4Q20 RESULTS

Conference Call
February 12, 2021
(In Portuguese with simultaneous translation into English)
11 am (Brasília time)
9 am (NY time – EST)
2 pm (London time)
Phone: + 55 (11) 3181-8565
International Participants:
Tel: + 1 (412) 717-9627 | + 1 (844) 204-8942

São Paulo, February 11, 2021: CESP - Companhia Energética de São Paulo ("CESP"), (B3: CESP3, CESP5, and CESP6) discloses its results for the fourth quarter of 2020 and the year 2020. The information was prepared in accordance with International Financial Reporting Standards ("IFRS") and accounting practices adopted in Brazil, compared to the same period in 2019, except where otherwise indicated.

4Q20 AND 2020 EARNINGS RESULTS

Consolidated Financial Highlights BRL thousand	**4Q20**	**4Q19**	**Var. (%)**	**2020**	**2019**	**Var. (%)**
Gross operating revenue	581,775	497,086	17%	2,203,798	1,830,499	20%
Net operating revenue	500,649	432,835	16%	1,917,248	1,571,296	22%
Gross operating income	131,365	160,771	-18%	727,606	479,281	52%
Costs and expenses	(328,148)	(73,559)	n.m.	(1,104,522)	(1,087,934)	2%
EBITDA	274,183	471,377	-42%	1,210,055	862,927	40%
Adjusted EBITDA[1]	154,705	256,885	-40%	1,014,104	751,692	35%
Adjusted EBITDA margin[1]	31%	59%	-28 p.p.	53%	48%	5 p.p.
Net income	1,595,676	1,333,115	20%	1,728,762	1,163,014	49%
Net debt	1,216,403	1,010,012	20%	1,216,403	1,010,012	20%
Net debt/EBITDA UDM	1.0x	1.2x	-0.1x	1.0x	1.2x	-0.1x
Net debt/adjusted EBITDA[1] **UDM**	1.2x	1.3x	-0.1x	1.2x	1.3x	-0.1x

HIGHLIGHTS

- Growth in net revenue, reaching BRL 501 million in 4Q20 and BRL 1.9 billion in 2020, mainly due to the startup of the trading operations by CESP Trading Company

- Adjusted EBITDA of BRL1 billion in 2020, growth of 35% in relation to 2019, reflecting the proper management of the energy balance and discipline in costs and expenses. In 4Q20 it reached BRL155 million, a reduction in relation to the same period last year due to the higher spending on energy purchases, in line with our commercial strategy.

- Reduction of total contingent liabilities[2] by BRL1.6 billion in 4Q20 and BRL2.9 billion in 2020 because of court settlements, favorable decisions, and revision of estimates according to the procedural evolution of the cases.

- Generation of BRL743 million of operating cash flow after debt service, with a cash conversion rate[3] of 73% in 2020.

- Net income of BRL1.7 billion in 2020, an increase of 49% compared to 2019. In 4Q20 it reached BRL1.6 billion, an increase of 20% in relation to 4Q19, mainly due to the recognition of deferred income tax and social contribution.

- Approval by the Board of Directors of the proposal to pay BRL850 million in earnings to shareholders, of which BRL150 million through interest on equity (JCP), already approved, and BRL700 million in dividends, totaling a dividend yield of 9%.

(1) Adjusted EBITDA excludes allowance for litigation, write-off of judicial deposits, VDP, impairment | (2) After monetary correction and interest (3) It considers cash conversion = (FCO after Debt Service/Adjusted EBITDA)

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MESSAGE FROM MANAGEMENT

The year of 2020 was marked by the new coronavirus pandemic (Covid-19), bringing consequences for our lives and for the economy. CESP acted promptly in this scenario, adopting preventive measures appropriate to the preservation of the health and safety of all its employees, as well as guaranteeing the continuity of the power generation services with excellence. The resilience of our client portfolio, the prompt reaction to the new environment, and the robustness of our capital structure were essential to mitigate the impacts brought by Covid-19.

The evolution of the pandemic reinforced the need to discuss socio-environmental issues and a responsible economy. In the Brazilian electricity sector, the energy transition is part of the evolution towards a better and more conscious country. This becomes a path of no return, which requires strategies and investments, but also requires that the sector's regulation evolves rapidly. CESP, as a 100% renewable energy generation company, plays an important role to solve this challenge.

As a highlight, in 2020, we took an important step towards a better management of ESG (Environmental, Social, and Governance) aspects by identifying the material themes and the definition of the most relevant Sustainable Development Goals (SDGs) to CESP. With the engagement and involvement of our leaders, it was created CESP's Sustainability Platform with three thematic lines: Environmental and Climate Proactivity, Local and Human Development and Inclusive Growth. We also released, for the first time, our Annual Report, which has its structure and content inspired by the Integrated Reporting principles of the International Integrated Reporting Initiative (IRRC).

CESP constantly improves and promotes the adoption of the best Corporate Governance practices and is committed to the continuity of its performance in compliance with the principles of transparency, equality, accountability, and corporate responsibility, aiming at strengthening the management and governance structure with the purpose of solidifying the pillars CESP businesses perpetuity. In February 2021, we established the basis for the creation of the ESG Commission, with the purpose of supporting the Board of Directors to incorporate ESG themes in the strategy and business direction process.

We have also advanced in our digital transformation, reducing risks, automating processes and achieving more agile responses in the adoption of new technologies. Thus, we started our data and analytics journey generating a data-driven culture.

In operational terms, one of the most important performance indicators, the average availability index of the power plants reached 95.7%, at the end of 2020, in a sustained trajectory of increase, consistently above the reference levels established by ANEEL, continuously showing the good management of operation and maintenance and, consequently, greater efficiency in the availability of the plants.

During 2020, we continued to pursue a strategy designed to manage the energy balance, coupled with the planned seasonalization of the guaranteed energy, maintaining the management of our client portfolio. It is important to highlight that, during the year 2020, CESP took advantage of the windows of opportunity in the market and purchased approximately 90% of the energy needed for 2021.

Regarding the contingent liability, we continue with the strategy and management of legal actions with legal and financial advisors to complement the performance of our own team. We ended the year of 2020, with a reduction, after monetary correction, of BRL2.9 billion in the total liability contingencies in relation to the balance of December 2019, explained by the combination (i) favorable decisions, (ii) court settlements and (iii) revision of estimates according to the procedural evolution of the cases. These results are in line with our determination to take an increasingly assertive and strict approach to reducing this risk.

Our financial results reflect the diligence in the execution of our strategies, reaching a consolidated Adjusted EBITDA[1] of BRL1 billion in 2020, growth of 35% in relation to 2019, reflecting the proper management of the energy balance and discipline in costs and expenses.

CESP's strong cash generation capacity places us in a privileged position in this context. In 2020, we generated BRL743 million of operating cash flow after debt service, which represents a cash conversion rate[2] of 73%.

As a debt management strategy, in August 2020, CESP issued an infrastructure debenture totaling BRL1.5 billion at a cost of IPCA rate + 4.30% p.a. and a 10-year term. With this operation, CESP's debt increased by 5 years in average term, maintaining, however, the average cost, in addition to improving contractual conditions, more adequate to CESP's new credit profile.

The combination of strong cash generation and net income for 2020, allowed the proposal to distribute earnings to shareholders in the amount of BRL850 million, being BRL150 million of interest on equity (JCP) and BRL700 million of dividends, representing a payout of 49% and a total dividend yield of ~9%, with payments in April and September 2021.

Finally, we emphasize that CESP starts 2021 even more prepared to take advantage of the opportunities that will arise and committed to it purpose of creating and offering the best energy solutions, generating and sharing wealth in a sustainable way through the transformation of people and society.

Thank you very much to everyone who accompanies us on this journey.

Mario Bertoncini
Chief Executive and Investor Relations Officer

Marcelo de Jesus
Chief Financial Officer

(1) Adjusted EBITDA excludes allowance for litigation, write-off of judicial deposits, VDP, impairment | (2) Cash Conversion Index = Operating Cash Flow after Debt Services/Adjusted EBITDA

EFFECTS OF THE NEW CORONAVIRUS PANDEMIC (COVID-19)

In March 2020, the World Health Organization (WHO) declared a global pandemic due to the new Coronavirus (COVID-19). In view of the event, the Company informs that it has been taking preventive and risk mitigation measures according with the guidelines established by national and international health authorities, aiming to minimize, as much as possible, any impacts with regard to the health and safety of our employees, families, partners, and communities, and the continuity of operations and business.

As power generation is an essential activity, CESP adopted contingency protocols in order to fully maintain the operations of its hydroelectric plants, preserving the health of its professionals, their safe access to workplaces, an environment that preserves the distance between individuals, hygiene, and access to means of protection. In addition, approximately 82% of our employees are currently working from home.

A potentially relevant risk for CESP in the emergence of COVID-19 is related to the compliance of its customers and other counterparties in energy purchase and sale contracts. In this scenario, CESP maintains regular contact with its main commercial partners. The Company's accounts receivable position as of December 31, 2020, as well as the provisions for bad or doubtful debts, reflect in a timely manner our best analysis at this moment on the quality and solvency of the rights in question. Despite the economic impacts resulting from the pandemic, there was no default by any client, as well as the few contractual renegotiations carried out, structured in order to preserve the present value of the original contracts, should not have a material impact on the Company's results.

The Company also evaluated its main supply contracts, and concluded that, despite the impacts caused by the pandemic, the contractual obligations are still being fulfilled and there is no evidence or formalization of insolvency or any discontinuity.

The management of the Company's energy balance for this year has been adjusted and the company is well positioned in the face of potential adverse variations in the GSF (generation scaling factor, or MRE adjustment factor) and relevant changes in energy market prices.

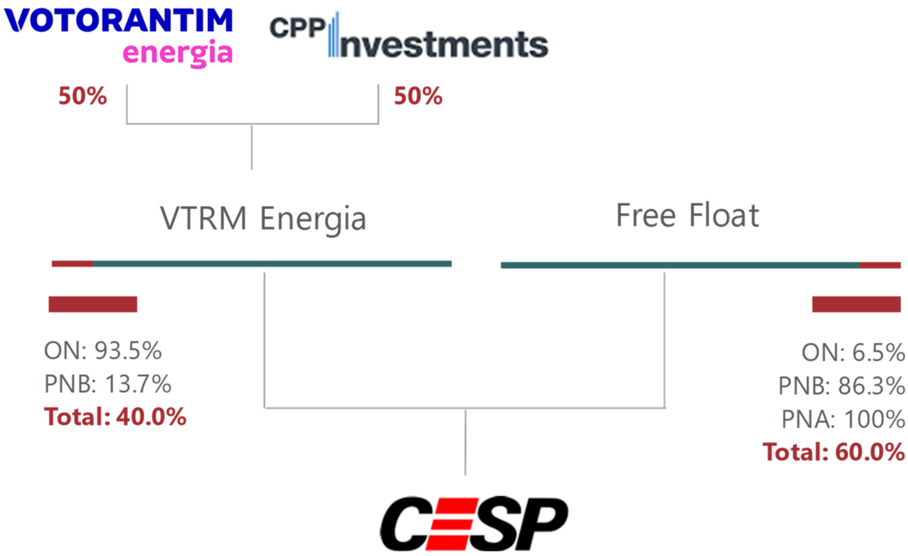
In addition, CESP currently holds a considerable cash position and reiterates that there are no relevant financial obligations falling due in the coming years.

Finally, we inform that until now, CESP has had no material impact on its operations and settlement of rights and obligations on behalf of COVID-19. However, considering that we are exposed to operational risks arising from the health of our employees and third parties, as well as being subject to any legal and market restrictions that may be imposed as a result of COVID-19, it is not possible to ensure that we will not be impacted on our operations or whether our results will be affected by future consequences that the pandemic may cause.

COMPANY PROFILE

CESP is an power generating company found in 1966 by the State of São Paulo Government with the merger of 11 São Paulo electric energy companies.

On October 19, 2018, the auction of CESP's shares won by the Consórcio São Paulo Energia, consisting of VTRM Energia Participações S.A. ("VTRM") and SF Ninety Two Participações Societárias S.A. ("SF 92"), as a result of partnership of Votorantim Energia with the Canadian fund Canada Pension Plan Investment Board (CPP Investments). On December 11, 2018, after the execution of the Share Purchase and Sale Agreement with the State of São Paulo, CESP became a privately held company.



GENERATING COMPLEX

CESP holds the concession of two hydroelectric power plants under concession agreements (HPP Porto Primavera – independent energy production and HPP Paraibuna) with a total of 16 generating units, capacity of 1,627 MW and physical guarantee of 935 average MW.

The plants are installed in the basins of the Paraná river, in the west of the State of São Paulo, and of the Paraíba do Sul river, in the east of the State. They make up the following generation complex:

Operating Assets

Porto Primavera

Capacity: 1,540 MW

Physical guarantee: 887 MW average

Concession until Apr/49 (Contract renewed in April 2019)

Location: Rosana (SP)

Reservoir area: 2.040 km2

Extension of dam: 10.2 km

Generating units: 14

Start of operation: 1999

Paraibuna

Capacity: 87 MW

Physical guarantee: 48 MW average

Concession until Mar/21

Location: Paraibuna (SP)

Reservoir area: 177 km2

Extension of dam: 0.5 km

Generating units: 2

Start of operation: 1978

On May 2020, the concession for the **HPP Jaguari** came to an end and, as decided in CESP's Board of Directors Meeting held on June 28, 2019, the company decided not to renew the concession for this plant, which represented less than 2% of its total physical guarantee. In November 2020, the Ministry of Mines and Energy Ordinance 409/2020 appointed Furnas Centrais Elétricas S.A. as responsible for providing the power generation service at the HPP Jaguari as of January 1, 2021. CESP operated the HPP Jaguari from June to December, via quota system.

ELECTRICITY PRODUCTION

Generation (average MW)

Hydroelectric Power Plants	4Q20	4Q19	Var. (%)	2020	2019	Var. (%)
Porto Primavera	965	1,020	-5.4%	985	987	-0.2%
Paraibuna	46	50	-8.0%	38	36	5.6%
Jaguari	5	4	25.0%	9	6	50.0%
Total	**1,016**	**1,074**	**-5.4%**	**1,032**	**1,029**	**0.3%**

The production of electricity in the plants operated by CESP in 4Q20 reached 1,016 MW average, 5.4% lower than 4Q19 when we reached 1,074 MW average. This reduction in production occurred due to systemic factors linked to the dispatch guidelines practiced by the National System Operator (ONS) for the National Interconnected System (SIN).

In 4Q20, the water deficit in the South and Southeast regions of the country increased, with inflows close to the worst historical problems. This scenario led the Electric Sector Monitoring Committee (CMSE) to authorize ONS to dispatch thermoelectric plants to guarantee the country's energy security and, consequently, the generation of hydroelectric plants was reduced to preserve the reservoir levels. Thus, ONS implemented a smaller dispatch at HPP Porto Primavera in order to preserve the storage of the upstream plants and the levels for the operation of the Tietê-Paraná waterway, exploring a greater generation of the plant to serve the load point of the SIN.

With respect to HPPs Paraibuna and Jaguari, the production schedule for these plants is based on the flow control in the Paraíba do Sul River basin, with the ONS defining the flow rate of the cascade plants in order to meet hydraulic restrictions of the basin. At the end of 4Q20, ONS requested a reduction in generation at the headwaters of the Paraíba do Sul river basin due to the beginning of the rainy season and the increase in the flow of the Paraíba do Sul river.

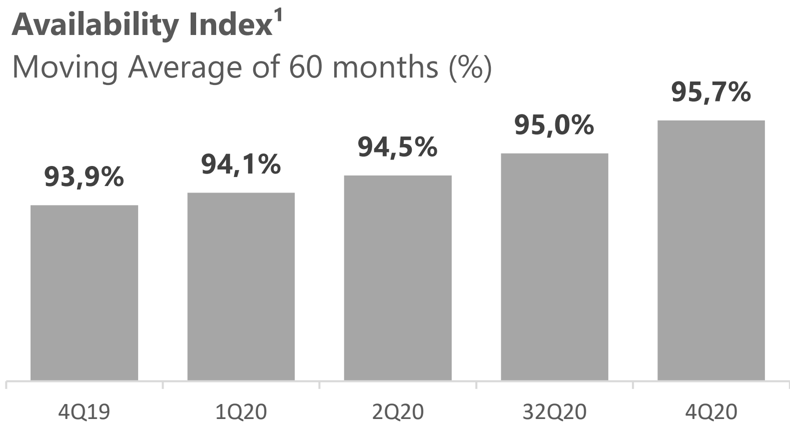
In 2020, energy production by CESP's plants was in line with that observed in 2019 (3 average MW increase) and was influenced by a lower generation in the first half due to the reduction in the SIN load due to the effects of the COVID-19 pandemic and the water crisis that worsened in the second half, as mentioned above.

AVAILABILITY

In 4Q20, and consequently at the end of 2020, the plants operated by CESP reached an average availability index of 95.7%, higher than the 93.9% in 4Q19 (2019), keeping the consistent efficient management of maintenance of the plants in 2020 and the good operational performance of the generation assets.

According to ANEEL Normative Resolution No. 614/2014, in case the availability index of a hydroelectric plant participating in the Energy Reallocation Mechanism ("MRE") is below the reference availability index used for calculating its physical guarantee level, the plant will be subject this indicator becomes the key marker for assessing the performance of hydroelectric power plants and the main tool for reducing the risk of operating impacts on commercial commitments.

The availability index of CESP´s plants, consistently higher than the reference values defined by ANEEL, evidencing the efficiency of the operation and the maintenance of the plants and the adequate management of the operational risks.



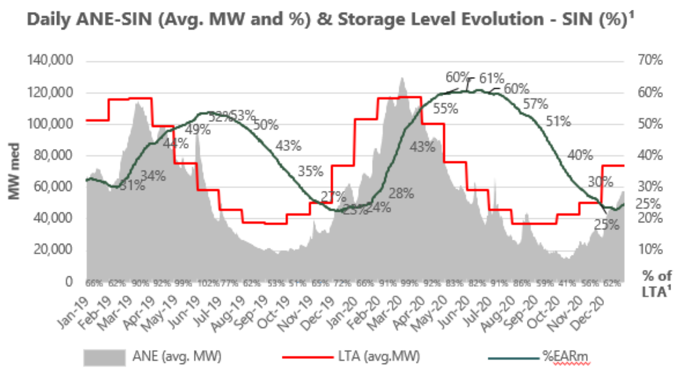
(1) Availability index is calculated by means of the Equivalent Forced Unavailability Rate ("TEIFa") and the Equivalent Programmed Unavailability Rate ("TEIP"), regulated by ANEEL.

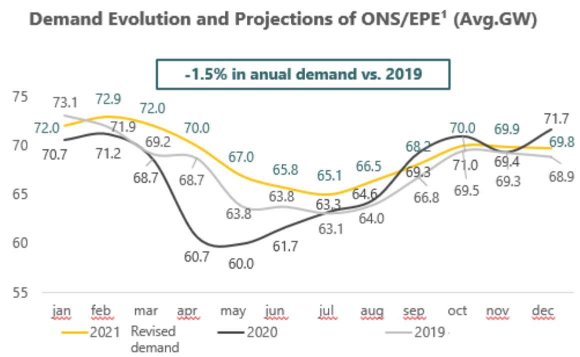
ENERGY MARKET

In 2020 the energy market was affected by the COVID-19 pandemic. During the first half of the year, several sectors, directly or indirectly, had reduced consumption, causing a ~9% drop in the system consumption compared to the first semester of 2019.

The second half of 2020 started the partial recovery of economic activity, which, associated with high temperatures and the worst result of Affluent Natural Energy (ANE) of the last 88 years, resulted in the increase in energy prices and in an worse GSF for the 4Q20. As a result, the GSF carried out in 2020 was 80.3%.

It is worth noting that the increase in load combined with inflows below the historical average contributed to the depletion of reservoirs in the fourth quarter of the year.





Source: CCEE | MLT: Long Term Average; EAR: Stored Energy; SIN: National Interconnected System

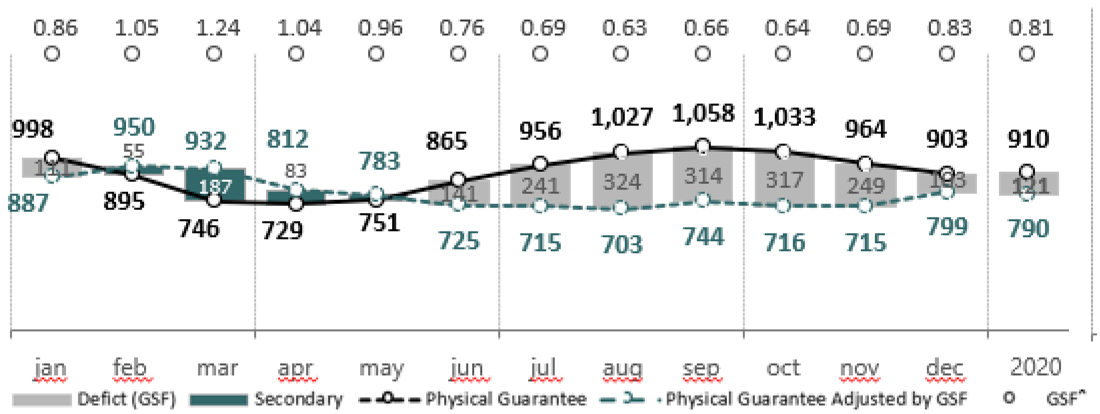
In 2020, due to consumption during the peak period of isolation pursuant to COVID-19 in Brazil (April to June), was below the levels in 2019, consumption in 2020 was 1.5% below, in relation to 2019. For 2021, according to ONS, the load forecast will be 69 average GW, 3.4% higher than the load of 2020

The attention in 2021 will remain focused on the financial impacts of the COVID-19 pandemic for the entire energy sector and on the evolution of hydrology during the rainy season, given the low levels of the reservoirs.

COMMERCIAL STRATEGY

The Company's commercial strategy is based on a detailed planning and proactive management of electricity sales and energy balance, to create value and minimize the hydrological risk. In the chart below, we show our seasonality curve for physical guarantee in 2020 and the same curve adjusted for the GSF.

Gross Physical Guarantee and Adjusted Physical Guarantee (Avg.MW)



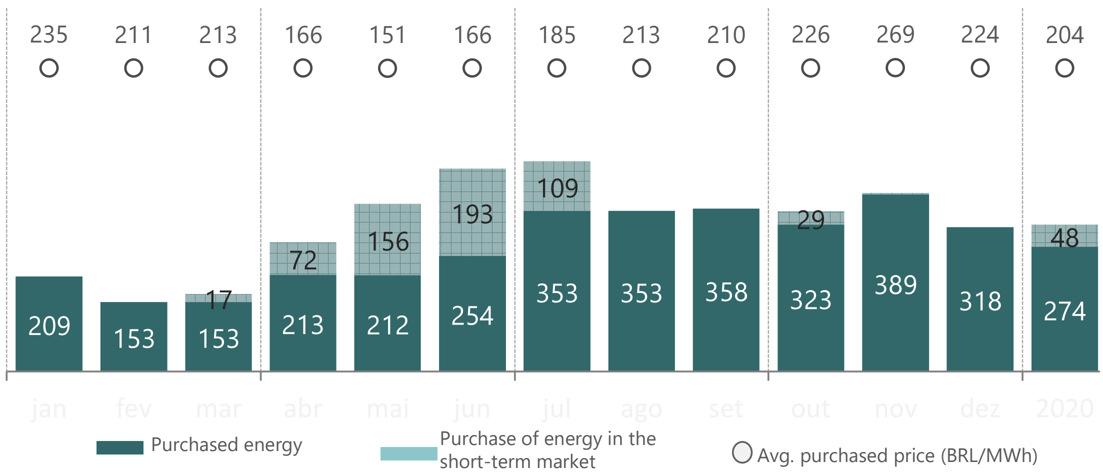
In view of the revised physical guarantees and the negative GSF effect, in the beginning of 2020 CESP recorded an energy balance deficit. To equalize its balance, the Company applies strategic actions to optimize its results and reduce its exposure to hydrological risk.

In 2020, 274 MW average of energy were purchased at an average price of BRL204/MWh[1], 29% above the volume purchased in 2019 (212 average MW), at an average price 17% below 2019 (BRL247/MWh[1]).

For the year 2021, the Company purchased approximately 90% of the energy necessary to cover the energetic deficit, taking advantage of the windows of opportunity that appeared during the year 2020.

(1) including the energetic amount settled in CCEE at PLD in this calculation

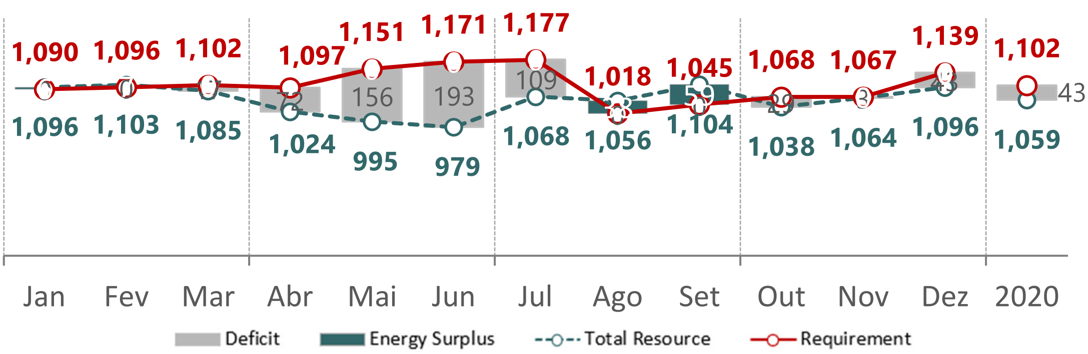
Energy Purchased (Avg.MW)



The strategy for the energetic balance optimization considers the best market opportunities with the purpose to mitigate price risks (PLD) and avoid positive financial exposure at CCEE given the systemic default.

CESP's energy balance, at the end of 2020, is shown as shown below.

Energy Balance After Energy Purchase (Avg. MW.)



Considering the current scenario in the country caused by the COVID-19 pandemic and trying to preserve the best contract and business relations with its customers, CESP renegotiated contracts at consolidated energetic volume under 1% of the total energy sold for 2020. The effects of this negotiation generate a little reduction in the volume sold for the year.

It is important to note that, as a result of the negotiation, the financial effects undertaken by CESP in 2020 will be offset. In other words, there will be no economic loss.

CESP TRADING COMPANY

CESP Trading Company started to operate in January 2020, and the Company entered the electricity trading market within previously established risk limits. These operations are carried out on an active market, and they comply with the definition of “fair-value financial instruments” for accounting measurement purposes.

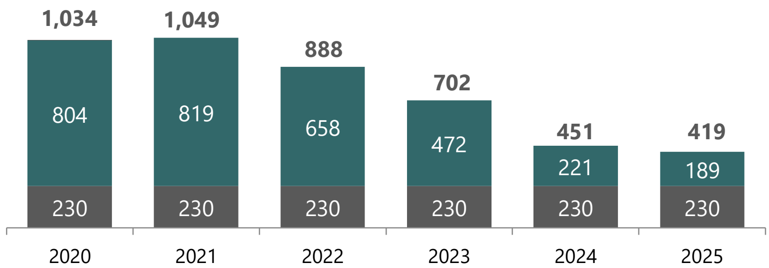
The purpose of CESP Trading Company is to foster a more optimized management of CESP's energy balance, better management of hydrological risks, and enhancement of the Company's commercial strategy, with the development of new customers, markets, and opportunities.

CUSTOMERS

CESP's sales contracts in the free market were mainly executed between 2003 and 2015, and they are adjusted for inflation and the US dollar exchange rate. Additionally, some contracts provide for flexibility clauses, that is, minimum and maximum limits are applied to the seasonalized monthly volumes and to the consolidated volume for the year.

Contracts in the regulated market began in 2009 and 2010, and mature in 2038 and 2039, with a volume of 230 average MW, adjusted for inflation. As from 2023, the volume of energy sold is substantially lower and, as from 2026, the Company has no energy sold in the free market.

Customers Profile (average MW)



Due to good market opportunities and in line with the long-term strategy, CESP signed new energy sales contracts for the period from 2023 to 2025.

It is important to mention that the Company has introduced a hedging strategy to minimize currency exposure of revenues from energy sales contracts indexed to the US dollar, using Non-Deliverable Forwards ("NDF"). More details on this strategy can be found on page 17 of this document.

In 2020, the average price in the regulated market (distributors) was BRL250/MWh, an increase of ~4.4% compared to 2019, mainly due to contractual adjustment clauses, as detailed below:

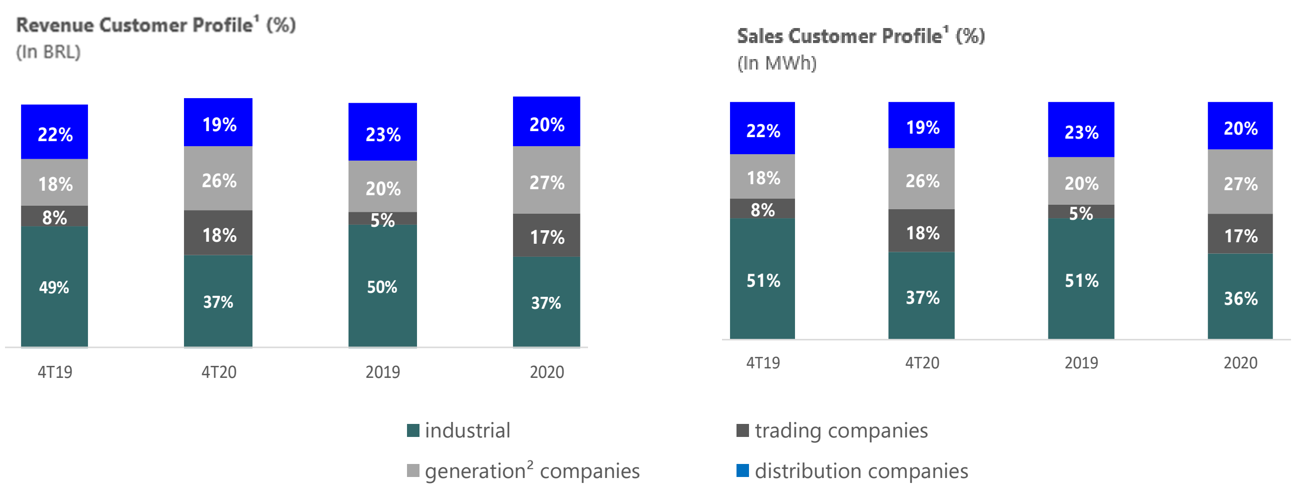
Start date	End date	Volume (average MW)	Gross start price (BRL/MWh)	Gross price 2020 (BRL/MWh)(1)
01/01/2009	12/31/2038	83	125 (2)	259
01/01/2010	12/31/2039	152	116 (3)	230
Total		**235**	**119**	**250**

(1) Prices adjusted by the IPCA. | | (2) Starting date of 06/29/2006. | (3) Starting date 12/16/2005

To mitigate its exposure to hydrological risk, CESP renegotiated a total of 230 average MW contracted up to 2028 in the regulated market. Thus, this portion of its physical guarantee is fully protected against fluctuations in the GSF.

The adjusted average price of free market contracts was BRL210/MWh, an increase of 10% over 2019 (BRL191 MWh), due to price adjustments in contracts, monetary adjustments, and contractual terms that enable flexibility in the allocation of energy.

Free customers (industrial, trading and generation companies) accounted for 81% of sales volume in 4Q20 and 78% in 4Q19, as a result of the higher volume of sale to trading companies, in line with the Company's strategy to equalize its energy balance In 2020, free customers represented 80% of sales.



(1) Excluding results associated with CCEE | (2) Considers generators with integrated traders.

OPERATING REVENUES

Net Operating Revenue in 4Q20 amounted to BRL501 million, an increase of BRL68 million (+14%) against BRL433 million in 4Q19, mainly due to:

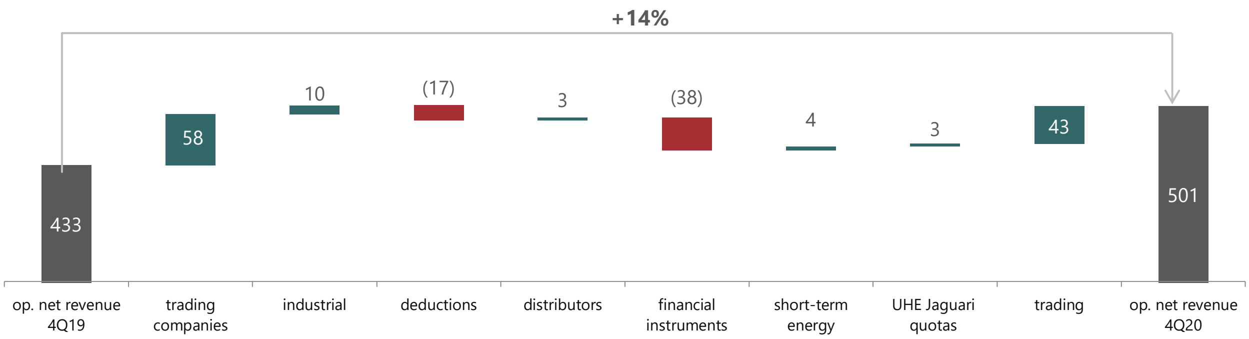
- **Trading companies:** Increase of BRL58 million, mainly from: (i) contractual conditions previously agreed with the counterparties (seasonality of energy sold); (ii) settlement of a balance in the CCEE in the amount of ~BRL17 million, mainly due to the reimbursement of BRL14 million for the hydraulic displacement (GEFOM generation outside the order of merit) and; (iii) adjustments of contracts indexed to the US dollar
- **Trading:** Beginning of the trading operations by CESP Trading Company, with revenue of BRL43 million in 4Q20.
- **Industrial:** Increase of BRL10 million in sales volume due to contractual conditions previously agreed with counterparties (flexibility, seasonality).

- **Short-term energy:** Increase of BRL4 million due to the new strategy to equalize the Company's energy balance.
- **Distributors:** Increase of BRL3 million due to contractual adjustment clause.

These effects were partially offset by:

- **Derivative Financial Instruments:** An expense of BRL38 million due to the variation of the US dollar in the period in the settlement of derivative financial instruments to protect the hedge exchange exposure of free market contracts, indexed to the US dollar.

Net Operating Revenue 4Q19 vs. 4Q20 (BRL million)



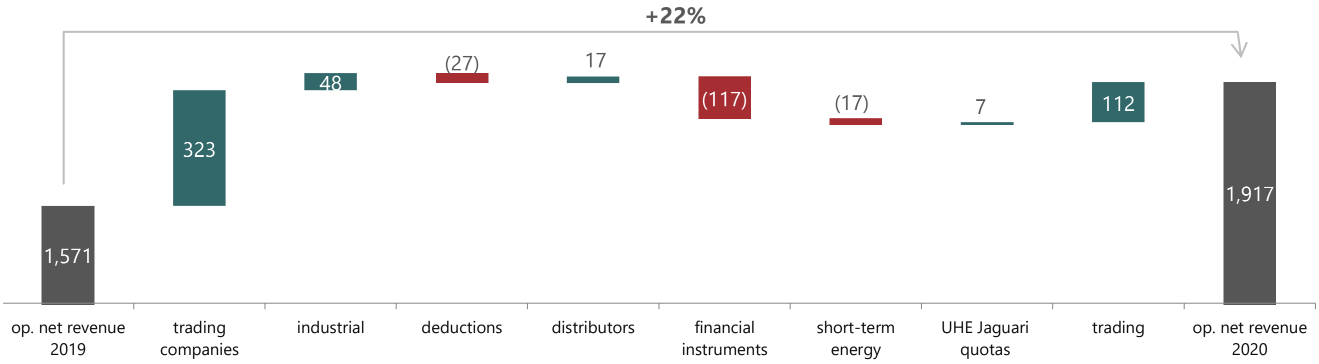
Net Operating Revenue in 2020 totaled BRL1.9 billion, an increase of BRL346 million (+22%) in relation to 2019, mainly due to:

- **Trading companies** Increase of BRL323 million, mainly due to: (i) the contractual conditions previously agreed with the counterparties (seasonality of energy sold); (ii) settlement of the balance in the CCEE, in the amount of approximately ~BRL57 million and (iii) adjustments of contracts indexed to the US dollar
- **Trading:** Beginning of the trading operations by CESP Trading Company, with revenue of BRL112 million in 2020.
- **Distributors:** Increase of BRL17 million due to contractual readjustment clause.

These effects were partially offset by:

- **Derivative Financial Instruments:** An expense of BRL117 million due to the variation of the US dollar in the period in the settlement of derivative financial instruments to protect the hedge exchange exposure of free market contracts, indexed to the US dollar.
- **Short-term energy:** Reduction of BRL17 million due to the new strategy to equalize the Company's energy balance combined with optimum management of CCEE receivables in view of systemic default.

Net Operating Revenue 2019 vs. 2020 (BRL million)



Derivative Financial Instruments

CESP has energy sales contracts that are indexed to the US dollar. To minimize the currency risk from these contracts, the Company introduced a hedging strategy using Non-Deliverable Forwards ("NDFs") that are shown in the books as hedge accounting. The aim is to hedge approximately 95% of the currency exposure for the period. The table below reflects the position of derivative instruments as of December 31, 2020:

NDFs	Notional (USD thousands)	Average forward exchange rate (BRL)	Fair value (MtM) (BRL thousands)
2020[1]	11	4.30	(10)
2021	111	4.36	(95)
Total	**122**	**4.36**	**(105)**

The fair value of hedging instruments will be recognized in shareholders' equity until the proposed transaction takes place or is settled. After their settlement, gains or losses will be recognized in income. After effective settlement, gains or losses will be recognized in income. For more details, see the explanatory note 28 of DF 2020.

(1) Amount settled on 01/04/2021.

OPERATING COSTS AND EXPENSES

The operating costs and expenses amounted BRL328 million in 4Q20 compared to BRL74 million recorded in 4Q19, an increase of BRL255 million in the comparison between the periods.

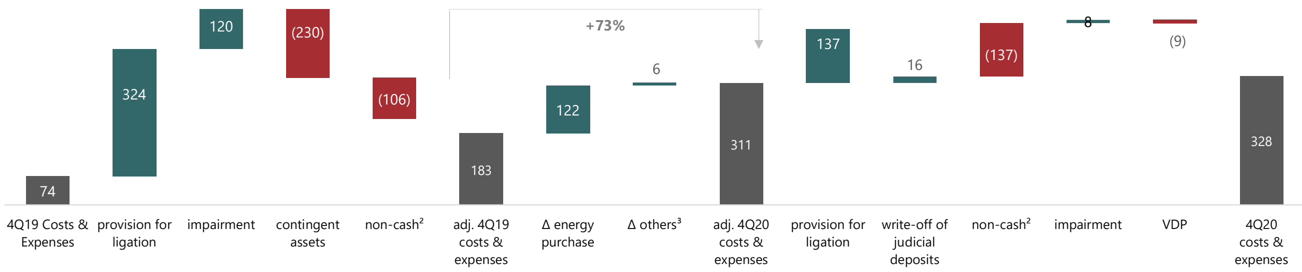
In both quarters there were non-recurring and non-cash effects, as described below:

- **Reversal of allowance for litigation:** In 4Q20, a provision reversal of BRL137 million occurred in line with the procedural strategy for reducing contingent liabilities. In 4Q19 there was a reversal in the amount of BRL324 million.

- **Voluntary Dismissal Program (VDP):** In 4Q20, there was non-recurring expense impact at BRL9 million referring to the remaining medical expenses of former employees who joined the 2019 VDP and new voluntarily signed agreements.
- **Write-off of judicial deposits:** In 4Q20, an expense of BRL16 million were recognized regarding the write-off of court deposits to counterparties. These expenses were not recorded at that time, and they were identified upon reconciliation of court deposits. It is important to note that the recording of these deposits was the result of improvements in the analysis of contingent liabilities and court deposits corresponding to the proceedings.
- **Impairment:** In 4Q20, the reversal of impairment was BRL8 million, compared to BRL120 million recorded in 4Q19. It is important to note that in 2019 as a result of the annual impairment test, it was found that the book value of HPP Jaguari was above its fair value, being recognized a loss, while HPP Porto Primavera recovery of its value, compared to the provision until 2018.
- **Non-cash effects:** It includes depreciation/amortization, warehouse provisions and mark-to-market of energy futures. In 4Q20, the non-cash amount was BRL137 million, explained by the depreciation and amortization of BRL102 million and the mark-to-market of trading contracts in the amount of BRL35 million. In 4Q19, non-cash effects totaled BRL115 million, mainly explained by the amount of depreciation and amortization in the period.

Excluding non-recurring and non-cash effects, operating costs and expenses in 4Q20 totaled BRL311 million, up by 73% over 4Q19, when it reported BRL183 million.

Costs and Expenses 4Q20 vs. 4Q19 (BRL million)



(2) Considering depreciation/amortization and provision (reversal) for reduction to realizable value of warehouses, allowance for PIS/COFINS on judicial deposits and MtM of energy. | (3) Excluding costs with purchased energy.

- **Purchased energy:** Increase of BRL122 million in relation to 4Q19, mainly due to the purchase of energy for trading operations in the amount of BRL 40 million in 4Q20, and the seasonalization strategy with less allocation of physical guarantee in 4Q20 vs. 4Q19, in line with the energy balance management strategy.
  In 4Q20, 343 average MW were acquired, 40% above the volume purchased in 4Q19 (245 average MW) at an average price of BRL240/MWh, 2% higher than the price for the same period in 2019 (BRL 235/MWh).

It is important to note that the Company took various measures to gain operating efficiency and rationalize its costs and expenses.

- **Personnel and Management:** In 4Q20, personnel and management expenses reached BRL20 million, a reduction compared to 4Q19 (BRL25 million), demonstrating the Company's focus on cost and expense discipline.
- **Third party services, materials and rentals:** An increase of 23%, mainly due to the higher spending on third-party services resulting from the hiring of specialized consultants to advance CESP's digital transformation and ESG agenda.

The operating costs and expenses totaled BRL1,104 million in 2020, the same level as the amount of BRL1,088 recorded in 2019. In both years there were non-recurring or non-cash effects, as described below:

- **Reversal of allowance for litigation:** In 2020, a provision reversal in the amount of BRL267 million occurred in line with the strategy of reducing the contingent liability. In 2019, there was a reversal in the amount of BRL332 million.
- **Non-recurring effects:** including: **(i) Voluntary Dismissal Program:** In 2020, there was the impact of non-recurring expenses of BRL15 million concerning the remaining medical expenses of former employees who joined the 2019 VDP plus new agreements signed. In 2019, VDP expenses totaled BRL111 million and include the two programs that occurred during the year. **(ii) Impairment:** In 2020, the reversal of impairment was BRL8 million, compared to BRL120 million recorded in 2019. (iii) **Contingent assets:** adjustment of contingent assets of Ilha Solteira and Jupiá for BRL230 million on recognition in the Company’s balance sheet of amounts to be reimbursed according to MME Ordinance 458/2015.
- **Non-cash effects:** It includes depreciation/amortization, warehouse provisions and mark-to-market of energy futures. In 2020, the amount was BRL419 million, explained by the BRL397 million depreciation and the marking-to-market of trading contracts in the amount of BRL21 million. In 2019, non-cash effects totaled BRL380 million, mainly explained by the amount of depreciation and amortization in the period.
- **Write-off of judicial deposits:** In 2020, the expense of BRL63 million were recognized regarding the write-off of court deposits to counterparties. These expenses were not recorded at that time, and they were identified upon reconciliation of court deposits. It is important to note that the recording of these deposits was the result of improvements in the analysis of contingent liabilities and court deposits corresponding to the proceedings.

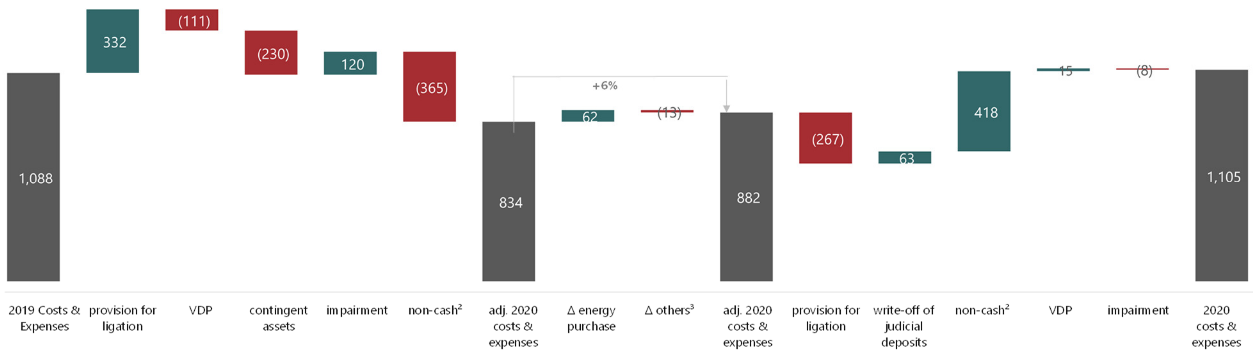
Excluding non-recurring and non-cash effects, the operating costs and expenses in 2020 totaled BRL882 million, up by 8% in relation to 2019, when it reported BRL834 million.

- **Purchased energy:** Increase of BRL62 million compared to 2019, mainly due to the purchase of energy for trading operations in the amount of BRL 83 million in 2020 which, when excluded, reduce the cost of energy purchase by 4%, demonstrating the assertive management equalizing the energy balance, with an average purchase price of BRL204 MW/h, 17% lower than in 2019 (BRL247 MW/h)
- **Personnel and Management:** In 2020, personnel and management expenses reached BRL77 million, a 32% reduction compared to 2019, due to the adjustment of personnel with the

change in the professional profile, accompanied by the reformulation of targets, performance evaluation, development and professional training.

- **Third party services, materials and rentals:** In 2020, it totaled BRL38 million, a 28% reduction compared to 2019, due to renegotiation of contracts and review of processes, enabling efficiency gains in costs and operations.

Costs and Expenses 2020 vs. 2019 (BRL million)



(2) Considering the depreciation/amortization and provision (reversal) for reduction to realizable value of warehouses, allowance for PIS/COFINS on judicial deposits and mark-to-market future energy contracts. | (3) Excluding costs with purchased energy.

EBITDA

CONSOLIDATED EBIT / EBITDA – BRL thousand	**4Q20**	**4Q19**	**Var. (%)**	**2020**	**2019**	**Var. (%)**
Net profit	**1,595,676**	**1,333,115**	**20%**	**1,728,762**	**1,163,014**	**49%**
Net income and social contribution[1]	(1,593,894)	(1,033,200)	54%	(1,471,964)	(1,026,528)	43%
Financial income	170,719	59,317	188%	555,928	346,876	60%
= EBIT	**172,501**	**359,232**	**-52%**	**812,726**	**483,362**	**68%**
Depreciation / amortization	101,682	112,145	-9%	397,329	379,565	5%
EBITDA	**274,183**	**471,377**	**-42%**	**1,210,055**	**862,927**	**40%**
VDP	9,037	336	n.m.	14,998	111,082	-86%
Reversal allowance for litigation	(137,404)	(324,463)	-58%	(266,644)	(331,952)	-20%
Contingent asset adjustment – Jupiá and Ilha Solteira	-	230,040	n.m.	-	230,040	n.m.
Write-off of judicial deposits	16,478	-	n.m.	63,284	-	n.m.
Impairment reversal	(7,589)	(120,405)		(7,589)	(120,405)	
Adjusted EBITDA	**154,705**	**256,885**	**-40%**	**1,014,104**	**751,692**	**35%**
Adjusted EBITDA margin	31%	59%	-28 p.p.	53%	48%	5 p.p.

(1) 4T20: Net income and social contribution resulting from BRL64 million in current tax and BRL1,530 million in deferred charges, of which BRL17 million was out of cash. 2020: BRL25 million in current tax and BRL1,496 million in deferred and cash outflow BRL73 million.

Adjusted EBITDA totaled BRL155 million in 4Q20 with a margin of 31%, 40% below the same period in 2019. The variations in adjusted EBITDA can be mainly explained by: (i) an increase of BRL122 million in the cost of energy in 4Q20 compared to 4Q19, due to the increase in energy purchases from the beginning of the trading operation, in the amount of BRL40 million, plus the increase in purchases due to the seasonal balance of energy balance strategy and, (iii) the mark-to-market of trading operations of - R $ 35 million in 4Q20.

Adjusted EBITDA totaled BRL1,014 million in 2020 with a margin of 53%, 35% above 2019. The variations in adjusted EBITDA can be explained by the 22% increase in net revenue in 2020, mainly due to the startup de CESP Trading operations, with costs and expenses in 2020 at the same level as in 2019.

FINANCIAL INCOME

Financial Income – BRL thousand	4Q20	4Q19	Var. (%)	2020	2019	Var. (%)
Financial income:	**4,738**	**11,265**	**-58%**	**29,742**	**74,438**	**-60%**
Financial expenses:	**(175,457)**	**(70,582)**	**149%**	**(585,670)**	**(421,314)**	**39%**
Debt charges	(60,763)	(30,627)	98%	(130,084)	(142,715)	-9%
Provision for litigation	(89,314)	(46,535)	92%	(315,757)	(272,245)	16%
Write-offs from judicial deposits	(1,745)	-	n.m.	(23,652)	-	n.m.
Exchange variations, net	-	319	n.m.	-	(2,809)	n.m.
Other financial expenses	(23,635)	6,261	n.m.	(116,177)	(3,545)	n.m.
Financial income	**(170,719)**	**(59,317)**	**188%**	**(555,928)**	**(346,876)**	**60%**

The net financial income in 4Q20 recorded an expense of BRL171 million compared to an expense of BRL59 million in 4Q19. The increase in the quarterly comparison can be explained mainly by:

- **Update of the balance of provision for litigation:** Increase by BRL43 million, due to the update of the provision balance for litigation mainly with IGPM as index.
- **Other financial expenses** Increase by BRL30 million, due to: (i) the adjustment of the balance of actuarial liabilities (CPC 33) in the amount of BRL15 million and (ii) adjusting to present value the initial recognition in 2019 of the provision for social and environmental obligations with variation of BRL13 million.
- **Debt charges:** Increase of BRL30 million due to the increase in the inflation adjustment index of the debt in the period.

The net financial income of 2020 recorded an expense of BRL556 million compared to the expense of BRL347 million presented in 2019. The variation can be explained mainly by:

- **Other financial expenses** Increase of BRL113 million, mainly: (i) the adjustment of the balance of actuarial liabilities (CPC 33) in the amount of BRL60 million; (ii) for the payment of the early settlement premium of the 11th Debenture in the amount of BRL11 million and proportional reduction of the funding cost in the amount of BRL14 million and (iii) adjustment to present value of the initial recognition in 2019 of the allowance for social and environmental obligations with a variation of BRL19 million.

- **Financial income:** Reduction of BRL45 million due to the lower levels of CDI, to which the Company's investments are indexed.
- **Update of the balance of provision for litigation:** Increase of BRL43 million, due to the update of the provision balance for litigation mainly with IGP-M as index.
- **Write-off of judicial deposits:** Expenses of BRL24 million on the reversal of monetary adjustments of court deposits received by the counterparties.
- **Debt charges:** Reduction of BRL13 million, because of lower levels of CDI, to which the Company's investments are indexed.

INCOME TAX (IR) AND SOCIAL CONTRIBUTION (CSLL)

IR and CSLL ("taxes") amount for the year include current and deferred taxes. Taxes are calculated on an accrual basis, according to the current legislation. The Company adopts the annual taxable income regime, with payments based on monthly estimates, which may result in a mismatch between the payment and the calculation of the taxes, being adjusted in the annual calculations of IR and CSLL.

Deferred tax assets arising from tax losses and deductible temporary differences were **100% recognized** in 4Q20, according to the likelihood of realizing future profits. Recognition arises mainly from tax loss (negative basis) and impairment, provision for litigation and assets, carried out in accordance with accounting standards, since CVM Instruction 371/2002, which limited recognition in 10 years, was revoked in August 2020. It is important to note that all compensation will occur within the concession period of HPP Porto Primavera, as expected by the Company, to generate future taxable profits.

The Company has a balance of BRL3.8 billion referring to deferred tax assets on tax loss and negative basis and temporary differences recorded in its balance sheet on December 31, 2020. There is no more balance to be recognized.

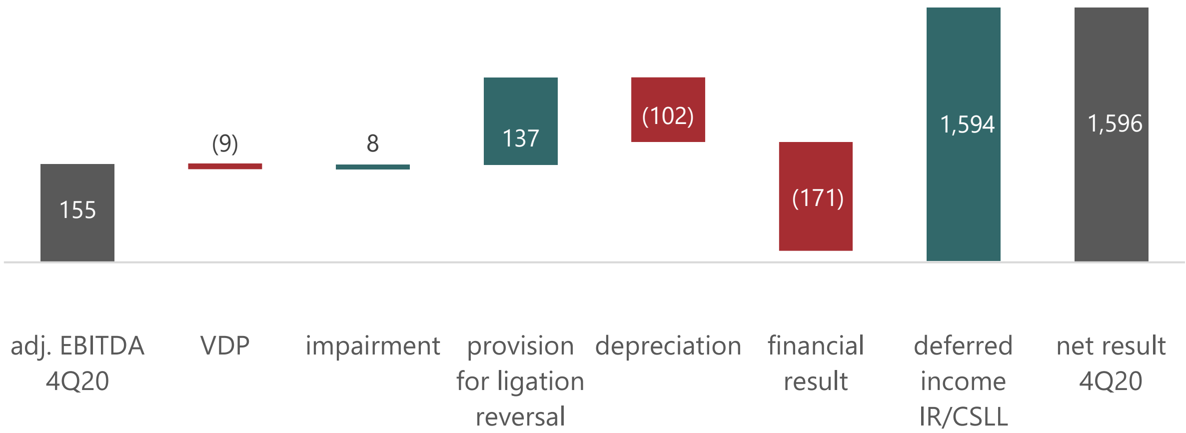
The result with income tax and social contribution in 4Q20 was BRL1.6 billion, of which BRL63 million related to the reversal of current income tax and social contribution, due to the offset of income tax withheld by the decision of BRL150 million in interest on equity and the constitution of BRL1.5 billion deferred tax assets according to the impairment test. The amount of tax paid in 4Q20, calculated by estimate, was BRL17 million (cash).

The result with income tax and social contribution in 2020 was BRL1.5 billion, of which BRL25 million refer to current income tax and social contribution, and the constitution of BRL1.5 billion of deferred tax assets according to the impairment test. The amount of tax paid in 2020, calculated by estimates, was BRL73 million (cash).

Additionally, tax losses may be offset in each reporting period at the limit of 30% of the actual or taxable income = EBT (earnings before taxes) +/- temporary and permanent adjustments.

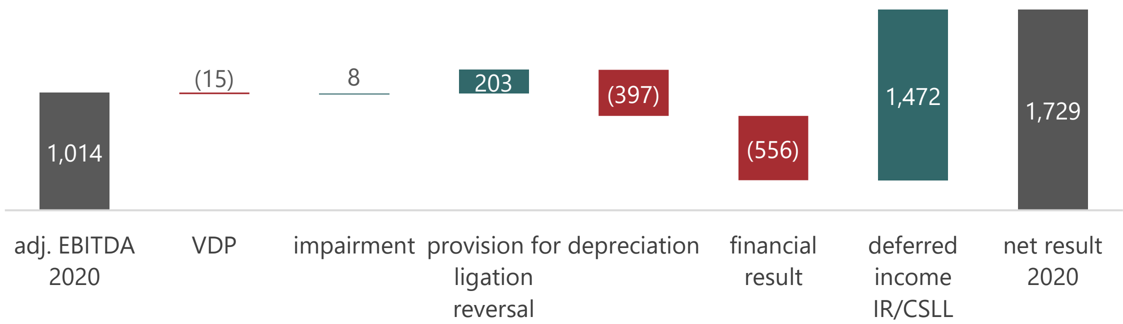
NET RESULT

The net result for 4Q20 showed a net income of BRL1.6 billion, against a net income of BRL1.3 billion in 4Q19. The chart below shows the main factors that influenced the net income for 4Q20, based on adjusted EBITDA for the same period (BRL million):



With the revocation of ICVM No. 371/2002, which limited the maximum term for realization of deferred tax assets in 10 years from the expectation of generating future taxable profits, the Company constituted deferred tax (IR/CSLL) of BRL1.6 billion, an amount that includes 100% of the tax loss and a negative basis for previous years, guaranteed by the accounting standard that does not limit the period for the payment of deferred taxes. It is important to highlight that this was possible, since the realization of all deferred IR/CSLL will take place during the concession period of HPP Porto Primevera.

The net result for 2020 showed a profit of BRL1.7 billion, against a profit of BRL1.2 billion in 2019. As in the quarter, the main impact on this year's profit is the recognition of deferred IR/CSLL in the amount of BRL1.5 billion. The following chart shows the main factors that influenced the net result for 2020, based on the adjusted EBITDA for the same period (BRL million):

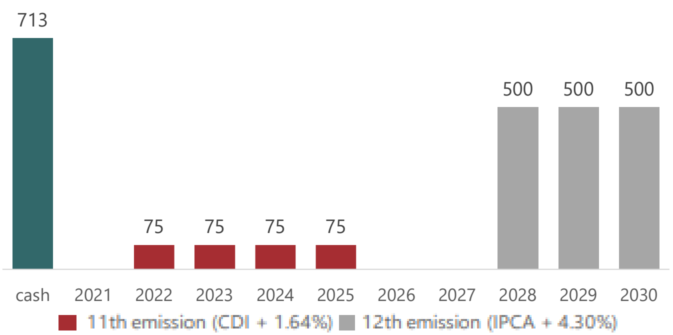


DEBT

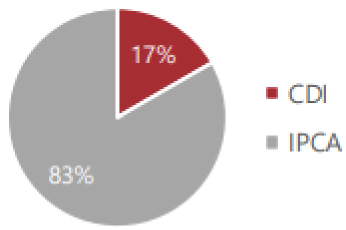
Gross indebtedness on December 31, 2020 was BRL1,826 million against BRL1,791 million at the end of 2019.

As a liability management strategy, in August, CESP issued an infrastructure debenture in a total amount of BRL1.5 billion at a rate of IPCA + 4.30% p.a. and 10-year term. With the proceeds, the company partially pre-paid the institutional debentures, issued in 2019 with the purpose to fund the payment of the renewal grant of the concession of HPP Porto Primavera. On September 30, 2020, the average maturity of the debt was 7.8 years

Amortization Schedule
(R$ million)



Gross Debt by indexer



The cash and cash equivalents position at the end of December 2020 was BRL713 million against BRL741 million in December 2019. The net debt on December 31, 2020 was BRL1,216 million.

RATING

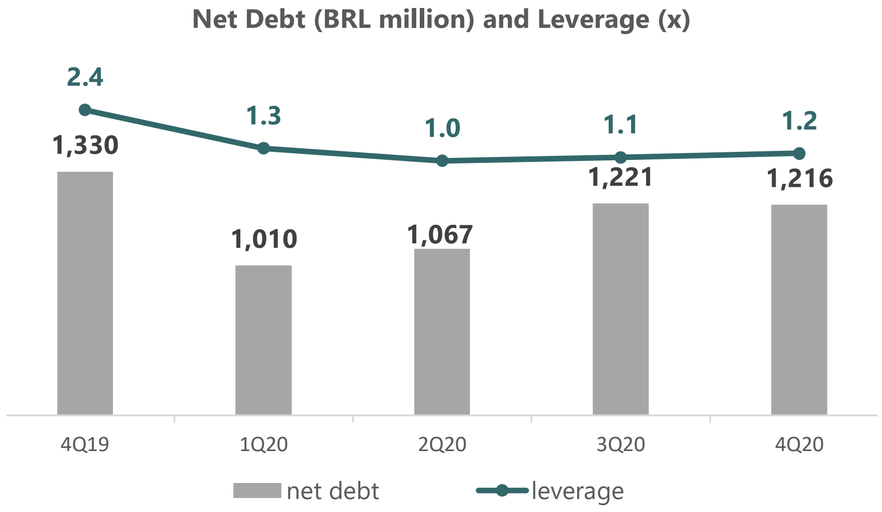
As a result of the review of the sovereign rating, in July 2020, Standard & Poor's ("S&P") reviewed the rating perspective of CESP from positive to stable, while it reaffirmed ratings 'BB-'in global scale and 'brAAA'.

On July 29, 2020, Fitch released a report communicating the attribution of corporate rating to CESP as "BB" in the international scale, with negative perspective and "AAA" (bra) in the national scale, with stable perspective, as demonstrated below:

	Rating	Outlook	Review
FitchRatings	BB | AAA (br)	Negative	Jul/2020
STANDARD &POOR'S	BB-| br.AAA	Stable	Jul/2020

LEVERAGE

The leverage measured by the ratio between net debt and adjusted EBITDA, which ended 2020 at 1.2x.



FREE CASH FLOW

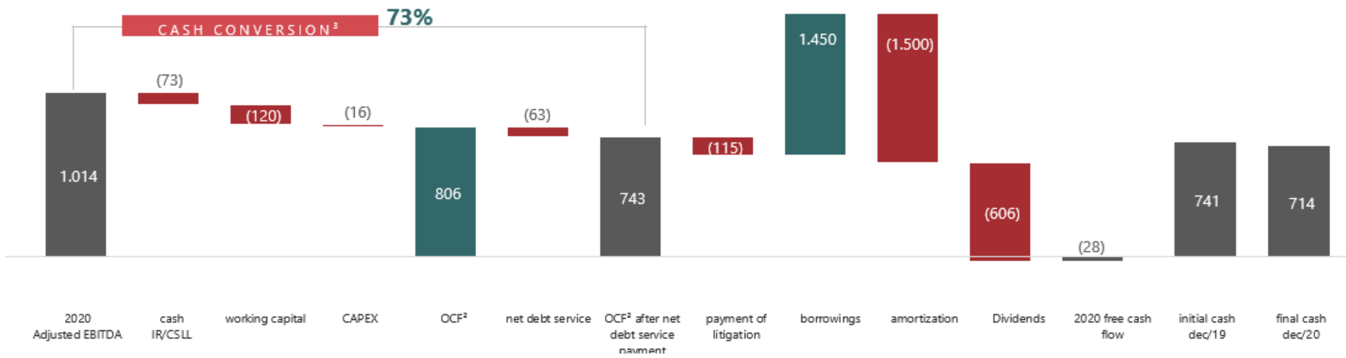
Cash Flow – BRL thousand	4Q20	4Q19	Var. (%)	2020	2019	Var. (%)
Adjusted EBITDA	154,705	257,032	-40%	1,014,104	751,839	35%
IR/CSLL cash	(17,035)	-	n.m.	(72,546)	-	n.m.
Working capital	(26,654)	116,013	n.m.	(119,700)	92,614	n.m.
CAPEX	(5,535)	(4,544)	22%	(15,628)	(9,088)	72%
Operating cash flow	**105,481**	**368,501**	**-71%**	**806,230**	**835,365**	**-3%**
Debt service	(5,497)	(69,085)	-92%	(63,092)	(139,955)	-55%
Operating cash flow after debt service	**99,984**	**299,416**	**-67%**	**743,138**	**695,410**	**7%**
Litigation payment	(62,736)	(52,105)	4%	(115,231)	(229,231)	-50%
Funding	-	-	n.m.	1,450,167	1,777,982	(0)
Depreciation	-	(46,732)	n.m.	(1,500,033)	(217,736)	n.m.
Grant payment	-	-	n.m.	-	(1,398,703)	n.m.
Dividends	(196,457)	-	38%	(606,101)	(297,164)	104%
Free cash flow	**(159,191)**	**200,579**	**n.m.**	**(28,060)**	**330,558**	**n.m.**
Opening cash balance	872,593	540,865	61%	741,444	410,886	80%
Final cash balance	713,384	741,444	-4%	713,384	741,444	-4%

In 4Q20, ~BRL100 million of operating cash flow after debt service was generated, which represents a cash conversion index[3] of ~65%.

The variation in operating cash flow between quarters is mainly due to the drop in working capital composed: (i) by the default of CCEE; (ii) expenses with VDP; (iii) postponed payment of PIS/COFINS, as determined in Ordinances No. 139 and 245 of the Ministry of Economy, due to the Covid-19 pandemic, partially offset by the trader's negative MtM in 4Q20 and by the movement of court deposits resulting from the completion of processes and replacement of deposits with other types of guarantee. It is important to highlight that in 4Q19 a court deposit was withdrawn which positively impacted working capital in BRL203 million.

Operating cash flow after debt service in 2020 was BRL743 million, which represents a cash conversion rate[2] of ~73%. The increase of BRL48 million in relation to 2019, is mainly due to the reduction in working capital resulting from the increased VDP in 2019.

Cash Flow (BRL million)



(1) Excluding allowance for litigation, expenses with court deposits and VDP | (2) FCO = Operating Cash Flow | (3) Cash conversion = (FCO after Debt Service/Adjusted EBITDA

CAPEX

In 4Q20, CESP's capex was BRL6 million and BRL16 million in 2020, mainly allocated to the acquisition of equipment for hydroelectric plants.

VIVEST

The Company sponsors the retirement plan for its employees and former employees through VIVEST, the entity responsible for administering the benefit plans sponsored by CESP. The benefit plans were constituted in the form of a defined benefit plan (DB) and also a defined contribution plan (DC).

In the modality of the DC plan, the Company makes fixed contributions to VIVEST, having no legal obligations to make contributions if the fund does not have enough assets to pay all beneficiaries. DB plans establish a fixed retirement benefit amount that an employee will receive upon retirement. CESP's most relevant DB benefit plan is BSPS (Supplementary Proportional Settled Benefit) created because of negotiations between the Government of the State of São Paulo (former controlling shareholder) and unions to make the privatization process of energy companies viable in 1997.

The amounts of actuarial commitments related to the DB plan (contributions, costs, liabilities, and/or assets) are calculated annually by an independent actuary with a base date that coincides with the end of the year and are recorded as provided for in CPC 33 (R) / IAS 19 – Employee Benefits.

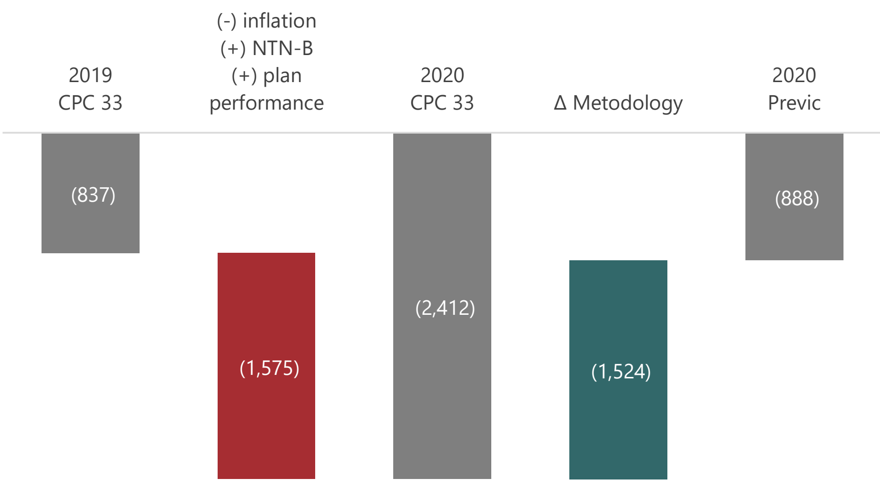
The liability recognized in the balance sheet in relation to defined benefit plans is the present value of the defined benefit obligation at the balance sheet date, less the fair value of the plan assets.

Actuarial gains and losses are recorded directly in shareholders' equity under the caption "Other Comprehensive Income". These actuarial gains and losses are calculated at the end of each year based on the independent actuary's report.

In parallel with the accounting evaluation, PREVIC calculates the actuarial commitments using the methodology defined by CNPC Resolution No. 30/2018 and PREVIC Ordinance No. 300, of 04/12/2019. This methodology differs from CPC 33/IAS 19 mainly in relation to: (i) calculation of the actuarial liability, (ii) definition of the asset and (iii) discount rate.

In 2020, the effects of inflation and interest on liabilities impacted in the book fair value. Liability projections were impacted by the inflation effect (IGP-DI detachment) and partially offset by the positive effect on NPV due to the increase in the discount rate (NTN-B rate).

BRL million



It is important to note that the deficit does not represent debt or cash impact, either according to the accounting methodology (CPC 33) or the PREVIC methodology. This PREVIC methodology is the one that defines the calculation of the actuarial position in question and, therefore, it defines the needs of contributions from CESP over time, if deficient positions are confirmed.

On June 16, 2020 CESP's Board of Directors approved measures to adapt the VIVEST Plans to current market practices, as well as the isonomy and risk mitigation measures inherent to the VIVEST Plans, all in compliance with the applicable and current procedures and regulations. The measures have also been approved by VIVEST's board of directors, on December 10, 2020, but are still pending approval by PREVIC, expected by the end of the first semester.

The final amount of the supposed defict will be recalculated using the PREVIC methodology after the mitigation measures are completed, as an example, the optional migration of participants from the defined benefit plan to the defined contribution plan.

DIVIDENDS

The Company Bylaws provide for the distribution of net income for the year, after legal deductions, as follows:

(i) A sum will be used to pay the 10% priority annual dividend on the A preferred shares, out of the capital stock of this class.

(ii) The balance will be used to pay the mandatory annual dividend on the common shares (CESP3) and B preferred shares (CESP6) corresponding to the 10% of capital stock represented by these shares; and the balance for distribution will be allocated between the two classes of share;

(iii) The remaining balance will be allocated as resolved by the Shareholders' Meeting, subject to the retentions permitted by law, and if it is allocated to the common shares and the A and B preferred shares, this will be on the same terms for each.

The Board of Directors approved, at a meeting on December 16, 2020, the proposal to distribute **interest on equity** (JCP) to shareholders in the **amount of BRL150 million** (date ex-JCP December 22, 2020), and at a meeting of February 11, 2020, the Board approved the proposal to distribute **dividends** to shareholders **in the amount of BRL700 million** (ex-dividend date will be April 5, 2021). As a result, we achieved a payout of 49% on 2020 net income and a total dividend yield of ~9% for CESP's three share classes.

	Interest on equity (JCP)	Dividends	Interest on equity (JCP)		Dividends		Total	
	Number of shares[1]		JCP gross/share	BRL thousand	dividend/share	BRL thousand	proventos/ação	BRL thousand
ON (CESP3)	109,167,798	109,141,821	0.42648549	46,558	2.16980942	236,817	2.59629491	283,375
PNA (CESP5)	7,386,322	7,301,808	1.82454519	13,477	0.77174972	5,635	2.59629491	19,112
PNB (CESP6)	210,945,989	210,945,989	0.42648549	89,965	2.16980942	457,713	2.59629491	547,678
Total	**327,500,109**	**327,389,618**	-	**150,001**	-	**700,165**	-	**850,165**

The payment of BRL600 million will take place on April 15, 2021 and BRL250 million on September 15, 2021, as shown below:

Payment on 04/15/2021						
	Interest on equity (JCP)		Dividends		Total	
	JCP gross/share	BRL thousand	dividend/share	BRL thousand	proceeds/share	BRL thousand
ON (CESP3)	0,42648549	46.558	1,39454934	152.204	1,82103483	198.762
PNA (CESP5)	1,82454519	13.477	0,49600811	3.622	2,32055330	17.098
PNB (CESP6)	0,42648549	89.965	1,39454934	294.175	1,82103483	384.140
Total	-	150.001	-	450.000	-	600.001

Payment on 09/15/2021		
	Dividends	
	dividend/share	BRL million
ON (CESP3)	0,77526008	84.613
PNA (CESP5)	0,27574162	2.013
PNB (CESP6)	0,77526008	163.538
Total	-	250.165

(1) *Excluding treasury shares*

CONTINGENCIES

Proceedings and Judicial Liabilities

The Company is currently a party to lawsuits that represent a total contingent liability of approximately BRL10 billion. It is important to emphasize that the Company still maintains a procedure for the careful assessment of the balance of litigation liabilities, including the hiring of external legal and financial advisors, in addition to the performance of our own team.

Given the relevance of the litigation liability currently registered by the Company, not only the amounts under litigation are constantly reviewed, but also the loss forecasts applicable to the existing lawsuits. In addition, in a permanent search to optimize management and reduce legal liabilities, the Company also continues to qualify, in a judicious manner, certain actions as "strategic", subjecting them to its own monitoring and to the conduct of external offices of high technical level and reputation. No less important treatment is given to the rest of the litigation portfolio.

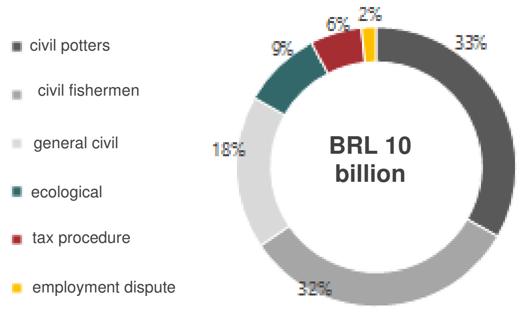
The Company clarifies, repeatedly, that the amount of the liability litigation is subject to constant variations, precisely because its measurement is linked to the actual progress of the lawsuits. Thus, as an institutional policy, the Company seeks to reflect in its balance sheet, with minimum delay, the status of its liabilities portfolio (which justifies the quarterly fluctuations in the amounts disclosed under this heading).

In relation to contingencies arising from actions whose likelihood of loss is estimated as remote, as already reported in previous quarters, the Company still chooses to maintain the historically adopted practice in the preparation of its Financial Statements, disclosing the total amount corresponding to this type of contingency . However, although the Company believes that the disclosure of such amounts is appropriate at that time, the Company also reiterates that, among the various actions assessed as being of remote risk, there are explicitly unreasonable demands, whose value in dispute does not, under any circumstances, represent the financial value effectively under discussion and that would be due in the event of an unfavorable final sentence.

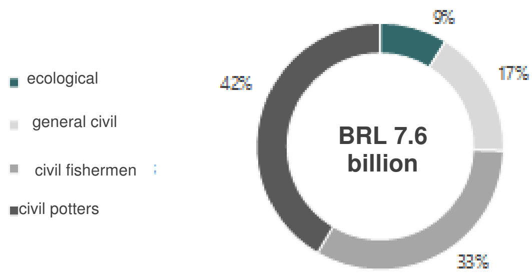
Finally, without prejudice to the constant efforts to reduce its litigation liabilities, the Company transparently notes that the performance of this proceeding may be adversely affected by any new claims it may receive, or even by adjustments in the valuation of the shares that already make up its portfolio. In this context, the strategy to reduce judicial liabilities continues to encompass, in addition to the technical-procedural action, a preventive action, to also reduce the volume of new lawsuits filed against the Company.

Currently, the group of strategic actions covers about 45 lawsuits, which represents approximately ~73% of the Company's litigation liabilities, as detailed below:

Contingent liabilities profile



45 cases represent ~ **75%** of total litigation liabilities

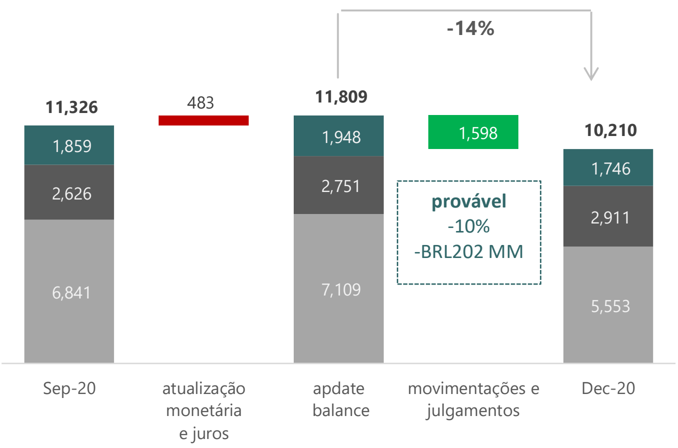


In 4Q20, the Company progressed in the management and solution of strategic cases, which combined with all changes in the period, allowed a reduction of its total contingency, before inflation adjustment, of BRL1.6 billion, in relation to the balance of September 2020, with a BRL202 million reduction covering lawsuits with a loss prognosis assessed as probable.

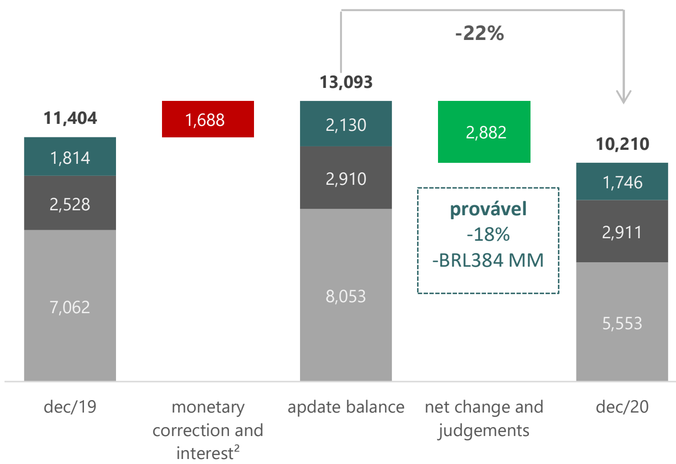
The reduction in total liability disputes is mainly explained by the combination of: (i) settlements, (ii) a careful review of the contingency amount attributed to strategic cases and (iii) the correction of the contingent balance, impacted by inflation indexes, such as the IGPM.

More details on the main processes are available in item 4.3 of the CESP Reference Form.

Contingent Liabilities – 4Q20 Variation
(BRL million)



Contingent Liabilities – 2020 Variation
(BRL million)



In addition, CESP keeps paying attention to opportunities for deals and negotiations, which show to be attractive and feasible, seeking reduction of the passive litigation and always in accordance with the technical criteria and the financial discipline.

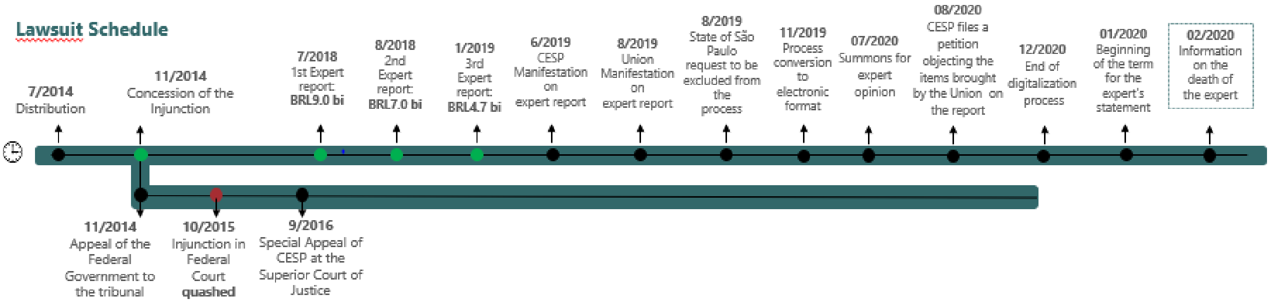
Três Irmãos Lawsuit

The indemnity proceeding of Três Irmãos (case No. 45939-32.2014.4.01.3400) is at the investigation stage, with discussions about the report of the legal expert, who valued the reversible assets at BRL4.7 billion (June/12 values). The valuation consists of: Plant: BRL1.9 bn; Floodgates and Canal: BRL1.0 bn; Land: BRL1.8 bn

After statements by the Government and CESP regarding the expert report, on July 10, 2020, an order was issued that determined the expert's statement, after correcting the digitization process, on the questions submited by the Government in relation to the report. In December 2020, the completion of the digitalization of the Três Irmãos lawsuit was certified and, with that, the expert was summoned to provide clarifications about the expert report. The deadline for said statement was 15 working days from 01/28/2021 and would end on 02/19/2021.

In parallel with the hearing of the case by the lower court there in an appeal pending judgment (Special Appeal No. 1.643.760/SP) at the Superior Court of Justice (STJ), filed by CESP in December 2016 calling for immediate payment by the Federal Government of the uncontested figure of BRL1.7 billion (June/2012 values). We are currently waiting for this appeal to be put on the agenda for trial by the STJ (Superior Court of Justice). On 02/10/21, information on the death of the expert in question was added to the case.

Below there is the case timeline, with history of the last relevant transactions of the case:



SUBSEQUENT EVENTS

ANEEL released, in October of 2020, in the scope of the public consultation to renegotiate the hydrological risk, the result of preliminary calculations with the terms of extension of the bestowal for the hydrological plants participants in the MRE. The confirmation of the time of the extension of the bestowal depends on the publication of a normative resolution, that will allow CCEE to make the final calculations (based on definitive premisses), as well as formally address the proposed renegotiation, necessary to configurate the effective acceptance of the terms of compensation that will serve for the emission of the normative resolution by ANEEL, guaranteeing the right of extension which will be formalized by the signature of the aditive to the concession contracts.

Considering HPP Paraibuna, ANEEL sent to CESP the Letter nº 36/2021, on 01/27/2021, proposing the acceptance to a specific rite for the extension of the term of the bestowal, considering Law nº 14,052/2020, with the signature of the additive of the concession contract, previewing the antecipation of a 6 month extension, since, probably, until this date the definitive extension will not be completed. According to Letter nº 49/2021.

The Company's Board of Director, on meeting held on 02/11/2021, approved (i) acceptance of terms proposed in Letter nº 36/2021, to be celebrated in additive of Concession Contract nº 3/2004, to preview the temporary extension in 6 months of bestowal of HPP Paraibuna; accepting the "Acceptance of Extending Bestowal Terms and Renouncing the Right to Discuss the Mitigation of the Hydrological Risk regarding the Mechanism of Energy Rellocation – MRE" and celebrating the right to the new term with definitive terms, after the release of ANEEL's final calculations; and ((ii) sending ANEEL's manifestation informing not being the Company's interest in giving continuity to the prorrogation order for 30 years of the bestowal of HPP Paraibuna which will end the term due to Letter 14.052/2020. The Company will send its manifestation to ANEEL until 02.12.2021.

Finally, it is worth mentioning that the Company is not part of the judicial action about the theme, not having any value due, regarding the hydrological risk, with enforcability suspended in CCEE's financial liquidity, considering the option to renegotiate doesn't depend on the disbursement of cash or any other prize payment.

CORPORATE SUSTAINABILITY AGENDA

During the year, the Company started a corporate sustainability agenda, to integrate it into its business strategy and contribute to the generation of shared value.

To this end, it defined the priority Sustainable Development Goals (SDGs) of the United Nations (UN), and built the materiality matrix, identifying themes that reflect the significant economic, environmental, and social impacts for the Company and its stakeholders. The material themes identified, and the priority SDGs are the drivers of CESP's new Sustainability Platform.

For the management of the Sustainability Platform so that it clearly presents the Company's social and environmental performance, CESP established three thematic lines:

Environmental and climatic proactivity – Aligning electricity generation with the guarantee of multiple uses of water in actions developed for the conservation of the ecosystem, minimizing the impacts of operations, adapting to climate change, environmental education, and good relationships with the community.

Local and human development – Continuous search for value creation and commitment to transparency in management, reinforcing commitments to stakeholders: employees, communities, customers, suppliers, and investors. And this is done by offering working conditions, health, safety, well-being, diversity, and transparent action, guaranteeing rights and opportunities for human development and business generation.

Inclusive growth – Sustainability and profitability must go together. For this reason, the focus should be on creating socio-environmental programs that foster a new mentality between employees and the community, providing financial inclusion, social inclusion, and the development of local competencies.

In addition to this agenda, CESP obtained certification for issuing International Renewable Energy Certificates (**I-RECs**) certifying to the origin of renewable energy and ensuring the traceability of the environmental attribute of energy.

For more details on the sustainability agenda and all CESP social and environmental actions and projects, access our 2020 Annual Sustainability Report, available on the Company's website.

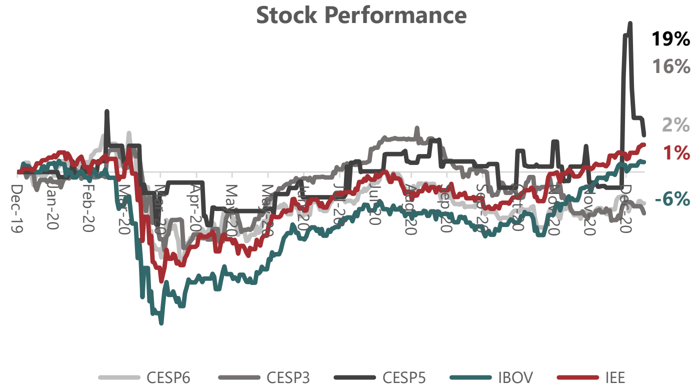
CAPITAL MARKET

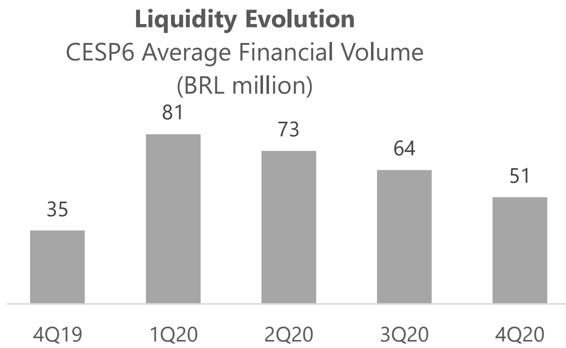
CESP has common shares ("CESP3") and class A and B preferred shares ("CESP5 and CESP6", respectively) listed and traded on the São Paulo Stock Exchange ("B3") and is part of Level 1 Corporate Governance, valuing ethics and transparency in the relationship with shareholders and other stakeholders of the Company. The Company's shares are part of several indices, including the Corporate Governance Index, which lists companies with different corporate governance standards and the Brasil 100 Index, which includes the most traded shares on B3.

As of December 31, 2020, class B preferred shares (CESP6), which represent 64.4% of the Company's total capital, were quoted at BRL28.97. Since the beginning of this year, there has been a significant increase in the daily liquidity of CESP6 shares, which presented an average daily liquidity of BRL51 million in 4Q20 (vs. BRL35 million traded in 4Q19).

Common shares (CESP3), which represent 33.3% of the capital, were quoted at BRL27.80. class A preferred shares (CESP5), which represent 2.3% of the capital, were quoted at BRL35.62, on December 31, 2020.

CESP's market value, on December 31, 2020, was BRL9.4billion compared to BRL10.5 billion on December 31, 2019.





EXHIBITS – (BRL thousand)

	Parent company		Consolidated	
Asset	**12/31/2020**	**12/31/2019**	**12/31/2020**	**12/31/2019**
Current	**977,558**	**1,020,620**	**1,118,856**	**1,071,788**
Cash and cash equivalents	643,045	690,276	713,384	741,444
Derivative financial instruments	-	18,718	-	18,718
Accounts receivable	216,758	198,930	276,299	198,930
Taxes recoverable	48,639	8,357	61,190	8,357
Dividends receivable	1,158	-	-	-
Prepaid expenses	1,957	11,186	1,957	11,186
Other assets	66,001	93,153	66,026	93,153
Non current	**13,443,300**	**11,909,068**	**13,433,007**	**11,857,966**
Derivative financial instruments	-	21,225	-	21,225
Future energy contracts	-	-	-	-
Collaterals and court deposits	260,496	343,979	260,496	343,979
Deferred net income and social contribution	3,933,797	1,877,412	3,954,680	1,877,412
Warehouse	6,023	7,611	6,023	7,611
Assets subject to indemnity	1,739,162	1,719,390	1,739,162	1,719,390
Investments	31,176	51,102	-	-
Fixed assets	5,961,600	6,305,943	5,961,600	6,305,943
Intangible assets	1,504,724	1,575,300	1,504,724	1,575,300
Right-of-use w/o lease agreements	6,323	7,106	6,323	7,106
Total assets	**14,420,859**	**12,929,688**	**14,551,864**	**12,929,754**

liabilities and Shareholders' Equity	Parent company 12/31/2020	Parent company 12/31/2019	Consolidated 12/31/2020	Consolidated 12/31/2019
Current	**1,179,439**	**956,792**	**1,303,215**	**956,858**
Suppliers	7,430	8,824	7,475	8,849
Energy purchased for resale	15,416	35,755	76,109	35,755
Loans	18,220	3,002	18,220	3,002
Lease liabilities	1,700	1,584	1,700	1,584
Derivative financial instruments	58,936	-	95,084	-
Future energy contracts	-	-	17,336	-
Estimated liabilities and payroll	22,479	21,497	23,387	21,497
Taxes payable	32,084	23,494	40,721	23,535
Sector charges	96,003	115,673	96,003	115,673
Dividends payable and interest on equity	834,540	606,176	834,540	606,176
UBP – Use of the public good	41,307	29,275	41,307	29,275
Social and environmental obligations	28,426	23,474	28,426	23,474
Other Liabilities	22,899	88,038	22,907	88,038
Non current	**6,287,829**	**4,827,991**	**6,295,058**	**4,827,991**
Loans	1,800,854	1,781,123	1,800,854	1,781,123
Lease liabilities	4,788	5,624	4,788	5,624
Derivative financial instruments	6,019	-	9,141	-
Future energy contracts	-	-	4,108	-
Sector charges	1,240	12,014	1,240	12,014
UBP – Use of the public good	114,057	158,355	114,057	158,355
Allowance for litigation	1,748,257	1,814,375	1,748,257	1,814,375
Social and environmental obligations	152,749	164,536	152,749	164,536
Post-employment benefits	2,412,379	836,995	2,412,379	836,995
Other Liabilities	47,485	54,969	47,485	54,969
Net worth	**6,953,591**	**7,144,905**	**7,523,358**	**7,144,905**
Share capital	5,975,433	5,975,433	5,975,433	5,975,433
Capital reserves	1,929,098	1,929,098	1,929,098	1,929,098
Profit reserves	1,934,515	1,084,883	1,934,515	1,084,883
Equity valuation adjustments	(919,658)	(948,623)	(919,658)	(948,623)
Other comprehensive income	(1,965,797)	(895,886)	(1,965,797)	(895,886)
Total liabilities and shareholders' equity	**14,420,859**	**12,929,688**	**14,551,864**	**12,929,754**

Income Statement (Detailed) BRL thousand	Parent company					
	4T20	4T19	Var. (%)	2,020	2,019	Var. (%)
Gross operating revenue	**414,319**	**497,086**	**-17%**	**1,657,513**	**1,830,499**	**-9%**
Free Consumers – Industrial	117,220	213,871	-45%	410,534	785,746	-48%
Trading Agents	170,148	142,908	19%	754,809	487,660	55%
Trading operations	-	-	n.m.	-	-	n.m.
Energy Auctions – Distributors	129,510	126,203	3%	498,445	481,588	4%
Short-term energy	17,151	12,767	34%	55,296	72,235	-23%
Derivative financial instruments	(23,281)	779	n.m.	(71,514)	685	n.m.
Supply under quota regime – HPP Jaguari	2,866	-	n.m.	7,190	-	n.m.
Other income	705	558	26%	2,753	2,585	6%
Deductions from operating revenue	**(64,428)**	**(64,251)**	**0%**	**(81,126)**	**(64,251)**	**26%**
Quota for the global reversal reserve	(669)	(844)	-21%	(669)	(844)	-21%
Research and development – R&D	(4,805)	(4,238)	13%	(4,805)	(4,238)	13%
Service tax – ISS	(19)	(19)	0%	(19)	(19)	0%
COFINS on operating revenues	(33,254)	(37,046)	-10%	(46,974)	(37,046)	27%
PIS on operating revenues	(7,220)	(8,043)	-10%	(10,198)	(8,043)	27%
Financial compensation for the use of water resources	(16,874)	(12,845)	31%	(16,874)	(12,845)	31%
Inspection fee of the electric sector – TFSE	(1,587)	(1,216)	31%	(1,587)	(1,216)	31%
Net operating revenue	**349,891**	**432,835**	**-19%**	**1,424,960**	**1,571,296**	**-9%**
Electricity service cost	**(205,876)**	**(272,064)**	**-24%**	**(735,393)**	**(1,092,015)**	**-33%**
Gross operating profit	**144,015**	**160,771**	**-10%**	**689,567**	**479,281**	**44%**
Operating expenses	**79,459**	**198,505**	**-60%**	**117,243**	**4,125**	**n.m.**
General and administrative	(34,233)	(41,814)	-18%	(100,895)	(263,157)	-62%
Other operating income, net	113,692	240,319	-53%	218,138	267,282	-18%
Equity	(33,459)	102	n.m.	4,874	102	n.m.
Operating profit (loss) before financial income	**190,015**	**359,378**	**-47%**	**811,684**	**483,508**	**68%**
Financial income:	4,428	11,086	-60%	28,211	74,259	-62%
Financial expenses:	(175,418)	(70,900)	147%	(585,562)	(418,504)	40%
Net exchange variation	-	319	n.m.	-	(2,809)	n.m.
Financial income	**(170,990)**	**(59,495)**	**187%**	**(557,351)**	**(347,054)**	**61%**
Profit (loss) before income tax and social contribution	**19,025**	**299,883**	**-94%**	**254,333**	**136,454**	**86%**
IR and CSLL - current	57,724	-	n.m.	(13,458)	-	n.m.
Income tax and social contribution – deferred	1,518,927	1,033,232	47%	1,487,887	1,026,560	45%
Net income and social contribution	**1,576,651**	**1,033,232**	**53%**	**1,474,429**	**1,026,560**	**44%**
Net profit (loss)	**1,595,676**	**1,333,115**	**20%**	**1,728,762**	**1,163,014**	**49%**

Income Statement (Detailed) BRL thousand	Consolidated					
	4T20	**4T19**	**Var. (%)**	**2,020**	**2,019**	**Var. (%)**
Gross operating revenue	**581,775**	**497,086**	**17%**	**2,203,798**	**1,830,499**	**20%**
Free Consumers – Industrial	223,609	213,871	5%	833,822	785,746	6%
Trading Agents	201,320	142,908	41%	810,435	487,660	66%
Trading operations	43,351	-	n.m.	112,152	-	n.m.
Energy Auctions – Distributors	129,510	126,203	3%	498,445	481,588	4%
Short-term energy	17,151	12,767	34%	55,296	72,235	-23%
Derivative financial instruments	(36,737)	779	n.m.	(116,295)	685	n.m.
Supply under quota regime – HPP Jaguari	2,866	-	n.m.	7,190	-	n.m.
Other income	705	558	26%	2,753	2,585	6%
Deductions from operating revenue	**(81,126)**	**(64,251)**	**26%**	**(286,550)**	**(259,203)**	**11%**
Quota for the global reversal reserve	(669)	(844)	-21%	(2,579)	(26,304)	-90%
Research and development – R&D	(4,805)	(4,238)	13%	(15,098)	(15,631)	-3%
Service tax – ISS	(19)	(19)	0%	(84)	(120)	-30%
COFINS on operating revenues	(46,974)	(37,046)	27%	(174,570)	(135,032)	29%
PIS on operating revenues	(10,198)	(8,043)	27%	(37,900)	(29,316)	29%
Financial compensation for the use of water resources	(16,874)	(12,845)	31%	(51,389)	(48,801)	5%
Inspection fee of the electric sector	(1,587)	(1,216)	31%	(4,930)	(3,999)	23%
Net operating revenue	**500,649**	**432,835**	**16%**	**1,917,248**	**1,571,296**	**22%**
Electricity service cost	**(369,284)**	**(272,064)**	**36%**	**(1,189,642)**	**(1,092,015)**	**9%**
Gross operating profit	**131,365**	**160,771**	**-18%**	**727,606**	**479,281**	**52%**
Operating expenses	**41,136**	**198,461**	**-79%**	**85,120**	**4,081**	**n.m.**
General and administrative	(37,268)	(41,858)	-11%	(111,552)	(263,201)	-58%
Other operating income, net	78,404	240,319	-67%	196,672	267,282	-26%
Equity	-	-	n.m.	-	-	n.m.
Operating profit (loss) before financial income	**172,501**	**359,232**	**-52%**	**812,726**	**483,362**	**68%**
Financial income:	4,738	11,265	-58%	29,742	74,438	-60%
Financial expenses:	(175,457)	(70,901)	147%	(585,670)	(418,505)	40%
Net exchange variation	-	319	n.m.	-	(2,809)	n.m.
Financial income	**(170,719)**	**(59,317)**	**188%**	**(555,928)**	**(346,876)**	**60%**
Profit (loss) before income tax and social contribution	**1,782**	**299,915**	**-99%**	**256,798**	**136,486**	**88%**
IR and CSLL - current	63,566	(32)	n.m.	(24,639)	(32)	n.m.
Income tax and social contribution – deferred	1,530,328	1,033,232	48%	1,496,603	1,026,560	46%
Net income and social contribution	**1,593,894**	**1,033,200**	**54%**	**1,471,964**	**1,026,528**	**43%**
Net profit (loss)	**1,595,676**	**1,333,115**	**20%**	**1,728,762**	**1,163,014**	**49%**

Parent Company

COSTS & EXPENSES	4Q20 Costs	4Q20 Expenses	4Q20 Total	4Q19 Costs	4Q19 Expenses	4Q19 Total	Var. (%)
Purchased energy	(51,533)	-	(51,533)	(92,815)	-	(92,815)	-44%
Regulatory charges	(40,040)	-	(40,040)	(26,931)	-	(26,931)	49%
Provision for social and environmental	-	(4,206)	(4,206)	-	14,835	14,835	n.m.
Personnel	(5,789)	(6,323)	(12,112)	(5,824)	(14,253)	(20,077)	-40%
VDP - voluntary dismissal program	(2,863)	(6,174)	(9,037)	-	(336)	(336)	n.m.
Administrators	-	(5,044)	(5,044)	-	(5,732)	(5,732)	-12%
Post-employment benefits	-	123	123	-	(3,372)	(3,372)	n.m.
Material	(195)	(244)	(439)	(664)	(206)	(870)	-50%
Third-party services	(5,179)	(9,039)	(14,218)	(1,438)	(10,258)	(11,696)	22%
Insurance	-	(1,074)	(1,074)	-	-	-	n.m.
Depreciation/amortization	(99,689)	(1,933)	(101,622)	(109,490)	(2,655)	(112,145)	-9%
Rents	(218)	(162)	(380)	(28)	1	(27)	n.m.
Rreversal to reduce the warehouses	-	-	-	-	264	264	n.m.
Reversal (Provision) for litigation	-	137,404	137,404	-	324,463	324,463	-58%
Expenses with judicial deposits	-	(16,478)	(16,478)	-	-	-	n.m.
Reversal for PIS/COFINS judicial deposits	-	63	63	-	6,170	6,170	-99%
Reversal of impairment	-	7,589	7,589	-	120,405	120,405	-94%
Adjustment for Jupiá and Ilha Solteira	-	-	-	-	(230,040)	(230,040)	n.m.
COFINS / PIS credits w/o transmission	-	-	-	(37,257)	-	(37,257)	n.m.
Estimated loss of credits	-			-	2,804	2,804	n.m.
Other (expenses) or income	-	(15,413)	(15,413)	2,383	(3,585)	(1,202)	n.m.
Total	**(205,506)**	**79,089**	**(126,417)**	**(272,064)**	**198,505**	**(73,559)**	**72%**

Consolidated

COSTS & EXPENSES	4Q20 Costs	4Q20 Expenses	4Q20 Total	4Q19 Costs	4Q19 Expenses	4Q19 Total	Var. (%)
Purchased energy	(214,942)	-	(214,942)	(92,815)	-	(92,815)	132%
Regulatory charges	(40,039)	-	(40,039)	(26,931)	-	(26,931)	49%
Provision for social and environmental	-	(4,206)	(4,206)	-	14,835	14,835	n.m.
Personnel	(5,789)	(8,670)	(14,459)	(5,824)	(14,253)	(20,077)	-28%
VDP - voluntary dismissal program	(2,863)	(6,174)	(9,037)	-	(336)	(336)	n.m.
Administrators	-	(5,044)	(5,044)	-	(5,732)	(5,732)	-12%
Post-employment benefits	-	123	123	-	(3,372)	(3,372)	n.m.
Material	(195)	(242)	(437)	(664)	(206)	(870)	-50%
Third-party services	(5,179)	(9,460)	(14,639)	(1,438)	(10,258)	(11,696)	25%
Insurance	-	(1,074)	(1,074)	-	-	-	n.m.
Depreciation/amortization	(99,689)	(1,993)	(101,682)	(109,490)	(2,655)	(112,145)	-9%
Rents	(218)	(245)	(463)	(28)	1	(27)	n.m.
Rreversal to reduce the warehouses	-	-	-	-	264	264	n.m.
Provision for litigation	-	137,404	137,404	-	324,463	324,463	-58%
Expenses with judicial deposits	-	(16,478)	(16,478)	-	-	-	n.m.
Adjustment for Jupiá and Ilha Solteira	-	-	-	-	(230,040)	(230,040)	n.m.
Future energy contracts	-	(35,280)	(35,280)	-	-	-	n.m.
Provision (reversal) for PIS/COFINS judicial	-	63	63	-	6,170	6,170	-99%
Reversal of impairment	-	7,589	7,589	-	120,405	120,405	-94%
Estimated loss of credits	-	-	-	-	2,804	2,804	n.m.
COFINS / PIS credits w/o transmission	-	-	-	(37,257)	-	(37,257)	n.m.
Other (expenses) or income	-	(15,547)	(15,547)	2,383	(3,585)	(1,202)	n.m.
Total	**(368,914)**	**40,766**	**(328,148)**	**(272,064)**	**198,505**	**(73,559)**	**n.m.**

	Parent Company						
	2020			2019			
COSTS & EXPENSES	**Costs**	**Expenses**	**Total**	**Costs**	**Expenses**	**Total**	**Var. (%)**
Purchased energy	(148,579)	-	(148,579)	(541,111)	-	(541,111)	-73%
Regulatory charges	(148,859)	-	(148,859)	(126,606)	-	(126,606)	18%
Adjustment for Jupiá and Ilha Solteira	-	-	-	-	(230,040)	(230,040)	0%
Personnel	(24,738)	(35,489)	(60,227)	(21,580)	(84,745)	(106,325)	-43%
VDP - voluntary dismissal program	(3,578)	(11,420)	(14,998)	(9,883)	(101,199)	(111,082)	-86%
Administrators	-	(8,765)	(8,765)	-	(6,900)	(6,900)	27%
Post-employment benefits	-	489	489	-	(13,488)	(13,488)	n.m.
Material	(808)	(488)	(1,296)	(2,985)	(1,586)	(4,571)	-72%
Third-party services	(10,151)	(23,162)	(33,313)	(13,245)	(33,184)	(46,429)	-28%
Insurance	-	(5,966)	(5,966)	-	-	-	n.m.
Depreciation/amortization	(389,287)	(7,814)	(397,101)	(371,319)	(8,246)	(379,565)	5%
Rents	(618)	(1,099)	(1,717)	(46)	(1,540)	(1,586)	8%
Rreversal to reduce the warehouses	-	66	66	-	8,053	8,053	-99%
Provision for litigation	-	266,644	266,644	-	331,952	331,952	-20%
Expenses with judicial deposits	-	(63,284)	(63,284)	-	-	-	n.m.
Provision (reversal) for PIS/COFINS judicial deposits	-	527	527	-	6,048	6,048	-91%
Reversal of quota difference RGR 2018 and 2017	-	-	-	-	23,152	23,152	n.m.
Provision for social and environmental commitments	-	(4,206)	(4,206)	-	14,835	14,835	n.m.
Reversal of impairment	-	7,589	7,589	-	120,405	120,405	-94%
Other (expenses) or income	(8,775)	3,621	(5,154)	(5,240)	(19,392)	(24,632)	-79%
Total	**(735,393)**	**117,243**	**(618,150)**	**(1,092,015)**	**4,125**	**(1,087,890)**	**-43%**

	Consolidated						
	2020			2019			
COSTS & EXPENSES	**Costs**	**Expenses**	**Total**	**Costs**	**Expenses**	**Total**	**Var. (%)**
Purchased energy	(602,829)	-	(602,829)	(541,111)	-	(541,111)	11%
Regulatory charges	(148,858)	-	(148,858)	(126,606)	-	(126,606)	18%
Provision for social and environmental	-	(4,206)	(4,206)	-	14,835	14,835	n.m.
Personnel	(24,738)	(43,541)	(68,279)	(21,580)	(84,764)	(106,344)	-36%
VDP - voluntary dismissal program	(3,578)	(11,420)	(14,998)	(9,883)	(101,199)	(111,082)	-86%
Administrators	-	(8,765)	(8,765)	-	(6,900)	(6,900)	27%
Post-employment benefits	-	489	489	-	(13,488)	(13,488)	n.m.
Material	(808)	(868)	(1,676)	(2,985)	(1,586)	(4,571)	-63%
Third-party services	(10,151)	(24,389)	(34,540)	(13,245)	(33,188)	(46,433)	-26%
Insurance	-	(5,966)	(5,966)	-	(3,550)	(3,550)	68%
Depreciation/amortization	(389,287)	(8,042)	(397,329)	(371,319)	(8,246)	(379,565)	5%
Rents	(618)	(1,209)	(1,827)	(46)	(1,541)	(1,587)	15%
Rreversal to reduce the warehouses	-	66	66	-	8,053	8,053	-99%
Provision for litigation	-	266,644	266,644	-	331,952	331,952	-20%
Expenses with judicial deposits	-	(63,284)	(63,284)	-	-	-	n.m.
Adjustment for Jupiá and Ilha Solteira	-	-	-	-	(230,040)	(230,040)	n.m.
Future energy contracts	-	(21,444)	(21,444)	-	-	-	n.m.
Reversal) for PIS/COFINS judicial deposits	-	527	527	-	6,048	6,048	-91%
Reversal of impairment	-	7,589	7,589	-	120,405	120,405	-94%
Reversal of quota difference RGR	-	-	-	-	23,152	23,152	n.m.
Other expenses - ONS/CCEE	-	-	-	-	-	-	n.m.
Other (expenses) or income	(8,775)	2,939	(5,836)	(5,240)	(15,862)	(21,102)	0%
Total	**(1,189,642)**	**85,120**	**(1,104,522)**	**(1,092,015)**	**4,081**	**(1,087,934)**	**2%**