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Company Data / Capital Breakdown

Number of Shares ('000)	Current Quarter June 30, 2021
Of the Paid-In Capital	
Common Shares	15,527
Preferred Shares	23,044
Total	38,571
In Treasury	
Common Shares	0
Preferred Shares	0
Total	0

Income Statement - Parent Company /

Balance Sheet - Assets (Reais '000)

Code of the Account	Account Description	Current Quarter June 30, 2021	Previous Fiscal Year December 31, 2020
1	Total Assets	2,353,501	2,133,733
1.01	Current Assets	135,278	208,401
1.01.01	Cash and Cash Equivalents	49,960	50,421
1.01.06	Taxes to Recover	17,488	25,888
1.01.06.01	Current Taxes Recoverable	17,488	25,888
1.01.08	Other Current Assets	67,830	132,092
1.01.08.03	Others	67,830	132,092
1.01.08.03.01	Dividends Receivable	67,772	132,047
1.01.08.03.03	Other Credits	58	45
1.02	Noncurrent Asset	2,218,223	1,925,332
1.02.01	Long-term Receivables	175,242	171,651
1.02.01.02	Investments Appraised at Fair Value through Other Comprehensive Results	137,478	137,478
1.02.01.02.02	Other Securities	217	217
1.02.01.02.03	Trading Securities	137,261	137,261
1.02.01.07	Deferred Taxes	16,390	12,827
1.02.01.07.01	Deferred Income Tax and Social Contribution	16,390	12,827
1.02.01.10	Other Noncurrent Assets	21,374	21,346
1.02.01.10.03	Court Deposits	21,374	21,346
1.02.02	Investments	2,038,277	1,748,723
1.02.02.01	Equity Interests	2,038,277	1,748,723
1.02.02.01.01	Investments in Associates	102,221	91,104
1.02.02.01.02	Interest in Subsidiaries	1,832,303	1,558,988
1.02.02.01.04	Other Investments	103,753	98,631
1.02.03	Property, Plant & Equipment	12	14
1.02.03.01	Property, Plant & Equipment in Operation	12	14
1.02.04	Intangible Assets	4,692	4,944
1.02.04.01	Intangible Assets	4,692	4,944
1.02.04.01.01	Concession Agreement	4,692	4,944

Income Statement - Parent Company /

Balance Sheet - Liabilities (Reais '000)

Code of Account	Account Description	Current Quarter June 30, 2021	Previous Fiscal Year December 31, 2020
2	Total Liabilities	2,353,501	2,133,733
2.01	Current Liabilities	64,606	144,163
2.01.01	Social and Labor Obligations	1,235	879
2.01.01.01	Social Obligations	1,235	879
2.01.01.01.01	Social Charges	1,235	879
2.01.02	Suppliers	141	72
2.01.02.01	National Suppliers	141	72
2.01.03	Tax Obligations	232	18,795
2.01.03.01	Federal Tax Obligations	102	18,665
2.01.03.01.01	Income Tax and Social Contribution Payable	0	971
2.01.03.01.02	Other Federal Tax Obligations	93	6,365
2.01.03.01.03	PIS/COFINS	9	11,329
2.01.03.03	Municipal Tax Obligations	130	130
2.01.05	Other Obligations	62,998	124,417
2.01.05.02	Others	62,998	124,417
2.01.05.02.01	Dividends and Interest on Shareholders' Equity Payable	62,116	123,621
2.01.05.02.04	Other Current Liabilities	882	796
2.02	Noncurrent Liabilities	4,947	4,928
2.02.04	Provisions	4,947	4,928
2.02.04.01	Labor and Civil Security Tax Provisions	1,464	1,445
2.02.04.01.01	Tax Provisions	1,263	1,263
2.02.04.01.04	Civil Provisions	201	182
2.02.04.02	Other Provisions	3,483	3,483
2.02.04.02.04	Regulatory Provisions	3,483	3,483
2.03	Shareholders' Equity	2,283,948	1,984,642
2.03.01	Share Capital Recognized	2,480,000	1,340,000
2.03.02	Capital Reserves	316	316
2.03.02.06	Advance for Future Capital Increase	316	316
2.03.04	Profit Reserves	771,470	1,911,470
2.03.04.01	Legal Reserve	196,308	196,308
2.03.04.05	Retained Profits Reserve	575,162	1,715,162
2.03.05	YTD Profit/Loss	299,587	0
2.03.06	Equity Valuation Adjustments	-1,267,425	-1,267,144

Income Statement - Parent Company ('000 Reais)

Code of Account	Account Description	Current Quarter April 1, 2021 to June 30, 2021	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Equal Quarter Previous Fiscal Year April 1, 2020 to June 30, 2020	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
3.04	Operating Expenses/Revenues	93,362	290,786	55,728	199,711
3.04.02	General and Administrative Expenses	-6,582	-10,924	-4,850	-9,353
3.04.05	Other Operating Expenses	-558	-1,558	-502	-1,019
3.04.06	Equity Pickup	100,502	303,268	61,080	210,083
3.05	Income Before Financial Result and Taxes	93,362	290,786	55,728	199,711
3.06	Financial Result	4,749	4,957	4,957	5,009
3.06.01	Financial Revenues	4,775	5,004	4,974	5,044
3.06.02	Financial Expenses	-26	-47	-17	-35
3.07	Income Before Taxes on Profit	98,111	295,743	60,685	204,720
3.08	Income Tax and Social Contribution on Profit	2,041	3,563	0	0
3.08.02	Deferred	2,041	3,563	0	0
3.09	Net Income from Continuing Operations	100,152	299,306	60,685	204,720
3.11	Profit/Loss for the Period	100,152	299,306	60,685	204,720
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Shares	2.4501	7.3223	1.4846	5.0083
3.99.01.02	Preferred Shares	2.6952	8.0545	1.6331	5.5092
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Shares	2.4501	7.3223	1.4846	5.0083
3.99.02.02	Preferred Shares	2.6952	8.0545	1.6331	5.5092

Income Statement - Parent Company / Comprehensive

Income Statement ('000 Reais)

Code of Account	Account Description	Current Quarter April 1, 2021 to June 30, 2021	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Equal Quarter Previous Fiscal Year April 1, 2020 to June 30, 2020	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
4.01	Net Income for the Period	100,152	299,306	60,685	204,720
4.03	Comprehensive Result for the Period	100,152	299,306	60,685	204,720

Income Statement - Parent Company / Statement of Cash Flow

(Indirect Method) (Reais' 000)

Code of the Account	Account Description	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
6.01	Net Cash from Operating Activities	-16,212	-22,466
6.01.01	Cash Generated from Operations	-6,519	-4,348
6.01.01.01	Net Income before Income Tax and Social Contribution	295,743	204,720
6.01.01.02	Depreciation and Amortization	987	987
6.01.01.03	Equity Pickup	-303,268	-210,083
6.01.01.07	Constitution (Reversal) Provision for Contingent Liabilities	19	28
6.01.02	Changes in Assets and Liabilities	-9,693	-18,118
6.01.02.01	Taxes to Recover	8,400	-51
6.01.02.02	Other Accounts - Assets	-13	-8,324
6.01.02.03	Court Deposits	-28	-95
6.01.02.04	Suppliers	69	-502
6.01.02.05	Social Security and Labor Duties	356	499
6.01.02.06	Taxes to be Collected	-18,563	-9,622
6.01.02.07	Other Accounts - Liabilities	86	-23
6.02	Net Cash from Investing Activities	77,256	2,729
6.02.04	Dividends Received	77,256	2,729
6.03	Net Cash from Financing Activities	-61,505	-1
6.03.02	Dividends Paid	-61,505	-1
6.05	Increase (Decrease) in Cash and Cash Equivalents	-461	-19,738
6.05.01	Opening Balance of Cash and Cash Equivalents	50,421	28,451
6.05.02	Closing Balance of Cash and Cash Equivalents	49,960	8,713

Income Statement - Parent Company / Statement of Changes in the Shareholders' Equity / DMPL -

January 1, 2021 to June 30, 2021 (Reais' 000)

Code of the Account	Account Description	Paid-in Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Profit or Loss YTD	Other Results Comprehensive	Shareholders' Equity
5.01	Opening Balances	1,340,000	316	1,911,470	0	-1,267,144	1,984,642
5.03	Adjusted Opening Balances	1,340,000	316	1,911,470	0	-1,267,144	1,984,642
5.05	Total Comprehensive Income	0	0	0	299,587	-281	299,306
5.05.01	Net Income for the Period	0	0	0	299,306	0	299,306
5.05.03	Reclassifications to the Result	0	0	0	281	-281	0
5.05.03.02	Assigned Cost Recognized	0	0	0	281	-281	0
5.06	Internal Changes of the Shareholders' Equity	1,140,000	0	-1,140,000	0	0	0
5.06.04	Share Capital Increase	1,140,000	0	-1,140,000	0	0	0
5.07	Closing Balances	2,480,000	316	771,470	299,587	-1,267,425	2,283,948

Income Statement - Parent Company / Statement of Changes in the Shareholders' Equity / DMPL -

January 1, 2020 to June 30, 2020 (Reais Thousand)

Code of the Account	Account Description	Paid-in Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Profit or Loss YTD	Other Results Comprehensive	Shareholders' Equity
5.01	Opening Balances	1,340,000	316	1,521,681	0	-1,454,873	1,407,124
5.03	Adjusted Opening Balances	1,340,000	316	1,521,681	0	-1,454,873	1,407,124
5.05	Total Comprehensive Income	0	0	0	205,002	-282	204,720
5.05.01	Net Income for the Period	0	0	0	204,720	0	204,720
5.05.03	Reclassifications to the Result	0	0	0	282	-282	0
5.05.03.02	Assigned Cost Recognized	0	0	0	282	-282	0
5.07	Closing Balances	1,340,000	316	1,521,681	205,002	-1,455,155	1,611,844

Income Statement - Parent Company / Statement of Added Value (Reais thousand)

Code of the Account	Account Description	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
7.02	Inputs Purchased from Third Parties	-2,577	-2,919
7.02.02	Materials, Energy, Outsourced Services and Others	-2,577	-2,919
7.03	Gross Added Value	-2,577	-2,919
7.04	Withholdings	-987	-987
7.04.01	Depreciation, Amortization and Exhaustion	-987	-987
7.05	Net Added Value Produced	-3,564	-3,906
7.06	Added Value Received on Transfer	308,272	215,127
7.06.01	Equity Pickup	303,268	210,083
7.06.02	Financial Revenues	5,004	5,044
7.07	Total Added Value to Distribute	304,708	211,221
7.08	Distribution of Added Value	304,708	211,221
7.08.01	Personnel	8,621	5,985
7.08.01.01	Direct Compensation	8,021	5,324
7.08.01.02	Benefits	425	370
7.08.01.03	F.G.T.S.	175	291
7.08.02	Taxes, Charges and Contributions	-3,388	337
7.08.02.01	Federal	-3,396	173
7.08.02.02	State	5	7
7.08.02.03	Municipal	3	157
7.08.03	Compensation of Third-Party Capital	169	179
7.08.03.02	Rents	122	144
7.08.03.03	Others	47	35
7.08.04	Return on Shareholders’ Equity	299,306	204,720
7.08.04.02	Dividends	71,076	0
7.08.04.03	Retained Profit/Loss for the Period	228,230	204,720

Income Statement - Consolidated / Balance

Sheet - Assets ('000 Reais)

Code of the Account	Account Description	Current Quarter June 30, 2021	Previous Fiscal Year December 31, 2020
1	Total Assets	11,884,210	10,667,254
1.01	Current Assets	4,229,214	3,955,299
1.01.01	Cash and Cash Equivalents	1,100,746	1,166,205
1.01.03	Accounts Receivable	1,744,175	1,918,725
1.01.03.01	Customers	1,511,809	1,623,760
1.01.03.01.01	Accounts Receivable from Customers	2,056,694	2,141,621
1.01.03.01.02	Allowance for Doubtful Accounts	-544,885	-517,861
1.01.03.02	Other Accounts Receivable	232,366	294,965
1.01.04	Inventories	16,139	12,313
1.01.06	Taxes to Recover	732,173	591,837
1.01.06.01	Current Taxes Recoverable	732,173	591,837
1.01.08	Other Current Assets	635,981	266,219
1.01.08.03	Others	635,981	266,219
1.01.08.03.03	Dividends Receivable	8,924	14,352
1.01.08.03.04	Other Credits	162,839	171,161
1.01.08.03.05	Financial Assets - Portion A – CVA	381,467	0
1.01.08.03.06	Financial Asset – Concession Bonus	35,719	33,674
1.01.08.03.07	CDE Funds for CVA Coverage	47,032	47,032
1.02	Noncurrent Asset	7,654,996	6,711,955
1.02.01	Long-term Receivables	3,420,259	2,623,539
1.02.01.02	Investments Appraised at Fair Value through Other Comprehensive Results	137,478	137,478
1.02.01.02.02	Other Securities	217	217
1.02.01.02.03	Trading Securities	137,261	137,261
1.02.01.04	Accounts Receivable	28,836	32,454
1.02.01.04.01	Customers	140,721	143,850
1.02.01.04.02	Allowance for Doubtful Accounts (PCLD)	-114,614	-114,614
1.02.01.04.03	Other Accounts Receivable	2,729	3,218
1.02.01.07	Deferred Taxes	877,506	884,423
1.02.01.07.01	Deferred Income Tax and Social Contribution	877,506	884,423
1.02.01.10	Other Noncurrent Assets	2,376,439	1,569,184
1.02.01.10.03	Taxes to Recover	1,120,438	109,904
1.02.01.10.04	Court Deposits	311,826	291,869
1.02.01.10.05	Financial Assets Indemnification - Concession	584,662	612,637
1.02.01.10.06	Financial Assets - Portion A – CVA	78,761	286,861
1.02.01.10.07	Financial Assets Concession Bonus	276,952	267,913
1.02.01.10.08	Advance for Future Capital Increase	3,800	0
1.02.02	Investments	287,593	268,933
1.02.02.01	Equity Interests	287,593	268,933
1.02.02.01.01	Investments in Associates	183,840	170,302
1.02.02.01.04	Interest in Joint Ventures	103,753	98,631
1.02.03	Property, Plant & Equipment	210,452	201,427
1.02.03.01	Property, Plant & Equipment in Operation	137,184	138,404
1.02.03.03	Construction in Progress	73,268	63,023
1.02.04	Intangible Assets	3,736,692	3,618,056
1.02.04.01	Intangible Assets	3,736,692	3,618,056

Income Statement - Consolidated / Balance

Sheet - Assets ('000 Reais)

Code of Account	Account Description	Current Quarter June 30, 2021	Previous Fiscal Year December 31, 2020
1.02.04.01.01	Concession Agreement	3,729,526	3,610,710
1.02.04.01.02	Other Intangible Assets	7,166	7,346

Income Statement - Consolidated / Balance

Sheet - Liabilities ('000 Reais)

Code of Account	Account Description	Current Quarter June 30, 2021	Previous Fiscal Year December 31, 2020
2	Total Liabilities	11,884,210	10,667,254
2.01	Current Liabilities	2,690,519	3,522,162
2.01.01	Social and Labor Obligations	195,082	211,656
2.01.01.01	Social Obligations	195,082	211,656
2.01.02	Suppliers	1,044,717	1,224,547
2.01.02.01	National Suppliers	1,044,717	1,224,547
2.01.03	Tax Obligations	434,075	370,858
2.01.03.01	Federal Tax Obligations	189,177	94,368
2.01.03.01.01	Income Tax and Social Contribution Payable	139,691	15,362
2.01.03.01.02	PIS/COFINS	47,478	70,171
2.01.03.01.03	Others	2,008	8,835
2.01.03.02	State Tax Obligations	243,403	274,512
2.01.03.03	Municipal Tax Obligations	1,495	1,978
2.01.04	Loans and Financing	362,975	968,493
2.01.04.01	Loans and Financing	256,169	865,901
2.01.04.01.01	In National Currency	247,572	860,552
2.01.04.01.02	In Foreign Currency	8,597	5,349
2.01.04.02	Debentures	106,806	102,592
2.01.05	Other Obligations	451,950	548,707
2.01.05.02	Others	451,950	548,707
2.01.05.02.01	Dividends and Interest on Shareholders' Equity Payable	62,116	123,621
2.01.05.02.04	Regulatory Fees	283,382	177,921
2.01.05.02.07	Financial Liabilities - "Portion A" - CVA	0	142,491
2.01.05.02.20	Other Current Liabilities	106,452	104,674
2.01.06	Provisions	201,720	197,901
2.01.06.01	Labor and Civil Security Tax Provisions	201,720	197,901
2.01.06.01.03	Provisions for Employee Benefits	201,720	197,901
2.02	Noncurrent Liabilities	6,909,743	5,160,450
2.02.01	Loans and Financing	1,557,226	992,959
2.02.01.01	Loans and Financing	855,577	789,043
2.02.01.01.01	In National Currency	6,904	83,870
2.02.01.01.02	In Foreign Currency	848,673	705,173
2.02.01.02	Debentures	701,649	203,916
2.02.02	Other Obligations	2,553,825	1,330,797
2.02.02.02	Others	2,553,825	1,330,797
2.02.02.02.03	Social and Labor Obligations	35,517	60,264
2.02.02.02.04	Regulatory Fees	49,404	183,078
2.02.02.02.09	PIS/COFINS to be Returned to Consumers	2,468,904	1,087,455
2.02.03	Deferred Taxes	37,416	24,469
2.02.03.01	Deferred Income Tax and Social Contribution	37,416	24,469
2.02.04	Provisions	2,761,276	2,812,225
2.02.04.01	Labor and Civil Security Tax Provisions	2,492,693	2,546,272
2.02.04.01.01	Tax Provisions	34,791	19,677
2.02.04.01.02	Social Security and Labor Provisions	43,298	45,002
2.02.04.01.03	Provisions for Employee Benefits	2,236,471	2,319,432
2.02.04.01.04	Civil Provisions	178,133	162,161

Income Statement - Consolidated / Balance

Sheet - Liabilities ('000 Reais)

Code of Account	Account Description	Current Quarter June 30, 2021	Previous Fiscal Year December 31, 2020
2.02.04.02	Other Provisions	268,583	265,953
2.02.04.02.04	Regulatory Provisions	249,915	247,250
2.02.04.02.05	Environmental Provisions	18,668	18,703
2.03	Consolidated Shareholders’ Equity	2,283,948	1,984,642
2.03.01	Share Capital Recognized	2,480,000	1,340,000
2.03.02	Capital Reserves	316	316
2.03.02.06	Advance for Future Capital Increase	316	316
2.03.04	Profit Reserves	771,470	1,911,470
2.03.04.01	Legal Reserve	196,308	196,308
2.03.04.05	Retained Profits Reserve	575,162	1,715,162
2.03.05	YTD Profit/Loss	299,587	0
2.03.06	Equity Valuation Adjustments	-1,267,425	-1,267,144

Income Statement - Consolidated / Income Statement ('000 Reais)

Code of Account	Account Description	Current Quarter April 1, 2021 to June 30, 2021	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Equal Quarter Previous Fiscal Year April 1, 2020 to June 30, 2020	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
3.01	Revenue from Sale of Goods and/or Services	2,411,121	4,934,811	1,972,013	4,081,806
3.01.01	Sales and Services Revenue	2,118,830	4,339,230	1,596,869	3,643,192
3.01.02	Construction Revenue	140,879	277,327	115,718	222,783
3.01.03	Revenue Portion A - CVA	147,698	310,429	260,298	215,420
3.01.04	Financial Asset Update VNR	3,714	7,825	-872	411
3.02	Cost of Goods and/or Services Sold	-2,139,055	-4,302,857	-1,745,723	-3,535,849
3.02.01	Cost of Sale and Services	-1,819,806	-3,680,938	-1,397,901	-2,912,972
3.02.02	Cost of Goods Sold	-3,140	-6,022	-3,665	-6,573
3.02.03	Cost of Services	-175,230	-338,570	-228,439	-393,521
3.02.04	Construction Cost	-140,879	-277,327	-115,718	-222,783
3.03	Gross Result	272,066	631,954	226,290	545,957
3.04	Operating Expenses/Revenues	-144,640	-208,833	-139,230	-231,612
3.04.01	Selling Expenses	-65,505	-105,968	-52,816	-105,324
3.04.02	General and Administrative Expenses	-85,056	-157,984	-102,838	-191,356
3.04.04	Other Operating Revenues	-31,358	0	6,372	45,420
3.04.05	Other Operating Expenses	23,239	23,239	0	0
3.04.06	Equity Pickup	14,040	31,880	10,052	19,648
3.05	Income Before Financial Result and Taxes	127,426	423,121	87,060	314,345
3.06	Financial Result	24,689	33,906	49	-8,519
3.06.01	Financial Revenues	76,226	130,934	51,621	93,873
3.06.02	Financial Expenses	-51,537	-97,028	-51,572	-102,392
3.07	Income Before Taxes on Profit	152,115	457,027	87,109	305,826
3.08	Income Tax and Social Contribution on Profit	-51,963	-157,721	-26,424	-101,106
3.08.01	Current	-54,346	-137,859	-49,545	-114,277
3.08.02	Deferred	2,383	-19,862	23,121	13,171
3.09	Net Income from Continuing Operations	100,152	299,306	60,685	204,720
3.11	Consolidated Profit/Loss for the Period	100,152	299,306	60,685	204,720
3.11.01	Attributed to the Shareholders of the Parent Company	100,152	299,306	60,685	204,720

Income Statement - Consolidated / Income Statement ('000 Reais)

Code of Account	Account Description	Current Quarter April 1, 2021 to June 30, 2021	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Equal Quarter Previous Fiscal Year April 1, 2020 to June 30, 2020	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
3.99	Earnings per Share - (Reais / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common Shares	2.4501	7.3223	1.4846	5.0083
3.99.01.02	Preferred Shares	2.6952	8.0545	1.6331	5.5092
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common Shares	2.4501	7.3223	1.4846	5.0083
3.99.02.02	Preferred Shares	2.6952	8.0545	1.6331	5.5092

Income Statement - Consolidated /Comprehensive Income

Statement (Reais' 000)

Code of Account	Account Description	Current Quarter April 1, 2021 to June 30, 2021	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Equal Quarter Previous Fiscal Year April 1, 2020 to June 30, 2020	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
4.01	Consolidated Net Income for the Period	100,152	299,306	60,685	204,720
4.03	Comprehensive Consolidated Result for the Period	100,152	299,306	60,685	204,720
4.03.01	Attributed to the Shareholders of the Parent Company	100,152	299,306	60,685	204,720

Income Statement - Consolidated / Statement of Cash Flow (Indirect Method) ('000 Reais)

Code of the Account	Account Description	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
6.01	Net Cash from Operating Activities	257,086	160,571
6.01.01	Cash Generated from Operations	556,388	417,718
6.01.01.01	Earnings before Income Tax and Social Contribution	457,027	305,826
6.01.01.02	Depreciation and Amortization	125,320	119,191
6.01.01.04	Equity Pickup	-31,880	-19,648
6.01.01.05	Restatement/Interest Return/Concession Bonus	-28,613	-16,921
6.01.01.06	Interest and Monetary Variations	89,657	95,036
6.01.01.08	Income Tax (IRPJ) and Social Contribution (CSLL) Paid	-117,378	-92,829
6.01.01.09	Interest Paid	-57,711	-55,482
6.01.01.11	Provision for Actuarial Liabilities	-2,849	30,780
6.01.01.12	Constitution (Reversal) Provision for Contingent Liabilities	32,012	14,940
6.01.01.14	Write-off of Property, Plant & Equipment/Intangible Assets	26,670	21,037
6.01.01.15	Financial Assets Update – VNR	-7,825	-411
6.01.01.17	Estimated losses in Doubtful Accounts	71,599	16,173
6.01.01.18	Write-Off of Financial Indemnity Assets - Concession	359	26
6.01.02	Changes in Assets and Liabilities	-299,302	-257,147
6.01.02.02	Financial Assets - (CVA, Concession Bonus)	-3,008	-434,274
6.01.02.03	Accounts Receivable	150,655	-46,927
6.01.02.05	Taxes to Recover	-1,150,870	-47,623
6.01.02.06	Court Deposits	-19,957	-24,296
6.01.02.07	Inventories	-3,826	623
6.01.02.10	Other Accounts - Assets	-35,764	51,824
6.01.02.11	Suppliers	-179,830	-225,710
6.01.02.12	Taxes to be Collected	42,736	177,094
6.01.02.13	Social Security and Labor Duties	-41,321	76,955
6.01.02.14	Regulatory Fees	-31,681	-24,410
6.01.02.15	Financial Liabilities - CVA	-295,321	297,863
6.01.02.16	PIS/COFINS to be Returned to Consumers	1,374,801	0
6.01.02.17	Advance for Future Capital Increase	-3,800	10,000
6.01.02.19	Actuarial Liabilities	-103,896	-80,011
6.01.02.20	Other Accounts - Liabilities	1,780	11,745
6.02	Net Cash from Investing Activities	-225,562	-208,340
6.02.01	Additions Property, Plant & Equipment/Intangible Assets	-243,477	-203,780
6.02.03	Capital Increase (Decrease) Investees	-494	-9,801
6.02.05	Dividends Received	18,409	5,241
6.03	Net Cash from Financing Activities	-96,983	407,993
6.03.03	Amortization of Loans and Financings	-670,972	-66,239
6.03.04	Additions of Loans and Financing	141,025	525,213
6.03.05	Dividend Payment	-61,505	-1
6.03.06	Debentures Entry	545,450	0
6.03.07	Payment of Debentures	-50,981	-50,980
6.05	Increase (Decrease) in Cash and Cash Equivalents	-65,459	360,224
6.05.01	Opening Balance of Cash and Cash Equivalents	1,166,205	566,181
6.05.02	Closing Balance of Cash and Cash Equivalents	1,100,746	926,405

Income Statement - Consolidated / Statement of Changes in the Shareholders' Equity / DMPL - January 1, 2021 to June 30, 2021 ('000 Reais)

Code of the Account	Account Description	Paid-in Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Profit or Loss YTD	Other Comprehensive Results	Shareholders' Equity	Non-Controlling Interest	Shareholders' Equity Consolidated
5.01	Opening Balances	1,340,000	316	1,911,470	0	-1,267,144	1,984,642	0	1,984,642
5.03	Adjusted Opening Balances	1,340,000	316	1,911,470	0	-1,267,144	1,984,642	0	1,984,642
5.05	Total Comprehensive Income	0	0	0	299,587	-281	299,306	0	299,306
5.05.01	Net Income for the Period	0	0	0	299,306	0	299,306	0	299,306
5.05.03	Reclassifications to the Result	0	0	0	281	-281	0	0	0
5.05.03.02	Achieving Assigned Cost	0	0	0	281	-281	0	0	0
5.06	Internal Changes of the Shareholders' Equity	1,140,000	0	-1,140,000	0	0	0	0	0
5.06.04	Share Capital Increase	1,140,000	0	-1,140,000	0	0	0	0	0
5.07	Closing Balances	2,480,000	316	771,470	299,587	-1,267,425	2,283,948	0	2,283,948

Income Statement - Consolidated / Statement of Changes in the Shareholders’ Equity / DMPL - January 1, 2020 to June 30, 2020 (Reais Thousand)

Code of the Account	Account Description	Paid-in Share Capital	Capital Reserves, Granted Options and Treasury Shares	Profit Reserves	Profit or Loss YTD	Other Comprehensive Results	Shareholders’ Equity	Non-Controlling Interest	Shareholders’ Equity Consolidated
5.01	Opening Balances	1,340,000	316	1,521,681	0	-1,454,873	1,407,124	0	1,407,124
5.03	Adjusted Opening Balances	1,340,000	316	1,521,681	0	-1,454,873	1,407,124	0	1,407,124
5.05	Total Comprehensive Income	0	0	0	205,002	-282	204,720	0	204,720
5.05.01	Net Income for the Period	0	0	0	204,720	0	204,720	0	204,720
5.05.03	Reclassifications to the Result	0	0	0	282	-282	0	0	0
5.05.03.02	Assigned Cost Recognized	0	0	0	282	-282	0	0	0
5.07	Closing Balances	1,340,000	316	1,521,681	205,002	-1,455,155	1,611,844	0	1,611,844

Consolidated Statements / Statement of Added Value

(Real Thousand)

Code of the Account	Account Description	Current YTD Fiscal Year January 1, 2021 to June 30, 2021	Fiscal Year YTD Previous January 1, 2020 to June 30, 2020
7.01	Revenues	7,718,224	6,449,453
7.01.01	Sales of Goods, Products and Services Other	7,373,874	6,167,628
7.01.02	Other Revenues	95,508	75,215
7.01.03	Recipes related to Construction of Own Assets	277,327	222,783
7.01.04	Provision/Reversion of Credits. Doubtful Accounts	-28,485	-16,173
7.02	Inputs Purchased from Third Parties	-4,171,413	-3,293,522
7.02.01	Costs Goods and Services Sold	-3,757,908	-2,969,028
7.02.02	Materials, Energy, Outsourced Services and Others	-136,178	-101,711
7.02.04	Others	-277,327	-222,783
7.02.04.01	Costs refs. Construction of Own Assets	-277,327	-222,783
7.03	Gross Added Value	3,546,811	3,155,931
7.04	Withholdings	-125,320	-119,191
7.04.01	Depreciation, Amortization and Exhaustion	-125,320	-119,191
7.05	Net Added Value Produced	3,421,491	3,036,740
7.06	Added Value Received on Transfer	162,814	113,521
7.06.01	Equity Pickup	31,880	19,648
7.06.02	Financial Revenues	130,934	93,873
7.07	Total Added Value to Distribute	3,584,305	3,150,261
7.08	Distribution of Added Value	3,584,305	3,150,261
7.08.01	Personnel	292,211	416,172
7.08.01.01	Direct Compensation	231,788	358,491
7.08.01.02	Benefits	47,688	44,126
7.08.01.03	F.G.T.S.	12,735	13,555
7.08.02	Taxes, Charges and Contributions	2,886,637	2,414,992
7.08.02.01	Federal	1,572,059	1,279,374
7.08.02.02	State	1,309,937	1,130,815
7.08.02.03	Municipal	4,641	4,803
7.08.03	Compensation of Third-Party Capital	106,151	114,377
7.08.03.01	Interests	2,679	4,031
7.08.03.02	Rents	9,123	11,985
7.08.03.03	Others	94,349	98,361
7.08.03.03.01	Monetary and Exchange Changes	8,526	10,172
7.08.03.03.03	Other Financing Expenses	85,823	88,189
7.08.04	Return on Shareholders' Equity	299,306	204,720
7.08.04.02	Dividends	71,076	0
7.08.04.03	Retained Profit/Loss for the Period	228,230	204,720

1. INVESTMENTS

The funds invested in property, plant & equipment, intangible assets and shares in SHPs by the Company in the second quarter of 2021 reached R$310,544, compared to R$266,452 in 2020, 16.55% higher than the same period of the previous year, as shown in the table below:

Consolidated

Description	June 30, 2021		June 30, 2020		Horizontal Analysis
	R$ thousand	%	R$ thousand	%	
Electricity Distribution	**298,103**	**95.99%**	**245,568**	**92.16%**	**21.39%**
Own Funds	231,892	-	193,185	-	-
Consumer Financial Share	66,211	-	52,383	-	-
Electricity Generation	**12,441**	**4.01%**	**20,884**	**7.84%**	**-40.43%**
Equity Interests	494	-	10,289	-	-
Own Generating Site	11,947	-	10,595	-	-
Total	**310,544**	**100%**	**266,452**	**100%**	**16.55%**

Of the total invested, the largest volume of R$298,103 was allocated to the expansion and improvement of the system, operational efficiency and modernization of the management of Celesc D. Of this amount, R$231,892 was related to its resource (with R$205,452 in materials and services, R$26,440 in own resources) and R$66,211 were related to funds from third parties, derived from Consumer Financial Share in works of Celesc D. The rules of Consumer Financial Participation are established in ANEEL Regulatory Resolution 414 from September 9, 2010.

Of the main investments made in its generating site in the first half of 2021, R$9.7 million were invested in charges and costs of debentures, mechanical auxiliary systems, turbines and parts for generation, electrical assemblies, mobilization and construction sites of US Celso Ramos; R$771,000 was spent on vehicles, integration software development service, notebooks, electromechanical maintenance service for the Central Management; R$878,000 were used to automate plants and for the executive project of US Palmeiras; R$268,000 were allocated to renovate the UG-02 generator, grid extension, battery banks and for maintenance services by US Pery; R$108,000 were invested in centrifugal motor pumps, UG-01 power cables, battery banks and IP exchanges at US Bracinho; R$71,000 were used in main border meters, and replacement of the excitation cables of US Salto and R$46,000 refers to the replacement of the excitation cables and signal buoy of the US Garcia.

2. STOCK MARKET

The BOVESPA Index closed the second quarter of 2021 with an 8.72% appreciation. The Energy Sector Index (IEE), an indicator of the electricity sector, increased by 0.56% in the same period.

During this same period, the Company's Common Shares (ON) appreciated 21.29%, while the Preferred Shares (PN) appreciated 17.32%.

The table below presents the final quotations on June 30, 2021, and the respective percentage changes in the Company's shares and the key market indicators:

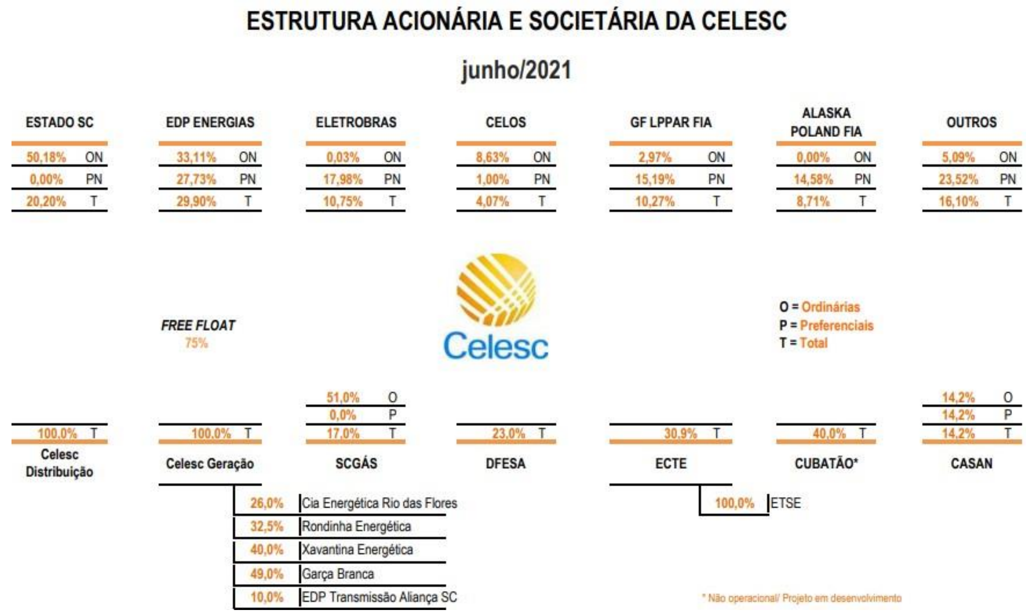
Description	Closing date	Change %	
	June 30, 2021	2Q21	In 12 months
Celesc PN	R$68.00	17.32%	34.89%
Celesc ON	R$70.00	21.29%	42.13%
IBOVESPA	126,802	8.72%	33.40%
IEE	80,452	-0.56%	14.67%

Percentage changes with adjustment to earnings

3. SHARE MARKET PRICE

The Company's share market price on June 30, 2021, as shown above, is R$70.00 (seventy reais) for each common share – ON (CLSC3) and R$68.00 (sixty-eight reais) for each preferred share – PN (CLSC4).

Its majority shareholder is the State of Santa Catarina, which owns 50.2% of the Company's common shares, corresponding to 20.2% of the total capital. The shareholding and corporate structure, on June 30, 2021, is presented in the following chart:



4. HUMAN RESOURCES

Celesc ended the second quarter of 2021 with a staff of 3,609 employees. The total number of employees represents an increase of 7.25% YoY (3,365 employees).

5. ECONOMIC AND FINANCIAL PERFORMANCE

Celesc presented, in the second quarter of 2021, Net Income reaching R$299.3 million, up by around 46.2% YoY, which totaled R$204.7 million.

YTD Gross Operating Revenue (GOR) reached R$7.7 billion in the second quarter of 2021, a volume nearly 20% higher than the R$6.4 billion YoY.

YTD Net Operating Revenue (NOR) reached R$4.9 billion in the period, up by 20.9% year-on-year.

The following table shows the main economic and financial indicators for the second quarter of 2021 year-on-year:

Description - Amount in Reais ('000)	June 30, 2021	June 30, 2020	AH (%)
Gross Operating Revenue - GOR	7,659,026	6,390,822	19.84%
Net Operating Revenue (NOR)	4,934,811	4,081,806	20.90%
Operating Result	423,121	314,345	34.60%
EBITDA	548,441	433,536	26.50%
EBITDA Margin (EBITDA/NOR)	11.11%	10.62%	0.49 p.p.
Net Margin (LL/NOR)	6.07%	5.02%	1.05 p.p.
Financial Result	33,906	(8,519)	-
Total Assets	11,884,210	10,150,574	17.08%
Property, Plant & Equipment	210,452	182,674	15.21%
Shareholders' Equity	2,283,948	1,611,844	41.70%
Net Income	299,306	204,720	46.20%

Comparing 2021 and 2020, the Company's consolidated net income grew, mainly due to the higher equity income of its subsidiaries. YTD equity income, reflecting the results from the Company's investees, was positive by R$303.3 million, up by around 44.4% compared to R$210.1 million YoY, with a higher share due to the performance of the subsidiaries Celesc D and Celesc G.

YTD consolidated financial result in the second quarter of 2021 was positive by R$33.9 million, a significant increase compared to the negative result of R$8.6 million YoY. This change is mainly due to the recognition of financial income from interest and additions on electricity supply bills and the lower interest and monetary restatement of debt charges.

Consolidated Operating Expenses fell by 9.8% YoY due to the 31.5% drop in Personnel Costs.

To achieve the positive YTD consolidated result in the second quarter of 2021, the Company highlights subsidiary Celesc D's increase in Gross Operating Revenue, mainly affected by the average tariff adjustment totaling 8.14% as of August 22, 2020, to its consumers; by the revenues from the tariff flags and by the average 8.85% increase in energy consumption, leveraged by the return of industrial and commercial activities.

At the subsidiary Celesc G, the Gross Operating Revenue's highlight is the higher PLD, impacting the sale of energy from its own and third parties and the updating, by IPCA, of the concession bonus financial asset. There were lower selling expenses due to the reversal of PECLD with the GSF Adjustment Factor. In the equity method of its investees, the loss was higher YoY due to the renegotiation of the hydrological risk in Companhia Energética Rio das Flores, in which Celesc G holds 26.07% of the share capital.

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

EBITDA Reconciliation - Figures in '000 Reais	June 30, 2021	June 30, 2020
Net Income	299,306	204,720
Current and Deferred Income Tax (IRPJ) and Social Contribution (CSLL)	157,721	101,106
Financial Result	(33,906)	8,519
Depreciation and Amortization	125,320	119,191
EBITDA	**548,441**	**433,536**

EBITDA for the second quarter of 2021 reached R$548.4 million, up by 26.5% over the second quarter of 2020, which was R$433.5 million. The EBITDA margin grew by 0.49 percentage points.

6. EQUITY STRUCTURE

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

Shareholding Base on June 30, 2021

Shareholder	Common Shares		Preferred Shares		Total	
	#	%	#	%	#	%
State of Santa Catarina	7,791,010	50.18	191	0.00	7,791,201	20.20
EDP Energias do Brasil S.A.	5,140,868	33.11	6,390,720	27.73	11,531,588	29.90
Fundação Celesc de Seguridade Social - Celos	1,340,474	8.63	230,800	1.00	1,571,274	4.07
Geração LPar Fundo de Investimento	460,600	2.96	3,500,000	15.19	3,960,600	10.27
Centrais Elétricas Brasileiras - Eletrobras*	4,233	0.03	4,142,774	17.98	4,147,007	10.75
Alaska Poland FIA	-	0.00	3,359,100	14.58	3,359,100	8.71
Others	789,952	5.09	5,420,869	23.52	6,210,821	16.10
Total	**15,527,137**	**100.00**	**23,044,454**	**100.00**	**38,571,591**	**100.00**
Grand Total	**15,527,137**	**40.26**	**23,044,454**	**59.74**	**38,571,591**	**100.00**

Share Capital: R$2,480,000,000.00 and Authorized Capital: R$2,600,000,000.00
*Public-Held Company

7. FOREIGN CAPITAL SHARE

Foreign investors closed the second quarter of 2021, representing 0.58% of the Company's total share capital, with a total of 224,831 shares, mostly preferred shares.

Investors' Share by Residence	Number of Shares	%
Foreign Investors	224,831	0.58%
Domestic Investors	38,346,760	99.42%
Total	**38,571,591**	**100.00**

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

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

Shareholder	Common Shares		Preferred Shares		Total	
	#	%	#	%	#	%

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

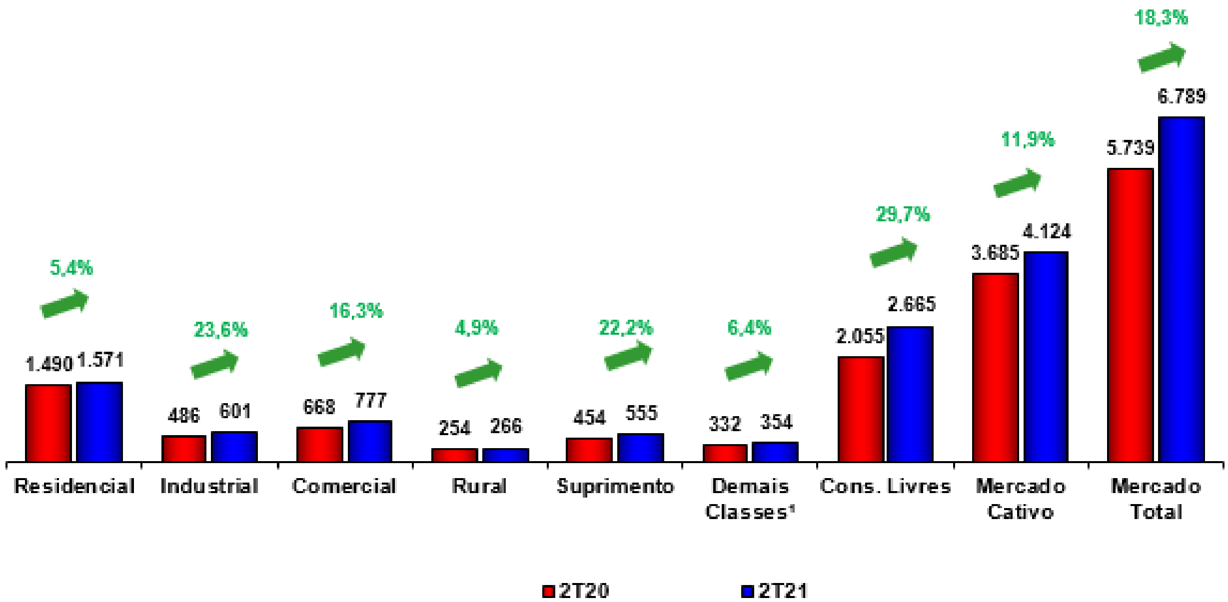
9. OUTSTANDING SHARES

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

10. ENERGY BALANCE

Celesc D's Captive Market posted a drop of 11.9% in the second quarter of 2021 year-on-year, reaching 4,124 GWh. Regarding the Total Market, including free consumers, the increase in electricity consumption was 18.3%, reaching 6,789 GWh.

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



Other Classes¹ = Government + Public Lighting + Public Service. Own consumption is not considered.

11. ELECTRICITY MARKET

ELECTRICITY CAPTIVE MARKET

Description	2021		2020		Change Vertical				Change Horizontal	
	2Q	YTD	2Q	YTD	2Q 2021	Accumulated 2021	2Q 2020	Accumulated 2020	2Q 21-20	Accumulated 21-20
Sales Revenue by Consumption Class in R$ '000										
Residential	1,028,565	2,323,210	897,961	1,991,762	41.6%	43.6%	44.4%	43.5%	14.5%	16.6%
Industrial	414,016	801,627	307,747	667,445	16.7%	15.0%	15.2%	14.6%	34.5%	20.1%
Commercial	558,098	1,214,772	436,267	1,059,646	22.6%	22.8%	21.6%	23.2%	27.9%	14.6%
Rural	152,761	350,243	130,594	304,856	6.2%	6.6%	6.5%	6.7%	17.0%	14.9%
Government	66,127	133,646	50,175	123,254	2.7%	2.5%	2.5%	2.7%	31.8%	8.4%
Public Lighting	65,132	134,325	56,986	118,355	2.6%	2.5%	2.8%	2.6%	14.3%	13.5%
Public Service	60,938	119,657	50,764	106,305	2.5%	2.2%	2.5%	2.3%	20.0%	12.6%
Subtotal	**2,345,637**	**5,077,480**	**1,930,494**	**4,371,623**	**94.8%**	**95.2%**	**95.4%**	**95.5%**	**21.5%**	**16.1%**
Supply	127,627	255,092	92,894	203,654	5.2%	4.8%	4.6%	4.5%	37.4%	25.3%
TOTAL	**2,473,264**	**5,332,572**	**2,023,388**	**4,575,277**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**22.2%**	**16.6%**
Consumption by Class in MWh										
Residential	1,570,758	3,398,233	1,490,157	3,261,087	38.1%	39.9%	40.4%	39.7%	5.4%	4.2%
Industrial	600,965	1,120,401	486,141	1,058,063	14.6%	13.2%	13.2%	12.9%	23.6%	5.9%
Commercial	777,267	1,632,520	668,297	1,620,108	18.8%	19.2%	18.1%	19.7%	16.3%	0.8%
Rural	266,458	587,659	254,005	603,848	6.5%	6.9%	6.9%	7.3%	4.9%	-2.7%
Government	97,719	189,877	78,462	195,821	2.4%	2.2%	2.1%	2.4%	24.5%	-3.0%
Public Lighting	156,640	311,747	158,000	320,232	3.8%	3.7%	4.3%	3.9%	-0.9%	-2.6%
Public Service	99,445	189,584	95,971	196,065	2.4%	2.2%	2.6%	2.4%	3.6%	-3.3%
Subtotal	**3,569,252**	**7,430,021**	**3,231,033**	**7,255,224**	**86.6%**	**87.3%**	**87.7%**	**88.2%**	**10.5%**	**2.4%**
Supply	554,650	1,081,432	453,744	966,012	13.4%	12.7%	12.3%	11.8%	22.2%	11.9%
TOTAL	**4,123,902**	**8,511,453**	**3,684,777**	**8,221,236**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**11.9%**	**3.5%**
Unit Average Price for the MWh in R$										
Residential	654.82	683.65	602.59	610.77	109.2%	109.1%	109.7%	109.7%	8.7%	11.9%
Industrial	688.92	715.48	633.04	630.82	114.9%	114.2%	115.3%	113.4%	8.8%	13.4%
Commercial	718.03	744.11	652.80	654.06	119.7%	118.8%	118.9%	117.5%	10.0%	13.8%
Rural	573.30	596.00	514.14	504.86	95.6%	95.1%	93.6%	90.7%	11.5%	18.1%
Government	676.71	703.86	639.48	629.42	112.8%	112.3%	116.5%	113.1%	5.8%	11.8%
Public Lighting	415.81	430.88	360.67	369.59	69.3%	68.8%	65.7%	66.4%	15.3%	16.6%
Public Service	612.78	631.16	528.95	542.19	102.2%	100.7%	96.3%	97.4%	15.8%	16.4%
Subtotal	**657.18**	**683.37**	**597.49**	**602.55**	**109.6%**	**109.1%**	**108.8%**	**108.3%**	**10.0%**	**13.4%**
Supply	230.10	235.88	204.73	210.82	38.4%	37.6%	37.3%	37.9%	12.4%	11.9%
TOTAL	**599.74**	**626.52**	**549.12**	**556.52**	**100.0%**	**100.0%**	**100.0%**	**10.00%**	**9.2%**	**12.6%**

12. ARBITRATION CLAUSE

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

13. INDEPENDENT AUDITORS

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

Florianópolis, August 5, 2021

Management

1. OPERATING CONTEXT

Centrais Elétricas de Santa Catarina S.A. – Celesc ("Company" and, together with its subsidiaries, "Group"), is a publicly held company, founded on December 9, 1955, by State Decree 22, headquartered at Itamarati Avenue, 160, Itacorubi neighborhood, CEP: 88.034-900, Florianópolis/SC, Brazil.

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

The majority shareholder is the State of Santa Catarina, which holds 50.18% of the Company's common shares, corresponding to 20.20% of the total Capital. The updated, subscribed and paid-up share capital is R$2,480,000,000.00, represented by 38,571,591 nominative shares, with no par value, of which 40.26% are common voting shares and 59.74% are preferred shares, also nominative, without voting rights.

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

1.1. Coronavirus Pandemic – Covid-19

The Company has been monitoring the actions discussed within the various government bodies and implementing measures to combat the pandemic's impacts on its economic and financial results.

1.1.1. Actions in the Electric Sector

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

ANEEL approved the regulation of the COVID Account in a public board meeting, issuing Regulatory Resolution 885 of June 23, 2020. The resolution also defined criteria and procedures for managing the COVID Account, establishing limits for funds by distributors based on the loss of collection and market of each distribution agent. It also details the cost items that can be covered by the financial package and the operational flow of transfers.

Celesc D adhered to the Term of Acceptance of Regulatory Resolution 885/2020, related to ANEEL Decree 10320/2020 (COVID Account). The total required was R$583.2 million, referring to the amounts set by ANEEL. This represents 100% of the maximum amount established for the Company.

On July 21, 2020, ANEEL approved, through Order 2086/2020, the Credit Operation Contracts for the COVID Account. These contracts were signed between the Electric Energy Trading Chamber and 16 financial institutions, as provided in Decree 10350/2020 and Regulatory Resolution 885/2020. ANEEL's decision details the technical and legal aspects of the contracts widely discussed and improved in an intense dialogue between ANEEL, CCEE and financial institutions. During the discussion, were established: guarantees, the gross amount of the open facility line, remuneration, calculation method, application of interest and late payment fine, grace period, amortization period, allocation of funds and necessary documents of the operation.

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

As for consumers, the measure allowed a postponement of this effect that would be perceived in a single cycle for up to five tariff cycles, starting in August 2021. The amount to be inserted in the next cycle, which starts in August 2021 and runs until July 2022, was defined by Order 181 of January 26, 2021, later amended by Order 939, of April 5, 2021, with an amount of R$233.7 million, equivalent to a quarter of the total. The next three annual quotas will still be defined through the Regulatory Agency.

On April 1, 2021, ANEEL Regulatory Resolution 928, of March 26, 2021, of the Ministry of Mines and Energy, was published in the Federal Official Gazette to establish measures to preserve the provision of public service distribution of electricity as a result of the coronavirus pandemic (COVID-19), revoking Regulatory Resolutions 878, of March 24, 2020; 886 of June 15, 2020; and 891 of July 21, 2020.

The regulation, in short, establishes the possibility of prohibiting the suspension of electricity from consumers and provides for procedural determinations of distributors during the exceptional period.

On June 15, 2021, the board of the regulatory body decided to maintain the decision to suspend the power cut due to default by low-income consumers throughout Brazil.

The measure, which would end on June 30, as per Regulatory Resolution 928/2021, will remain in force until September 30, 2021, for consumers of the social electricity tariff, covering around 12 million families.

As discussed when approving Regulatory Resolution 928/2021, this Agency's decision, besides ensuring the preservation of supply to the most vulnerable consumers, aims to standardize the treatment to be applied by electricity distributors since local governments have issued decrees to address issues associated with the supply of energy, including addressing issues related to the suspension. This matter was recently analyzed by the Federal Supreme Court – STF, which recognized as constitutional the law that prohibits power cuts during the pandemic.

It was also defined as the deferral of payment by distributors for failure to meet the indicators of individual continuity and voltage compliance under a permanent regime. ANEEL's executive board defined that unpaid compensation to consumers will be credited until the bill issued on March 31, 2022.

1.1.1.2. Brazilian Association of Electricity Distributors - ABRADEE

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

G1: Apportionment of intra-sectorial default (ABRADEE's positioning formulation on notifications issued by members), work that continues by sending and monitoring daily information on billed energy and demand, injected energy and amounts collected from bills through Official Letter 5/2020-DR/ANEEL, of August 10, 2020, which extended the request for information until July 2021.

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

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

Furthermore, Celesc D, with ABRADEE, brings essential elements to the resolutions of the regulatory body and the actions of the Ministry of Mines and Energy itself.

1.1.2. Actions in the Company

1.1.2.1. Protection of Celesc D's Cash

Celesc D has a credit card for certain transactions to keep a healthy short-term cash flow, such as paying bank slips.

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

a) offsetting credits referring to the lawsuit, final and unappealable, of Celesc D on the exclusion of ICMS from the PIS/COFINS calculation base;

b) funding through a Promissory Note, totaling R$489 million, with CDI costs + 4.5% and a 12-month settlement term. Said funding entered Celesc's cash on May 29, 2020, and will be settled in 2021 months as a bullet;

c) fundraising, by issuing debentures by Celesc D (4th issue), totaling R$550 million, at the cost of CDI + 2.6%, entered the Company's cash on May 7, 2021. The total term of the operation is 60 months, with a grace period of 18 months for the payment of principal, a period in which interest will be paid only every quarter. After the grace period, principal repayments and interest payments will be made monthly. When this grace period ends, amortization and interest payments will be made every month.

1.1.2.2. Fighting the Pandemic

The Company keeps preventive measures for 2021, namely:

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

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

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

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

e) employees with 60 years old or more, with chronic respiratory diseases, who live with older adults with chronic diseases or live with people who have been abroad in the last seven days, pregnant women, nursing mothers and employees who have school-age children whose classes have been suspended and they have no other caregiver to take care of the child, or they need to take turns in the care may work from home, and each area's management can implement a remote work system in shifts, with essential services maintained;

f) keeping, to date, part of the employees working from home, with a gradual return to administrative and support activities, however, with priority for this model until July 31, 2021.

2. BUSINESS PROFILE

2.1. Wholly Owned Subsidiaries

2.1.1. Celesc Distribuição S.A. - Celesc D

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

On September 29, 2006, Celesc D was created, a privately-held corporation, as authorized by State Law 13570/2005. With the unbundling process in 2006, the distribution activity was transferred to Celesc D.

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

Celesc D operates in the electricity distribution segment, serving, in whole or in part, 285 municipalities, totaling 3,180,471 consumer units. Of the total served, 264 municipalities are included in the distributor's concession agreement (263 in Santa Catarina and 1 in Paraná), and 21 municipalities are served on a precarious basis, located in concession areas of other distributors (17 in Santa Catarina and 4 in Paraná). According to ANEEL rules, the precarious service occurs due to technical and economic convenience, resulting from the lack of a network of the concessionaire holding the concession. Additionally, Celesc D is responsible for supplying electric power to the service of four concessionaires and 20 permissionaires in Santa Catarina, in other municipalitiesnot served by the Company.

2.1.1.1. Regulatory Environment

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

a) Concession Extension

On December 9, 2015, Celesc D signed the 5th Addendum to the Electricity Distribution Concession Agreement 56/1999, for a period of 30 years, which states that in the first 5 (five) years, there will be targets to be indicators for technical quality and economic and financial sustainability, conditions for confirmation of the extension of the concession.

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

b) 2020 Annual Tariff Readjustment

ANEEL, through Ratifying Resolution 2756 from August 21, 2020, approved the Annual Tariff Adjustment of Celesc D, applied as of August 22, 2020. Said adjustment resulted in a tariff effect average perceived by consumers, around 8.14 %, 7.67% on averagefor connected consumers in the High Voltage and 8.42% on average for consumers connected in the Low Voltage.
The Sector Charges have a 2.11% share, 3.38% of Transmission Costs, 5.89% of Energy Expenses, 0.54% with Distributor Costs, -0.64% of Financial Components of the current process, and -3.19% related to the withdrawal of the Financial Components of the previous ordinary process.

On September 4, 2020, the Judge of the 2nd Federal Court of Florianópolis understood, in a judgment of summary cognition, that the readjustment authorized by ANEEL in Ratifying Resolution 2756, of August 18, 2020, violates, at this time, the Principle of Financial-Economic Balance and the Theory of Unpredictability, as per Article 6, V, of the Consumer Protection Code, which is why it suspended its application during the public calamity period provided for in Federal Legislative Decree 06/2020. The preliminary decision issued in the records of Public Civil Lawsuit 5018546-02.2020.4.04.7200/SC was filed by PROCON/SC.

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

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

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

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

On October 30, 2020, Celesc received the decision that granted the appeal in the records of Interlocutory Appeal 5044167-67.2020.4.04.0000 – Implementation of the Tariff Adjustment, returning the situation to its status quo. Thus, the company proceeded to adjust the bills that did not realize the effects of the tariff adjustment of August 22, 2020, to re-establish its required revenue from the tariff cycle, as stated in Ratifying Resolution 2756 of August 18, 2020. The effects of the injunction were considered in 2020.

On May 25, 2021, through the meeting of the Board of ANEEL, public consultation 26/2021 was opened, dealing with subsidies for the improvement of the proposal on the Periodic Tariff Review of Celesc D from August 22, 2021, and definition of the corresponding limits of the continuity indicators of Equivalent Outage Duration per Consumer Unit (DEC) and Equivalent Outage Frequency per Consumer Unit (FEC), from 2022 to 2026. The defined contribution period was from May 26th to July 9th of the current year.

c) Tariff Flags

At the public meeting of the board of ANEEL on May 26, 2020, the Brazilian Electricity Regulator [ANEEL - Agência Nacional de Energia Elétrica] decided to keep the green level activated until December 31, 2020. However, ANEEL's board of directors decided, at an extraordinary meeting held on November 30, 2020, to reactivate the system for activating the Tariff Flags due to the lower level of storage in hydroelectric reservoirs and the resumption of electricity consumption.

This was an emergency measure taken by the Agency to alleviate the electricity bill for consumers in the future since the costs would be dammed and would be included in the next tariff events and help the electricity segment during the Covid-19 pandemic scenario. The figures of the tariff levels are updated every year and consider parameters such as market estimates, inflation, the projected volume of hydroelectric power plants, operating history of the National Interconnected System, in addition to the amounts and limits of the Difference Settlement Price (PLD) and Physical Guarantee of the Plants.

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

On March 24, 2021, ANEEL established the Public Consultation 10/2021, which dealt with the improvement of the proposed revision of the Additional and Drive tracks for Tariff Flags for the 2021/2022 cycle. The technical area of ANEEL updated the parameters for calculating the Bandeiras. However, with a significant deterioration in hydrology in Brazil, there was a need for additional analysis of the impacts of this new scenario.

Thus, ANEEL's board decided, at the meeting held on June 29, 2021, to apply a provisional adjustment as of July 2021. In addition, it opened the new Public Consultation 41/2021 to obtain subsidies for setting the additional value of Red Flag Tariff Threshold 2 due to the exceptional situation arising out of that water scarcity scenario.

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

Up to June 30, 2021:
i) Green Level: favorable conditions of energy generation. The tariff will not undergo any additional fees;
ii) Yellow Level: R$1,343 for every 100 kWh;
iii) Red Flag 1: R$4,169 for every 100 kWh;
iv) Red Flag 2: R$6,243 for every 100 kWh.

As of July 1, 2021:
i) Green Level: favorable conditions of energy generation. The tariff will not undergo any additional fees;
ii) Yellow Level: R$1,874 for every 100 kWh;
iii) Red Flag 1: R$3,971 for every 100 kWh;
iv) Red Flag 2: R$9,492 for every 100 kWh.

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

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

The activation of the levels and the monthly values of the Centralizing Account of Tariff Flags Funds (CCRBT), transferred to Celesc D, as well as the amounts transferred from Celesc D to CCRBT for Settlement of Short-Term Market Operations with the Electric Energy Trading Chamber - CCEE, in 2021, are:

Month	Level	Transfer from CCRBT to Celesc D (R$/thousand)	Transfer from Celesc D to CCRBT (R$/thousand)	# ANEEL Orders
January	Yellow	4,475	-	272/2021
February	Yellow	4,168	-	567/2021
March	Yellow	4,527	-	908/2021
April	Yellow	7,480	-	1248/2021
May	Red 1	5,402	-	1558/2021
June	Red 2	4,297	-	2001/2021

d) 2014 Contractual Exhibit – ANEEL Order 2642/2015 and 2078/2016

Celesc D filed a lawsuit against ANEEL, seeking to challenge Order 2078/16, to obtain the full recognition of contractual exposures as involuntary, at the same time that it requested the grant of an injunction to suspend the application of reducer R$ 256.6 million, expected to be applied together with the homologation of the Periodic Tariff Review process that would occur on August 22, 2016.

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

In December 2018, the amount was updated through SELIC to R$317.6 million and was accounted for in the regulatory contingency provision item.

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

Due to the decision in the first instance, in August 2019, ANEEL, through Ratification Resolution 2593, allocated in the tariff process the value of the non-transfer of tariffs. The Distributor requested a deferral totaling five tariff processes, and ANEEL then partially accepted the request and ratified the deferral of the financial effect of the 2014 contractual exposure by a fifth of the amount in the 2019 tariff adjustment totaling R$65.8 million.

In the 2020 RTA, the same method was adopted considering the request formally made to the Regulatory Agency for deferral in 5 processes and this time with the treatment of the amount of R$68.5 million as a reduction.

For the next tariff processes, the Agency will evaluate the possibility of maintaining the deferral or the full amount. The remaining balance remains a regulatory contingency, and the balance updated in June 2021 is R$209.9 million.

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

As noted in Technical Note 194/2015-SGT/ANEEL 16, which instructed Celesc D's 2015 RTA, the reversal of the 2015 RTE's financial component was not carried out due to the legal discussion regarding the payment of quotas and receipts of CDE's subsidies. Likewise, it had not been considered in subsequent tariff processes until 2019.

In the 2019 tariff process, as the CDE installment agreement had not yet been closed by ANEEL administratively, an observation in the vote was included in the process that would allow the Agency to revisit the values considered in the process, as understood by Celesc and the Management Superintendence Tariff – SGT/ANEEL, in case there was an unfavorable position for Celesc in the cases.

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

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

However, according to the settlement of the trial rendered on May 20, 2021, under number 0011034-75.2015.8.07.0001, a decision was promulgated as below and given the ratification of the Installment Agreement by ANEEL with Process 48500.003205/2017-99, both the administrative and judicial proceedings were closed, culminating in the preservation of the treatment for the CVA according to the technical area of the regulatory body and Celesc's claim:

> *"The parties appear at the records and postulate the withdrawal of the appeals filed, as well as the ratification of the agreement entered into, according to the attached term, with the extinction of the process, Article 487 – Items III, "b", of the CPC (id. 25403811).*
> *That said:*
> *(i) I approve the request to withdraw from the appeal (id. 8683332) and the adhesive appeal (id. 8683337) so that its legal and legal effects can be effective;*
> *(ii) I approve the transaction carried out between the parties (id. 25403812) and terminated the process, with a resolution of the merits, as per Article 487 – Items III, item "b", of the CPC."*

2.1.2. Celesc Generação S.A. - Celesc G

On September 29, 2006, Celesc G was created, a privately-held corporation, as authorized by State Law 13570/2005. With the de-verticalization process in 2006, the generation activity was transferred by Celesc to Celesc G.

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

2.1.2.1. Generating Site

On June 30, 2021, Celesc G had its generating site with 12 plants: 6 hydroelectric plants (HHPs), five hydroelectric generating plants (HGPs) and one small hydroelectric plant (SHP).

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

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

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

Celesc G also has a Generation Operation Center (GOC) responsible for supervising, monitoring, centralizing, and operating Celesc G’s generating plants remotely. The GOC operates and supervises the entire generating site in shifts covering 24 hours a day, seven days a week.

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

Own Generating Site - Physical Characteristics

Plants	Location	Final Concession Term	Installed Power (MW)	Physical Guarantee (MW)	Physical Guarantee in Shares
Pery HPP	Curitibanos/SC	July 9, 2047	30.00	14.08	100%
Palmeiras HPP	Rio dos Cedros/SC	November 7, 2046	24.60	16.70	70%
Bracinho HPP	Schroeder/SC	November 7, 2046	15.00	8.80	70%
Garcia HPP	Angelina/SC	July 7, 2045	8.92	7.10	70%

Cedros HPP	Rio dos Cedros/SC	November 7, 2046	8.40	6.75	70%
Salto Weissbach HPP	Blumenau/SC	November 7, 2046	6.28	3.99	70%
Celso Ramos SHP	Faxinal dos Guedes/SC	March 17, 2035	5.62	3.80	(**)
Caveiras HGP	Lages/SC	(*)	3.83	2.77	(**)
Ivo Silveira HGP	Campos Novos/SC	(*)	2.60	2.03	(**)
Rio do Peixe HGP	Videira/SC	(*)	0.52	0.50	(**)
Piraí HGP	Joinville/SC	(*)	0.78	0.45	(**)
São Lourenço HGP	Mafra/SC	(*)	0.42	0.22	(**)
Total			**106.97**	**67.19**	

(*) Plants with a power of less than 5 MW are exempt from the concession act (Federal Law 13360/2016).
(**) Not Applicable

2.1.2.1.2. Generator Park - Developed with Partners

Generating Site with Minority Interest - Physical Characteristics

Plants	Location	Final Concession Term	Installed Power (MW)	Physical Guarantee (MW)	Celesc G Interest	Power Equiv. Inst. (MW)	Physical Guarantee Equiv. (MW)
Rondinha SHP	Passos Maia/SC	October 5, 2040	9.60	5.48	32.5%	3.12	1.78
Prata SHP	Bandeirante/SC	May 5, 2039	3.00	1.68	26.0%	0.78	0.44
Belmonte SHP	Belmonte/SC	May 5, 2039	3.60	1.84	26.0%	0.94	0.48
Bandeirante SHP	Bandeirante/SC	May 5, 2039	3.00	1.76	26.0%	0.78	0.46
Xavantina SHP	Xanxerê/SC	April 7, 2040	6.08	3.54	40.0%	2.43	1.42
Garça Branca SHP	Anchieta/SC	March 13, 2043	6.50	3.44	49.0%	3.19	1.69
Total			**31.78**	**17.74**		**11.24**	**6.27**

2.1.2.1.3. Own Generating Site - Expansion Projects

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

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

Own Generating Site - Expansion Projects

Plants	Location	Final Concession Term	Installed Power (MW)	Power Increase (MW)	Final Power (MW)	Forecast Operation Start-Up	Status
Celso Ramos SHP	Faxinal dos Guedes/SC	March 17, 2035	5.62	8.30	13.92	2021	Testing Works
Salto Weissbach HPP	Blumenau/SC	November 7, 2046	6.28	23.00	29.28	(**)	Environmental Licensing
Cedros HPP Steps 1 and 2	Rio dos Cedros/SC	November 7, 2046	8.40	4.50	12.90	(**)	Review of the Basic Project
Palmeiras HPP	Rio dos Cedros/SC	November 7, 2046	24.60	0.75	25.35	(**)	Review of the Basic Project
Maruim HGP	São José/SC	(*)	0.00	1.00	1.00	2022	Works under Bidding
Caveiras HGP	Lages/SC	(*)	3.83	(**)	(**)	(**)	Review of the Basic Project
Total			**48.73**	**37.55**	**82.45**		

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

2.1.2.2. Transmission Project

2.1.2.2.1. EDP Transmissão Aliança SC

Celesc G has a 10% interest in a transmission project called EDP Transmissão Aliança SC S.A. with estimated investments of R$1.2 billion.

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

The project includes five sections of Transmission Lines and a Substation.
Environmental installation licenses were issued in 2019, and works were started *pari passu* with their emissions.

The following table summarizes the main venture information:

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

2.1.2.3. Regulatory Environment

a) Auction of Amortized Plants

Of the 12 plants that make up Celesc G's park, nine were covered by Federal Law 12783, of January 11, 2013: Palmeiras HPP, Bracinho HPP, Garcia HPP, Cedros HPP, Salto Weissbach HPP, Pery HPP, Celso Ramos SHP, Caveiras HGP e Ivo Silveira HGP.

With the entry into force of Federal Laws 13097, of January 19, 2015, and 13360, of November 17, 2016, since the Ivo Silveira and Caveiras Plants have an installed capacity of less than 5 MW, both were converted into HGPs, through ANEEL Authorizing Resolutions 5362 of July 21, 2015 (Ivo Silveira) and 7246 of August 21, 2018 (Caveiras). To legitimize the change in the concession system, the addendums to the Concession Agreement 006/2013 were also signed. Accordingly, the effects of Federal Law 12783/2013 do not affect such plants.

. In 2015, Celesc G won Lot C of the bidding auction for concessions for hydroelectric plants, offering a discount of 5.21% of the ceiling price defined for the management of generation services for the five plants covered by Law 12783/2013, added to the financial contribution of R$228.6 million as Concession Bonus.

Last but not least, as a result of the auction, Celesc G signed the Concession Agreements for Generation Service 006/2016 and 007/2016 on January 5, 2016. These contracts are valid for 30 years from the end of the term of the previous concessions.

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

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

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

b) Extension of the Pery HPP Concession

In 2017, the concession of Pery Plant - Pery HPP was extended under Federal Law 12783, of January 11, 2013, under the quota regime, at which time it was signed with the Ministry of Mines and Energy - MME, on July 7, 2017, the 4th Amendment to the Concession Agreement 006/2013 - ANEEL, which aims to explore the hydropower potential of the Plant, with the full allocation of energy in the quota regime of the physical guarantee for energy and power. The concession was extended for a period of 30 years, ending on July 9, 2047.
Based on the provisions of article 15 of Law 12783/2013, as per Article 3 of MME Decree 257, of July 5, 2017, the portion of investments linked to assets reversible to Pery HPP, not amortized or not depreciated and not indemnified, must be considered by ANEEL in the tariff process

However, during the approval processes of the Annual Generation Revenues - AGRs, in 2018, 2019 and 2020, ANEEL chose to readjust the Cost of Improvements in the Management of Generation Assets - GAG Improvements, without defining the remuneration of investments in non-amortized, non-depreciated and non-indemnified reversible assets. In other words, Celesc G has been receiving the value of GAG Improvements in full and, on the other hand, is not receiving the indemnity, which it would be entitled to due to the expansion of the plant's installed capacity from 4.4MW to 30MW, which occurred in 2013.

In 2018, Celesc G filed an administrative appeal against ANEEL's Ratifying Resolution 2421/2018, which ratified the AGR of hydroelectric plants under quota regime from July 1, 2018, to June 30, 2019, called cycle 2018/2019. In 2021, after several negotiations, ANEEL decided to establish Public Consultation 21/2021 from April 29 to June 14, 2021, to collect subsidies and additional information to improve the proposal for the application of Sub-module 12.1 of the PRORET to pay for GAG Improvements related to HPP Pery.

Celesc G presented its contribution regarding the understandings regarding the indemnity for the expansion of the installed capacity and the additional revenue from improvements, whose claims were largely met by ANEEL, in the first place, because in the result of the Public Consultation there was the consideration of the indemnity differently from GAG Improvements and, secondly, because the provisional WACC of 10.85% p.a. was changed to the definitive WACC, ratified by Regulatory Resolution 882/2020, in 11.68% p.a., according to the claim made by Celesc G.

The evolution and results achieved regarding the matter are described in Note 35.1 to Subsequent Events.

c) Generation Scaling Factor Adjustment - GSF

The GSF (Generation Scaling Factor) is an index that expresses the ratio between the sum of all the energy produced by the MRE Plants and the sum of the physical guarantees of the Plants. This factor is applied to the physical guarantee of all plants participating in the mechanism to account for operations in the Electric Energy Trading Chamber – CCEE.

Since August 2015, Celesc G has held an injunction determining the CCEE to limit the reduction of physical guarantees of its plants exposed to hydrological risk by the incidence of GSF to the maximum percentage of 5% of the total physical guarantee, including any collection or apportionment resulting from the GSF Adjustment Factor or other related legal proceedings. Such action is because non-hydrological factors, therefore foreign to the hydrological risk mitigation mechanism that is the MRE, are considered in GSF's calculation and negatively impact the participating plants.

On September 9, 2020, Law 14052/2020 was published, which regulates hydrological risk (GSF), establishing compensations for hydroelectric plants in the MRE that were impacted by postponing the concession period. The purpose of the legal amendment was to compensate the holders of hydroelectric plants participating in the MRE for non-hydrological risks by (i) generation projects called structuring, related to an early physical guarantee, (ii) restrictions on the start-up of the facilities of transmission necessary for the flow of generation from the structuring and (iii) by thermoelectric generation outside the order of merit and import of energy from Uruguay and Argentina. Said compensation would be given through the extension of the concession, limited to 7 years, calculated based on the values of the parameters applied by ANEEL.

On December 1, 2020, ANEEL Regulatory Resolution 895 was issued, which establishes the methodology to calculate the compensation to the holders of hydroelectric plants in the MRE. To be eligible for the compensation provided for in Law 14052, the holders must: (i) give up any legal actions whose object is the exemption or mitigation of hydrological risks related to the MRE, (ii) waive any claim and/or new actions concerning the exemption or mitigation of hydrological risks related to the MRE, (iii) not having renegotiated the hydrological risk.

The main highlights of the resolution are as follows:

a) including the free portion (30% of the physical guarantee) of the plants auctioned in December 2015. In the captive portion allocated to quotas (70%), the risk is for the consumer. Contribution of agents, including Celesc G, for this request to be met, as initially it was not included in the draft resolution;

b) the CGHs were not included in the proposal because they operate under authorization and not a concession regime, that is, they do not have an expiration date. Therefore, they cannot receive the proposed benefit;

c) possibility of acceptance of the proposal by the project.

On March 4, 2021, CCEE presented, through a webinar, the compensation calculations and the extensions of the concessions of the plants that adhere to the proposal.
ANEEL had 30 days to analyze and ratify the calculations. After that, the generators would have 60 days to take a stand in case of withdrawal and waiver of lawsuits and request for extension of the concession period.

However, a few days earlier, on March 1, 2021, Law 14120/2021 was enacted, which in one of its articles determined that, for plants that are in the quota regime, if the agent holding the concession after signing the new concession contract remains the same, the amounts calculated will be reimbursed through an extension of the terms of the new concessions.

Therefore, CCEE redid the calculations for this group of plants, disclosing the new values on March 18, 2021. As a result, besides the inclusion of the Pery Plant, a significant increase in terms of some plants was observed, as shown in the table below:

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

PALMEIRAS HPP	2555	14,046,957.84	112,770,384.42	10,387,213.30	November 8, 2046	25.938172	7
SALTO HPP	2555	3,356,129.45	27,528,628.04	2,535,645.62	November 8, 2046	25.938172	7

On March 30, 2021, the calculations of term extensions were scheduled to be approved at the meeting of the ANEEL board, with the subsequent publication of a Ratifying Resolution, which would include the extensions of all contemplated plants.

However, some agents and associations presented manifestations, which were debated at the board meeting. Among the claims, the request of some agents was accepted that, for compensation purposes, the physical guarantee of the plant would be considered throughout the period before the effective date of the Term of Hydrological Risk Renegotiation signed under Regulatory Resolution 684, of December 11, 2015. This understanding was made official through Regulatory Resolution 930 of March 30, 2021.

The Federal Court of Accounts - TCU, understood that such change would be in line with the text of Law 13203/2015 (amended by Law 14052/2020), and on April 12, 2021, requested the non-continuation of the negotiations related to the extensions concession until the merits of the matter are analyzed.

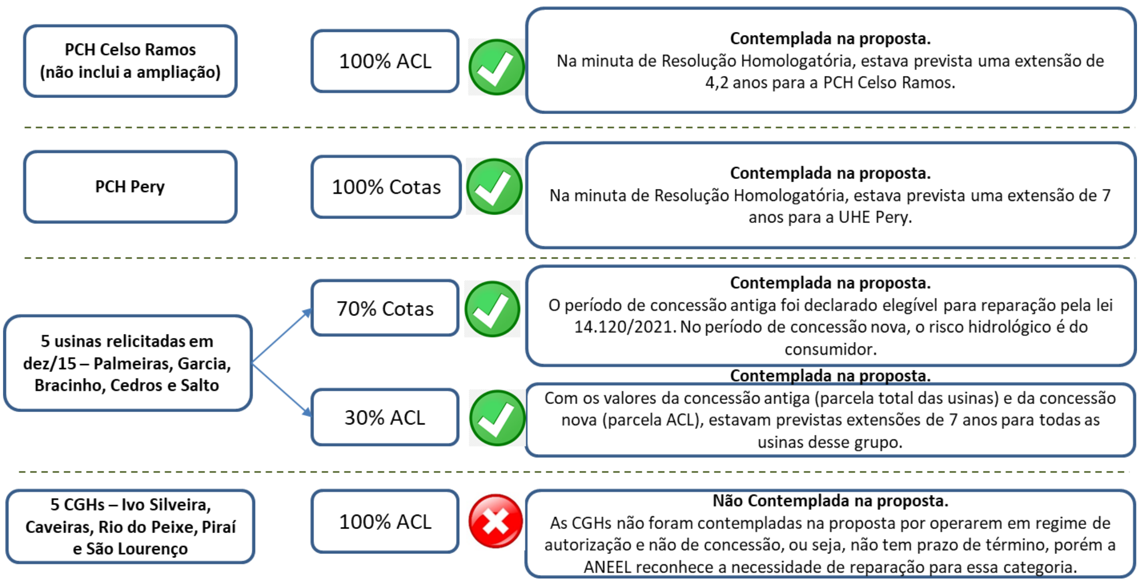
On July 13, 2021, Federal Law 14182 (Privatization of Eletrobrás) was enacted, which in its Article 18 reworded in Paragraph 4 of Article 2-A and Paragraph 9 of Article 2-B of Federal Law 13203, of December 8, 2015, expanding the calculation of the term of extension of the concession of the plants that renegotiated the hydrological risk and including the structuring plants in the calculation of the financial compensation and extension of the grant, becoming effective with the following wording:

> *Paragraph 9 For the period before the hydrological risk renegotiation, the completeness of the plant's physical guarantee will be considered as a portion of energy not renegotiated to apply item II of the head paragraph of this article*.

Therefore, despite the loss of the formal object of the TCU Representation, its Board, to speed up the process of approval of the calculations and extension of concessions (48500.000917/2021-32), forwarded, on July 16, 2021, an official letter to the president of CCEE requested drafting and submitting a draft of Marketing Rules that include this legal amendment for ANEEL's assessment.

Also at the meeting of the board of ANEEL, held on March 30, 2021, the Reporting Director signaled that there must be solutions for CGHs affected in their rights as a participant in the Energy Reallocation Mechanism – MRE. In this step, it understood that the Superintendencies of Regulation of Generation Services - SRG, of Economic Regulation and Market Studies - SRM and of Concessions and Authorizations of Generation - SCG, under the coordination of the first, in interactions with the CCEE, measure the effects to the CGHs in the MRE, based on the criteria set by Regulatory Resolution 895/20. Therefore, with such information, they must evaluate possible solutions to allow the compensation of these plants, forwarding this survey to the agency. This position was followed by most directors.

On June 30, 2021, the plants of the own generating site are in the following situation, according to Law 14052/2020:



By extending the concession period of hydroelectric generating plants, as they are not subject to IFRIC 12 (ICPC 01) - Concessions, the granting authority offsets the generators, assigning a non-pecuniary right as an extension of the concession period with the character of recovery of incurred costs, from the non-hydrological risk portions impacted in the formation of the GSF, as of 2013.

The extension of the concession period by the granting authority has the criteria indicated by CPC 04 (R1) – Intangible Assets to recognize intangible assets. The asset is recognized at a cost in the intangibles group, as soon as decided by ANEEL and duly accepted by each plant, and with a useful life equal to the new concession period, with amortization on a straight-line basis.

Since there has been no ratification by ANEEL, Celesc G is awaiting the amounts and terms for the definitive extensions of its plants and the above impacts, considering an eventual withdrawal from the lawsuit, a requirement to obtain compensation. Within this context, the Management is carrying out strategic analysis regarding the action in the case and evaluating the market operations to anticipate measures, if necessary.

d) Expansion of the Celso Ramos SHP

Celesc G obtained authorization to enlarge Celso Ramos SHP Plant in the order of 7.2MW (5.62MW to 12.82MW) through ANEEL Authorization Resolution 5078/2015 as the extension of the concession for 20 years, conditioned to the conclusion of the projects by November 2021.

In 2018, the Basic Project for the expansion of the Plant was revised and consolidated, foreseeing the installation of a new adductor circuit, which will have a new water intake channel, forced conduit and a new powerhouse with two UG-3 and UG-4, with 4.15MW each, totaling an increase of 8.3MW in the utilization (going from 7.2MW to 8.3MW and totaling 13.92MW of installed capacity). On March 29, 2019, ANEEL issued Order 939/2019, registering the suitability for using the hydraulic potential of the revision of the Basic Project for the Expansion of Celso Ramos SHP and ratifying new parameters required to define the Physical Guarantee of the project. With the registration at ANEEL's 29th New Energy Auction, the Energy Research Company (ERC) defined the project's Physical Guarantee. The works started in July 2019.

It is also noteworthy that Celesc G participated in the above Auction A-4, successfully selling the energy of this project, effective in January 2023. Notice on the Approval and Grant of Auction Nr. 03/2019 was published on October 3, 2019.

With signing the CCEARs in the last quarter of 2020, ANEEL issued Authorizing Resolution 9524 of December 8, 2020, which changed the technical characteristics of SHP Celso Ramos, complying with Order 939/2019 adjusting the implementation schedule of the works.

As a highlight, through Order 1456/2021 of May 21, 2021, ANEEL decided to release the UG3 and UG4 generating units to start operating under test as of May 22, 2021. Celesc G, therefore, is awaiting the environmental operating license and other operational procedures to request authorization for the plant's commercial operation.

e) Extension of the Salto Weissbach HPP

In 2018, the basic expansion project of the Salto Weissbach HPP, located in the city of Blumenau/SC, was approved by ANEEL through Order 1117 of May 21, 2018. The expansion project foresees the construction of a new adductor circuit in parallel to the existing one, with an adduction channel, water outlet and each of force with two generating units of 11.5MW each, totaling the addition of 23MW of installed power in the plant, going to 29.28MW.

In 2019, Celesc G filed the request for the Environmental Installation License - LAI with the Environment Institute of Santa Catarina - IMA. In June 2019, after a statement from that Institute, Celesc presented all the technical information consistent with that stage. However, in August of that same year, the environmental agency requested an Integrated Basin Study, and later, in 2020, this study was waived, which may reduce the time for analyzing the process. Until the second quarter of 2021, the environmental licensing remained under analysis by the IMA.

After issuing the LAI, the process returns for analysis by the Energy Research Company - EPE, which will then be forwarded to ANEEL to calculate the compensation of this project, whose energy will be fully dedicated to the quota system, so that the Company can forward the stages of financial feasibility, bidding and construction.

f) Expansion of Caveiras HGP

In 2018, Celesc G filed at ANEEL an application to carry out inventory studies for the section of the river where the Caveiras HGP is installed to promote the expansion of its installed capacity. In the same year, through Order 3005/2018, provided to Celesc G the inventory registration for a period of 630 days as of the order's issuance.

In 2019, Celesc G contracted the services to carry out the Hydroelectric Inventory Studies of the Caveiras river, and this study was sent in July 2020 to ANEEL. On September 28, 2020, through Order 2752, ANEEL approved the revision of the Inventory Studies and guaranteed Celesc G the preemptive right related to the Caveiras SHP project.

On December 17, 2020, ANEEL issued Order 3592, which granted Celesc G the Order for the Registration of Intent to Grant Authorization – DRI PCH. Thus, the Company shall, within a period of fourteen months after the said Order, prepare the Basic Project and present the Executive Summary to ANEEL.

In the first half of 2021, Celesc G hired a specialized company to consolidate the Basic Project of the Caveiras Plant, whose works are in progress. After the review and consolidation of the basic project and respective approval by ANEEL, an environmental feasibility study will be carried out. Licenses will be obtained from IMA/SC and the approval of the business plan by the Company so that the project can be tendered and built.

g) Reactivation of Maruim HGP

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

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

Started in 2017, the environmental licensing for the project's feasibility progressed in the second quarter of 2021, issuing the Installation Environmental License - LAI 4975/2020 issued on June 22 by the Environment Institute of Santa Catarina - IMA/SC.

Considering the approval of the Business Plan for the CGH Maruim Reactivation Project in the first quarter of the year, issuing the license to Celesc G, it will be possible to launch the bidding procedures to implement the project, scheduled for the second half of 2021.

h) EDP Transmissão Aliança SC S.A.

EDP Transmissão Aliança SC, a company including EDP – Energias do Brasil, with a 90.00% interest, and by Celesc G, with a 10.00% interest, won the dispute for lot 21 of Auction 05/2016 of ANEEL, referring to the Bid for the Concession of Public Electricity Transmission Service, including the Construction, Operation, and Maintenance of Transmission Facilities of the National Interconnected System, which took place at B3, by offering a discount of 34.99%, or a proposal allowed annual revenue (RAP) of R$171,824 million, compared to the maximum total of R$264.343 million established by ANEEL.

Lot 21 was the third-largest project offered at the auction and requires estimated investments of around R$1.2 billion.

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

* CS: Single Circuit / CD: Double Circuit

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

Nevertheless, implementing reinforcements and improvements in transmission facilities is mandatory to concessionaires of transmission services and is provided for in the Concession Agreement 39/2017 signed by EDP Transmission Aliança SC S.A. and ANEEL.

In this sense, On January 10, 2019, ANEEL sent to the EDP Transmissão Aliança SC S.A. the Official Letter 011/2019 stating that the 2018 Plan of Electric Energy Transmission Grants (2018 POTEE), issued by the Ministry of Mines and Energy (MME), includes the third 525kV/230kV autotransformer, 3 X 224MVA single-phase in the Siderópolis 2 SE, with the date of need in December 2022, with its implementation is under the responsibility of EDP Transmissão Aliança SC S.A. Through Technical Note 501/2019, ANEEL authorized implementing the reinforcement in 2019. Therefore, the SPC decided to expand the scope of the current agreement to build SE Siderópolis (original project), immediately starting the implementation of the reinforcement together with the SE, minimizing environmental and land impacts and mitigating the risks of the work carried out.

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

On June 10, 2021, the project carried out the partial technical delivery of the project. In this sense, it is planned to energize the following steps:
- LT 525kV Biguaçu SE - Siderópolis 2 SE;
- LT 230kV Siderópolis 2 SE - Siderópolis SE;
- LT 230kV Siderópolis 2 SE - Forquilhinha SE; and
- SE 525/230 SIDERÓPOLIS 2.

The Company foresees the complete completion of the works in advance of the regulatory schedule.

i) Adjustment of Annual Generation Revenue - 2020 AGR

ANEEL, through an Approval Resolution 2746 of July 28, 2020, ANEEL has ratified the readjustment of the Annual Generation Revenue (AGR) for hydroelectric Plants under quotas, under the terms of Federal Law 12783/2013. The new AGR readjustment term is effective from July 1, 2020, to June 30, 2021.

The AGRs established for Celesc G's Fixed Assets and which are to be charged every month are:

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

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

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

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

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

The specialized consultancy prepared the safety reports in the second half of 2020, with the result satisfactory. They recommended actions for adjustments and maintenance of the structures will be taken during 2021, mentioning among them hiring a company to install instrumentation of dams and executive project of civil adaptations to the current criteria of Eletrobras.

Also in the company's action planning is hiring a consulting engineering company to prepare the Periodic Safety Review - RPS, where the PSB and PAE will be fully revised, with hydrological data update, new “dam break” studies, computerized simulation of the affected areas and dissemination of the results to the civil defense agencies involved. According to ANEEL Resolution 695/2015, Celesc G has until 2022 for the delivery of revisions.

2.2. Other Interests

Investments	Classification	Description	Accreditation
Companhia de Gás de Santa Catarina S.A. – SCGÁS	Joint Venture	SCGÁS holds the concession to explore natural gas distribution services in 100% of the Santa Catarina territory and its piped gas distribution services, signed on March 28, 1994, with a 50-year term (2044). Celesc holds 51.0% of the common shares and 17% of the Share Capital.	Equity Pickup
Empresa Catarinense de Transmissão de Energia S.A. - ECTE	Affiliated Company	Established in August 2000, with the specific purpose of integrating the electricity transmission system in the state of Santa Catarina, exploring the electricity transmission lines in the eastern and coastal regions of Santa Catarina, the company is the concessionaire of the transmission line SE Campos Novos/SC – SE Blumenau/SC, 252.5 km long. It is the second project put into operation in the new modality designed for the new model of the electricity sector. ECTE, after becoming the winner of lot D, in auction 006/2012, incorporated, in November 2016, its subsidiary Empresa de Transmissão Serrana S.A. - ETSE, which includes the concession of Abdon Batista SE (525/230 kV) and Gaspar SE (230/138 kV), both in the State of	Equity Pickup

		Santa Catarina and aim to integrate the Electric Power Generation Plants to the SIN, as well as to provide access to Celesc's distribution system, besides meeting the expansion of the supply of electricity to the Vale do Itajaí region. The affiliate ECTE holds an electricity transmission concession contract 088/2000 dated November 1, 2000, with a 30-year term. For its subsidiary ETSE, the concession contract for transmission of electric power 006/2012 from May 10, 2012, with a 30-year term. Celesc holds 30.88% of the Company's share capital.	
Dona Francisca Energética S.A. – DFESA	Affiliated Company	An independent power producer, DFESA owns the Dona Francisca Hydroelectric Power Plant built on the Jacuí River in the Rio Grande do Sul, with an installed capacity of 125MW and assured energy of 80MW. The development was inaugurated in May 2001. DFESA has a concession agreement dated August 28, 1998, with a 35-year term. Celesc holds 23.03% of the Company's share capital.	Equity Pickup
Companhia Catarinense de Água e Saneamento – Casan	Temporary Investment	As a mixed economy-held company controlled by the Government of the State of Santa Catarina, the role of Casan is to plan, execute, operate and explore the water supply and sanitation services in their areas of concessions (municipality). Celesc holds 14.19% of the Company's total share capital	Fair Value through Other Comprehensive Income (VJORA)
Usina Hidrelétrica Cubatão S.A.	N/A	Special Purpose Company (SPC), established in 1996, for deploying the Cubatão Hydroelectric Power Plant. With the background of environmental obstacles, rejection of the postponement of the concession period and the consequent economic impracticability for developing the project, the venture requested ANEEL to amicably terminate the Concession Agreement 04/1996 (ANEEL Case 48100.003800/1995-89). Through Decree 310, of July 27, 2018, the Ministry of Mines and Energy - MME decided to terminate the concession and further acknowledges that there are no reversible assets linked to the concession, nor any encumbrances of any nature to the Granting Authority or ANEEL. Celesc holds 40% of the company's share capital, Inepar S.A. 40%, and Statkraft Energias Renováveis S.A. 20%. The investment in the said plant is fully provisioned as a devaluation in equity interest. The SPC has been dealing with the corporate aspects for its dissolution.	N/A

3. BASIS OF PREPARATION

The preparation bases applied in this Quarterly, Individual and Consolidated Information are detailed below:

3.1. Compliance Statement

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

The Board of Directors authorized issuing the Interim Financial Information on August 5, 2021.

3.2. Functional Currency and Presentation Currency

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

3.3. Critical Accounting Estimates and Judgments

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

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

a) Fair Value of Financial Instruments; (Note 5.7)
b) Estimated Losses in Doubtful Settlement Accounts - PECLD (Note 9);
c) Financial Asset – Concession Bonus; (Note 13.2);
d) impairment of Non-Financial Assets; (Notes 18 and 19);
e) Realization of Deferred Income Tax and Social Contribution; (Note 17);

f) Contingencies; (Note 27);
g) Actuarial Liabilities (CPC 33) (Note 28)
h) Unbilled Revenue – Celesc D (Note 9 and 32.1);
i) Depreciation - Celesc G (Note 19); and
j) Amortization of Indemnifiable Assets - Celesc D (Note 20).

4. ACCOUNTING POLICIES

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

4.1. *Measurement Basis*

The Interim Quarterly Financial Statements, Individual and Consolidated, have been prepared based on historical cost, except Financial Assets measured at Fair Value through Other Comprehensive Income - VJORA and at Fair Value through Profit - VJR recognized in the balance sheet.

4.2. New Standards and Interpretations

The following standard changes were issued by the IASB but are not effective for 2021. The early adoption of standards, although encouraged by IASB, is not allowed by the Accounting Pronouncements Committee (CPC) in Brazil.

Standard	Corresponding CPC	Amendment	Investment
IAS 37	CPC 25	Onerous cost classification for fulfilling a contract. In evaluating whether a contract is onerous, the cost of contract fulfillment includes the additional costs of fulfilling that contract and an allocation of other costs that directly relate to fulfilling the contract.	January 1, 2022
IAS 16	CPC 27	An entity's prohibition on deducting from the cost of property, plant and equipment amounts received from the sale of items produced while the asset is prepared for its intended use. Such revenues and related costs must be recognized in the income for the year.	January 1, 2022
IAS 1	CPC 26	Classification of liabilities as current or non-current	January 1, 2022
IFRS 3	CPC 15	Update to reference to new conceptual framework	January 1, 2022
IFRS 9	CPC 48	Clarifies which fees should be included in the "10%" test for derecognition of financial liabilities	January 1, 2022
IFRS 16	CPC 06	Lease Incentives (amendment to Illustrative Example 13)	January 1, 2022
IFRS 17	CPC 25	Insurance contracts	January 1, 2023

The standards shown do not have a significant impact on the Company's Financial Statements. In addition, there are no other IFRS standards or IFRIC interpretations yet to come into force that could have such an impact, and they are not even mentioned.

5. RISK MANAGEMENT

The Company's Planning, Control and Compliance Board (DPL) develop the strategic management of risks and internal controls, drawing up a map of corporate risks, assessing and monitoring these risks to mitigate them through action plans, aiming to reach the Company's strategies.

5.1. Financial Risk Class

5.1.1. Credit Category

a) Delinquency

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

5.1.2. Liquidity Category

a) Third-Party Capital

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

b) Cash Flow

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

The amounts disclosed in the table are the undiscounted contracted cash flows on June 30, 2021.

Consolidated

Description	**Fees %**	**Less than one month**	**From one to Three months**	**From three months to one year**	**From one to five years**	**More than five years**	**Total**
Accounts Receivable (net of PECLD)		1,640,236	58,646	45,293	22,760	3,347	**1,770,282**
Cash and Cash Equivalents		1,100,746	-	-	-	-	**1,100,746**
Court Deposits		-	-	-	311,826	-	**311,826**
CDE Subsidy (Decree 7891/2013)		47,032	-	-	-	-	**47,032**
Financial Assets – CVA	SELIC	31,870	63,901	292,700	91,693	-	**480,164**
Concession Bonus	IPCA	3,145	6,223	27,208	132,221	251,996	**420,793**
Total Assets		**2,823,029**	**128,770**	**365,201**	**558,500**	**255,343**	**4,130,843**
Banking Loans DS	CDI + 0.8% to 4.5% p.a.	30,441	59,522	153,405	-	-	**243,368**
Eletrobras	5% p.a.	76	146	666	2,875	-	**3,763**
Finame	2.5% to 9.5% p.a.	407	760	3,209	4,745	-	**9,121**
Debentures – Celesc D	CDI + 1.9% p.a.	22,204	-	49,917	575,230	91,610	**738,961**
Debentures – Celesc G	CDI + 2.5% p.a.	-	250	35,006	36,937	-	**72,193**
Debentures – Celesc G	IPCA + 4.3% p.a.	-	34	103	17,400	30,463	**48,000**
Suppliers		531,579	511,119	2,019	-	-	**1,044,717**
Mathematical Reserve to be Amortized	IPCA + 6% p.a.	16,907	15,342	72,316	305,787	-	**410,352**
BID	CDI + 0.77% to 1.98% p.a.	-	-	8,692	114,109	859,194	**981,995**
Total Liabilities		**601,614**	**587,173**	**325,333**	**1,057,083**	**981,267**	**3,552,470**

c) Actuarial

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

5.2. Operational Risk Class

5.2.1. Management Category

a) Investments

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

5.2.2. Process Category

a) Safeguarding Assets

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

b) Losses

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

c) Distributor Energy Contracting

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

5.2.3. Personnel Category

a) Health and Safety

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

b) Management and Development of Personnel

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

5.2.4. Information and Technology Category

a) Cyber and IT Infrastructure

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

5.3. Compliance Risk Class

5.3.1. Regulatory/Legal Category

a) Social and Environmental

Risk of losses from environmental and social policies and practices exposing the company to no-compliance with regulatory agencies, failure to obtain licenses and damage to its image.

b) Tariff Review

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

c) Extinction of the Distribution Concession

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

The obligations established until 2020 were fulfilled.

ANEEL Regulatory Resolution 896, published on November 17, 2020, regulated the parameterization and calculation methodology for the concession indicators established for 2021 to 2045. The document is the result of Public Consultation 24/2019, which sought to discuss and gather subsidies to define regulations for opening the forfeiture processes of electricity distribution concession contracts, based on service quality and sustainability requirements economic and financial.

As of 2020, failure to comply with any of the DECi or FECi limits for one year makes it mandatory for the concessionaire to present a results plan, which must be submitted for prior acceptance by ANEEL and monitored in its execution by the areas of inspection, through periodic reports to be also presented by the concessionaires.

Failure to comply with DECi or FECi limits for two consecutive years, or three of the five previous calendar years, calculated separately or together, or the efficiency criterion concerning economic and financial management for one year, obliges the concessionaire to limit the payment of dividends and interest on equity, alone or together, at 25% (twenty-five percent) of net income, reduced or increased by the amount allocated to the constitution of the Legal Reserve and the amount allocated to the constitution of the Reserve for Contingencies;

Failure to comply with DECi or FECi, alone or together, for three consecutive years or with the efficiency criterion concerning economic and financial management for two consecutive years, characterizes the concessionaire's contractual default and will imply the opening, by ANEEL, of a process punitive administrative aimed at applying the penalty of declaration of forfeiture of the concession, as per Regulatory Resolution 846, of June 11, 2019, or supervening rules that may succeed it.

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

d) Energy Generation

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

e) Regulation of the Electric Sector

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

f) Fraud

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

g) Lawsuits

Risk of loss caused by practices or deficiencies that make it difficult or impossible to build defenses.

5.4. Strategic Risk Class

5.4.1. Governance Category

a) Image

Risk of falling in the reputation of the Group towards the main stakeholders.

5.4.2. Strategy Category

a) Innovation

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

5.5. Additional Sensitivity Analysis Required by CVM

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

In addition, two other scenarios are demonstrated, in the terms determined by CVM Instruction 475, dated from December 17, 2008, to present 25% and 50% of deterioration in the respective risk variable, respectively (scenarios II and III).

The sensitivity analysis presented considers changes concerning a certain risk, keeping all other variables constant, associated with other risks, with balances on June 30, 2021:

						Consolidated
Assumptions	**Effects of Accounts on Results**	**NE**	**Balance**	**(Scenario I)**	**(Scenario II)**	**(Scenario III)**
CDI				**5.50%**	**6.88%**	**8.25%**
	Financial Investments	8	1,040,726	57,240	71,602	85,860
	Loans	22	(1,099,635)	(60,480)	(75,655)	(90,720)
	Debentures	23.5	(770,714)	(42,389)	(53,025)	(63,584)

Selic				**6.27%**	**7.84%**	**9.41%**
	Financial Assets - CVA	13.1	460,228	28,856	36,082	43,307
IPCA				**8.35%**	**10.44%**	**12.53%**
	Indemnifiable Financial Assets - Concession	14	350,502	29,267	36,592	43,918
	Debentures	23	(37,741)	(3,151)	(3,939)	(4,727)
	Financial Asset – Concession Bonus	13.2	312,671	26,108	32,643	39,178
	Mathematical Reserve to be Amortized	-	(361,264)	(30,166)	(37,716)	(45,266)

5.6. Capital Management

Managing its capital aims to safeguard the Company's ability to continue to offer shareholder returns and benefits to other stakeholders and maintain an ideal capital structure to reduce this cost.

To maintain or adjust the capital structure, the Company may review the dividend payment policy, returning capital to the shareholders, or issue new shares or sell assets to reduce, for example, the level of indebtedness.
Consistent with other companies in the sector, the Company monitors the capital based on the financial leverage ratio. This index corresponds to the net debt divided by the total capital.

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

The table below shows the Financial Leverage Ratio:

			Consolidated
Description	**NE**	**June 30, 2021**	**December 31, 2020**
Loans and Financing - National Currency	22	254,476	944,422
Loans and Financing - Foreign Currency	22	857,270	710,522
Debentures	23.5	808,455	306,508
(-) Cash and Cash Equivalents	8	(1,100,746)	(1,166,205)
Net Debt		**819,455**	**795,247**
Total Shareholders' Equity		**2,283,948**	**1,984,642**
Total Capital		**3,103,403**	**2,779,889**
Financial Leverage Ratio (%)		**26.41%**	**28.61%**

5.7. Fair Value Estimate

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

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

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

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

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

The following table sets forth the Group's assets measured at fair value on June 30, 2021. The book value is close to the fair value of financial assets and liabilities. The Company does not have liabilities measured at fair value at that base date.

			Consolidated
Description – Level 3	**NE**	**June 30, 2021**	**December 31, 2020**
Fair Value through Other Income Comprehensive - VJORA			
Securities	15	137,261	137,261
Others	-	217	217
Fair Value through Income - VJR			
Indemnifiable Asset - Concession	14	584,662	612,637
Total Assets		**722,140**	**750,115**

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

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

Assets accounted for as Bonds and Securities valued by VJORA, other techniques were used, such as discounted flow analysis. For the other account, the applied technique was the cost approach.

For the concession assets evaluated at VJR, the measurement used the cost approach technique, referring to the current replacement/replacement cost, using other techniques, such as discounted flow analysis.

6. FINANCIAL INSTRUMENTS BY CATEGORY

The following table sets forth the financial instruments by category on June 30, 2021.

				Consolidated
Description	**Cost Amortized**	**Fair Value through Result**	**Fair Value through Other Results Comprehensive**	**Total**
Assets	**4,662,284**	**584,662**	**137,478**	**5,384,424**
Cash and Cash Equivalents	1,100,746	-	-	1,100,746
Accounts Receivable from Customers	2,429,781	-	-	2,429,781
Court Deposits	311,826	-	-	311,826
CDE Subsidy (Decree 7891/2013)	47,032	-	-	47,032
Securities	-	-	137,261	137,261
Indemnifiable Financial Assets - Concession	-	584,662	-	584,662
Financial Assets - CVA	460,228	-	-	460,228
Financial Asset – Concession Bonus	312,671	-	-	312,671
Others	-	-	217	217

Description	Cost Amortized	Fair Value through Result	Fair Value through Other Results Comprehensive	Total
Liabilities	**3,326,182**	**-**	**-**	**3,326,182**
Suppliers	1,044,717	-	-	1,044,717
National Currency Loans	254,476	-	-	254,476
Foreign Currency Loan	857,270	-	-	857,270
Debentures	808,455	-	-	808,455
Mathematical Reserve to be Amortized	361,264	-	-	361,264

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

				Consolidated
Description	**Cost Amortized**	**Fair Value through Result**	**Fair Value through Other Results Comprehensive**	**Total**
Assets	**4,673,990**	**612,637**	**137,478**	**5,424,105**
Cash and Cash Equivalents	1,166,205	-	-	1,166,205
Accounts Receivable from Customers	2,580,436	-	-	2,580,436
Court Deposits	291,869	-	-	291,869
CDE Subsidy (Decree 7891/2013)	47,032	-	-	47,032
Securities	-	-	137,261	137,261
Indemnifiable Financial Assets - Concession	-	612,637	-	612,637
Financial Assets - CVA	286,861	-	-	286,861
Financial Asset – Concession Bonus	301,587	-	-	301,587
Others	-	-	217	217

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

7. QUALITY OF FINANCIAL ASSETS CREDIT

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

		Consolidated
Accounts Receivable from Customers	**June 30, 2021**	**December 31, 2020**
Group 1 – Customers with Collection in Due Date	838,559	929,782
Group 2 – Customers with an average delay between 01 and 90 days	784,474	868,941

Group 3 – Customers with an average delay of more than 90 days	806,748	781,713
Total	**2,429,781**	**2,580,436**

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

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are held to meet short-term commitments and not for other purposes.

	Parent Company		Consolidated	
Description	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Funds at the Bank and in Cash	56	40	60,020	56,232
Financial Investments	49,904	50,381	1,040,726	1,109,973
Total	**49,960**	**50,421**	**1,100,746**	1,166,205

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

9. ACCOUNTS RECEIVABLE FROM CUSTOMERS

a) Consumers, Concessionaires and Permissionaires

					Consolidated
Description	**Falling Due**	**Overdue up to 90 days**	**Past Due Over 90 Days**	**June 30, 2021**	**December 31, 2020**
Consumers	**1,056,625**	**267,323**	**727,085**	**2,051,033**	**2,207,203**
Residential	280,012	163,750	157,418	601,180	597,374
Industrial	90,522	42,857	379,473	512,852	604,324
Business	132,991	48,198	146,867	328,056	351,248
Rural	39,197	12,083	12,645	63,925	78,422
Government	36,227	274	9,928	46,429	45,113
Public Lighting	19,480	1	19,291	38,772	38,216
Public Service	21,838	160	1,463	23,461	23,839
Unbilled Sales	436,358	-	-	436,358	468,667
Supply to Other Concessionaires	**292,401**	**27,102**	**59,245**	**378,748**	**373,233**
Concessionaires and Permissionaires	228,234	2,757	13,212	244,203	236,918
Transactions in the Scope of CCEE	8,479	-	13,563	22,042	65,672
Other Credits	48,317	24,345	32,470	105,132	62,534
Unbilled Concessionaires and Permissionaires	7,371	-	-	7,371	8,109
Total	**1,349,026**	**294,425**	**786,330**	**2,429,781**	**2,580,436**
PECLD with Customers (b)				(659,499)	(632,475)
Total Accounts Receivable from Customers - Net				**1,770,282**	**1,947,961**
Current				**1,744,175**	**1,918,725**
Noncurrent				**26,107**	**29,236**

b) Estimated Losses in Doubtful Settlement Accounts - PECLD

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

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

The composition by consumption class is shown below:

		Consolidated
Consumers	**June 30, 2021**	**December 31, 2020**
Residential	102,836	76,631
Industrial	228,939	226,456
Textile (i)	114,614	114,614
Business, Services and Others	124,215	109,029
Rural	6,701	5,509
Government	11,334	11,235
Public Lighting	18,967	16,611

Public Service	1,423	1,429
Concessionaires and Permissionaires (ii)	23,835	47,207
Free Consumers	1,434	1,250
Others	25,201	22,504
Total	**659,499**	**632,475**
Current	**544,885**	**517,861**
Noncurrent	**114,614**	**114,614**

b.1) Change

	Consolidated
Description	**Total**
Balance on December 31, 2020	**632,475**
Provision Constituted in the Period	68,653
Accounts Receivable Reversal/Write-off	(41,629)
Balance on June 30, 2021	**659,499**

Celesc D, as per CPC 48/IFRS 9, uses the provisions matrix as a practical expedient to estimate its expected credit losses over the next twelve months, having been updated in May 2021. Expected credit losses consider your historical experience, adjusting it to better reflect information about current conditions and reasonable and supportable forecasts of future economic conditions, without disregarding market information about credit risk.

A report extracted and sent monthly to ANEEL with the amounts billed and not received was used to prepare the default matrix. The purpose of the report is to demonstrate the amounts not received (overdue and falling due) of each billing until the chosen accrual date and to define the stabilization point of the bill's Aging curve.

The percentages of expected losses segregated by consumption class, applied when recognizing receivables, are presented below:

Aging	General	Residential	Industrial	Commercial	Rural	Government	Public Lighting	Public Service
01	16.48%	24.48%	12.14%	12.86%	15.07%	7.76%	1.22%	3.40%
03	1.64%	2.69%	0.75%	1.21%	1.90%	0.26%	0.42%	0.06%
06	0.83%	1.23%	0.48%	0.75%	0.69%	0.08%	0.42%	0.03%
12	0.65%	0.91%	0.47%	0.61%	0.36%	0.03%	0.42%	0.02%
18	0.60%	0.78%	0.47%	0.56%	0.26%	0.01%	0.42%	0.02%
24	0.56%	0.71%	0.46%	0.53%	0.21%	0.01%	0.42%	0.02%
36	0.50%	0.64%	0.46%	0.45%	0.16%	0.01%	0.42%	0.02%
48	0.47%	0.58%	0.45%	0.43%	0.15%	0.01%	0.42%	0.02%
60	0.43%	0.56%	0.35%	0.43%	0.14%	0.01%	0.42%	0.02%

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

In 2009, Celesc D carried out a debt recovery action plan for textile companies, among them Têxtil Renaux View S.A, Tecelagem Kuehnrich – TEKA and Companhia Industrial Schlösser S.A.

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

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

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

b.2) PECLD Operation – Textile Sector

The composition, per company, is shown below:

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

Balance on June 30, 2021	**114,614**

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

The amounts referring to the adjustments of the preliminary measures regarding the GSF in the reports of the results of the short-term market accounting issued by CCEE related to Celesc G are totaling R$13,563 on June 30, 2021, with R$26,269 reversed throughout this period due to its receipt.

b.3) GSF PECLD Operation

	Consolidated
Description	**Total**
Balance on December 31, 2020	**37,801**
Provision Constituted in the Period	2,031
Reversal in the Period (Settled in Accounts Receivable)	(26,269)
Balance on June 30, 2021	**13,563**

10. INVENTORIES

Inventories are made up of materials intended to maintain energy distribution operations and materials for administrative use.

		Consolidated
Description	**June 30, 2021**	**December 31, 2020**
Warehouse	16,083	12,257
Others	56	56
Total	**16,139**	**12,313**

The stocks are segregated into materials from works financed by IDB and materials acquired with their resources.

11. TAXES TO RECOVER

	Parent Company		Consolidated	
Description	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
PIS/COFINS (ICMS Exclusion Base Calculation)	-	-	1,669,597	611,534
Income Tax/Social Contribution	17,488	25,888	132,634	14,830
ICMS	-	-	49,389	57,208
PIS/COFINS	-	-	-	17,179
Others	-	-	991	990
Total	**17,488**	**25,888**	**1,852,611**	**701,741**
Current	**17,488**	**25,888**	**732,173**	**591,837**
Noncurrent	**-**	**-**	**1,120,438**	**109,904**

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

The ICMS credits recoverable recorded in non-current assets derive from property, plant & equipment acquisitions and can be offset in up to 48 months.

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

11.1. PIS/COFINS (Exclusion of ICMS from the calculation base)

	Parent Company		Consolidated	
Description	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
PIS/COFINS (ICMS Exclusion Base Calculation) 1st Proceedings	-	-	732,195	611,534
PIS/COFINS (ICMS Exclusion Base Calculation) 2nd Proceedings	-	-	937,402	-
Total	**-**	**-**	**1,669,597**	**611,534**
Current	**-**	**-**	**572,382**	**109,084**
Noncurrent	**-**	**-**	**1,097,215**	**502,450**

On April 1, 2019, Celesc D obtained the final and unappealable decision of the favorable decision in a judicial proceeding, under number 5006834-93.2012.4.04.7200, in which the right to repay the undue payment of PIS/COFINS due to the inclusion of ICMS in the calculation basis, from April 2007 to December 2014, due to the time limit granted in the decision from the supervenience of Law 12973/2014. The credits were initially recorded under the consultation solution of the Federal Revenue Service of Brazil - RFB 13/2018. After the decision of the Motions for Clarification in Extraordinary Appeal 574706/PR, with general repercussion, by the Federal Supreme Court, on May 13, 2021, the company supplemented the recorded credit amount to adapt it to the exclusion methodology of the ICMS detached from the PIS/COFINS basis. In this sense, R$732.1 million is offsetting falling due taxes and has a balance classified between current and non-current assets, with current assets calculated based on projected values to be offset in the next twelve months.

On July 9, 2019, Celesc D filed the 2nd Proceeding, assessed under 5016157-78.2019.4.04.7200, claiming the return of the amounts from January 2015 onwards, which is undergoing. The lawsuit was upheld at first instance, recognizing the concessionaire's right to exclude ICMS from PIS and COFINS calculation base as of January 1, 2015, an understanding confirmed by the Federal Regional Court of the 4th Region when assessing the Appeal filed by the Federal Government - National Treasury. At the moment, the processis suspended, by determination of the Vice-President of the Federal Regional Court of the 4th Region, until the Federal Supreme Court definitively concludes the judgment of the Motion for Clarification filed by the Union in the leading case records(Extraordinary Appeal 574706/PR) which deal with the matter within general repercussion, whose impact of the modulation of theeffects on Celesc's action is expected by the Company.

According to CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, the Company must recognize an asset when the inflow of economic benefits is probable and with a reliable measurement of the amount involved.

Celesc D, despite not having the 2nd action with a final court decision, has circumstances relevant to the specific case, which allow an objective and reliable measurement to account for its values from the period of March 16, 2017, onwards, as it is of the same object of the previous action.

Depending on the accounting recognition in the group of recoverable taxes (asset) against the liability to be returned to the consumer, factors that imply the judgment of considering as an asset, in the form of credit recovery, the positioning of the Federal Revenue and the Attorney General of the National Treasury – PGFN of not appealing the decision rendered by the STF, the availability of supporting documents and the estimate of tax compensation in the next five years.

As long as the 2nd proceeding does not have a final and unappealable decision, a requirement provided for in Article 170-A of the National Tax Code to start offsetting. The respective amounts will remain recorded in non-current assets.

12. OTHER ASSETS - CURRENT AND NON-CURRENT

		Consolidated
Description	**June 30, 2021**	**December 31, 2020**
PIS/COFINS and ICMS ST (i)	61,004	58,040
Infrastructure Sharing (ii)	32,206	27,241
Proinfa Advance (iii)	17,509	17,509
CDE Reimbursement Difference (iv)	14,481	42,777
Low Income Program	12,057	11,907
Prepaid Expenses	12,804	5,785
Flags Account (Bill Level)	4,297	3,155
Other Credits	11,210	7,965
Total	**165,568**	**174,379**
Current	**162,839**	**171,161**
Noncurrent	**2,729**	**3,218**

(i) PIS/COFINS and ICMS Tax Replacement (ST)
Amounts receivable from Free Consumers arising from the collection of taxes on electricity bills linked to Agreement/CONFAZ 77, of August 5, 2011**.**

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

(iii) Advance of the Incentive Program for Alternative Sources of Electric Energy - PROINFA
It refers to the advance of the charge regulated by Decree 5025/2004, at Celesc D, which aims to increase the use of alternative renewable sources when producing electricity.

(iv) CDE Reimbursement Difference
Corresponds to the difference between amounts granted from tariff discounts to consumer units of Celesc D and amounts received from the Electric Energy Trading Chamber – CEEE to offset said discounts on tariffs applicable to generators and consumers from incentivized sources; irrigation and aquaculture service at special times; public service of water, sewage and sanitation; distributors with their market of less than 500 GWh/year; rural class; rural electrification cooperative subclass and; public irrigation service.

13. FINANCIAL ASSETS/LIABILITIES

13.1. Portion A – CVA

Description	December 31, 2020	Addition	Amortization	Compensation	June 30, 2021	Balance in Amortization	Balance in Constitution	Current	Noncurrent
CVA Active	**1,177,150**	**378,366**	**(372,477)**	**14,648**	**1,197,687**	**104,479**	**1,093,208**	**1,039,779**	**157,908**
Electric Power	596,827	(3,520)	(109,978)	7,152	490,481	31,071	459,410	424,122	66,359
Itaipu Electricity Cost	175,062	41,719	(102,054)	1,377	116,104	29,482	86,622	103,592	12,512
Proinfa	-	19,736	-	124	19,860	-	19,860	16,991	2,869
Basic Grid Transport	91,284	35,090	(20,372)	1,251	107,253	5,817	101,436	92,601	14,652
Electric Power Transport	15,889	5,294	(5,022)	207	16,368	1,434	14,934	14,211	2,157
ESS	64,690	187,108	-	2,077	253,875	-	253,875	217,204	36,671
CDE	82,429	61,866	(59,144)	1,474	86,625	16,891	69,734	76,553	10,072
Neutrality of Portion A	23,551	-	(18,272)	-	5,279	5,279	-	5,279	-
Energy Overcontracting	92,692	31,073	(34,632)	894	90,027	10,005	80,022	78,468	11,559
Others	34,726	-	(23,003)	92	11,815	4,500	7,315	10,758	1,057
CVA Liability	**(1,032,780)**	**(296,299)**	**600,841**	**(9,221)**	**(737,459)**	**(173,211)**	**(564,248)**	**(658,312)**	**(79,147)**
Proinfa	(14,402)	-	11,303	(129)	(3,228)	(3,228)	-	(3,228)	-
Electric Power Overcontracting	(44,170)	-	34,270	-	(9,900)	(9,900)	-	(9,900)	-
ESS	(127,017)	-	99,688	(1,140)	(28,469)	(28,469)	-	(28,469)	-
Neutrality of Portion A	(25,855)	(88,874)	-	(1,202)	(115,931)	-	(115,931)	(99,185)	(16,746)
Tariff Returns	(93,077)	(21,099)	16,793	(3,248)	(100,631)	(4,852)	(95,779)	(89,152)	(11,479)
Others	(728,259)	(186,326)	438,787	(3,502)	(479,300)	(126,762)	(352,538)	(428,378)	(50,922)
Assets/(Liabilities) Balance	**144,370**	**82,067**	**228,364**	**5,427**	**460,228**	**(68,732)**	**528,960**	**381,467**	**78,761**

	Consolidated	
Description	**June 30, 2021**	**December 31, 2020**
CVA 2020 - Period from August 23, 2019 to August 22, 2020	52,998	236,455
CVA 2021 - Period from August 23, 2020 to August 22, 2021	1,005,871	648,307
Total - CVA	**1,058,869**	**884,762**
Other Items - Period from August 23, 2019 to August 22, 2020	(121,730)	(535,672)
Other Items - Period from August 23, 2020 to August 22, 2021	(476,911)	(204,720)
Total - Other Items - CVA	**(598,641)**	**(740,392)**
Total	**460,228**	**144,370**

13.2. Financial Asset – Concession Bonus

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

a) By deducting the monthly amount received from Return on Concession Bonus - RBO, established by ANEEL Resolution 2746, of July 28, 2020;

b) summing up the monthly interest calculated based on the Effective Interest Rate (TIR); and

c) Adding the monetary restatement by the IPCA, established by the Concession Agreement.

						Consolidated
Description	**Garcia Plant**	**Bracinho Plant**	**Cedros Plant**	**Salto Plant**	**Palmeiras Plant**	**Total**
Balance on December 31, 2020	**43,944**	**63,048**	**48,139**	**29,048**	**117,408**	**301,587**
Monetary Restatement	1,615	2,318	1,770	1,066	4,324	11,093
Interests	2,641	3,842	2,836	1,985	6,216	17,520
Amortization/Settled	(2,638)	(3,810)	(2,827)	(1,939)	(6,315)	(17,529)
Balance on June 30, 2021	**45,562**	**65,398**	**49,918**	**30,160**	**121,633**	**312,671**
Current						**35,719**
Noncurrent						**276,952**

14. INDEMNIFIABLE FINANCIAL ASSETS - CONCESSION

	Consolidated	
Description	**June 30, 2021**	**December 31, 2020**
Concession Asset - Electricity Distribution (a)	**582,241**	**610,216**

In Service	350,502	289,571
Ongoing	231,739	320,645
Concession Assets – Energy Generation (b)	**2,421**	**2,421**
Indemnifiable Assets	2,421	2,421
Total	**584,662**	**612,637**
Noncurrent	**584,662**	**612,637**

14.1. Indemnifiable Financial Asset - Electricity Distribution

Due to the extension of the 5th Addendum to Concession Agreement 56/1999, Celesc D bifurcated its assets related to the concession in intangible assets and indemnifiable assets.

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

	Consolidated
Description	**Total**
Balance on December 31, 2020	**610,216**
(+) New Investments	53,465
(+/-) Change of Property, Plant & Equipment in Progress - AIC	(88,906)
(+) Update on Indemnifiable Financial Assets - Concession (i)	7,825
(-) Redemption	(359)
Balance on June 30, 2021	**582,241**

(i) IPCA

14.2. Indemnifiable Financial Asset - Energy Generation

Celesc G requested the granting power, at the end of the concessions granted by Power Plants Bracinho, Cedros, Salto and Palmeiras, as indemnification, according to criteria and procedures for calculation established by Regulatory Resolution (REN) 596 of December 19, 2013, investments made in infrastructure and not depreciated in the concession period, as it has an unconditional right to be indemnified, as provided for in the agreement.

With the Public Hearing 03/2019 held by ANEEL to change REN 596/2013, given the inapplicability of the unit cost reference base provided for in Paragraph 1 of Article 10 of Decree 7805 of 2012, to investments made throughout the concession, and considering that it remained unfinished until the end of the year, it is believed that amounts presented in the table below should be re-required from the granting authority, through a new procedure to be established.

		Consolidated
Plants	**June 30, 2021**	**December 31, 2020**
Bracinho HPP	85	85
Cedros HPP	195	195
Salto HPP	1,906	1,906
Palmeiras HPP	235	235
Total	**2,421**	**2,421**

15. SECURITIES

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

		Parent Company		**Consolidated**
Fair Value through Other Comprehensive Income (VJORA)	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Casan Shares	137,261	137,261	137,261	137,261
Other Investments	217	217	217	217
Noncurrent	**137,478**	**137,478**	**137,478**	**137,478**

15.1. Companhia Catarinense de Águas e Saneamento – Casan

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

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

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

As there was no participant in the active market and because it is an estimate with several variables, which did not result in material additions, the Company did not change the fair value of this financial instrument on June 30, 2021.

Book Value Reconciliation

	Parent Company	Consolidated
Casan Shares	**Total**	**Total**
Balance on December 31, 2019	**137,261**	**137,261**
Historical Acquisition Cost	110,716	110,716
Fair Value	26,545	26,545
Balance on December 31, 2020	**137,261**	**137,261**
Historical Acquisition Cost	110,716	110,716
Fair Value	26,545	26,545
Balance on June 30, 2021	**137,261**	**137,261**

16. RELATED PARTIES

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

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

a) The table below shows the changes in the result for the period.

	Parent Company			Consolidated
Description	**Other Expenses**	**Taxes**	**Sales Revenue**	**Financial Expenses**
Government of the State of SC:				
ICMS	-	(1,130,778)	-	-
Sales Revenue	-	-	36,110	-
Underground Network	-	-	-	-
Celos				
Mathematical Reserve Update	-	-	-	(16,857)
Celesc D				
Personnel Available	(2,399)	-	-	-
Balance on June 30, 2020	**(2,399)**	**(1,130,778)**	**36,110**	**(16,857)**
Government of the State of SC:				
ICMS	-	(1,309,904)	-	-
Sales Revenue	-	-	39,051	-
Underground Network	-	-	-	-
Celos				
Mathematical Reserve Update	-	-	-	(27,603)
Celesc D				
Personnel Available	(5,107)	-	-	-
Balance on June 30, 2021	**(5,107)**	**(1,309,904)**	**39,051**	**(27,603)**

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

	Parent Company		Consolidated			
	Assets	Liabilities	Assets		Liabilities	
Description	**Accounts Receivable from Customers**	**Others**	**Accounts Receivable from Customers**	Taxes to Recover	**Taxes to be Collected**	**Others**
Government of the State of SC:						
ICMS	-	-	-	57,208	274,512	-
Electricity Revenues	-	-	6,285	-	-	-
Personnel Available	-	-	256	-	-	-
Celos						
Contrib. Pension Plan, Health Plan and Others	-	44	-	-	-	17,715
Celesc G						
Dividends and Interest on Shareholders' Equity	20,546	-	-	-	-	-
Celesc D						
Personnel Available	-	546	-	-	-	-
Dividends and Interest on Shareholders' Equity	97,149	-	-	-	-	-
Balance on December 31, 2020	**117,695**	**590**	**6,541**	**57,208**	**274,512**	**17,715**
Government of the State of SC:						
ICMS	-	-	-	49,389	243,403	-
Electricity Revenues	-	-	7,049	-	-	-
Personnel Available	-	-	256	-	-	-
Celos						
Contrib. Pension Plan, Health Plan and Others	-	57	-	-	-	8,590
Celesc G						
Dividends and Interest on Shareholders' Equity	-	-	-	-	-	-
Celesc D						
Personnel Available	-	619	-	-	-	-
Dividends and Interest on Shareholders' Equity	48,575	-	-	-	-	-
Balance on June 30, 2021	**48,575**	**676**	**7,305**	**49,389**	**243,403**	**8,590**

c) Remuneration of Key Management Personnel

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

	Parent Company		Consolidated	
Description	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Fees	2,475	4,432	2,475	4,432
Share in Profits and/or Income	1,241	1,220	1,241	1,220
Social Charges	650	1,229	650	1,229
Others	420	766	420	766
Total	**4,786**	**7,647**	**4,786**	**7,647**

17. RESULT FROM CORPORATE INCOME TAX (IRPJ) AND SOCIAL CONTRIBUTION ON NET INCOME (CSLL)

17.1. Composition of Net Deferred IRPJ and CSLL

Deferred Income Tax (IRPJ) and Social Contribution (CSLL) assets and liabilities were calculated based on:

(i) Provision for contingencies of legal proceedings;
(ii) ICPC 10 - Interpretation on the initial application to the property, plant & equipment;
(iii) CPC 01 (R1) - Impairment of Assets on Provision for Losses on Property, Plant & Equipment;
(iv) CPC 33 (R1) - Benefits to employee;
(v) Adjustment to the fair value of the Property, Plant & Equipment, arising from the initial adoption of Technical Pronouncement CPC 27 - Property, Plant & Equipment;
(vi) CPC 39 - Financial Instruments in recognizing and measuring the New Restitution Value - VNR.
(vii) Deferred taxes calculated on the Concession Bonus were calculated under RFB Regulatory Instruction 1700, of March 14, 2017, issued by the Federal Revenue Service.

The following table shows the balances of deferred IRPJ and CSLL accounts:

Description	June 30, 2021	December 31, 2020
Assets	877,506	871,596
Liabilities	(37,416)	(11,642)
Net Deferred Tax	**840,090**	**859,954**

						Consolidated
	Deferred Assets		Deferred Liabilities		Net Deferred	
Temporary Differences	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Provision for Contingencies	184,639	174,057	-	-	184,639	174,057
Provision for Losses on Assets	63,549	64,738	-	-	63,549	64,738
Post-Employment Benefit	736,271	766,900	-	-	736,271	766,900
Assigned Cost	-	-	7,371	7,515	(7,371)	(7,515)
Deferred Income Tax and Social Contribution on Tax Loss Not Recognized	16,365	12,827	-	-	16,365	12,827
Effects ICPC 01 - Concession Agreements	-	-	50,859	51,919	(50,859)	(51,919)
Effects CPC 39 - Financial Instruments	-	-	62,666	63,971	(62,666)	(63,971)
Concession Bonus	-	-	39,743	35,052	(39,743)	(35,052)
Other Provisions	-	-	95	111	(95)	(111)
Total	**1,000,824**	**1,018,522**	**160,734**	**158,568**	**840,090**	**859,954**

17.2. Realization of Deferred Assets

The IRPJ and CSLL tax base derive not only from the profit generated but from the existence of non-taxable income, non-deductible expenses, tax incentives and other variables, without an immediate correlation between the Company's net profit and income tax and social contribution. Therefore, the expectation of tax credits should not be taken as the only indicator of the Company's future results.

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

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

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

The remaining balance of the process of initial recognition of 2014 involuntary exposure by the regulatory body totaling R$209.8 million updated until June 30, 2021, is in judicial demand with the federal court and had the INCOME TAX and CSLL amounts deferred until a final court decision is issued on the ongoing case. In August 2019, through Approval Resolution 2593, ANEEL approved the deferral of the financial effect of the 2014 contractual exposure, reflected in five subsequent annual tariff processes. Accordingly, the 2019 and 2020 tariff adjustments had a financial realization of R$65.7 million and R$68.5 million, respectively, and the consequent realization of deferred Income Tax and Social Contribution on this basis.

The realization of estimates for the balance of the total assets of June 30, 2021, are:

		Consolidated
Year	**June 30, 2021**	**December 31, 2020**
2021	72,746	81,847
2022	78,913	78,914
2023	75,303	75,304
2024	74,549	74,550
Over 2025	699,313	707,907
Total	**1,000,824**	**1,018,522**

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

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

	Consolidated
Description	**Total**
Balance on December 31, 2019	**26,229**
(-) Write-off of Assigned Cost	(855)
(+) Taxes (Income Tax/Social Contribution)	291

Balance on December 31, 2020	25,665
(-) Write-off of Assigned Cost	(426)
(+) Taxes (Income Tax/Social Contribution)	145
Balance on June 30, 2021	**25,384**

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

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

	Consolidated
Description	**Total**
Balance on December 31, 2019	**1,470,026**
(+) Addition of Actuarial Liabilities	(285,293)
(-) Taxes (IRPJ/CSLL)	97,000
Balance on December 31, 2020	**1,281,733**
(+) Addition of Actuarial Liabilities	-
(-) Taxes (IRPJ/CSLL)	-
Balance on June 30, 2021	**1,281,733**

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

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

	Parent Company		**Consolidated**	
Description	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Profit/(Loss) before Income Tax (IRPJ) and Social Contribution (CSLL)	**295,743**	**204,720**	**457,027**	**305,826**
Combined Nominal Rate of Income Tax (IRPJ) and Social Contribution (CSLL)	34%	34%	34%	34%
Income Tax and Social Contribution	**(100,553)**	**(69,605)**	**(155,389)**	**(103,981)**
Permanent Additions and Exclusions				
Equity Pickup	103,111	71,428	10,839	6,680
Fiscal Benefit	-	-	(33)	(42)
Tax Incentive	-	-	2,304	1,979
Non-Deductible Provisions	(316)	(341)	(316)	(341)
Non-Deductible Fines	-	-	(5,708)	(2,863)
Income Tax/Social Contribution not recognized without tax loss	-	(2,977)	-	(2,977)
Members of the Management's Interest	(149)	(139)	(169)	(158)
Non-Technical Losses	-	-	(10,726)	(1,025)
Other Additions (Exclusions)	1,470	1,634	1,477	1,622
Total Current and Deferred Income Tax (IRPJ) and Social Contribution (CSLL)	**3,563**	**-**	**(157,721)**	**(101,106)**
Current	-	-	(137,859)	(114,277)
Deferred	3,563	-	(19,862)	13,171
Effective Tax Rate	**-1.20%**	**0.00%**	**34.51%**	**33.06%**

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

On September 24, 2018, the Special Office of the Brazilian Federal Revenue Service (SERFB) started the Tax Proceeding 0900100-2018-00117-1. On January 8, 2019, this procedure resulted in the Deficiency Notice 10980.727742/2018-81 totaling R$306.8 million. Said deficiency notice is related to the calculation of the taxable income and the CSLL calculation basis, thus imputing to the concessionaire:

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

b) Failure to comply with the remaining term of the concession agreement for the determinations provided for in article 69 of Federal Law 12973/2014.

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

In 2020, the Administrative Board of Tax Appeals - CARF, in the trial of the Voluntary Appeal filed by the Company, partially granted the request to cancel the requirements related to the adjustments (additions) referred to in Article 69 of Law 12973/2014, and the application of isolated fines for failure to pay estimates, maintaining the requirement to tax the positive adjustments related to the CVA on an accrual basis. As a result, it is estimated that granting the appeal resulted in a decrease of the contingency to R$107 million. The taxpayer filed a motion for clarification of the decision, which is awaiting trial before CARF.

18. INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATED COMPANIES

	Parent Company		Consolidated	
Description	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Subsidiaries	**1,832,303**	**1,558,988**	**-**	**-**
Celesc D	1,207,042	990,001	-	-
Celesc G	625,261	568,987	-	-
Joint Ventures	**103,753**	**98,631**	**103,753**	**98,631**
SCGÁS	103,753	98,631	103,753	98,631
Affiliated Companies	**102,221**	**91,104**	**183,840**	**170,302**
ECTE	79,212	62,955	79,212	62,955
DFESA	23,009	28,149	23,009	28,149
SPCs	-	-	81,619	79,198
Cubatão	3,353	3,353	3,353	3,353
(-) Provision for Loss in the Cubatão Investment	(3,353)	(3,353)	(3,353)	(3,353)
Total	**2,038,277**	**1,748,723**	**287,593**	**268,933**

18.1. Information on Investments

						Parent Company
Description	**Company's Shares Common Shares**	**Share Capital**	**Company's Share Voting Capital**	**SE**	**Total - Assets**	**Profit (Loss)**
Balance on December 31, 2020						
Celesc D	630,000	100.00%	100.00%	990,001	9,553,390	409,048
Celesc G	43,209	100.00%	100.00%	568,987	768,717	81,909
ECTE	13,001	30.88%	30.88%	203,837	538,314	80,619
SCGÁS	1,827	17.00%	51.00%	379,388	627,715	70,357
DFESA	153,382	23.03%	23.03%	122,227	128,798	42,007
Cubatão	1,600	40.00%	40.00%	1,566	5,739	(125)
Balance on June 30, 2021						
Celesc D	630,000	100.00%	100.00%	1,207,042	3,729,526	217,041
Celesc G	43,209	100.00%	100.00%	625,261	808,745	56,274
ECTE	13,001	30.88%	30.88%	256,474	623,644	58,659
SCGÁS	1,827	17.00%	51.00%	413,834	723,699	37,964
DFESA	153,381	23.03%	23.03%	99,909	125,269	19,269
Cubatão	1,600	40.00%	40.00%	1,566	5,739	(125)

						Consolidated
Description	**Company's Shares Common Shares**	**Share Capital**	**Company's Share Voting Capital**	**SE**	**Total - Assets**	**Profit (Loss)**
Balance on December 31, 2020						
ECTE	13,001	30.88%	30.88%	203,837	538,314	80,619
SCGÁS	1,827	17.00%	51.00%	379,388	627,715	70,357
DFESA	153,382	23.03%	23.03%	122,227	128,798	42,007
Cubatão	1,600	40.00%	40.00%	1,566	5,739	(125)
Rondinha Energética S.A.	15,113	32.50%	32.50%	44,716	54,652	2,712
Cia Energética Rio das Flores S.A.	8,035	26.07%	26.07%	49,843	59,662	7,775
Xavantina Energética S.A.	266	40.00%	40.00%	25,464	38,065	736
Garça Branca Energética S.A.	22,326	49.00%	49.00%	36,983	62,655	(719)
EDP Transmissão Aliança SC	2,650	10.00%	10.00%	232,092	1,784,077	74,871
Balance on June 30, 2021						
ECTE	13,001	30.88%	30.88%	256,474	623,644	58,659
SCGÁS	1,827	17.00%	51.00%	413,834	723,699	37,964
DFESA	153,381	23.03%	23.03%	99,909	125,269	19,269
Cubatão	1,600	40.00%	40.00%	1,566	5,739	(125)
Rondinha Energética S.A.	15,113	32.50%	32.50%	46,072	54,068	1,050
Cia Energética Rio das Flores S.A.	8,035	26.07%	26.07%	37,081	63,798	(13,681)
Xavantina Energética S.A.	271	40.00%	40.00%	25,899	37,435	374
Garça Branca Energética S.A.	23,793	49.00%	49.00%	37,455	61,434	(470)
EDP Transmissão Aliança SC	12,650	10.00%	10.00%	280,926	1,990,670	42,342

18.2. Changes in Investments

Parent Company

Description	Celesc D	Celesc G	ECTE	SCGÁS	DFESA	Total
Balance on December 31, 2020	**990,001**	**568,987**	**62,955**	**98,631**	**28,149**	**1,748,723**
Dividends and ISE Credited	-	-	(2,805)	(599)	(9,577)	(12,981)
Amortization of the Right to Use Concessions	-	-	-	(733)	-	(733)
Equity Pickup	217,041	56,274	19,062	6,454	4,437	303,268
Balance on June 30, 2021	**1,207,042**	**625,261**	**79,212**	**103,753**	**23,009**	**2,038,277**

					Consolidated
Description	**ECTE**	**SCGÁS**	**DFESA**	**SPCs**	**Total**
Balance on December 31, 2020	**62,955**	**98,631**	**28,149**	**79,198**	**268,933**
Payments	-	-	-	494	494
Dividends and Interest on Shareholders' Equity (ISE) Credited	(2,805)	(599)	(9,577)	-	(12,981)
Amortization of the Right to Use Concessions	-	(733)	-	-	(733)
Equity Pickup	19,062	6,454	4,437	1,927	31,880
Balance on June 30, 2021	**79,212**	**103,753**	**23,009**	**81,619**	**287,593**

18.3. Acquisition of Concession Use Right

The balance of the concession use right generated in the acquisition of SCGÁS on June 30, 2021, is R$33,401 (R$34,135 on December 31, 2020). The concession use right is amortized by the concession term of the company's public services.

19. PROPERTY, PLANT & EQUIPMENT

19.1. Balance Composition

							Consolidated
Description	**Lands**	**Reservoirs, Dams and Water Mains**	**Buildings and Constructions**	**Machinery and Equipment**	**Others**	**Construction in Progress (i)**	**Total**
Balance on December 31, 2020	**8,447**	**13,975**	**30,949**	**84,302**	**731**	**63,023**	**201,427**
Property, Plant & Equipment Cost	20,202	169,061	50,166	171,152	2,087	63,023	475,691
Provision for Losses	(4,427)	(23,138)	(436)	(2,778)	78	-	(30,701)
YTD Depreciation	(7,328)	(131,948)	(18,781)	(84,072)	(1,434)	-	(243,563)
Balance on December 31, 2020	**8,447**	**13,975**	**30,949**	**84,302**	**731**	**63,023**	**201,427**
Additions	-	-	-	-	-	11,784	11,784
Gross Balance Write-offs	-	-	-	-	-	-	-
Depreciation Write-offs	-	-	-	-	-	-	-
Depreciation	-	(333)	(438)	(1,900)	(88)	-	(2,759)
(+/-) Transfers	-	-	97	1,442	-	(1,539)	-
Reversal / Impairment Loss of Assets	-	-	-	-	-	-	-
Balance on June 30, 2021	**8,447**	**13,642**	**30,608**	**83,844**	**643**	**73,268**	**210,452**
Property, Plant & Equipment Cost	20,202	169,061	50,263	172,594	2,087	73,268	487,475
Provision for Losses	(4,427)	(23,138)	(436)	(2,778)	78	-	(30,701)
YTD Depreciation	(7,328)	(132,281)	(19,219)	(85,972)	(1,522)	-	(246,322)
Balance on June 30, 2021	**8,447**	**13,642**	**30,608**	**83,844**	**643**	**73,268**	**210,452**
Average Depreciation Rate	**0%**	**4.91%**	**2.22%**	**3.13%**	**13.28%**	**0.00%**	

(i) Of the main investments made in its generating site in the first half of 2021, R$9.7 million were invested in charges and costs of debentures, mechanical auxiliary systems, turbines and parts for generation, electrical assemblies, mobilization and construction sites of US Celso Ramos; 771,000 were spent on two double cabin 4x4 pick-up, integration software development service, 20 notebook computers, electromechanical maintenance service for the Central Management; R$878,000 were used to automate plants and for the executive project of US Palmeiras; R$268,000 were allocated to renovate the UG-02 generator, grid extension, battery banks and for maintenance services by US Pery; R$108,000 were invested in centrifugal motor pumps, UG-01 power cables, battery banks and IP exchanges at US Bracinho; R$71,000 were used in main border meters, and replacement of the excitation cables of US Salto and R$46,000 refers to the replacement of the excitation cables and signal buoy of the US Garcia.

19.2. Depreciation

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

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

Operation	**Percentage (%)**
Buildings and Constructions	2.3

Machinery and Equipment	3.1
Reservoirs, Dams and Water Mains	4.9
Vehicles	6.3
Furniture and Utensils	1.5

The linear depreciation method, shelf lives and residual values are reviewed at each financial year-end, and any adjustments are recognized as changes in accounting estimates.
The Garcia, Palmeiras, Salto Weissbach, Cedros and Bracinho Plants are depreciated based on the concession term defined in the agreement.
The assets of Pery Plant, Celso Ramos SHP and Caveiras, Ivo Silveira, Piraí, São Lourenço and Rio do Peixe HGPs are depreciated at the rates established by ANEEL Resolution 674, of August 11, 2015, since they have a registration agreement.

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

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

19.3. Fully Depreciated Property, Plant & Equipment Still in Operation

The gross accounting amount of fixed assets that are fully depreciated and which are still in operation on June 30, 2021:

		Consolidated
Description	**June 30, 2021**	**December 31, 2020**
Reservoirs, Dams and Water Mains	132,349	132,349
Buildings, Works and Improvements	11,935	11,935
Machinery and Equipment	48,386	48,297
Others	13,826	13,826
Total	**206,496**	**206,407**

20. INTANGIBLE ASSETS

20.1. Goodwill ECTE

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

			Parent Company
Description	**December 31, 2020**	**Amortizations**	**June 30, 2021**
Goodwill ECTE	4,944	(252)	4,692

20.2. Concession Agreements

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

						Consolidated
Description	**Asset of the Celesc D Concession (ii)**	**Software Acquired**	**Goodwill**	**Bonding Range**	**Items In Progress**	**Total**
Balance on December 31, 2020	**3,610,710**	**832**	**4,944**	**70**	**1,500**	**3,618,056**
Total Cost	5,757,746	7,404	14,248	70	1,500	5,780,968
Accrued Amortization	(2,147,036)	(6,572)	(9,304)	-	-	(2,162,912)
Balance on December 31, 2020	**3,610,710**	**832**	**4,944**	**70**	**1,500**	**3,618,056**
Additions	266,971	-	-	-	163	267,134
Write-offs	(26,670)	-	-	-	-	(26,670)
Amortizations	(121,485)	(91)	(252)	-	-	(121,828)
Transfers	-	-	-	-	-	-
Balance on June 30, 2021	**3,729,526**	**741**	**4,692**	**70**	**1,663**	**3,736,692**
Total Cost	5,998,047	7,404	14,248	70	1,663	6,021,432
Accrued Amortization	(2,268,521)	(6,663)	(9,556)	-	-	(2,284,740)
Balance on June 30, 2021	**3,729,526**	**741**	**4,692**	**70**	**1,663**	**3,736,692**
Average Amortization Rate	**4.3%**	**20.0%**	**0.9%**	**0%**	**0%**	

21. SUPPLIERS

Description	June 30, 2021	Consolidated December 31, 2020
Electricity	569,345	571,122
Charges for Using the Electric Grid	133,448	121,416
Materials and Services	91,622	138,291
Electric Energy Trading Chamber – CCEE (i)	250,302	393,718
Total	**1,044,717**	**1,224,547**

(i) The CCEE has among its attributions to determine the value of the accounting of agents. This value, in the case of the distributors, involves, in addition to the sale and purchase in the short term, charges, effect of dispatch of thermals and also diverse impacts of hydrological risk. The hydrological risk in the case of the distributors is associated with the energy contracts (CCEAR-QT) that have been renegotiated, contracts of physical guarantee quota and contracts with Itaipu. Celesc D, even being a buyer, assumes the hydrological risk. The high Summary costs (SUM001) in the second quarter of 2021 are due to the maintenance of low SIN reservoirs and the start of the dry period in the rainy regime. In this way, the GSF (hydroelectric power plant production factor) is negatively affected, which generates a higher payment with hydrological risk. In addition, to promote the energy security of the system, the expense with charges has had a great impact, mainly due to the order of plants outside the order of merit (plants with higher cost, but which are located in points of higher consumption), to guarantee the energy supply in the South and Southeast of the country.

22. LOANS AND FINANCING

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

Description		June 30, 2021	Consolidated December 31, 2020
Total in National Currency		**254,476**	**944,422**
Bank Loans (i)	CDI+1.3% p.a.	55,690	122,406
Bank Loans (i)	CDI + 0.8% p.a.	186,675	298,315
Commercial Promissory Note (ii)	CDI+4.5%p.a.	-	507,939
Eletrobras Loans (iii)	5% p.a.	3,420	3,857
Finame Loans (iv)	2.5% to 9.5% p.a.	8,691	11,905
Total in Foreign Currency		**857,270**	**710,522**
Loans - IDB (v)	CDI + 0.77% to 1.98% p.a.	857,270	710,522
Total		**1,111,746**	**1,654,944**
Current		**256,169**	**865,901**
Noncurrent		**855,577**	**789,043**

i) Bank Loans

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

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

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

ii) Commercial Promissory Note

On May 29, 2020, Celesc D made the first issue of Commercial Promissory Notes, with 489 (four hundred and eighty-nine) securities issued with a unit value of R$1.0 million, totaling R$489.0 million. The remuneration interest corresponded to 100% of the accumulated variation of the average daily rates of the DI - Interbank Deposits of one day "over extra group", calculated and published by B3, based on 252 business days, exponentially plus a surcharge (spread) equivalent to 4.50% p.a. The payment of principal and interest was made in a single installment on May 21, 2021.

iii) Eletrobras

The funds of these hirings were intended, among other applications, to the rural electrification programs and came from the Global Reversal Reserve - RGR and of the Financing Fund of Eletrobrás. The current contract has a grace period of 24 months, amortization in 120 monthly installments, an interest rate of 5% p.a. and a management fee of 1% p.a. It is approved by ANEEL and is scheduled to expire on May 30, 2025.

iv) Finame

The funds of these contracts were useful to cover some of Celesc D's insufficient funds and were used to purchase machinery and equipment. Each acquisition constitutes a contract negotiated at interest rates ranging from 2.5% to 9.5% p.a. 96 monthly repayments are foreseen for Finames from Banco do Brasil and 72 monthly repayments for Finames from Caixa Econômica Federal. ANEEL approves all contracts.

v) Banco Interamericano de Desenvolvimento – BID

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

The total amount of the transaction is US$ 276,051,000.00 (two hundred and seventy-six million and fifty-one thousand US dollars), and the amortization period is of 234 (two hundred and thirty-four) months with a grace period of up to 66 (sixty-six) months, reaching a total term of 300 (three hundred) months.

The amortization is semi-annual through the constant system, and the interest rate is the 3-month LIBOR (USD-LIBOR 3m) plus spread, with monetary restatement calculated by the exchange rate change. In addition, there is a requirement for a commitment fee of up to 0.5% per annum on the undisbursed U.S. dollar balance and a supervisory fee of up to 1% of the loan amount, divided by the number of semesters included in the original disbursement term 5 (five) years.

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

The first releases took place on December 10, 2018, and January 28, 2019, totaling US$80,078,631.05 (eighty million, seventy-eight thousand, six hundred and thirty-one US dollars and five cents). After that, on May 2, 2019, it was decided to translate the amounts released in national currency and change the interest rate applied to the contract, already considering IDB costs. Therefore, there is no longer an FX rate on the amounts.

The releases continued, and the option of translating into local currency and changing the contract interest rate mentioned above was maintained.

Below, all releases made to date are shown, with dates, amounts and interest rates currently applied:

Dates	Amount in US$	Interest Rate
December 10, 2018	70,374,302.95	CDI + 0.99 p.a.
January 28, 2018	9,704,328.10	CDI + 0.99 p.a.
October 7, 2019	26,210,755.00	CDI + 1.04 p.a.
December 10, 2019	9,767,891.73	CDI + 0.87 p.a.
June 9, 2020	7,273,169.76	CDI + 1.24 p.a.
October 13, 2020	35,000,000.00	CDI + 1.90 p.a.
March 19, 2021	25,000,000.00	CDI + 1.98 p.a.

All interest rates already consider the IDB's costs and may suffer some variation because one of the spread components is variable and defined by the IDB every quarter.

a) Breakdown of Investments

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

						Consolidated
	Domestic		Foreigner		Total	
Description	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Year 2022	2,141	79,107	-	-	2,141	79,107
Year 2023	3,260	3,260	-	-	3,260	3,260
Year 2024	1,139	1,139	42,434	35,259	43,573	36,398
Year 2025 +	364	364	806,239	669,914	806,603	670,278
Total	**6,904**	**83,870**	**848,673**	**705,173**	**855,577**	**789,043**

b) Movement of Loans and Financing - National

Consolidated

Description	Current	Noncurrent	Total
Balance on December 31, 2020	**860,552**	**83,870**	**944,422**
Additions	-	-	-
Monetary Restatement	-	-	-
Provisioned Fees	19,268	-	19,268
Transfers	76,966	(76,966)	-
Amortizations of Principal	(670,972)	-	(670,972)
Payment of Charges	(38,242)	-	(38,242)
Balance on June 30, 2021	**247,572**	**6,904**	**254,476**

c) Movement of Loans and Financing - Foreign – BID

			Consolidated
Description	**Current**	**Noncurrent**	**Total**
Balance on December 31, 2020	**5,349**	**705,173**	**710,522**
Additions	-	141,025	141,025
Monetary Restatement	-	2,475	2,475
Provisioned Fees	16,631	-	16,631
Payment of Charges	(13,383)	-	(13,383)
Balance on June 30, 2021	**8,597**	**848,673**	**857,270**

23. DEBENTURES

23.1. Debentures 2018 - Celesc D

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

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

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

The amortization was scheduled in 15 consecutive quarterly installments, always on the 13th of January, April, July and October, starting on January 13, 2020, and the last one on the due date. The remuneration will occur in quarterly and consecutive installments, without a grace period, as of October 13, 2018. Up to June 30, 2021, R$39.0 million in remuneration and R$100.0 million in principal had been paid.

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

23.2. Debentures 2021 - Celesc D

Celesc D issued, on April 15, 2021, 550,000 (five hundred and fifty thousand) simple debentures, not convertible into shares, with a unit par value of R$1,000, totaling R$550 million, maturing on April 15, 2026. The proceeds were used to reinforce the cash.

The debentures are unsecured, without preference, and therefore do not grant any special or general privileges to their holders. Additionally, they have a personal guarantee. Celesc Holding will provide surety in favor of the debenture holders, being obligated as a guarantor and principal payment of all due amounts under the Deed of Issuance.

The remuneration interest corresponds to 100% of the accumulated variation of the average daily rates of Interbank Deposits (DI), over extra-group, expressed as a percentage per year, based on 252 business days, calculated and published daily by B3, plus a surcharge or spread of 2.6% per year.

Remuneration is expected to be paid in two ways: first, every quarter and from the date of issue, maturing on the 15^{th} day of January, April, July and October, starting on July 15, 2021, and ending on October 15, 2022, and the second, monthly and from November 15, 2022, with the remaining maturities always occurring on the 15^{th} day of the following months until the end of the term.

Amortization is expected in 43 (forty-three) consecutive monthly installments, always due on the 15th day of each month, the first due on October 15, 2022.

Annually, as of the fiscal year ending December 31, 2021, until the debt maturity date, the Company, as guarantor, and Celesc D, as issuer, have a covenant linked to the debentures issued, which cannot have a Net Debt/EBITDA ratio above 3.00. Failure to comply with this financial indicator may entail the early due date of the total debt.

23.3. Debentures 2018 - Celesc G

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

Interest has been paid since September 2018, and the amortization has been made since June 2019, both quarterly and consecutively. Up to June 30, 2021, R$26.8 million in remuneration and R$79.4 million in principal had been paid.

On a semi-annual basis, the Company, as guarantor, and Celesc G, as issuer, have a covenant related to the issuance of the Debentures not to present a Net Debt/EBITDA ratio of more than 2. Failure to comply with this financial indicator may entail the early due date of the total debt. On June 30, 2021, the result of the calculation of these ratios were, respectively, 0.85 and 0.38, thus fulfilling such obligations.

23.4. Debentures 2020 - Celesc G

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

Interest payment started in June 2021, and amortization will start in December 2023, both semiannually and consecutively. Until June 30, 2021, R$782,300 of remuneration had been paid.

Annually, Celesc G, as issuer, has a covenant related to the issuance of the Debentures not to present a Net Debt/EBITDA ratio of more than 3.50. Failure to comply with this financial indicator may entail the early due date of the total debt. On December 31, 2020, the result of the calculation of this ratio was 0.65, thus fulfilling such obligation.

23.5. Debenture Operation

	Consolidated
Description	**Total**
Balance on December 31, 2020	**306,508**
Additions	545,450
Provisioned Fees	10,412
Payments of Charges	(6,086)
Principal Payment	(50,981)
Costs to Issue Celesc D Debentures	447
Costs to Issue Celesc G Debentures	245
Interest wo/ Works in Progress	2,460
Balance on June 30, 2021	**808,455**
Current	**106,806**
Noncurrent	**701,649**

23.6. Costs in the Collection of Debentures to be Owned

		Consolidated
Description	**June 30, 2021**	**December 31, 2020**
Year 2021	1,091	1,248
Year 2022	2,168	1,248
Year 2023	1,580	660
Year 2024	922	-
Year 2025 +	1,185	-
Total	**6,946**	**3,156**

23.7 Reconciliation of Liabilities Resulting from Financing Activities

Description	Parent Company
Balance Dividends and ISE on December 31, 2020	**123,621**
Payments - Changes in the Financing Flow	(61,505)
Changes that do not Affect the Cash	-
Balance Dividends and ISE on June 30, 2021	**62,116**

Consolidated

Description	December 31, 2020	Inflow of Funds	Principal Payment	Total Financing Flow Variations	Interest Payment	Changes that do not Affect the Cash(ii)	June 30, 2021
Loans/Financing	1,654,944	141,025	(670,972)	(529,947)	(51,625)	38,374	1,111,746
Debentures	306,508	545,450	(50,981)	494,469	(6,086)	13,564	808,455
Dividends and Interest on Shareholders' Equity	123,621	-	(61,505)	(61,505)	-	-	62,116
Total	**2,085,073**	**686,475**	**(783,458)**	**(96,983)**	**(57,711)**	**51,938**	**1,982,317**

(i) Interest paid is classified in the Operating Activities flow in the Statement of Cash Flow.
(ii) Provision for Loans and Financing charges totaled R$35,899. Debentures totaled R$10,412, with R$692 referring to debenture costs incurred in 2021.

24. SOCIAL SECURITY AND LABOR DUTIES

	Parent Company		Consolidated	
Description	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Provisions for Payroll and Social Charges	1,004	658	106,265	94,946
Incentivized Dismissal Plan - PDI (i)	-	-	91,678	132,670
Consignment in Favor of Third Parties	-	-	3,596	7,479
Provision for Profit Sharing - PLR	-	-	17,560	24,155
Net Payroll	231	221	11,500	12,670
Total	**1,235**	**879**	**230,599**	**271,920**
Current	**1,235**	**879**	**195,082**	**211,656**
Noncurrent	**-**	**-**	**35,517**	**60,264**

24.1. Incentivized Dismissal Plan - PDI

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

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

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

On April 23, 2020, Celesc D obtained approval to carry out an Emergency Incentivized Dismissal Plan, called PDI-E, for employees with over 33 years of work. 86 employees exited the company.

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

In July 2020, a new edition was approved. PDI 2020 terminations started in September, with 18 exits (until December 2020), and should continue until July 2021.

Since the program's implementation until June 30, 2021, there were 976 dismissals, with expenses totaling R$365,188.

The table below shows the number of dismissed employees and the total expense, classified by year:

Plans	Number of Dismissed Employees	Expense in R$ thousand
PDI 2016	61	16,183
PDI 2017	125	79,531
PDI 2018	181	68,737
PDI 2019	273	87,250
PDI/PDI-E 2020	303	112,847
PDI 2021	33	640
Total	**976**	**365,188**

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

25. TAXES

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

	Parent Company		Consolidated	
Description	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Income Tax (IRPJ)	-	-	101,298	10,123
Social Contribution (CSLL)	-	971	38,393	5,239
Income Tax on Interest on Shareholder' Equity (ISE)	-	6,272	-	6,272
Total to be Collected	**-**	**7,243**	**139,691**	**21,634**
(-) Taxes to be Recovered	(17,488)	(25,888)	(132,634)	(14,831)
Net Taxes	**(17,488)**	**(18,645)**	**7,057**	**6,803**

25.2. Other Taxes

	Parent Company		Consolidated	
Description	**June 30, 2021**	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
ICMS	-	-	243,403	274,512
PIS and COFINS	9	11,329	47,478	70,171
Others	223	223	3,503	4,540
Total to be Collected	232	11,552	**294,384**	**349,223**
(-) Taxes to be Compensated	-	-	(1,719,977)	(686,910)
Net Taxes	**232**	**11,552**	**(1,425,593)**	**(337,687)**

26. REGULATORY FEES

		Consolidated
Description	**June 30, 2021**	**December 31, 2020**
Energy Efficiency Program – PEE (EEP) (i)	152,604	118,427
Research & Development – R&D (i)	58,476	131,873
Emergency Capacity Charge - ECE or ECC (ii)	19,406	19,442
ECE Installments	46,426	53,596
Charge Flags Account (Bill Level)	54,489	36,244
ANEEL Inspection Charge	768	768
Emergency Electricity Acquisition Charge - EAEEE	416	417
Others	201	232
Total	**332,786**	**360,999**
Current	**283,382**	**177,921**
Noncurrent	**49,404**	**183,078**

i) R&D and PEE – As per Law 9991, of July 24, 2000, concessionaires of public electricity distribution services must annually apply a minimum percentage of their net operating revenues (NOR) in Research and Technological Development projects of the Electric Energy Segment – R&D and Energy Efficiency Programs – PEE, according to regulations by ANEEL.

As per the same Law, generation concessionaires and companies authorized to produce electricity, except some modalities independently, must also apply this minimum percentage of their net operating revenues, however, only in research and development in the electricity sector.
On September 1, 2020, Provisional Measure 998 was published, which provides for changes in legal standards, including a temporary emergency measure to mitigate the economic effects of the Covid-19 pandemic on electricity tariffs.

On March 30, 2021, ANEEL published Regulatory Resolution 229 and Order 904, defining the method and amounts to be transferred to the Energy Development Account – CDE. Payments to CDE correspond to the balances not committed with the liabilities in

R&D and PEE programs on the base date of August 31, 2020, and 30% of the current amounts from September 1, 2020, to December 31, 2025.

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

ii) Emergency Capacity Charge – ECE – Established by Law 10438/02 to cover the cost of contracting emergency thermoelectric plants installed in the country, available to generate energy in case of shortage risk. This cost was paid by all consumers in the National Interconnected System, except those classified as low-income.

27. PROVISION FOR CONTINGENCIES AND COURT DEPOSITS

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

27.1. Probable Contingencies

				Parent Company
Contingencies	**Court Deposits**		**Provision for Risks**	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Tax	2,117	2,117	1,263	1,263
Labor	4,686	4,686	-	-
Civil Lawsuits	6,389	6,361	201	182
Regulatory	8,182	8,182	3,483	3,483
Environmental	-	-	-	-
Total	**21,374**	**21,346**	**4,947**	**4,928**

				Consolidated
Contingencies	**Court Deposits**		**Provision for Risks**	
	June 30, 2021	**December 31, 2020**	**June 30, 2021**	**December 31, 2020**
Tax (i)	3,753	3,753	34,791	19,677
Labor (ii)	30,106	35,919	43,298	45,002
Civil (iii)	122,752	96,982	178,133	162,161
Regulatory (iv)	155,215	155,215	249,915	247,250
Environmental (v)	-	-	18,668	18,703
Total	**311,826**	**291,869**	**524,805**	**492,793**

The operations in provisions and deposits are shown below:

		Parent Company		Consolidated
Description	**Court Deposits**	**Provision for Risks**	**Court Deposits**	**Provision for Risks**
Balance on December 31, 2020	**21,346**	**4,928**	**291,869**	**492,793**
Constitution	85	74	74,872	99,742
Financial Update	-	-	-	2,648
Write-offs	(57)	(55)	(54,915)	(70,378)
Balance on June 30, 2021	**21,374**	**4,947**	**311,826**	**524,805**

The changes in the constitution of judicial deposits in the period are due to payments made for new shares and existing shares. The most relevant was in the amount of R$11.6 million related to the final payment of case 5000548-66.2016.8.24.0023 of Inepar Indústria e Construções, which deals with non-compliance with a contractual clause for payments made after the due date and without the due additions fines.

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

These lawsuits, when applicable, are supported by judicial deposits. Provisions for possible losses arising from these lawsuits are estimated and updated by the management, supported by the opinion of its internal and external legal advisors.
The nature of the probable contingencies can be summarized as follows:

i) Tax Contingencies

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

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

At the municipal level, the most relevant lawsuit has an estimated loss of R$10.1 million, and its purpose is the ISS levied on COSIP through an agreement entered into with the public entity.

ii) Labor Contingencies

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

iii) Civil Contingencies

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

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

iv) Regulatory Contingencies

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

v) Environmental Contingencies

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

27.2. Possible Contingencies

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

		Consolidated
Contingencies	**June 30, 2021**	**December 31, 2020**
Tax(i)	9,317	4,237
Labor (ii)	23,630	15,908
Civil (iii)	245,664	212,033
Regulatory (iv)	217,688	176,772
Environmental (v)	23,030	24,079
Total	**519,329**	**433,029**

The increase in the balance of possible regulatory contingencies was due, among other factors, to the recognition of R$14.3 million referring to the Notice of Violation 030/2020-ANEEL, applied to Celesc D, for non-compliance with the quality standards established by the regulatory body about the continuity and frequency of power outages. This fact was verified during the inspection from January 3 to March 9, 2020, which evaluated the period from January to December 2019. In addition, another relevant factor for the increase in this balance was the significant receipts within the CCEE of the revenues recognized in Celesc G through the GSF injunction described in note 2.1.2.3, letter c. Such receipts, when they occur, are reversed from the provisioned PECLD upon recognition of the revenue and considered in the balance of regulatory contingencies with a possible risk of return. In the first half of 2021, these amounts totaled R$26.3 million.

The nature of possible contingencies can be summarized as follows:

i) Tax Contingencies

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

ii) Labor Contingencies

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

iii) Civil Contingencies

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

iv) Regulatory Contingencies

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

v) Environmental Contingencies

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

28. ACTUARIAL LIABILITIES

		Consolidated
Obligations Recorded	**June 30, 2021**	**December 31, 2020**
Social Security Plans	**1,183,017**	**1,239,278**
Mixed Plan and Transitional Plan (a)	1,183,017	1,239,278
Assistance Plans	**1,255,174**	**1,278,055**
Celos Healthcare Agreement Plan (b)	1,191,542	1,213,968
Other Benefits (c)	63,632	64,087
Total	**2,438,191**	**2,517,333**
Current	**201,720**	**197,901**
Noncurrent	**2,236,471**	**2,319,432**

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

a) Mixed Plan and Transitional Plan

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

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

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

b) CELOS Healthcare Agreement Plan

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

c) Other Benefits

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

28.1. Actuarial Assessment Results

a) Actuarial Obligations

Consolidated

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

b) Determination of Net Liabilities (Assets)

Consolidated

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

c) Reconciliation of the Assets Fair Value

Consolidated

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

Costs Recognized in the Income Statement for the Period

Consolidated

Description	June 30, 2021	June 30, 2020
Transitional Plan	4,083	5,914
Mixed Plan	16,360	25,735
Health Care Plan	2,166	13,825
Other Benefits	2,145	2,163
Total	**24,754**	**47,637**
Personnel Expenses	(2,849)	30,780
Financial Expenses	27,603	16,857
Total	**24,754**	**47,637**

e) Estimated Expenditure for the 2021 Fiscal Year

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

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

f) Changes in Actuarial Liabilities

Description	Transitional/Mixed Plan	Celos Healthcare Agreement Plan	Other Benefits	Total
Balance on December 31, 2020	**1,239,278**	**1,213,968**	**64,087**	**2,517,333**
Payment	(76,704)	(24,592)	(2,600)	(103,896)

Provision	20,443	2,166	2,145	24,754
Balance on June 30, 2021	**1,183,017**	**1,191,542**	**63,632**	**2,438,191**

29. PIS/COFINS TO BE RETURNED TO CONSUMERS

On April 1, 2019, as described in Note 11 Taxes to Recover, Celesc D obtained the final favorable decision from the court, filed under number 5006834-93.2012.4.04.7200, which recognized the right to recover the overpayments as PIS/COFINS due to the inclusion of ICMS in the calculation basis of taxes paid. The decision limited the effects from April 13, 2007, to December 31, 2014.

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

Concerning Liabilities and the respective return, the issue is still subject to administrative discussions by ANEEL’s board through Public Consultation 005/2021, published on February 10, 2021. The contribution period was defined until March 29, 2021, to obtain subsidies to improve the proposal for tax credits return from the exclusion of ICMS from the above PIS and COFINS calculation basis.

As for the proposal on the return, the main points addressed by the regulatory agency are the following: i) how the amounts should be returned; ii) how long the return must take; iii) incentive measures for the actions of distributors in the judicial sphere in the resolution of the matter and iv) what are the alternatives for the operationalization of the return of credits and possible implications.

Considering the preamble of the discussion, Celesc D considered in its contribution that there is a need, among others, to also evaluate the expiration as a limitation mark for return to consumers, essential to not incur in the repetition of undue payment. In this sense, the assessment of the regulatory body is considered relevant regarding the expiration of the respective credits, considering the discussion of the form of a return due to the high time interval covered in the processes and the clear definition of the statute of limitations, which may be relegated to the judiciary, eventually, depending on the recommendation of the regulatory agency.

It is noteworthy that within the opening of Public Consultation 26/2021 - Celesc D Tariff Review, the distributor sent a provisional advance proposal to consumers in its concession area, in the amount of R$652,908,993.18, as a component of extraordinary negative financial results based on the part of the authorized amount and in the process of approval by the Federal Revenue Service of Brazil. Celesc D highlighted the prerogative of seeking future adjustments that equalize any financial differences between the amount above and the regulation to be issued by ANEEL, as well as financial adjustments in subsequent tariff processes, in the case of actions proposed by individual consumers who may not benefit from the return of PIS and Cofins. It was also highlighted that using such resources in this Tariff Review to transfer to consumers as a tariff financial component is provisional, and the final transfer proposal is under discussion in case 48500.001747/2020-22.

30. SHAREHOLDERS’ EQUITY

30.1. Share Capital

On April 29, 2021, the Annual and Extraordinary Shareholders’ Meeting approved an amendment to the Company's Bylaws, which, among other measures, established new Share Capital.

With the change, the Authorized Capital was limited to R$2,600,000,000.00 (two billion and six hundred million reais), represented by registered shares, with no par value, divided into common and preferred shares.

Of the Authorized Capital, R$2,480,000,000.00 (two billion, four hundred and eighty million reais) are subscribed and paid-in, represented by 38,571,591 registered shares with no par value, with 15,527,137 common shares with voting rights and 23,044.454 preferred shares without voting rights.

30.2. Legal Reserve and Profit Retention Reserve

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

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

30.3. Basic and Diluted Earnings per Share

The calculation of Basic and diluted profit per share as of June 30, 2021, and 2020 was based on the net income for the period and the weighted average number of common and preferred shares outstanding during the periods presented.

On June 30, 2021, and 2020, the Company's shares were unchanged. During this period, there were no transactions involving ordinary shares or potential common shares between the balance sheet date and the date of completion of the Quarterly Information.

During June 30, 2021, and 2020, the Company did not have any convertible instruments in stock that would have a dilutive impact on profit/(loss) per share.

30.4. Breakdown of Basic and Diluted Earnings

Description	June 30, 2021	June 30, 2020
Weighted Average Number of Shares (thousands)		
Common Registered Shares - ON	15,527	15,527
Preferred Registered Shares - PN	23,044	23,044
Basic and Diluted Earnings per Share Assigned to Company Shareholders (R$)		
Common Registered Shares - ON	7.3223	5.0083
Preferred Registered Shares - PN	8.0545	5.5092
Basic and Diluted Earnings Assigned to the Company's Shareholders		
Common Registered Shares - ON	113,694	77,765
Preferred Registered Shares - PN	185,612	126,955
Total Basic and Diluted Profit Assigned to the Company's Shareholders	**299,306**	**204,720**

30.5. Equity Valuation Adjustments

The table below shows the net effect totaling R$1,267,425 on June 30, 2021, and R$1,267,144 on December 31, 2020, in shareholders' equity:

		Consolidated
Equity Valuation Adjustments	**June 30, 2021**	**December 31, 2020**
Assigned Cost – Celesc G (a)	14,308	14,589
Actuarial Liabilities Adjustment - Celesc D (b)	(1,281,733)	(1,281,733)
Total	**(1,267,425)**	**(1,267,144)**

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

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

31. INSURANCES

Insurance coverage on June 30, 2021, was contracted at the amounts shown below, which are under the insurance policies:

				Consolidated
Company	**Field**	**Covered Assets**	**Validity**	**Insured Amount (i)**
Celesc D	Warranty Insurance	Guarantee of Judicial/Administrative Proceedings	December 29, 2017 to December 31, 2021	300,000
Celesc D	Named Risks	Substations	May 14, 2021 to May 14, 2022	25,000
Celesc G	Fire/Lightning/Explosion	Plants and Substations	August 8, 2020 to August 8, 2021	24,272
Celesc G	Aircraft Fall	Plants and Substations	August 8, 2020 to August 8, 2021	12,136
Celesc G	Windstorm	Plants and Substations	August 8, 2020 to August 8, 2021	12,136
Celesc G	Electrical Damage	Plants and Substations	August 8, 2020 to August 8, 2021	24,272
Celesc G	Warranty Insurance	Guarantee of Hydroelectric Use of US Caveiras	November 25, 2020 to November 25, 2022	307

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

32. INFORMATION BY BUSINESS SEGMENT

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

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

The information by business segment, as reviewed by the Executive Board for the years ended on June 30, 2021, and 2020, is as follows:

June 30, 2021

Description	Parent Company	Celesc D	Celesc G	Consolidation Adjustments	Total
Net Operating Revenue (NOR)	**-**	**4,854,691**	**83,234**	**(3,114)**	**4,934,811**
Cost of Sales	-	(4,289,635)	(16,336)	3,114	(4,302,857)
Gross Operating Income	**-**	**565,056**	**66,898**	**-**	**631,954**
Selling Expenses	-	(129,799)	23,831	-	(105,968)
General and Administrative Expenses	(10,924)	(138,791)	(8,269)	-	(157,984)
Other Net Revenues/Expenses	(1,558)	24,474	323	-	23,239
Equity Pickup	303,268	-	1,927	(273,315)	31,880
Income from Activities	**290,786**	**320,940**	**84,710**	**(273,315)**	**423,121**
Financial Revenues	5,004	123,853	1,831	246	130,934
Financial Expenses	(47)	(94,446)	(2,289)	(246)	(97,028)
Net Financial Income	**4,957**	**29,407**	**(458)**	**-**	**33,906**
Earnings before Income Tax and Social Contribution	**295,743**	**350,347**	**84,252**	**(273,315)**	**457,027**
Income Tax and Social Contribution	3,563	(133,306)	(27,978)	-	(157,721)
Net Income for the Period	**299,306**	**217,041**	**56,274**	**(273,315)**	**299,306**
Total Assets	**2,353,501**	**3,729,526**	**808,745**		
Total Liabilities	**69,553**	**9,408,239**	**183,484**		

June 30, 2020

Description	Parent Company	Celesc D	Celesc G	Consolidation Adjustments	Total
Net Operating Revenue (NOR)	**-**	**4,021,122**	**63,447**	**(2,763)**	**4,081,806**
Cost of Sales	-	(3,521,229)	(17,383)	2,763	(3,535,849)
Gross Operating Income	**-**	**499,893**	**46,064**	**-**	**545,957**
Selling Expenses	-	(104,725)	(599)	-	(105,324)
General and Administrative Expenses	(9,353)	(174,591)	(7,412)	-	(191,356)
Other Net Revenues/Expenses	(1,019)	46,056	383	-	45,420
Equity Pickup	210,083	-	4,075	(194,510)	19,648
Income from Activities	**199,711**	**266,633**	**42,511**	**(194,510)**	**314,345**
Financial Revenues	5,044	87,673	2,120	(964)	93,873
Financial Expenses	(35)	(99,405)	(3,916)	964	(102,392)
Net Financial Result	**5,009**	**(11,732)**	**(1,796)**	**-**	**(8,519)**
Earnings before Income Tax and Social Contribution	**204,720**	**254,901**	**40,715**	**(194,510)**	**305,826**
Income Tax and Social Contribution	-	(88,660)	(12,446)	-	(101,106)
Net Income for the Period	**204,720**	**166,241**	**28,269**	**(194,510)**	**204,720**
Total Assets	**1,686,286**	**9,149,466**	**710,818**		
Total Liabilities	**74,442**	**8,478,987**	**171,299**		

32.1. Consolidated Operating Revenue

Description	June 30, 2021	June 30, 2020
Gross Operating Revenue - GOR	**7,659,026**	**6,390,822**
Electricity Supply (a)	3,525,080	2,940,767
Unbilled Supply (a)	(32,310)	(33,278)
Electricity Supply (a)	304,426	238,123
Unbilled Supply (a)	(738)	(39)
Electric Energy Grid Availability (i)	2,493,259	2,240,774
Update on Indemnifiable Financial Assets - Concession	7,825	411
Financial Income Concession Bonus (a)	28,613	16,921
Income from Services Provided	513	409
Short-Term Electricity	435,002	226,859
Revenue from Regulatory Assets and Liabilities	310,429	215,420

Other Operating Revenues	3,747	2,589
Donations and Subventions (ii)	305,853	319,083
Construction Revenue	277,327	222,783
Deductions from Gross Operating Revenue	**(2,724,215)**	**(2,309,016)**
ICMS	(1,309,904)	(1,130,778)
PIS	(121,387)	(101,596)
COFINS	(559,117)	(467,962)
Energy Development Account - CDE	(663,719)	(601,540)
Research and Development – R&D	(23,456)	(19,482)
Energy Efficiency Program – PEE (EEP)	(22,931)	(19,032)
Inspection Charge – ANEEL	(4,613)	(3,928)
Compensation for use of water resources – CFURH	(843)	(381)
Other Charges (Tariff Flags)	(18,245)	35,683
Net Operating Revenue (NOR)	**4,934,811**	**4,081,806**

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

(ii) Amount passed on by Eletrobras, referring to the reimbursement of discounts on the tariffs applicable to users of the public electricity distribution service. The revenue accounted for as CDE Subsidy (Decree 7891/2013), in the second quarter of 2021, totaled R$282,194. The other amounts refer to the Low-Income Program, totaling R$6,871, the supply of CCRBT brands totaling R$29,950 and the CDE reimbursement difference, totaling R$13,162, but the latter with a negative effect on the total statement.

a) Electricity Supply and Provision

Description	# Consumers (i)		MWh (i)		Gross Revenue	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020 (Reclassified)	June 30, 2021	June 30, 2020
Residential	2,504,932	2,427,732	3,398,234	3,261,087	2,323,210	1,991,762
Industrial	121,896	112,656	5,520,256	4,775,173	811,163	681,114
Commercial	292,677	282,225	2,276,956	2,159,791	1,218,604	1,063,810
Rural	231,794	232,377	623,343	635,533	350,243	304,856
Government	23,943	23,498	189,876	195,822	133,646	123,254
Public Lighting	920	3,612	311,747	320,231	134,325	118,355
Public Service	3,845	865	190,928	196,065	119,657	106,304
Reclassif. Rec. Subj. Electric Energy Grid Cons.Cat.	-	-	-	-	(1,598,078)	(1,481,966)
Total Supply	**3,180,007**	**3,082,965**	**12,511,340**	**11,543,702**	**3,492,770**	**2,907,489**
Electricity Supply	106	103	1,476,060	1,335,792	303,688	238,084
Revenues Fin. Concession Bonus	-	-	-	-	28,613	16,921
Total	**3,180,113**	**3,083,068**	**13,987,400**	**12,879,494**	**3,825,071**	**3,162,494**

(i) Non-Audited Information

32.2. Consolidated Operating Costs and Expenses

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

					June 30, 2021
Description	**Costs of Goods and/or Services**	**General and Administrative Expenses**	**Selling Expenses**	**Others Net Expenses/Revenues**	**Total**
Electricity Purchased for Resale (a)	2,822,339	-	-	-	2,822,339
Charges for Using the Electric Grid (b)	858,599	-	-	-	858,599
Personnel (c)	146,403	92,617	28,454	11,106	278,580
Members of the Management	-	4,786	-	-	4,786
Actuarial Expense	-	(2,849)	-	-	(2,849)
Private Social Security Entity (c)	7,049	3,598	1,047	-	11,694
Material	9,221	3,368	-	-	12,589
Construction Cost	277,327	-	-	-	277,327
Third-Party Costs and Services	62,391	40,426	31,939	698	135,454
Depreciation and Amortization	113,038	11,297	-	985	125,320
Net Provisions	-	-	28,485	29,365	57,850
Leases and Rents	1,076	7,797	250	(124)	8,999
Infrastructure Sharing (d)	-	-	-	(87,559)	(87,559)
Others	5,414	(3,056)	15,793	22,290	40,441
Total	**4,302,857**	**157,984**	**105,968**	**(23,239)**	**4,543,570**

June 30, 2020 (Reclassified)

Description	Costs of Goods and/or Services	General and Administrative Expenses	Selling Expenses	Others Expenses/Revenues Net	Total
Electricity Purchased for Resale (a)	2,461,559	-	-	-	2,461,559
Charges for Using the Electric Grid (b)	451,413	-	-	-	451,413
Personnel (c)	229,672	96,781	29,978	12,403	368,834
Members of the Management	-	3,205	-	-	3,205
Actuarial Expense	-	30,780	-	-	30,780
Private Social Security Entity (c)	8,139	3,993	1,221	-	13,353
Material	4,412	2,323	-	-	6,735
Construction Cost	222,783	-	-	-	222,783
Third-Party Costs and Services	48,356	34,943	26,371	560	110,230
Depreciation and Amortization	105,240	12,966	-	985	119,191
Net Provisions	-	-	16,173	9,982	26,155
Leases and Rents	987	10,684	314	(213)	11,772
Infrastructure Sharing (d)	-	-	-	(74,591)	(74,591)
Others	3,288	(4,319)	31,267	5,454	35,690
Total	**3,535,849**	**191,356**	**105,324**	**(45,420)**	**3,787,109**

Electrical Energy Purchased for Resale

		Consolidated
Description	**June 30, 2021**	**June 30, 2020 (Reclassified)**
Electric Power Purchase in the Regulated Environment - CCEAR	1,529,330	1,180,896
Electric Energy Trading Chamber – CCEE	509,864	474,324
Itaipu Binacional	639,007	656,884
Bilateral Contracts	9,982	10,831
Nuclear Energy Quotas	81,118	98,239
Physical Guarantee Quotas	233,152	205,310
Proinfa	105,056	85,320
PIS/COFINS	(285,170)	(250,245)
Total	**2,822,339**	**2,461,559**

b) Charges for Using the Electric Grid

		Consolidated
Description	**June 30, 2021**	**June 30, 2020 (Reclassified)**
System Use Charges	601,545	415,548
System Services Charges - ESS	235,210	6,867
Itaipu Transportation Charges	60,221	49,235
Reserve Energy Charge - EER	49,139	23,391
PIS/COFINS	(87,516)	(43,628)
Total	**858,599**	**451,413**

c) Personnel and Private Pension

		Parent Company		Consolidated
Description	**June 30, 2021**	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**
Personnel	**3,830**	**2,780**	**278,580**	**368,835**
Compensations	3,702	2,637	138,628	143,012
Social Charges	98	94	52,401	54,383
Profit Sharing	-	-	19,297	19,346
Assistance Benefits	-	-	35,524	30,360
Provisions and Indemnities	-	26	32,680	121,690
Others	30	23	50	44
Private Pension Plans - Celos	**5**	**-**	**11,694**	**13,352**
Total	**3,835**	**2,780**	**290,274**	**382,187**

d) Infrastructure Share

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

32.3. Financial Result

		Parent Company		Consolidated
	June 30, 2021	**June 30, 2020**	**June 30, 2021**	**June 30, 2020**

Financial Revenues	**5,004**	**5,044**	**130,934**	**93,873**
Financial Investment Income	545	253	10,997	6,536
Additions to Arrears without Electricity Bills	-	-	55,515	42,770
Monetary Variations	-	-	47,194	14,492
Monetary Restatement on Financial Assets - CVA	-	-	14,713	26,511
Dividends Income	4,324	4,805	4,324	4,805
Interest on Shareholders' Equity	3	-	3	-
Reversal of provision for losses on Financial Assets	-	-	-	21
Other Financial Revenues	165	-	4,348	3,130
(-) PIS/COFINS w/o Financial Revenue	(33)	(14)	(6,160)	(4,392)
Financial Expenses	**(47)**	**(35)**	**(97,028)**	**(102,392)**
Debt Charges	-	-	(37,319)	(49,474)
Mathematical Reserve Update to be Amortized	-	-	(27,603)	(16,857)
Tax on Financial Transactions - IOF	-	-	(1,412)	(1,538)
Monetary Variations	-	-	(8,526)	(10,172)
R&D Update and Energy Efficiency	-	-	(3,493)	(4,408)
Monetary Restatement without Financial Liabilities - CVA	-	-	(11,739)	(14,231)
Interest and Expenditure with Debentures	-	-	(2,679)	(4,031)
Other Financial Expenses	(47)	(35)	(4,257)	(1,681)
Financial Result	**4,957**	**5,009**	**33,906**	**(8,519)**

33. COMPLEMENTARY INFORMATION OF CELESC D

33.1. Balance Sheet - Assets

Assets	June 30, 2021	December 31, 2020
Current	**3,928,623**	**3,765,236**
Cash and Cash Equivalents	886,310	1,061,116
Accounts Receivable from Customers	1,724,223	1,889,243
Inventories	16,055	12,221
Taxes to Recover	710,675	583,781
CDE - Subsidy Decree 7891/2013	47,032	47,032
Financial Assets - CVA	381,467	-
Others	162,861	171,843
Noncurrent	**6,686,658**	**5,788,154**
Long-Term Receivables	**2,957,132**	**2,177,444**
Indemnifiable Financial Assets - Concession	582,241	610,216
Accounts Receivable from Customers	26,107	29,236
Deferred Taxes	861,116	871,596
Taxes to Recover	1,116,030	106,149
Court Deposits	290,149	270,170
Financial Assets - CVA	78,761	286,861
Others	2,728	3,216
Intangible Assets	**3,729,526**	**3,610,710**
Total Assets	**10,615,281**	**9,553,390**

33.2. Balance Sheet – Liabilities

Liabilities	June 30, 2021	December 31, 2020
Current	**2,614,169**	**3,523,748**
Suppliers	1,037,842	1,217,190
National Currency Loans	247,572	860,552
Foreign Currency Loans	8,597	5,349
Debentures	71,720	67,558
Social Security and Labor Duties	193,847	210,777
Taxes to be Collected	417,267	351,984
Dividends and Interest on Shareholders' Equity (ISE) Declared	48,575	97,149
Regulatory Fees	280,899	176,672
Loans (i)	-	91,832
Actuarial Liabilities (CPC 33)	201,720	197,901
Financial Liabilities - CVA	-	142,491
Other Liabilities	106,130	104,293
Noncurrent	**6,794,070**	**5,039,641**
National Currency Loans	6,904	83,870
Foreign Currency Loans	848,673	705,173
Debentures	629,198	115,714
Regulatory Fees	48,712	180,358

Social Security and Labor Duties	35,517	60,264
Actuarial Liabilities (CPC 33)	2,236,471	2,319,432
Provision for Contingencies	519,691	487,375
PIS/COFINS to be Refunded to Consumers	2,468,904	1,087,455
Shareholders' Equity	**1,207,042**	**990,001**
Share Capital Recognized	1,250,000	1,053,590
Profit Reserves	1,021,734	1,218,144
Equity Valuation Adjustments	(1,281,733)	(1,281,733)
YTD Profits	217,041	-
Total Liabilities	**10,615,281**	**9,553,390**

(i) Loan between Celesc D and Celesc G

At a regular meeting of the Board of Directors, held on January 21, 2020, the transfer of funds from Celesc G to Celesc D in a Loan Agreement was approved. The purpose of the operation is for working capital, and ANEEL's consent was given through Order 3679/2019 of December 27, 2019.

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

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

33.3. Income Statement

Description	June 30, 2021	June 30, 2020
Net Operating Revenue (NOR)	**4,854,691**	**4,021,122**
Net Revenue from Electricity Sales and Service	4,259,110	3,582,508
Revenue from Financial Assets (Liabilities) (CVA)	310,429	215,420
Construction Revenue - CPC 47	277,327	222,783
Update on Indemnifiable Financial Assets - Concession	7,825	411
Costs of Sales/Services	**(4,289,635)**	**(3,521,229)**
Cost of Goods Sold	(3,673,715)	(2,904,925)
Cost of Services	(338,593)	(393,521)
Construction Cost - CPC 47	(277,327)	(222,783)
Gross Operating Income	**565,056**	**499,893**
Operating Expenses	**(244,116)**	**(233,260)**
Selling Expenses	(129,799)	(104,725)
General and Administrative Expenses	(138,791)	(174,591)
Other Operating Revenues (Expenses)	24,474	46,056
Operating Income before Finance Result	**320,940**	**266,633**
Financial Result	**29,407**	**(11,732)**
Financial Revenues	123,853	87,673
Financial Expenses	(94,446)	(99,405)
Earnings before Income Tax and Social Contribution	**350,347**	**254,901**
Income Tax and Social Contribution	**(133,306)**	**(88,660)**
Current	(122,827)	(103,117)
Deferred	(10,479)	14,457
Net Income for the Period	**217,041**	**166,241**

33.3.1. Operating Revenue

Description	June 30, 2021	June 30, 2020
Gross Operating Revenue - GOR	**7,569,698**	**6,322,774**
Electricity Supply (a)	3,512,659	2,923,040
Unbilled Supply (a)	(33,258)	(33,384)
Electricity Supply (a)	255,092	203,654
Financial Assets and (Liabilities) – CVA	310,429	215,420
Electric Energy Grid Availability	2,494,509	2,241,910

Short-Term Electricity	435,002	226,859
Donations and Subventions	305,853	319,083
Construction Revenue	277,327	222,783
Update on Indemnifiable Financial Assets - Concession	7,825	411
Other Operating Revenues	4,260	2,998
Deductions from Gross Operating Revenue	**(2,715,007)**	**(2,301,652)**
ICMS	(1,309,904)	(1,130,778)
PIS	(120,105)	(100,456)
COFINS	(553,210)	(462,710)
Energy Development Account – CDE	(663,719)	(601,540)
Research and Development – R&D	(22,931)	(19,032)
Energy Efficiency Program – PEE (EEP)	(22,931)	(19,032)
Inspection Charge	(3,962)	(3,787)
Other Charges	(18,245)	35,683
Net Operating Revenue (NOR)	**4,854,691**	**4,021,122**

a) Electricity Supply and Provision

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

Description	# Consumers (i)		MWh (i)		Gross Revenue	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020 (Reclassified)	June 30, 2021	June 30, 2020
Residential	2,504,932	2,427,732	3,398,234	3,261,087	2,323,210	1,991,762
Industrial	121,887	112,648	5,476,600	4,711,286	801,627	667,445
Commercial	292,676	282,224	2,254,653	2,134,157	1,214,771	1,059,646
Rural	231,794	232,377	623,343	635,533	350,243	304,856
Government	23,943	23,498	189,876	195,822	133,646	123,254
Public Lighting	920	3,612	311,747	320,231	134,325	118,355
Public Service	3,845	865	190,928	196,065	119,657	106,304
Reclassif. Revenue Avail. Electric Energy Grid– Cons.Cativo	-	-	-	-	(1,598,078)	(1,481,966)
Total Supply	**3,179,997**	**3,082,956**	**12,445,381**	**11,454,181**	**3,479,401**	**2,889,656**
Electricity Supply	51	51	1,205,191	1,086,861	255,092	203,654
Total	**3,180,048**	**3,083,007**	**13,650,572**	**12,541,042**	**3,734,493**	**3,093,310**

(i) Non-Audited Information

33.3.2. Operating Costs and Expenses

June 30, 2021

Description	Costs of Goods and/or Services	General and Administrative Expenses	Selling Expenses	Other Net Expenses/ Revenues	Total
Electricity Purchased for Resale	3,673,715	-	-	-	3,673,715
Personnel	145,228	82,732	28,180	11,106	267,246
Actuarial Expense	-	(2,849)	-	-	(2,849)
Private Social Security Entity	7,049	3,593	1,047	-	11,689
Material	9,061	3,152	-	-	12,213
Construction Cost	277,327	-	-	-	277,327
Third-Party Costs and Services	60,315	36,787	31,836	698	129,636
Depreciation and Amortization	110,374	11,111	-	-	121,485
Net Provisions	-	-	52,723	29,669	82,392
Others	6,566	4,265	16,013	(65,947)	(39,103)
Total	**4,289,635**	**138,791**	**129,799**	**(24,474)**	**4,533,751**

June 30, 2020

Description	Costs of Goods and/or Services	General and Administrative Expenses	Selling Expenses	Other Net Expenses/ Revenues	Total
Electricity Purchased for Resale	2,904,925	-	-	-	2,904,925
Personnel	228,527	88,562	29,668	12,403	359,160
Actuarial Expense	-	30,780	-	-	30,780
Private Social Security Entity	8,139	3,992	1,221	-	13,352
Material	4,261	2,287	-	-	6,548
Construction Cost	222,783	-	-	-	222,783
Third-Party Costs and Services	45,572	30,826	26,061	560	103,019
Depreciation and Amortization	102,725	12,503	-	-	115,228
Net Provisions	-	-	16,231	10,338	26,569
Others	4,297	5,641	31,544	(69,357)	(27,875)
Total	**3,521,229**	**174,591**	**104,725**	**(46,056)**	**3,754,489**

34. CELESC G'S COMPLEMENTARY INFORMATION

34.1. Balance Sheet - Assets

Assets	June 30, 2021	December 31, 2020
Current	**226,327**	**119,428**
Cash and Cash Equivalents	164,476	54,668
Accounts Receivable from Customers	20,212	29,727
Inventories	84	92
Taxes to Recover	4,010	223
Advance to Suppliers	1,805	918
Advanced Expenses	20	125
Financial Asset – Concession Bonus	35,719	33,674
Others	1	1
Noncurrent	**582,418**	**649,289**
Long-Term Receivables	**287,885**	**366,276**
Loans	-	91,832
Court Deposits	303	353
Taxes to Recover	4,408	3,755
Advanced Expenses	1	2
Indemnifiable Financial Assets - Concession	2,421	2,421
Financial Asset – Concession Bonus	276,952	267,913
Advance for Future Capital Increase	3,800	-
Investments	**81,619**	**79,198**
Property, Plant & Equipment	**210,440**	**201,413**
Intangible Assets	**2,474**	**2,402**
Total Assets	**808,745**	**768,717**

34.2. Balance Sheet – Liabilities

Liabilities	June 30, 2021	December 31, 2020
Current	**72,758**	**83,849**
Suppliers	6,994	7,530
Debentures	35,086	35,034
Taxes to be Collected	16,576	18,134
Regulatory Fees	2,483	1,249
Dividends Payable	10,273	20,546
Others	1,346	1,356
Noncurrent	**110,726**	**115,881**
Debentures	72,451	88,202
Deferred Taxes	37,416	24,469
Regulatory Fees	692	2,720
Provision for Contingencies	167	490
Shareholders' Equity	**625,261**	**568,987**
Share Capital	450,000	250,000
Legal Reserve	21,700	21,700
Retained Profits Reserve	82,698	279,900
Dividends Available at the ASM	-	2,798
Equity Valuation Adjustments	14,308	14,589
YTD Profits	56,555	-
Total Liabilities	**808,745**	**768,717**

34.3. Income Statement

Description	June 30, 2021	June 30, 2020
Net Operating Revenue (NOR)	**83,234**	**63,447**
Net Revenue from Electricity Sales	83,234	63,447
Cost of Sales	**(16,336)**	**(17,383)**
Operation Costs	(16,336)	(17,383)
Gross Profit	**66,898**	**46,064**
Operating Expenses	**17,812**	**(3,553)**
With sales	23,831	(599)
General and Administrative	(8,269)	(7,412)
Other Net Revenues/Expenses	323	383
Equity Pickup	1,927	4,075
Operating Income before Finance Result	**84,710**	**42,511**
Financial Result	**(458)**	**(1,796)**
Financial Revenues	1,831	2,120
Financial Expenses	(2,289)	(3,916)
Earnings before Income Tax and Social Contribution	**84,252**	**40,715**
Income Tax and Social Contribution	**(27,978)**	**(12,446)**
Current	(15,032)	(11,160)
Deferred	(12,946)	(1,286)
Net Income for the Period	**56,274**	**28,269**

34.3.1. Operating Revenue

Description	June 30, 2021	June 30, 2020
Gross Operating Revenue – GOR (a)	**92,442**	**70,811**
Electricity Supply - Industrial	8,611	13,563
Electricity Supply - Industrial - Unbilled	948	106
Electricity Supply - Commercial	3,833	4,164
Electricity Supply	42,802	31,215
Electric Energy Supply - Unbilled	(738)	(39)
Short-Term Electricity	8,373	4,881
Update/Interest on Concession Bonus Return	28,613	16,921
Deductions from Operating Revenue	**(9,208)**	**(7,364)**
PIS	(1,282)	(1,140)
COFINS	(5,907)	(5,252)
Supervisory Fee ANEEL	(651)	(141)
Research and Development – R&D	(525)	(450)
Compensation for the use of water resources	(843)	(381)
Net Operating Revenue (NOR)	**83,234**	**63,447**

a) Electricity Supply and Provision

Description	# Consumers (i)		MWh (i)		Gross Revenue	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
Industrial	9	8	43,656	63,887	9,559	13,669
Commercial, Services and Others	1	1	22,303	25,634	3,833	4,164
Electricity Supply	55	52	257,193	229,703	42,064	31,176
Short-Term Electricity (CCEE)	-	-	13,676	19,228	8,373	4,881
Update/Interest on Concession Bonus Return	-	-	-	-	28,613	16,921
Total	**65**	**61**	**336,828**	**338,452**	**92,442**	**70,811**

(i) Non-Audited Information

34.3.2. Operating Costs and Expenses

June 30, 2021

Description	Costs of Goods and/or Services	General and Administrative Expenses	Selling Expenses	Other Net Expenses/ Revenues	Total
Electricity Purchased for Resale	9,064	-	-	-	9,064
Charges for Using the Electric Grid	1,250	-	-	-	1,250
Personnel	1,175	6,055	274	-	7,504
Material	160	216	-	-	376
Third-Party Costs and Services	2,099	1,688	103	-	3,890
Depreciation and Amortization	2,664	184	-	-	2,848
Insurances	107	-	-	-	107
Net Provisions	-	-	(24,238)	(323)	(24,561)
Taxes	(183)	57	30	-	(96)
Rents	-	67	-	-	67
Others	-	2	-	-	2
Total	**16,336**	**8,269**	**(23,831)**	**(323)**	**451**

June 30, 2020

Description	Costs of Goods and/or Services	General and Administrative Expenses	Selling Expenses	Other Net Expenses/ Revenues	Total
Electricity Purchased for Resale	9,674	-	-	-	9,674
Charges for Using the Electric Grid	1,136	-	-	-	1,136
Personnel	1,145	5,440	310	-	6,895
Material	151	36	-	-	187
Third-Party Costs and Services	2,784	1,290	310	-	4,384
Depreciation and Amortization	2,515	461	-	-	2,976
Insurances	115	-	-	-	115
Net Provisions	-	-	(58)	(383)	(441)
Taxes	(137)	50	37	-	(50)
Rents	-	135	-	-	135
Total	**17,383**	**7,412**	**599**	**(383)**	**25,011**

35. SUBSEQUENT EVENTS

35.1. Pery Plant Indemnity

Through Order 2018, of July 6, 2021, published in the Federal Official Gazette, on July 9, 2021, ANEEL ratified the results of Public Consultation 21/2021 (note 2.1.2.3, letter b). In the document, with the adjustments presented in the Public Consultation, Celesc G starts to receive an indemnity with an annualization factor of 0.1217615 to be used in the calculation of the annual installment referring to the indemnity referred to in MME Decree 257/2017 to incorporate the AGR into HPP Pery (Note 35.2).

For GAG Improvements, the regulatory investment of R$19,066,550.42 (nineteen million, sixty-six thousand, five hundred and fifty reais and forty-two cents) will be considered, with a price index of July 2017 and annualization factor of 0.0498641, to be used in its calculation to incorporate the AGR into HPP Pery.

The Order also determines that the annual amounts referring to the indemnity and GAG Improvements to be calculated based on the established parameters shall retroact to July 1, 2018, with the appropriate financial adjustments in the AGR readjustment processafter its publication.

35.2. Approval of Annual Generation Revenue - AGR Cycle 2021/2022

ANEEL, through Ratifying Resolution 2902 of July 20, 2021, approved the Generation Annual Revenues - AGRs of hydroelectric plants in quotas scheme for the 2021/2022 cycle, as per Federal Law 12783/2013. The duration of the new AGR is July 1, 2020, to June 30, 2021.

The AGR established for the plants owned by Celesc G, which must be billed monthly, are:

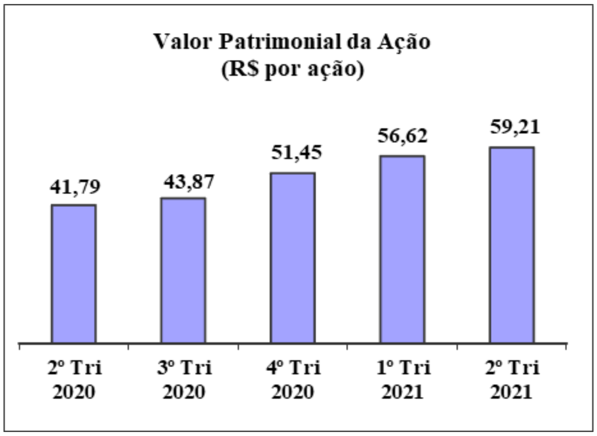
Plants	Annual Revenue (R$) 2021/2022 Cycle	Monthly Revenue (R$) 2020/2021 Cycle
Pery HPP	61,607,233.15	5,133,936.10
Garcia HPP	11,721,282.46	976,773.54
Bracinho HPP	14,848,877.17	1,237,406.43
Cedros HPP	10,447,006.89	870,583.91
Palmeiras HPP	23,006,407.62	1,917,200.64
Salto HPP	7,541,939.03	628,494.92

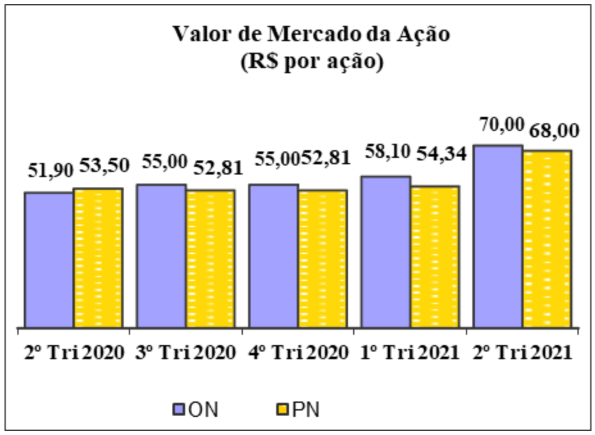
35.3. Release of Commercial Operation of PCH Celso Ramos

ANEEL, through Order 2267, of July 27, 2021, decided to release the UG3 and UG4 generating units of the Celso Ramos SHP owned by Celesc G, described in note 2.1.2.3, letter d, to start commercial operation, as of July 28, 2021.

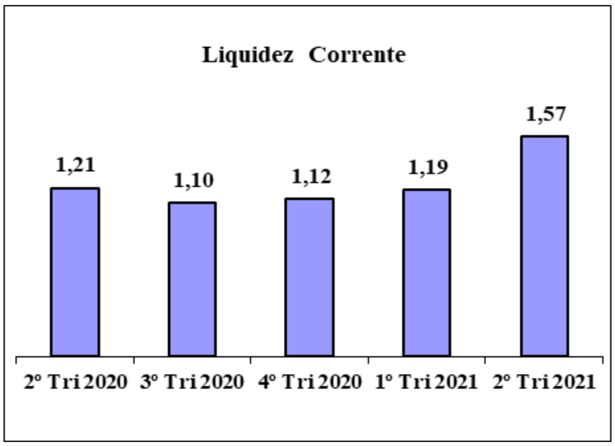
1. QUARTERLY FINANCIAL INDICATORS
(Non-Audited Information)

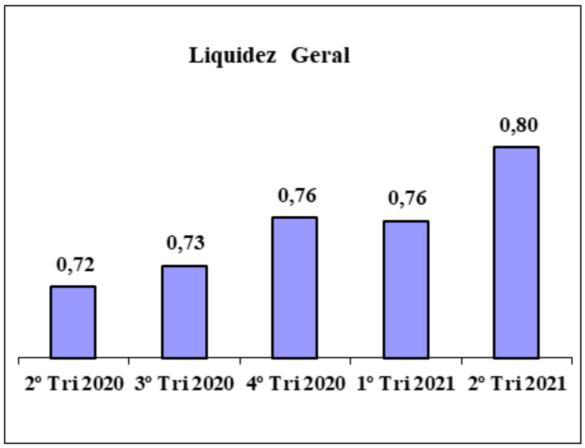
1.1. Equity



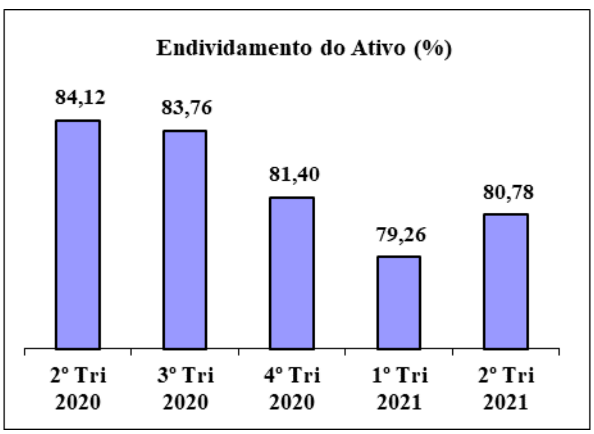


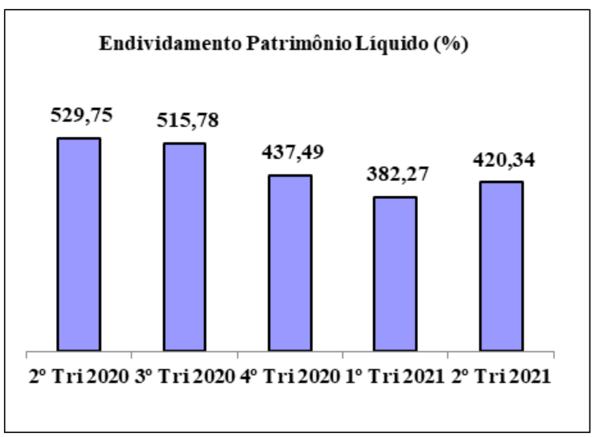
1.2. Liquidity



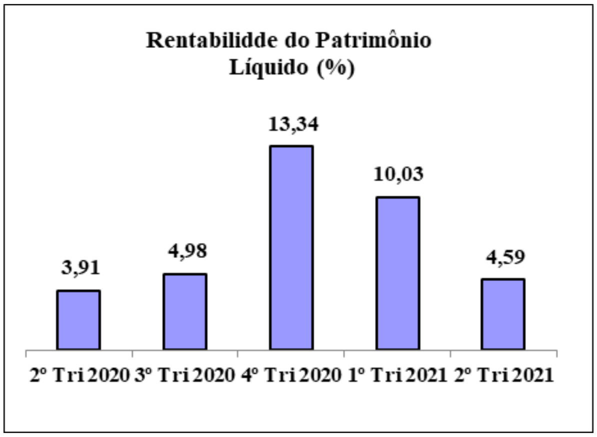


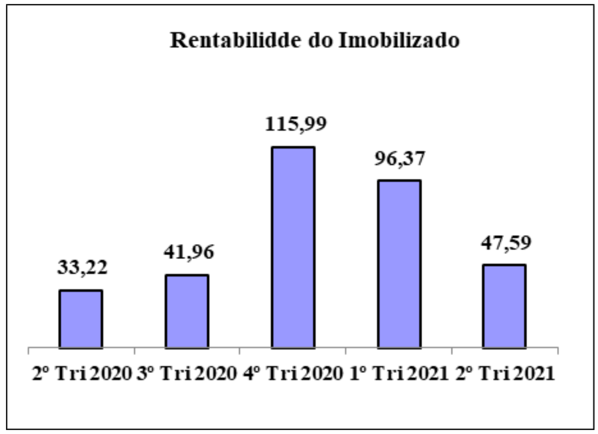
1.3. Indebtedness

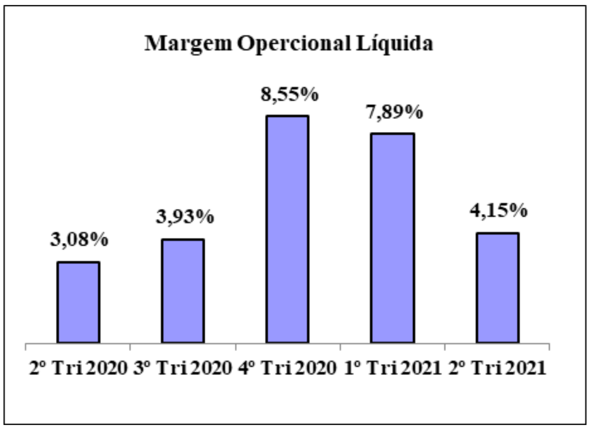


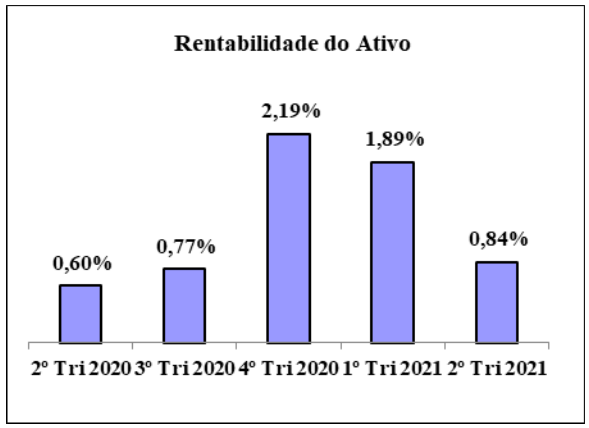


1.4. Profitability

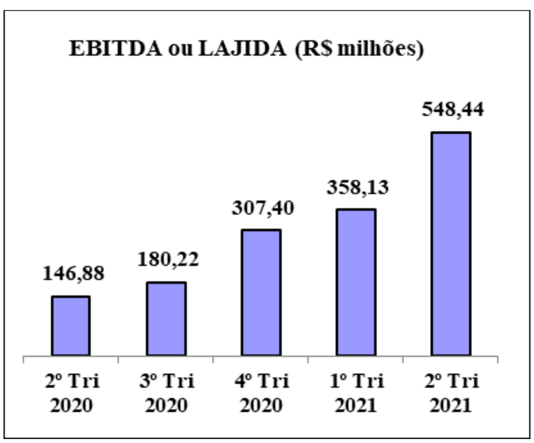


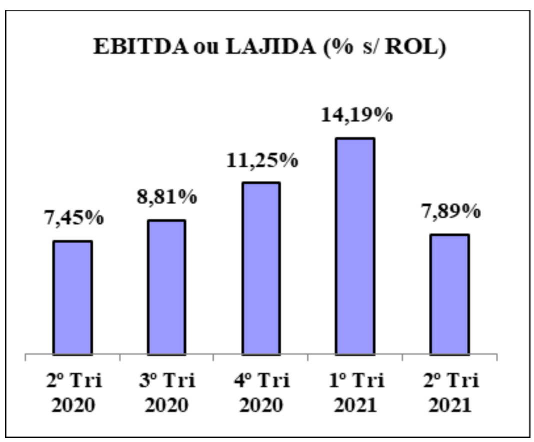




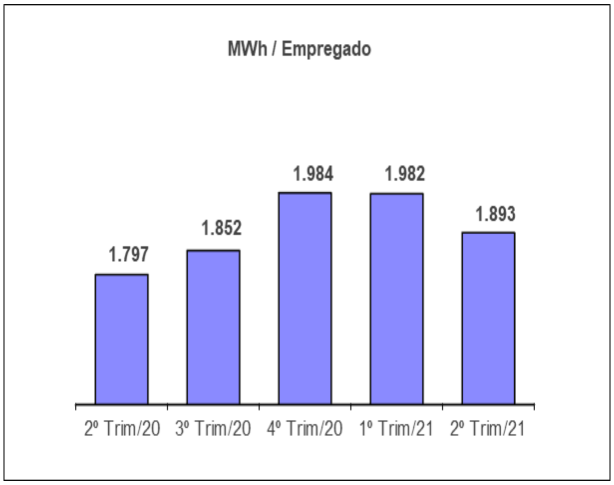


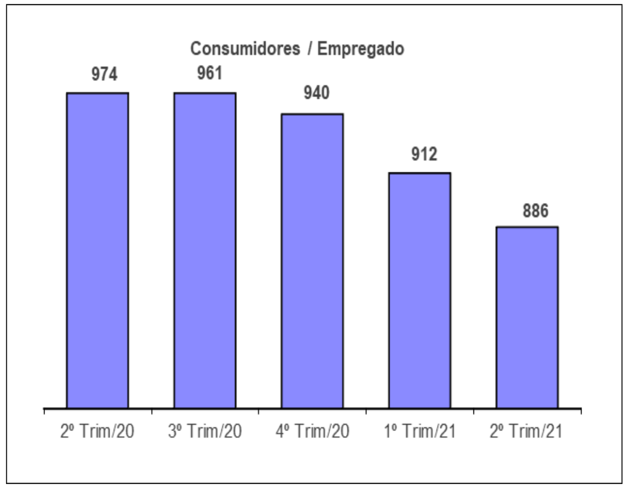
1.5. EBITDA

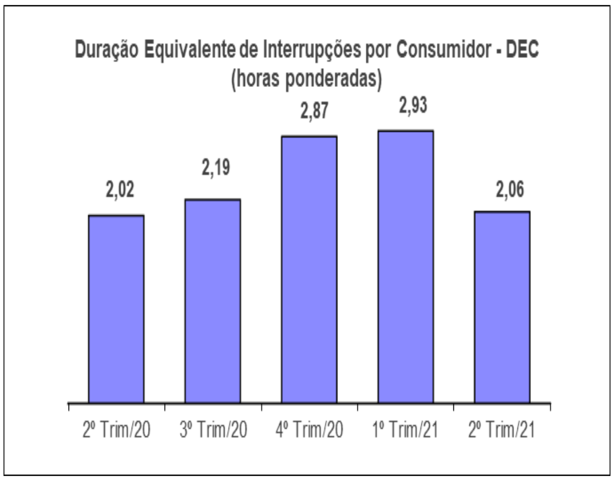


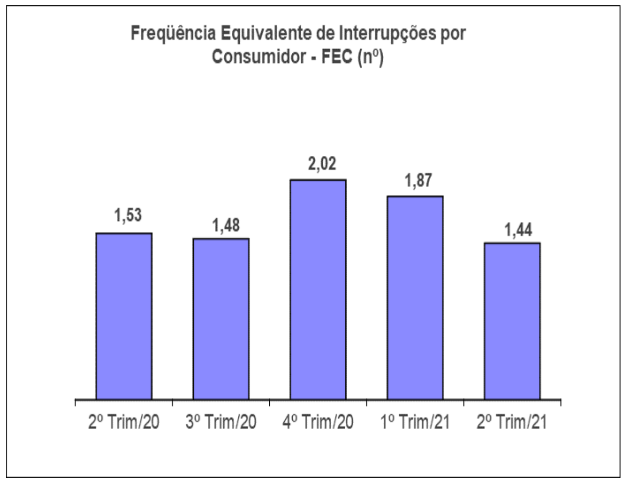


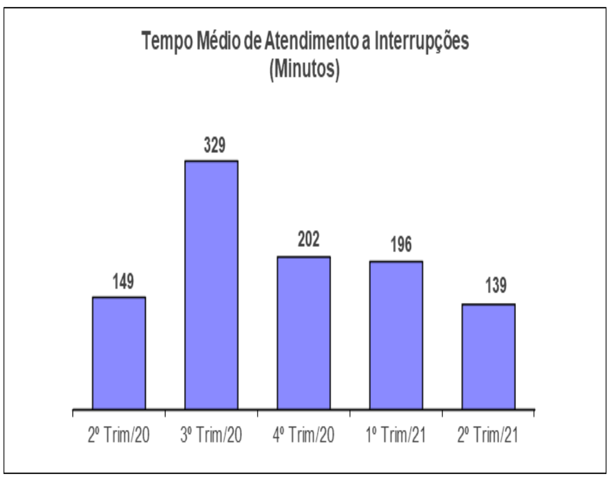
1.6. Efficiency

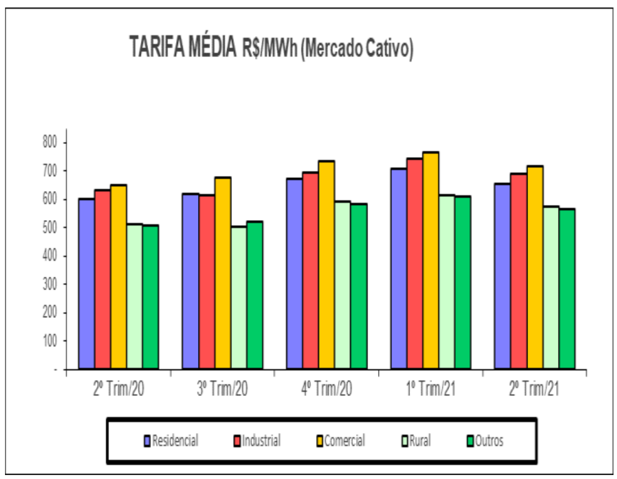












Centrais Elétricas de Santa Catarina S.A.

Quarterly Earnings Release – ITR on June 30, 2021
Report on the Review of the Quarterly Earnings Release

Report on the review of quarterly financial information

To the Management and Shareholders
Centrais Elétricas de Santa Catarina S.A.

Introduction

We have reviewed the individual and consolidated interim financial information of Centrais Elétricas de Santa Catarina S.A. ("Company"), included in the Quarterly Information Form - ITR for the quarter ended June 30, 2021, comprising the balance sheet and the income statements and comprehensive income for the three-month and six-month period then ended, and statements of changes in shareholders' equity and cash flows for the six months then ended, and a summary of significant accounting policies and other notes.

The Management is responsible for preparing the individual and consolidated interim financial information as per Technical Pronouncement CPC 21 - Interim Financial Reporting and the international accounting standard IAS 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as for presenting this information in compliance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Financial Report (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the Review

We have reviewed the interim quarterly financial information under Brazilian and international standards for reviewing interim information (NBC TR 2410 – "Revisão de Informações Intermediárias Executadas pelo Auditor da Entidade" and ISRE 2410 – "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", respectively). A review of interim financial information includes inquiries, mainly to those in charge of the financial and accounting matters, and the use of analytical procedures and other review procedures. The scope of a review is significantly smaller than the scope of an audit carried out under auditing standards, and, therefore, we can't be sure that we have all information on all material matters that could be identified in an audit. Therefore, we do not issue an audit opinion.

Conclusion on the Interim Information

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

PricewaterhouseCoopers, Av. Rio Branco 847, Salas 401, 402, 403 e 409, Florianópolis, SC, Brazil, 88015-205,

Centrais Elétricas de Santa Catarina S.A.

Other Subjects

Statement of Added Value

The quarterly earnings release referred to above includes the individual and consolidated Statement of Added Value (DVA) for the six months ended June 30, 2021, prepared under the responsibility of the Company's Management and presented as additional information under IAS 34. These statements have been subject to review procedures carried out with the review of the quarterly earnings release to conclude that they are reconciled with interim financial information and accounting records, as applicable, and if their form and content are following the criteria defined in Technical Pronouncement CPC 09 - "Statement of Added Value". Based on our review, we are not aware of any fact that leads us to believe that these statements of added value were not prepared, in all material respects, according to the criteria defined in this Technical Pronouncement and a consistent manner concerning the individual and consolidated interim financial information taken together.

Florianópolis, August 6, 2021

PricewaterhouseCoopers
Independent Auditors
CRC 2SP000160/O-5

Leandro Sidney Camilo da Costa
Accountant CRC 1SP 236051/O-7

STATEMENT FROM THE EXECUTIVE OFFICERS ON THE INDEPENDENT AUDITOR'S REPORT

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

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Cleicio Poleto Martins
Chief Executive Officer

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Claudine Furtado Anchite
Chief Financial and Investor Relations Officer

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Vitor Lopes Guimarães
Commercial Officer

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Sandro Ricardo Levandoski
Distribution Officer

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Marcos Penna
Corporate Management Officer

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Pablo Cupani Carena
Generation, Transmission and New Business Officer

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Fábio Valentim da Silva
Regulation and Energy Management Officer

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Pilar Sabino da Silva
Planning, Control and Compliance Officer

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Rogéria Rodrigues Machado
Accountant – CRC/SC 024.797/O-0

STATEMENT FROM THE EXECUTIVE OFFICERS ON THE FINANCIAL STATEMENTS

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

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Cleicio Poleto Martins
Chief Executive Officer

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Claudine Furtado Anchite
Chief Financial and Investor Relations Officer

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Vitor Lopes Guimarães
Commercial Officer

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Accountant – CRC/SC 024.797/O-0