



**CESP - COMPANHIA ENERGÉTICA DE SÃO PAULO**

*Publicly-Held Company*

Corporate Taxpayer ID (CNPJ): 60.933.603/0001-78

State Registry (NIRE): 35300011996 | CVM 2577

**MATERIAL FACT**

**CESP - COMPANHIA ENERGÉTICA DE SÃO PAULO** ("CESP" or "**Company**"), pursuant to article 157, Paragraph 4, of Law 6,404/76 ("Corporation Law") and CVM Resolution 44/21, following the disclosure of Material Facts on October 18, 2021, October 21, 2021, November 24, 2021, and December 10, 2021, hereby announces the following:

*Definitive Agreement between Votorantim and CPP*

On December 30<sup>th</sup>, 2021, the "Investment and Corporate Reorganization Agreement" ("*Acordo de Reorganização Societária e Investimentos*") ("**Investment Agreement**") was entered into between the Company's indirect controlling shareholders, Votorantim S.A. (CNPJ: 03.407.049/0001-51), SF Fifty Six Participações Societárias Ltda. (CNPJ: 28.725.029/0001-68), Votorantim Geração de Energia S.A. (CNPJ: 23.056.547/0001-04) (together referred to as "**VSA**"), Canada Pension Plan Investment Board (CNPJ: 17.962.858/0001-30) ("**CPP Investments**" and, together with VSA, the "**Controlling Shareholders**") and, as consenting intervenor, VTRM Energia Participações S.A. (CNPJ: 28.594.234/0001-23) ("**VTRM**"), definitively regulating, among other matters, the terms and conditions of the corporate reorganization disclosed through the Material Fact of October 18, 2021 ("**Corporate Reorganization**").

The Corporate Reorganization aims at consolidating certain investments in the energy sector of the Controlling Shareholders, including (i) the making of contributions by the Controlling Shareholders of assets and cash to VTRM, the Company's direct controlling company ("**VTRM Transaction**"); and (ii) the merger of all shares issued by the Company into VTRM, excluding the shares owned by the Company or held in its treasury, so that, upon completion of the transaction, the Company will become a wholly owned subsidiary of VTRM and the redemption of the preferred shares and the listing of VTRM on the special listing segment of Novo Mercado of B3 S.A. - Brasil, Bolsa, Balcão ("**Incorporation of Shares - CESP**").

*VTRM Transaction*



The Controlling Shareholders informed that, on December 30, 2021, the approval of the Turkish antitrust authorities was obtained and, therefore, as disclosed in Material Facts dated on November 24, 2021 and December 10, 2021, all of the antitrust approvals have already been obtained (General Superintendence of the Administrative Council for Economic Defense (*Superintendência Geral do Conselho Administrativo de Defesa Econômica* - CADE) and by the European Union antitrust authorities).

Therefore, provided that BNDES consents to the completion of the VTRM Transaction by mid-January, the Controlling Shareholders expect to complete the VTRM Transaction by early February.

Additionally, information regarding all assets that will be owned by VTRM after the implementation of the VTRM Transaction, including assets currently held by VTRM and those that will be transferred to it under the VTRM Transaction, follows as [Appendix I](#).

#### *Incorporation of Shares – CESP*

As informed in the Material Fact disclosed on October 21, 2021, the Company has set up a Special Independent Committee (*Comitê Especial Independente*), in compliance with the CVM Guidance Opinion No. 35, to analyze the Incorporation of Shares - CESP and its negotiation with VTRM management, whose work is in progress.

Once the negotiations are concluded, the Special Independent Committee will submit its recommendations to the Board of Directors of the Company. Upon approval by the Board of Directors of the terms and conditions of the Incorporation of Shares - CESP, it will be submitted to the CESP general shareholders' meeting for resolution.

The Company will keep the market informed about the progress of the Corporate Reorganization.

São Paulo, January 3<sup>rd</sup>, 2022.

**Mario Bertoncini**  
Chief Executive and Investor Relations Officer



**Creating a Leading  
Renewable Energy Platform in Brazil**

January 2022

# Disclaimer

This presentation is intended for informational purposes only and shall not constitute or be interpreted by anyone as an offer to sell or purchase any securities, equity or otherwise, nor to request any indication of voting or approval rights regarding any sale or purchase of any securities, equity or otherwise or in connection with the proposed transactions contemplated hereby or elsewhere.

The summary statements contained in this document have a certain degree of risk and uncertainty relating to business prospects, financial, strategic and economic projections, among others, and such information is based on assumptions, data and expectations that, although considered by VTRM Energia Participações S.A. (the “Company”), may not be accurate, materialize or be under the Company’s control. Due to these factors, the actual results may differ materially from those indicated or implied by this material.

The Company does not guarantee, in any form or to any extent, that the trends herein disclosed shall be confirmed. The information and opinions contained in this presentation should not be considered as a recommendation for investment, which should not be based solely on the truthfulness, timeliness or completeness of such information or opinions. None of the Company’s representatives, advisors or related parties shall be liable for any losses that may arise from the use, or the information contained in this material.

# Initial Considerations

CESP released on October 18, 2021, a Material Fact communicating that it received from its controlling shareholders a corporate reorganization proposal that will create a new company, with a robust governance structure and fundamental and necessary competences to start a new growth cycle and unlock value generation. The proposed transaction aims to consolidate the three levels of operational assets under a single company and migrate CESP's shareholder base to VTRM, which will be listed on B3's Novo Mercado

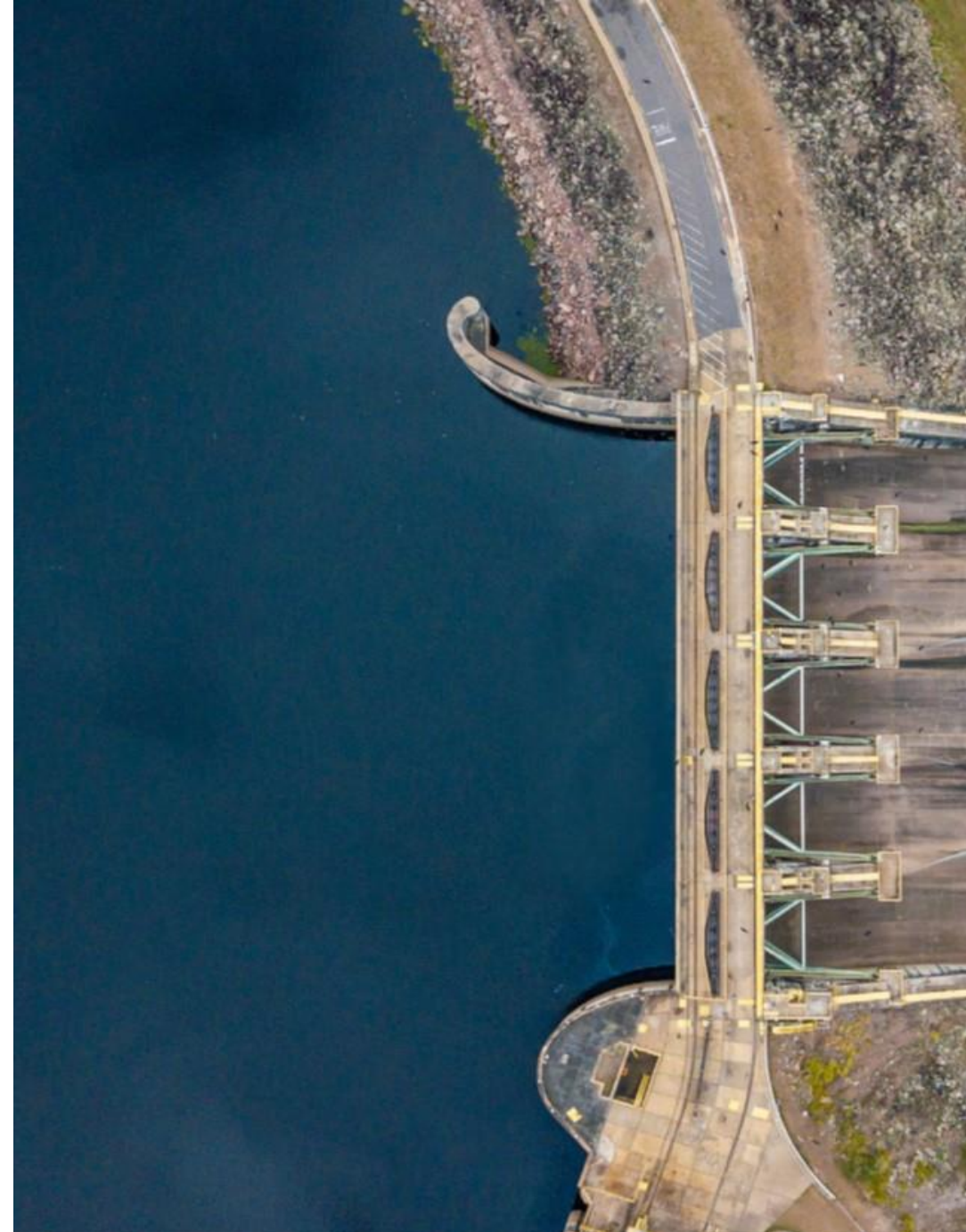
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In order to provide a better understanding of the operation and financial performance of the assets of VTRM and VE to be contributed to VTRM, the document presents a summary of the main operational and financial information regarding:

- 1 **VE's Hydro Assets**
  - 2 **VTRM's Wind Assets**
  - 3 **VTRM's Pipeline**
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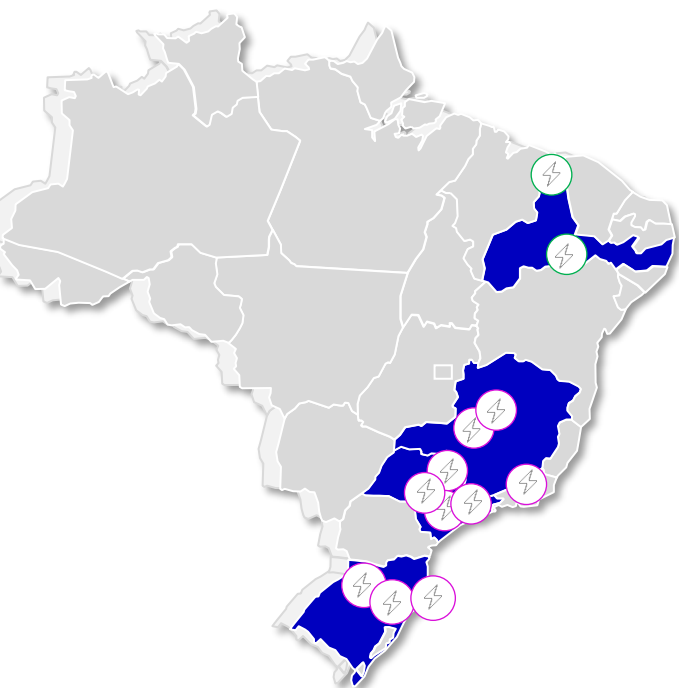
## *Disclaimer*

*All financial information presented herein is approximate and based on public data and does not necessarily reflect exactly the data made available at the public presentation held by the Controlling shareholder on October 19, 2021.*



# New VTRM: A Unique Set of High-Quality Assets

One of the largest renewable energy platforms in Brazil with a diversified portfolio and a robust capital structure



**Wind Assets**  
(31 Wind Farms)



**974MW<sup>3</sup>**  
of Installed Capacity

**2052**  
Authorization Term<sup>4</sup>

**85%**  
Contracted Energy  
up to 2032 –  
ANEEL Auctions

**Hydro Assets**  
(9 HPPs)

**+2.3GW**  
of Installed Capacity

**+60%**  
Contracted Energy  
up to 2032

**2049**  
Concession Term<sup>4</sup>



**Among Leaders**  
in Brazil

**+2.6GW avg**  
traded in 2020<sup>5</sup>

**400+**  
Clients

**Energy Trading**

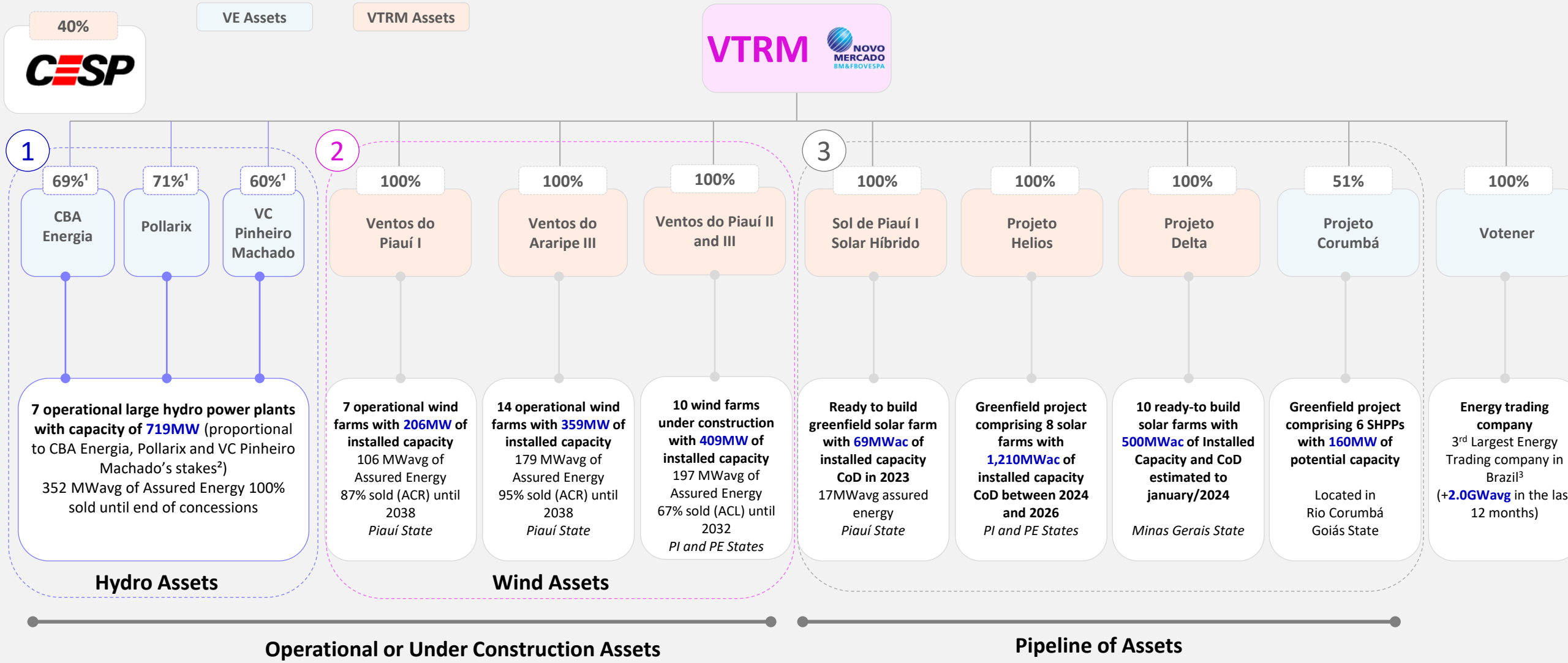
**R\$5.8 bn** Net Revenue 2020<sup>1</sup>

**R\$1.4 bn** Adjusted EBITDA 2020<sup>1</sup>

**0.7X** Net Debt / Adjusted EBITDA<sup>2</sup>

Notes:  
[1] Revenue considering 100% of CESP, VdP I, VdA III and Votener. VE's stake in hydro assets considered in Adjusted EBITDA by equity method  
[2] Consider capital injection of R\$1.5 bn by CPP Investments  
[3] Installed Capacity related to VdP I, VdA III and VdP II/III  
[4] Weighted average by installed capacity  
[5] Considers Votorantim Energia Trading and CESP's Trading sales

# Corporate Structure Post Transaction



Notes:







[1] Economic stake of preferred shares held by VTRM

[2] Pollarix has stakes in Igarapava, Amador Aguiar I and II, Picada and Enercan hydro plants; CBA Energia has stakes in Baesa and Enercan hydro plants, VC Pinheiro Machado has stake in Machadinho hydro plant.

[3] Considers only Votorantim Energia Trading sales in 2020A

# 1 Hydro Assets Overview | Corporate Structure and Operational Details

Participation in robust, high-quality hydro assets with long concession term

Structure	 		 				 		Total
	66.6% Total <b>100.0% PNs</b> 68.75% dividends	33.3% Total <b>100.0% ONs</b> 31.25% dividends	66.6% Total <b>100.0% PNs</b> 71.43% dividends	33.3% Total <b>100.0% ONs</b> 28.57% dividends	50.0% Total <b>100.0% PNs</b> 60.00% dividends	50.0% Total <b>100.0% ONs</b> 40.00% dividends	VC Pinheiro Machado		
	CBA Energia		Pollarix				VC Pinheiro Machado		
	▼ 15%	▼ 24%	▼ 21%	▼ 13%	▼ 24%	▼ 100%	▼ 5.6%		
Generation Assets (State)	Barra Grande (BAESA) Santa Catarina	Campos Novos (Enercan) Santa Catarina	Campos Novos (Enercan) Santa Catarina	Amador Aguiar I e II Minas Gerais	Igarapava Minas Gerais	Picada Minas Gerais	Machadinho Santa Catarina		
Total Installed Capacity	690 MW	880 MW	880 MW	240 MW and 210 MW	210 MW	50 MW	1.140 MW	3.210 MW	
Installed Capacity @Holding's Stake <sup>1</sup>	104 MW	209 MW	185 MW	57 MW	50 MW	50 MW	64 MW	719 MW	
Assured Energy <sup>1</sup>	57 MWavg	90 MWavg	80 MWavg	36 MWavg	32 MWavg	31 MWavg	27 MWavg	352 MWavg	
Concession End	March 2040	August 2037	August 2037	November 2042 and April 2041	September 2031	March 2041	July 2032		
Operator	BAESA (CPFL)	ENERCAN (CPFL)	ENERCAN (CPFL)	Aliança (CEMIG + Vale)		VE	Engie		
Availability Ratio	98.9%	99.5%	99.5%	98.5% / 96.5%	99.3%	97.4%	97.5%		
% Dividends	Each PN share receives dividends <b>10%</b> higher than each ON share		Each PN share receives dividends <b>25%</b> higher than each ON share				Each PN share receives dividends <b>50%</b> higher than each ON share		
Consortiums	Alcoa (42.2%), CPFL (25.0%), CBA Energia (15.0%), InterCement (9.0%) and DME (8.8%)		CPFL (48.7%), CBA (23.8%), Pollarix (21.0%) and CEEE (6.5%)	CPFL (48.7%), CBA (23.8%), Pollarix (21.0%) and CEEE (6.5%)	Aliança (CEMIG+Vale) (87.4%) and Pollarix (12.6%)	Aliança (CEMIG+Vale) (52.6%), Pollarix (23.9%), CSN (17.9%) and AngloGold (5.5%)	n.a.	CBA (27.5%), Alcoa (25.7%), Engie (19.2%), Vale (8.2%), VC Pinheiro Machado (5.6%), CEEE-GT (5.5%), InterCement (5.3%) and DME (2.7%)	

Sources: VTRM

Note:

[1] Installed capacity and assured energy @ holding stakes in the assets

# 1 Hydro Assets Overview | General and PPA Description

Deleveraged assets (R\$ 76 mm of net cash at VTRM's stake) with high cash generation potential. The financial results of the hydro assets are not consolidated in VGE / VTRM, being recognized by equity method

Asset	BAESA (UHE Barra Grande)	ENERCAN (UHE Campos Novos)	UHE Amador Aguiar I e II	UHE Igarapava	UHE Picada	Machadinho	
VTRM Stake (Indirect) <sup>1</sup>	10.3%	31.3%	9.0%	17.1%	71.4%	3.4%	
PPA	(i) BAESA sells assured energy <sup>2</sup> to CBA Energia until the end of the concession at a price close to the cost of operation (ii) CBA Energia sells energy to CBA at a defined price until 2027, subsequently adjusted using market reference for energy price (DCIDE)	Assured energy <sup>2</sup> sold to CBA and Nexa until the end of the concession. Current price corrected until 2027, subsequently adjusted using market reference for energy price (DCIDE)	Assured energy <sup>2</sup> sold to Nexa until the end of the concession. Current price to 2027-2031 <sup>3</sup> , subsequently adjusted using market reference for energy price (DCIDE)			Assured energy <sup>2</sup> sold to Votorantim Cimentos until the end of the concession Current price corrected until 2027, subsequently adjusted using market reference for energy price (DCIDE)	
PPA Index	100% IPCA	59% IGP-M 41% USD	34% IPCA 66% USD + CPI	34% IPCA 66% USD + CPI	59% IPCA 41% USD + CPI	100% IPCA	
Update Date (Month)	July	July	July	July	July	July	
Tax Regime	Real Profit	Real Profit	Presumed Profit	Presumed Profit	Presumed Profit	Presumed Profit	
Gross Debt 3Q2021 @ VTRM Stake	-	40	-	-	-	-	<b>40</b>
Net Debt 3Q2021 @ VTRM Stake <sup>4</sup>	(37)	7	(19)	(10)	(17)	-	<b>(76)</b>
Average PPA (base Dec/21)			R\$261 / MWh				
Fixed Operational Expenses <sup>5</sup>			R\$ 38 / MWh				
UBP @ VTRM Stake <sup>6</sup>	R\$4 million / Year	R\$1 million / Year	-	-	-	-	

Notes:

[1] Economic participation, considering additional dividends for preferred shares in the respective holding companies that hold interest in the assets

[2] Assured energy proportional to the participation of the holding companies in the assets

[3] June/2027 for Picada, Jun/2028 for Igarapava and June/31 for Amador Aguiar I and II


[4] Includes cash position of the holdings (CBA Energia added to BAESA's and Pollarix's cash added to Amador Aguiar I and II, Igarapava and Picada power plant consortiums)


[5] Includes O&M, transmission and other sector charges (except by UBPs). Does not include costs with energy purchase to cover hydro generation deficit (GSF)

[6] Use of Public Goods Fee

## 2 Overview of Wind Farms | General Information

Historical generation of Ventos do Piauí 1 and Ventos do Araripe 3 in line with the recertification P50

Ventos do Piauí 1	
	
Status	Operational
Total Investment	R\$1.2 billion
Installed Capacity	206 MW
Assured Energy	106 MWavg
Generation (P50, certification 2017)	111 MWavg
Generation (P50, recertification 2019)	100 MWavg
Historical Generation 2018-2021 <sup>1</sup>	98.4 MWavg
Contracted Energy %	97% (ACR 87%   ACL 10%)
COD	Jul-Nov/2017
End of Authorization	Mar/2051
WTG (Supplier / Total)	Siemens Gamesa / 98
Gross Debt	R\$801 millions
Net Debt (09/2021)	R\$709 millions

Ventos do Araripe 3	
	
Status	Operational
Total Investment	R\$1.8 billion
Installed Capacity	359 MW
Assured Energy	179 Mwavg
Generation (P50, certification 2017)	183 Mwavg
Generation (P50, recertification 2019)	172 Mwavg
Historical Generation 2018-2021 <sup>1</sup>	165.6 Mwavg
Contracted Energy %	95% (ACR)
COD	Jun/2017
End of Authorization	Jul/2049
WTG (Supplier / Total)	GE / 156
Gross Debt	R\$1,073 millions
Net Debt (09/2021)	R\$815 millions

Ventos do Piauí 2 e 3	
	
Status	Em Construção
Total Investment <sup>2</sup>	R\$2.2 billion (R\$1.6 bn BNDES)
CapEx Disbursed (Sep/21)	R\$601 mm
Total Equity	R\$640 mm (80% disbursed up to Sep/21)
Installed Capacity	409 MW
Assured Energy	197 MWavg (est.)
Generation (P50, 2020)	207 MWavg
Contracted Energy %	80% by 2025, 67% by 2032
COD	May-Nov/2022
End of Authorization	Nov/2055
WTG (Supplier / Total)	Vestas / 93
Gross Debt <sup>3</sup>	R\$525 millions
Net Debt (09/2021)	R\$91 millions

Source: VTRM

[1] Historical generation from Jan/2018 to Aug/2021. For Ventos do Araripe 3, considers expected generation excluding the impact of the damage to the 2 transformers. The wind park has a policy for indemnity for loss of profits, therefore the loss due to lower energy generation will be indemnified. Regarding the first transformer, the insurance company paid R\$53 millions in Dec/21, being R\$5 millions for material damages and R\$48 millions for loss of profits. The compensation value for the second transformer is under discussion with the insurance company and will follow the same methodology agreed upon for the first incident

[2] Includes acquisition of the project

[3] Total project financing of R\$1.6 billion (BNDES), of which R\$525 million has been disbursed up to Sep/21

## 2 Overview of Wind Farms | PPA Structure

Wind assets have long-term PPAs in the regulated market, all of them indexed by inflation (IPCA)

Asset	Ventos do Piauí I		Ventos do Araripe 3	
VTRM Stake	100.0%		100.0%	
PPA	LEN A-3 2015	LEN A-5 2013	LEN A-5 2014	LER 2014
PPA Index	IPCA	IPCA	IPCA	IPCA
Update Periodicity	Annual	Annual	Annual	Annual
Update Date (Month)	January	January	January	October
Auction Date	Aug/2015	Dec/2013	Nov/2014	Oct/2014
GF (MWavg)	106.3	119.8	16.7	52.2
Sold Energy (MWavg)	93.0	102.5	15.4	52.2
Begin Date / End	Begin: 1/Jan/2018 End: 31/Dec/2037	Begin: 01/Jan/2018 End: 31/Dec/2037	Begin: 01/Jan/2019 End: 31/Dec/2038	Begin: 01/Jan/2017 End: 30/Sep/2037
PPA Price (As of 01/Dec/21) <sup>1</sup>	243.07	184.73	200.06	212.07

Sources: VTRM

Note: [1] Prices of PPAs LEN A-3 2015, LEN A-5 2013 e LEN A-5 2014 will be updated in Jan/22, while LER 2014 was updated in Oct/21

### 3 Overview of Pipeline Assets | General Information

VTRM has a pipeline of over 1.9GW of renewable energy in projects at different stages of development, enabling relevant organic growth and contributing to the diversification of VTRM's energy generation sources

Asset	Sol de Piauí I (Hybrid)	Jaiba V	Helios	SHPP Corumbá	Total
Source	Solar	Solar	Solar	Hydro (SHPP)	92% Solar   8% Hydro
Geographic Location (State and City)	Piauí <i>Curral Novo do Piauí</i>	Minas Gerais <i>Jaíba</i>	Piauí e Pernambuco <i>Curral Novo do Piauí, Betânia, Simões e Araripina</i>	Goiás <i>Pires do Rio, Orizona, Urutaí e Ipameri</i>	-
Installed Capacity	84.4MWp / 68.7MWac	626MWp / 500 MWac	1,421MWp / 1,210MWac	160MW	1,938.7MW
Load Factor	30.8% / 26.0% Curtailment by being Hybrid	30.8%	29.4%	62.5%	-
Assured Energy	17.9	154.2	355.3	100.0	627.3
# Farms	1	10	8	6	25
Developer	VE/VTRM	CEI/Canadian Solar	VE/VTRM	VE/Optigera	-
Energy Type	Incentivized	Incentivized	Incentivized	Incentivized	Incentivized
Submarket	NE	SE	NE	SE	66% NE 34% SE
Status	Ready-to-build <i>with grant, connection and financing line approved</i>	Ready-to-build <i>with grant and connection signed</i>	Under Development <i>100% certified, with grant request</i>	Licensing Phase	-
Construction Start Date	2022 (Estimated)	2022 (Estimated)	2023+	2023+	-
COD	2023 (Estimated)	Jan/2024 (Estimated)	2024 - 2026	2026+	-
PPA	100% to Votener for the next 10 years	37% in 12-20 years PPAs	n.a.	n.a. <i>(focus on the regulated market)</i>	-