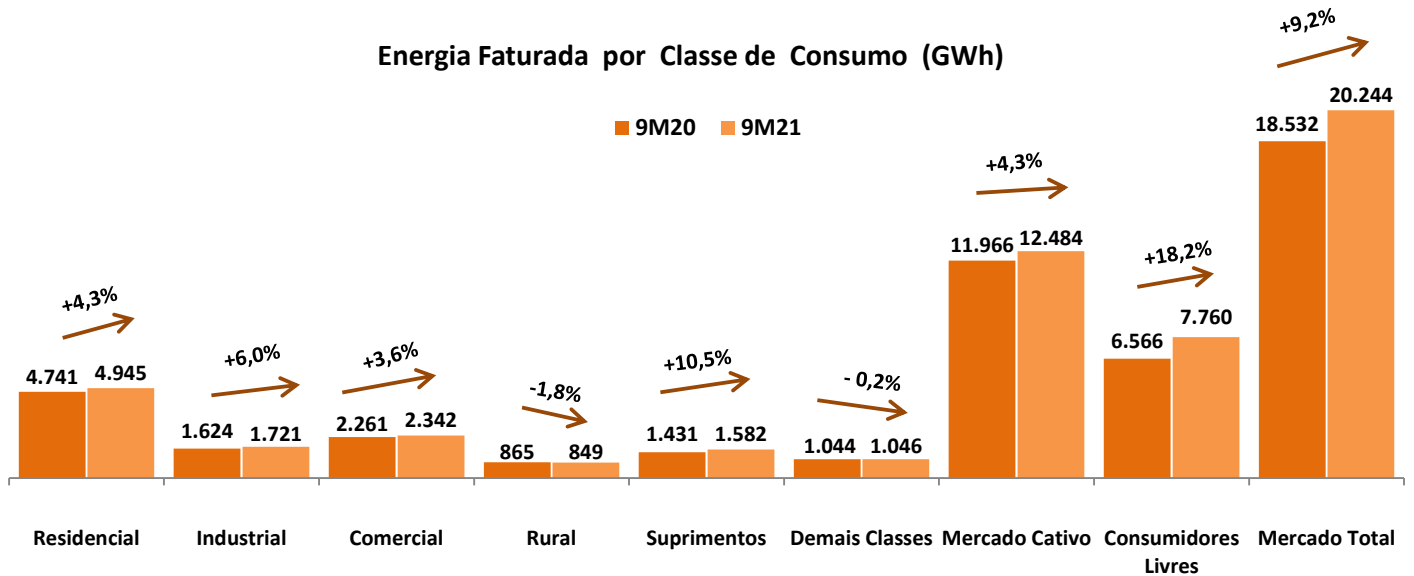
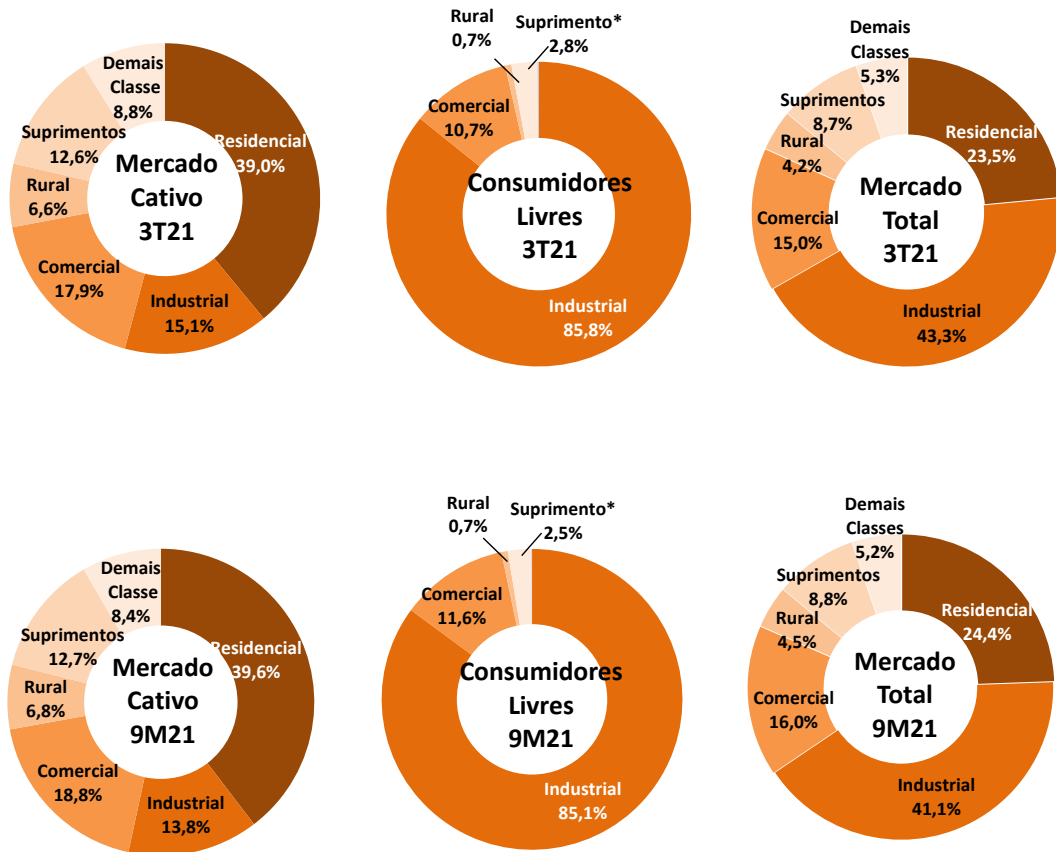


Chart 5: Share of Consumption Category

Free Consumers and Total Market (Captive + Free) - in GWh



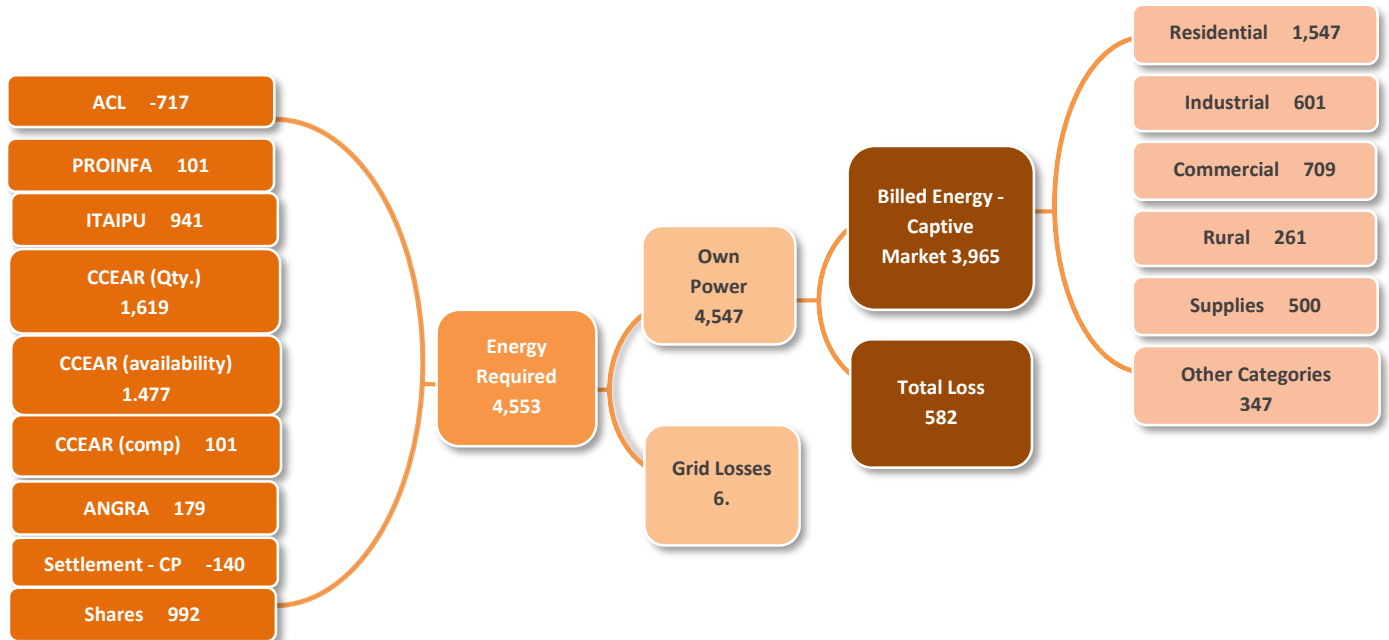
In 3Q21, the Total Energy Market recorded 6,586 GWh (20.244 GWh in 9M21), up by 10.1% QoQ and by 9.2% YoY. The Captive Market also increased by 6.1% in 3Q21 and 4.3% in 9M21, highlighting the Industrial and Commercial categories, which increased by up 6.1 in 3Q21 (10.6% in 9M21) and 10.6% in 3Q21 (3.6% in 9M21), respectively. The Captive Market accounted for 60.2% of the Total Market in the quarter.

The Free Market rose 16.7% in the quarter and 18.2% in 9M21, accounting for 39.8% of the Total Market, due to the migration of the Captive Market's consumers. Captive customer migration is a consumer choice that does not affect Celesc, as power continues to be supplied by the concessionaire and remunerated by the TUSD (Distribution System Use Tax), which does not change as consumers continue to pay the concessionaire for the service. Celesc carefully monitors the behavior of its consumption categories, reaffirming the Company's commitment to its customers, seeking to create value for its stakeholders through its business.

The Energy Market (Total and Captive) has recorded high growth rates since the second quarter of 2021, especially due to the economic rebound in the state of Santa Catarina after the social distancing measures imposed during the most critical period of the COVID-19 crisis. The Santa Catarina Economic Activity Index rose by 8.89% this year (reference - August 2021) over the same period of 2020, according to the observatory of the Federation of Industries of the State of Santa Catarina. This figure is higher than the National Index of 6.41% recorded in the same reference date.

3.1.3.3. Energy Balance

Figure 2 – Energy Distribution Balance (GWh) – 3Q21



3.1.3.4. Energy Losses

Energy Losses correspond to total losses including **technical losses**, which consist of electricity dissipated during the power transmission process from the supply to the point of delivery, and **non-technical losses**, which consist of the difference between global and technical losses. Therefore, this portion of non-technical losses considers energy theft, malfunction of measurement equipment, errors in the billing process, and consumer units without measurement equipment, among others.

For Celesc D's Fifth Periodic Tariff Revision Cycle (5PTRC), **regulatory technical losses were set at 5.81%, calculated on the regulatory TUSD market (billed), while for regulatory non-technical losses the limit was 6.26%, calculated on the billed low voltage market.** This definition is based on the PRODIST - Module 7, which is revised at the start of every year, adjusted to the 12-month average. We also highlight that the new limits set by the 5PTRC became effective on August 22, 2021. In the fourth tariff revision cycle, technical losses were 6.03% on the regulatory (billed) TUSD market, while non-technical losses were 3.73% on the billed low tension market.

Energy losses are monitored through the index that calculates the **ratio between billed losses and injected (measured) energy in the last 12 months.** Based on this methodology, we present below the evolution of the indicator and the comparison with the tariff coverage for the last 12 months.

In the analyzed period ended this quarter, the Consolidated Index of Regulatory Losses on Injected Energy was **7.38%², of which 5.86% for Technical Losses and 1.52% for Non-Technical Losses. These are the regulatory targets for this quarter.** Accordingly, the Company recorded Actual Total Losses of **8.14%** in 3Q21 (**of which 5.69% from technical losses and 2.45% from non-technical losses**), slightly above the regulatory limit (0.76 percentage points). Celesc D's losses are shown below:

² Calculated according to ANEEL's methodology, considering the LTM moving average. We would like to emphasize that, because it is a moving average, the figures can differ from those set in the 5th PTRC.

Losses in Distribution (%) - Injected Energy (Last 12 months)

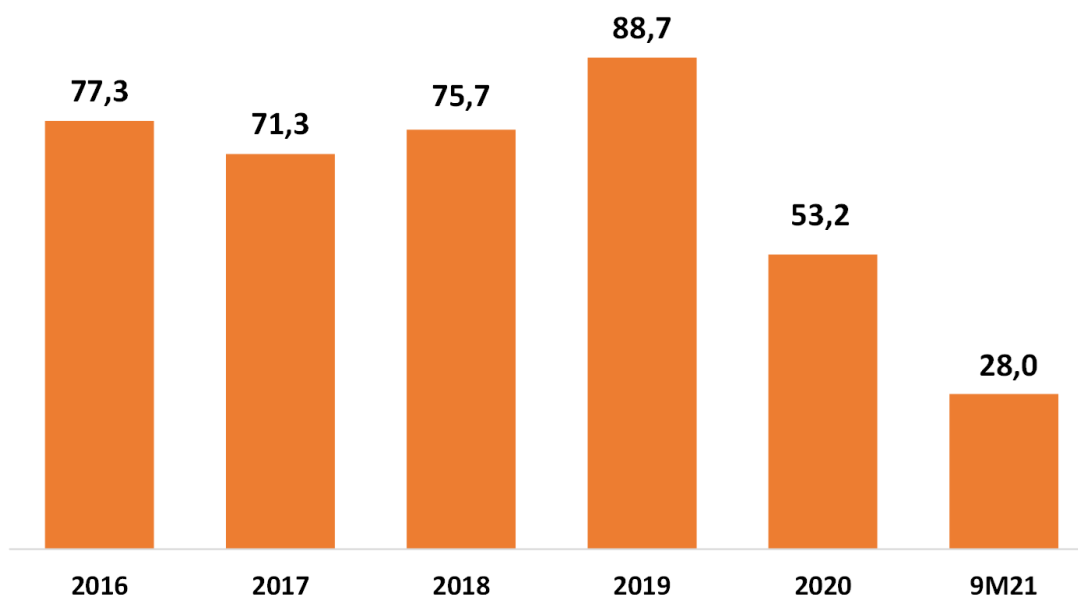
	3Q20	4Q20	1Q21	2Q21	3Q21	ANEEL Limit (LTM)*
Description	%	%	%	%	%	%
Losses in Distribution	8.15%	8.06%	8.09%	8.17%	8.14%	7.38%
Technical Losses	6.05%	5.84%	5.61%	5.64%	5.69%	5.86%
Non-Technical Losses	2.10%	2.22%	2.48%	2.53%	2.45%	1.52%

*Last 12 months of the Regulatory Limit.

The estimated amount without tariff coverage was **R\$28.0 million** in 9M21, of which **-R\$8.4 million from technical losses; R\$41.2 million from non-technical losses; and -R\$4.8 million from losses in the basic network.** Negative loss amounts represent the level of losses below the regulatory level.

The chart below shows the financial value without tariff coverage from 2016 to 9M21.

Chart 06: Losses in Distribution (Financial Amount in R\$ million)



We emphasize that the financial loss of R\$28 million corresponds to 9M21, and the 5th Tariff Revision only became effective on August 22, 2021. Accordingly, the new amounts referring to the new tariff cycle did not have a relevant impact on the 3Q21 calculation. As a result, the higher coverage referring to non-technical losses compared to the fourth tariff revision cycle will allow greater gains for the Company in this regard.

However, although the Company's figures are above the regulatory limit, we highlight the Loss Reduction and Recovery Plan, whose main actions are as follows:

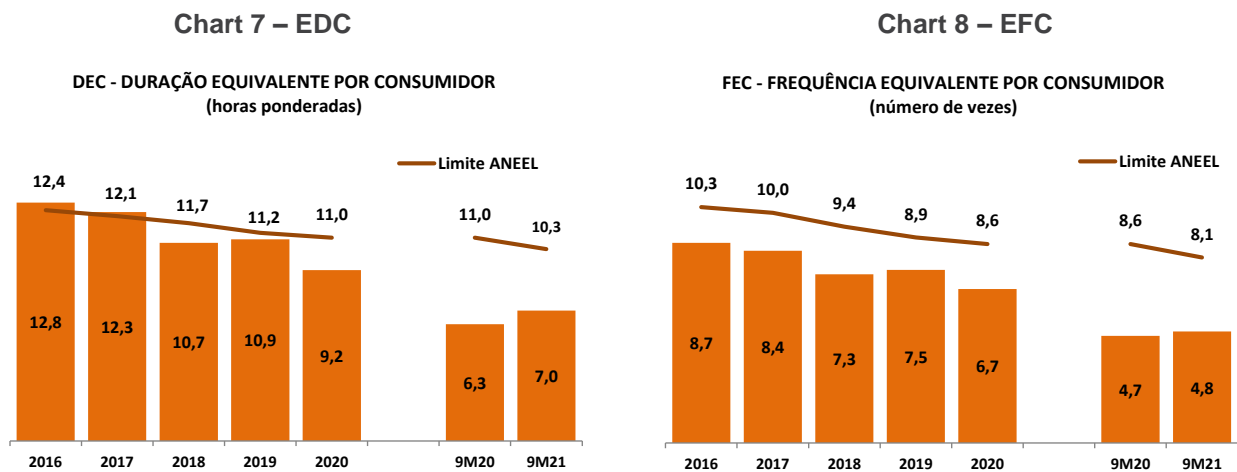
- i) Identifying suspected cases of irregularity through an algorithm (online verification);
- ii) Procedures to identify fraud and/or technical deficiency;
- iii) Reviewing the contractors' labor lawsuits (targets and inspection);
- iv) Integrating corporate systems;
- v) Implementing antitheft systems and regularizing clandestine connections;
- vi) Reviewing the work process (inspection targets);

- vii) Investment in the high tension system: new substations, new distribution lines, and expansion of the transformation capacity of some existing substations; and
- viii) Investment in the medium tension system: new power suppliers, reconnections, and installation of capacitor banks.

3.1.3.5. Operational Quality (EDC and EFC).

The quality of the electricity supply is mainly verified by the **EDC** (Equivalent Duration of Interruption per Consumer) and **EFC** (Equivalent Frequency of Interruption per Consumer) indicators, which respectively measure the average duration of interruptions and the average number of interruptions per consumer.

Charts 7 and 8, below, show the quality of power supply represented by the EDC and the EFC indicators, and the performance in 2021.



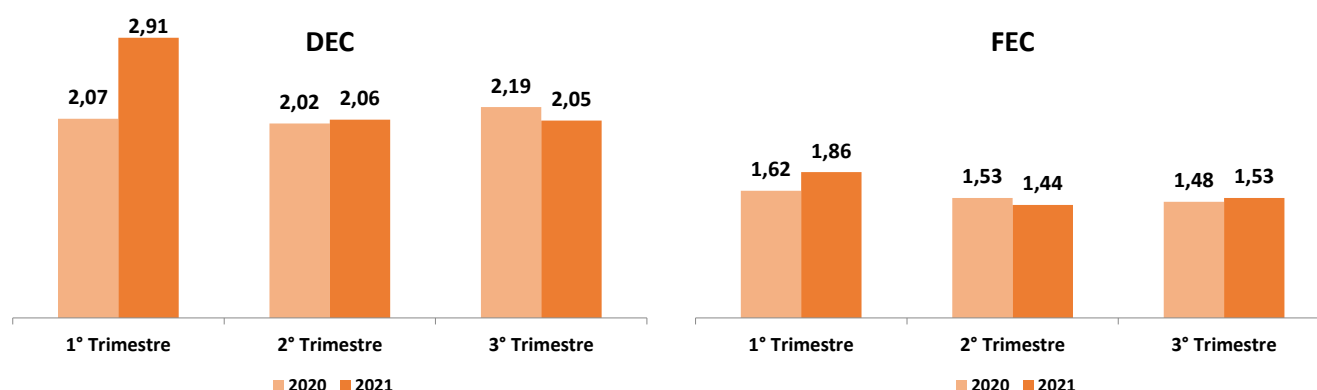
In **9M21**, Celesc recorded **7.02 hours** in the **EDC** indicator (+11.6%), against **6.29 hours** in **9M20**. In the same period, the Company recorded **4.84 interruptions** in the **EFC** indicator, a slight increase against the **4.65 interruptions** recorded in **9M20**. These increases were mainly due to the more challenging climate conditions throughout 2021 in comparison with the previous year. We also highlight that 1Q21 was particularly atypical, recording a low number of climate events that had an impact on the power grid of the state of Santa Catarina. As a result, EDC recorded a low result in 9M20, causing a distorted comparison between the periods.

The EFC comparison between 9M21 and 9M20 was also impacted by the higher number of climate events in 2021.

The chart below shows the disparity between 1Q21 and 1Q20, whose behavior impacted the nine-month comparison (9M21 vs. 9M20).



Chart 9 – EDC/EFC Evolution (2020 and 2021)



In 2021, these quality indicators individually generated credits of R\$19.5 million to consumers at Celesc Distribuição, higher than the R\$9.1 million recorded in the same period of 2020, due to higher EDC and EFC recorded in 2021, as a result of the factors explained earlier.

Still, Celesc reinforces its commitment to the continuous improvement of its operational activity by increasingly investing in actions to reduce EDC and EFC.

3.1.3.6. Delinquency Management

Delinquency corresponds to billed revenue not received. At the end of September 30, 2021, short-term delinquency of up to 90 days (the period concentrating most collections), considered as a proportion of GOI (LTM accumulated Gross Operating Income), fell by 0.35 percentage points from 2Q21. Delinquency above 90 days remained virtually flat, falling by 0.01 percentage point, as shown in the table below.

Celesc Distribuição S.A. | Delinquency

Delinquency	Delinquency up to 90 days							
	1Q21		2Q21			3Q21		
	R\$ / thousand	% of GOI	R\$ / thousand	% of GOI	Variation	R\$ / thousand	% of GOI	Variation
Total	355,804	3.19%	294,420	2.52%	- 0.67 p.p.	269,175	2.17%	- 0.35 p.p.

Delinquency	Delinquency over 90 days							
	1Q21		2Q21			3Q21		
	R\$ / thousand	% of GOI	R\$ / thousand	% of GOI	Variation	R\$ / thousand	% of GOI	Variation
Total	598,484	5.36%	626,269	5.35%	- 0.01 p.p.	663,224	5.34%	- 0.01 p.p.

3.1.4. Economic and Financial Performance

3.1.4.1. Gross Operating Income, Net Operating Income, EBITDA and Net Income

The table below shows Celesc Distribuição's main indicators in 3Q21 and 9M21.

Celesc Distribuição S.A. | Main Financial Indicators (IFRS)

R\$ million	3Q			9M		
	2020	2021	Δ	9M20	9M21	Δ
Gross Operating Income	3,116.6	4,946.0	58.7%	9,439.3	12,515.7	32.6%
Deductions from Operating Income	(1,105.4)	(1,462.6)	32.3%	(3,407.1)	(4,177.6)	22.6%
Net Operating Income	2,011.2	3,483.5	73.2%	6,032.3	8,338.2	38.2%
Net Operating Income (Excluding Construction Revenue)	1,837.8	3,262.9	77.5%	5,636.1	7,840.3	39.1%
Operating Costs and Expenses	(1,925.3)	(3,370.8)	75.1%	(5,679.8)	(7,904.6)	39.2%
<i>Electricity Costs</i>	<i>(1,439.2)</i>	<i>(2,810.5)</i>	<i>95.3%</i>	<i>(4,344.1)</i>	<i>(6,484.2)</i>	<i>49.3%</i>
<i>Operating Expenses</i>	<i>(486.1)</i>	<i>(560.3)</i>	<i>15.3%</i>	<i>(1,335.7)</i>	<i>(1,420.4)</i>	<i>6.3%</i>
Operating Costs and Expenses (Excluding Construction Revenue)	(1,752.0)	(3,150.3)	79.8%	(5,283.7)	(7,406.7)	40.2%
Earnings from Activities	85.8	112.6	31.3%	352.4	433.6	23.0%
EBITDA	144.6	174.2	20.5%	526.5	616.7	17.1%
<i>EBITDA Margin - IFRS</i>	<i>7.2%</i>	<i>5.0%</i>		<i>8.7%</i>	<i>7.4%</i>	
Financial Result	15.3	18.5	20.4%	3.6	47.9	1,227.5%
Earnings Before Income Tax	101.1	131.1	29.6%	356.0	481.4	35.2%
IR/CSLL	(46.7)	(48.8)		(135.3)	(182.1)	
Net Income/Loss	54.5	82.3	51.1%	220.7	299.4	35.6%
<i>Net Margin - IFRS</i>	<i>2.7%</i>	<i>2.4%</i>		<i>3.7%</i>	<i>3.6%</i>	

Charts 10 and 11 show the performance of **Gross Operating Income, Net Operating Income, EBITDA and Net Income**.

Chart 10 - Gross Revenue, Net Revenue, EBITDA, and Net Income (R\$ million) - 3Q20/3Q21

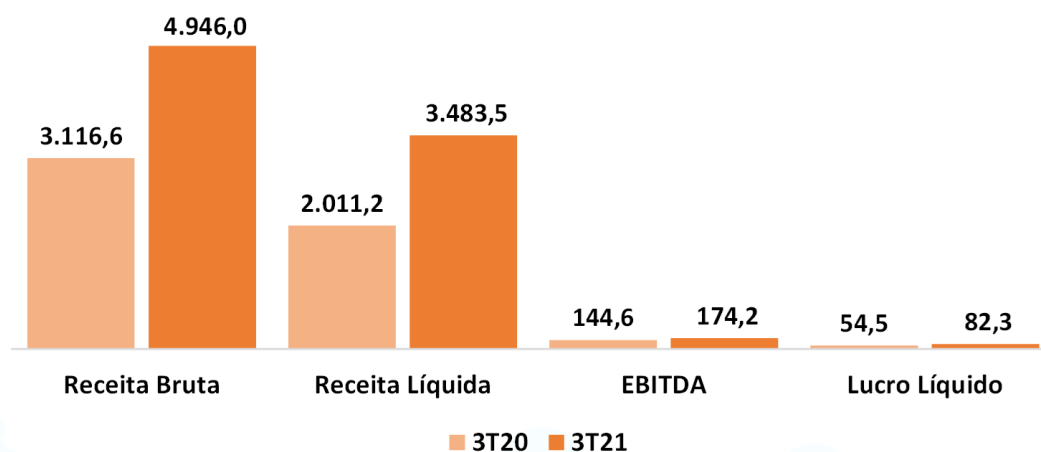
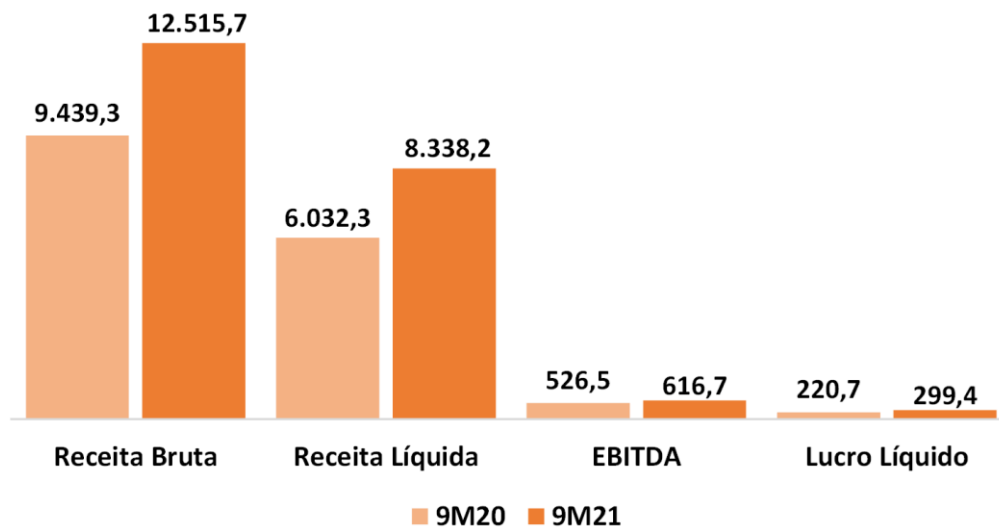


Chart 11 - Gross Revenue, Net Revenue, EBITDA, and Net Income (R\$ million) - 9M20/9M21



Results Analysis:

- Gross Operating Income reached **R\$4,946.0 million in 3Q21 (R\$12,515.8 million in 9M21)**, up **58.7%** over 3Q20 (**32.6% in 9M21**), a QoQ increase of **R\$1,829.5 million QoQ in 3Q21 (+R\$3,076.4 million in 9M21)**.
- Net Operating Income reached **R\$3,483.5 million in 3Q21 (R\$3,262.9 million excluding Construction Revenue)**, a YoY increase of **73.2% (R\$1,472.3 million)**. In 9M21, NOI reached **R\$8,338.2 million (R\$7,840.3 million excluding Constructing Revenue)**, a YoY increase of **38.2% (R\$2,204.2 million)**.
- In **3Q21**, EBITDA totaled **R\$174.2 million (R\$616.7 million in 9M21)**, up by **20.5% (+R\$29.6 million)** in the quarter, and by **17.1% (+R\$90.1 million)** over 9M20.

In **3Q21**, Net Income was **R\$82.3 million**, up by **51.1%** over 3Q20, when it had totaled **R\$54.5 million**. In 9M21, Net Income reached **R\$299.4 million**, up **35.6% (+R\$78.6 million)** over 9M20.

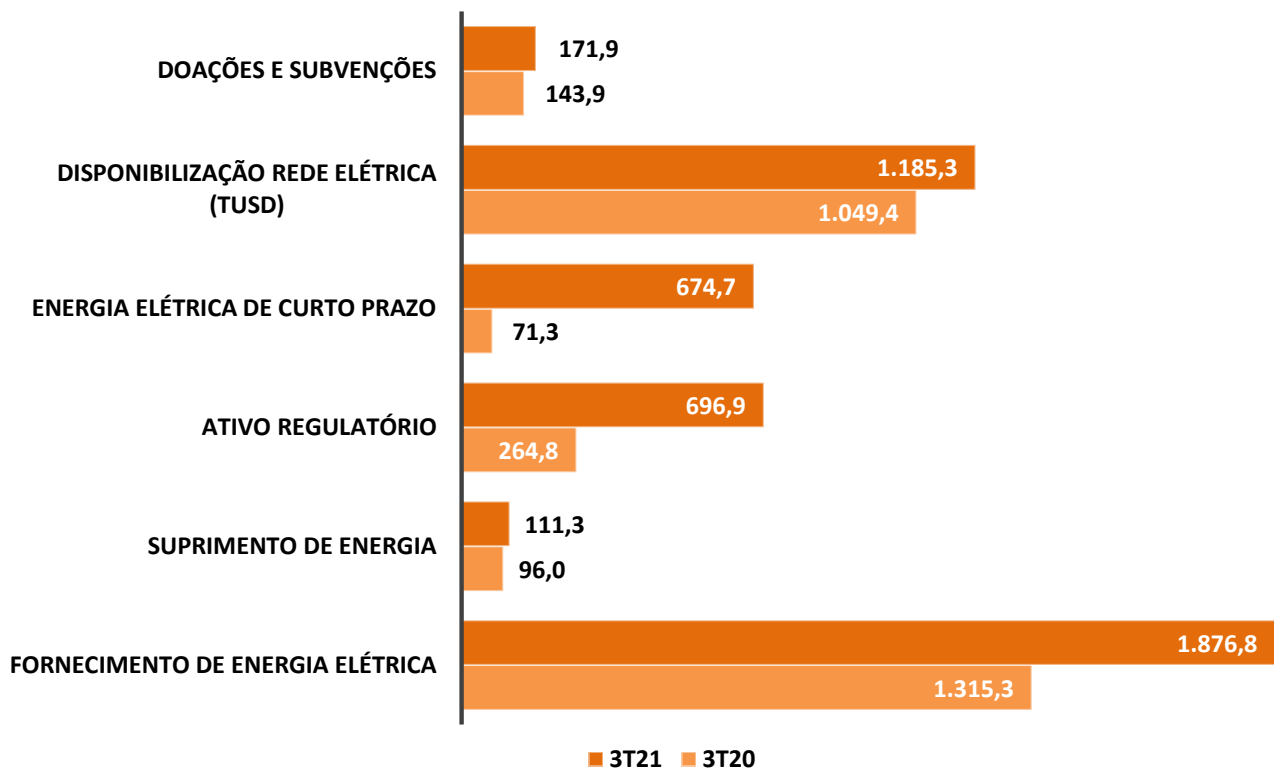
The main factors influencing **Gross Operating Income** were:

- An increase of **42.7%** (27.4% in 9M21) in the **Power Supply** line in 3Q21 (**+R\$561.5 million**), totaling **R\$1,876.8 million (R\$5,356.2 million in 9M21)**, highlighting:
 - Tariff flag revenue of R\$323.3 million in 3Q21 and R\$510.8 million in 9M21;**
 - An increase of 10,1% in consumption over 3Q20;**
 - Increase in billing from the main consumption categories:** Residential (10.1% in the quarter and 12.1% in 9M21); Industrial (16.5% in the quarter and 16.6% in 9M21); and Commercial (17.8% in the quarter and 13.2% in 9M21);
 - Average tariff adjustment of 8.14% in the 2020/2021 period;**
- Regulatory Assets of R\$696.9 million in the quarter (R\$1,007.3 million in 9M21)** due to the net result of CVA. This effect is neutralized by the energy costs;
- Short-Term Energy of R\$674.7 million in 3Q21 (R\$1,109.7 million in 9M21)**, due to the **positive variation in the Difference Settlement Price (“DSP”)** in the Electricity Trading Chamber (CCEE);
- A YoY increase of **13% (+R\$135.9 million)** in **Power Grid Availability (TUSD)** in 3Q21. In 9M21, the increase was **11.8% (+R\$388.5 million)** over 9M20;
- In Other Revenues, we highlight the **recognition of R\$5.6 million in Revenue with NRV in 3Q21 (R\$13.5 million in 9M21)**, due to the IPCA adjustment.



Chart 12 shows the quarterly variation in the main **Gross Income** lines.

Chart 12 - Variation in the main Gross Income lines (R\$ million) - 3Q21/3Q20



3.1.4.2. Breakdown of Gross Operating Income (excluding Construction Revenue)

Charts 13 and 14 below show the percentage of each line in the breakdown of Operating Income.

Chart 13 - Breakdown of Gross Operating Income 3Q21 (excluding construction revenue)

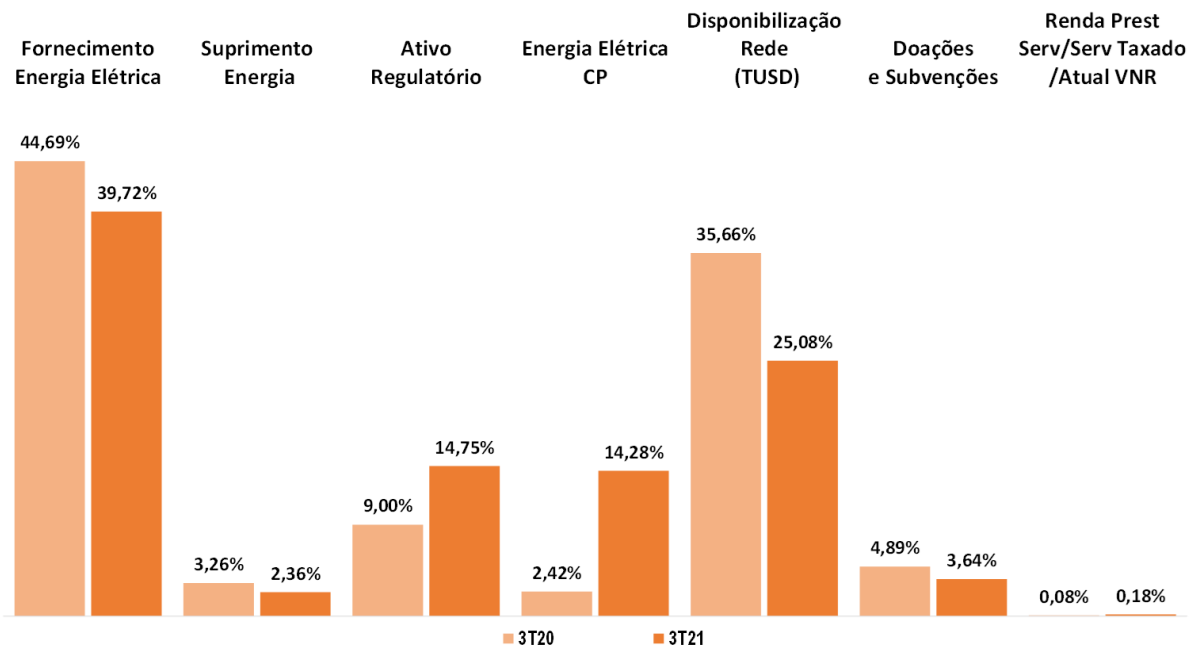
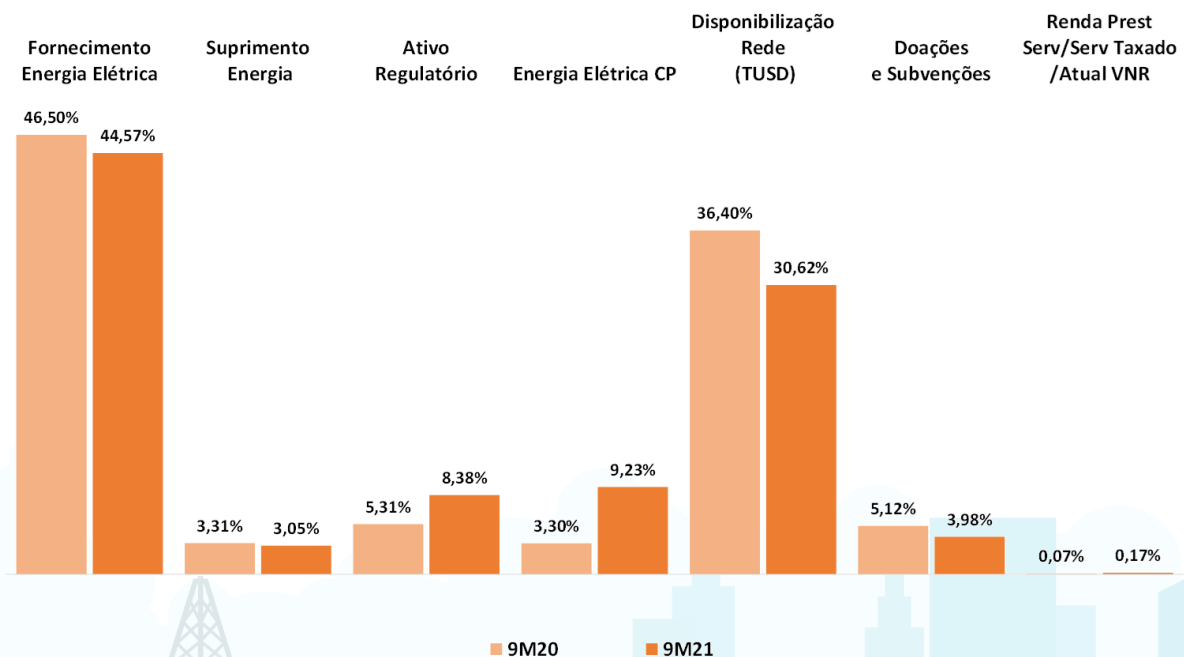


Chart 14 - Breakdown of Gross Operating Income 9M21 (excluding construction revenue)



3.1.4.3. Operating Costs and Expenses.

Charts 15 and 16 below show the breakdown and evolution of the Company's Operating Costs and Expenses.

Chart 15 - Operating Costs and Expenses (R\$ million) - 3Q21

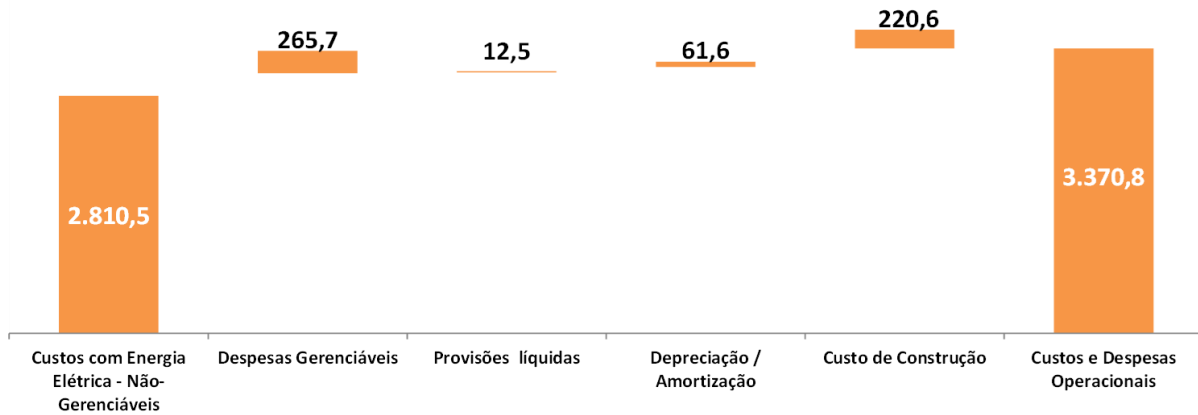
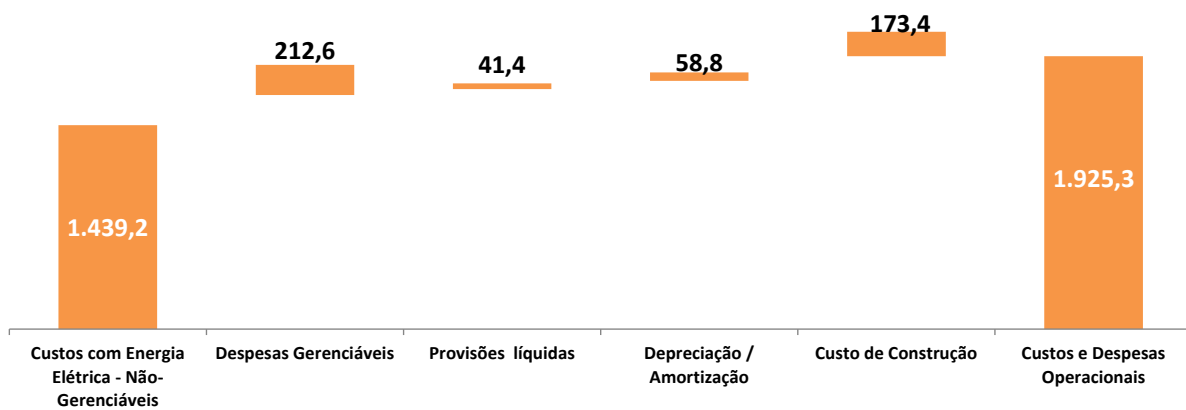


Chart 16 - Operating Costs and Expenses (R\$ million) - 3Q20



Operating costs and expenses reached **R\$3,370.8 million** in 3Q21, an increase of **75.1% (+R\$1,445.5 million)** over the **R\$1,925.3 million** recorded in 3Q20. In 9M21, this figure totaled **R\$7,904.6 million**, **39.2%** (+R\$2,224.8 million) higher than in 2020.

Energy Costs (Non-Manageable) increased by **95.3% (+R\$1,371.3 million in 3Q21)**, to **R\$2,810.5 million** in 3Q21, and by **49.3% (+R\$2,140.1 million) in 9M21**, to **R\$6,484.2 million**. The increase in energy expenses was mainly due to: (1) a 137.9% increase in costs to contract **energy from thermal sources**; (2) a 14.6% rise in costs to contract **energy from water sources**; and (3) a 24.3% increase in bilateral contracts, due to the variation of the IGP-M inflation index in the period. The table below shows the purchased energy costs:

Celesc Distribuição S.A. | Custos com Energia Comprada por Modalidade de Contratação

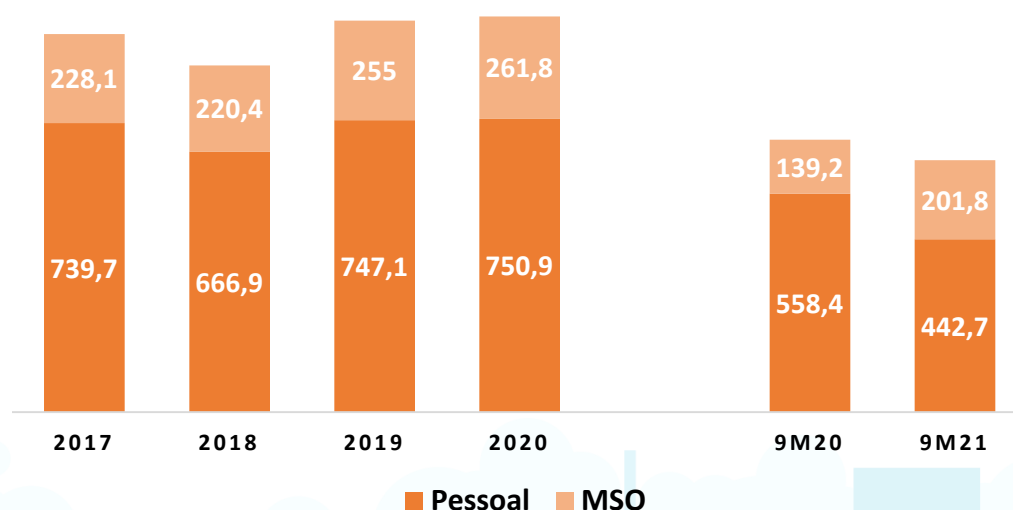
Tarifa Média de Energia Comprada por Modalidade (R\$/MWh)*	3T20	3T21	Var. de Preço %	Participação % no MIX 3T20	Participação % no MIX 3T21	Tarifa Média do Reajuste Tarifário* (R\$/MWh)
LEILÃO - CCEAR / Hidro	165,5	189,6	14,6%	31,1%	29,7%	223,55
LEILÃO - CCEAR / Térmica	150,4	357,9	137,9%	35,8%	38,7%	294,49
ITAIPU	358,7	341,9	-4,7%	17,0%	15,4%	335,26
CONTRATOS BILATERAIS	447,3	556,1	24,3%	0,0%	0,0%	472,95
OUTROS	123,1	128,5	4,3%	16,1%	16,1%	122,65
Total - (R\$/MWh)	186,3	268,6	44%	100,0%	100,0%	239,36

The higher energy costs are mainly due to the **water risk and the consequent activation of thermal plants**. We emphasize that the variations in energy costs are captured by the Portion A Revenue.

As for Manageable Expenses, PMOO (Personnel, Material, Outsourced Services, and Other Expenses) **increased by 25% in 3Q21 (down by 7.6% in 9M21)**, to **R\$265.7 million in 3Q21** over the **R\$212.6 million** recorded in **3Q20**. In **9M21**, Celesc Distribuição's PMOO fell by **7.6% (R\$53.0 million)**, from **R\$697.5 million in 9M20** to **R\$644.5 million in 9M21**, influenced by the **substantial reduction in personnel expenses**.

Chart 17 shows the evolution of Celesc Distribuição's PMOO (Personnel + MOO), excluding the net provisions realized in the period.

Chart 17 - Evolution of PMOO (Personnel + MOO) - 2017 to 9M21 (R\$ million)



Expenses with supplies went up by 62% in the quarter, to R\$8.0 million, and by 76% in 9M21 (+R\$8.7 million), to R\$20.2 million, highlighting: (i) increases of 15% and 20% in 3Q21 and 9M21, respectively, with supplies for the renovation and maintenance of operating units, totaling R\$1.9 million and R\$4.3 million, respectively; (ii) increases of 221% and 76% in 3Q21 and 9M21, respectively, with supplies materials for the renovation and maintenance of administrative units, totaling R\$565,000 and R\$1.0 million, respectively; (iii) increases of 31% and 10% in 3Q21 and 9M21, respectively, with hygiene and occupational health supplies, totaling R\$1.2 million and R\$3.1 million, respectively.

Outsourced Services increased by 11.8% in 3Q21, to R\$65.6 million, and by 20.78% in 9M21, to R\$195.3 million, explained by: (i) the maintenance of distribution lines (R\$15.8 million in 3Q21 and R\$46.4 million in 9M21); (ii) the reading of meters - LIES (R\$11.6 million in 3Q21 and R\$34.5 million in 9M21); (iii) vegetation clearing (R\$5.2 million in 3Q21 and R\$13.9 million in 9M21); (iv) contracted labor (R\$3.5 million in 3Q21 and R\$17.1 million in 9M21); and (v) call center (R\$3.2 million in 3Q21 and R\$12.2 million in 9M21).

The increase in Material Expenses and Outsourced Services is a result of the return to in-person activities after the social distancing period.

Net provisions totaled R\$12.5 million in 3Q21 and R\$94.9 million in 9M21 – lower than the **R\$41.4 million** recorded in 3Q20 (**R\$67.9 million in 9M20**). **Allowance For Doubtful Accounts totaled R\$24.7 million in 3Q21 (R\$91.3 million in 9M21); Other Provisions (Labor, Civil and Tax) totaled R\$64.1 million in 3Q21 (R\$163.7 million in 9M21); and reversals of Other Provisions reached R\$76.3 million in 3Q21 (R\$146.3 million in 9M21)**. Detailed information about the provisions can be found in Note 9.B.1 of the 3Q21 Quarterly Information Form (ITR).

Personnel expenses rose by 7.4% YoY in 3Q21 but fell by 20.7% YoY in 9M21. The quarterly increase is mainly due to the rise in fixed salaries, as a result of the effects of the annual salary increase provided for in the Collective Bargaining Agreement and the recognition of R\$21.3 million in 3Q21 referring to the ongoing Voluntary Separation Program. In 3Q21, the Company approved the reopening of the Voluntary Separation Program for the 2021/2022 period, which is currently open for registration.

Celesc Distribuição S.A. | Total Personnel Expenses

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Total Personnel	(155.1)	(166.6)	7.4%	(558.4)	(442.7)	-20.7%
Personnel and Administrators	(139.8)	(167.5)	19.8%	(512.3)	(446.5)	-12.9%
Personnel and Charges	(134.1)	(161.8)	20.7%	(493.2)	(429.1)	-13.0%
Private Pension Plan	(5.8)	(5.7)	-0.9%	(19.1)	(17.4)	-9.0%
Actuarial Expenses	(15.3)	0.9	105.8%	(46.1)	3.7	108.1%

Celesc Distribuição is the sponsor of Fundação Celesc de Seguridade Social - CELOS, which manages the pension benefit plans and the healthcare plan offered to its employees. The Actuarial Expense recorded in the Income Statement follows what is established in the Annual Actuarial Valuation of Post-Employment Benefits prepared by independent actuaries. The chart below presents the balance of **Actuarial Liabilities as of September 30, 2021, compared to 9M20**, showing a reduction in Celesc Distribuição's estimated obligations. The negative variation of 4.8% until September 2021 is explained by the expense calculated for 2021 (calculated based on the annual Actuarial Report), which is lower than the payments made in the period.

Celesc Distribuição S.A. | Actuarial Liabilities

R\$ million	As of December 31, 2020	As of September 30, 2021	Var. (%)
Social Security Benefit Plans	1,239.3	1,155.8	-6.7%
Mixed + Transitional Plan	1,239.3	1,155.8	-6.7%
Other Post-Employment Benefits	1,278.1	1,240.6	-2.9%
Healthcare Plan	1,214.0	1,177.2	-3.0%
Other Benefits	64.1	63.4	-1.0%
Total	2,517.3	2,396.4	-4.8%
Short Term	197.9	202.5	2.3%
Long Term	2,319.4	2,193.9	-5.4%

3.1.4.4. EBITDA.

Charts 18 and 19 below shows the breakdown of the conversion of **EBITDA into Net Income**:

Chart 18.1 – EBITDA and Net Income
(R\$ million) – 3Q20



Chart 18.2 – EBITDA and Net Income
(R\$ million) – 3Q21



Chart 19.1 – EBITDA and Net Income
(R\$ million) – 9M20

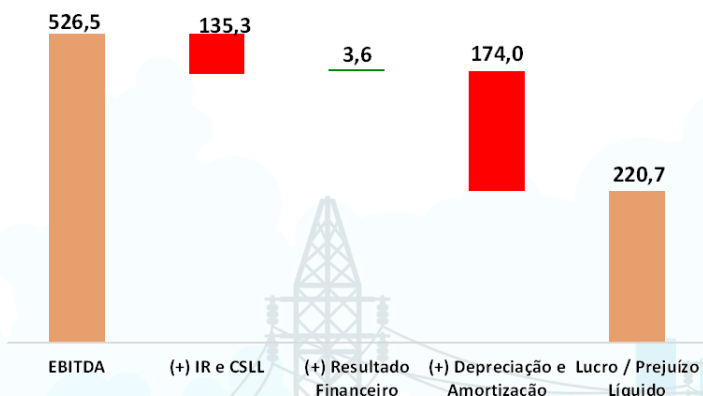
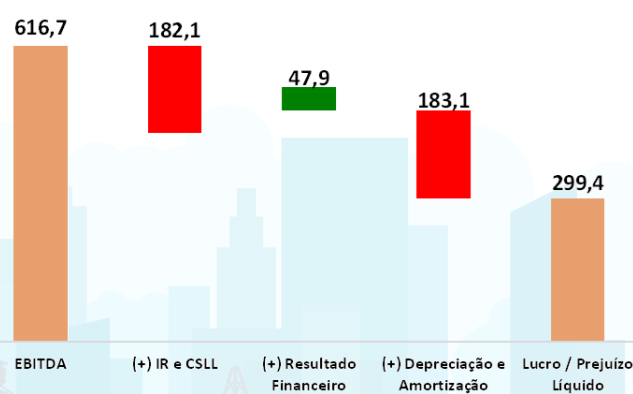


Chart 19.2 – EBITDA and Net Income
(R\$ million) – 9M21



In 3Q21, **EBITDA increased by 20.5% (R\$29.6 million)** over 3Q20, to R\$174.2 million. The main factors impacting the quarterly increase in EBITDA were: (i) the average growth of 10.1% in Energy Consumption; (ii) lower losses from 3Q20, representing an addition of R\$14 million to the Company's results; (iii) tariff readjustment with an average effect of 8.14% as of August 22, 2020; and (iv) an increase of 73.2% in the Company's NOI (Net Operating Income), mainly driven by the rise in power supply revenues (+42.7%), short-term energy (+846.1%), and electricity availability (+13%). In 9M21, EBITDA went up by 17.1%, to R\$616.7 million.

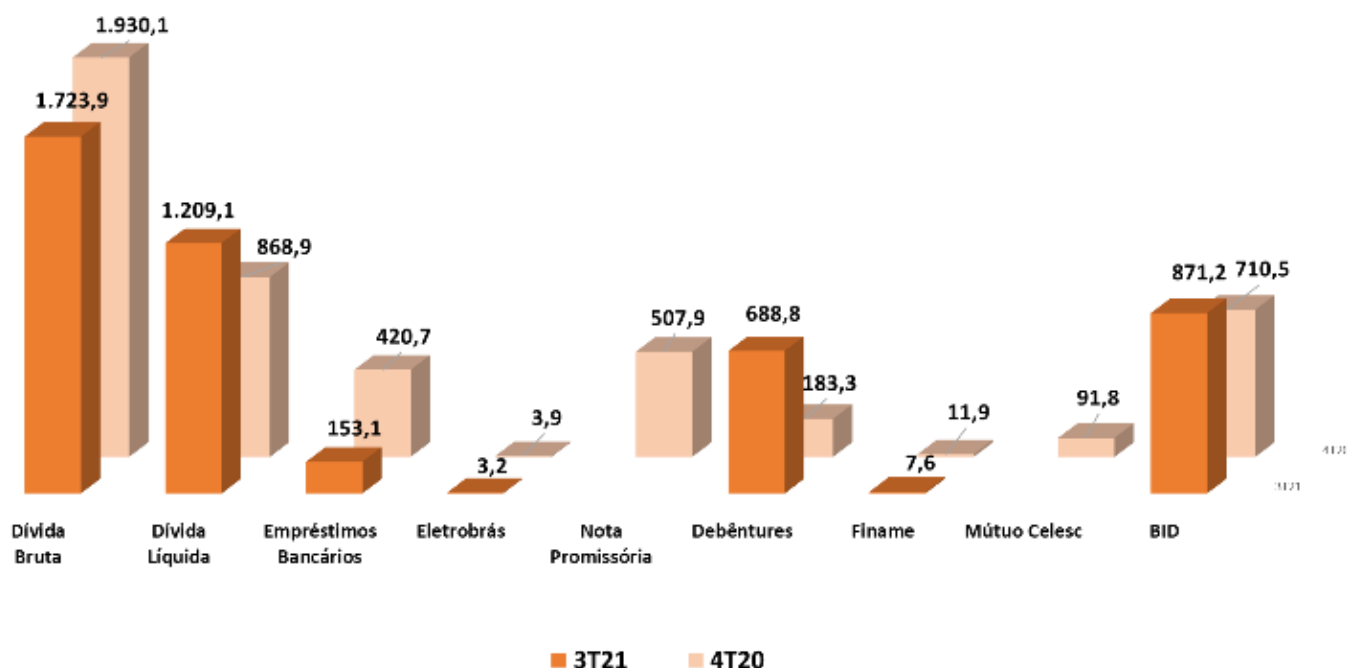
The Financial Income totaled R\$66.4 million in 3Q21 (R\$190.3 million in 9M21), up by **15.8% (+R\$9.1 million)** in 3Q21 (**R\$45.3 million in 9M21**) over the **R\$57.3 million** recorded in 3Q20 (**R\$145.0 million in 9M20**). This increase was chiefly due to: (i) Monetary Variations, **which moved up by 67.2% (R\$19.1 million) in 3Q21 (R\$65.8 million in 9M21)**; (ii) Earnings from Financial Investments, which **increased by 44.6% (R\$6.9 million) in 3Q21 (R\$15.7 million in 9M21)**, due to the rise in the basic interest rate; (iii) Interest and Late Payment Additions on electricity bills, which **increased by 7.9% (R\$26.6 million) in 3Q21 (R\$82.1 million in 9M21)**, due to billing and short-term delinquency; and (iv) the Regulatory Asset of **R\$13.3 million in 3Q21 (R\$28 million in 9M21)**, increases of which result from the application of SELIC on the sectoral financial assets (regulatory asset). The high accumulated changes in Monetary Variations and Interest and Late Payment Additions on electricity bills result from a weaker base in 2020, the period in which it was prohibited to suspend power supply to residential consumers, making it difficult to charge for this service.

Financial Expenses rose by 14.2% in 3Q21 (0.7% in 9M21), to **R\$48.0 million (R\$142.4 million in 9M21)**, compared to R\$42.0 million in 3Q20 (R\$141.4 million in 9M20). The increase in 3Q21 was mainly due to: (i) higher debt charges (6.6%) in 3Q21, totaling R\$29.4 million (R\$94.5 million in 9M21), compared to R\$27.6 million in 3Q20 (R\$95.2 million in 9M20). This effect reflects the Company's indebtedness that is mainly pegged to CDI, rose in the comparison between the periods.

Lastly, **Net Income totaled R\$82.3 million in 3Q21 (R\$299.4 million in 9M21)**, up by **51.1% (+R\$27.8 million) in 3Q21 and 35.6% in 9M21 (R\$78.6 million)**, as a result of the factors described in the EBITDA analysis, in addition to the good financial result recorded in 3Q21.

3.1.4.5. Indebtedness.

Chart 20 below shows the **Company's Gross and Net Debts**, as well as their breakdown from December 2020 to September 2021.

Chart 20 - Gross Debt, Net Debt, and Loan Position


In September 2021, the Gross Financial Debt totaled R\$1,723.9 million, down by 10.7% (R\$206.1 million) from the R\$1,920.1 million recorded in 4Q20.

The 10.7% reduction in gross debt (R\$206.1 million) in 2021 was due to the settlement of the loan agreement between Celesc G (creditor) and Celesc D (debtor) on February 25, and the amortization of bank loans and other debts in the period.

We highlight the period's successful consolidation of the Company's plan to improve its debt profile, extending its indebtedness. The current debt is largely concentrated in the long term, as shown in the table below. It is also worth noting that the Company's leverage is at low and preserved levels, as represented by the Net Debt/EBITDA ratio.

The net financial debt rose by 39.1%, to R\$1,209.1 million, impacted by the lower cash and cash equivalents in comparison compared to 4Q20.

Celesc Distribuição S.A. | Indebtedness

3Q21 Financial Debt			
R\$ million	As of December 31, 2020	As of September 30, 2021	Δ
Short-Term Debt	1,025.3	256.6	-75.0%
Long-Term Debt	904.8	1,467.3	62.2%
Total Financial Debt	1,930.0	1,723.9	-10.7%
(-) Cash and Cash Equivalents	1,061.1	514.9	-51.5%
Net Financial Debt	868.9	1,209.1	39.1%

EBITDA (LTM)	781.2	871.4	11.5%
Net Financial Debt / EBITDA (LTM)	1.1x	1.4x	
ADJUSTED EBITDA (LTM)	894.0	917.2	2.6%
Net Financial Debt / Adjusted EBITDA LTM	1.0x	1.3x	
Equity	990.0	1,289.4	30.2%
Total Financial Debt / Equity	1.9x	1.3x	
Net Financial Debt / Equity	0.9x	0.9x	

The **Net Actuarial Liabilities** item fell by **2.9%** in **September 2021**. Including this line in the Company's total indebtedness and deducting Cash and Cash Equivalents, the **Adjusted Net Financial Debt** totaled **R\$2,908.5 million**, up by **11.0%** over December 2020.

Celesc Distribuição S.A. | Indebtedness + Actuarial Liabilities

Financial Debt + Post-Employment Benefits - 3Q21			
R\$ million	As of December 31, 2020	As of September 30, 2021	Δ
Short-Term Debt	1,025.3	256.6	-75.0%
Long-Term Debt	904.8	1,467.3	62.2%
Total Financial Debt	1,930.0	1,723.9	-10.7%
(+) Net Actuarial Liabilities	1,750.4	1,699.4	-2.9%
Social Security Obligations	1,239.3	1,155.8	-6.7%
Other employee benefits	1,278.1	1,240.6	-2.9%
(-) Deferred IR/CSLL	766.9	697.0	-9.1%
(-) Cash and Cash Equivalents	1,061.1	514.9	-51.5%
Adjusted Net Debt	2,619.4	2,908.5	11.0
EBITDA (LTM)	781.2	871.4	11.5%
Adjusted Net Debt/12M EBITDA	3.4x	3.3x	
ADJUSTED EBITDA (LTM)	894.0	917.2	2.6%
Adjusted Net Debt/Adjusted EBITDA LTM	2.9x	3.2x	
Equity	990.0	1,289.4	30.2%
Total Adj. Debt / Equity	3.7x	2.7x	
Adjusted Net Debt / Equity	2.6x	2.3x	

The indicators improved in 2021, even with the inclusion of actuarial liabilities, as the **Net Debt adjusted by the LTM EBITDA** fell from **3.4x** to **3.3x**. The **Net Debt Adjusted by Equity** decreased from **2.6x** to **2.3x**.

Celesc Distribuição S.A. | Loans and Financings Position

R\$ million	Annual Interest Rate	As of December 31, 2020	As of September 30, 2021	Δ
Local Currency				
Bank Loans	CDI rate + 0.8% p.a.	298.3	130.8	-56.1%
Bank Loans	1.25% to 1.30% p.a. + CDI rate	122.4	22.3	-81.8%
Eletrobrás	5.00%	3.9	3.2	-17.1%
Promissory Note	CDI rate + 4.50%	507.9	0.00	
Debentures	CDI rate +1.90%	183.3	134.2	-26.8%
Debentures	CDI +2.60%	0.00	554.6	
Finame	2.50% to 9.50%	11.9	7.6	-36.6%
Celesc D/G Loan	96.75% of the CDI rate	91.8	0.0	
Foreign Currency				
IDB	CDI rate + 1.38% p.a.	710.5	871.2	22.6%
Total		1,930.1	1,723.9	-10.7%
<i>Short Term – Current</i>		1,025.3	256.6	
<i>Long Term – One to five years</i>		270.1	724.7	
<i>Long Term – Over five years</i>		634.7	742.6	

It is also worth noting that the **Debenture Issue** of April 15, 2021 (the operation was settled in May 2021), **totaling R\$550 million** and maturing on April 15, 2026, and the 22.6% increase in Foreign Debt with the IDB resulting from the release of US\$25 million on March 19, 2021, contributed to the increase and extension of Celesc D's indebtedness.

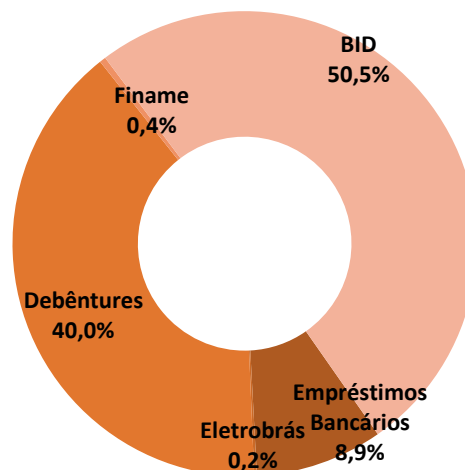
Regarding the debt profile and cost of debt, **15% of the Company's indebtedness correspond to short-term debt** (maturing in less than one year), **42% to medium-term debt** (maturing from one and five years), and **43% to long-term debt** (maturing in over five years). Over the years, the Company has been extending its debt profile.

As of September 30, 2021, the Average Term of the Company's Financial Debt was 11.24 years and the Average Cost was approximately 9.40% p.a., considering the current level of floating rate contracts.

Chart 21 - Debt Breakdown - September 2021


Chart 21 above shows the balance between Local Debt (49.5%) and Foreign Debt (50.5%), arising from the loan with IDB. **Chart 22** below shows the Company's indebtedness breakdown, which is the percentage share of the Company's loans and financing in different types of credit facilities with the financial and capital markets, showing the Company's ability to contract to different lines of credit in Brazil and abroad.

Chart 22 - Debt Breakdown (%)



Celesc Group constantly evaluates ways to mitigate possible exposures to market fluctuation risks, spreading debt into several operations. Also regarding risk mitigation, the credit line with IDB has tranche releases in U.S. dollars that are only recognized by the Company after a Currency Translation operation (“hedge”) with IDB, for the total term of the operation of approximately 25 years. This reinforces the Company's attention towards the financial market, as it avoids exposure to exchange rate variations.

3.1.4.6. Investments

Charts 23 and 24 show Celesc Distribuição's **investments** in capital goods (CAPEX) from 2016 to 2020, as well as CAPEX breakdown in 3Q21.

In **3Q21**, the investments to expand and improve the system, increase operating efficiency, and streamline the company's management **totaled R\$629.8 million, up by 26.8% (+R\$48.2 million)** over the **R\$179.9 million** recorded in 3Q20.

In 9M21, the investments to expand and improve the system, increase operating efficiency, and streamline the company's management totaled R\$526.2 million, up by 23.7% (+R\$100.8 million) over the R\$425.4 million recorded in 9M20.

The highlights were the investments in the Distribution segment to compose the Company's Regulatory Asset Base (RAB), which totaled **R\$497.9 million – 95% of total CAPEX, as shown below:**

- Distribution Lines and Substations, totaling **R\$150.4 million – 30.2% of RAB CAPEX;**
- Distribution and Telecommunication Networks totaling **R\$293.8 million – 59.0% of RAB CAPEX;**
- Trading and Measurement, totaling **R\$51.0 million – 10.2% of RAB CAPEX;**
- Other Investments, totaling **R\$2.7 million – 0.5% of RAB CAPEX.**

Moreover, in 2021, Celesc Distribuição made mandatory investments of **R\$10.6 million** in **Research and Development (R&D)** and **R\$13.2 million** in **Energy Efficiency**.

Chart 23 - CAPEX Celesc Distribuição (R\$ million)

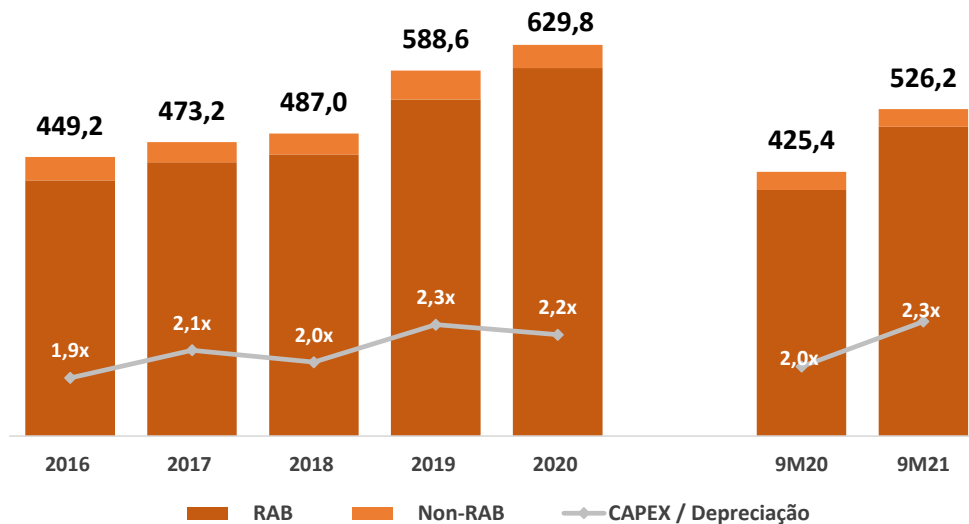
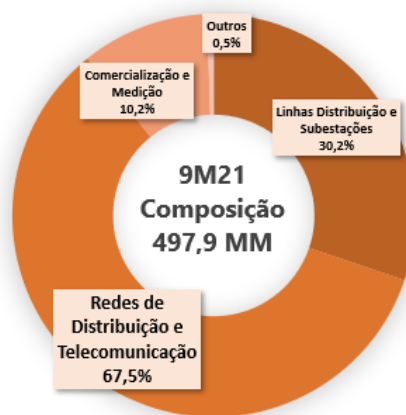


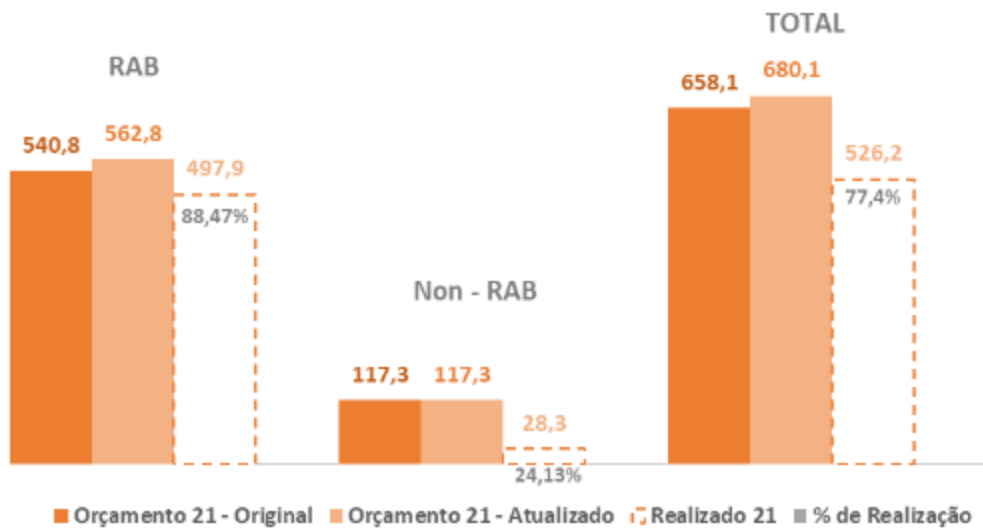
Chart 24 - Investment Breakdown - RAB CAPEX



For the 2021 Capital Budget, **R\$540.8 million** was approved for the power distribution system. Of this amount, (i) **R\$467.7 million** were allocated to the feasibility of expansion works and improvement of the system by the technical area, and (ii) **R\$73.1 million** to investments by the sales area, mainly the installation and update of measurement equipment. It is worth noting that part of the Investments made by the Company has the participation of and/or is transferred to consumers according to regulatory rules adherent to such investments.

On September 23, the Company's Board of Directors authorized the transfer of R\$22 million from Celesc G's Capital Budget to Celesc D. The new authorized amounts for 2021 correspond to R\$680 million to Celesc D and R\$41.8 million to Celesc G. Budget was transferred to pay the first tranche of Other Transmission Facilities (OTF) to Eletrosul by Celesc D, according to 5PTRC.

Chart 25 - Capital Budget - Expected x Realized



Celesc + Energia Program

The *Celesc + Energia* Program corresponds to several interventions proposed to expand and improve power distribution quality in Celesc-D's concession area.

Designed to last five years, the Program started on October 31, 2018, is currently operating, and is expected to make investments totaling US\$377,280,500,00, of which US\$276,051,000.00 are funded by the Interamerican Development Bank (BID) and US\$101,229,500.00 by Celesc-D.

The Program's current investments come to US\$216.7 million and were aimed at new distribution lines and substations, and to the capacity expansion of existing substations.

The Program also invested in the Company's institutional strengthening that resulted in the construction of a new data center and in the streamlining of the information technology center, which was essential for the successful operation of the work-from-home system to ensure health security during the COVID-19 pandemic.

Also within the context of institutional strengthening, the Program supports the development of a pioneering Gender and Diversity Strategy, which culminated in the implementation of a Gender and Diversity Policy at the Company in October 2021.

Some goals already achieved in the Program are worth mentioning: (i) 466.29 MVA increase supplied in the network through new substations implemented and substations with expanded capacity; (ii) 46.32 km new high tension lines installed; (iii) 606.53 MVA increase from the expansion of the transformation power of the medium tension distribution network; (iv) 258 new feeders installed; (v) 1,224.69 km of distribution network improved; (vi) 707,590 electricity meters installed/replaced, and (vii) 2,896.00 distribution equipment replaced.

3.2. CELESC GERAÇÃO

3.2.1. Company's Profile

Operating Area

Celesc Geração is a subsidiary of the Celesc Group in the electricity generation segment by operating, maintaining, selling, and expanding its generation park, and holding interests in power generation projects through partnerships with private investors.

The Company has its own generation park made up of 12 plants, of which one Small Hydroelectric Plant (SHP), five Hydroelectric Generation Plants (HGP), and six Hydroelectric Power Plants (HPPs). Also in the generation segment, the company holds a minority interest in another six generation projects, developed in a partnership with private investors, as Special Purpose Entity (SPE), all of them already in operation. In the transmission segment, the company holds a minority interest in an SPE in a partnership with EDP - Energias do Brasil.

Celesc G's total generation capacity in operation on September 30, 2021, was 126.51 MW, of which 115.27 MW from its own park and 11.24 MW from the generation park set up with partners - already proportional to Celesc G's shareholding interest in these projects.

Celesc's Plants



The table below shows the main features of Celesc Geração's wholly-owned plants:

Own Generation Park | 100% of Celesc Geração S.A.

PLANTS	Location	Final Concession Term	Installed Power (MW)	Physical Guarantee (MW)	Physical Guarantee in Shares
1 Pery HPP	Curitibanos/SC	07/09/2047*	30.00	14.08	100%
2 Palmeiras HPP	Rio dos Cedros/SC	11/07/2046*	24.60	16.70	70%
3 Bracinho HPP	Schroeder/SC	11/07/2046*	15.00	8.80	70%
4 Garcia HPP	Angelina/SC	01/05/2046*	8.92	7.10	70%
5 Cedros HPP	Rio dos Cedros/SC	11/07/2046*	8.40	6.75	70%
6 Salto Weissbach HPP	Blumenau/SC	11/07/2046*	6.28	3.99	70%
7 Celso Ramos SHP	Faxinal dos Guedes/SC	17/03/2035**	13.92	6.77	N/A
8 Caveiras Plant HGP	Lages/SC	***	3.83	2.77	N/A
9 Ivo Silveira Plant HGP	Campos Novos/SC	***	2.60	2.03	N/A

10	Rio do Peixe HGP	Videira/SC	***	0.52	0.50	N/A
11	Pirai HGP	Joinville/SC	***	0.78	0.45	N/A
12	São Lourenço HGP	Mafra/SC	***	0.42	0.22	N/A
Total MW				115.27	70.16	

(*) Plants that adhered to the renegotiation of the hydrological risk according to ANEEL Normative Resolution REN 895/2020, and will extend their concessions for another 7 years.

** Plant that adhered to the renegotiation of the hydrological risk according to ANEEL Normative Resolution REN 895/2020, and will extend their concessions for another 4.2 years.

*** Plants with a power of less than 5 MW are exempt from the concession act (Law 13,360/16).

The table below shows the main features of the generation projects developed in a partnership with private investors:

Projects in operation | minority interest held by Celesc Geração S.A.

PLANTS	Location	Final Concession Term	Installed Power (MW)	Physical Guarantee (MW)	Part. Celesc G	Equivalent Installed Power (MW)	Eq. Physical Guarantee (MW)
13 SHP Rondinha	Passos Maia/SC	10/05/2040*	9.60	5.48	32.5%	3.12	1.78
14 HGP Prata	Bandeirante/SC	**	3.00	1.68	26.1%	0.78	0.44
15 HGP Belmonte	Belmonte/SC	**	3.60	1.84	26.1%	0.94	0.48
16 HGP Bandeirante	Bandeirante/SC	**	3.00	1.76	26.1%	0.78	0.46
17 SHP Xavantina	Xanxerê/SC	04/07/2040	6.08	3.54	40.0%	2.43	1.42
18 SHP Garça Branca	Anchieta/SC	03/13/2043	6.50	3.44	49.0%	3.19	1.69
Total MW			31.78	17.74		11.24	6.26

* Plant that adhered to the renegotiation of the hydrological risk according to ANEEL Normative Resolution REN 895/2020, and will extend their concessions for another 336 days.

** Plants with a power of less than 5 MW are exempt from the concession act (Law 13,360/16).

All the plants of the company's generation park and all the plants in partnership with other shareholders participate in the Energy Reallocation Mechanism (ERM), a shared system of hydrological risks, in which the participating plants transfer the generated power exceeding their physical guarantee to the plants that generated levels lower than the physical guarantee limits.

In addition to the aforementioned projects, Celesc Geração has an equity interest in a transmission project called EDP Transmissão Aliança SC. In June 2021, the Company concluded the necessary stages to energize and integrate the stretches located in the coastal region of Santa Catarina with the National Interconnected System. In this first stage, 180 km of transmission lines with tension levels of 230 and 525 kV and the important substation **Siderópolis 2** with tension 525/230kV were completed. The stretch was delivered 14 months than set at ANEEL's calendar, which will add additional revenues to the project.

At the end of 3Q21, the other stretches were in their final construction stages, waiting for the Santa Catarina Environmental Institute (IMA) to issue the environmental operating license. The Company expects to conclude the construction works earlier than set at the regulatory schedule.

3.2.2. Indemnification of the Pery Plant

In 2017, the concession of the Pery Plant (Pery HPP) was extended for 30 years, based on the quota system of energy and power physical guarantee. Accordingly, the final term of the concession is July 9, 2047. However, during the approval of the Annual Revenue Generation (ARG) of 2018, 2019, and 2020, ANEEL opted for readjusting the Improvement Cost of the Generation Asset Management – Improvement of the GAM, without defining the

remuneration of investments in reversible assets not amortized, not depreciated and not indemnified, as provided for in Law. Accordingly, in recent years, Celesc G had been receiving the full amounts related to the Improvement of the GAM, but on the other hand, it had not been receiving the indemnification amount, which was entitled to as a result of the increase in the plant's installed capacity from 4.4 MW to 30 MW in 2013. For this reason, in 2018, Celesc G filed an administrative proceeding to determine the mentioned case.

In 2021, after several negotiations, ANEEL accepted Celesc Geração's request and recognized the indemnification amount, and the accumulated depreciation rates of the Pery HPP Generation Units, totaling R\$114.5 million. Below is a brief accounting overview of the situation described above:

Description	Pery Plant	Total
Balance as of December 31, 2020	-	-
Inflows	114,496	114,496
Inflation Adjustment	16,118	16,118
Interest	54,468	54,468
Amortization/Write-off	(13,446)	(13,446)
Balance as of September 30, 2021	171,636	171,636
Current		42,401
Noncurrent		129,235

On September 30, 2021, the balance of R\$171.6 million referred to the amount recorded as indemnification of the Pery Plant Basic Project, of R\$114.5 million, adjusted by the IPCA and monthly interest calculated based on the Internal Rate of Return (IRR). The balance is monthly amortized until the end of the concession term, in July 2047, based on ARG values yearly ratified.

For further information, see Notes 2.1.2.3. B. and 14.2.2.

3.2.3. Hydrological Risk Renegotiation (GSF)

In 3Q21, Celesc Geração carried out the Hydrological Risk Renegotiation (GSF) under Law 14,052/2020, which defined compensations for impacted hydroelectric plants participating in ERM, by extending the concession term. Below are the new concession terms after the extension:

Plant	End of the Concession (before the extension)	Extension of the Concession Term (in Days)	Extension of the Concession Term (in Years)	End of the Concession (after the extension)
GARCIA HPP	01/05/2046	2555	7	01/03/2053
BRACINHO HPP	11/08/2046	2555	7	11/06/2053
CEDROS HPP	11/08/2046	2555	7	11/06/2053
CELSO RAMOS SHP	03/22/2035	1530	4.2	05/30/2039
PERY HPP	07/09/2047	2555	7	07/07/2054
PALMEIRAS HPP	11/08/2046	2555	7	11/06/2053
SALTO HPP	11/08/2046	2555	7	11/06/2053

On October 07, 2021, Celesc G fully settled its debt with CCEE, after the matching of accounts, considering the amounts receivable referring to the accounting period of August 2021. The net amount paid was R\$64.1 million.

For further information, see Note 2.1.2.3. C.

3.2.4. Expansion of the Celso Ramos SHP: Brief history

On May 21, 2021, through Order 1,456/2021, ANEEL decided to authorize the generation units GU-3 and GU-4 to begin their operational testing. On July 9, the Santa Catarina Environmental Institute - IMA issued an Environmental Operating License, authorizing Celesc to submit a request for Commercial Operation to ANEEL, which was approved through Order 2,267, of July 27, 2021.

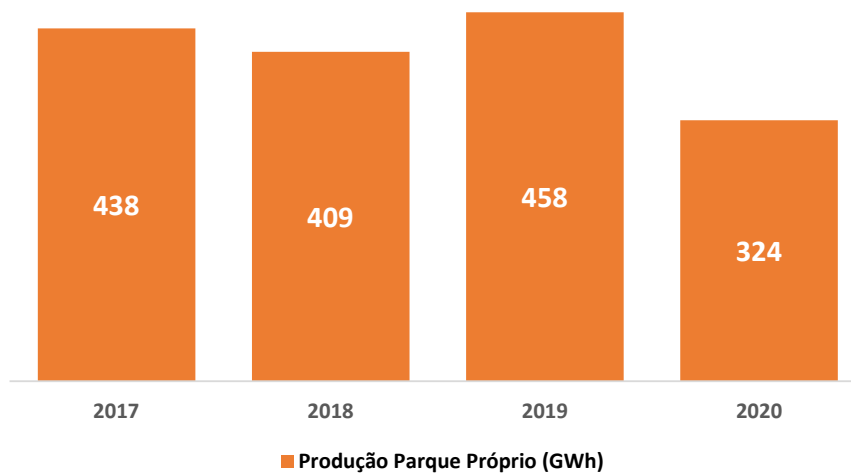
As a result, the Celso Ramos SHP has been operating with a new installed capacity of 13.92 MW since July 28, 2021, and, therefore, the project for its expansion has been concluded.

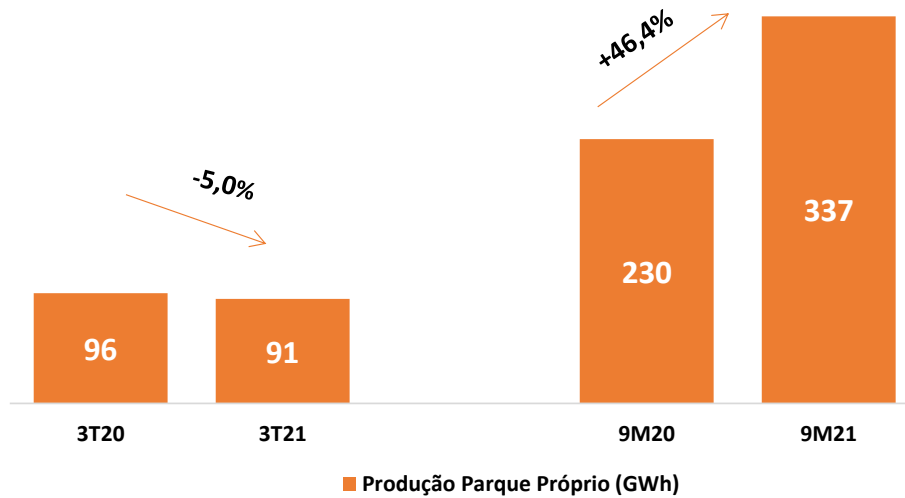
3.2.5. Operational Performance

3.2.5.1. Power Production

In 3Q21, power generated by Celesc's plants was **90.8 GWh (336.7 GWh in 9M21)**, down by **5.0% in 3Q21**, but **up by 46.4% YoY** in 2021. Chart 26 below shows the performance of generated power production of Celesc's park from 2017 to 2021.

Chart 26 – Production of Celesc's Generation Park (GWh)



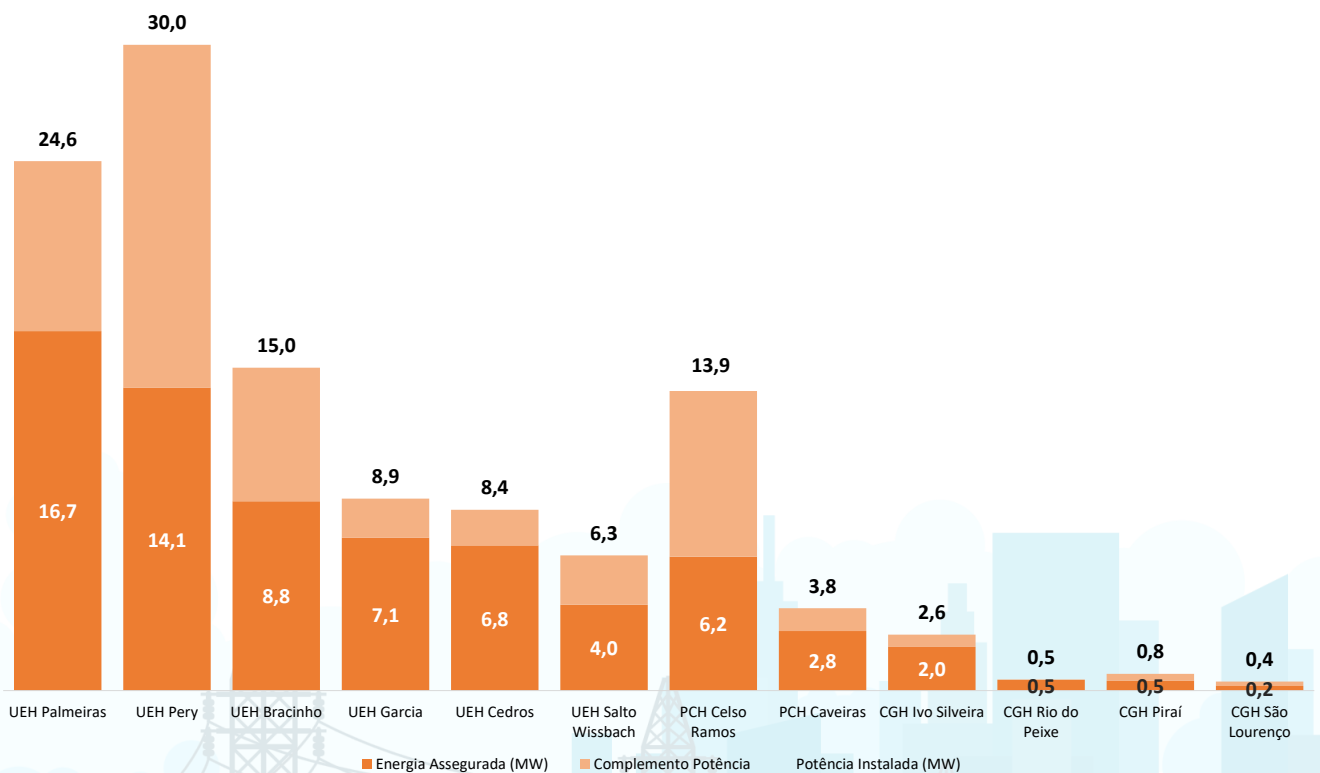


The main cause of the quarterly variation is the low rainfall levels in the catchment basins, leading to a reduction in the production of the Pery (by 21.7%), Celso Ramos (by 47.6%), Palmeira (by 8.8%), and Caveiras (by 10.8%) plants.

Due to the water crisis, power generated in the HPPs of the entire Brazilian electrical system significantly fell, and Celesc Geração was also impacted by such an adverse scenario, selling a lower quantity of energy in the period.

Below is the breakdown of the company's generation park and the corresponding installed capacity and physical guarantees.

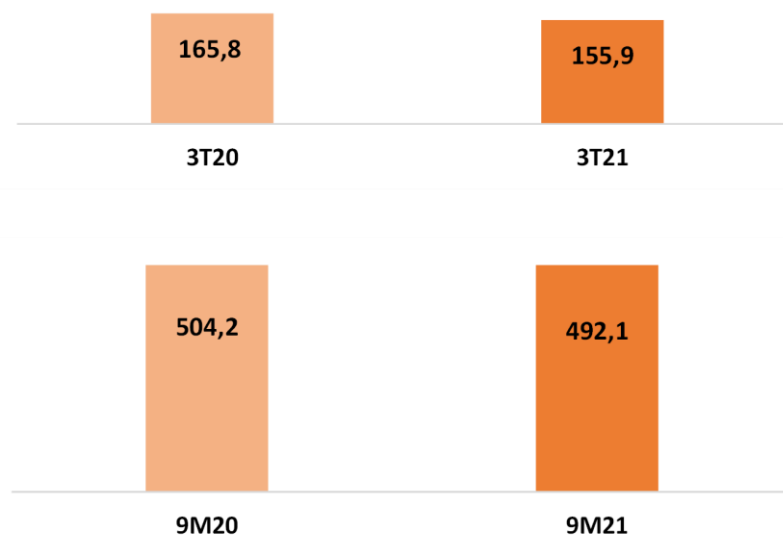
Chart 27 - Installed Capacity and Physical Guarantee – Company's Plants



3.2.5.2. Billed Energy.

Chart 28 below shows the performance of Billed Energy at Celesc Geração (quarter and annual comparisons).

Chart 28 - Billed Energy (GWh)



Billed energy fell by 6% in 3Q21 (2.6% in 9M21), except for the supplies category, which increased by 8%.

The average sales price, including operations at CCEE, was 41% (50.6% excluding CCEE) higher than in 3Q20, due to the lack of rainfall in Brazil, with PLD at the maximum limit in July and August 2021.

By excluding operations with CCEE, the variation in the average price resulted from:

- (i) the increase in the average MWh of the share income due to the high IPCA (index);
- (ii) the recognition of the indemnification of investments made at the Pery HPP, which increased the tariff received by the HPP;
- (iii) the possibility to execute new short-term agreements in a period with high prices, due to the start of the commercial operation of the expansion of the Celso Ramos SHP.

It is also important to recall the concept of GSF, which is the indicator that shows the power generated from the capacity of the hydroelectric plants that are part of MRE, thus reflecting the amount of energy available for sale. Accordingly, GSF fell by 24.0% QoQ, negatively impacting Celesc G's billed energy.

Among the variations above, it is worth noting the dropping of the GSF lawsuit, which led to a negative entry in August. Exclusively due to this fact, we recorded a reduction in the 3Q21 Revenue.

3.2.6. ECONOMIC AND FINANCIAL PERFORMANCE.

3.2.6.1. Gross Operating Income, Net Operating Income, and Net Income.

The table below shows Celesc Geração's main indicators in 3Q21 and 9M21.

Celesc Geração S.A. | Main Financial Indicators

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Gross Operating Income	41.0	128.6	213.3%	111.8	221.0	97.6%
Deductions from Operating Income	(5.5)	(6.2)	14.1%	(12.8)	(15.4)	20.4%
Net Operating Income	35.6	122.3	243.9%	99.0	205.6	107.6%
Operating Costs and Expenses	(13.1)	(23.1)	75.6%	(38.2)	(23.5)	-38.3%
<i>Electricity Costs</i>	(5.3)	(33.2)	521.6%	(16.1)	(43.5)	169.3%
<i>Operating Expenses</i>	(7.8)	(10.1)	229.3%	(22.0)	20.0	190.7%
Equity Pickup	2.9	4.6	55.5%	7.0	6.5	-7.3%
Earnings from Activities	25.4	103.8	309.2%	67.9	188.5	177.7%
EBITDA	26.9	90.6	236.9%	72.4	178.2	146.91%
<i>EBITDA Margin (%)</i>	75.6%	74.1%		73.1%	86.7%	
Financial Result	(0.7)	0.8	210.7%	(2.5)	0.3	111.9%
Earnings Before Income Tax	24.7	104.6	323.5%	65.4	188.8	188.7%
IR/CSLL	(7.4)	(34.0)		(19.8)	(62.0)	
Net Income / Loss	17.3	70.6	307.8%	45.6	126.9	178.3%
<i>Net Margin (%)</i>	48.7%	57.7%		46.0%	61.1%	

Chart 29 - Gross and Net Revenues, EBITDA and Net Income (million) - 3Q21

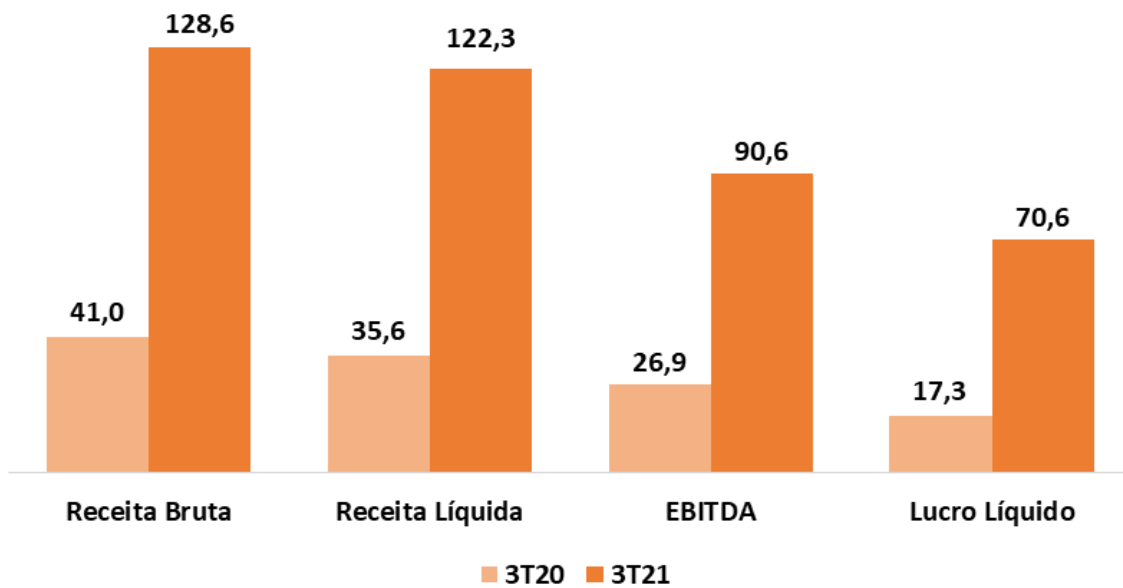
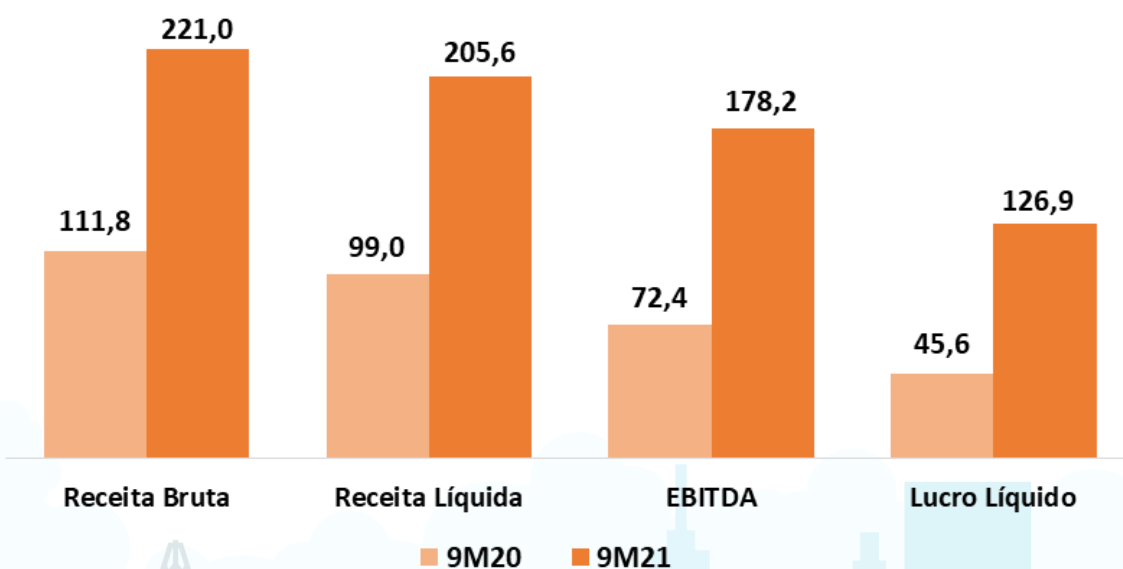


Chart 30 - Gross and Net Revenues, EBITDA and Net Income (million) - 9M21



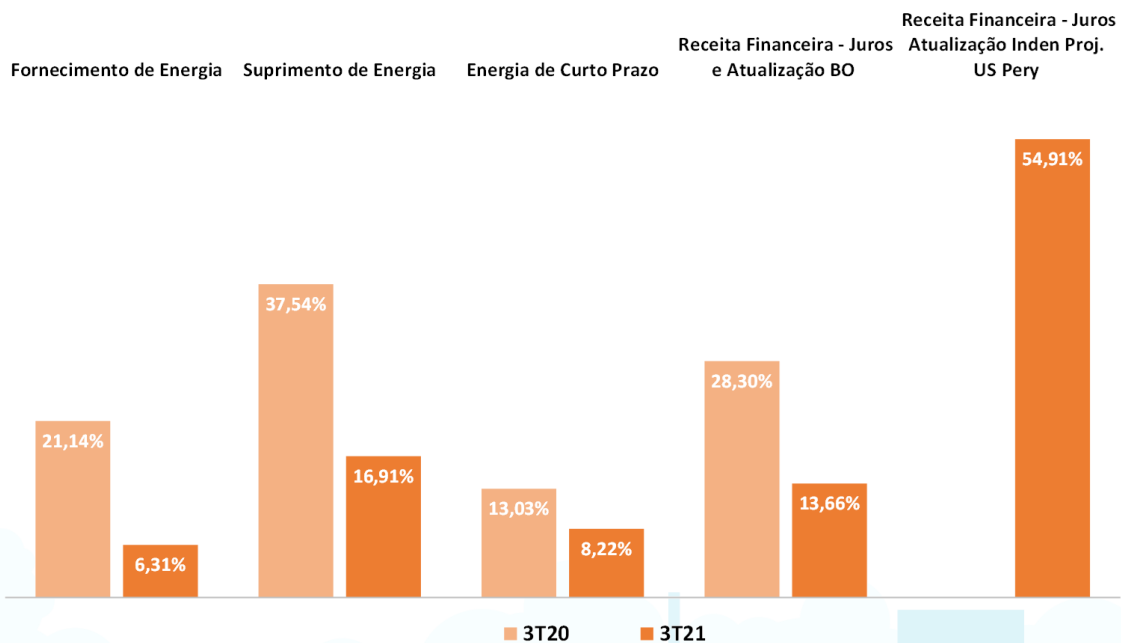
The main factors positively affecting the quarter EBITDA and Income were:

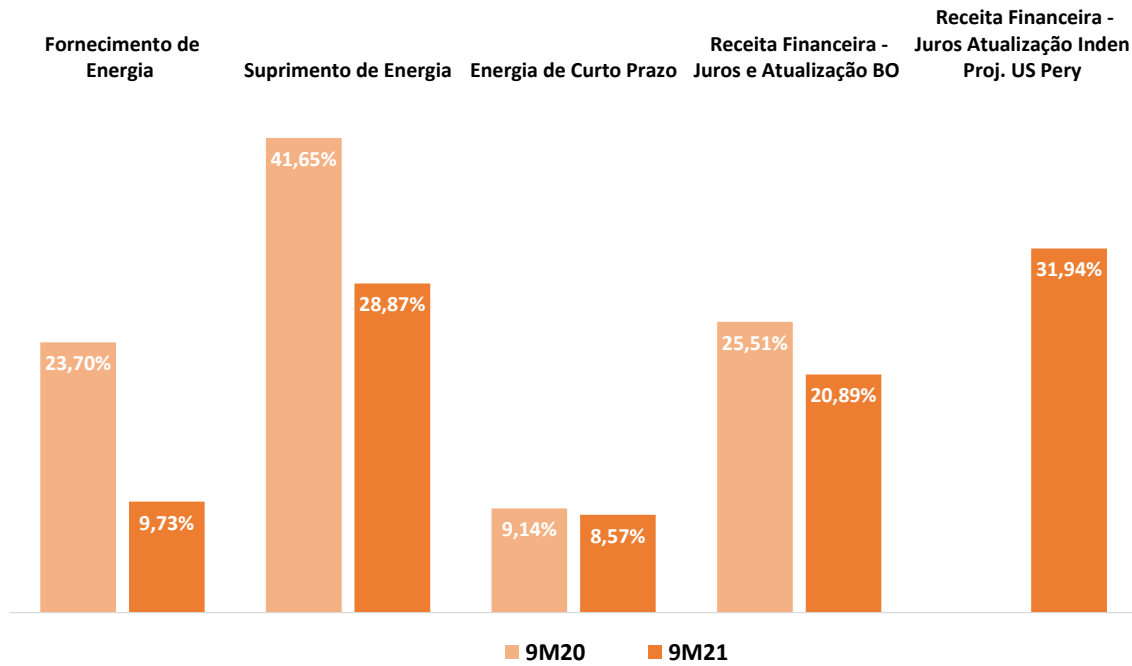
- Increases of 243.9% in the Net Operating Income in 3Q21 and 107.6% in 9M21, due to:

- **The YoY R\$5.9 million upturn in 3Q21 (R\$17.6 million in 2021)**, due to the adjustment by the IPCA of the concession bonus of the financial asset. The **Financial Income of the Concession Bonus** totaled **R\$17.6 million in 3Q21 and R\$46.2 million in 2021**;
- **Indemnification of the Pery Plant totaling R\$70.6 million (adjustment plus interest) in 3Q21**;
- **Increases of 50.6% and 40.9% in the Average Sale Price** excluding and including CCEE, respectively, in the energy sales contracts;
- **Increase of PLD in the period**, due to the gradual load recovery together with low affluence volume. In October 2020, the average PLD was 288.6 R\$/MWh, and, in September 2021, **it moved up to 577.37 R\$/MWh, showing the performance in the last 12 months.**

3.2.6.2. Gross Operating Income - Revenue Breakdown

Charts 31 and 32 - Breakdown of Gross Operating Income

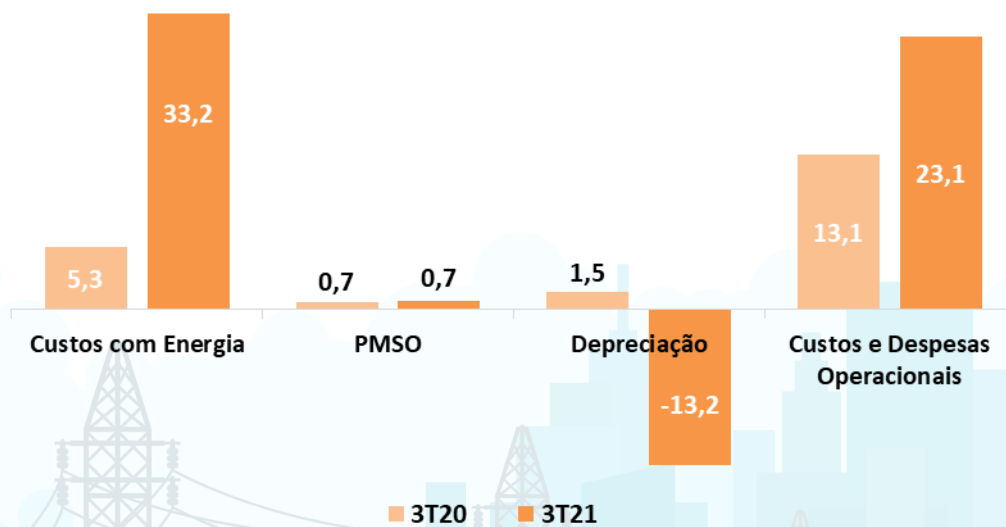


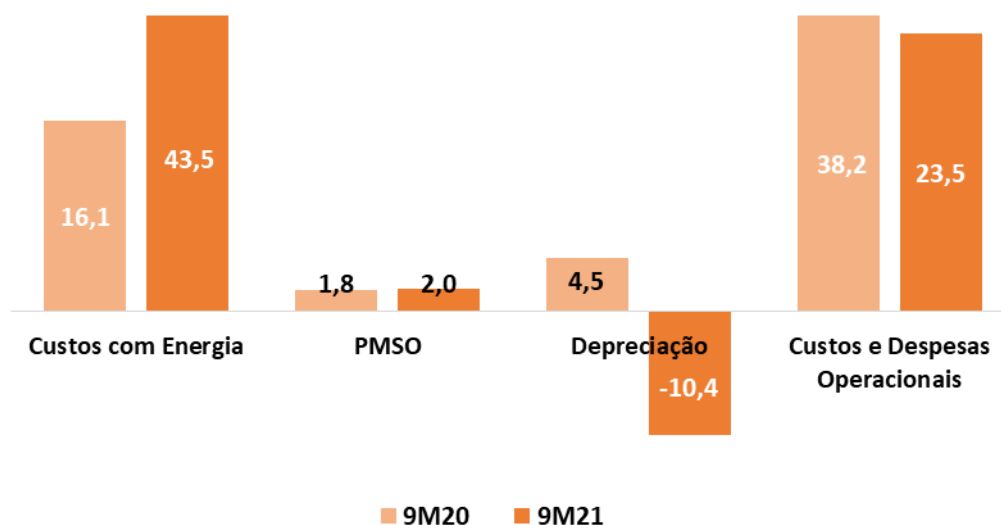


3.2.6.3. Operating Costs and Expenses.

The following charts show the breakdown of Operating Costs and Expenses.

Charts 33 and 34 - Operating Costs and Expenses (R\$ million)





Operating costs and expenses totaled R\$23.1 million in 3Q21, mainly because of: (i) recognition of **R\$28.1 million from the Hydrological Risk Renegotiation (GSF)** referring to the net effect of the refund to a CCEE, including revenue received because of the injunction arising from the lawsuits of Celesc G's plants, and also due to the recognition of the intangible asset that led to the extension of the concession offered by ANEEL; (ii) **R\$12.8 million from the reversal of the allowance for doubtful accounts – GSF (R\$39.1 million in 9M21)**; (iii) **R\$1.7 million from the Write-off of the Fixed Asset**; and (iv) **R\$13.2 million in 3Q21 (R\$10.4 million in 2021) from the depreciation**, which had a positive effect on the Company's result because of the depreciation of the Pery Plant, of R\$15.6 million.

Regarding the reversal of the depreciation, the Pery Plant's basic project assets were not indemnified at the end of the concession (and further renewed) in July 2017 but were subsequently recorded in 3Q21. However, during the period of non-recognition, the assets were depreciated normally. After the decision about the recognition of the indemnification, Celesc Geração created a financial asset and canceled the entire effect of the depreciation in the period, thus positively affecting the company's operating expenses, as seen in the charts above.

It is worth noting that **net provisions totaled R\$29.9 million** in 9M21 (which impacted the company's result), especially the **reversal of R\$39.1 million (R\$14.1 million in 1Q21, R\$12.2 million in 2Q21, and R\$12.8 million in 3Q21)**.

Celesc Geração S.A. | Operating Costs and Expenses

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
OPERATING COSTS AND EXPENSES	(13.1)	(23.1)	75.6%	(38.2)	(23.5)	-38.3
Electricity Costs	(5.3)	(33.2)	521.6%	(16.1)	(43.5)	169.3%
Hydrological Risk Renegotiation		(28.1)			(28.1)	
Electricity Purchased for Resale	(4.7)	(4.3)	-7.6%	(14.4)	(13.4)	-6.7%
Charge for the Use of the System	(0.6)	(0.7)	11.9%	(1.8)	(2.0)	10.7%
PMOO and Provisions	(5.6)	(3.1)	-50.3%	(17.5)	9.6	154.7%
Personnel and Administrators	(3.6)	(4.2)	17.0%	(10.5)	(11.7)	11.6%
Supplies	(0.2)	(0.2)	31.2%	(0.4)	(0.6)	66.2%
Third-Party Services	(2.0)	(2.2)	8.1%	(6.4)	(6.1)	-5.2%
Write-off of Fixed Assets	0.0	1.7		0.0	1.7	
Net Provisions	(0.5)	5.3	1260.7%	0.0	29.9	
Other Revenues / Expenses	(0.1)	(0.1)	90.6%	(0.3)	(0.2)	-60.0%

Depreciation/Amortization	(1.5)	13.2	-969.0%	(4.5)	10.4	-330.6%
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3.2.6.4. EBITDA

EBITDA totaled R\$90.6 million in 3Q21, a significant increase of 236.9% (+R\$63.7 million), compared to the R\$26.9 million recorded in 3Q20. In 2021, EBITDA totaled R\$178.2 million, up by 146.1% over 2020. Net Income grew by 307.8% in 3Q21 over 3Q20, totaling R\$36.3 million. In 9M21, Net Income significantly increased by 178.3% over 9M20, to R\$126.9 million.

The Charts below show the breakdown of the transformation of EBITDA into Net Income:

Chart 35 – EBITDA and Net Income
(R\$ million) – 3Q20

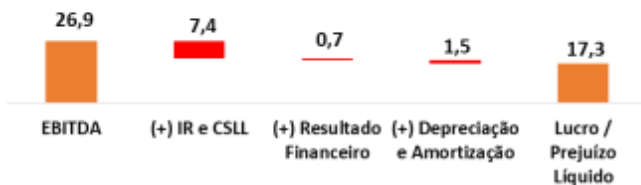


Chart 36 – EBITDA and Net Income
(R\$ million) – 3Q21

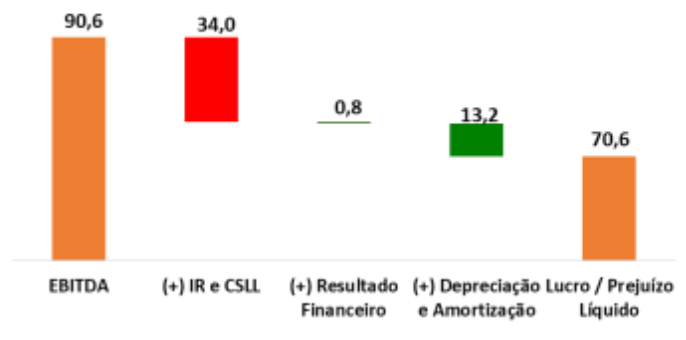


Chart 37 – EBITDA and Net Income
(R\$ million) – 9M20

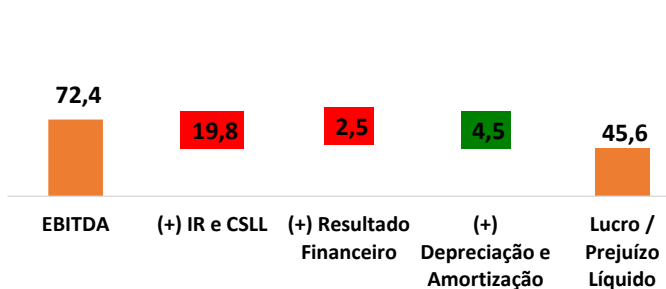


Chart 38 – EBITDA and Net Income
(R\$ million) – 9M21



The 236.9% growth of EBITDA in 3Q21 (146.1% in 9M21), of R\$90.6 million (R\$178.2 million in 2021) was due to (i) revenue from the indemnification of the Pery Plant totaling R\$70.6 million (adjustment plus interest); (ii) increase in the Average Sales Price; (iii) effect of the GSF on the Company's result; (iv) increase of PLD between the periods; (v) reduction of operating costs and expenses, mainly from the reversal of the provision for GSF and the reversal of the depreciation of the Pery Plant.

The Financial Result totaled R\$0.8 million in 3Q21 and R\$0.3 million in 2021. The Financial Revenue totaled R\$3.7 million in 3Q21 (R\$5.5 million in 9M21), as a result of income from financial investments. The Financial Expenses came to R\$3.0 million in 3Q21 (R\$5.2 million in 2021), due to interest and costs with debentures.

Net Income grew by 307.8% in 3Q21 (178.3% in 9M21), to **R\$70.6 million (R\$126.9 million in 2021)**. The factors that led to the net income increase have already been explained in the EBITDA evolution.

The tables below show the reconciliation of EBITDA and Adjusted Income, considering the non-recurring effects of the quarter (indemnification of the Pery Plant and hydrological risk).

Celesc Geração S.A. | Reconciliation of EBITDA IFRS

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Net Income / Loss	17.3	70.6	307.8%	45.6	126.9	178.3%
(+) IR and CSLL	7.4	34.0		19.8	62.0	
(+) Financial Result	0.7	(0.8)		2.5	(0.3)	
(+) Depreciation and Amortization	1.5	(13.2)		4.5	(10.4)	
EBITDA	26.9	90.6	236.9%	72.4	178.2	146.1%
(-) Non-Recurring Effects	0.0	42.5		0.0	42.5	
(-) Effects from the Indemnification of the Pery Plant	0.0	70.6		0.0	70.6	
(-) Effects from the Hydrological Risk Renegotiation	0.0	(28.1)		0.0	(28.1)	
(=) EBITDA Adjusted by Non-Recurring Effects	26.9	48.1	79.0%	72.4	135.7	87.5%
<i>EBITDA Margin - IFRS (%)</i>	75.6%	74.1%		73.1%	86.7%	
<i>Adjusted EBITDA Margin (%)</i>	75.6%	93.0%		73.1%	100.5%	

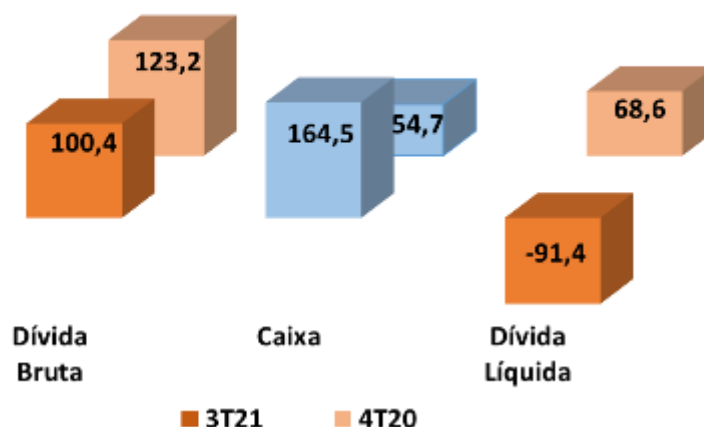
Celesc Geração S.A. | Net Income/Loss Adjustments

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Net Income/Loss (Reported IFRS)	17.3	70.6	307.8%	45.6	126.9	178.3%
(-) Non-Recurring Effects	0.0	38.3		0.0	38.3	
(+/-) Effects from the Indemnification of the Pery Plant	0.0	56.9		0.0	56.9	
(+/-) Effects from the Hydrological Risk Renegotiation	0.0	(18.6)		0.0	(18.6)	
(=) Net Income Adjusted by Non-Recurring Effects	17.3	32.2	86.3%	45.6	88.5	94%
<i>Net Margin - IFRS (%)</i>	48.7%	57.7%		46.0%	61.7%	
<i>Adjusted Net Margin (%)</i>	48.7%	62.3%		46.0%	65.6%	

3.2.6.5. Indebtedness

The Charts below show the Company's Gross Debt and Net Debt in 3Q21 and 4Q20.

Chart 39 - Gross Debt, Net Debt and Loans



In September 2021, **Celesc Geração's Financial Debt totaled R\$100.4 million**, down by 18.5% from the **R\$123.2 million** recorded in December 2020. In September 2021, the Net Financial Debt was **negative** by R\$91.4 million, impacted by the increase in available cash, as shown in the picture above. It is worth noting that 100.0% of Celesc Geração's debt is represented by debentures. The increase in the available Cash was due to the payment of the loan balance received from Celesc D in February 2021.

It is worth noting that in addition to Celesc Geração's 2nd debenture issue, in December 2020, the Company held its 3rd debenture issue (Law 12,431), totaling R\$37.0 million, maturing in 10 years at IPCA+4.30% p.a., to finance the expansion of the Celso Ramos SHP. The more extended debt profile and pricing linked to the IPCA is adherent to the business plan of the mentioned SHP.

The **Average Term** of Celesc Geração's Financial Debt was **4.71 years** on September 30, 2021, and the **Average Cost** was approximately **11.28% in 2021**, considering the debt index levels in the period.

Celesc Geração S.A. | Indebtedness

3Q21 Financial Debt			
R\$ million	As of December 31, 2020	As of September 30, 2021	Δ
Short-Term Debt	35.0	35.6	1.5%
Long-Term Debt	88.2	64.9	-26.5%
Total Financial Debt	123.2	100.4	-18.5%
(-) Cash and Cash Equivalents	54.7	191.8	250.9%

Net Financial Debt	68.6	(91.4)	-233.3%
EBITDA (LTM)	115.0	220.8	92.0%
Net Financial Debt / EBITDA (LTM)	0.6x	-0.4x	
ADJUSTED EBITDA (LTM)	113.6	176.9	55.7%
Net Financial Debt / Adjusted EBITDA LTM	0.6x	-0.5x	
Equity	569.0	695.8	22.3%
Total Financial Debt / Equity	0.2x	0.1x	
Net Financial Debt / Equity	0.1x	-0.1x	

3.2.6.6. Investments

The table below shows Celesc Geração's investments in **3Q21** and **9M21**.

Celesc Geração S.A. | CAPEX

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Celesc Geração Investments	10.4	6.9	-33.5%	31.2	65.2	-38.1%
Investments in SPEs	0.0	4.0		10.3	4.5	-56.3%
Own Generation Park Plants	10.4	2.9	-72.2%	21.0	14.8	-29.2%

R\$14.8 million were invested in the Company's Park in 2021, of which R\$10.5 million in the Celso Ramos SHP, R\$2.2 million in the Palmeira Plant, and R\$2.1 million in the other Plants. R\$4.5 million were invested in the SPEs in 2021, of which R\$3.8 million in the EDP Transmissão Aliança SC project, and R\$0.7 million in the Garça Branca SHP.

For the **2021 Capital Budget**, **R\$63.9 million** were approved for **Celesc Geração**, of which **R\$27.05 million** in **New Businesses**, **R\$31.01 million** the expansion and improvement of the company park's plants, **R\$4.83 million** in expected capital contribution in the subsidiaries, and **R\$1.00 million** in vehicles, IT and Other Equipment.

As already mentioned in Item 3.1.4.6, on September 23, the Company's Board of Directors authorized the transfer of R\$22 million from Celesc G's Capital Budget to Celesc D. The new authorized amounts for 2021 total **R\$41.8 million** for Celesc G.

3.3. CONSOLIDATED

3.3.1. Economic and Financial Performance.

3.3.1.1. Gross Operating Income, Net Operating Income, and Consolidated Income.

The table below shows Celesc Geração's main indicators in 3Q21 and 9M21.

Consolidated | Main Financial Indicators

R\$ million	3Q	9M
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	2020	2021	Δ	2020	2021	Δ
Gross Operating Income	3,156.0	5,072.2	60.7%	9,546.9	12,731.3	33.4%
Deductions from Operating Income	(1,110.9)	(1,468.8)	32.2%	(3,419.9)	(4,193.0)	22.6%
Net Operating Income	2,045.2	3,603.4	76.2%	6,127.0	8,538.2	39.4%
Net Operating Income (Excluding Construction Revenue)	1,871.8	3,382.9	80.7%	5,730.8	8,040.4	40.3%
Operating Costs and Expenses	(1,943.4)	(3,395.7)	74.7%	(5,730.5)	(7,939.2)	38.5%
Equity Pickup	17.6	29.8	69.5%	37.3	61.7	65.7%
Earnings from Activities	119.4	237.6	99.0%	433.7	660.7	52.3%
EBITDA	180.2	286.5	59.0%	613.8	834.9	36.0%
<i>EBITDA Margin - IFRS</i>	8.8%	7.9%		10.0%	9.8%	
Financial Result	15.0	19.8	32.5%	6.5	53.7	732.6%
Earnings Before Income Tax	134.4	257.4	91.6%	440.2	714.5	62.3%
IR/CSLL	(54.0)	(81.8)	51.4%	(155.1)	(239.6)	54.4%
Net Income / Loss	80.3	175.6	118.6%	285.0	474.9	66.6%
<i>Net Margin - IFRS</i>	3.9%	4.9%		4.7%	5.6%	

Charts 40 and 41 below show the Company's Gross and Net Operating Income, EBITDA, and Consolidated Income for 3Q21 and 9M21, respectively.

Chart 40 - Gross and Net Revenues, EBITDA and Net Income - Consolidated

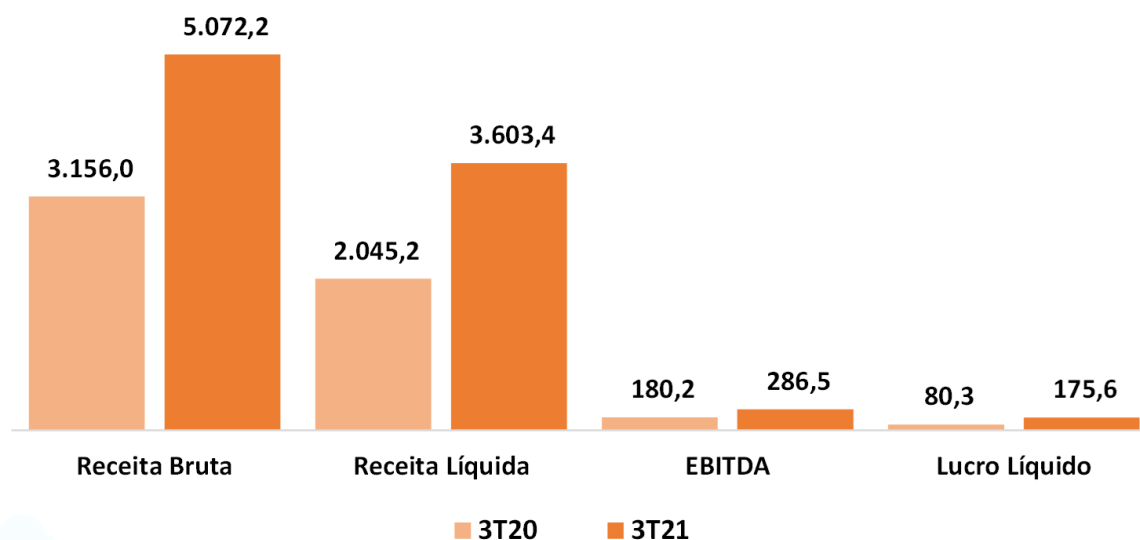
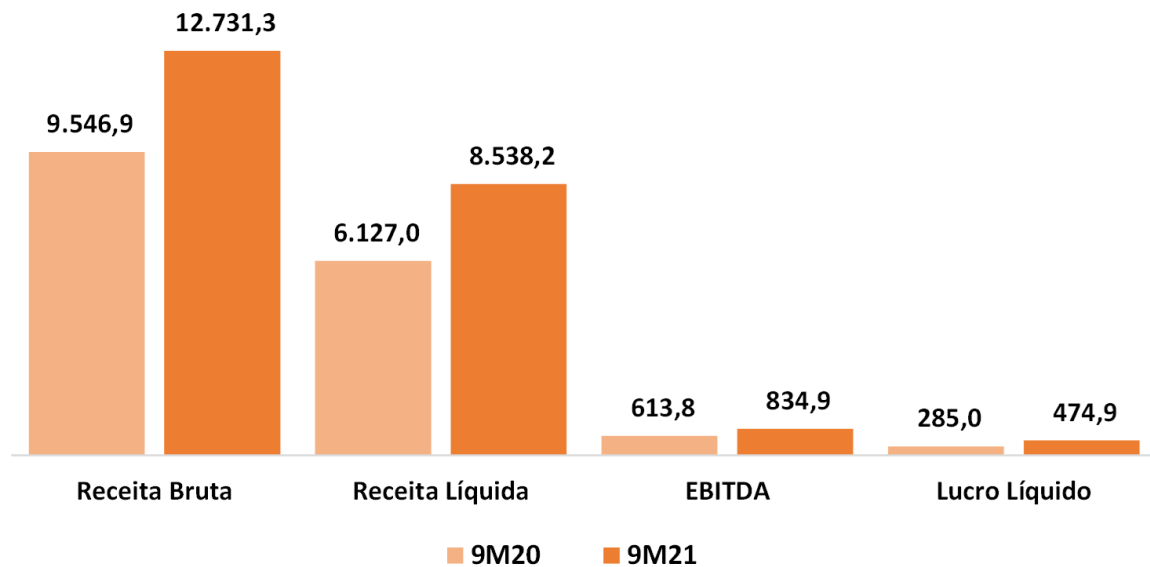


Chart 41 - Gross and Net Revenues, EBITDA and Net Income - Consolidated



The **Gross Operating Income** totaled R\$5,072.2 million in 3Q21 (R\$12,731.3 million in 9M21), compared to R\$3,156.0 million in 3Q20 (R\$9,546.9 million in 9M20), up by 60.7% in 3Q21 (33.4% in 9M21). The **Net Operating Income** totaled R\$3,603.4 million in 3Q21 (R\$8,538.2 million in 9M21), compared to R\$2,045.2 million in 3Q20 (R\$6,127.0 million in 9M20), up by 76.2% (+R\$1,558.2 million) QoQ and 39.4% YoY (R\$2,411.2 million).

EBITDA totaled R\$286.4 million in 3Q21, compared to R\$180.2 million in 3Q20, up by 59.0% (+R\$106.2 million). **EBITDA** came to R\$834.9 million in 9M21, compared to R\$613.8 million in 9M20 (+R\$221.2 million).

As a result, Net Income for 3Q21 was R\$233.6 million in 3Q21, compared to a **Net Income of R\$80.3 million in 3Q20**, an increase of 118.6% (+R\$95.3 million). YoY, the **increase was 66.6%, totaling R\$474.9 million in 9M21, compared to the R\$285.0 million in 9M20.**

The main factors that led to these results have already been highlighted in the explanations about the subsidiaries Celesc Distribuição and Celesc Geração.

3.3.1.3. Consolidated Operating Costs and Expenses

The charts below show the performance of Operating Costs and Expenses, including Manageable and Non-Manageable Costs, and the Amortization/Depreciation Expenses.

Chart 42 - Consolidated Operating Costs and Expenses 3Q21 (R\$ million)

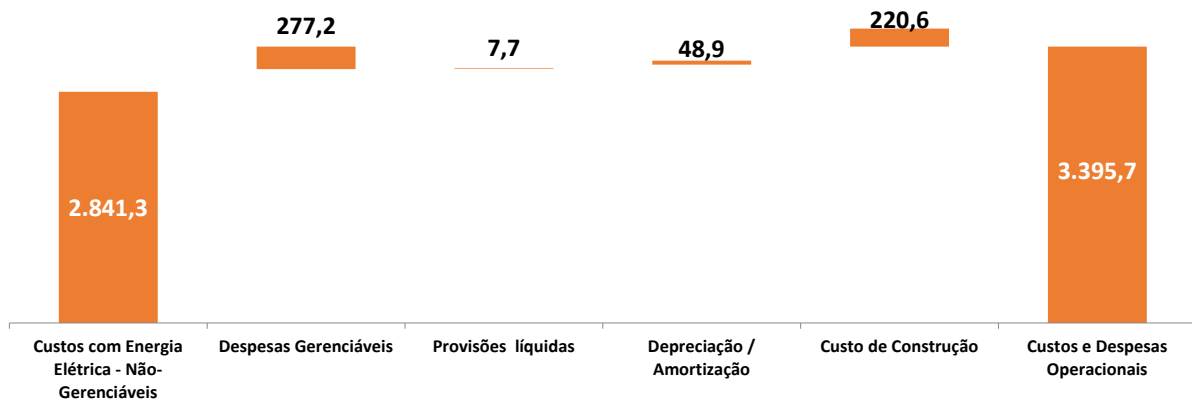
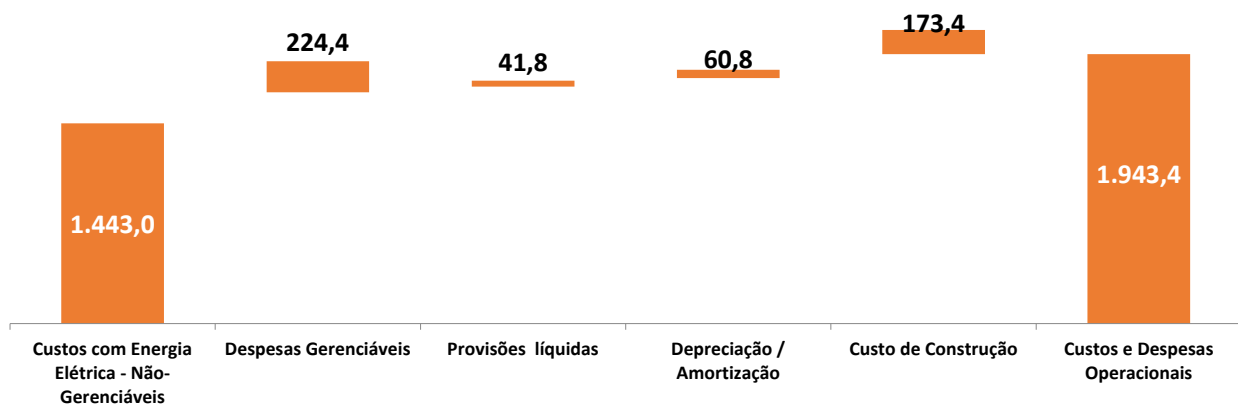


Chart 43 - Consolidated Operating Costs and Expenses 3Q20 (R\$ million)



The **Operating Costs and Expenses** totaled **R\$3,395.7 million** in **3Q21**, compared to the **R\$1,943.4 million** recorded in **3Q20**, a growth of **74.7% (+R\$1,452.3 million)**. In **9M21**, it totaled **R\$7,939.2 million**, up by **38.5%** over 2020 (**+R\$2,208.8 million**).

Non-Manageable Costs (Electricity costs) increased by **96.9%** in **9M21** (**+R\$1,398.3 million**), to **R\$2,841.3 million**. In 2021, growth came to **49.7%**, totaling **R\$6,522.3 million**. The increase in Electricity Costs was mainly due to the **water risk and subsequent activation of the thermal plants in the subsidiary Celesc D**. It is worth noting that the variations in electricity costs are captured by Revenue from Portion A.

The Manageable Expenses, especially the **PMOO**, reached **R\$277.2 million** in **3Q21**, compared to the **R\$224.4 million** recorded in **3Q20**, a YoY increase of **23.6%** (**R\$52.9 million**). In **9M21**, it **fell by 7.0%** from **9M20**, reaching **R\$679.4 million**.

It is worth noting the **19.4% decrease (R\$112.1 million)** recorded in **9M21** in the **Personnel** line, due to the measures implemented by the subsidiary Celesc D to reduce costs. In the quarterly comparison, the **7.3% increase** was mainly due to the annual adjustments provided for in the Collective Bargaining Agreement and the recognition of **R\$21.3 million** in **3Q21**, referring to the Voluntary Separation Program, as previously mentioned in item 3.1.4.3.

The table below shows the Personnel expenses in **3Q21/9M21**, an increase of **7.3%** in **3Q21**, and a decrease of **19.4%** in **9M21** in the Total Expenses (Personnel and Administrators + Actuarial Expenses).

Consolidated | Personnel expenses

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Personnel - Total	(163.1)	(175.0)	7.3%	(579.3)	(467.2)	-19.4%
Personnel and Administrators	(147.9)	(175.9)	19.9%	(573.3)	(470.9)	-11.7%
Personnel and Charges	(142.1)	(170.1)	19.7%	(514.1)	(453.5)	-11.8%
Private Pension Plan	(5.8)	(5.7)	-0.9%	(19.1)	(17.4)	-8.9%
Actuarial Expenses	(15.3)	0.9	105.8%	(46.1)	3.7	109.1%

3.3.1.4. Consolidated EBITDA.

Charts 44 and 45 below show the transformation of EBITDA in the Consolidated Net Income.

Chart 44.1 - EBITDA and Net Income
(R\$ million) – 3Q20



Chart 44.2 - EBITDA and Net Income
(R\$ million) – 3Q21

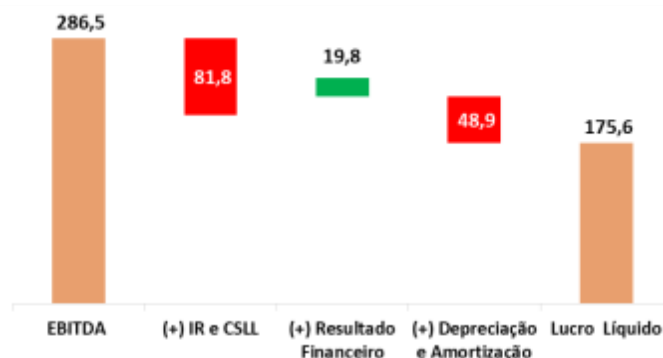


Chart 45.1 – EBITDA and Net Income
(R\$ million) – 9M20

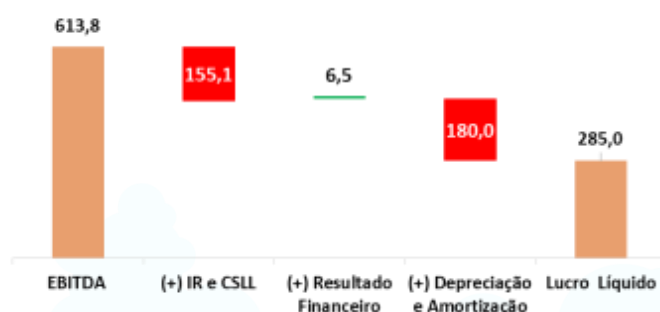


Chart 45.2 – EBITDA and Net Income
(R\$ million) – 9M21



Consolidated EBITDA totaled R\$286.5 million in 3Q21, compared to the R\$180.2 million recorded in 3Q20, an increase of 59% (+R\$106.3 million). In 9M21, the increase was 36.0% (+R\$221.2 million), totaling R\$834.9 million.

The **Net Income** totaled R\$175.6 million in 3Q21, up by 118.6% over the R\$80.3 million recorded in 3Q20. The Company closed 3Q21 with retained earnings of R\$474.9 million.

The EBITDA/Income performance reflects the performance of the subsidiaries Celesc Distribuição and Celesc Geração, as well as the interest held by the Celesc Group.

The tables below show the reconciliation of EBITDA and Adjusted Income, considering the non-recurring effects of the quarter in the subsidiaries Celesc D and G.

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Net Income / Loss	80.3	175.6	118.6%	285.0	474.9	66.6%
(+) IR and CSLL	54.0	81.8	51.4%	155.1	239.6	54.4%
(+) Financial Result	(15.0)	(19.8)	-32.5%	(6.5)	(53.7)	732.6%
(+) Depreciation and Amortization	60.8	48.9	-19.6%	180.0	174.2	-3.2%
EBITDA	180.2	286.5	59.0%	613.8	834.9	36.0%
(-) Celesc Distribuição Non-Recurring Effects	(3.7)	(21.3)		(88.3)	(21.3)	
(-) Celesc Geração Non-Recurring Effects	0.0	42.5		0.0	42.5	
(=) EBITDA Adjusted by Non-Recurring Effects	183.9	265.3	44.2%	702.1	813.7	15.9%
<i>EBITDA Margin - IFRS (%)</i>	8.8%	7.9%		10.0%	9.8%	
<i>Adjusted EBITDA Margin, excluding Construction Revenue (%)</i>	9.8%	8.0%		12.3%	10.2%	

Consolidated NET INCOME IFRS - Non-Recurring

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Net Income/Loss - Reported IFRS	80.3	175.6	118.6%	285.0	474.9	66.6%
(-) Celesc Distribuição Non-Recurring Effects	(2.4)	(14.1)		(58.3)	(14.1)	
(-) Celesc Geração Non-Recurring Effects	0.0	38.3		0.0	38.3	
(=) Adjusted Net Income	82.8	151.3	82.8%	343.3	450.6	31.2%
<i>Net Margin - IFRS (%)</i>	3.9%	4.9%		4.7%	5.6%	
<i>Adjusted Net Margin, excluding Construction Revenue (%)</i>	4.4%	4.6%		6.0%	5.7%	

3.3.1.5. Indebtedness

The table below shows the Company's Gross and Net Debts, and the Debt breakdown between 2020 and 2021.

Consolidated | Indebtedness

3Q21 Financial Debt			
R\$ million	as of December 31, 2020	as of September 30, 2021	Δ
Short-Term Debt	968.5	292.0	-69.8%
Long-Term Debt	993.0	1,532.2	54.3%
Total Financial Debt	1,961.5	1,824.4	-7.0%
(-) Cash and Cash Equivalents	1,166.2	743.1	-36.3%
Net Financial Debt	795.2	1,081.3	36.0%
EBITDA (LTM)	922.6	1,143.7	24.0%
Net Financial Debt / EBITDA (LTM)	0.9x	0.9x	
ADJUSTED EBITDA (LTM)	1,034.0	1,145.7	10.8%
Net Financial Debt / Adjusted EBITDA LTM	0.8x	0.9x	
Equity	1,984.6	2,459.5	23.9%
Total Financial Debt / Equity	1.0x	0.7x	

Net Financial Debt / Equity
0.4x
0.4x

On September 30, 2021, **Grupo Celesc's total Financial Debt** totaled **R\$1,824.4 million**, compared to **R\$1,961.5 million** on **December 31, 2020**, down by 7.0% (**R\$137.1 million**). The **Short-Term Debt**, which accounts for **16.0% of total Debt**, fell by **69.8% compared to December 2020**. The **Long-Term Debt**, which accounts for 84% of **total Debt**, increased by **54.3%** compared to December 2020, improving the debt profile, as a result of the already mentioned measures adopted in the subsidiaries.

The Group's consolidated net debt totaled **R\$1,081.3 million** at the end of September 2021, an increase of 36% from that recorded at the end of December 2020, mainly due to the decrease in the group's cash position.

3.3.1.6. Investments

Celesc Group | Investments in the Period

R\$ million	3Q			9M		
	2020	2021	Δ	2020	2021	Δ
Electricity Generation	10.4	6.9	-33.5%	31.2	19.3	-38.1%
Power Distribution	179.9	228.1	26.8%	425.4	526.2	23.7%
Total	190.2	235.0	23.5%	456.7	545.6	19.5%

The Group's investments totaled **R\$235.0 million in 3Q21 (R\$545.6 in 9M21)**, up by 26.8% (19.5% in 9M21) over the **R\$190.2 million** recorded in 3Q20 (**R\$456.7 million in 9M20**). These amounts were allocated as follows: **R\$6.9 million (R\$19.3 million in 9M21)** at Geração de Energia, and **R\$228.1 million (R\$526.2 million in 9M21)** at Distribuição de Energia.

Based on the Capital budget approved for 2021, the Company's Consolidated Investment for 2021 totals R\$722.01 million, according to the Notice to the Market released on December 22, 2020.

4. 2021 TARIFF REVISION – 5th CYCLE OF CELESC DISTRIBUIÇÃO: AN IN-DEPTH ANALYSIS

The Periodic Tariff Revisions of power distribution companies aim to transfer to consumers productivity gains in the power distribution sector and the results arising from subsidy mechanisms, which may include incentives to improve service quality and operational efficiency, as regulated by ANEEL (Brazilian Electricity Regulatory Agency).

In the distributor's Revision process, ANEEL bases its analysis on the current economic scenario, the projected market behavior for the next five years, investments and coverages recognized by the Agency, benchmarking methodologies that define efficient indexes for the distributors, and current regulations of the electric sector. The Tariff Revision process is essential for the maintenance of the economic and financial balance of the distribution concessions.

During the Revision, technical and financial goals for the next tariff cycle are defined, and part of the tariff that includes manageable costs by the Distributors, named Portion B, are revised. It is worth noting that distributors' electricity tariff is composed of non-manageable costs, known as Portion A, and manageable costs, known as Portion B, which includes, among others, Regulatory Operating Costs, the Return on Capital (WACC) Portion, the Regulatory Reintegration Ratio (RRR), and the Portion of the Annual Administrative Costs of Assets and Properties (CAIMI).

During the revision process, operating costs are adjusted considering a benchmarking model that compares same-size distributors. The Company's investments in the past five years (2016 to 2021) recognized by ANEEL, i.e. those not reversed, are included in the Regulatory Remuneration Base (RRB). From the recognized Regulatory

Remuneration Base (RRB), the Return on Capital (WACC) Portion, Regulatory Reintegration Ratio (RRR), and the Portion of the Annual Administrative Costs of Assets and Properties (CAIMI) are calculated. After adjusting these parameters, Celesc's new Portion B starting point is defined.

5th Tariff Revision Cycle of Celesc Distribuição (5PTRC)

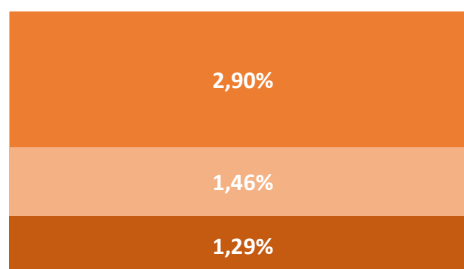
The fifth Tariff Revision cycle (5PTRC) of Celesc Distribuição, which became effective as of August 22, 2021, resulted in an **average tariff effect of 5.65% noticed by consumers**, composed of the **Tariff Adjustment Index (TAI) of 2.90%** (economic effect resulting from the cost adjustment of Portions A and B), the **financial component of 1.46% in the current process**, and the **effect of excluding the financial components** considered in the **previous ordinary process, of 1.29%** (financial components defined in the last tariff process, which were effective until the revision date, and contributed to the current tariff process). In the TAI structure, Portion A (non-manageable costs) varied by 1.99%, while Portion B (manageable costs) varied 0.91%. See the breakdown of the adjustment items below.

Percentage in the 2021 Tariff Revision (ANEEL 2,921/2021 Confirmatory Decision)		
Portion A	Social Charges	1.54%
	Transmission Costs	-1.38%
	Power Purchased	1.80%
	Irrecoverable Revenue	0.02%
	Total Portion A	1.99%
Portion B		0.91%
Economic Adjustment (TAI), considering the Tariff variation of RTE		2.90%
Financial Items of the Current Process		1.46%
Exclusion of Financial Items from the Previous Process		1.29%
Average effect to be noticed by consumers		5.65%

The chart below shows the Tariff Revision structure.

Chart 46 – Tariff Adjustment Breakdown

COMPOSIÇÃO DO REAJUSTE TARIFÁRIO



- Índice de Reajuste Tarifário
- Componentes Financeiros do Processo Atual
- Retirada dos Componentes Financeiros do Processo Anterior

Operational Quality (EDU and EFU)

To maintain quality power distribution services, ANEEL requires distributors to maintain a continuity standard and, to this end, sets limits for the collective continuity indicators, EDU (Equivalent Duration of Interruption per Consumption Unit) and EFU (Equivalent Frequency of Interruption per Consumption Unit), as defined in Module 8 of PRODIST.

The indicators are calculated by the distributors and are periodically sent to ANEEL, which checks the continuity of the service, representing, respectively, the time and number of times that a consumer unit lacked electricity for the period considered, allowing the Agency to evaluate the continuity of the electricity offered to the population.

By ratifying the result of Celesc Distribuição's Periodic Tariff Revision, ANEEL defined the limits of the **continuity indicators of Equivalent Duration of Interruption per Consumer Unit (EDU) and Equivalent Frequency of Interruption per Consumer Unit (EFU) for the 2022-2026 period.**

The charts below show the **EDU and EFU limits ratified by ANEEL for the 2022-2026 period.**

Chart 47 – EDU limits ratified at the 5th PTR

Histórico de Apuração e Limites de DEC

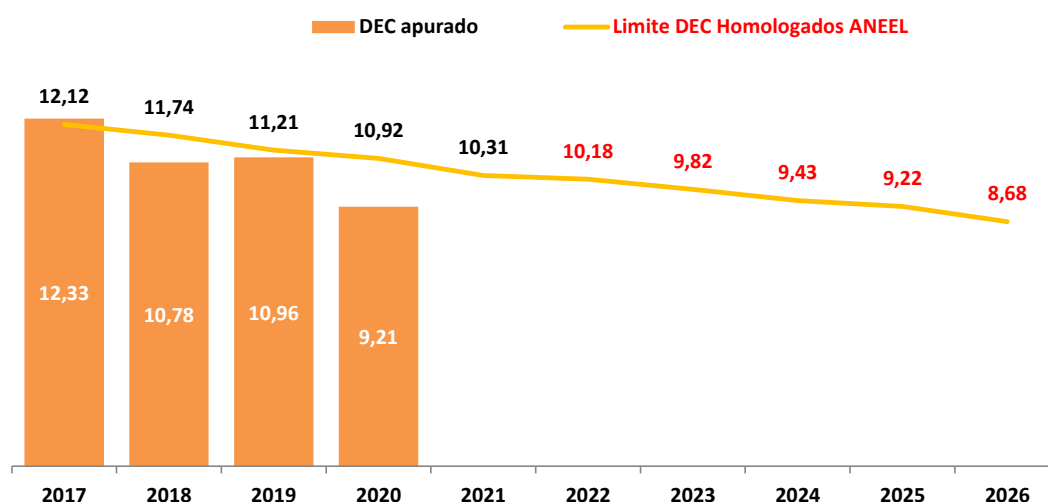
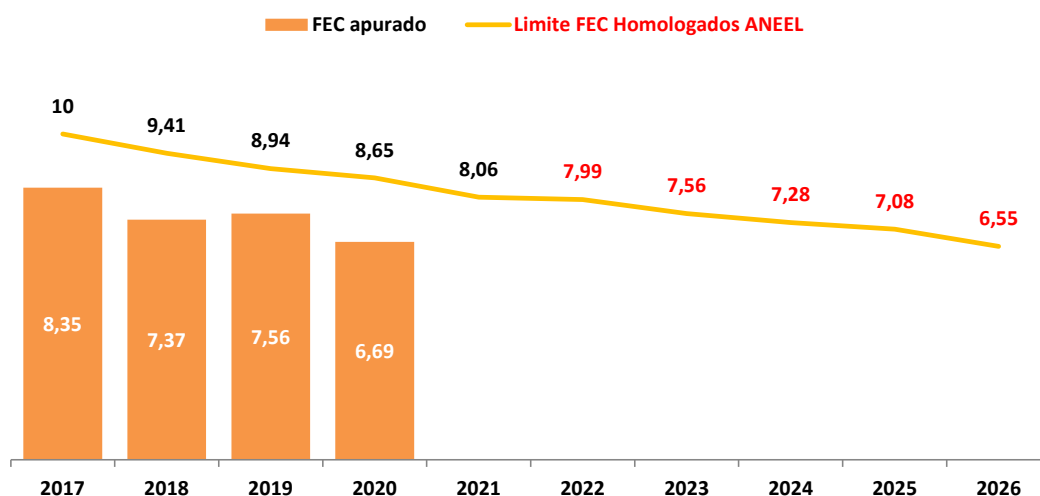


Chart 48 – EFU limits ratified at 5PTRC

Histórico de Apuração e Limites de FEC



Energy Required and Energy Losses

Energy required is the energy necessary to supply the concession service. Energy losses occur due to the power transmission and distribution processes and are calculated by the difference between energy inserted into the distribution system and energy consumed.

Losses can be divided between losses in the basic network, which are imminently technical and do not depend on the concessionaire's distribution system, and distribution losses, which may or not be technical.

Technical losses refer to distribution losses inherent to the transportation process, such as tension transformation or measurement of energy in the concessionaire's network. They are calculated by specific software programs and approximate models.

Non-technical losses, in turn, correspond to all other losses related to power distribution, such as energy theft, measurement errors, errors in the billing process, consumer units with no measurement equipment, among others. They are calculated by the difference between distribution and technical losses.

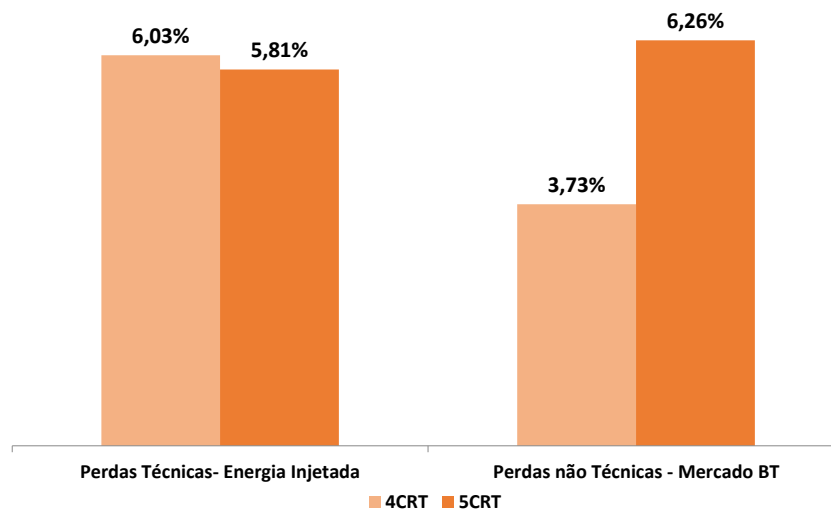
The regulatory reference for non-technical losses is redefined at each tariff revision, in a decreasing trajectory by recognizing a lower level of non-technical losses at each tariff adjustment, or as a fixed target where the level of non-technical losses recognized in the tariffs, always referred to in terms of non-technical losses over the low tension billed market, remains constant over the tariff cycle.

To define the limits of non-technical losses, ANEEL compares the distributors' performance with other distributors operating in concession areas that have similar complexity and adopt similar practices to fight non-technical losses. The purpose is to objectively measure the level of difficulty faced in the process to reduce fraud and energy theft in the concession area.

Chart 49 reflects the comparison of Celesc Distribuição's fifth tariff revision cycle with the fourth tariff revision cycle.

Chart 49 – Technical/Non-Technical Losses in the 4PTRC/5PTRC

Perdas Técnicas/Não Técnicas no 4CRT/ 5CRT



The limit of technical losses (calculated over injected energy) in the fifth tariff revision cycle (2021-2026) should be 5.81%, below the 6.03% of the fourth tariff revision cycle (2016-2021). The drop from the last cycle was mainly due to investments made by the company in the distribution network, given that regulatory technical losses are defined based on the concessionaire's network.

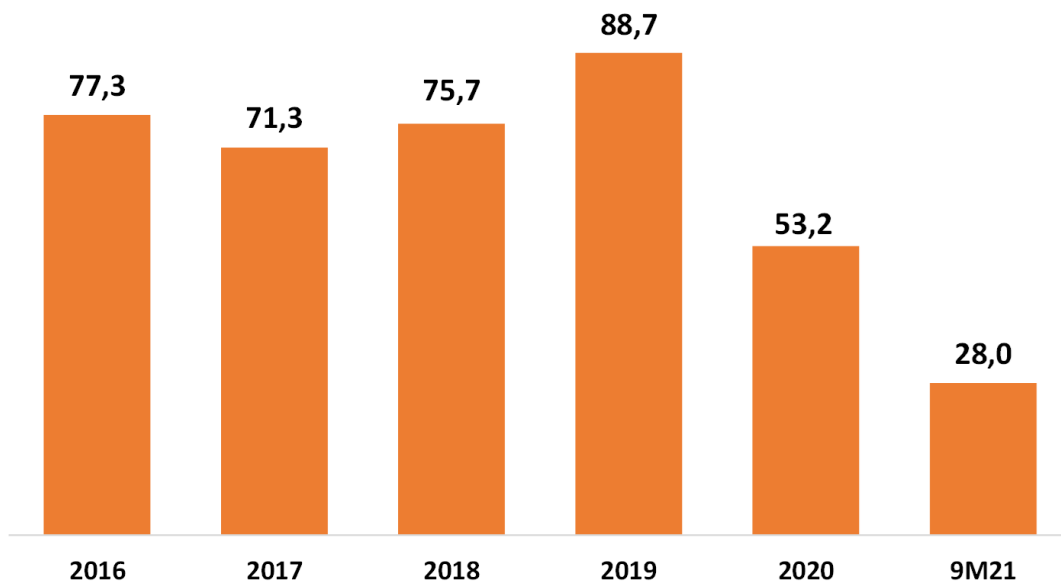
Regarding non-technical losses (calculated over the low tension billed market) ANEEL recognized the percentage of 6.26%, compared to the 3.73% from the fourth tariff revision cycle. The recognition of the non-technical losses level above the last tariff revision cycle provides for higher gains on the tariff coverage.

As emphasized above, on Celesc Distribuição's fifth Periodic Tariff Revision cycle (5TRC), ANEEL defined a percentage of 6.26% of non-technical losses on the low-tension billed market for the concessionaire, which should not decrease. The 2.73% above the 3.73% recorded in the fourth Tariff Revision cycle (4TRC) represents an increase of approximately R\$65 million per year in regulatory coverage, which allows Celesc to increase gains in efficiency as the programs to fight non-technical losses implemented at the Company make progress.

The increase of the tariff coverage on non-technical losses allows the Company to further expand its investment plan in the distribution network, consequently reducing the financial volume of losses.

Chart 50 below describes the financial amount without tariff coverage from 2016 to 9M21.

Chart 50 - Losses in Distribution (Financial Amount in R\$ million)



Regulatory Remuneration Base (RRB) - Reversals

The Regulatory Remuneration Base (RRB) is the mechanism through which power distribution concessionaires receive the replacement and the remuneration of investments made for expansion or reinforcement of the electrical system. RRB corresponds to the total value of the assets implemented by the company in its concession area to make power available to its consumers.

The RRB is composed of the Shielded Base and the Incremental Base, the latter receives more attention during the inspection process, as it is made up of accounted investments not yet inspected. The period for the formation of the Incremental Base (2016 to 2021) was very challenging at first for Celesc D, considering that the reversals in the previous review report were close to 15% of the New Replacement Value (NRV). The inspection had pointed out the need to improve systems and processes.

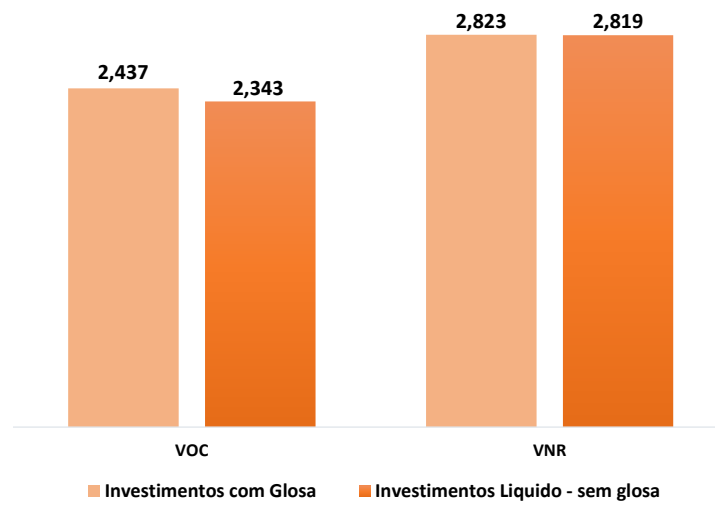
Reversals correspond to investments made but not ratified by the regulatory authority. VOC is the Original Accounting Value that represents the investments recorded by the distributor. **NRV, in turn, is the New Replacement Value. The NRV establishes that each asset is valued, at current prices, by all expenses necessary to replace it by an identical, similar, or equivalent asset that provides the same services and has the same capacity as the existing asset.** During Celesc's 2021 Tariff Revision process, the NRV was the focal point of attention in the tariff revision, given that the Regulatory Remuneration Base (RRB), the Regulatory Reintegration Rate (RRR), and the Return on Capital (RC) are defined through the NRV.

Celesc Distribuição's tariff revision process recorded **R\$2.437 billion in investments ratified/recorded in VOC (excluding reversals). Considering that reversals totaled 3.89% in the period (approximately R\$94 million), rectified VOC was R\$2.342 billion.**

The NRV totaled R\$2.742 billion but could have been R\$2.823 billion if there were no reversals. Celesc worked together with ANEEL in the revision process, improving the processes, so that the final NRV totaled R\$2.819 million, considering a reversal of R\$4 million only, or 0.12% of NRV. Accordingly, the NRV was 9.65% above the VOC, corresponding to a gain over the updated investment.

The chart below compared VOC and Gross NRV (including the reversal) and net NRV (excluding the reversal).

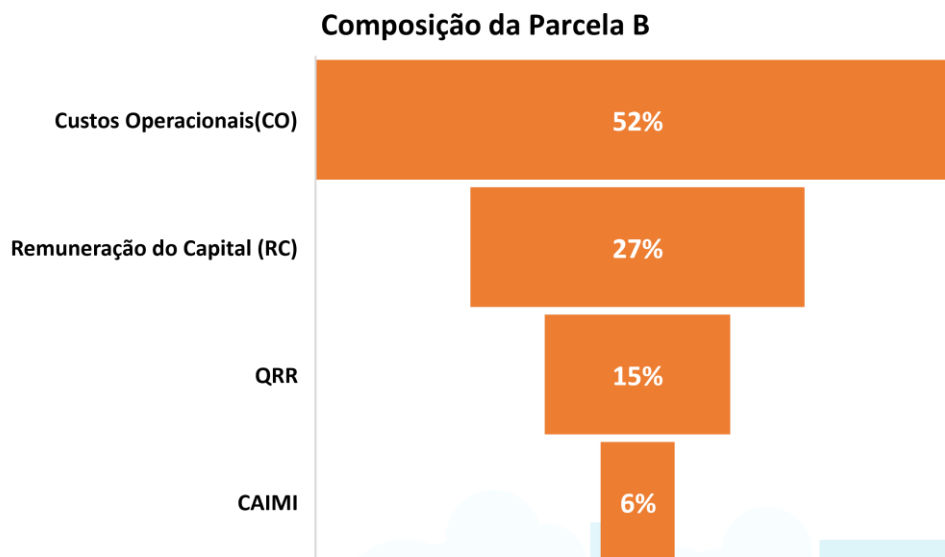
Chart 51 – VOC/NRN – Including and Excluding the Reversal (R\$ billion)



Value of Portion B

In the Formation of Portion B in the fifth Tariff Revision cycle, Operating Costs accounted for 52% of Portion B, as shown below.

Chart 52 – Portion B – Celesc Distribuição’s 5th PTR (%)



In determining the operating cost-efficient level, ANEEL establishes a comparison between the distributors, taking into consideration the characteristics of each concessionaire (network extension, number of consumers, and market, among others). The Regulatory Operational Cost for Celesc was defined at R\$1.08 billion, with adjustments in the fifth tariff revision cycle.

Return on Capital (RC) corresponds to the return of investments made by the concessionaire, and mainly depends on the Net Regulatory Remuneration Base and Capital Costs. Capital costs represent the opportunity cost of

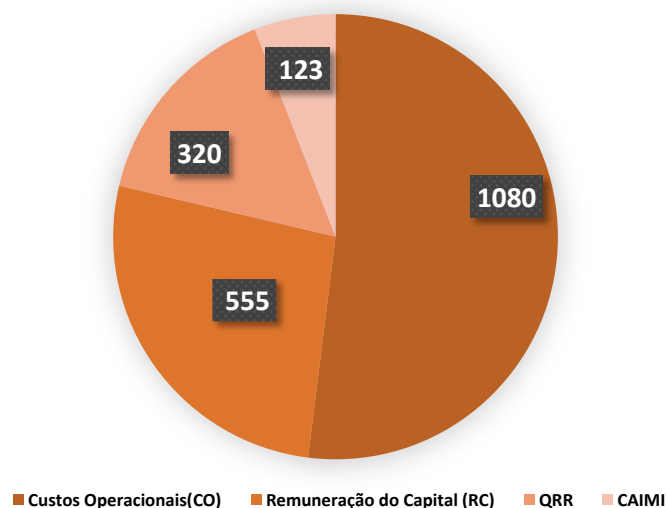
investors' funds, compatible with a similar risk faced by the power distribution activity. **In the meantime, R\$555 million of return on capital and Real WACC after taxes of 7.32% was obtained.**

The Regulatory Reintegration Rate (RRR) corresponds to the depreciation and amortization of investments and aims to reestablish assets used to render services over their useful lives, being a function of the Gross Regulatory Remuneration Base and the average depreciation rate. **It is worth noting that in Celesc's current tariff revision process, the defined depreciation rate of the Fixed Asset in Service (FAiS) was 3.82%, generating a Regulatory Reintegration Rate (RRR) of R\$320 million.**

The Annual Administrative Costs of Assets and Properties (CAIMI), also known as Annuities, refers to short-term recovery investments, such as investments in hardware, software, vehicles, and in the **entire infrastructure of buildings for administrative use, totaling R\$123 million in this tariff revision process.**

The chart below shows the financial breakdown of Portion B in this tariff revision cycle.

Chart 53 – Breakdown of Portion B – 5PTRC (R\$ million)



The table below summarizes the calculation of Portion B adjusted in Celesc Distribuição's fifth tariff revision cycle, considering the X-Factor, which reflects productivity gains transferred to consumers.

The X Factor was 0.68% in this revision process, broken down by three items: (i) Pd (Productivity Component of the Distribution Activity) of 1.02% in the tariff revision process; (ii) Q (Service Quality Component) of -0.34%; and (iii) T (Efficiency Component of Operating Costs), not applied in the tariff revision process, but in the subsequent tariff adjustments only.

Table - Adjusted Portion B

Management, Operating, and Maintenance Costs (MOMC)	1,080
Operating Costs (OC)	1,078
Operating Costs - OTF transfer	1.7
Annual Asset Cost (AAC)	998
Return on Capital (RC)	555
Regulatory Reintegration Rate (RRR)	320
Annual cost of assets and properties (CAIMI)	123

Portion B (VPB)	2,078
Pd	1.02%
Q	-0.34%
Portion B with adjustments	2,064

Financial Components - “Effect of the exclusion of ICMS from the PIS/COFINS tax base and the impact on the tariff revision”.

In the Tariff Revision process, there was the inclusion of precarious transfer of credits from the exclusion of ICMS from the PIS/PASEP and COFINS tax base, of R\$795 million, based on the final and unappealable court decision. The transfer of part of the amount already authorized with the Federal Revenue Service by the distributor had a negative impact of 8.67% on the calculation of the financial components. It is worth noting that the matter is still being analyzed at ANEEL.

For further details on our Tariff Revision, visit: <http://ri.Celesc.com.br/informacoes-financeiras/revisao-e-reajustes-tarifarios/>

5. SUSTAINABLE DEVELOPMENT

Celesc has adopted a Socio-environmental Responsibility Policy (PRSA) with 7 principles to guide the company's actions, as follows: Human Rights, Prevention, Integrity, Local Sustainability, Communication, Adequacy, and Evolution. To promote the attendance of issues related to the social area, such as respect to human rights, integrity, communication with stakeholders, local sustainability, and issues related to the environmental area, valuing the prevention of negative impacts to the environment.

Celesc’s PRSA principles also include matters that address corporate management progress, which ensure process improvement and goal achievement, and compliance with legislation, especially the respect for the rule of law, mainly the regulations of the electrical sector, the health and occupational safety area, and the environment.

The highlighted indicators reflect the commitment of the Company’s actions to improve its performance in environmental, social, and governance matters.

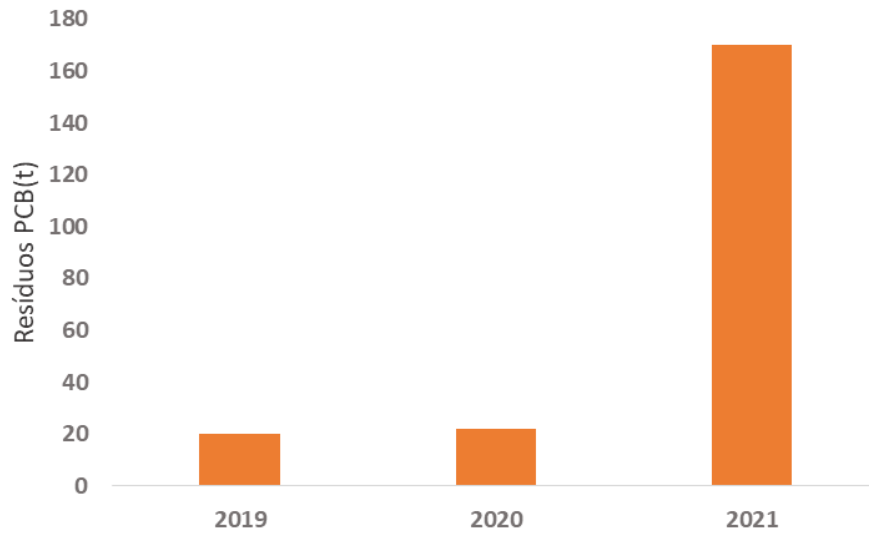
5.1 Environmental

Regarding climate changes, the Company has a Climate Change Statement (DMC), in compliance with the Prevention Principle of its PRSA. Through its DMC, Celesc discloses its commitment and defines guidelines to prevent and mitigate environmental impacts arising from climate changes. Celesc has been preparing and publishing its Annual Greenhouse Gas Inventory in the Public Emissions Registry since 2012.

Based on the learning acquired during this period, it was concluded that most of Celesc's emissions are concentrated in the energy losses associated with sub-transmission and energy distribution. Considering the relevance of the topic and its role as a local leader on the subject, Celesc is developing its Climate Change Plan, where it will set goals for emission reductions and eventually neutralization of emissions, as well as measures for business adaptability to climate change.

Another company commitment is to eliminate Polychlorinated Biphenyls (PCBs), commercially known as Ascarel in Brazil, by 2028. A common challenge for all companies in the Electric Sector, in compliance with the Stockholm Convention and Federal Decree 5.472/2005. The chart below shows the total amount of PCB waste sent to environmentally appropriate final disposal in the last few periods.

Chart 54 – Elimination of PCB Waste



5.2 Social

The company's performance is guided by the integration of the concept of sustainable development to the corporate strategy, a precept that is incorporated when planning and executing plans and socio-environmental programs, aiming at minimizing and/or mitigating the impacts of its undertakings and activities.

The commitment to our stakeholders is under the Celesc Group's Policy of Socio-environmental Responsibility, which provides for constant dialogue between the company and its stakeholders. We are part of the Business Pact against Sexual Exploitation of Children and Adolescents on Brazilian Highways, in a partnership with Childhood Brasil, and the Business Pact for Integrity and Against Corruption, of the Ethos Institute. We are also a signatory of the Sustainable Development Goals (SDGs), Global Compact, Abrinq, and the InPacto Institute.

The Company also plays a key role in the Young Apprentice Program, a great tool for social inclusion that provides young people in situations of social vulnerability with their first job opportunities. The company recently included a complimentary training course of matters related to the electrical sector in the program's syllabus, presenting to boys and girls the possibilities of working in the area, using investments made by the company in its field of activity, providing young adults with technical training in the electrical sector, and bringing a gender perspective to the initiative.

Through a partnership with Celesc and the State Public Prosecutor's Office, the Program prioritizes the inclusion of young residents of shelters and foster homes, currently has 53% girls and 47% boys in its staff.

Internally, the company has a Diversity and Inclusion Committee (D&I) sponsored by the Company's CEO, which objective is to build a more diverse and inclusive corporate environment. The company has been focusing on measures that promote a higher degree of equality among all employees since cultural and social issues have a direct impact on the work environment.

Quarter Highlights:

- Launch of Celesc's Diversity and Inclusion Policy;
- Launch of the "*Tem gente com fome*" (There are hungry people) campaign;
- Conclusion of the additional training to young apprentices aimed to the electrical sector.

5.3 Governance

Celesc regularly seeks to improve its management mechanisms with the optimization of control procedures, compliance, and transparency. It is an item of the Level 2 segment of B3's corporate governance listing segment.

Celesc's Board of Directors is composed of 11 sitting members, of which eight are independent (classified according to the Level 2 Governance Regulation) with a term of office of two years, six are representatives of the majority shareholder, three are representatives of the minority shareholders, one is a representative of the preferred shareholders, and one is a representative elected by employees.

The Company has two Statutory Committees - the Statutory Audit Committee and the Eligibility Committee -, and Advisory Committees to support the Board of Directors on its resolutions about Financial, Human Resources, Strategic, Sustainability, Regulatory, Ethical, Internal Controls, Internal and External Audits, and Risk Management matters, and any other matters that may be required.

The Company's Code of Ethics is a guiding instrument and is available on its website. The Company also maintains several Policies that guide its initiatives and good practices, such as Anticorruption Policy, Related-Party Transaction Policy; Dividend Distribution Policy, Social Responsibility Policy, among others. All these documents can be found on the Company's Transparency Portal, which also has a Whistleblowing Channel, available on its website.

The Company's ESG (Environment, Social, and Corporate Governance) initiative boosts environmental, social, and corporate governance discussions, showing its engagement concerning actions, improving the fulfillment of the wishes of all stakeholders - shareholders, consumers, employees, governments, society, communities, and suppliers - using them as metrics for the company's management.

By adhering to the global Corporate Governance principles and the organizations' trends in terms of best practices, the Company has been analyzing and improving five pillars of its Governance: (1) ethics and integrity; (2) diversity and inclusion; (3) environmental and social; (4) innovation and transformation; (5) transparency and accountability.

Considering the challenges of the contemporary society as well, mainly related to the integration of the generation of economic value together with the concerns with environmental, social, and corporate governance matters, and to show responsibility and commitment to the market where it operates, the company has been contributing to building an organizational strategy that promotes gender equality by increasing the number of women in senior management positions. Since 2019, through the Celesc + Energia program, the company's culture changed to eliminate the obstacles imposed on women in the electrical sector.

Through permanent actions, Celesc works to increase the number of women in the electrical sector. For knowing its importance in Santa Catarina State, the Company recognizes the importance of its actions to minimize inequalities through sensitization through dialogues, constant awareness, and encouragement of culture transformation, positively and sustainably impacting society and the entire energy market.

On March 8, 2021, Celesc committed to the UN Women's Empowerment Principles (WEPs) and is now a signatory of these principles that form a series of considerations to help the business community to incorporate values and practices that aim at gender equity and women empowerment into its business.

Finally, it is worth noting that since 2004, with the creation of the Social Responsibility Program, the Company has been focusing on Sustainability. Accordingly, the group's operations are based on integrating Sustainable Development into a corporate strategy to minimize the impacts of its enterprises, focusing on climate change.

6. CAPITAL MARKET PERFORMANCE

Celesc's shares are traded on B3 under the codes CLSC3 (15,527,137 common shares - ON, 40.26%) and CLSC4 (23,044,454 preferred shares - PN, 59.74%). Since it joined Level 2 of Corporate Governance in 2002, the company has joined **IGC** and **ITAG**, indexes made up of companies that offer transparency and protection to minority shareholders.

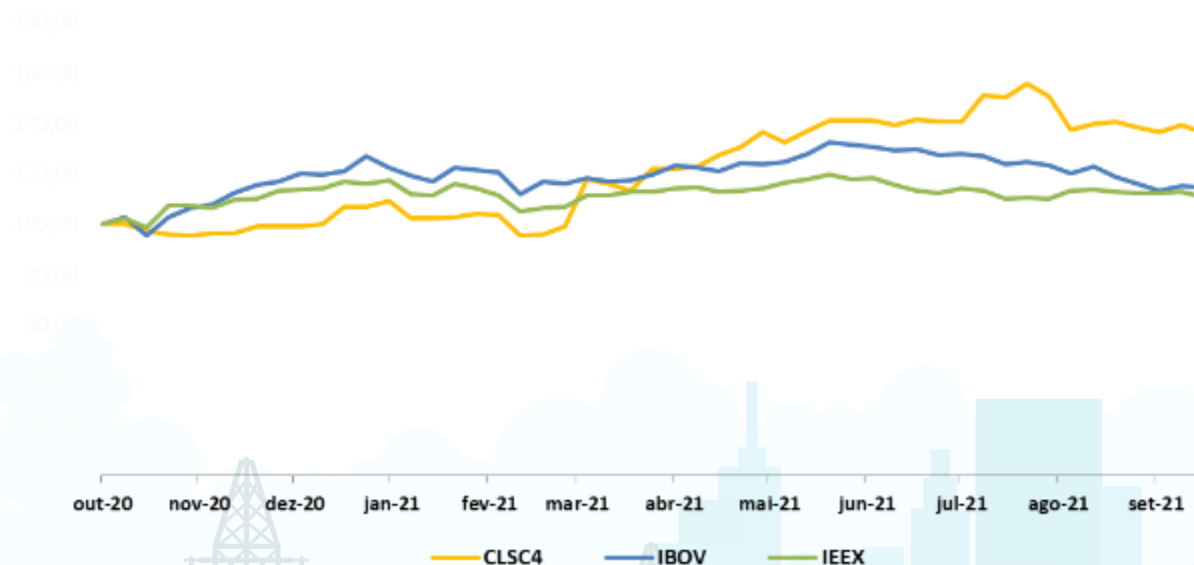
The **Company's Preferred Shares (CLSC4)** positively performed by **0.02% in the quarter** and by **36.70% in the last 12 months**. In the same period, the main index of Ibovespa, the Brazilian Stock Market, recorded a **return of -12.47% (+17.31% in 12 months)**, and the Electricity Index (IEE), which measures the behavior of the main shares of the Electricity Sector, **fell by 2.67% in the quarter and increased by 14.18% in the last 12 months**.

CLSC4 Follow-up	3Q20	4Q20	1Q21	2Q21	3Q21
Closing price adjusted to earnings (R\$/share)	52.81	54.34	59.24	68.00	68.02
Price / Earnings	5.8x	4.8x	4.0x	4.3x	4.3x
Price / Asset Value	1.3x	1.3x	1.2x	1.2x	1.1x
Average traded volume ('000 shares)	38	7	6	6	6
Average traded volume (R\$ thousand)	2080	380	294	392	450
Market Value (R\$ million)	2,071	2,231	2,279	2,653	2,763
Market Value (US\$ million)	368	430	406	533	511
Profitability (%)	-1.28	6.84	9.04%	17.32%	0.02%
Profitability in the last 12 months (%)	19.72	14.2	34.76	34.89	36.70
Ibovespa Profitability (%)	-0.47	25.81	-2.00	8.72	-12,47
Ibovespa profitability in the last 12 months (%)	-9.68	2.92	59.73	33.40	17.31
IEE Profitability (%)	-2.27	20.82	-2.33	-0,56	-2,67
IEE Profitability in the last 12 months (%)	0.8	8.12	40.35	14.67	14.18

Source: **Econômica/ Investor Relations**.

Below is CLSC4 performance compared to Ibovespa and IEE in the last 12 months.

Chart 55 CLSC4 – IEE – EVOLUTION OCT/20 – SEP/21



7. CORPORATE RATING



Rating agencies, or risk assessment agencies, are independent and specialized companies that monitor the financial activities of several public and private institutions to evaluate their credit risk level.

On December 11, 2020, Fitch Ratings assigned the Long-Term National Ratings '**AA(bra)**' to CELESC, its wholly-owned subsidiary Celesc Geração S.A., and the second Debenture issue of Celesc Geração. The outlook of the corporate ratings is Stable.

On December 29, 2020, Fitch Ratings assigned the Long-Term National Ratings '**AA(bra)**' to CELESC Distribuição, the same rating assigned to its parent company Centrais Elétricas de Santa Catarina, and its affiliate Celesc Geração, both with a stable outlook.

7. EXHIBITS
CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.
CONSOLIDATED BALANCE SHEET

Assets	09/30/2021	12/31/2020	Liabilities and Equity	Note	09/30/2021	12/31/2020
Current			Current			
Cash and Cash Equivalents	743,079	1,166,205	Suppliers		1,516,625	1,224,547
Accounts Receivable	1,915,829	1,918,725	Loans		180,685	865,901
Inventories	17,197	12,313	Debentures		111,488	102,592
Taxes Recoverable	780,958	591,837	Payroll and Social Security Charges		220,317	211,656
Dividends	5,930	14,352	Taxes and Social Contributions		486,101	370,858
Financial Assets	78,378	33,674	Proposed Dividends		62,116	123,621
Other Receivables	217,513	218,193	Regulatory Fees		324,123	177,921
			Related Parties		-	-
			Actuarial Liability		202,465	197,901
			Financial Liabilities - "Portion A" - CVA		337,667	142,491
			Other Liabilities		172,412	104,674
	3,758,884	3,955,299			3,613,999	3,522,162
Noncurrent			Noncurrent			
Financial Investments	137,478	137,478	Loans		854,410	789,043
Accounts Receivable	24,704	29,236	Debentures		677,774	203,916
Advance for Future Capital Increase	10,000	-	Payroll and Social Security Charges		35,635	60,264
Deferred Taxes	844,841	884,423	Deferred Taxes		77,510	24,469
Taxes Recoverable	1,056,935	109,904	Regulatory Fees		48,842	183,078
Court Deposits	322,384	291,869	Provision for Contingencies		444,684	492,793
Indemnity Assets – Concession	701,674	612,637	Actuarial Liability		2,193,946	2,319,432
Financial Assets - "Portion A" – CVA	1,058,174	554,774	Financial Liabilities - "Portion A" - CVA		-	-
Other Receivables	2,093	3,218	PIS/COFINS to be Refunded to Consumers		1,728,640	1,087,455
Investments	321,066	268,933	Other Liabilities		7,500	-
PP&E	110,409	201,427				
Intangible Assets	3,793,839	3,618,056			6,068,941	5,160,450
					9,682,940	8,682,612
	8,383,597	6,711,955	Equity			
			Capital Stock		2,480,000	1,340,000
			Capital Reserves		316	316
			Profit Reserves		771,470	1,911,470
			Equity Valuation Adjustments		(1,267,425)	(1,267,144)
			Retained Earnings/Accumulated Losses		475,230	-
					2,459,541	1,984,642
Total Assets	12,142,481	10,667,254	Total Liabilities and Equity		12,142,481	10,667,254

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.
CONSOLIDATED INCOME STATEMENT

	3Q21	3Q20	Var %	9M21	9M20	Var %
Gross Operating Income	5,072,226	3,156,035	60.7%	12,731,252	9,546,857	33.4%
Power Supply	1,884,930	1,323,976	42.4%	5,377,700	4,231,465	27.1%
Power Supply	141,989	115,792	22.6%	445,677	353,876	25.9%
Regulatory Asset	696,864	264,806	163.2%	1,007,293	480,226	109.8%
Short-Term Electricity	674,656	71,312	846.1%	1,109,658	298,171	272.2%
Power Grid Availability	1,184,616	1,048,763	13.0%	3,677,875	3,289,537	11.8%
Donations and Subsidies	171,875	143,892	19.4%	477,728	462,975	3.2%
Income from Services Provided	498	205	142.9%	1,011	614	64.7%
Service Fee	2,452	732	235.0%	6,199	3,321	86.7%
Financial Income	88,141	11,611	659.1%	116,754	28,532	309.2%
Other Revenues	5,648	1,558	262.5%	13,473	1,969	584.3%
Construction Revenue	220,557	173,388	27.2%	497,884	396,171	25.7%
Deductions from Operating Revenue	(1,468,801)	(1,110,878)	32.2%	(4,193,016)	(3,419,894)	22.6%
ICMS	(642,671)	(512,649)	25.4%	(1,952,575)	(1,643,427)	18.8%
PIS/COFINS	(400,962)	(274,920)	45.8%	(1,081,466)	(844,478)	28.1%
CDE	(318,273)	(300,816)	5.8%	(981,992)	(902,356)	8.8%
R&D	(16,696)	(9,404)	77.5%	(40,152)	(28,886)	39.0%
PEE	(16,301)	(9,184)	77.5%	(39,232)	(28,216)	39.0%
ANEEL Regulatory Inspection Fee	(2,198)	(2,278)	-3.5%	(6,811)	(6,206)	9.7%
Other Charges	(71,700)	(1,627)	4306.9%	(90,788)	33,675	-369.6%
Net Operating Income	3,603,425	2,045,157	76.2%	8,538,236	6,126,963	39.4%
Operating Costs and Expenses	(3,395,674)	(1,943,369)	74.7%	(7,939,244)	(5,730,478)	38.5%
Energy Purchased for Resale and Charges	(2,841,315)	(1,442,981)	96.9%	(6,522,253)	(4,355,953)	49.7%
Personnel and Administrators	(175,858)	(147,862)	18.9%	(470,918)	(533,254)	-11.7%
Actuarial Expenses	889	(15,272)	-105.8%	3,738	(46,052)	-108.1%
Supplies	(8,263)	(5,136)	60.9%	(20,852)	(11,871)	75.7%
Third-Party Services	(70,190)	(62,086)	13.1%	(205,644)	(172,316)	19.3%
Depreciation and Amortization	(48,881)	(60,824)	-19.6%	(174,201)	(180,015)	-3.2%
Net Provision	(97,075)	(61,949)	56.7%	(265,470)	(139,744)	90.0%
Reversal of Provision	89,371	20,132	343.9%	199,916	71,772	178.5%
Other Revenues/Expenses	(23,795)	5,997	-496.8%	14,324	33,126	-56.8%
Construction Costs	(220,557)	(173,388)	27.2%	(497,884)	(396,171)	25.7%
Equity Pickup	29,838	17,604	69.5%	61,718	37,252	65.7%
Income from Activities - EBIT	237,589	119,392	99.0%	660,710	433,737	52.3%
Activity Margin (%)	6.6%	5.8%		7.7%	7.1%	
EBITDA (R\$ thousand)	286,470	180,216	59.0%	834,911	613,752	36.0%
EBITDA Margin (%)	7.9%	7.4%		11.1%	10.6%	
Financial Result	19,836	14,974	32.5%	53,742	6,455	732.6%
Financial Income	70,530	57,886	21.8%	201,464	151,759	32.8%
Financial Expenses	(50,694)	(42,912)	18.1%	(147,722)	(145,304)	1.7%
Earnings Before Income Tax	257,425	134,366	91.6%	714,452	440,192	62.3%
IR and CSLL	(9,072)	(26,014)	-65.1%	(146,931)	(140,291)	4.7%
Deferred IR and CSLL	(72,760)	(28,029)	159.6%	(92,622)	(14,858)	523.4%
Net Income	175,593	80,323	118.6%	474,899	285,043	66.6%
Net Margin (%)	4.9%	3.9%		5.6%	4.7%	

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.
CONSOLIDATED CASH FLOW STATEMENT

R\$ thousand

	9M21	9M20
Profit/Loss Before Income Tax and Social Contribution	714,452	440,192
Adjustments	282,012	329,106
Hydrological Risk Renegotiation – GSF	(45,879)	-
Depreciation and Amortization	174,201	180,015
Write-off of Indemnity Assets	417	93
Write-off of PP&E and Intangible Assets	156,569	34,110
Equity Pickup	(61,718)	(37,252)
Financial Assets Update – VNR	(13,473)	(1,969)
Gains or Losses on Equity Interests (Assets)	-	-
Interest and Monetary Variations	192,428	131,666
Monetary Restatement - Concession Bonus	(116,754)	(28,532)
Other Investment Adjustments	-	-
Provision for Actuarial Liabilities	(3,738)	46,052
Allowance for Doubtful Accounts	48,068	16,625
Realization of Provision for Losses	-	-
Contingencies	(48,109)	(11,702)
Changes in Assets and Liabilities	(741,612)	194,156
Accounts Receivable	(39,055)	(136,672)
Inventories	(4,884)	2,681
Taxes Recoverable	(1,136,152)	95,453
Other Assets	2,420	47,853
Subsidy Decree 7,891/2013	(2,199)	6,204
Financial Assets	(617,956)	(378,351)
Court Deposits	(30,515)	(61,429)
Advance for Future Capital Increase	(10,000)	10,000
Suppliers	292,078	(152,172)
Social Security and Labor Obligations	(15,968)	43,835
Taxes Payable	(64,839)	205,142
Regulatory Fees	6,689	(37,205)
Financial Liabilities	381,782	636,392
PIS/COFINS to be Refunded to Consumers	579,802	-
Other Liabilities	75,238	17,708
Actuarial Liability	(158,053)	(105,283)
Cash From Operations	254,852	963,454
Income Tax and Social Contribution Paid	33,151	(129,249)
Interest Paid	(70,505)	(66,631)
Net Cash from Operating Activities	217,498	767,574
Cash Flows From Investing Activities	(427,630)	(344,283)
Acquisitions of PP&E and Intangible Assets	(444,536)	(364,727)
Capital Increase	(4,497)	(9,801)
Dividends Received	21,403	30,245
Cash Flows From Financing Activities	(212,994)	172,042
Related Parties	-	-
Loan Amortization	(761,493)	(325,699)
Loan Additions	141,025	574,213
Debentures Additions	545,450	-
Payment of Debentures	(76,471)	(76,471)
Dividends Paid	(61,505)	(1)
Total Effects of Cash and Cash Equivalents	(423,126)	595,333
Cash and Cash Equivalents at the beginning of the Period	1,166,205	566,181
Cash and Cash Equivalents at the end of the Period	743,079	1,161,514

CELESC DISTRIBUIÇÃO S.A.
INCOME STATEMENT

	3Q21	3Q20	Var %	9M21	9M20	Var %
Gross Operating Income	4,946,037	3,116,572	58.7%	12,515,735	9,439,346	32.6%
Power Supply	1,876,826	1,315,301	42.7%	5,356,227	4,204,957	27.4%
Power Supply	111,316	95,963	16.0%	366,408	299,617	22.3%
Regulatory Asset	696,864	264,806	163.2%	1,007,293	480,226	109.8%
Short-Term Electricity	674,656	71,312	846.1%	1,109,658	298,171	272.2%
Power Grid Availability	1,185,345	1,049,415	13.0%	3,679,854	3,291,325	11.8%
Donations and Subsidies	171,875	143,892	19.4%	477,728	462,975	3.2%
Income from Services Provided	498	205	142.9%	1,011	614	64.7%
Service Fee	2,452	732	235.0%	6,199	3,321	86.7%
Other Revenues	5,648	1,558	262.5%	13,473	1,969	584.3%
Construction Revenue	220,557	173,388	27.2%	497,884	396,171	25.7%
Deductions from Operating Revenue	(1,462,569)	(1,105,417)	32.3%	(4,177,576)	(3,407,069)	22.6%
ICMS	(642,671)	(512,649)	25.4%	(1,952,575)	(1,643,427)	18.8%
PIS/COFINS	(395,583)	(271,594)	45.7%	(1,068,898)	(834,760)	28.0%
CDE	(318,273)	(300,816)	5.8%	(981,992)	(902,356)	8.8%
R&D	(16,301)	(9,184)	77.5%	(39,232)	(28,216)	39.0%
PEE	(16,301)	(9,184)	77.5%	(39,232)	(28,216)	39.0%
ANEEL Regulatory Inspection Fee	(1,988)	(1,953)	1.8%	(5,950)	(5,740)	3.7%
Other Charges	(71,452)	(37)	193013.5%	(89,697)	35,646	-351.6%
Net Operating Income	3,483,468	2,011,155	73.2%	8,338,159	6,032,277	38.2%
Electricity Costs	(2,810,509)	(1,439,217)	95.3%	(6,484,224)	(4,344,142)	49.3%
Electricity Purchased for Resale	(2,323,363)	(1,045,609)	122.2%	(5,043,141)	(3,445,084)	46.4%
Charge for the Use of the Transmission System	(439,477)	(354,894)	23.8%	(1,298,076)	(782,916)	65.8%
PROINFA	(47,669)	(38,714)	23.1%	(143,007)	(116,142)	23.1%
Expense Recovery	-	-	-	-	-	-
Operating Costs and Expenses	(560,332)	(486,132)	15.3%	(1,420,368)	(1,335,696)	6.3%
Personnel and Administrators	(167,524)	(139,822)	19.8%	(446,459)	(512,334)	-12.9%
Actuarial Expenses	889	(15,272)	105.8%	3,738	(46,052)	108.1%
Supplies	(8,019)	(4,950)	62.0%	(20,232)	(11,498)	76.0%
Third-Party Services	(65,624)	(58,716)	11.8%	(195,260)	(161,735)	20.7%
Depreciation and Amortization	(61,605)	(58,809)	4.8%	(183,090)	(174,037)	5.2%
Net Provision	(88,836)	(60,753)	46.2%	(255,069)	(137,782)	85.1%
Reversal of Provision	76,328	19,375	294.0%	160,169	69,835	129.4%
Other Revenues/Expenses	(25,384)	6,203	-509.2%	13,719	34,078	-59.7%
Construction Costs	(220,557)	(173,388)	27.2%	(497,884)	(396,171)	25.7%
Income from Activities - EBIT	112,627	85,806	31.3%	433,567	352,439	23.0%
Activity Margin (%)	3.2%	4.3%	-	5.2%	5.8%	-
EBITDA	174,232	144,615	20.5%	616,657	526,476	17.1%
EBITDA Margin (%)	5.0%	7.2%	-	7.4%	8.7%	-
Financial Result	18,461	15,338	20.4%	47,868	3,606	1227.5%
Financial Income	66,430	57,346	15.8%	190,283	145,019	31.2%
Financial Expenses	(47,969)	(42,008)	14.2%	(142,415)	(141,413)	0.7%
Earnings Before Income Tax	131,088	101,144	29.6%	481,435	356,045	35.2%
IR and CSLL	(15,162)	(19,968)	-	(137,989)	(123,085)	-
Deferred IR and CSLL	(33,599)	(26,686)	-	(44,078)	(12,229)	-
Net Income	82,327	54,490	51.1%	299,368	220,731	35.6%
Net Margin (%)	2.4%	2.7%	-	3.6%	3.7%	-

CELESC DISTRIBUIÇÃO S.A.

CASH FLOW STATEMENT		R\$ thousand	
	9M21	9M20	
Profit/Loss Before Income Tax and Social Contribution	481,435	356,045	
Items not affecting cash:	421,003	386,953	
Amortization	183,090	174,037	
Financial Asset Adjustment – VNR	(13,473)	(1,969)	
Provision for Doubtful Accounts	77,433	16,231	
Contingencies	(48,127)	(11,334)	
Financial Assets and Liabilities	-	-	
Interest and Monetary Variations – Net	185,053	129,733	
Debentures Cost	-	-	
Provision for Post-Employment Benefit Plan	(3,738)	46,052	
Asset write-offs	40,765	34,203	
Changes in Current and Noncurrent Assets	(1,757,698)	(432,444)	
Accounts Receivable from Customers	(78,951)	(132,187)	
Inventories	(4,899)	2,672	
Taxes Recoverable	(1,115,085)	108,829	
Court Deposits	(15,584)	(63,322)	
Subsidy Decree 7,891/2013	(2,199)	6,204	
Financial Assets	(543,932)	(404,279)	
Other Receivables	2,952	49,639	
Changes in Current and Noncurrent Liabilities	1,208,354	617,594	
Suppliers	290,328	(150,956)	
Payroll and Social Security Charges	(16,588)	43,230	
Taxes and Social Contributions	121,385	202,901	
Regulatory Fees	8,415	(37,665)	
Private Pension Plan	-	-	
Actuarial Liability	(158,053)	(105,283)	
Financial Liabilities	381,782	636,392	
PIS/COFINS to be Refunded to Consumers	579,802	-	
Other Liabilities	1,283	28,975	
Cash From Operations	353,094	928,148	
Interest Paid	(68,610)	(63,301)	
Interest and Charges Paid to Related Parties	-	-	
Income Tax and Social Contribution Paid	(137,433)	(115,437)	
Net Cash from Operating Activities	147,051	749,410	
Investing Activities	(429,705)	(343,770)	
Acquisition of Concession Assets	(429,705)	(343,770)	
Financing Activities	(263,592)	288,514	
Inflow of Funds	686,475	574,213	
Related Party Additions	-	90,000	
Amortization of Loans and Financings	(811,493)	(375,699)	
Dividends and Interest on Equity	(48,574)	-	
Amortization with Related Parties	(90,000)	-	
Total Effects of Cash and Cash Equivalents	(546,246)	694,154	
Cash and Cash Equivalents At the Beginning of the Period	1,061,116	400,090	
Cash and Cash Equivalents at the End of the Period	514,870	1,094,244	

CELESC GERAÇÃO S.A.
BALANCE SHEET

R\$ thousand

Assets	09/30/2021	12/31/2020	Liabilities and Equity	09/30/2021	12/31/2020
Current			Current		
Cash and Cash Equivalents	191,840	54,668	Suppliers	8,368	7,530
Accounts Receivable	19,224	29,727	Taxes and Social Contributions	11,689	18,134
Financial Assets	35,977	33,674	Proposed Dividends	10,273	20,546
Financial Assets - Ind. Basic Project Pery Plant	42,401	-	Hydrological Risk Renegotiation – GSF	73,989	-
Taxes Recoverable	10,529	223	Regulatory Fees	1,330	1,249
Advance to Suppliers	1,805	918	Debentures	35,559	35,034
Inventories	77	92	Related Parties	-	-
Prepaid Expenses	178	125	Other Liabilities	1,586	1,356
Other Receivables	1	1			
	302,032	119,428		142,794	83,849
Noncurrent			Noncurrent		
Related Parties		91,832	Deferred Taxes	77,510	24,469
Taxes Recoverable	4,490	3,755	Regulatory Fees	913	2,720
Court Deposits	110	353	Provision for Contingencies	-	490
Financial Assets	284,752	267,913	Debentures	64,854	88,202
Capital Increase Advance	10,000	-			
Investments	90,204	79,198			
PP&E	110,398	201,413			
Intangible Assets	48,276	2,402			
Concession Indemnity	2,421	2,421			
Financial Assets - Ind. Basic Project Pery Plant	129,235	-			
Other	-	2			
	679,886	649,289	Total Liabilities	286,071	199,730
			Equity		
			Capital Stock	450,000	250,000
			Profit Reserves	104,398	304,398
			Equity Valuation Adjustments	14,258	14,589

Retained Earnings/Accumulated Losses	127,191	-
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Total assets	981,918	768,717	Total Liabilities and Equity	981,918	768,717
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CELESC GERAÇÃO S.A.

INCOME STATEMENT

	3Q21	3Q20	Var %	9M21	9M20	Var %
Gross Operating Income (R\$ thousand)	128,557	41,034	213.3%	220,999	111,845	97.6%
Power Supply	8,114	8,675	-6.5%	21,506	26,508	-18.9%
Power Supply	21,739	15,403	41.1%	63,803	46,579	37.0%
Short-Term Electricity	10,563	5,345	97.6%	18,936	10,226	85.2%
Financial Revenue - Interest Adjustment Indemn. Pery Plant	70,586	-	-	70,586	-	-
Financial Revenue - Interest and Update BO	17,555	11,611	51.2%	46,168	28,532	61.8%
Deductions from Operating Revenue (R\$ thousand)	(6,232)	(5,461)	14.1%	(15,440)	(12,825)	20.4%
PIS/COFINS	(5,379)	(3,326)	61.7%	(12,568)	(9,718)	29.3%
Comp. Loan for users Water Resources	(248)	(1,590)	-84.4%	(1,091)	(1,971)	-44.6%
RGR and R&D	(395)	(220)	79.5%	(920)	(670)	37.3%
ANEEL Regulatory Inspection Fee	(210)	(325)	-35.4%	(861)	(466)	84.8%
Net Operating Income (R\$ thousand)	122,325	35,573	243.9%	205,559	99,020	107.6%
Electricity Costs (R\$ thousand)	(33,164)	(5,335)	521.6%	(43,478)	(16,145)	169.3%
Hydrological Risk Renegotiation – GSF	(28,110)	-	-	(28,110)	-	-
Electricity Purchased for Resale	(4,325)	(4,683)	-8%	(13,389)	(14,357)	-7%
Charge for the Use of the System	(729)	(652)	11.8%	(1,979)	(1,788)	10.7%
Operating Costs and Expenses (R\$ thousand)	10,093	(7,807)	229.3%	19,956	(22,008)	190.7%
Personnel and Administrators	(4,176)	(3,570)	17.0%	(11,680)	(10,465)	11.6%
Supplies	(244)	(186)	31.2%	(620)	(373)	66.2%
Third-Party Services	(2,173)	(2,010)	8.1%	(6,063)	(6,394)	-5.2%
Depreciation / Amortization	13,218	(1,521)	969.0%	10,370	(4,497)	330.6%
Net Provisions	5,293	(456)	1260.7%	29,854	(15)	199126.7%
Write-offs of Fixed Assets	(1,703)	-	-	(1,703)	-	-
Other Revenues / Expenses	(122)	(64)	90.6%	(202)	(264)	-23.5%
Provision/Reversal Impairment Test, net	-	-	-	-	-	-
Equity in Earnings (Losses) (R\$ thousand)	4,582	2,947	55.5%	6,509	7,022	-7.3%
Income from Activities - EBIT (R\$ thousand)	103,836	25,378	309.2%	188,546	67,889	177.7%
Activity Margin (%)	84.9%	71.3%	-	91.7%	68.6%	-
EBITDA (R\$ thousand)	90,618	26,899	236.9%	178,176	72,386	146.1%

EBITDA Margin (%)	74.1%	75.6%		86.7%	73.1%	
Financial Result (R\$ thousand)	754	(681)	210.7%	296	(2,477)	111.9%
Financial Income	3,697	653	466.2%	5,528	2,773	99.4%
Financial Expenses	(2,943)	(1,334)	120.6%	(5,232)	(5,250)	-0.3%
EBIT (R\$ thousand)	104,590	24,697	323.5%	188,842	65,412	188.7%
IR and CSLL	6,090	(6,046)	200.7%	(8,942)	(17,206)	-48.0%
Deferred IR and CSLL	(40,094)	(1,343)	2885.4%	(53,040)	(2,629)	1917.5%
Net Income (R\$ thousand)	70,586	17,308	307.8%	126,860	45,577	178.3%
Net Margin (%)	57.7%	48.7%		61.7%	46.0%	48.7%

CELESC GERAÇÃO S.A.

CASH FLOW STATEMENT

R\$ thousand

	9M21	9M20
Profit/Loss Before Income Tax and Social Contribution	188,842	65,412
Adjustments	(39,892)	(27,419)
Depreciation and Amortization	(10,370)	4,497
Gain or loss on disposal of PP&E	-	-
Write-off of PP&E / Intangible Assets	116,221	-
Equity Pickup	(6,509)	(7,022)
Hydrological Risk Renegotiation – GSF	(45,879)	-
Provisions/Reversals for Contingencies	(490)	(378)
Reversal of Provision for Contingency	-	-
Reversal/Provision for PP&E Losses	-	-
Reversal/Provision for Investment Losses	-	-
Monetary Variations	7,621	5,037
Loan Financial Revenue	(246)	(1,415)
Estimated losses in Doubtful Accounts	(29,365)	394
Financial Assets Adjustment - Ind. Pery Plant Basic Project	(70,586)	-
Financial Assets Adjustment	(46,168)	(28,532)
Changes in Current and Noncurrent Assets	(48,498)	26,791
Accounts Receivable from Customers	39,868	(4,252)
Taxes to Offset or Recover	(3,663)	(492)
Inventories	15	9
Advance to Suppliers	(887)	(4,376)
Court Deposits	243	16
Financial Assets	27,026	25,928
Financial Assets Adjustment - Ind. Pery Plant Basic Project	(101,050)	-
Advance for Future Capital Increase	(10,000)	10,000
Other Assets	(50)	(42)
Changes in Current and Noncurrent Liabilities	70,132	(2,823)
Suppliers	838	(1,105)
Regulatory Fees	(1,726)	460
Taxes and Social Contributions	(3,199)	(904)
Other Liabilities	74,219	(1,274)
Cash From Operations	124,705	61,961
Interest Paid and Received	(3,973)	(5,019)
Income Tax and Social Contribution Paid	(19,566)	(13,812)
Net Cash from Operating Activities	101,166	43,130

Financing Activities	(36,744)	(26,471)
Debtures Additions	-	-
Dividends Paid and Interest on Equity - IoE	(10,273)	-
Amortization of Loans/Debtures	(26,471)	(26,471)
Investing Activities	72,750	(118,247)
Capital Decrease in Investees	-	488
Investment Acquisition	(4,497)	(10,289)
Acquisition of PP&E	(14,630)	(20,528)
Acquisition of Intangible Assets	(201)	(429)
Related Parties - Loan Agreement	-	(90,000)
Related Parties - Loan Agreement Receivables	90,000	-
Dividends Received	-	2,511
Loan Interest Received	2,078	-
Total Effects of Cash and Cash Equivalents	137,172	(101,588)
Cash and Cash Equivalents at the beginning of the Period	54,668	137,640
Cash and Cash Equivalents at the end of the Period	191,840	36,052