Celesc

EARNINGS RELEASE | 2Q23/6M23

Índice de Ações com Tag Along Diferenciado ITAG

Índice de Ações com Governança Corporativa Diferenciada IGC

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

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OPERATING AND FINANCIAL HIGHLIGHTS

EBITDA
R$392.4M (2Q23)
R$818.6M (6M23)

Net Income
R$215.0M (2Q23)
R$433.0M (6M23)

Annual Tariff Readjustment
Average effect of 11.32% (2022/2023 cycle)

PMOO
R$257.0M (2Q23)
R$495.4M (6M23)

Net Operating Income
R$2.6B (2Q23)
R$5.2B (6M23)

Consolidated Investment
R$339.9M (2Q23)
R$646.4M (6M23)

Consolidated Net Debt
R$1,440.0M (6M23)

Company Shares
+21.75% (2Q23)
+11.93% (12 months)

RESULTS SUMMARY

Main Results	2nd Quarter 2022	2nd Quarter 2023	Δ	YTD 6M23 2022	YTD 6M23 2023	Δ
Operational Indicators						
Celesc Distribuição – Total Billed Energy (GWh)	6,791	7,068	*4.1%*	13,964	14,391	*3.1%*
Celesc Geração - Billed Energy (GWh)	171	181	*5.9%*	351	377	*7.5%*
Financial Indicators – Consolidated (R$ Million)						
Gross Operating Income	3,933	3,922	*-0.3%*	8,379	7,925	*-5.4%*
Net Operating Income	2,366	2,600	*9.9%*	5,043	5,207	*3.3%*
Net Operating Revenue (Excluding Construction Revenue)	2,064	2,291	*11.0%*	4,484	4,622	*3.1%*
Operating Costs and Expenses	(2,231)	(2,299)	*3.1%*	(4,534)	(4,570)	*0.8%*
Operating Costs and Expenses (excluding Construction Costs)	(1,929)	(1,990)	*3.2%*	(3,974)	(3,985)	*0.3%*
EBITDA (IFRS)	**221.4**	**392.4**	***77.3%***	**678.3**	**818.6**	***20.7%***
EBITDA Margin (IFRS)	***9.4%***	***15.1%***		***13.5%***	***15.7%***	
EBITDA margin - ex-construction revenue	*10.7%*	*17.1%*		*15.1%*	*17.7%*	
Adjusted EBITDA (non-recurring)	**221.4**	**392.4**	*77.3%*	**678.3**	**818.6**	*20.7%*
Adjusted EBITDA margin	10.7%	17.1%		15.1%	17.7%	
Net Income (IFRS)	**101.2**	**215.0**	***112%***	**361.0**	**433.0**	***19.9%***
Net Margin (IFRS)	**4.3%**	**8.3%**		**7.2%**	**8.3%**	
Net margin - ex-construction revenue	*4.9%*	*9.4%*		*8.1%*	*9.4%*	
Adjusted net profit (non-recurring)	101.2	215.0	*112%*	361.0	433.0	*19.9%*
Adjusted net margin	*10.7%*	*17.1%*		*15.1%*	*17.7%*	
Investments in Generation and Power Distribution	320.7	339.9	*6.0%*	596.0	646.4	*8.5%*

4.02 hours
EDC 6M23 – below Aneel's limit, of **9.82 hours - 2023**

2.88 interruptions
EFC 6M23–below Aneel's limit, of **7.56 interruptions - 2023**

14,391 GWh
total electricity consumption in Celesc's concession area

↑ 3.1% in 6M23
compared to 6M22 Celesc D's billed energy

7.18% in 2Q23
Total losses - value lower than the 7.46% reported in 2022

1. RELEVANT EVENTS[1]

1.1 Celesc announces biggest investment in history: R$4.5 billion until 2026

1.2 Celesc remains among the five best distributors in the country

1.3 Celesc stands out in consumer approval and general satisfaction in the Abradee Large Customer Survey

1.4 Celesc announces the implementation of 500 km of three-phase network in rural areas of SC

1.5 Celesc board visits IDB and Ministry of Planning and Budget

1.6 Santa Catarina State Government and Celesc announce more than R$220 million in investments for industry

1.7 Celesc Geração receives grants from water to projects to expand two plants

[1] Further information on the main events of the period can be found in the end of this document.

2 CELESC GROUP

2.1 Corporate Profile

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

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

Figure 01 – Ownership and Corporate Structure in June/2023

	SC STATE	EDP ENERGIAS	ELETROBRAS	CELOS	GF LPAR FIA	ALASKA POLAND FIA	OTHERS
O	50.18%	33.11%	0.03%	8.63%	2.97%	0.00%	5.09%
P	0.00%	27.73%	17.98%	1.00%	13.25%	15.34%	24.69%
T	20.20%	29.90%	10.75%	4.07%	9.11%	9.16%	16.80%

FREE FLOAT
75,5%

Celesc

O = COMMON SHARES
P = PREFERRED SHARES
T = TOTAL SHARES

	CELESC DISTRIBUIÇÃO	CELESC GERAÇÃO	SCGÁS	ECTE	DFESA	CASAN
O			51.00%			11.97%
P			0.00%			11.93%
T	100.00%	100.00%	17.00%	30.88%	23.03%	11.95%


Celesc
Distribuição S.A.

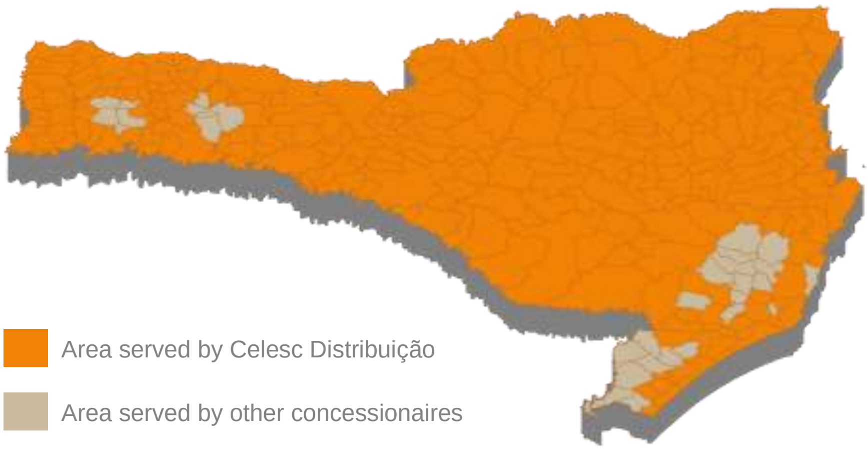
3. PERFORMANCE BY SEGMENT

3.1. CELESC DISTRIBUIÇÃO S.A.

3.1.1. Company's Profile

Operating Area

Celesc Distribuição S.A. stands out in the power distribution segment. It is headquartered in the city of Florianópolis. Below is CELESC's area of operation:



285 Municipalities covered

259 Service Stores

Approx. 160,000 Km of low, medium, and high tension

14,391 GWh - Energy Distributed in 2023 (6M23)

3.1.2. Economic and Financial Performance

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

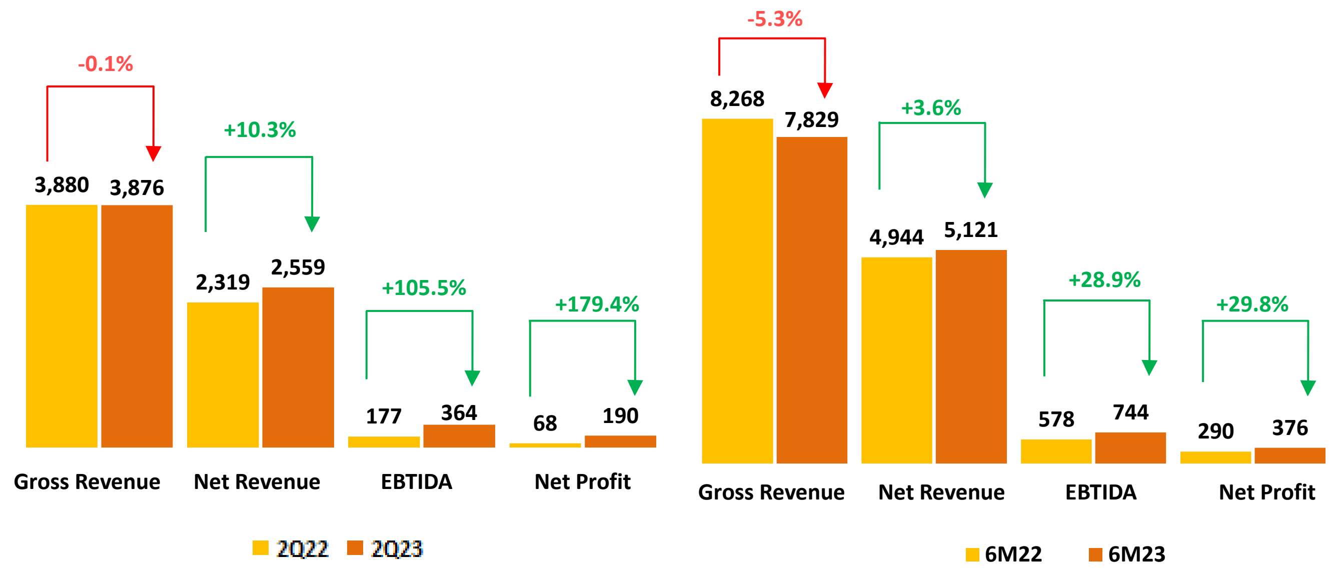
The table below shows Celesc Distribuição's main indicators in 2Q23 and 6M23.

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

R$ million	2nd Quarter			6M		
	2Q22	2Q23	Δ	6M22	6M23	Δ
Gross Operating Income	**3,880.2**	**3,875.8**	***-0.1%***	**8,267.9**	**7,829.4**	***-5.3%***
Deductions from Operating Income	(1,561.0)	(1,316.8)	*-15.6%*	(3,324.3)	(2,708.2)	*18.5%*
Net Operating Income	**2,319.1**	**2,559.0**	***10.3%***	**4,943.6**	**5,121.3**	***3.6%***
Net Operating Income (Excluding Construction Revenue)	2,017.2	2,249.9	*11.5%*	4,384.5	4,536.7	*3.5%*
Operating Costs and Expenses	**(2,209.1)**	**(2,273.3)**	***-2.9%***	**(4,499.2)**	**(4,527.4)**	***-0.6%***
Electricity Costs	(1,536.0)	(1,592.5)	*-3.7%*	(3,216.7)	(3,209.0)	*-0.2%*
Operating Expenses	(673.0)	(680.8)	*1.2%*	(1,282.4)	(1,318.4)	*2.8%*
Operating Costs and Expenses (excluding Construction Costs)	(1,907.1)	(1,964.3)	*-3.0%*	(3,940.0)	(3,942.8)	***-0.1%***
Earnings from Activities	**110.1**	**285.6**	***159.5%***	**444.5**	**593.9**	***33.6%***
EBITDA	**177.0**	**363.7**	***105.5%***	**577.5**	**744.3**	***28.9%***
EBITDA margin - IFRS	*7.6%*	*14.2%*		*11.7%*	*14.5%*	
EBITDA margin (ex- construction costs)	*8.8%*	*16.2%*		*13.2%*	*16.4%*	
Financial Result	**(11.4)**	**(26.9)**	***-136.0%***	**(28.4)**	**(79.8)**	***-181.2%***
Earnings Before Income Tax	**98.7**	**258.8**	***162.2%***	**416.1**	**514.1**	***23.5%***
IR/CSLL	(30.5)	(68.3)	*123.8%*	(126.4)	(138.0)	*9.2%*
Net Income/Loss	**68.2**	**190.5**	***179.4%***	**289.7**	**376.1**	***29.8%***
Net Margin - IFRS	*2.9%*	*7.4%*		*5.9%*	*7.3%*	
Net Margin (Excluding Construction Costs)	*3.4%*	*8.5%*		*6.6%*	*8.3%*	

Chart 01 shows the performance of **Gross Operating Income, Net Operating Income, EBITDA, and Net Income.**

Chart 01 - Gross Revenue, Net Revenue, EBITDA, and Net Income (R$ million) - 2Q22/2Q23 and 6M22/6M23



Growth of 4.1% in 2Q23 (3.1% in 6M23) compared to 2Q22 (6M22) in energy consumption.

Increase of 10.3% in the quarter (2Q23) and 3.6% in 2023 (6M23) in the Company's Net Operating Revenue (ROL).

Average tariff adjustment of 11.32% (2022/2023 cycle).

Operating costs and expenses grew by 2.9% in the quarter (2Q23) and 0.6% in the year (6M22).

Level of losses below regulatory levels.

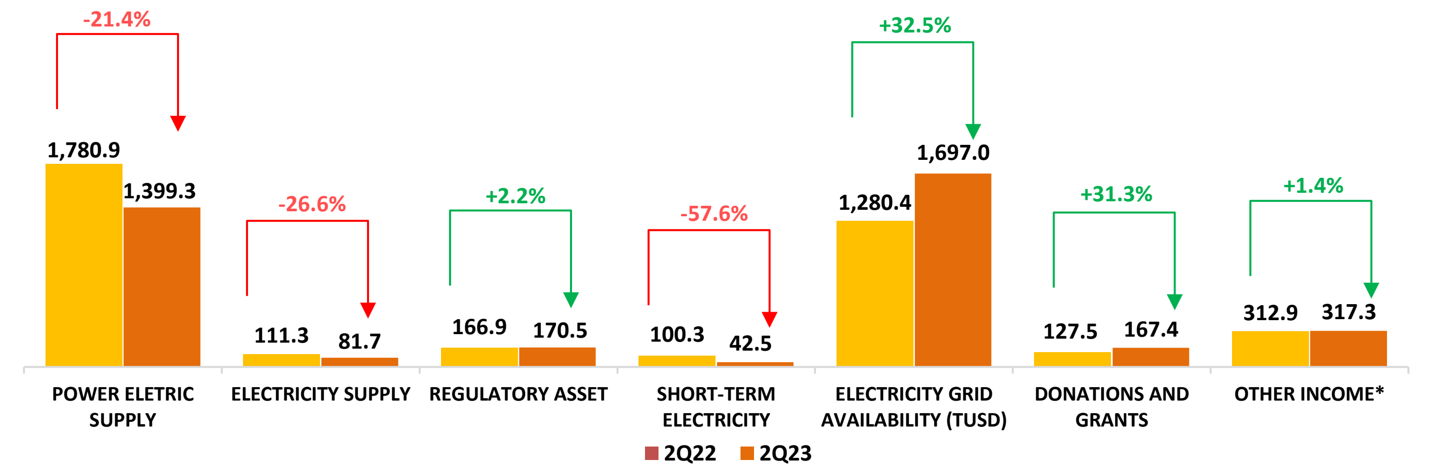
EBITDA and Net Income of R$363.7 million in the quarter (R$744.3 million in the year) and R$190.5 million (R$376.1 million), respectively.

Investments of R$323.9 million, up by 1.9% over 2022. Accumulated investment in 6M23 totaled R$624.0 million, 5.6% more than in 6M22.

3.1.2.3. Revenue

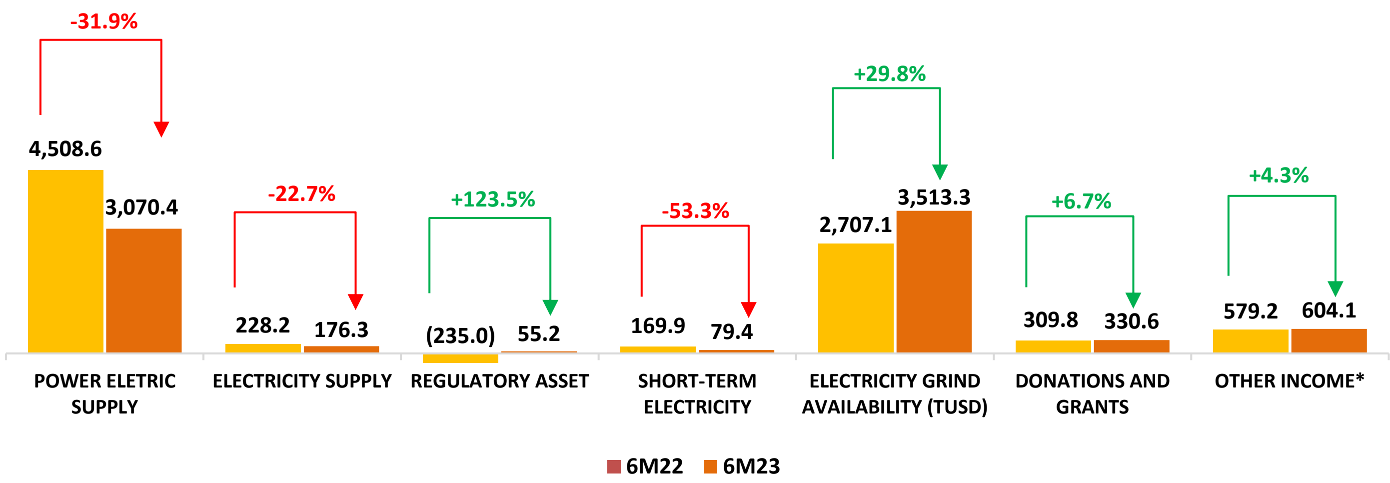
Charts 02 and 03, below, show the quarterly variation in the **Gross Income** lines.

Chart 02 - Variation in the main Gross Revenue lines (R$ Million) - 2Q22/2Q23



* IT INCLUDES ITEMS: Income from Services Rendered, Taxed Service, Other Income and Construction Revenue

Chart 03 - Variation in the main Gross Revenue lines (R$ Million) - 6M22/6M23



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

- Reduction of 21.4% in the quarter and 31.9% in the year in the **Electricity Supply item, totaling R$1,399.3 million (R$3,070.4 million in the year to date);**
- An increase of 2.2% in the quarter and 123.5% in the year in **Regulatory Assets, totaling R$170.5 million in 2Q23 and R$55.2 million in 6M23**, due fundamentally to the constitution of CVA in the period;
- The **Short-Term Energy item showed a negative variation of 57.6% in the quarter and 53.3% in 2023, totaling R$42.5 million in 2Q23 and R$79.4 million in 6M23**, mainly as a result of the decrease in the sale of surplus energy in the Surplus Sale Mechanism (MVE);
- **An increase of 32.5% in the quarter and 29.8% in the year in Electricity Grid Availability Revenue (TUSD), to R$1,697.0 million and R$3,513.3 million** respectively, influenced by the positive impact of the annual readjustment starting in August 2022, as well as the market growth seen in the period;

- In Other Income, we highlight the **recording of NRV expenses in the amount of R$8.0 million in the second quarter of 2023 (R$14.3 million in 2023) compared to R$4.8 million in the second quarter of 2022 (R$12.9 million in 2022).** It should be noted that the NRV is updated according to the IPCA variation in the comparative period,
- We also emphasize the effects of Supplementary Law 194, of June 23, 2022, which limited ICMS rates in the States (this tax is included in electricity revenue at the distribution companies).

3.1.2.2. Operating Costs and Expenses.

Charts 04 and 05 below show the breakdown and evolution of the Company's Operating Costs and Expenses in the quarter and YTD.

Chart 04 - Operating Costs and Expenses (R$ million) - 2Q22/2Q23

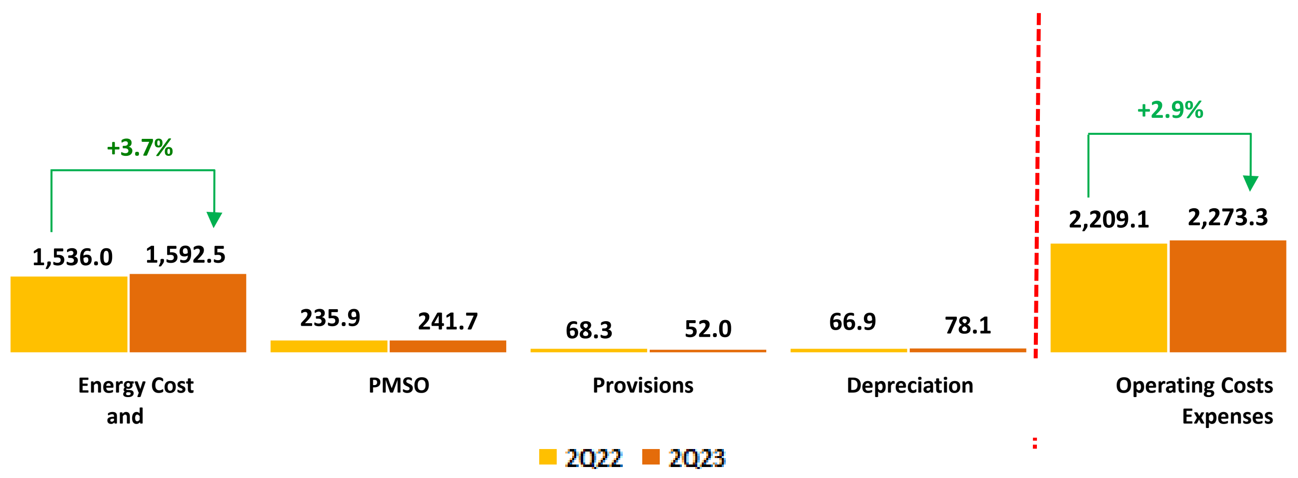


Chart 05 - Operating Costs and Expenses (R$ million) - 6M22/6M23

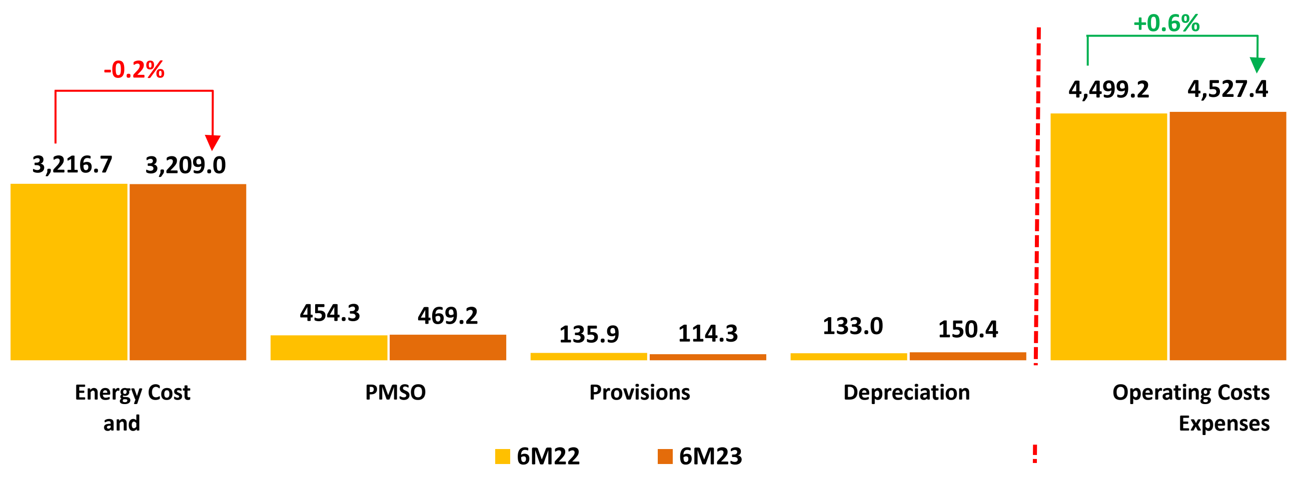
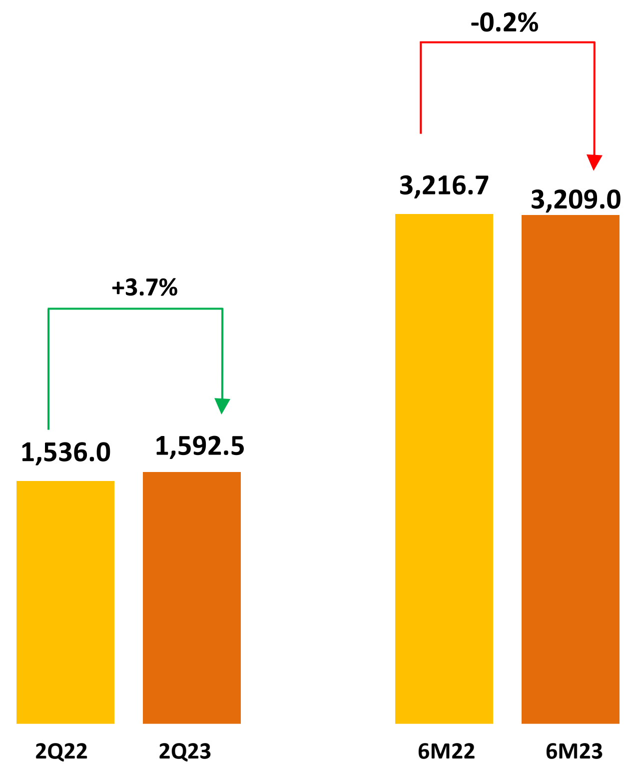


Chart 06 - Energy Costs (R$ Million) 2Q22/6M23



The main variations in Energy Costs in 2Q23/2023:

i) Reduction of 13.2% in average costs from contracting thermal energy in 2Q23 and a decrease of 24.3% in energy from Itaipu. The energy of hydro origin, on the other hand, showed an increase of 8.3% in the period.

The Company zeroed energy costs arising from Bilateral Contracts in the end of 2022;

ii) Increase of 28.7% in the quarter (+2.7% year) in the Charges for use of the electric grid;

iii) Decrease of 3.7% in the quarter (-1.3% in the year) in Electricity Purchased for Resale;

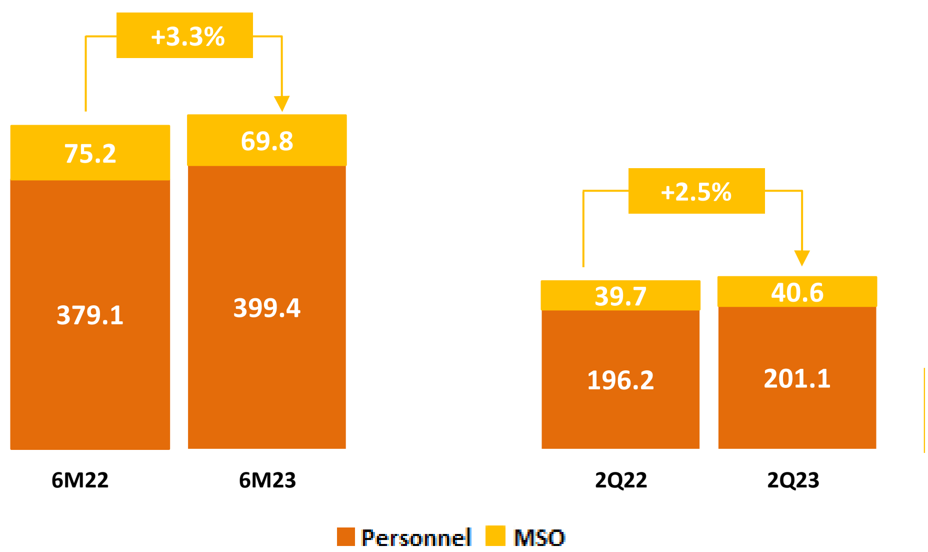
iv) PROINFA totaled R$73.7 million in the quarter (R$147.5 million in 6M23) compared to R$85.8 million in the second quarter of 2022 (R$171.5 million in 6M22);

We emphasize that the variations in energy costs are captured by Portion A Revenue.

PMOO and Provisions

Chart 07 below shows the evolution of Celesc Distribuição's PMOO (Personnel + MOO), excluding the net provisions realized in the period.

Chart 07 - PMOO (Personnel + MOO) - (R$ million)



The main factors influencing the performance of PMOO expenses in the quarter/year were:

- **A 2.5% increase in personnel expenses** in the second quarter of 2023 (+5.3% year on year) to **R$201.1 million (R$399.4 million year on year),** reflecting the increase in actuarial expenses resulting from the increase in the discount rate (Actuarial Report) and the Collective Agreements made in October 2022.

- **MSO expenses rose by 2.4% to R$40.6 million (R$69.8 million in the year).** In the period, there was an increase in Material expenses (+17.9% in the quarter and 13.5% year-on-year), in Third Party Service expenses (+13.5% in 2Q23 and +20.4% in 6M23), negatively impacting expenses. Other Income/Expenses made a positive contribution, with net income rising from R$49.4 million in 2Q22 (R$93.7 million in 6M22) to R$61.1 million in 2Q23 (R$131.6 million in 6M23). The main variations are as follows:

    - **Materials and Third-Party Services:** (i) An increase of R$2.4 million in Materials expenses (R$3.7 million in the year) highlighting: **(1)** Material with renovation and maintenance of Operational and Administrative Units (R$2.8 million in the quarter and R$4.9 million in the year); **(2)** Conservation Material (R$0.6 million in the quarter and R$1.0 million in the year); **(3)** Material with orders in progress/in transit (R$1.7 million in the quarter and R$3.0 million in the year); (ii) Increase of R$10.2 million in expenses with Third Party Services (+13.5%) in the quarter and R$28.8 million in the year (+20.4%), showing: **(1)** Conservation and Maintenance Services for Operational and Administrative units (R$6.2 million in the quarter and R$12.3 million in the year); **(2)** Maintenance of Distribution Lines (R$20.7 million in the quarter and R$41.4 million in the year); **(3)** Meter Reading and Reclosing (R$14.5 million in the quarter and R$28.8 million in the year); **(4)** Teleprocessing (R$2.8 million in the quarter and R$6.5 million in the year); **(5)** Software Maintenance (R$4.3 million in the quarter and R$10.1 million in the year); **(6)** Vehicle Maintenance (R$3.8 million in the quarter and R$7.1 million in the year); **(7)** Fuel Supply (R$2.9 million in the quarter and R$6.4 million in the year); **(8)** Call Center (R$5.4 million in the quarter and R$10.3 million in the year); (9) Surveillance Services (R$3.4 million in the quarter and R$7.2 million in the year); (10) Legal Workforce (R$9.6 million in the quarter and R$17.3 million in the year).

    - **Other Income/Expenses** made a positive contribution to the increase in net income, with R$61.1 million in the quarter (R$131.6 million for the year), of which the following stand out: (i) Revenue from Infrastructure Sharing Contracts, which amounted to R$65.1 million in the quarter and R$128.7 million year-on-year; (ii) Collection Fees, amounting to R$7.6 million in the quarter and R$15.7 million year-on-year; (iii) Rental income, totaling R$5.2 million in the quarter and R$10.2 million a year; (iv) Agreements, totaling R$20.5 million a year.

The table below describes **Personnel expenses** in the periods, reflecting the **2.5% increase in the quarter (5.3% in the year),** as a result of the factors detailed above.

Celesc Distribuição S.A. | Total Personnel Expenses

R$ million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Total Personnel	**(196.2)**	**(201.1)**	***2.5%***	**(379.1)**	**(399.4)**	***5.3%***
Personnel and Management	(169.3)	(165.8)	*-2.1%*	(323.4)	(330.5)	*2.2%*
Personnel and Charges	*(162.5)*	*(158.5)*	*-2.4%*	*(309.7)*	*(315.8)*	*2.0%*
Private Pension Plan	*(6.9)*	*(7.3)*	*5.6%*	*(13.7)*	*(14.7)*	*7.0%*
Actuarial Expenses	(26.8)	(35.3)	*31.6%*	(55.7)	(68.9)	*23.6%*

Celesc Distribuição is the sponsor of Fundação Celesc de Seguridade Social - CELOS, a non-profit closed private pension fund entity, which manages the pension benefit plans and the healthcare plan offered to its employees. Expected Expenses/Income are calculated by projecting the variations of actuarial obligations and the fair value of the plan's assets, and are recognized in the Income Statement, according to the Annual Actuarial Evaluation of Post-Employment Benefits, carried out by independent actuaries.

The following table presents the **balance of Actuarial Liabilities on June 30, 2023, compared to the close of 2022**, showing a reduction of 2.7% in the estimated obligations of Celesc Distribuição:

CELESC DISTRIBUIÇÃO S.A. | Actuarial Liabilities

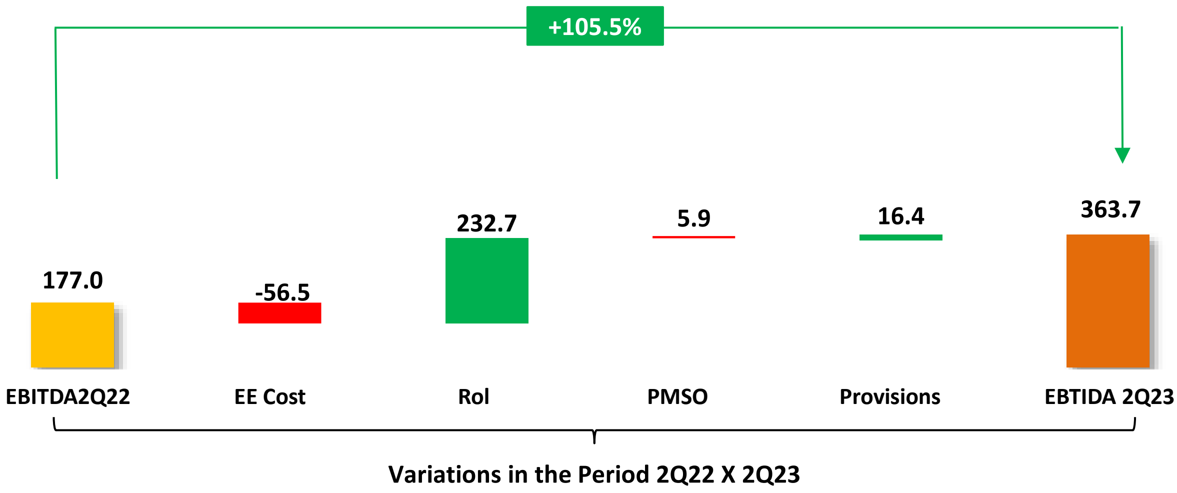
R$ million	On December 31, 2022	On June 30, 2023	Var. %
Pension Benefit Plans	**740.7**	**690.5**	***-6.8%***
Transition/Mixed Plan	740.7	690.5	*-6.8%*
Other Post-Employment Benefits	**1,161.4**	**1,161.0**	***0.0%***
Healthcare Plan	1,107.0	1,106.5	*0.0%*
Other Benefits	54.0	54.5	*0.1%*
Total	**1,902.2**	**1,851.5**	***-2.7%***
Short Term	*242.2*	*243.0*	*0.3%*
Long Term	*1,659.9*	*1,608.5*	*-3.1%*

Net provisions totaled R$52.0 million in the quarter (R$114.3 million in 6M23), down from R$68.3 million in the second quarter of 2022 (R$135.9 million in 6M22). Provisions with PECLD totaled R$24.7 million in the quarter (compared to R$25.3 million in 2Q22) and Other Provisions (Labor, Civil and Tax) registered R$59.4 million (compared to R$45.6 million in 2Q22). In 2Q23, the item Reversals of Other Provisions rose from R$2.5 million in 2Q22 to R$32.2 million in 2Q23 (R$9.4 million in 6M22 to R$38.9 million in 6M23).

3.1.2.3. EBITDA and Net Income

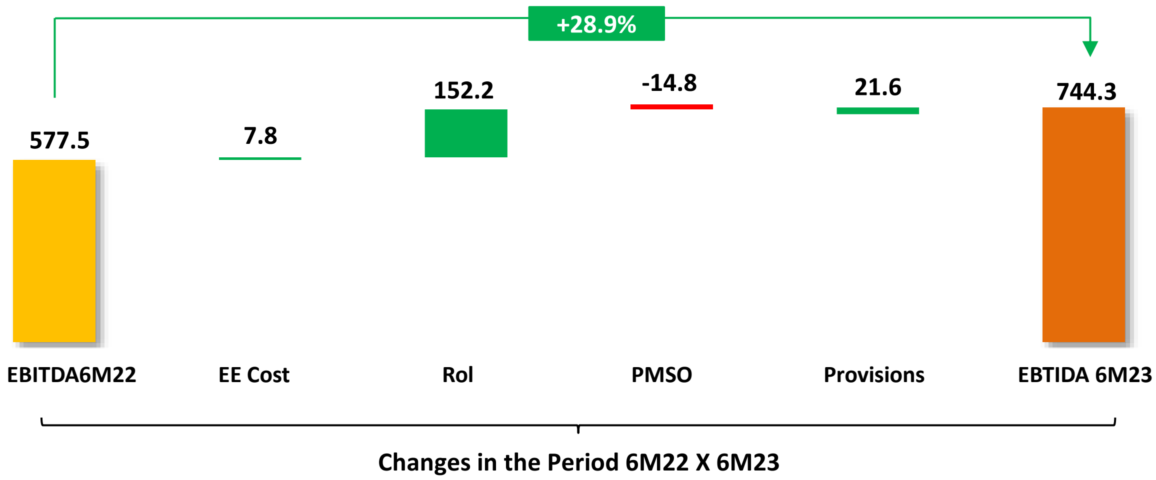
Charts 08 and 09 shows the impacts on the formation of EBITDA in 2Q23 and 6M23:

Chart 08 – EBITDA Formation 2Q23 (R$ million)



In the second quarter of 2023, **Celesc Distribuição's EBITDA increased by 105.5% (+R$186.7 million) to R$363.7 million.** In YTD, **growth was 28.9% (+R$166.7 million), totaling R$744.3 million.**

Chart 09 – EBITDA Formation 6M23 (R$ million)



The main factors contributing to EBITDA's performance were **(i) higher generation of Parcel B** compared to 2Q22, with an impact of R$145.1 million in the quarter (R$117.6 million in the year); **(ii)** positive impact from the **reduction in losses** compared to 2Q22/6M22; **(iii) an increase in other revenues**, with a positive effect of R$11 million in the quarter (R$39 million in the year to date).

The **Financial Result** was **negative by R$26.9 million in 2Q23 (R$79.8 million in 2023)**, arising from the **R$131.6 million in Financial Revenue (R$418.7 million in 2023) and R$158.5 million in Financial Expenses (R$498.5 million in 2023)**.

In terms of Financial Revenue, it was R$131.6 million, up 2.8% (+R$3.5 million) in the quarter and R$418.7 million in 2023, an increase of 84.1% (+191.2 million), with the following items standing out: (i) Income from Financial Applications, a percentage decrease of 28.3% and 14.8% in 2023, registering R$24 million in the quarter (R$45.3 million year-on-year); (ii) Interest and late payment accruals, totaling R$32.0 million in the quarter (R$20.4 million in late payment accruals and R$11.6 million in interest) and R$58.1 million in the year (R$37.9 million in late payment accruals and R$20.2 million in interest); (iii) Monetary Variations, down 18.8% in the quarter (R$12.6 million) and 27.2% year on year (R$20.7 million) and; (iv) Other Financial Income amounted to R$40.2 million in the quarter and R$246.6 million year on year, including fines, discounts from suppliers and interest on linked deposits.

Financial Expenses totaled R$158.5 million in the quarter (R$498.5 million year-on-year), an increase of 13.6% (+R$19.0 million) in relation to the comparative period of 2Q22 and 94.8% (+R$242.6 million) in relation to 6M22. Below are the main factors of influence: (i) Debt Charges, totaled R$71.7 million in the quarter (R$144.6 million in the year) resulting from: 1) Interest paid on the debt stock (R$25.1 million in 2Q23 and R$48.7 million for the year) and its main index (CDI rate); 2) Mathematical reserve charges, with an impact of R$6.3 million for the quarter (R$14.2 million for the year); 3) BID Financial Expenses, R$36.9 million in the second quarter (R$47.9 million accumulated for 2023); 4) Loan charges, with an impact of R$3.1 million for the quarter (R$6.2 million for the year); (ii) Interest on Debentures, totaling R$17.6 million in the quarter (R$37.7 million year); (iii) Regulatory Liabilities/Regulatory Fees (SELIC) totaling R$27.6 million in the quarter (R$49.6 million year); (iv) Updating of R&D and Energy Efficiency totaling R$2.6 million (R$6.7 million for the year); (v) Other expenses totaled R$38.9 million for the quarter and R$259.8 million for the year, including fees, commissions and other financial expenses.

It should be noted that in the first quarter of 2023 **R$ 218.9 million was recorded under the Other Financial Expenses heading, referring to the updating of the PIS/COFINS** credit carried out by the Company's tax area. It's also worth noting that this amount was recorded under the Other Financial Income heading, and therefore has no impact on the company's results.

It is worth mentioning that the Company's indebtedness is mostly post-fixed and indexed to the CDI, which rose substantially between the analyzed periods. and has affected the financial expenses, mainly in the items of Debt Charges and Regulatory Liabilities/Regulatory Fees.

As a result, in this second quarter of 2023, the company's Financial Result showed a negative variation of 136.0% (+R$15.5 million), registering a negative R$26.9 million, due to the factors already discussed above.

Below is a table with the Company's main financial indicators:

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

R$ million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Earnings from Activities - EBIT	**110.1**	**285.6**	*159.5%*	**444.5**	**593.9**	33.6%
Activities Margin (%)	4.7%	11.2%		9.0%	11.6%	
EBITDA	**177.0**	**363.7**	***105.5%***	**577.5**	**744.3**	28.9%
EBITDA Margin (%)	7.6%	14.2%		11.7%	14.5%	
Financial Result	**(11.4)**	**(26.9)**	***136.0%***	**(28.4)**	**(79.8)**	181.2%
Financial Revenue	128.1	131.6	*2.8%*	227.5	418.7	*84.1%*
Financial Expenses	(139.4)	(158.5)	*13.6%*	(255.8)	(498.5)	*94.8%*
Earnings Before Income Tax	**98.7**	**258.8**	***162.2%***	**416.1**	**514.1**	23.5%
IR and CSLL	0.0	(45.2)	-	(131.3)	(94.3)	-28.2%
Deferred IR and CSLL	(30.5)	(23.1)	*-24.3%*	5.0	(43.6)	-980.7%
Net Income	**68.2**	**190.5**	***179.4%***	**289.7**	**376.1**	29.8%
Net Margin (%)	*2.9%*	*7.4%*		*5.9%*	*7.3%*	

Finally, Net Profit for the quarter was R$190.5 million (R$376.1 million for the year), 179.4% (+R$122.3 million) higher than in the second quarter of 2022. In the year, the increase was 29.8% (+R$86.4 million), pointing to R$376.1 million in 2023, compared to R$289.7 million in 2022. The factors that determined the variation in profit in this quarter were the same as in the analysis of EBITDA, plus the financial result (negative by R$26.9 million in 2Q23 and R$79.8 million in 6M23) and IR/CSLL.

Chart 10 – Net Income Formation 2Q23 (R$ million)

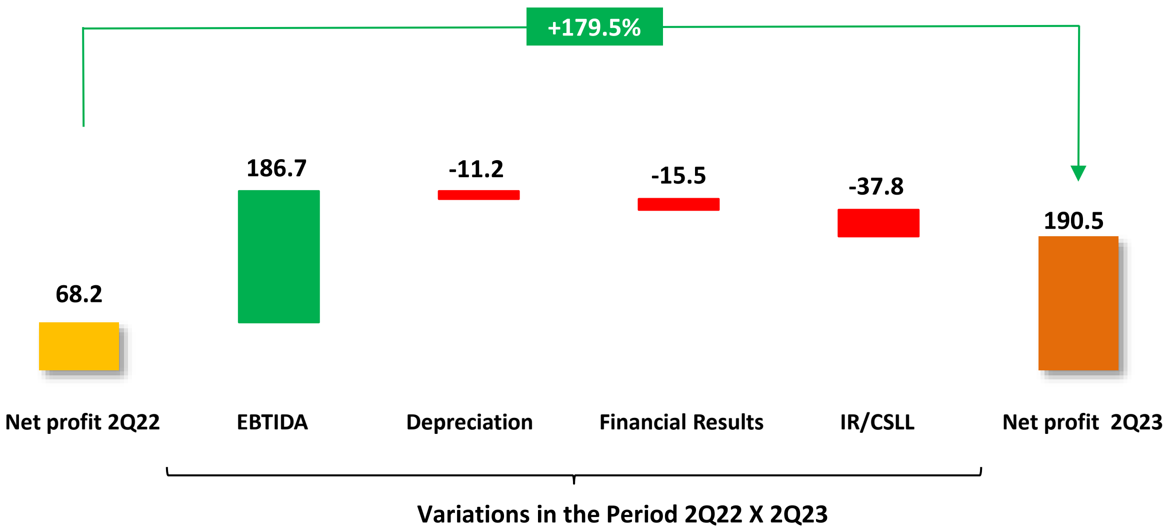
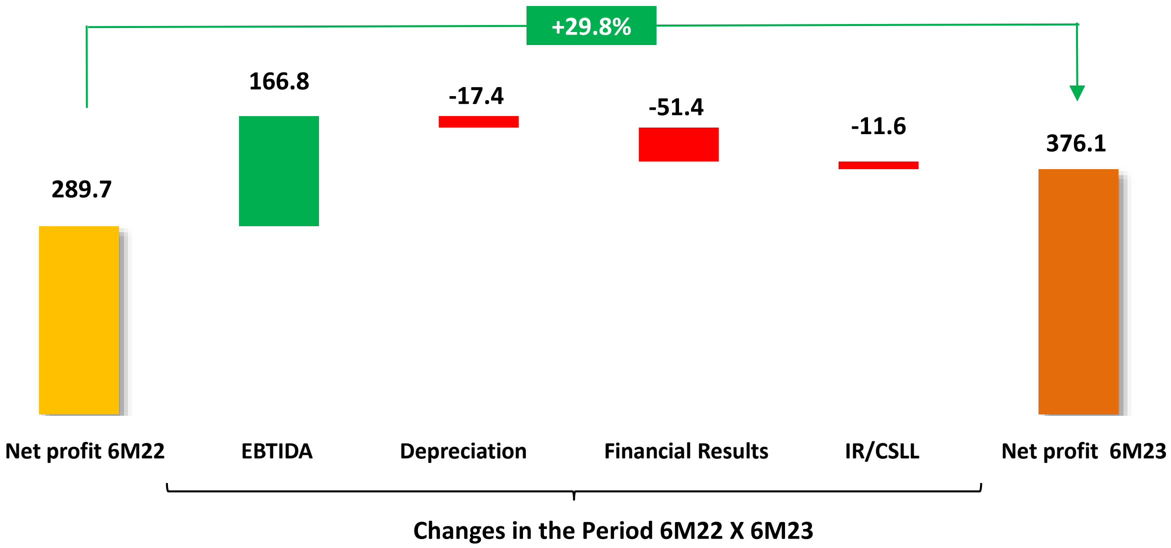


Chart 11 – Net Income Formation 6M23 (R$ million)



3.1.2.4. Indebtedness

In June 2023, Celesc Distribuição's Gross Financial Debt totaled R$2,517.7 million, an increase of **1.2% (+R$29.2 million)** compared to the end of 2022 (4Q22), when the figure was R$2,488.5 million.

The Company maintains most of its indebtedness concentrated in the long term, as shown in the table below. It can also be seen that the Company's leverage is at low and preserved levels, as represented by the "Net Debt/EBITDA" ratio.

The Net Financial Debt registered in June 2023 **the value of R$1,567.6 million**, an decrease of 5.2% compared to December 2022. This variation was mainly due to the cash effect (Cash and cash equivalents of R$950.1 million in 2Q23 versus R$835.7 million in 4Q22).

Celesc Distribuição S.A. | Indebtedness

2Q23 Financial Debt			
R$ Million	**On December 31, 2022**	**On June 30, 2023**	**Δ**
Short-Term Debt	586.6	631.7	*7.7%*
Long-Term Debt	1,902.0	1,886.0	*-0.8%*
Total Financial Debt	**2,488.5**	**2,517.7**	***1.2%***
(-) Cash and Cash Equivalents	835.7	950.1	*13.7%*
Net Financial Debt	**1,652.9**	**1,567.6**	***-5.2%***
EBITDA (LTM)	905.7	1,268.3	*40.0%*
Fin. Debt Net / EBITDA 12M	**1.8x**	**1.2x**	
ADJUSTED EBITDA (LTM)	965.8	1,328.4	*37.5%*
Fin. Debt Net / Adjusted EBITDA 12M	**1.7x**	**1.2x**	
Equity	1,716.7	1,990.4	*15.9%*
Fin. Debt Total / Equity	**1.4x**	**1.3x**	
Fin. Debt Net / Equity	**1.0x**	**0.8x**	

In June 2023, the Net Actuarial Liabilities item fell by 3.9%. When we include it in the Company's total debt and deduct Cash and Cash Equivalents, the **Adjusted Net Financial Debt** amounts to **R$2,857.2 million**, **down by 4.6%** from December 2022.

Financial Debt + Post-Employment Benefits - 2Q23			
R$ Million	**On December 31, 2022**	**On June 30, 2023**	**Δ**
Short-Term Debt	586.6	631.7	7.7%
Long-Term Debt	1,902.0	1,886.0	-0.8%
Total Financial Debt	**2,488.5**	**2,517.7**	**1.2%**
(+) Net Actuarial Liabilities	**1,342.6**	**1,289.6**	**-3.9%**
Social Security Obligations	740.7	690.5	-6.8%
Other employee benefits	1,161.4	1,161.0	0.0%
(-) Income taxes deferred	559.6	561.9	0.4%
(-) Cash and Cash Equivalents	**835.7**	**950.1**	13.7%
Adjusted Net Debt	**2,995.4**	**2,857.2**	**-4.6%**
EBITDA (LTM)	905.7	1,268.3	40.0%
Adjusted Net Debt/12M EBITDA	**3.3x**	**2.3x**	
ADJUSTED EBITDA (LTM)	965.8	1,328.4	37.5%
Adjusted Net Debt/Adjusted EBITDA 12M	**3.1x**	**2.2x**	
Equity	1,716.7	1,990.4	15.9%
Total Adj. Debt / Equity	**2.2x**	**1.9x**	
Adjusted Net Debt / Equity	**1.7x**	**1.4x**	

Table[2] below details annual amortization schedule in 1H23.

Celesc Distribuição - 2Q23 Debt Breakdown (R$ thousand)											
Description				**Annual Amortization**							
Company	**Contracts**	**Issue Date**	**Rate (p.a.)**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**From 2029 to 2043**	**Outstanding Balance Total**
Celesc D	Eletrobrás - D	Jan/13	5.00%	436	872	364	-	-		-	**1,672**
Celesc D	Finame - D	Jul/12 to Dec/15	8.06%	945	267	-	-	-		-	**1,211**
Celesc D	Working capital - D	Apr/19	CDI + 0.80%	0.0	93,056	-	-	-		-	**93,056**
Celesc D	Working capital - D	Feb/22	CDI + 1.65%	137,500	275,000	137,500					**550,000**
Celesc D	3rd Debenture Issue	Aug/18	CDI + 1.90%	16,666	-	-	-	-		-	**16,666**
Celesc D	4th Debenture Issue	Apr/21	CDI + 2.60%	76,744	153,489	153,488	51,163	-		-	**434,884**
Celesc D	IDB - D	Oct/18	CDI + 1.24%		63,456	63,456	63,456	63,456	63,456	951,841	**1,269,122**
Celesc D	Loan 5th G - D	Nov/21	CDI + 2.10%	70,000	-	-	-	-		-	**70,000**
Celesc D - Total				**302,291**	**586,140**	**354,808**	**114,619**	**63,456**	**63,456**	**951,841**	**2,436,610**

Charts 12 and 13 outline the estimated maturity schedule of loans and financing and the average indebtedness term, with a position in June 2023.

Chart 12 – Amortization Schedule

Celesc Distribuição – June 2023 (R$ million)

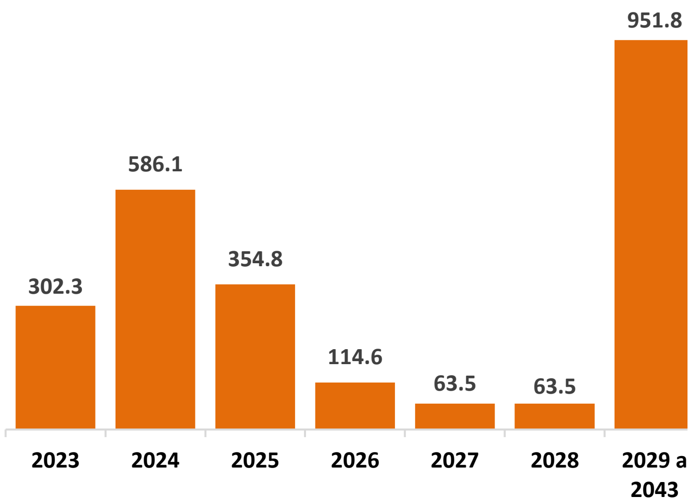
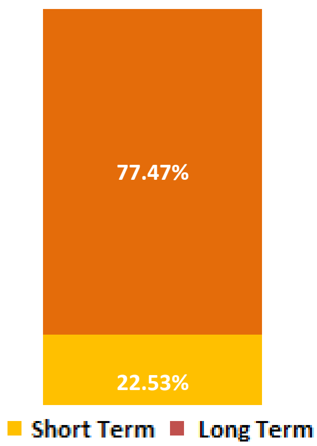


Chart 13 – Average Indebtedness Term

Jun/23



[2] Excluding charges on debt.

3.1.2.5. Investments

Charts 14 and 15 show Celesc Distribuição's **investments** in capital goods (CAPEX) from 2017 to 2022, as well as the CAPEX breakdown in 2Q23.

In 2Q23, investments were made in the expansion and improvement of the system, operational efficiency and the modernization of the company's management, **totaling R$323.9 million**, an increase of 1.9% (+R$6.1 million) compared to 2Q22, when it registered R$317.8 million.

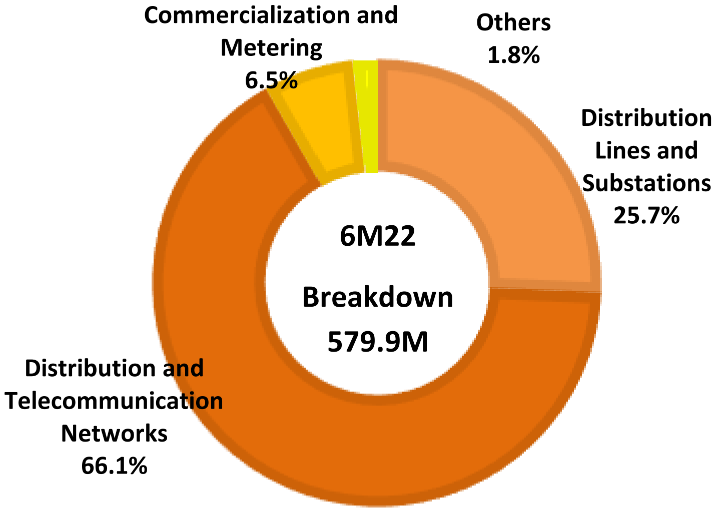
Investments made in 2023 (6M23) under the same headings mentioned in the previous paragraph **totaled R$624.0 million**, an increase of 5.6% (+R$33.3 million) compared to the same period in 2022, when the amount was R$590.8 million.

The highlights were the investments in the Distribution segment to compose the Company's Regulatory Asset Base (RAB), which totaled **R$579.9 million – 92.9% of total CAPEX, as shown below**:

- Distribution Lines and Substations, totaling **R$149.0 million** – 25.7% of RAB CAPEX;
- Distribution and Telecommunication Networks, totaling **R$383.1 million** – 66.1% of RAB CAPEX;
- Trading and Measurement, totaling **R$37.4 million** – 6.5% of RAB CAPEX;
- Other Investments, totaling **R$10.3 million** – 1.8% of RAB CAPEX.

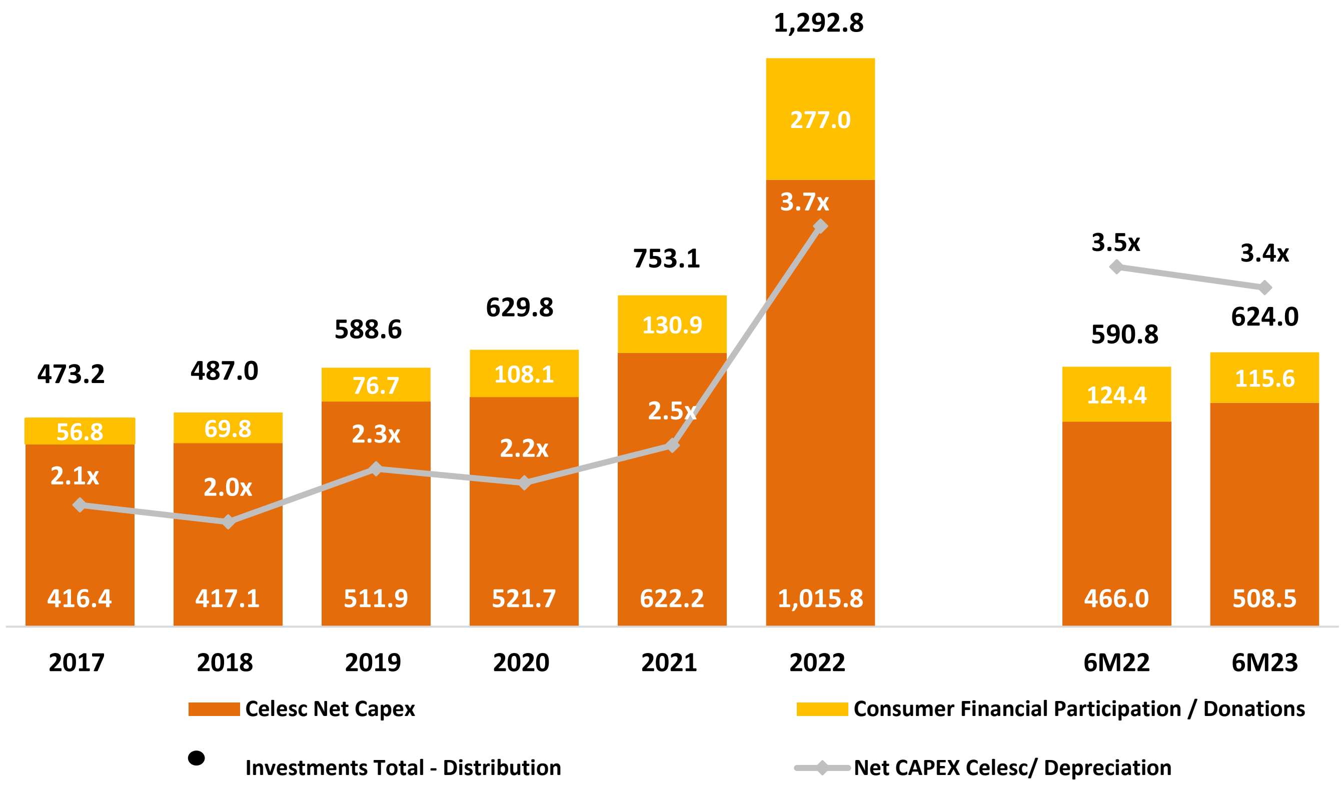
Moreover, in the first half of 2023, Celesc Distribuição made mandatory investments of **R$5.6 million** in **Research and Development (R&D)** and **R$5.5 million** in **Energy Efficiency**.

Chart 14 - Investment Breakdown RAB CAPEX



Of the R$624.0 million in investments made in the first half of 2023, **R$115.6 million were Consumer Financial Participation or Donations and R$508.5 million** were investments made directly by Celesc.

Chart 15 - CAPEX Celesc Distribuição (R$ million)



Celesc + Energia Program

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

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

Until 2Q22, the Program's investments totaled US$325.04 million, invested in new distribution lines and substations, implementation of new substations, and expansion of existing substations, among others.

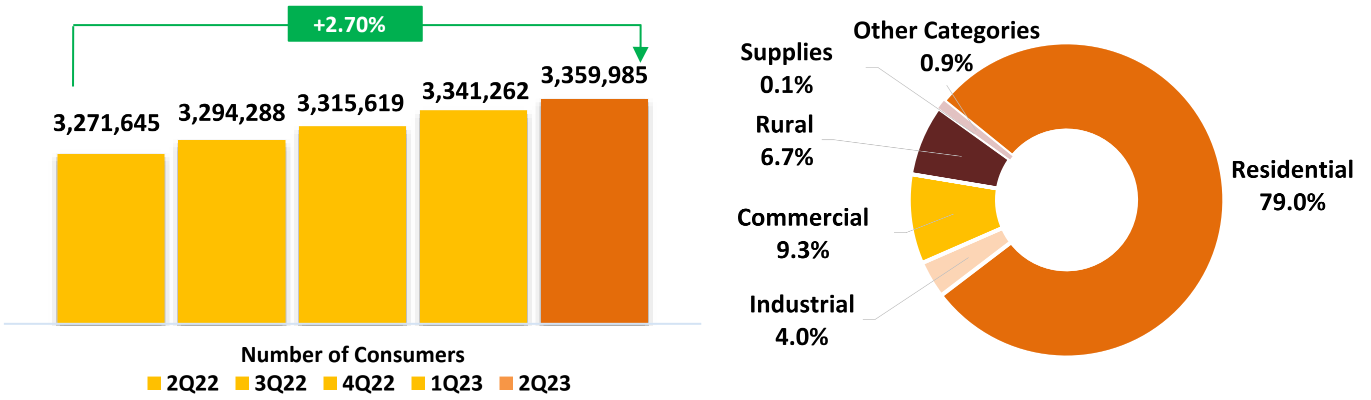
Some goals already achieved in the Program are worth mentioning: (i) 262.74 MVA increase in the network through new substations implemented; (ii) 503.53 MVA increase in the network through expansions in existing substations; (iii) 132.94 km increase of new high tension lines installed; (iv) addition of 338 installed equipment in existing substations; (v) 817.20 MVA increase arising from the expansion of the transformation power of the medium tension distribution network; (vi) 377 new feeders installed; (vii) 1,652.58 km of distribution network improved; (viii) 1,019.74 electricity meters installed/replaced, and (ix) 3,388 distribution equipment replaced.

3.1.3. Operational Performance

3.1.3.1. Number of Consumers[3]

Charts 16 and 17 below show the evolution of the number of Celesc's captive consumers and the share by type of consumption category, respectively.

Charts 16 and 17 – Number of Captive Consumers and share by type of category

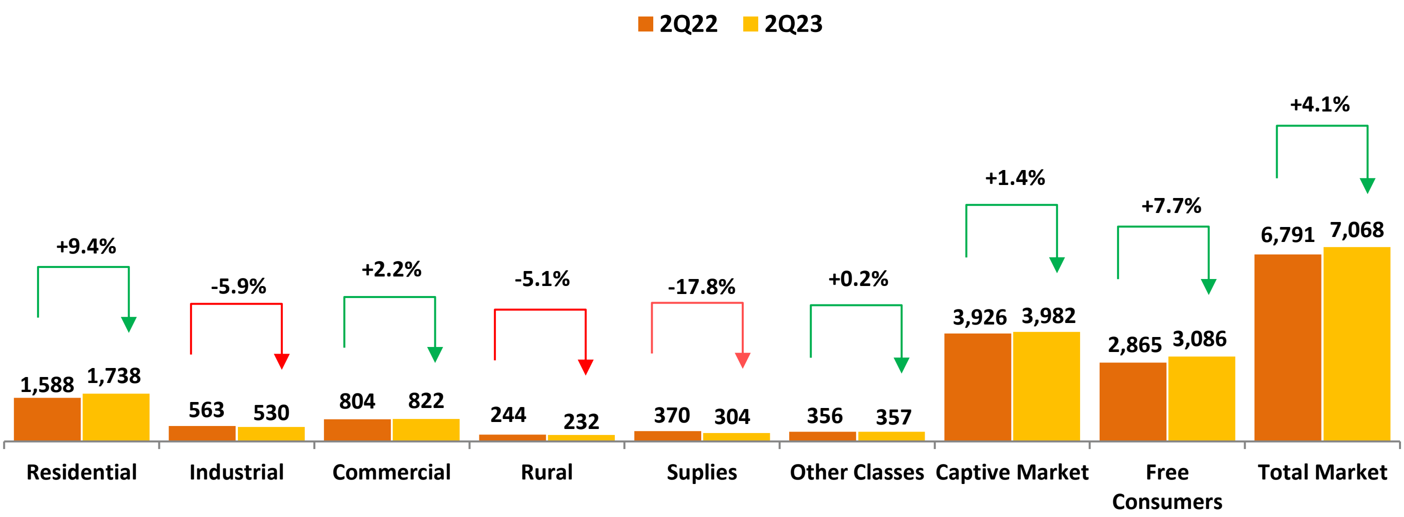


In the first half of 2023, Celesc reached **3,359,985** captive consumers, a **growth of 2.70%**, an increase of **88,340 new customers** compared to the second quarter of 2022.

3.1.3.2. Market

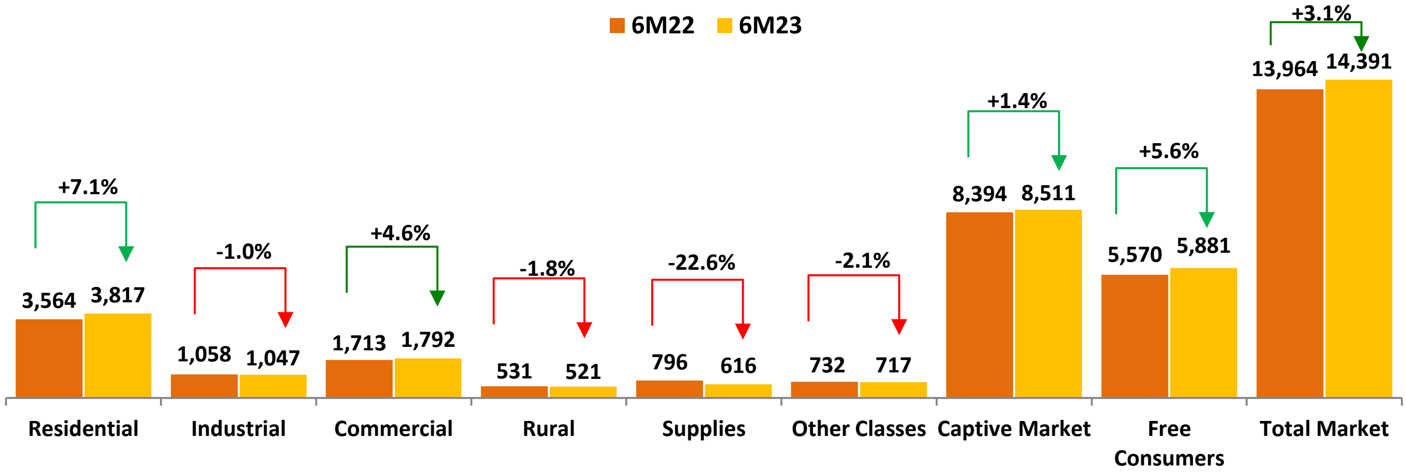
Charts 18 and 19 below show the evolution of the electricity market by Consumer Category in **2Q23 and 6M23:**

Chart 18 - Billed Market (GWh) – Quarterly Comparison



[3] Includes Own Consumption and Supplies subcategories.

Chart 19 - Billed Market (GWh) – Annual Comparison



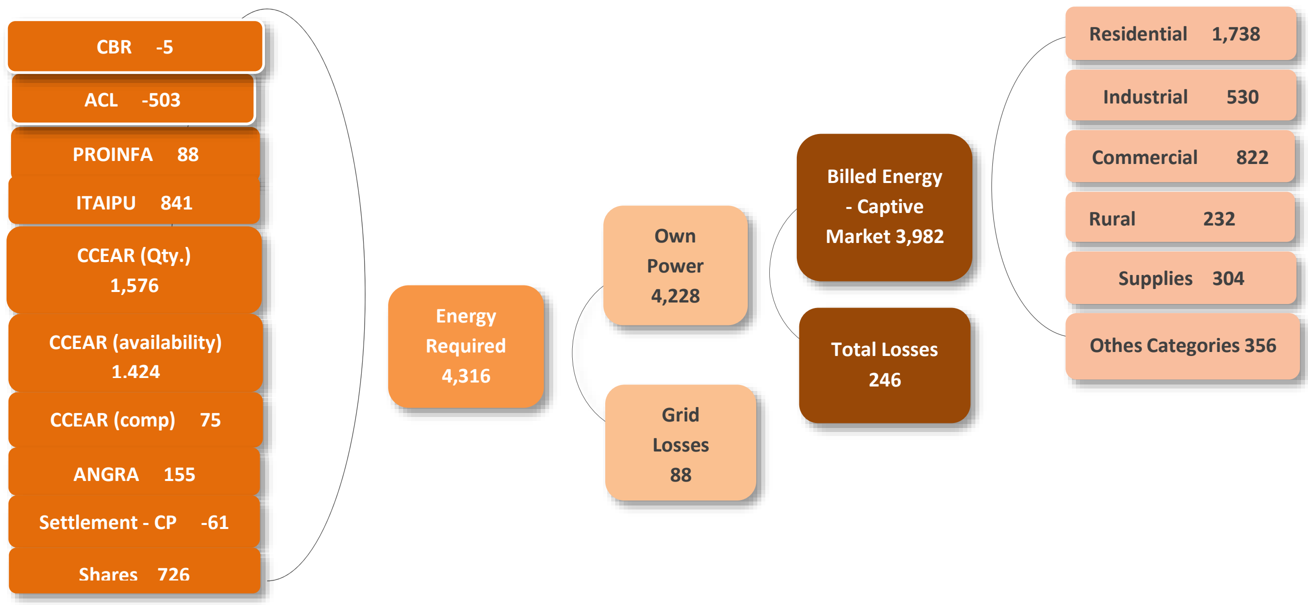
The **Captive Market in Celesc Distribuição's concession area rose by 1.4% in the quarterly (2Q23) and annual (6M23)** comparisons, registering 3,982 GWh and 8,511 GWh respectively. The Residential Class (up 9.4% in the quarter and 7.1% in the year to date) and the Commercial Class (up 2.2% in the quarter and 4.6% in 2023) stand out.

The Free Market increased by 7.7% in this second quarter of the year (5.6%/year), representing 43.7% of the Total Market (40.9%/year), due to market growth and the migration of consumers from the Captive Market. It must be emphasized that the captive customer migration is a consumer choice that does not affect Celesc, as power continues to be supplied by the concessionaire and remunerated by the Distribution System Use Tax (TUSD), which does not change as consumers continue to pay the concessionaire for the service. Celesc carefully monitors the behavior of its consumption categories, reaffirming the Company's commitment to its customers, and seeking to create value for its stakeholders through its business.

The **Total Market (Captive+Free) rose by 4.1% in the second quarter of 2023 and by 3.1% in the year to date**, due to the positive performance of the Captive Market (+1.4% in the quarter and year) and the Free Market (+7.7% in the quarter and +5.6% year), as mentioned above.

3.1.3.3. Energy Balance

Figure 2 – Energy Distribution Balance (GWh) – 2Q23



3.1.3.4. Energy Losses

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

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

	2Q22	3Q22	4Q22	1Q23	2Q23	ANEEL Limit (YTD 12 Months)*
Description	**%**	**%**	**%**	**%**	**%**	**%**
Losses in Distribution	**7.46%**	**7.32%**	**7.31%**	**7.41%**	**7.18%**	**8.26%**
Technical Losses	5.77%	5.78%	5.73%	5.84%	5.89%	5.78%
Non-Technical Losses	1.69%	1.54%	1.58%	1.57%	1.29%	2.49%

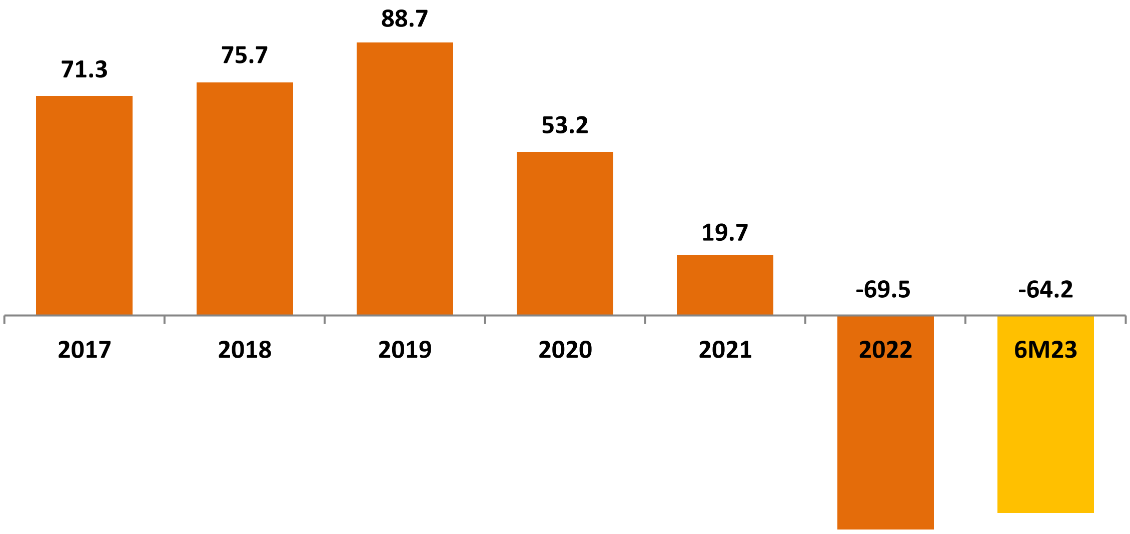
* Last 12 months of the Regulatory Limit.

In first half of 2023, the **financial gain came to R$64.2 million** regarding tariff coverage, R$11.2 million of which below coverage with technical losses, R$70.1 million below tariff coverage with non-technical losses, and R$5.3 million above the coverage with the basic network.

It is worth noting that basic network losses are not managed by the Distributor since these are transmission losses and mainly depend on the generation at the origin sub-system and energy exchange from other sub-systems. It is also worth noting that basic network losses are annually analyzed by ANEEL and coincide with the Distributor's tariff adjustment.

Chart 20 below describes the financial value without tariff coverage in the period from 2017 to 6M23, it is noteworthy that in 1H23 the value was **negative by R$64.2 million**, which shows a Total Loss below the regulatory limit:

Chart 20 - Losses in Distribution (Financial Amount in R$ million)



The Company has been constantly working to reduce loss levels, especially with the **Loss Reduction and Recovery Plan**, whose main actions are described below:

i) Identifying suspected cases of irregularity through an algorithm (online verification);

ii) Procedures to identify fraud and/or technical deficiency;

iii) Reviewing the contractors' labor lawsuits (targets and inspection);

iv) Integrating corporate systems;

v) Implementing antitheft systems and regularizing clandestine connections;

vi) Reviewing the work process (inspection targets);

vii) Investment in the high tension system: new substations, new distribution lines, and expansion of the transformation capacity of some existing substations; and

viii) Investment in the medium tension system: new power suppliers, reconnections, and installation of capacitor banks.

3.1.3.5. Operational Quality (EDU and EFU)

The quality of the electricity supply is mainly verified by the **EDC** (Equivalent Duration of Interruption per Consumer) and **EFC** (Equivalent Frequency of Interruption per Consumer) indicators, which respectively measure the average duration of interruptions and the average number of interruptions per consumer (Charts 21 and 22).

Chart 21: Historical Data and EDC Limits

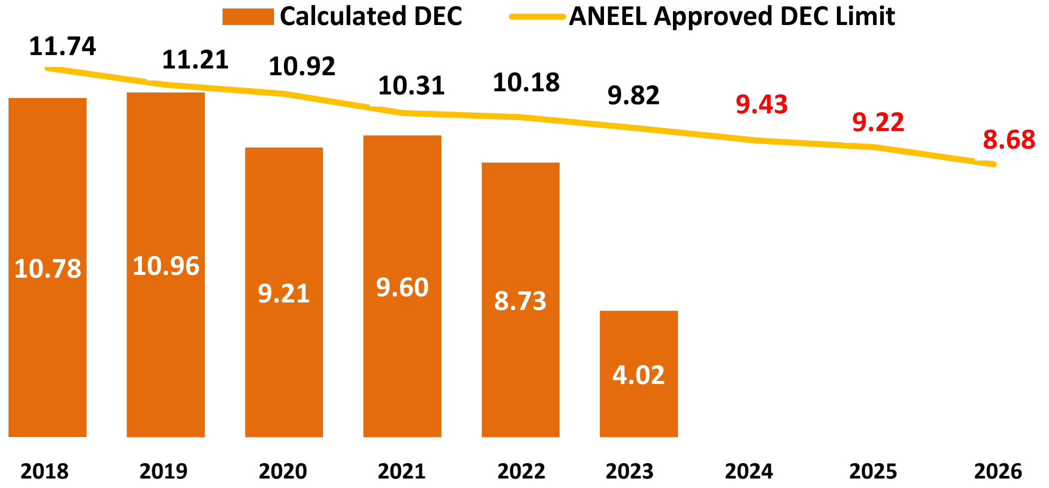
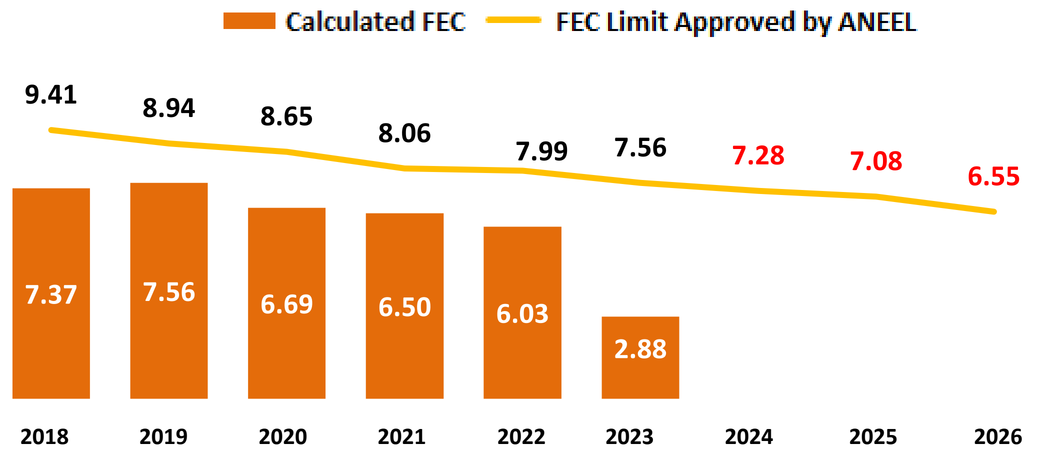


Chart 22: Historical Data and EFC Limits



In 1H23, CELESC recorded 4.02 hours in the EDC indicator, down by 9.05% from 6M22, when it recorded 4.42 hours. In the same period, the Company recorded 2.88 interruptions in the EFC indicator, a 7.10% decrease from the 3.10 interruptions recorded in 6M22. Thus, the continuity indicators indicate a reduction of 9.05% in EDC and 7.10% in EFC in this first half of the year (6M23) compared to the same period last year (6M22).

The violation of quality indicators individually generated consumer credits of R$7.5 million for Celesc Distribuição in the first quarter of 2023, below the R$11.4 million reported in the same period of 2022.

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

3.1.3.4 Delinquency Management

Delinquency corresponds to billed revenue not received. At the end of the first half of 2023, short-term delinquency, up to 90 days (the period in which most collection actions are concentrated), considered as a proportion of ROB (Gross Operating Revenue accumulated over 12 months), showed an **increase of approximately 0.40 percentage** points compared to the second quarter of 2022 and a **decrease of 0.24 percentage** points compared to the first quarter of 2023. On the other hand, delinquency over 90 days **increased by 0.73 percentage points compared to the second quarter of 2022 (an increase of 0.14 percentage points compared to 1Q23).** Finally, the total amount of defaults **increased by 1.12%** compared to the second quarter of 2022, but **fell by 0.10 percentage points** compared to the first quarter of 2023, as shown in the table below.

Celesc Distribuição S.A. | Delinquency

Delinquency	Delinquency up to 90 days										
	2Q22		3Q22		4Q22		1Q23		2Q23		
	R$ / thousand	% of GOI	R$ / thousand	% of GOI	R$ / thousand	% of GOI	R$ / thousand	% of GOI	R$ / thousand	% of GOI	Variation in 2Q23
Total	275,467	1.94%	243,370	1.78%	255,349	1.94%	321,570	2.58%	**291,101**	**2.34%**	**-0.24 p.p.**
Gross Operating Income	14,187,254		13,660,528		13,141,773		12,452,993		**12,459,105**		

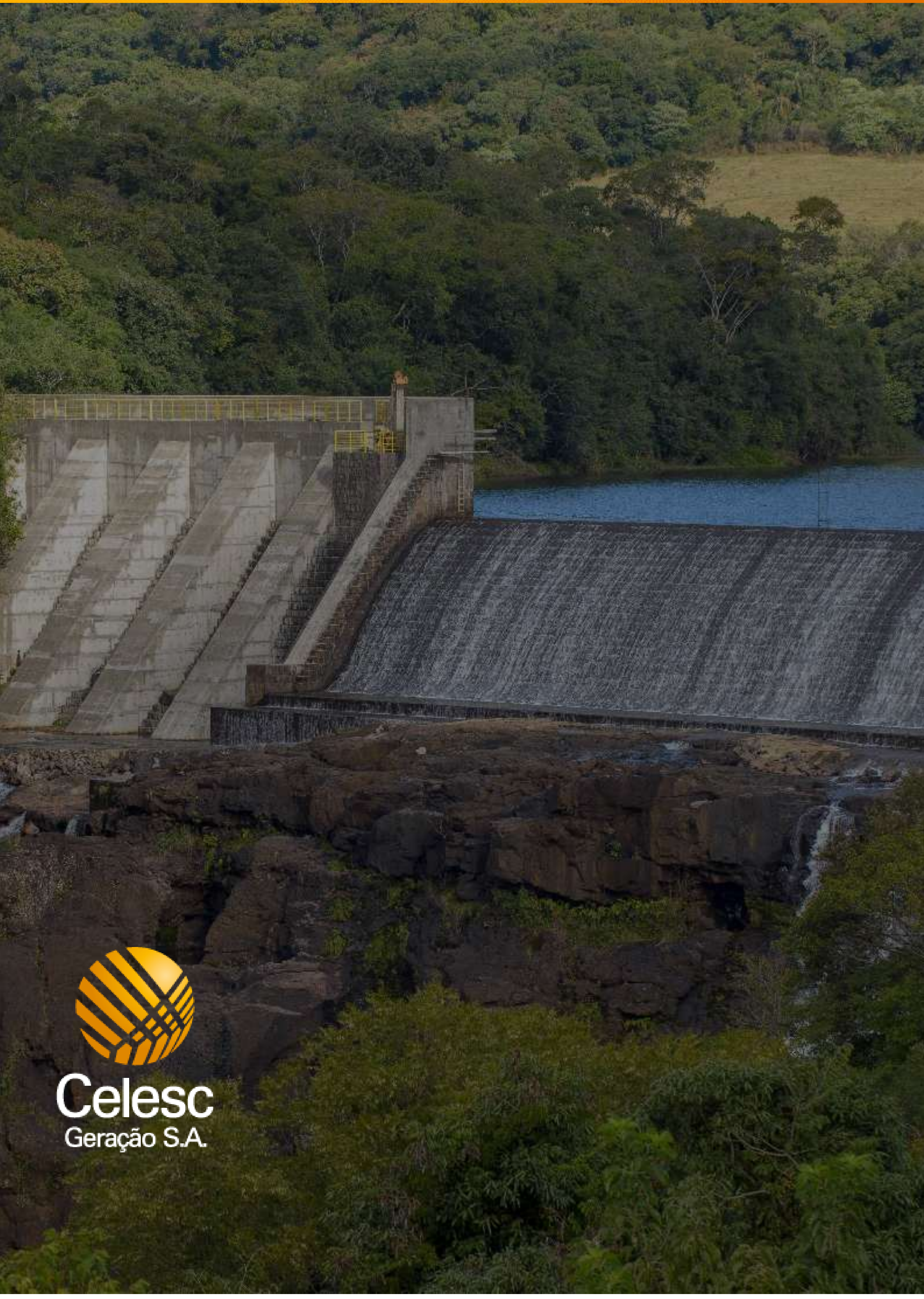
Delinquency	Delinquency over 90 days										
	2Q22		3Q22		2Q22		1Q22		2Q22		
	R$ / thousand	% da ROB	R$ / thousand	% da ROB	R$ / thousand	% da ROB	R$ / thousand	% da ROB	R$ / thousand	% da ROB	R$ / thousand
Total	426,409	3.00 %	432,529	3.17 %	435,394	3.31 %	447,138	3.59 %	**464,871**	**3.73 %**	**+0.14 p.p.**
Gross Operating Income	14,187,254		13,660,528		13,141,773		12,452,993		**12,459,105**		

Delinquency	Total Delinquency										
	2Q22		3Q22		2Q22		1Q23		2Q22		
	R$ / thousand	% da ROB	R$ / thousand	% da ROB	R$ / thousand	% da ROB	R$ / thousand	% da ROB	R$ / thousand	% da ROB	R$ / thousand
Total	701,877	4.95%	675,899	4.95 %	690,742	5.26%	768,708	6.17%	**755,972**	**6.07%**	**-0.10 p.p.**
Gross Operating Income	14,187,254		13,660,528		13,141,773		12,452,993		**12,459,105**		

We emphasize that in the analysis above was used the **inventory of delinquency up to 90 days/above 90 days/Total in relation to LTM GOI**.

Differently from the previous analysis, **regulatory delinquency** uses the concept of **Irrecoverable Revenue**.

Irrecoverable Revenue corresponds to the amounts of billings not received by the concessionaire between **49 and 60 months** concerning the reference month. Regulatory Irrecoverable Revenues are calculated based on a benchmarking model, in which each distributor is compared to others that have similar concession characteristics. Based on this comparison, the regulatory percentages of Irrecoverable Revenues are defined, that is, the portion of the amount in default that each company will be able to transfer to the tariffs. These percentages are multiplied by the required revenue, which also considers flags revenues and financial items less taxes. Thus obtaining the distributor's Irrecoverable Revenue amounts.


Celesc
Geração S.A.

3.2. CELESC GERAÇÃO

3.2.1. Company’s Profile

Operating Area

Celesc Geração is the Celesc Group's subsidiary that operates in the generation, sale and transmission of electricity through the operation, maintenance and expansion of its own generation park, in addition to the sale of electricity and participation in generation and transmission ventures in partnership with private investors.

The Company has its own generating park made up of thirteen power plants, twelve of which are in commercial operation and one is in the process of reactivation, all located in the state of Santa Catarina.

The company holds a minority interest in another six generation projects, developed in a partnership with private investors, as Special Purpose Entity (SPE), all of them already in operation. In the transmission segment, the company holds a minority interest in an SPC in a partnership with SPE - Energias do Brasil.

All the generation and transmission projects are located in the state of Santa Catarina.

On June 30, 2023, Celesc G's total generation capacity in operation was 127.51 MW, of which 116.27 MW from its own park and 11.24 MW from the generation park set up with partners - already proportional to Celesc G’s shareholding interest in these projects. The hydroelectric power plant in the reactivation process will have 1MW of installed capacity.

Celesc’s Plants

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

Water Source Generating Park | 100% of Celesc Geração S.A.

PLANTS	Location	Final Concession Term	Installed Capacity (MW)	Physical Guarantee (MW)	Physical Guarantee in Shares
1 Pery HPP	Curitibanos/SC	07/07/2054	30.00	14.08	100%
2 Palmeiras HPP	Rio dos Cedros/SC	11/06/2053	24.60	16.70	70%
3 Bracinho HPP	Schroeder/SC	11/06/2053	15.00	8.80	70%
4 Garcia HPP	Angelina/SC	01/03/2053	8.92	7.10	70%
5 Cedros HPP	Rio dos Cedros/SC	11/06/2053	8.40	6.75	70%
6 Salto Weissbach HPP	Blumenau/SC	11/06/2053	6.28	3.99	70%
7 Celso Ramos SHP	Faxinal dos Guedes/SC	05/31/2039	13.92	6.77	N/A
8 Caveiras HGP	Lages/SC	(*)	3.83	2.77	N/A
9 Ivo Silveira HGP	Campos Novos/SC	(*)	2.60	2.03	N/A
10 Rio do Peixe HGP	Videira/SC	(*)	0.52	0.50	N/A
11 Piraí HGP	Joinville/SC	(*)	0.78	0.45	N/A
12 São Lourenço HGP	Mafra/SC	(*)	0.42	0.22	N/A
Total MW			**115.27**	**70.16**	

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

The table below shows the solar project inaugurated in 2023:

Solar Generating Park – 100% Celesc G

PLANTS	Location	Final Concession Term	Installed Capacity (MW)
UFV Lages	Lages/SC	N/A	1.00
Total - MW			**1.00**

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

Water Source Generating Park | With minority participation

PLANTS	Location	Final Concession Term	Installed Capacity (MW)	Physical Guarantee (MW)	Part. Celesc G	Equivalent Installed Power (MW)	Eq. Physical Guarantee (MW)
13 SHP Rondinha	Passos Maia/SC	09/25/2025	9.60	5.48	32.5%	3.12	1.78
14 HGP Prata	Bandeirante/SC	*	3.00	1.68	26.1%	0.78	0.44
15 HGP Belmonte	Belmonte/SC	*	3.60	1.84	26.1%	0.94	0.48
16 HGP Bandeirante	Bandeirante/SC	*	3.00	1.76	26.1%	0.78	0.46
17 SHP Xavantina	Xanxerê/SC	04/27/2046	6.08	3.54	40.0%	2.43	1.42
18 SHP Garça Branca	Anchieta/SC	12/28/2048	6.50	3.44	49.0%	3.19	1.69
Total MW			**31.78**	**17.74**		**11.24**	**6.26**

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

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

In addition to the aforementioned projects, Celesc Geração holds shares in an electricity transmission project, containing five stretches of 230 and 525kV transmission lines and a 525/230kV substation, as shown in the table below:

Transmission Projects| minority interest held by Celesc Geração S.A.

Project	Location	Final Concession Term	Transformation Capacity (MVA)	Power Lines (Km)	Celesc G Interest
EDP Transmissão Aliança SC	SC	08/11/2047	1,344	433	10.0%

The Annual Allowed Revenue - RAP, in the terms of the Homologating Resolution no. 3067/2022 for the 2022/2023 cycle, was determined in the amount of R$232.4 million.

Expansion Projects

The Company has a portfolio with projects to expand/reactivate its plants. As for the physical guarantee (new or additional), the Company seeks to obtain, on average, a 50% factor for the plants' total capacity after their expansion/reactivation, which is a standard observed in other similar operational projects.

PLANTS	Location	Final Concession Term	Installed Capacity (MW)	Power Increase (MW)	Final Power (MW)	Status
Maruim HGP	São José/SC	*	-	1.00	1.00	Under construction
Salto HPP	Blumenau/SC	11/06/2053	6.28	23.00	29.28	EPE/ANEEL Analysis
Caveiras HGP	Lages/SC	*	3.83	5.57	9.40	Environmental Licensing
Cedros HPP	Rio dos Cedros/SC	11/06/2053	8.40	4.50	12.90	Basic Design Review
Palmeiras HPP	Rio dos Cedros/SC	11/06/2053	24.60	0.75	25.35	Basic Design Review
Total MW			**43.11**	**34.82**	**77.93**	

Seeking to diversify its activities in renewable sources businesses, as one of the guidelines of its Master Plan, in 2022, Celesc started to operate in photovoltaic solar distributed generation. The company's strategic direction points to the opening of new business models that can increase extra-distribution revenues and among them is the Distributed Generation (DG) segment, given the growth prospects of this segment.

The Distributed Generation Business Plan provides for the implementation of solar photovoltaic projects in the concession area of the Celesc Group distributor. All the projects are contemplated within the regulatory window provided by Law 14,300/22, which brings the maintenance of the current rules of the energy compensation system until December 31, 2045. This factor makes it possible to achieve greater profitability in the solar farms model practiced by Celesc Geração. Note also that the additional 3.6 MW, approved in the last GD Business Plan review, will be prospected during 2023. This portfolio expansion will also be linked, above all, to the projects fitting into the regulatory window of Law 14,300/22 mentioned above.

PLANTS	Location	Installed Capacity (MW)	forecast Start-up	Status
UFV Campos Novos	Campos Novos/SC	1.00	Jul/2023	Under construction
UFV São José do Cedro	São José do Cedro/SC	2.50	Sept/2023	Under construction
UFV Modelo	Modelo/SC	2.50	Sept/2023	Under construction
UFV Videira	Videira/SC	1.00	Mar/2024	Under contract
UFV Capivari	Capivari de Baixo/SC	3.00	Mar/2024	Under contract
UFV Lages II	Lages/SC	1.00	Mar/2024	Under contract
Total MW		**11.00**		

Energy Commercialization

Besides the projects of generation and transmission of electric energy, Celesc Geração, since its constitution, has marketed the electric energy produced by its own generation park and by some of its subsidiaries. More recently, in compliance with the strategic guidelines of the Master Plan, aiming to diversify the Group's business, in order to provide new businesses and revenues, maximizing the benefits of its territorial presence, the Company approved the Energy Commercialization Business Plan, which expands Celesc G's activities in this segment.

Thus, the company has been positioning itself in the energy commercialization segment and related businesses, demonstrating a greater presence in the market, especially in Santa Catarina.

3.2.2. Economic and Financial Performance

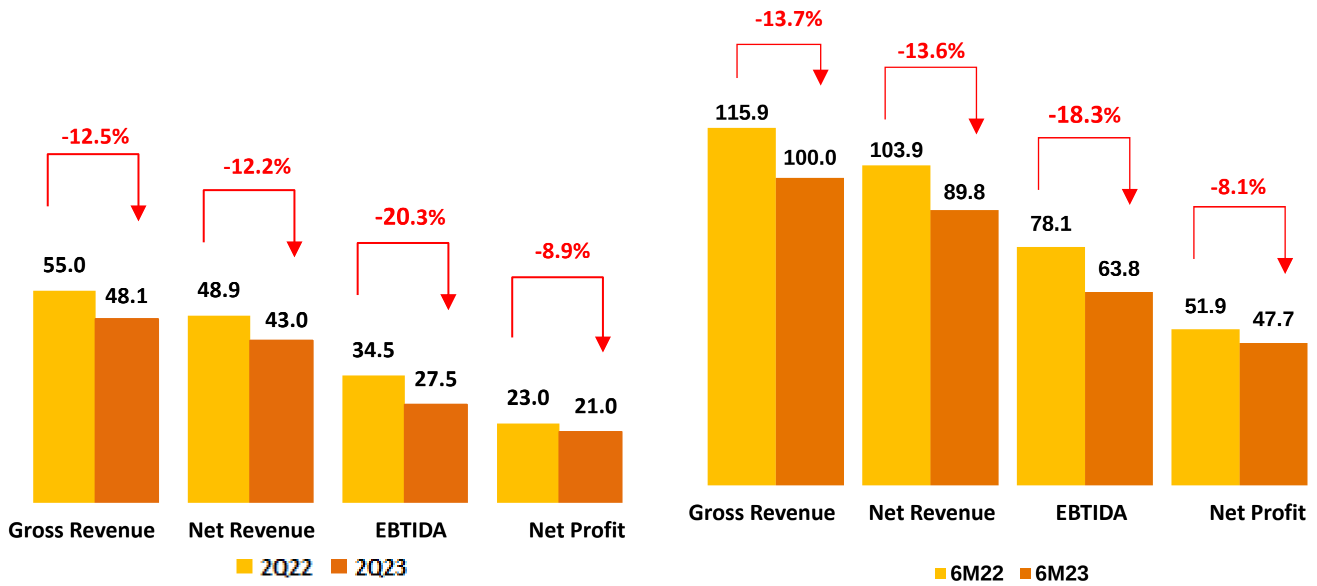
3.2.2.1. Gross Operating Income, Net Operating Income, and Net Income.

The table below shows Celesc Geração's main indicators in 2Q23 and 6M23.

Celesc Geração S.A. | Main Financial Indicators

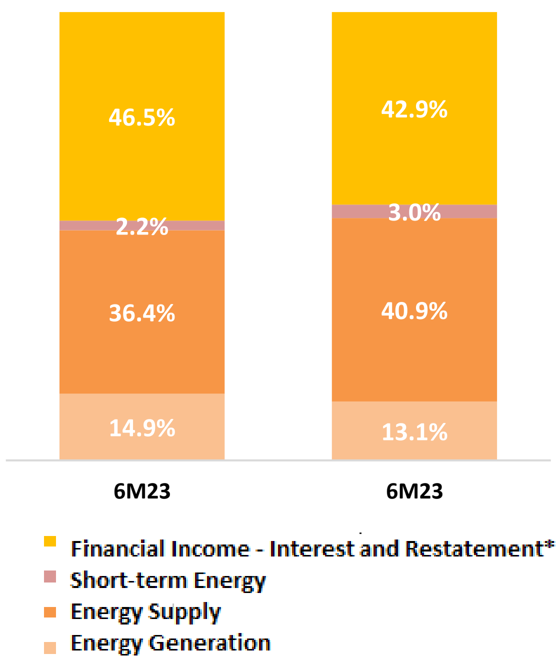
R$ Million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Gross Operating Income	**55.0**	**48.1**	***-12.5%***	**115.9**	**100.0**	***-13.7%***
Deductions from Operating Income	(6.0)	5.1	*-15.0%*	(12.0)	(10.2)	*-14.8%*
Net Operating Income	**48.9**	**43.0**	***-12.2%***	**103.9**	**89.8**	***-13.6%***
Operating Costs and Expenses	(14.7)	(18.7)	*27.4%*	(28.2)	(33.8)	*20.0%*
Electricity Costs	*(5.3)*	*(7.2)*	*34.5%*	*(11.4)*	*(14.0)*	*22.6%*
Operating Expenses	*(9.4)*	*(11.5)*	*23.4%*	*(16.8)*	*(19.8)*	*17.8%*
Equity Pickup	**(0.6)**	**2.4**	***507.6%***	**0.7**	**6.2**	***822.7%***
Earnings from Activities	**33.7**	**26.6**	***-20.9%***	**76.4**	**62.1**	***-18.7%***
EBITDA	**34.5**	**27.5**	***-20.3%***	**78.1**	**63.8**	***-18.3%***
EBITDA Margin (%)	*70.5%*	*64.0%*		*75.1%*	*71.1%*	
Financial Result	**1.5**	**3.8**	***159.7%***	**1.9**	**6.8**	***268.3%***
Earnings Before Income Tax	**35.1**	**30.4**	***-13.3%***	**78.3**	**69.0**	***-11.9%***
IR/CSLL	(12.1)	(9.5)	***-21.8%***	(26.4)	(21.3)	***-19.3%***
Net Income / Loss	**23.0**	**21.0**	***-8.9%***	**51.9**	**47.7**	***-8.1%***
Net Margin (%)	*47.0%*	*48.8%*		*49.9%*	*53.1%*	

Chart 23 - Gross and Net Revenue, EBITDA and Net Income (Million) - 2Q22/2Q23 e 6M22/6M23



3.2.2.2. Gross and Net Operating Income

Chart 24 - Breakdown of Gross Operating Income 2Q22/2Q23 e 6M22/6M23



- **Decrease of 12.2% in the Net Operating** Income in the quarter (13.6% in the year) due to:
    - **Financial Revenue from Grant Bonuses** registered **R$12.8 million in the quarter (R$29.7 million in 2023)** compared to **R$17.2 million (R$36.9 million in 2022) in the same period of the previous year.** The reduction in financial income, when compared to the previous period, is justified by the reduction in the IPCA, which in the

first half of 2023 was 2.87%, in contrast to the accumulated IPCA of 5.49% in the first half of 2022.

- **Accounting for R$ 5.6 million in the quarter and R$ 13.1 million in the year** (restatement plus interest), resulting from the indemnification of Usina Pery;
- **Decrease of 19.1% quarter-on-quarter and 24.0% year-on-year in the Energy Supply item**, amounting to R$6.9 million in the quarter (compared to R$8.5 million in 2Q22) and R$13.1 million year-on-year (compared to R$17.2 million in 6M22);
- Increase in Short-Term Energy (+430% in 2Q23), registering **R$2.2 million in the quarter and R$3.0 million in 2023** (+21% of 6M23);
- **Decreases of 24.7% (25.2% in the year) and 23.1% (24.7% in the year) in the Average Sale Price excluding and including CCEE**, respectively, in the energy sales contracts;
- Slight increase in the PLD in the period, reaching **R$ 69.04/MWh in June 2023 compared to 55.71/MWh in June 2022.**

3.2.2.3. Operating Costs and Expenses.

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

Chart 25 - Breakdown of Operating Costs and Expenses (R$ million) - 2Q22/2Q23

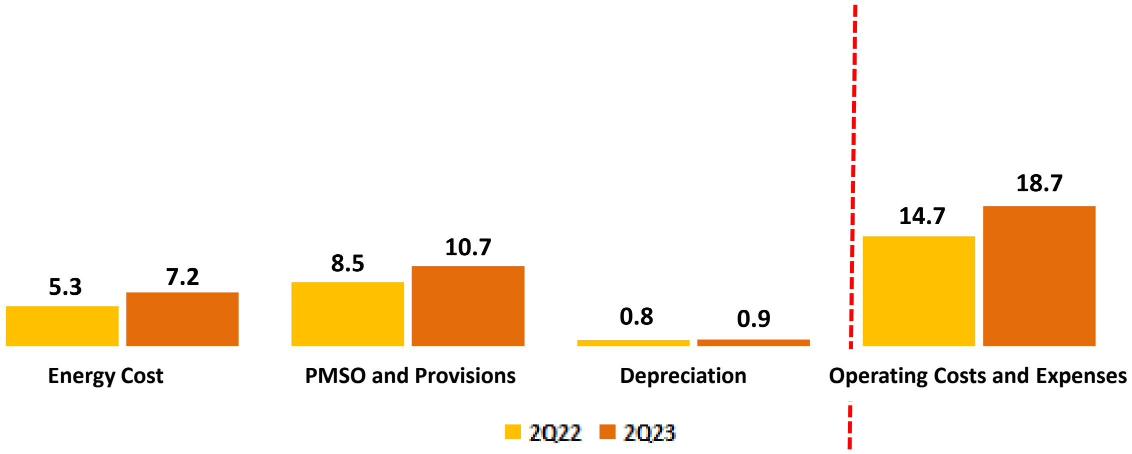
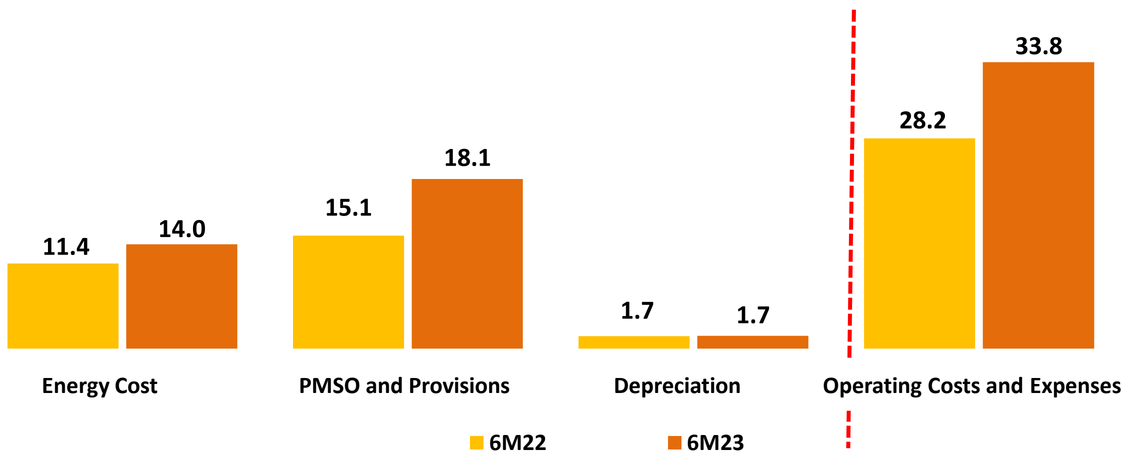


Chart 26 - Breakdown of Operating Costs and Expenses (R$ million) - 6M22/6M23



Operating Costs and Expenses **totaled R$18.7 million** in the quarter **(R$33.8 million for the year):**

i) The accounting of **R$7.2 million in 2Q23 (R$14.0 million 6M23)** in Energy Costs versus **R$5.3 million in 2Q22 (R$11.4 million 6M22);**

ii) **PMSO expenses and provisions amounted to R$10.7 million in the quarter (R$18.1 million year-on-year)**, an increase of 25.4% (+20.0% year-on-year) compared to the second quarter of 2022 when it amounted to R$8.5 million (R$15.1 million in 6M22);

The table below describes Celesc Geração's operational costs and expenses

Celesc Geração S.A. | Operating Costs and Expenses

R$ Million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
OPERATING COSTS AND EXPENSES	**(14.7)**	**(18.7)**	***27.4%***	**(28.2)**	**(33.8)**	***20.0%***
Electricity Costs	**(5.3)**	**(7.2)**	***34.5%***	**(11.4)**	**(14.0)**	***22.6%***
Electricity Purchased for Resale	(4.6)	(6.4)	*39.2%*	(9.9)	(12.3)	*24.2%*
Charge for the Use of the System	(0.8)	(0.8)	*6.7%*	(1.5)	(1.7)	*12.6%*
PMOO and Provisions	**(8.5)**	**(10.7)**	***25.4%***	**(15.1)**	**(18.1)**	***20.0%***
Personnel and Management	(4.8)	(4.4)	*-8.6%*	(9.1)	(8.6)	*-5.1%*
Supplies	(0.3)	(0.3)	*-7.0%*	(0.4)	(0.5)	*15.7%*
Outsourced Services	(3.2)	(2.9)	*-9.9%*	(5.3)	(5.3)	*0.6%*
Net Provisions	0.1	(1.2)	*-1632.5%*	0.5	(1.3)	*-378.2%*
Other Revenues / Expenses	(0.3)	(1.9)	*543.9%*	(0.8)	(2.4)	*202.5%*
Depreciation / Amortization	**(0.8)**	**(0.9)**	***2.9%***	**(1.7)**	**(1.7)**	***2.2%***

3.2.2.4. EBITDA and Net Income

In 2Q23, **EBITDA** was **R$27.5 million (R$63.8 million in 6M23**), a decrease of 20.3% (18.3% year-to-date) compared to the **R$34.5 million** recorded in 2Q22 (R$78.1 million in 6M22).

Charts 27 and 28 below show the breakdown of the **EBITDA conversion into Net Income:**

Chart 27 – EBITDA Formation 2Q23 (R$ million)

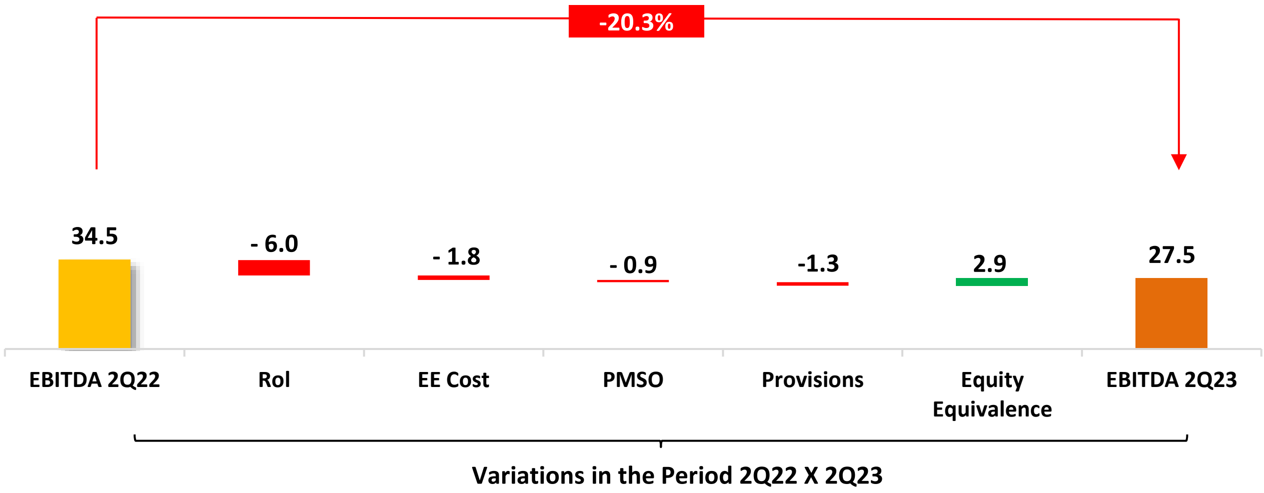
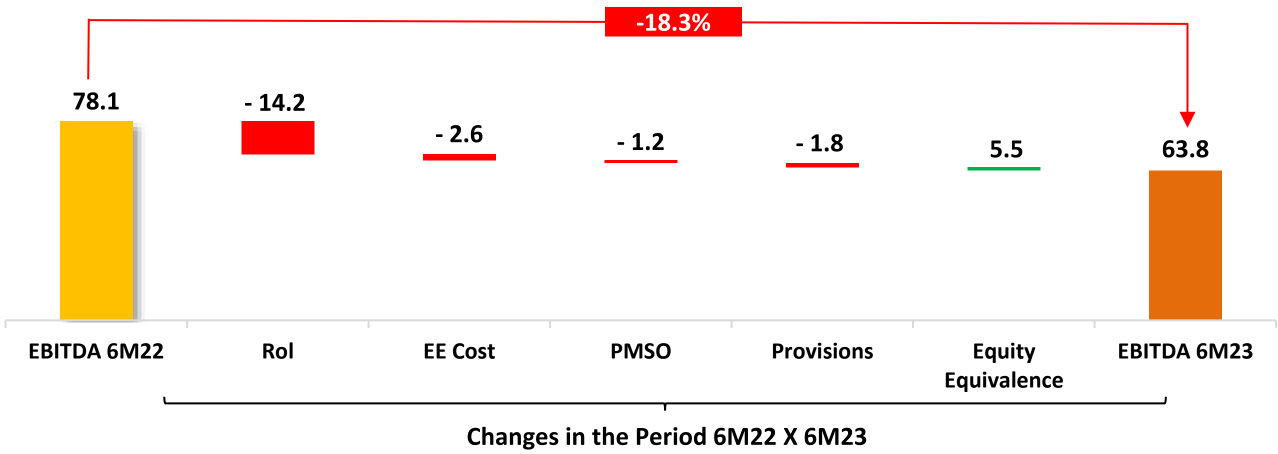


CHART 28 - EBITDA formation 6M23 (R$ million)



Among the factors that influenced the EBITDA retraction (20.3% and 18.3% QoQ and YoY) of the subsidiary Celesc Geração, we highlight: (i) **Lower Financial Revenues** arising from the lower IPCA in the period; (ii) **Reduction in average energy sales prices in 2Q23 (6M23); (iii) Increase in Operating Costs and expenses** of 27.4% in the quarter (25.4% increase in PMSO expenses and 34.5% increase in Energy expenses).

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

R$ Million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Earnings from Activities - EBIT	**33.7**	**26.6**	**-20.9%**	**76.4**	**62.1**	***-18.7%***
Activities Margin (%)	68.8%	62.0%		73.5%	69.2%	
EBITDA	**34.5**	**27.5**	**-20.3%**	**78.1**	**63.8**	***-18.3%***
EBITDA Margin (%)	70.5%	64.0%		75.1%	71.1%	
Financial Result	**1.5**	**3.8**	**159.7 %**	**1.9**	**6.8**	***268.3 %***
Financial Revenue	4.8	4.9	1.7%	8.4	9.4	*11.6%*
Financial Expenses	(3.3)	(1.1)	-68.2%	(6.6)	(2.6)	*-60.8%*
Earnings Before Income Tax	**35.1**	**30.4**	**-13.3%**	**78.3**	**69.0**	***-11.9%***
IR and CSLL	(10.2)	(8.1)	-20.5%	(21.2)	(16.3)	*-23.2%*
Deferred IR and CSLL	(1.9)	(1.4)	-29.0%	(5.2)	(5.0)	*-3.7%*
Net Income	**23.0**	**21.0**	**-8.9%**	**51.9**	**47.7**	***-8.1%***
Net Margin (%)	47.0%	48.8%		49.9%	53.1%	

The Financial Result was a positive **R$3.8 million in the second quarter (R$6.8 million in the full year 2023). Financial income totaled R$4.9 million in the quarter (R$9.4 million year-on-year)**, as a result of income from financial investments (R$2.0 million in the quarter and R$3.6 million year-on-year) and interest on the loan with Celesc Distribuição (R$3.1 million in the quarter and R$6.2 million year-on-year). **Financial expenses totaled R$1.1 million in the quarter (R$2.6 million in the year)**, due to interest on debentures (R$0.9 million in the quarter and R$2.3 million in the year) and other expenses (R$0.1 million in the quarter and R$0.2 million in the year).

Chart 29 – Net Income Formation 2Q23 (R$ million)

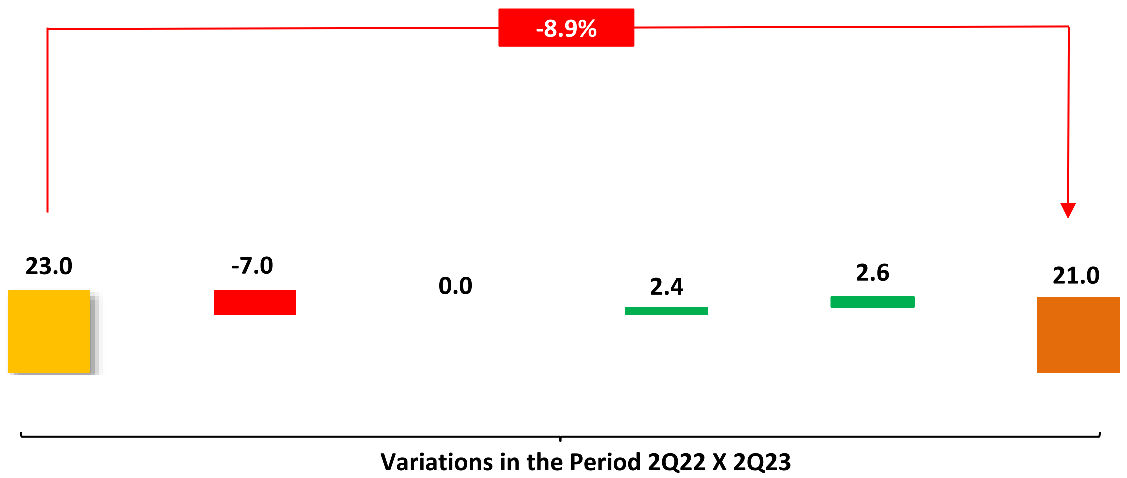
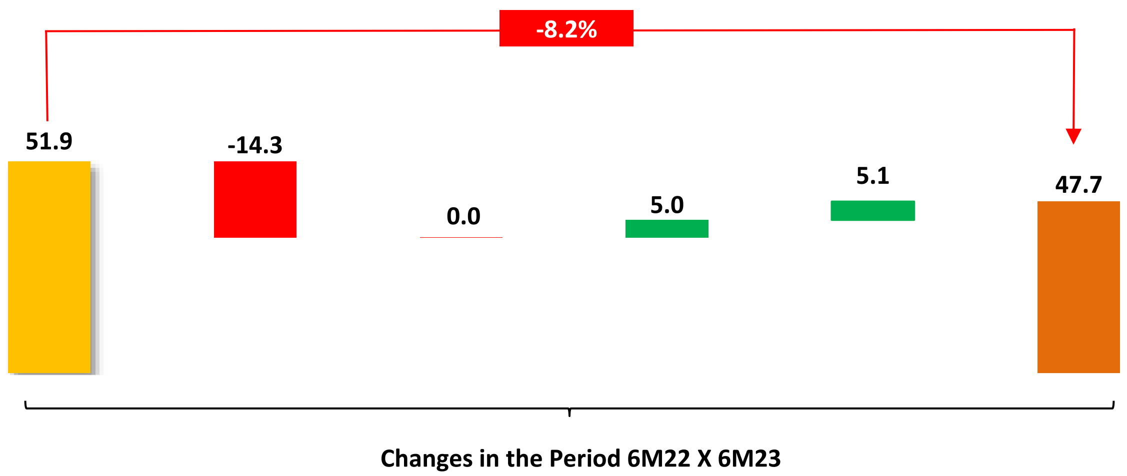


Chart 30 – Net Income Formation 6M23 (R$ million)



The **Net Income** registered **a decrease of 8.9% in this second quarter of the year, amounting to R$21.0 million.** In 2023, it totaled R$47.7 million, a decrease of 8.2% compared to R$51.9 million in 2022.

The factors that determined the decline in profit in the quarter (year) have already been analyzed in the evolution of EBITDA.

3.2.2.5. Indebtedness

Celesc Geração ended the second quarter of 2023 with a **Gross Financial Debt of R$ 43.9 million,** an increase of 3.5% compared to December 2022, when **the amount was R$ 42.5 million.** Net Financial Debt in 2Q23 totaled R$8.7 million, as shown in the table below.

Currently, Celesc Geração has only the 3rd debenture issue in effect.

Celesc Geração S.A. | Indebtedness

2Q23 Financial Debt			
R$ Million	**On December 31, 2022**	**On June 30, 2023**	**Δ**
Short-Term Debt	2.8	5.9	*108.0%*
Long-Term Debt	39.6	38.0	*-4.1%*
Total Financial Debt	**42.5**	**43.9**	**3.5%**
(-) Cash and Cash Equivalents	**56.8**	**35.2**	-38.0%
Net Financial Debt	**(14.4)**	**8.7**	**-160.6%**
EBITDA (LTM)	139.4	125.1	-10.2%
Fin. Debt Net / EBITDA 12M	**-0.1x**	**0.1x**	
ADJUSTED EBITDA (LTM)	139.4	125.1	-10.2%
Fin. Debt Net / Adjusted EBITDA 12M	**-0.1x**	**0.1x**	
Equity	751.8	784.1	4.3%
Fin. Debt Total / Equity	**0.1x**	**0.1x**	
Fin. Debt Net / Equity	**-0.02x**	**0.01x**	

The table[4] below breaks down the Company's amortization schedule in 2023.

	Celesc Geração- 2Q23 Debt Breakdown (R$ thousand)										
Description				Annual Amortization							
Company	Contracts	Issue Date	Rate (p.a.)	2023	2024	2025	2026	2027	2028	From 2029 to 2043	Outstanding Balance Total
Celesc G	3rd Debenture Issue	Dec 2020	IPCA + 4.30%	2,989	5,979	5,979	5,979	5,979	5,979	11,958	44,841
Celesc G – Total				**2,989**	**5,979**	**5,196**	**5,979**	**5,979**	**5,979**	**11,831**	**44,368**

Regarding the debt profile, as shown in the graph below, the majority concentration of debt is in the long term.

Chart 31 – Amortization Schedule - Jun/23 (R$ million)

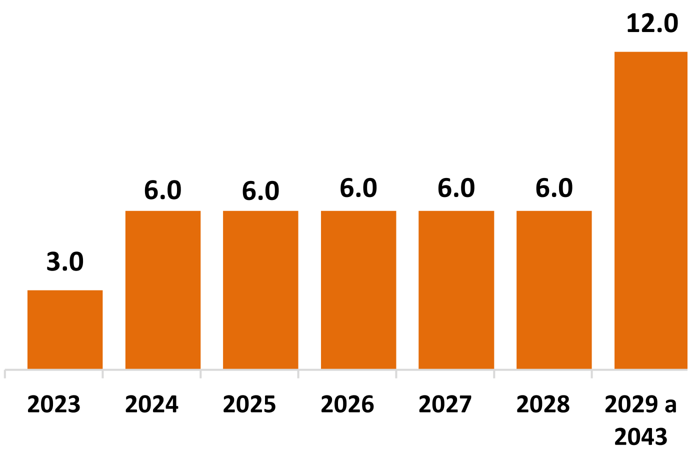
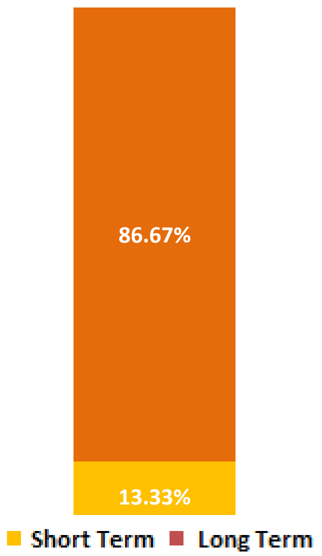


Chart 32 – Average Indebtedness Term Jun/23



In the last few years, the Company has been extending the debt profile, with **86.67% of the debt in the long term and 13.33% in the short term,** as reported at the end of 2Q23.

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[4] Excluding charges on debt.

3.2.2.6. Investments

The table below shows Celesc Geração's investments in **2Q23/6M23.**

Celesc Geração S.A. | CAPEX

R$ Million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Celesc Geração Investments	**2.9**	**16.0**	***458.4%***	**5.2**	**22.4**	***330.7%***
Investment in SPEs	0.2	0.0	*-100.0%*	0.5	0.2	*-69.6%*
Own Generation Complex Plants	2.6	16.0	*509.3%*	4.7	22.2	*373.3%*

In the Own Generating Park, R$22.2 million was invested in the first six months of 2023, of which R$0.3 million in CGH Caveiras, R$0.8 million in PCH Celso Ramos, R$1.7 million in CGH Maruim, R$1.4 million in UHE Pery, R$0.75 million in Central Administration, R$1.5 million in UHE Salto and R$16.8 million in Photovoltaic Plants.

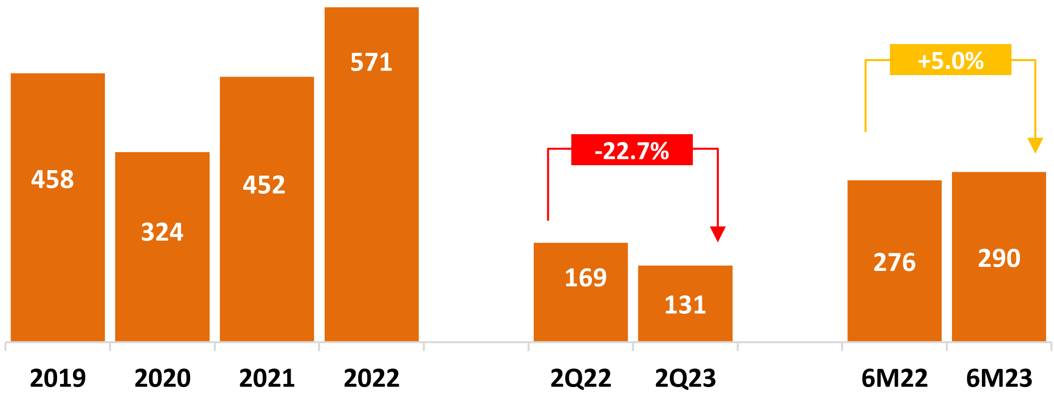
In SPEs, meanwhile, R$ 0.2 million was invested in SPE Garça Branca in 1H23.

3.2.3. Operational Performance

3.2.3.1. Power Production

In the second quarter of 2023, the energy generated by Celesc Geração's plants amounted to **131.0 GWh (289.8 GWh in 6M23), a decrease of 22.7% (an increase of 5.0% in 6M23)** compared to the second quarter of 2022. Chart 33 below shows the performance of generated power production of Celesc's park from 2019 to 2022 and also the 2Q22/2Q23 and 6M22/6M23 comparisons.

Chart 33 – Production of Celesc's Generation Complex (GWh)

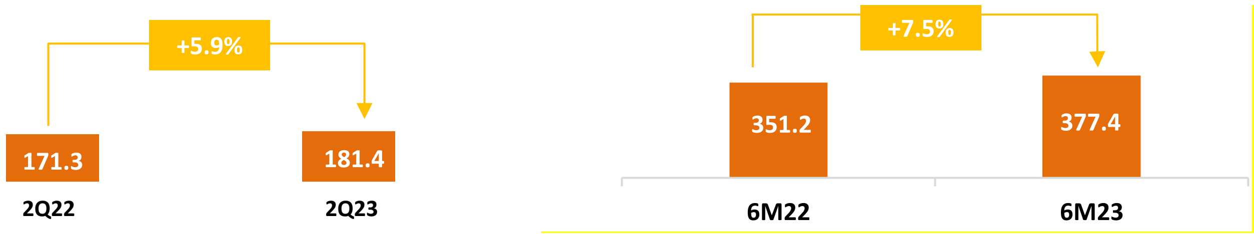


Among the factors that had an impact on the increase in the operational performance of the generating plant in the quarter/year, the following stand out: (i) rainfall indices with months with little rainfall; and (ii) a decrease in the availability of the Generating Units. The performance of the following plants has fallen: Cedros HPP (-4.0 GWh), Salto HPP (-1.8 GWh), Celso Ramos SHPP (-7.3 GWh), Pery HPP (-16.6 GWh).

3.2.2.2. Billed Energy.

Chart 34 below shows the performance of Billed Energy at Celesc Geração (2Q23/6M23 quarter comparison).

Chart 34 - Billed Energy (GWh)



The amount of energy billed varied by 5.9% in the second quarter of 2023 compared to the same quarter of the previous year, reaching 181.4 GWh. This variation was due to an increase in the sale of energy to the Energy Supply class, as a result of contracts signed for this period with a permissionaire in Santa Catarina and trading companies.

The reduction in the amount of energy billed in the short term is the result of the energy trading strategy for 2023 with the aim of minimizing surpluses in this period due to the outlook for Difference Settlement Prices (PLDs) at the regulatory floor, and the reduction in energy billed for the industrial class is the result of the end of an Energy Purchase/Sale Contract in the Free Contracting Environment (CCEAL) in December 2022.

The reduction in the average sale price in the second quarter of 2023 compared to 2022 was 24.7% and is explained by the reduction in the average sale price of the plants that are in the physical guarantee quota regime, as approved by ANEEL, and the sharp reduction in the price of energy observed on the market since the middle of 2022, motivated by the improvement in storage and the good hydrological conditions during the rainy season of 2022/2023.


Celesc
Centrais Elétricas de Santa Catarina S.A.

3.3. CONSOLIDATED

3.3.1. Economic and Financial Performance

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

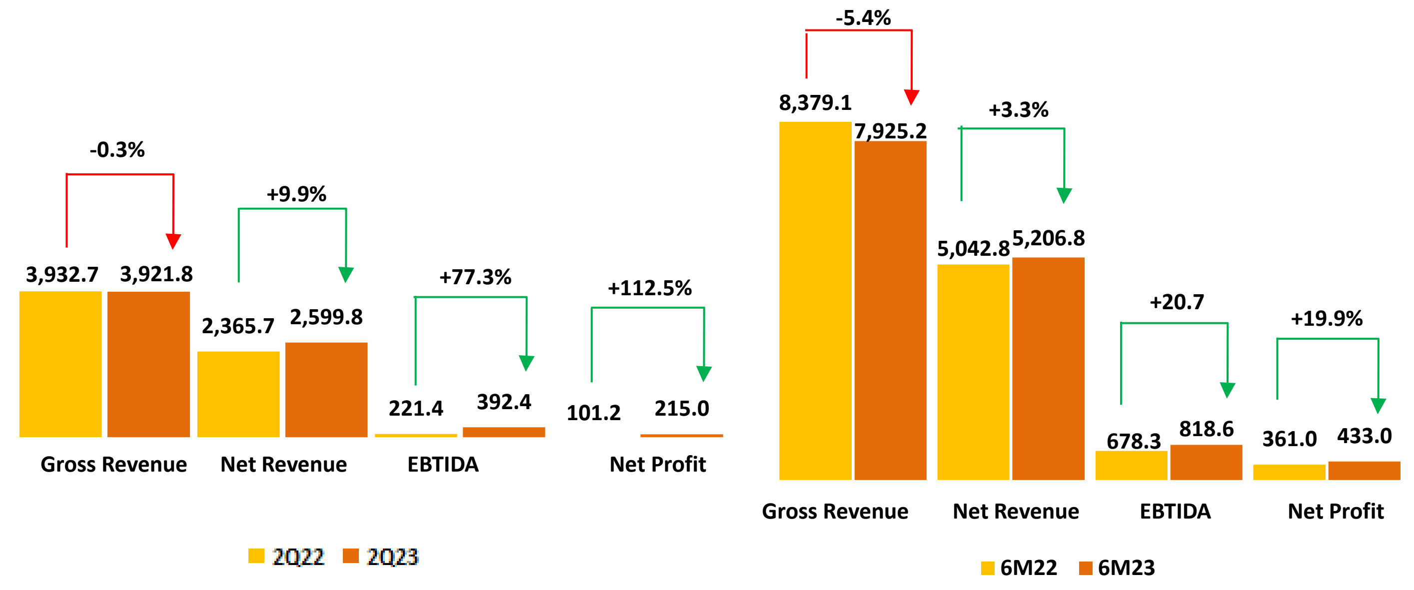
The table below shows main consolidated indicators of Celesc in 2Q23/6M23.

Consolidated | Main Financial Indicators

R$ Million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Gross Operating Income	**3,932.7**	**3,921.8**	***-0.3%***	**8,379.1**	**7,925.2**	***-5.4%***
Deductions from Operating Income	(1,567.1)	(1,321.9)	*-15.6%*	(3,336.2)	(2,718.4)	*-18.5%*
Net Operating Income	**2,365.7**	**2,599.8**	***9.9%***	**5,042.8**	**5,206.8**	***3.3%***
Net Operating Income (Excluding Construction Revenue)	2,063.8	2,290.8	*11.0%*	4,483.7	4,622.3	*3.1%*
Operating Costs and Expenses	(2,230.6)	(2,298.9)	*3.1%*	(4,533.5)	(4,570.0)	*0.8%*
Equity Pickup	**18.0**	**12.0**	***-33.7%***	**33.3**	**28.5**	***-14.2%***
Earnings from Activities	**153.1**	**312.9**	***104.4%***	**542.6**	**665.4**	***22.6%***
EBITDA	**221.4**	**392.4**	***77.3%***	**678.3**	**818.6**	***20.7%***
EBITDA margin - IFRS)	*9.4%*	*15.1%*		*13.5%*	*15.7%*	
EBITDA margin (IFRS) - ex-Construction Revenue (%)	*10.7%*	*17.1%*		*15.1%*	*17.7%*	
Financial Result	**(9.3)**	**(20.2)**	***117.7%***	**(28.8)**	**(73.1)**	***154.1%***
Earnings Before Income Tax	**143.8**	**292.7**	***103.6%***	**513.8**	**592.3**	***15.3%***
IR/CSLL	(42.6)	(77.8)	***82.3%***	(152.8)	(159.3)	***4.3%***
Net Income / Loss	**101.2**	**215.0**	***112.5%***	**361.0**	**433.0**	***19.9%***
Net Margin - IFRS (%)	*4.3%*	*8.3%*		*7.2%*	*8.3%*	
Net Margin - IFRS - ex-construction revenue (%)	*4.9%*	*9.4%*		*8.1%*	*9.4%*	

Chart 35 below shows the Company's Gross and Net Operating Revenue, EBITDA, and Consolidated Income for 2Q23 and in 2023, respectively.

Chart 35 - Gross and Net Revenue, EBITDA and Net Income - Consolidated in 2Q22/2Q23 and 6M22 and 6M23



3.3.1.3. Consolidated Operating Costs and Expenses

The charts 36 and 37 below show the performance of Operating Costs and Expenses, including Manageable and Non-Manageable Costs, and Amortization/Depreciation Expenses.

Chart 36 – Consolidated Operating Costs and Expenses 2Q23/2Q23 (R$ million)

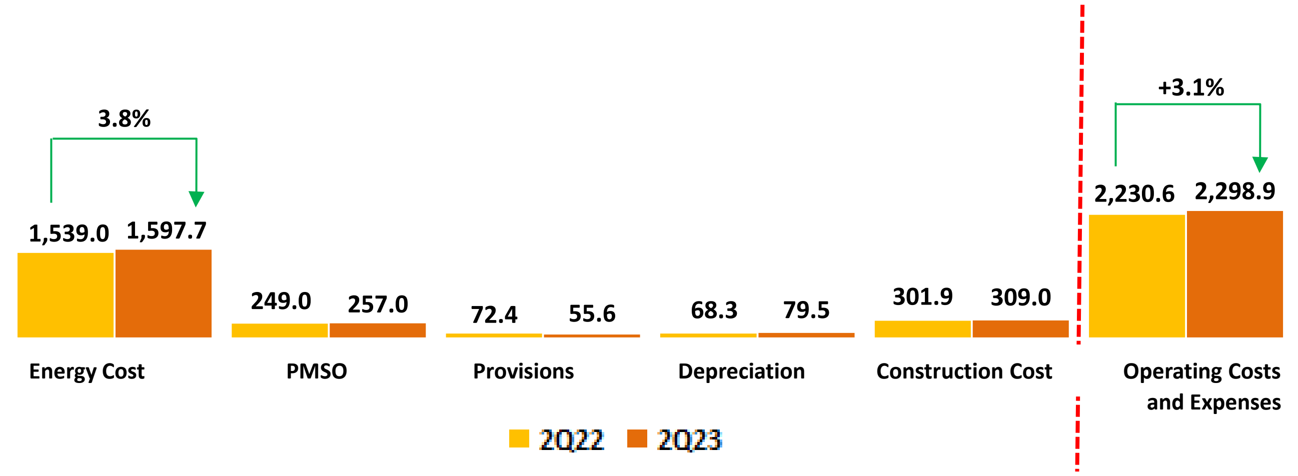
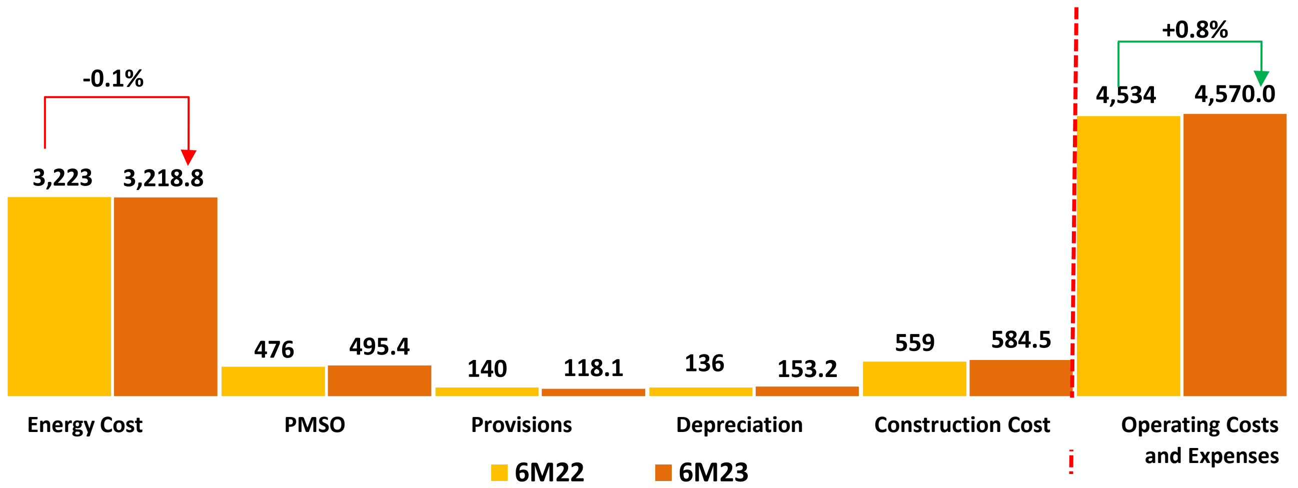


Chart 37 – Consolidated Operating Costs and Expenses 6M22/6M23(R$ million)



The increase of 3.1% in the second quarter (0.8% in the accumulated for 2023) reflects, above all, the variations in the **subsidiaries Celesc Distribuição and Celesc Geração**, as shown below:

- At Celesc Distribuição, **operating costs and expenses rose by 2.9% in the quarter (+0.6% year-on-year), with (i) a 3.7% increase (-0.2% year-on-year) in energy costs and; (ii) a 2.5% increase (+3.3% year-on-year) in PMSO expenses;**
- At Celesc Geração, **operating costs and expenses rose by 27.4% (+36.3% year-on-year), showing: (i) an increase of 34.5% (+22.6% year-on-year) in energy costs; (ii) an increase of 25.4% (50.2% year-on-year) in PMSO expenses;**

The table below shows Personnel expenses in 2Q23 and in 2023:

Consolidated | Personnel expenses

R$ Million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Personnel - Total	**(207.5)**	**(212.0)**	***2.2%***	**(399.1)**	**(419.0)**	***5.0%***
Personnel and Management	(180.7)	(176.7)	*-2.2%*	(343.4)	(350.1)	*2.0%*
Personnel and Charges	(173.8)	(169.4)	-2.5%	(329.6)	(335.4)	1.8%
Private Pension Plan	(6.9)	(7.3)	5.6%	(13.7)	(14.7)	7.0%
Actuarial Expenses	(26.8)	(35.3)	*31.6%*	(55.7)	(68.9)	*23.6%*

3.3.1.4. EBITDA and Consolidated Net Income.

Charts 38 and 39 below show the formation of **Consolidated EBITDA** in the period.

Chart 38 – EBITDA Formation 2Q23 (R$ million)

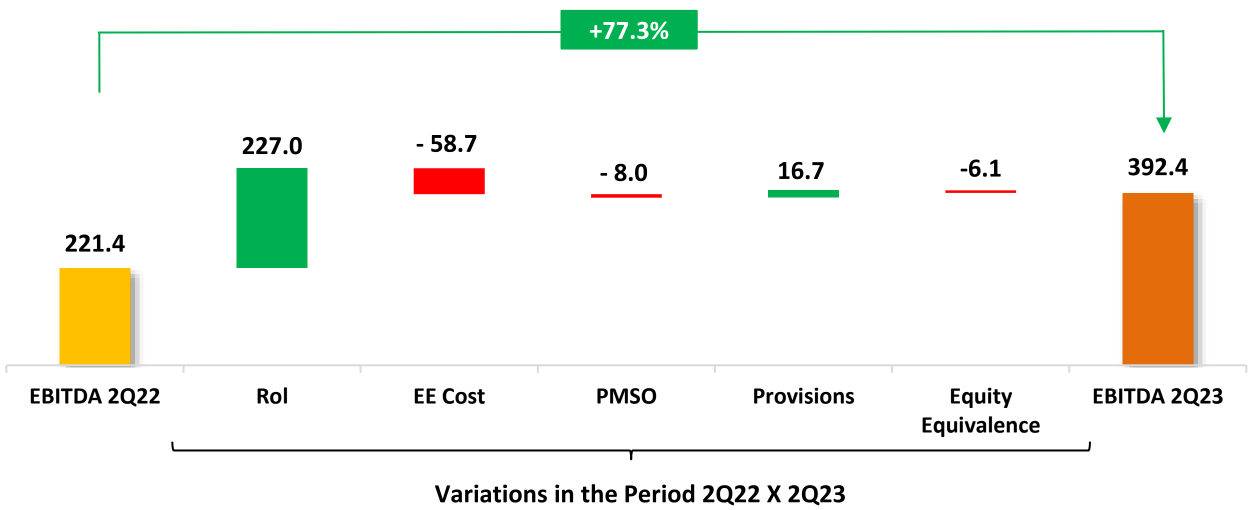
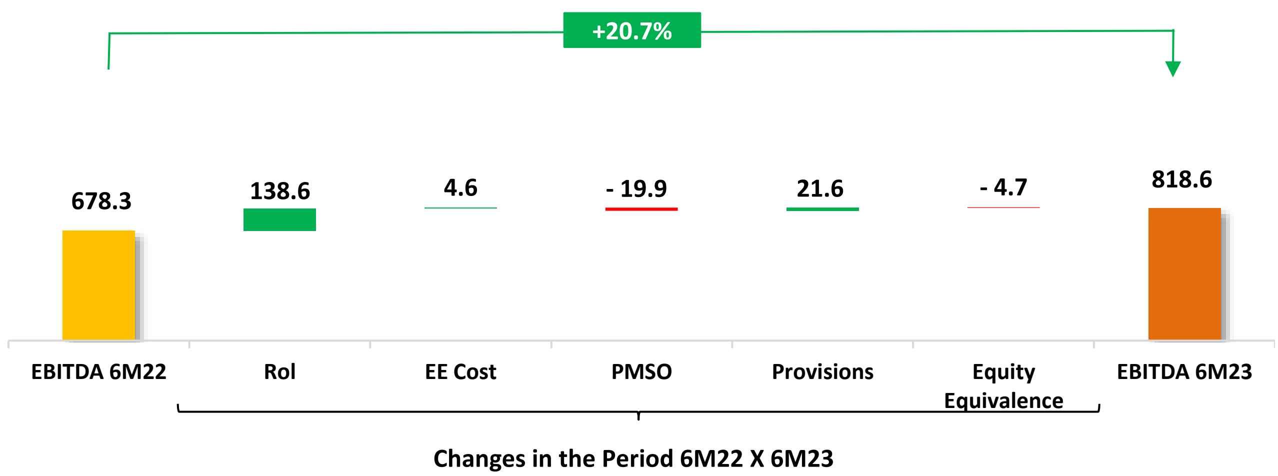


CHART 39 - EBITDA formation 6M23 (R$ million)



In 2Q23, Consolidated EBITDA was **R$392.4 million** compared to **R$221.4 million in 2Q22**, an increase of 77.3% (+R$171.1 million). **In 2023**, the **increase was 20.7% (+R$140.2 million),** totaling **R$818.6 million.**

The higher EBITDA reflects the performance of the subsidiaries Celesc Distribuição and Celesc Geração, as follows:

- Celesc Distribuição: **(i)** Generation of Parcel B higher than in 2Q22 with an impact of R$ 145.1 million in 2Q23 (R$ 117.6 million in 6M23); **(ii)** Reduction in Losses compared to 2Q22 (6M22); **(iii)** Increase in Other Revenues with a positive effect of R$ 11 million in the quarter (R$ 39 million year-to-date).

- Celesc Geração: **(i)** Lower Financial Revenue due to the lower IPCA in the period; **(ii)** Reduction in average energy sales prices in 2Q23 (6M23); **(iii)** Increase in Operating Costs and expenses of 27.4% in the quarter (increase of 25.4% in PMSO expenses and 34.5% in Energy expenses).

Finally, **Net Profit** in the second quarter was **R$215.0 million**, 112.5% higher (+R$113.8 million) than in the second quarter of 2022 (R$101.2 million). In the year, the increase was 19.9% (+R$72.0 million), **pointing to R$433.0 million in 2023, compared to R$361.0 million in 2022.** The factors determining the profit variation in this quarter (year) were the same as those outlined in the EBITDA analysis, in addition to the financial result.

Chart 40 – Net Income Formation 2Q23 (R$ million)

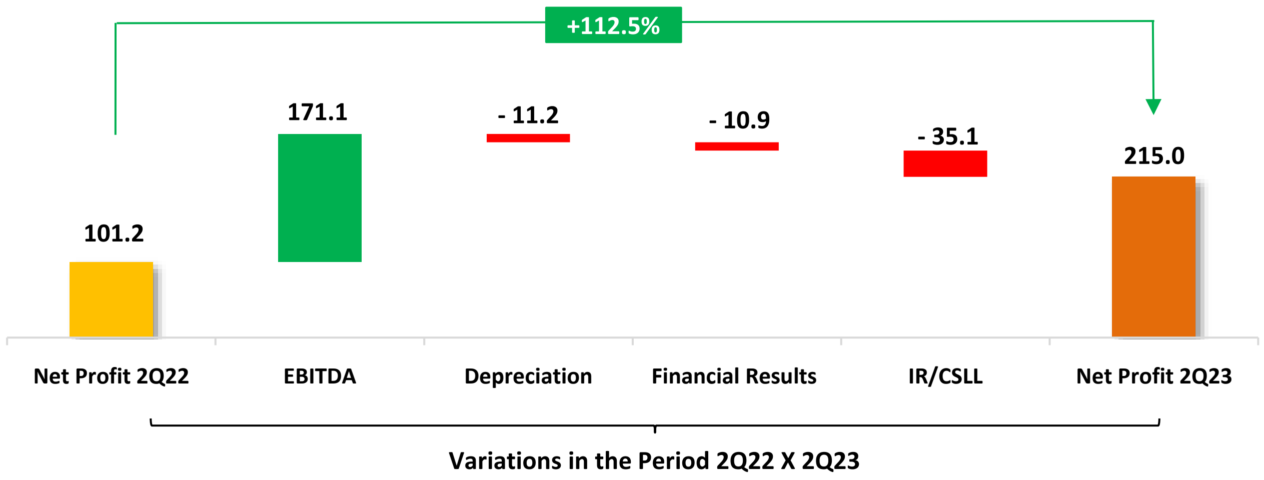
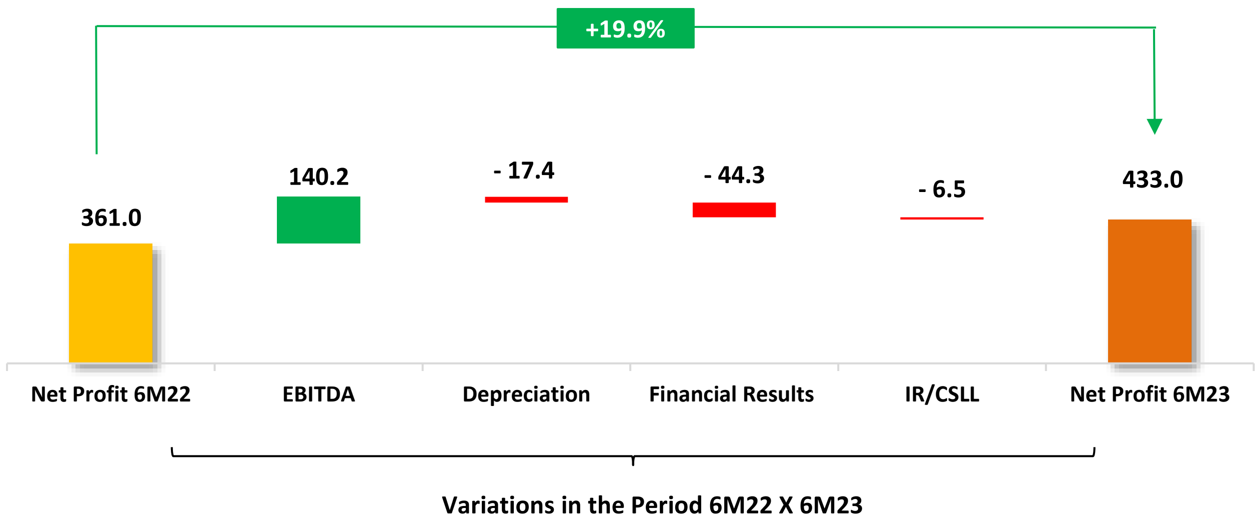


Chart 41 – Net Income Formation 6M23 (R$ million)



3.3.1.5. Indebtedness

The table below shows the Company’s Gross and Net Debts, and the Debt breakdown between 2022 and 2023.

Consolidated | Indebtedness

2Q23 Financial Debt			
R$ Million	**on December 31, 2022**	**on June 30, 2023**	**Δ**
Short-Term Debt	507.7	549.8	*8.3%*
Long-Term Debt	1,941.6	1,924.0	*-0.9%*
Total Financial Debt	**2,449.3**	**2,473.8**	***1.0%***
(-) Cash and Cash Equivalents	940.7	1,033.8	*9.9%*
Net Financial Debt	**1,508.6**	**1,440.0**	***-4.5%***
EBITDA (LTM)	1,079.4	1,219.7	*13.0%*
Fin. Debt Net / EBITDA 12M	**1.4x**	**1.2x**	
ADJUSTED EBITDA (LTM)	1,140.0	1,280.3	*12.3%*
Fin. Debt Net / Adjusted EBITDA 12M	**1.3x**	**1.1x**	
Equity	2,883.2	3,201.2	*11.0%*
Fin. Debt Total / Equity	**0.8x**	**0.8x**	
Fin. Debt Net / Equity	**0.5x**	**0.4x**	

On June 30, 2023 **Grupo Celesc's Financial Debt** totaled **R$2,473.8** million, compared to **R$2,449.3** million on **December 31, 2022**, up by 1.0%. The **Short-Term Debt** accounted for **22.22% of total Debt (20.73% on December 2022).** The **Long-Term Debt** accounted for 77.78% of **total Debt (79.27% on December 2022)**, due to an improved debt profile, as a result of the already mentioned measures adopted in the subsidiaries. The table[5] below breaks down the Company's amortization schedule on 06/30/2023, between subsidiaries Celesc Distribuição and Celesc Geração.

Celesc Consolidated - 2Q23 Debt Breakdown (in R$ million)											
Description				**Annual Amortization**							
Company	**Contracts**	**Issue Date**	**Rate (p.a.)**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**From 2029 to 2043**	**Outstanding Balance Total**
Celesc D	Eletrobrás - D	Jan/13	5.00%	436	872	363	-	-	-		**1,672**
Celesc D	Finame - D	Jul/12 to Dec/15	8.06%	945	267	-	-	-	-		**1,211**
Celesc D	Working capital - D	Apr/19	CDI + 0.80%	-	-	-	-	-	-		**93,056**
Celesc D	Working capital - D	Feb/22	CDI + 1.65%	137,500	275,000	137,500					**550,000**
Celesc D	3rd Debentures - D	Aug/18	CDI + 1.90%	16,665	-	-	-	-	-		**16,665**
Celesc D	4th Debentures – D	Apr/21	CDI + 2.60%	76,744	153,489	153,489	51,163	-	-		**434,884**
Celesc D	IDB - D	Oct/18	CDI + 1.24%	-	63,456	63,456	63,456	63,456	63,456	951,841	**1,269,122**
Celesc D	Loan 5th G - D	Nov/21	CDI + 2.10%	70,000	-	-	-	-	-		**70,000**
Celesc D – Total				**302,291**	**586,140**	**354,808**	**114,619**	**63,456**	**63,456**	**951,841**	**2,436,610**
Celesc G	3rd Debenture Issue	Dec/20	IPCA + 4.30%	2,989	5,979	5,979	5,979	5,979	5,979	11,958	**44,841**
Celesc G – Total				**2,989**	**5,979**	**5,979**	**5,979**	**5,979**	**5,979**	**11,958**	**44,841**
Total Consolidated				**305,280**	**592,118**	**360,786**	**120,597**	**69,435**	**69,435**	**963,799**	**2,481,451**

[5] Excluding charges on debt.

The Group's consolidated net debt at the end of the second quarter of 2023 is **R$1,440.0 million**, representing a **decrease of 4.5%**, resulting mainly from the cash effect (R$1,033.8 million versus R$940.7 million).

It is worth noting that the **Company's Average Cost of Debt was 15.33%** and the **Average Term was 11.41 years (137 months)**.

3.3.1.6. Investments

Celesc Group | Investments in the Period

R$ Million	2nd Quarter			6M		
	2Q22	2Q23	Δ	2Q22	2Q23	Δ
Electricity Generation	2.9	16.0	*458.4%*	5.2	22.4	*330.7%*
Power Distribution	317.8	323.9	*1.9%*	590.8	624.0	*5.6%*
Total Consolidated	**320.7**	**339.9**	***6.0%***	**596.0**	**646.4**	***8.5%***
Consumer Financial Share Donations	(63.5)	(58.4)		(124.8)	(115.6)	
Net Capex Celesc - Own funds	**257.1**	**281.5**	***9.5%***	**471.2**	**530.8**	***12.7%***

In 2Q23, the Group's investments amounted to R$339.9 million (R$646.4 million in 6M23), an increase of 6.0% compared to the R$320.7 million recorded in 2Q22 (R$596.0 million in 6M22). These amounts were distributed as **R$16.0 million (R$22.4 million in 6M22)** in Energy Generation and **R$323.9 million (R$624.0 million in 6M23)** in Energy Distribution.

4. SUSTAINABLE DEVELOPMENT

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

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

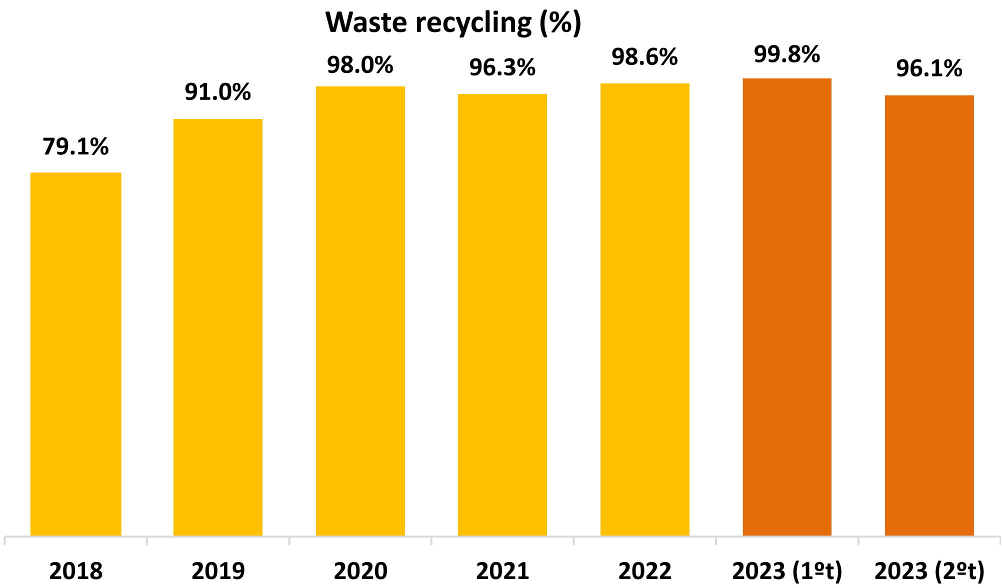
The highlighted indicators below reflect the commitment of the Company's actions to improve its performance in environmental, social, and governance matters.

4.1 Environmental

In the second quarter of 2023, among the demands of environmental management is the management of solid residues that cannot be disposed of generated in the areas and in all of Celesc Distribuição's warehouses, which are class I residues (hazardous, such as PPE contaminated with oil, light bulbs, batteries, workshop waste, and others), and class II (non-hazardous, such as sweeping, crate wood, non-contaminated PPE, rubberized materials, and others).

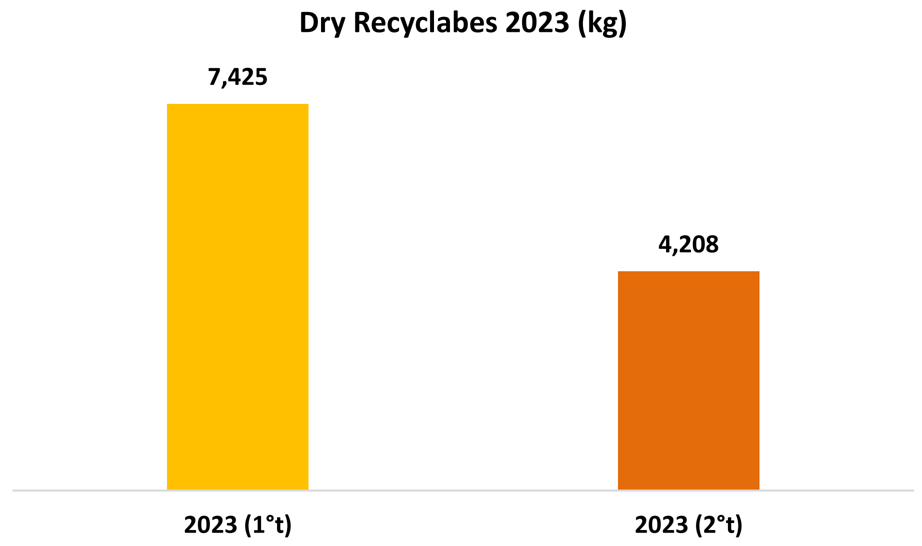
In solid waste management, the disposal of potentially recyclable materials in the second quarter of 2023 amounted to 96.1% of materials, considered to be an excellent material recycling rate, demonstrating compliance with the objectives set out in the National Solid Waste Policy of committing to the use of materials, avoiding the extraction of new raw materials.

The chart below shows the waste recycling evolution from 2018 to 2Q23.



Although most of the residues generated by Celesc S.A. are those originated in the operation and maintenance processes of the power electrical system, residues are also generated in the administrative activities.

With regard to administrative waste, we highlight a reduction in the generation of dry recyclable waste, which went from around 7.4 tons in the first quarter to 4.2 tons in the second quarter, showing a more



Also in the area of administrative waste, it should be noted that 100% of the organic recyclable waste weighed at the headquarters of the Central Administration is sent to the composting process. The importance of forwarding the wet recyclables for composting is emphasized, especially in view of the need to divert waste from landfills, which are considerable sources of greenhouse gas (GHG) emissions. In this case, Company's contribution is with SDG 13 - Action against global climate change: take urgent action to combat climate change and its impacts.

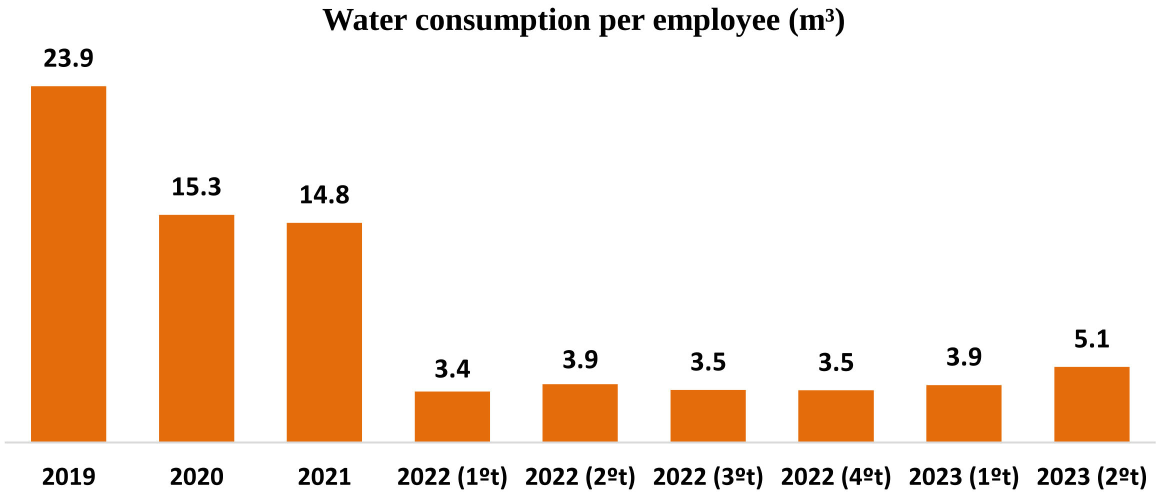
In the second quarter of 2023, considering the total administrative waste managed (heavy), 30% - around 3.6 tons - consisted of organic waste, which was duly sent to the recycling process, i.e. composting, as recommended by municipal legislation Law 10501/2019.

DESTINATION OF PCB

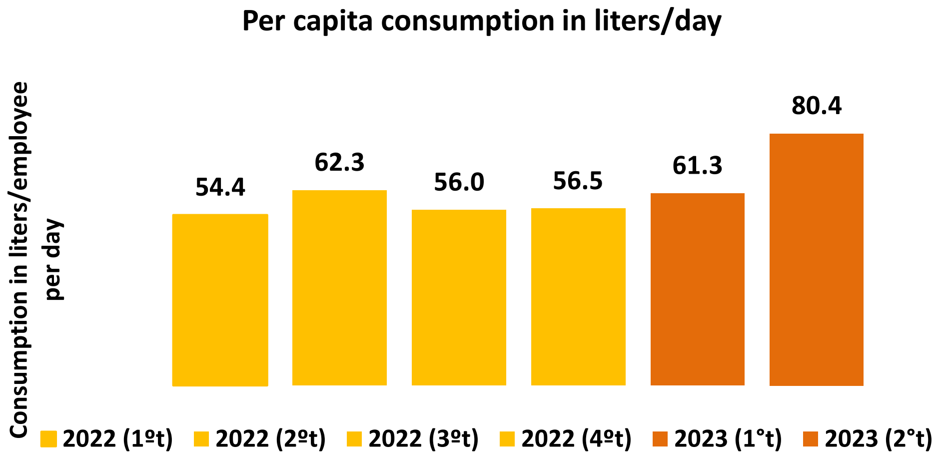
This quarter saw the continuation of the environmentally appropriate final disposal of Polychlorinated Biphenyls (PCBs), which should be completed by 2028, a common challenge for all companies in the electricity sector. 122.13 tons of equipment and oil were sent for decontamination in the second quarter of 2023.

WATER CONSUMPTION PER EMPLOYEE

As for water consumption per employee, in the second quarter of 2023, the indicator was 5.07 m³/employee, showing an increase on the previous quarter, as can be seen in the graph below:



To facilitate understanding, the indicator was also calculated in liters per employee per working day. In this case, the calculated value for the 2nd quarter of 2023 was 80.4 liters of water per employee per workday, as shown in the chart below.



This indicator shows great potential for improvement, since the expected average value for per capita consumption in workplaces such as offices is around 50 liters/employee per day. Thus, there is a need to step up awareness-raising actions, as well as structural improvements aimed at reducing water consumption.

CONSCIOUS CONSUMPTION PLAN

As reported in the last release, in 4Q22, Celesc presented the **Conscious Consumption Plan** prepared by the Environmental Management Supervision of the Environment Division (SPGM/DVMB/DPEP). The initiative seeks to contribute to solutions to the crisis caused by unsustainable patterns of production and consumption, showing the company's commitment to the UN Global Compact and Agenda 2030, in order to achieve the SDGs.

About the actions developed this quarter, in the scope of the Conscious Consumption Plan, we highlight the following:

- Organization and holding of the first World Environment Day event at Celesc, which included lectures and technical visits related to the Plan's theme;
- Compostable garbage bags were purchased to improve the process of composting organic waste.

4.2 *Social* (Social)

Aiming at minimizing and/or mitigating the impacts of its projects and activities, the company's performance is guided by the integration of the sustainable development concept into the corporate strategy, a concept embedded in the planning and execution of socio-environmental plans and programs.

2Q23 Highlights

Celesc in Schools Program: The focus of the program was on children between the ages of 9 and 12, with the aim of providing a playful and educational presentation on accident prevention and risks. The topic focused on the growing crime of stealing wires, cables and transformers, as well as the theft of electricity, popularly known as the “gato". It also raises awareness of the need to reduce household electricity consumption, as well as demonstrating the origin of electricity. The methodology used raises awareness among children, the program's target audience, making them the communicators of awareness to their families and communities. The classes will be given throughout the company's concession area, through voluntary work by Celesc employees.

Culture: Celesc has published a public notice for the selection of projects already approved by the Culture Incentive Program (PIC) of the Catarinense Culture Foundation (FCC). In 2023, the forecast is for R$20 million in funding, which has already been examined and approved by the respective bodies. The projects will be subject to Celesc's specific technical requirements, especially the analysis of the bidders' integrity (compliance).

4.3 Governance

The company recognizes and constantly works to improve aspects of Corporate Governance, in line with the best recommended practices and the maturity of its internal structures. In the constant pursuit of improving management mechanisms with optimization of control processes, compliance, and transparency, Celesc S/A and its wholly-owned subsidiaries have been pioneering acting regarding new challenges. It is an item of the Level 2 segment of B3’s corporate governance listing segment.

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

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

Furthermore, considering the challenges of contemporary society as well, mainly related to the integration of the generation of economic value together with the concerns with environmental, social, and corporate governance matters, and to show responsibility and commitment to the market where it operates, the company has been contributing to building an organizational strategy that promotes gender equality by increasing the number on women in senior management positions.

It is worth noting that through permanent actions, the Company works to increase the number of women in the electricity sector. Accordingly, the Company recognizes the importance of its actions to minimize inequalities through sensitization through dialogues, constant awareness, and encouragement of cultural transformation, positively and sustainably impacting society and the entire energy market.

5. CAPITAL MARKET PERFORMANCE

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

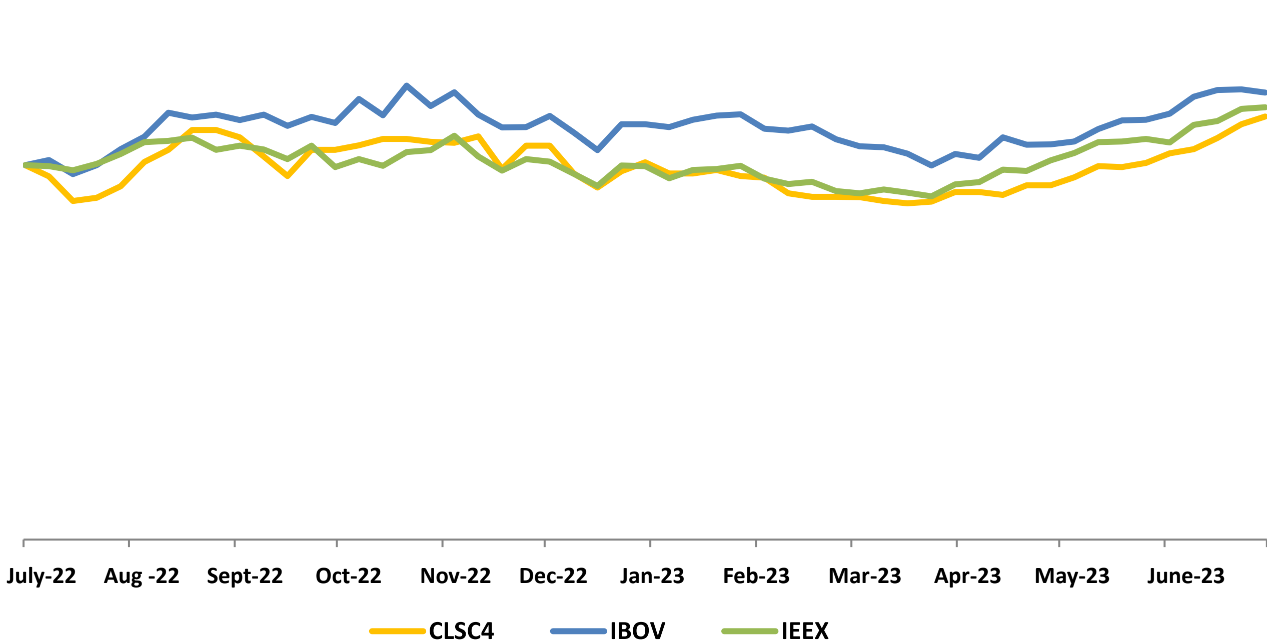
The **Company's Preferred Shares (CLSC4)** had a positive performance of **21.75% in the quarter and 11.93% in LTM**. In the same period, the main index of the Brazilian Stock Exchange, the Ibovespa, showed a **positive return of 15.91% in the quarter and 19.83% in the last twelve months.** The Electric Power Index (IEE), on the other hand, which measures the behavior of the main stocks in the Electric Power Sector, showed a **positive return of 21.73% in the quarter and 15.62% in the 12-month variation.**

CLSC4 Follow-up	2Q22	3Q22	4Q22	1Q23	2Q23
Closing price adjusted to earnings (R$/share)	57.22	57.85	54.59	49.07	59.75
Price / Earnings	3.5x	4.2x	3.9x	3.8x	3.7x
Price / Asset Value	0.8x	0.8x	0.7x	0.7x	0.7x
Average traded volume ('000 shares)	6	6	4	4	8
Average traded volume (R$ '000)	332	323	233	186	412
Market Value (R$ Million)	2,222	2,135	2,135	1,928	2,274
Market Value (US$ Million)	424	395	390	379	472
Profitability (%)	-3.38	-3.08	-3.21	-7.85	21.75
Profitability in the last 12 months (%)	-7.75	-4.95	-12.22	-11.17	11.93
Ibovespa Profitability (%)	-17.88	11.67	-0.27	-7.16	15.91
Ibovespa profitability in the last 12 months (%)	22.29	-0.85	4.69	-15.1	19.83
IEE Profitability (%)	-7.35	-0.38	0.24	-4.90	21.73
IEE Profitability in the last 12 months (%)	2.07	0.25	3.11	-12.01	15.62

Source: Economática/Investor Relations.

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

Chart 44 CLSC4 – IBOV - IEE – Evolution July/22 – June/23



6. CORPORATE RATING

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

On 11/23/2022, Fitch Ratings assigned the Long-Term National Ratings **'AA(bra)'** to CELESC Distribuição, the same rating assigned to its parent company Centrais Elétricas de Santa Catarina S.A, and its subsidiary Celesc Geração, with a stable outlook.

7. EXHIBITS

7.1 Financial Statements

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.

CONSOLIDATED BALANCE SHEET

Assets	06/30/2023	12/31/2022
Current		
Cash and Cash Equivalents	1,033,761	940,684
Accounts Receivable	1,742,512	1,758,933
Inventories	30,574	20,019
Taxes Recoverable	824,330	699,238
Dividends	11,836	20,422
Financial Assets	59,293	57,555
Other Receivables	187,574	180,627
Water Shortage Bonus	1,138	1,138
	3,891.018	**3,678.616**
Noncurrent		
Financial Investments	208	217
Accounts Receivable	13,412	16,775
Advance for Future Capital Increase	-	-
Deferred Taxes	665,376	709,023
Taxes Recoverable	167,499	524,780
Court Deposits	390,528	359,870
Indemnity Assets – Concession	673,785	1,008,038
Financial Assets - Portion A – CVA	456,726	522,543
Other Receivables	2,826	2,498
Investments	378,744	363,279
Right-of-Use Asset - CPC 06	19,683	7,765
Property, Plant & Equipment	147,448	126,100
Intangible Assets	4,499,215	4,308,563
Contract Asset	488,723	
	7,904.173	**7.949.451**
Total Assets	**11,795,191**	**11,628,067**

Liabilities and Equity	06/30/2023	12/31/2022
Current		
Suppliers	920,189	1,016,513
Loans	371,179	297,229
Debentures	178,585	210,470
Salaries and Social Security Charges	220,844	227,670
Taxes and Social Contributions	302,154	289,797
Proposed Dividends	175,224	157,602
Regulatory Fees	61,585	56,066
Water Shortage Bonus	1,120	1,144
Actuarial Liability	243,040	242,238
Financial Liabilities - "Portion A" - CVA	580,524	753,564
Other Liabilities	136,893	136,566
PIS/COFINS to be Refunded to Consumers	914,125	366,981
Leasing liabilities - CPC 06	9,471	1,579
	4,114.933	**3,757.419**
Noncurrent		
Loans	1,606,285	1,545,926
Debentures	317,745	395,643
Salaries and Social Security Charges	33,252	50,410
Deferred Taxes	94,235	89,214
Regulatory Fees	104,470	106,643
Provision for Contingencies	406,132	399,020
Actuarial Liability	1,608,480	1,659,937
Financial Liabilities - "Portion A" - CVA	65,162	-
PIS/COFINS to be Refunded to Consumers	232,272	733,963
Other Liabilities	-	-
Leasing liabilities - CPC 06	11,034	6,716
	4,479.067	**4,987.472**
	8,594.000	**8,744.891**
Equity		
Share Capital	2,480,000	2,480,000
Capital Reserves	316	316
Retained Earnings/Accumulated Losses	341,182	-
Profit Reserves	1,538,825	1,561,699
Equity Valuation Adjustments	(1,159,132)	(1,158,839)
	3,201,191	**2,883,176**
Total Liabilities and Equity	**11,795,191**	**11,628,067**

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.

INCOME STATEMENT - CONSOLIDATED

	2Q23	2Q22	Var %	6M23	6M22	Var %
Gross Operating Income	**3,921,766**	**3,932,736**	***-0.3%***	**7,925,170**	**8,379,066**	***-5.4%***
Power Supply	1,406,121	1,789,337	*-21.4%*	3,083,449	4,525,793	*-31.9%*
Power Supply	101,133	128,597	*-21.4%*	214,813	267,238	*-19.6%*
Regulatory Asset	170,498	166,855	*2.2%*	55,249	(234,984)	*123.5%*
Short-Term Power	44,717	102,850	*-56.5%*	82,402	172,436	*-52.2%*
Power Grid Availability	1,696,191	1,279,645	*32.6%*	3,511,582	2,705,573	*29.8%*
Donations and Subsidies	167,371	127,520	*31.3%*	330,618	309,834	*6.7%*
Income from Services	225	306	*-26.5%*	486	729	*-33.3%*
Service Fee	3,237	2,587	*25.1%*	6,252	5,068	*23.4%*
Financial Revenue	18,429	25,079	*-26.5%*	42,911	53,929	*-20.4%*
Other Revenues	4,812	8,038	*-40.1%*	12,868	14,296	*-10.0%*
Construction Revenue	**309,032**	**301,922**	***2.4%***	**584,540**	**559,154**	*4.5%*
Deductions from Operating Income	**(1,321,935)**	**(1,567,062)**	***-15.6%***	**(2,718,354)**	**(3,336,238)**	***-18.5%***
ICMS	(498,086)	(667,990)	*-25.4%*	(1,063,723)	(1,566,191)	*-32.1%*
PIS/COFINS	(287,192)	(273,854)	*4.9%*	(578,420)	(575,728)	*0.5%*
CDE	(510,911)	(531,013)	*-3.8%*	(1,024,194)	(1,073,491)	*-4.6%*
R&D	(17,159)	(10,427)	*64.6%*	(34,564)	(22,646)	*52.6%*
PEE	(5,622)	(10,064)	*-44.1%*	(11,328)	(21,908)	*-48.3%*
ANEEL Regulatory Inspection Fee	(2,471)	(2,213)	*11.7%*	(4,941)	(4,426)	*11.6%*
Other Charges	(494)	(71,501)	*-99.3%*	(1,184)	(71,848)	*-98.4%*
Net Operating Income	**2,599,831**	**2,365,674**	***9.9%***	**5,206,816**	**5,042,828**	***3.3%***
Operating Costs and Expenses	**(2,298,864)**	**(2,230,621)**	***3.1%***	**(4,569,977)**	**(4,533,547)**	***0.8%***
Electricity Purchased for Resale and Charges	(1,597,659)	(1,538,996)	*3.8%*	(3,218,787)	(3,223,407)	*-0.1%*
Personnel and Management	(176,708)	(180,663)	*-2.2%*	(350,114)	(343,370)	*2.0%*
Actuarial Expenses	(35,290)	(26,815)	*31.6%*	(68,885)	(55,731)	*23.6%*
Supplies	(16,290)	(13,882)	*17.3%*	(31,449)	(27,689)	*13.6%*
Third-Party Services	(90,564)	(80,998)	*11.8%*	(178,617)	(149,859)	*19.2%*
Depreciation and Amortization	(79,510)	(68,295)	*16.4%*	(153,179)	(135,775)	*12.8%*
Net Provision	(93,328)	(75,020)	*24.4%*	(162,680)	(149,663)	*8.7%*
Reversal of Provision	37,689	2,641	*1327.1%*	44,604	9,980	*346.9%*
Other Revenue/ Expenses	61,828	53,329	*15.9%*	133,670	101,121	*32.2%*
Construction Costs	**(309,032)**	**(301,922)**	***2.4%***	**(584,540)**	**(559,154)**	***4.5%***
Equity Pickup	**11,954**	**18,031**	***-33.7%***	**28,543**	**33,269**	***-14.2%***
Earnings from Activities - EBIT	**312,921**	**153,084**	***104.4%***	**665,382**	**542,550**	***22.6%***
Activities Margin (%)	*12.0%*	*6.5%*		*12.8%*	*10.8%*	
EBITDA (R$ thousand)	**392,431**	**221,379**	***77.3%***	**818,561**	**678,325**	***20.7%***
EBITDA Margin (%)	*15.1%*	*9.4%*		*15.7%*	*13.5%*	
Financial Result	**(20,196)**	**(9,275)**	***117.7%***	**(73,092)**	**(28,768)**	***154.1%***
Financial Revenue	136,327	131,175	*3.9%*	421,948	229,098	*84.2%*
Financial Expenses	(156,523)	(140,450)	*11.4%*	(495,040)	(257,866)	*92.0%*
Earnings Before Income Tax	**292,725**	**143,809**	***103.6%***	**592,290**	**513,782**	***15.3%***
IR and CSLL	(53,278)	(10,199)	*422.4%*	(110,589)	(152,500)	*-27.5%*
Deferred IR and CSLL	(24,477)	(32,444)	*-24.6%*	(48,668)	(257)	*18837.0%*
Net Income	**214,970**	**101,166**	***112.5%***	**433,033**	**361,025**	***19.9%***
Net Margin (%)	*8.3%*	*4.3%*		*8.3%*	*7.2%*	

CELESC - CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.		
CASH FLOW STATEMENT (DFC) - CONSOLIDATED		(R$ thousand)
	6M23	**6M22**
Profit/Loss Before Income Tax and Social Contribution	592,290	513,782
Adjustments	**831,030**	**452,092**
Hydrological Risk Renegotiation – GSF	-	-
Depreciation and Amortization	153,180	135,775
Write-off of Indemnity Assets	366,869	1,464
Write-off of Property, Plant & Equipment and Intangible Assets	28,626	33,534
Equity Pickup	(28,543)	(33,269)
Financial Assets Adjustment – VNR	(12,868)	(14,296)
Constitution (Reversal) of Impairment Recognition	-	-
Equity Interest Gains (Losses) (Assets)	-	-
Interest and Monetary Variations	233,601	256,929
Monetary restatement Bonus Grant /Pery Plant	(42,911)	(53,929)
Other Investment Adjustments	-	-
Provision for Actuarial Liability	68,885	55,731
PIS/COFINS Credit Right-of-use asset depreciation	555	333
Asset and Lease Liability Write-offs - Net	-	(5)
Allowance for Doubtful Accounts	56,524	47,405
Realization of Provision for Losses	-	-
Contingencies	7,112	22,420
Changes in Assets and Liabilities	**(175,458)**	**(391,083)**
Accounts Receivable	(27,806)	111,163
Inventories	(10,555)	(6,045)
Taxes recoverable	232,189	324,291
Other Assets	(16,200)	(3,579)
Subsidy Decree 7,891/2013	-	-
Financial Assets	491,090	316,085
Court Deposits	(16,015)	(15,512)
Water Shortage Bonus Asset	(24)	101,723
Advance for Future Capital Increase	-	(2,600)
Suppliers	(96,324)	(207,286)
Social Security and Labor Obligations	(23,984)	(30,263)
Taxes Payable	(67,362)	(740,103)
Regulatory Fees	(3,372)	(205,996)
Financial Liabilities	(491,978)	153,624
PIS/COFINS to be Refunded to Consumers	(11,697)	-
Other Liabilities	327	33,685
Actuarial Liability	(133,747)	(118,777)
Water Shortage Bonus Liability	-	(101,493)
Cash From Operations	**1,247,862**	**574,791**
Income Tax and Social Contribution Paid	(34,738)	(5,542)
Interest Paid	(171,342)	(113,781)
Net Cash from Operating Activities	**1,041,782**	**455,468**
Cash Flows From Investing Activities	**(875,612)**	**(448,931)**
Purchase of Property, Plant & Equipment and Intangible Assets	(896,542)	(470,657)
Capital Increase (Decrease)	(152)	(499)
Dividends Received	21,082	22,225
Cash Flows From Financing Activities	**(73,093)**	**421,629**
Amortization of Loans	(1,879)	(63,779)
Loan Additions	137,655	610,000
Payment of interest on debentures	(110,077)	(50,981)
Principal Amortization of Lease Liabilities	(5,264)	(3,989)
Dividends Paid	(93,528)	(69,622)
Total Effects of Cash and Cash Equivalents	**93,077**	**428,166**
Cash and Cash Equivalents at the Beginning of Period	**940,684**	**844,088**
Cash and Cash Equivalents at the End of the Period	**1,033,761**	**1,272,254**

CELESC DISTRIBUIÇÃO S.A.

BALANCE SHEET (R$ thousand)

Assets	06/30/2023	12/31/2022
Current		
Cash and Cash Equivalents	950,117	835,653
Trade Receivables	1,729,398	1,743,436
Inventories	30,504	19,946
Taxes Recoverable	768,818	652,607
Subsidy Decree 7,891/13	47,086	47,086
Other Receivables	142,310	132,789
Financial Assets		-
Water Shortage Bonus	1,138	1,138
	3,669,371	**3,432,655**
Noncurrent		
Trade Receivables	13,412	16,775
Deferred Taxes	665,376	709,023
Taxes to Compensate or Recover	166,796	524,012
Court Deposits	310,351	281,256
Indemnity Assets – Concession	671,364	596,648
Financial Assets - Portion A – CVA		76,448
Other Receivables	2,809	2,457
Intangible Assets	4,450,239	4,258,464
Property, Plant & Equipment	19,683	7,633
Contract Asset	488,723	408,969
	6,788,753	**6,881,685**
Total Assets	**10,458,124**	**10,314,340**

Liabilities and Equity	06/30/2023	12/31/2022
Current		
Suppliers	915,432	1,008,600
Loans and Financing	371,179	297,229
Debentures	172,658	207,621
Social Security and Labor Obligations	219,129	226,132
Taxes and Social Contributions	274,393	233,759
Proposed Dividends	164,454	154,806
Loan - Affiliate and Subsidiary	87,853	81,701
Regulatory Fees	61,061	55,568
Actuarial Liability	243,040	242,238
Financial Liabilities - "Portion A" - CVA	580,524	753,564
PIS/COFINS to be Refunded to Consumers	914,125	366,981
Other Liabilities	136,134	135,188
Leasing liabilities - CPC 06	9,471	1,438
Water Shortage Bonus	1,120	1,144
	4,150,573	**3,765,969**
Noncurrent		
Loans and Financing	1,606,285	1,545,926
Debentures	279,747	356,032
Regulatory Fees	102,655	105,094
Social Security and Labor Obligations	33,252	50,410
Actuarial Liability	1,608,480	1,659,937
Provision for Contingencies	378,263	373,567
PIS/COFINS to be Refunded to Consumers	232,272	733,963
Other Liabilities	-	-
Financial Liabilities - "Portion A" - CVA	65,162	-
Leasing liabilities - CPC 06	11,034	6,716
Deferred Taxes		
	4,317,150	**4,831,645**
	8,467,723	**8,597,614**
Equity		
Paid-up Share Capital	1,580,000	1,580,000
Profit Reserves	1,171,774	1,171,774
Equity Valuation Adjustments	(1,035,048)	(1,035,048)
Retained Earnings/Accumulated Losses	273,675	-
	1,990,401	**1,716,726**
Total Liabilities and Equity	**10,458,124**	**10,314,340**

CELESC DISTRIBUIÇÃO S.A.

INCOME STATEMENT

	2Q23	2Q22	Var %	6M23	6M22	Var %
Gross Operating Income	**3,875,769**	**3,880,166**	***-0.1%***	**7,829,409**	**8,267,904**	***-5.3%***
Power Supply	1,399,308	1,780,872	*-21.4%*	3,070,412	4,508,603	*-31.9%*
Power Supply	81,743	111,316	*-26.6%*	176,335	228,196	*-22.7%*
Regulatory Asset	170,498	166,855	*2.2%*	55,249	(234,984)	*123.5%*
Short-Term Power	42,539	100,342	*-57.6%*	79,371	169,928	*-53.3%*
Power Grid Availability	1,697,005	1,280,408	*32.5%*	3,513,279	2,707,080	*29.8%*
Donations and Subsidies	167,371	127,520	*31.3%*	330,618	309,834	*6.7%*
Income from Services	225	306	*-26.5%*	486	729	*-33.3%*
Service Fee	3,237	2,587	*25.1%*	6,252	5,068	*23.4%*
Other Revenues	4,811	8,038	*-40.1%*	12,867	14,296	*-10.0%*
Construction Revenue	**309,032**	**301,922**	***2.4%***	**584,540**	**559,154**	***4.5%***
Deductions from Operating Income	**(1,316,805)**	**(1,561,024)**	***-15.6%***	**(2,708,151)**	**(3,324,260)**	***-18.5%***
ICMS	(498,086)	(667,990)	*-25.4%*	(1,063,723)	(1,566,191)	*-32.1%*
PIS/COFINS	(283,040)	(268,983)	*5.2%*	(570,355)	(565,860)	*0.8%*
CDE	(510,911)	(531,013)	*-3.8%*	(1,024,194)	(1,073,491)	*-4.6%*
R&D	(16,866)	(10,064)	*67.6%*	(33,985)	(21,908)	*55.1%*
PEE	(5,622)	(10,064)	*-44.1%*	(11,328)	(21,908)	*-48.3%*
ANEEL Regulatory Inspection Fee	(2,280)	(1,992)	*14.5%*	(4,560)	(3,984)	*14.5%*
Other Charges	-	(70,918)	*-100.0%*	(6)	(70,918)	*-100.0%*
Net Operating Income	**2,558,964**	**2,319,142**	***10.34%***	**5,121,258**	**4,943,644**	***3.6%***
Electricity Costs	**(1,592,533)**	**(1,536,031)**	***3.7%***	**(3,208,965)**	**(3,216,720)**	***-0.2%***
Electricity Purchased for Resale	(1,142,768)	(1,186,462)	*-3.7%*	(2,309,350)	(2,340,592)	*-1.3%*
Transmission System Use Charge	(449,765)	(349,569)	*28.7%*	(899,615)	(876,128)	*2.7%*
Operating Costs and Expenses	**(680,799)**	**(673,028)**	***1.2%***	**(1,318,410)**	**(1,282,441)**	***2.8%***
Personnel and Management	(165,791)	(169,348)	*-2.1%*	(330,499)	(323,408)	*2.2%*
Actuarial Expenses	(35,290)	(26,815)	*31.6%*	(68,885)	(55,731)	*23.6%*
Supplies	(16,023)	(13,595)	*17.9%*	(30,934)	(27,244)	*13.5%*
Third-Party Services	(85,733)	(75,508)	*13.5%*	(170,466)	(141,630)	*20.4%*
Depreciation and Amortization	(78,095)	(66,911)	*16.7%*	(150,368)	(133,018)	*13.0%*
Net Provision	(84,129)	(70,827)	*18.8%*	(153,233)	(145,349)	*5.4%*
Reversal of Provision	32,170	2,491	*1191.4%*	38,889	9,406	*313.4%*
Other Revenue/ Expenses	61,124	49,407	*23.7%*	131,626	93,687	*40.5%*
Construction Costs	**(309,032)**	**(301,922)**	*2.4%*	(584,540)	(559,154)	*4.5%*
Earnings from Activities - EBIT	**285,632**	**110,083**	***159.5%***	**593,883**	**444,483**	***33.6%***
Activities Margin (%)	*11.2%*	*4.7%*		*11.6%*	*9.0%*	*29.0%*
EBITDA	**363,727**	**176,994**	***105.5%***	**744,251**	**577,501**	***28.9%***
EBITDA Margin (%)	*14.2%*	*7.6%*	*86.2%*	*14.5%*	*11.7%*	*24.4%*
Financial Result	**(26,867)**	**(11,384)**	***136.0%***	**(79,821)**	**(28,381)**	***181.2%***
Financial Revenue	131,610	128,061	*2.8%*	418,656	227,459	*84.1%*
Financial Expenses	(158,477)	(139,445)	*13.6%*	(498,477)	(255,840)	*94.8%*
Earnings Before Income Tax	**258,765**	**98,699**	***162.2%***	**514,062**	**416,102**	***23.5%***
IR and CSLL	(45,164)	1	*4516500.0%*	(94,327)	(131,337)	*-28.2%*
Deferred IR and CSLL	(23,102)	(30,507)	*-24.3%*	(43,647)	4,956	*-980.7%*
Net Income	**190,499**	**68,193**	***179.4%***	**376,088**	**289,721**	***29.8%***
Net Margin (%)	*7.4%*	*2.9%*		*7.3%*	*5.9%*	

CELESC DISTRIBUIÇÃO S.A.		
CASH FLOW STATEMENT (CFS)		(R$ thousand)
	6M23	**6M22**
Profit/Loss Before Income Tax and Social Contribution	514,062	416,102
Items not affecting cash:	**537,338**	**531,063**
Amortization/Depreciation	150,368	133,018
Financial Assets Adjustment – VNR	(12,868)	(14,296)
Allowance for Doubtful Accounts	55,208	47,878
Contingencies	4,696	18,207
Interest and Monetary Variations - Net	240,899	255,199
Provision for Post-Employment Benefits Plan	68,885	55,731
Asset write-offs	29,648	34,998
PIS/COFINS Credit Right-of-use asset depreciation	502	333
Asset and Lease Liability Write-offs - Net	-	(5)
Changes in Current and Noncurrent Assets	**625,310**	**831,372**
Trade Receivables	(28,873)	110,107
Inventories	(10,558)	(6,047)
Taxes Recoverable	241,005	350,512
Court Deposits	(18,006)	9,035
Financial Assets	460,548	270,202
Water Shortage Bonus	-	101,723
Other Receivables	(18,806)	(4,160)
Changes in Current and Noncurrent Liabilities	**(812,195)**	**(1,234,318)**
Suppliers	(93,168)	(207,601)
Salaries and Social Security Charges	(24,161)	(31,269)
Taxes and Social Contributions	(54,702)	(755,784)
Regulatory Fees	(3,664)	(29,112)
Actuarial Liability	(133,747)	(118,777)
Financial Liabilities	(491,978)	(23,800)
PIS/COFINS to be refunded to consumers	(11,697)	-
Water Shortage Bonus	(24)	(101,493)
Other Liabilities	946	33,518
Cash From Operations	**864,515**	**544,219**
Interest Paid	(169,483)	(109,279)
Interest and charges paid to Related Parties	-	(410)
Interest Paid on Lease Liabilities	(917)	(507)
Income Tax and Social Contribution Paid	(14,353)	(419)
Net Cash from Operating Activities	**679,762**	**433,604**
Investing Activities	**(508,471)**	**(465,962)**
Acquisition of Concession Assets	(508,471)	(465,962)
Financing Activities	**(56,827)**	**439,120**
Inflow of Loans and Financing	137,655	610,000
Related Party Additions	-	(15,000)
Amortization of Loans and Financings	(111,956)	(97,113)
Dividends and Interest on Equity	(77,403)	(54,891)
Principal Amortization of Lease Liabilities	(5,123)	(3,876)
Total Effects of Cash and Cash Equivalents	**114,464**	**406,762**
Cash and Cash Equivalents at the Beginning of the Period	**835,653**	**753,816**
Cash and Cash Equivalents at the End of the Period	**950,117**	**1,160,578**

CELESC GERAÇÃO S.A.

BALANCE SHEET (R$ thousand)

Assets	06/30/2023	12/31/2022
Current		
Cash and Cash Equivalents	35,226	56,826
Accounts Receivable	13,411	15,800
Financial Assets	41,228	40,019
Financial Assets - Ind. Projects Basic Pery Plant	18,065	17,536
Taxes Recoverable	8,707	2,300
Advances to suppliers	-	1,805
Inventories	70	73
Prepaid expenses	261	1,043
Other Receivables	2	4
Dividends and Interest on Equity	7,950	4,656
	124,920	**140,062**
Noncurrent		
Related Parties	87,853	81,701
Taxes Recoverable	703	768
Court Deposits	397	1,212
Deferred Taxes		-
Advance Capital Increase	-	-
Investments	110,540	110,956
Property, Plant & Equipment	147,443	126,094
Intangible Assets	45,289	46,161
Concession Indemnification	2,421	2,421
Financial Assets – Concession Bonus	314,081	306,791
Financial Assets – Inden. Pery Plant	142,645	139,304
	851,372	**815,408**
Total assets	**976,292**	**955,470**

Liabilities and Equity	06/30/2023	12/31/2022
Current		
Suppliers	4,654	7,316
Taxes and Social Contributions	18,488	21,239
Proposed Dividends	27,021	38,724
Hydrological Risk Renegotiation – GSF	-	-
Regulatory Fees	524	498
Debentures	5,927	2,849
Related Parties	-	-
Other Liabilities	1,512	2,706
	58,126	**73,332**
Noncurrent		
Deferred Taxes	94,235	89,214
Regulatory Fees	1,815	1,549
Provision for Contingencies	-	-
Debentures	37,998	39,611
	134,048	**130,374**
Total Liabilities	**192,174**	**203,706**
Equity		
Share Capital	450,000	450,000
Profit Reserves	272,975	288,294
Equity Valuation Adjustments	13,177	13,470
Adjustments for the adoption of IFRS	-	-
Retained Earnings/Accumulated Losses	47,966	-
	784,118	**751,764**
Total Liabilities and Equity	**976,292**	**955,470**

CELESC GERAÇÃO S.A.

INCOME STATEMENT

	2Q23	2Q22	Var %	6M23	6M22	Var %
Gross Operating Revenue (R$ thousand)	**48,090**	**54,958**	**-12.5%**	**99,969**	**115,906**	**-13.7%**
Power Supply	6,866	8,492	*-19.1%*	13,106	17,237	*-24.0%*
Power Supply	20,616	20,976	*-1.7%*	40,920	42,232	*-3.1%*
Short-Term Power	2,178	411	*429.9%*	3,031	2,508	*20.9%*
Financial Revenue - Interest Adjustment Indemn. Pery Plant	12,792	17,252	*-25.9%*	29,749	36,925	*-19.4%*
Financial Revenue - Interest and Adjustment BO	5,637	7,827	*-28.0%*	13,162	17,004	*-22.6%*
Other Revenues	1			1		
Deductions from Operating Income (R$ thousand)	**(5,130)**	**(6,038)**	***-15.0%***	**(10,203)**	**(11,978)**	***-14.8%***
PIS/COFINS	(4,152)	(4,871)	*-14.8%*	(8,065)	(9,868)	*-18.3%*
Comp. Financing for Use Water Resources	(494)	(583)	*-15.3%*	(1,178)	(930)	*26.7%*
RGR and P&D	(293)	(363)	*-19.3%*	(579)	(738)	*-21.5%*
ANEEL Regulatory Inspection Fee	(191)	(221)	*-13.6%*	(381)	(442)	*-13.8%*
Net Operating Income (R$ thousand)	**42,960**	**48,920**	***-12.2%***	**89,766**	**103,928**	***-13.6%***
Electricity Costs (R$ thousand)	**(7,166)**	**(5,326)**	***34.5%***	**(13,961)**	**(11,384)**	***22.6%***
Electricity Purchased for Resale	(6,352)	(4,563)	*39.2%*	(12,264)	(9,877)	*24.2%*
Charge for the Use of the System	(814)	(763)	*6.7%*	(1,697)	(1,507)	*12.6%*
Operating Costs and Expenses (R$ thousand)	**(11,543)**	**(9,354)**	***23.4%***	**(19,839)**	**(16,783)**	***18.2%***
Personnel, Management	(4,418)	(4,832)	*-8.6%*	(8,600)	(9,065)	*-5.1%*
Supplies	(267)	(287)	*-7.0%*	(515)	(445)	*15.7%*
Third-Party Services	(2,869)	(3,186)	*-9.9%*	(5,331)	(5,301)	*0.6%*
Depreciation / Amortization	(857)	(833)	*2.9%*	(1,693)	(1,657)	*2.2%*
Net Provisions	(3,954)	80		(4,202)	473	*23244.4%*
Net Provisions	2,728		*3310.0%*	2,886		*487.8%*
Other Revenues / Expenses	(1,906)	(296)	*543.9%*	(2,384)	(788)	*202.5%*
Equity Result (R$ thousand)	**2,368**	**(581)**	***507.6%***	**6,169**	**7,524**	***-18.0%***
Earnings from Activities - EBIT (thousand)	**26,619**	**33,659**	***-20.9%***	**62,135**	**83,285**	***-25.4%***
Activities Margin (%)	*62.0%*	*68.8%*	*-9.9%*	*69.2%*	*80.1%*	
EBITDA (R$ thousand)	**27,476**	**34,492**	***-20.3%***	**63,828**	**84,942**	***-24.9%***
EBITDA Margin (%)	*64.0%*	*70.5%*		*71.1%*	*81.7%*	
Financial Result (R$ thousand)	**3,830**	**1,475**	***159.7%***	**6,821**	**1,852**	***268.3%***
Financial Revenue	4,889	4,805	*1.7%*	9,390	8,413	*11.6%*
Financial Expenses	(1,059)	(3,330)	*-68.2%*	(2,569)	(6,561)	*-60.8%*
EBIT (R$ thousand)	**30,449**	**35,134**	***-13.3%***	**68,956**	**85,137**	***-19.0%***
IR and CSLL	(8,114)	(10,200)	*-20.5%*	(16,262)	(21,163)	*-23.2%*
Deferred IR and CSLL	(1,375)	(1,937)	*-29.0%*	(5,021)	(5,213)	*-3.7%*
Net Income (R$ thousand)	**20,960**	**22,997**	***-8.9%***	**47,673**	**58,761**	***-18.9%***
Net Margin (%)	*48.8%*	*47.0%*		*53.1%*	*56.5%*	

CELESC GERAÇÃO S.A.		
CASH FLOW STATEMENT (CFS)		(R$ thousand)
	6M23	**6M22**
Profit/Loss Before Income Tax and Social Contribution	68,956	78,278
Adjustments	**(49,796)**	**(51,533)**
Depreciation and Amortization	1,693	1,657
Equity Pickup	(6,169)	(665)
Reversal of Contingency Provision	(3,779)	-
Monetary Variations	-	6,493
Financial Revenue from Loans	1,316	(4,616)
Allowance for Doubtful Accounts	(13,162)	(473)
Financial Assets Update - Ind. Pery Plant Basic Project	(29,749)	(17,004)
Financial Assets Update - Concession Bonus	54	(36,925)
Changes in Current and Noncurrent Assets	**34,213**	**43,533**
Trade Receivables	1,073	1,050
Taxes to Offset or Recover	(840)	(915)
Inventories	3	2
Advance to Suppliers	1,805	-
Court Deposits	846	-
Financial Assets	21,250	18,992
Financial Assets Update - Ind. Pery Plant Basic Project	9,292	26,891
Advance for Future Capital Increase	-	(2,600)
Other Assets	784	113
Changes in Current and Noncurrent Liabilities	**(10,590)**	**(2,832)**
Suppliers	(2,662)	752
Regulatory Fees	292	540
Taxes and Social Contributions	(7,026)	(4,430)
Other Liabilities	(1,194)	(306)
Cash From Operations	**42,783**	**67,446**
Interest Paid and Received	(939)	(3,983)
Income Tax and Social Contribution Paid	(17,489)	(5,123)
Net Cash from Operating Activities	**24,355**	**58,340**
Financing Activities	**(27,022)**	**(41,274)**
Dividends paid and Interest on Equity - IoE	(27,022)	(23,627)
Amortization of Loans/Debentures	-	(17,647)
Investing Activities	**(18,933)**	**(2,607)**
Capital Decrease in Investees	-	-
Investments Acquisition	(152)	(499)
Acquisition of Property, Plant & Equipment	(22,224)	(4,682)
Acquisition of Intangible Assets	-	(13)
Related Parties - Loan Agreement Receivables	-	-
Dividends received	3,443	2,587
Interest Received from Loans		-
Total Effects of Cash and Cash Equivalents	**(21,600)**	**14,458**
Cash and Cash Equivalents at the Beginning of Period	**56,826**	**63,400**
Cash and Cash Equivalents at the End of the Period	**35,226**	**77,858**

8. RELEVANT EVENTS

1.1 Celesc announces biggest investment in history: R$4.5 billion until 2026

In the quarter, Celesc announced that it intends to invest around R$4.5 billion in Santa Catarina's electricity system by 2026, the largest investment package in the company's history. The planned contributions include R$3.5 billion to expand the transformer capacity of existing substations, build new substations, install new distribution lines, invest in medium and low voltage, as well as R$1 billion in strategic projects.

Throughout the state, the investments planned for the electricity system include the construction of new substations (SEs), the expansion and improvement of existing SEs and the construction of electricity distribution lines and networks.

The plan was drawn up following studies carried out by Celesc's technical department, which took into account the demand in each region and the expected growth over the next four years.

Investments Plan is available on:
https://ri.celesc.com.br/eventos-e-apresentacoes/apresentacoes/

1.2 Celesc remains among the five best distributors in the country

On May 29, Celesc was awarded the second best distributor in the South region and fourth place nationally in the National Electric Energy Agency (Aneel) Consumer Satisfaction Award 2022, among companies that serve more than 400,000 consumer units.

The award is the result of an opinion poll carried out annually by the regulatory body, which measures the satisfaction rate of residential electricity consumers with the services provided.

Celesc has remained on the podium for the last few years, and is very proud of the recognition it has received from consumers. This result is certainly the fruit of the hard work and dedication of all Celesquians, who enable us to provide increasingly efficient service," celebrated president Tarcísio Rosa.

1.3 Celesc stands out in consumer approval and general satisfaction in the Abradee Large Customer Survey

On April 20, Celesc won third place among large national distributors in the Consumer Approval Index (IAC) and General Satisfaction Index (ISG) of the Large Electricity Customer Survey 2022. Carried out by the Brazilian Association of Electricity Distributors (Abradee), the survey seeks to understand the level of product quality and services provided by companies in the sector to medium and high voltage consumers, such as industries and large businesses.

1.4 Celesc announces the implementation of 500 km of three-phase network in rural areas of SC

In April, Celesc's Board of Directors announced the replacement of 500 kilometers of single-phase network with three-phase, allowing producers to have more availability and quality of electricity. Among the regions benefiting are the West, the Serrano Plateau, the Northern Plateau and the Upper Valley.

The total investment will be R$40 million from the state-owned company, of which R$30 million in 2023 and a further R$10 million in 2024. Around 20,000 consumers are expected to benefit from the investment. The improvement will make it possible to expand factories and automate operations that require more energy. For example, producers who need to air-condition a barn or implement mechanical milking will benefit. The three-phase network will also reduce the number of power outages, which damage production.

1.5 Celesc board visits IDB and Ministry of Planning and Budget

On May 4, Celesc's Board of Directors was in Brasilia, at the headquarters of the Inter-American Development Bank (IDB), to formally present the new board and discuss issues related to Celesc+Energia, an investment program that has received funding of US$ 276 million from the institution and is in the final stages of implementation.
On that occasion, the 2023-2026 Investment Plan was also presented and a letter was formalized to consult on the feasibility of new financing, this time to the tune of US$300 million. The plan includes actions that will make the electricity system more recursive and robust throughout Santa Catarina, with the construction of new substations and the expansion of the transformer capacity of existing ones, the installation of new distribution lines and the expansion of three-phase networks, combined with robust technological improvements that will make Celesc's system management even more efficient.

1.6 Santa Catarina State Government and Celesc announce more than R$220 million in investments for industry

On June 21, in response to a long-standing demand from Santa Catarina industry, Celesc's Board of Directors announced investments of more than R$ 220 million in works that will expand the supply of electricity to the productive sector.

With new substations, transmission lines and distribution networks, 11 industries included in the government proposal will have the energy infrastructure they need to expand their businesses and increase productivity, generating 9,500 direct and indirect jobs throughout the state. Calculations show that there will be a return of R$160 million in ICMS for the public coffers once these public and private investments are made.

The plan calls for R$223.1 million to be invested in works that will meet the needs of the industries that will be directly affected by the R$4.5 billion investment recently announced by the state government and Celesc. Considering the characteristics of the projects and the regulation of the electricity sector, the alternative to make the expansion projects viable was to split the bill: R$ 174.2 million from the state government and R$ 48.9 million from Celesc.

1.7 Celesc Geração receives grants from water to projects to expand two plants

On May 4, Celesc Geração received the water use licenses for the expansion projects at the Salto Weissbach plant in Blumenau and the Caveiras plant in Lages.
The Salto Weissbach plant is located in Blumenau and began operations in 1914 with a generating unit to meet the region's demand. Gradually, it increased its power until it reached the current 6.28MW, enabling the development of the municipality and the Vale region. The plant's expansion is included in Celesc Geração's investment plan, with the goal of starting implementation in 2023. The granting of the concession is a fundamental condition for the continued viability of the project, which will now return to analysis and negotiations by the Energy Research Company (EPE) and the National Electric Energy Agency (Aneel). The project foresees the addition of 23MW to the Small Hydroelectric Plant (PCH), totaling 29.28MW of installed power in a 30-month construction schedule.
The Caveiras plant is located in Lages and began operations in 1940, with an installed capacity of 3.83MW. The expansion project is being analyzed by the IMA with a view to obtaining the Environmental Installation License. Estimated at R$45 million, it provides for the addition of 5.57MW to the SHPP, bringing the total installed capacity to 9.4MW. Considering the protocol deadlines for environmental licensing, it is estimated that the project will be feasible by 2025.