



CENTRAIS ELÉTRICAS DE SANTA CATARINA S.A.
PUBLICLY HELD COMPANY
Corporate Taxpayer's ID (CNPJ): 83.878.892/0001-55
Company Registry (NIRE): 42.300.011.274

NOTICE TO THE MARKET

5th Periodical Tariff Review Cycle (5th CRTP) of Celesc Distribuição S.A

CENTRAIS ELÉTRICAS DE SANTA CATARINA (CELESC) (B3: CLSC3 and CLSC4), a publicly held company, with shares traded on B3, listed on Corporate Governance Level 2, hereby announces that:

The National Agency of Electric Energy (ANEEL), at the 30th Public Meeting of the Board of Directors held on August 17, 2021¹, approved and disclosed² the result of the 5th Periodic Tariff Review Cycle ("5th CRTP"), of Celesc Distribuição S.A. (process 48500.004616/2020), establishing the tariff repositioning index of 2.90% (economic effect) and 2.75% with financials, with an average effect to be perceived by the consumer of 5.65%.

The new tariff will become effective as of Sunday (8/22) for more than 3.0 million consumer units located in the state of Santa Catarina, being 5.34%, on average, for consumers connected in High Voltage and 5.83%, on average, for consumers connected in Low Voltage.

The average tariff effect of 5.65% is mainly due to: (i) the cost of energy acquisition, with an effect of 1.8%, in which the main impact was due to the water crisis and the increased dispatch of thermal plants, with a higher energy price; (ii) the inclusion of financial components determined in the current tariff process for compensation in the subsequent 12 months, with an impact of 1.46%; and (iii) sectorial charges, with an effect of 1.54%.

The amounts allocated to the Distribution activity (Portion B), i.e., that Celesc D receives for operating and maintaining the electrical system, investing in new energy networks and defraying operating expenses, represents 0.91% of the effect.

Exclusion of ICMS from the PIS/COFINS calculation basis

The revision had an impact, among other factors, due to the proceedings filed by the Company aiming to exclude ICMS from the PIS/COFINS tax base. Celesc filed a lawsuit against the Federal Government, and the distributor's efforts resulted in a credit for the period 2007 to 2014 that will be considered on an extraordinary basis in this tariff revision process, with the transfer of amounts to consumers in the concession area, until specific regulations are defined by ANEEL. If there were no such treatment due to the PIS/COFINS credits, the effect of the tariff adjustment would be higher than 14%.

The table below presents the summary of the 5th CRTP:

¹As disclosed at the link: <https://www.aneel.gov.br/pautas-e-atas>

²As disclosed at the link: https://www.aneel.gov.br/sala-de-imprensa-exibicao-2/-/asset_publisher/zXQREz8EVIZ6/content/aprovadas-novas-tarifas-da-celesc/656877?inheritRedirect=false&redirect=http%3A%2F%2Fwww.aneel.gov.br%2Fsala-de-imprensa-exibicao-2%3Fp_p_id%3D101_INSTANCE_zXQREz8EVIZ6%26p_p_lifecycle%3D0%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-2%26p_p_col_pos%3D1%26p_p_col_count%3D3



Percentage in the 2021 Tariff Review		
Portion A	Segment Charges	1.54%
	Transmission Cost	-1.38%
	Power Purchase	1.80%
	Irrecoverable Revenues	0.02%
	Total of Portion A	1.99%
Portion B		0.91%
Economic Readjustment (RT)		2.90%
Financial Components of the Current Process		1.46%
Withdrawal of Financial Components from the Previous Process		1.29%
Average effect realized by consumers		5.65%

The tariff revision is applied every five years and is foreseen in the concession contracts of the distributors, with the objective of maintaining the balance of the tariffs based on the remuneration of the investments made by the companies in the provision of distribution services and on the coverage of expenses effectively recognized by ANEEL.

At the same ANEEL Board of Directors' meeting, the distributor's CED and FEC limits for the period 2022 to 2026 were also approved. For the CED, an improvement path was defined, starting from 10.18 hours in 2022, reaching 8.68 hours in 2026. For the FEC, goals of 7.99 interruptions were established in 2022, reaching 6.55 interruptions in 2026.

For the level of technical losses it was established the percentage of regulatory coverage at 5.81% of the supplied energy, and for the non-technical losses it was established the percentage of 6.26% on the low voltage market billed.

Florianópolis, August 17, 2021.

Claudine Furtado Anchite
Chief Financial and Investor Relations Officer

For further information, contact the IR team: ri@celesc.com.br or by telephone: (48) 3231.5100