RESULTS

2Q21

Conference Call

July 30, 2021
(in Portuguese with simultaneous translation into English)
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São Paulo, July 29, 2021: CESP - Companhia Energética de São Paulo ("CESP") (B3: CESP3, CESP5 and CESP6) discloses its results for the second quarter of 2021. The information was prepared in accordance with International Financial Reporting Standards ("IFRS") and accounting practices adopted in Brazil, except where stated otherwise.

CONTENTS

2Q21 RESULTS

CONSOLIDATED FINANCIAL HIGHLIGHTS

(BRL thousand)	2Q21	2Q20	Δ	1H21	1H20	Δ
Gross operating revenue	596,414	544,905	9%	1,230,614	1,085,767	13%
Net operating revenue	525,163	485,532	8%	1,082,048	946,072	14%
Gross operating result	181,885	204,476	-11%	373,658	438,681	-15%
Cost and expenses	(392,880)	(187,608)	109%	(602,137)	(439,351)	37%
EBITDA	229,654	397,800	-42%	675,137	706,992	-5%
Adjusted EBITDA[1]	221,717	287,276	-23%	504,109	623,447	-19%
Adjusted EBITDA margin	42%	59%	-17 p.p.	47%	66%	-19 p.p.
Net income	(18,129)	137,798	n.m.	97,669	191,611	-49%
Net debt	1,406,412	1,220,615	15%	1,406,412	1,220,615	15%
Net debt/EBITDA LTM	1.2x	0.9x	0.4x	1.2x	0.9x	0.4x
Net debt/ adjusted EBITDA[1] LTM	1.6x	1.1x	0.4x	1.6x	1.1x	0.4x

- Net revenue grew 8% in 2Q21 to BRL525 million, driven mainly by the growth in trading operations by CESP Comercializadora.
- Adjusted EBITDA of BRL222 million in 2Q21, down 23% on 2Q20, explained by the negative effect from the hydro crises, impacting volume and price of energy purchased.
- Operating cash flow after debt service of BRL274 million, representing a cash conversion ratio[2] of 123% in 2Q21.
- Reduction in total contingent liabilities of BRL636 million[3] compared to March 2021, due to the settlement of lawsuits, the revision of estimates based on the evolution of lawsuits and favorable judicial decisions.
- Net loss of BRL18 million in the quarter, compared to net income of BRL138 million in 2Q20, basically explained by the effects from the reversal of probable contingent liabilities in 2Q20 (BRL134 million), which did not recur in 2Q21.

[1] Adjusted EBITDA excludes allowance for litigation and write-off of judicial deposits
[2] Cash conversion ratio = OCF after debt service / Adjusted EBITDA
[3] After inflation adjustment and interest. Considers settlements, revisions and decisions up to July 2021

MESSAGE FROM MANAGEMENT

The second quarter of 2021 was marked by deterioration in Brazil's hydrological situation. We are experiencing a period with the lowest inflows since 1931, which affects the industry as a whole. Given this scenario, CESP took advantage of windows of opportunity in the market to acquire all the energy required, so far, to ensure its energy balance for this year.

The Company's energy balance management strategy is based on detailed planning with proactive management and highly disciplined execution of energy trading to create value and mitigate hydrological risk.

On the commercial front, CESP has been working to seize opportunities in future energy sales, mainly as from 2024. This quarter, we advanced in our go-to-market strategy, which aims to expand and diversify the client base to reduce costs and maximize results.

Another important milestone for CESP was the upgrade in its ESG rating by the main ESG risk rating agency, MSCI, from "BBB" to "A" (on a scale from AAA to CCC). It is worth remembering that in the last 18 months we received two upgrade notches in the ESG rating of this agency. Since the start of the year, with the launch of its ESG platform, CESP has reported, even more transparently, on the advances in this important agenda, with the upgrade further confirmation that we are on the right path.

On the internal aspect of the social front, the quarter marked the creation of the Diversity & Inclusion working group, which is addressing the topic by first conducting a diagnosis to support the creation of action plans for becoming an even more diverse and inclusive Company.

In the management of contingent liabilities, we remain focused on optimizing the portfolio of pending lawsuits seeking ways to continually mitigate risks. At end-2Q21, contingent liabilities stood at BRL10.6 billion and, during July 2021, we obtained an additional reduction of BRL390 million, bringing the total to BRL10.2 billion.

As a result of the water crisis and to comply with determinations from the federal power regulators, the Company is reducing the flow rate of the Porto Primavera HPP to preserve water stocks at plants with accumulation reservoirs located upstream and with this target make it through the dry period by ensuring the governability of the hydro cascading arrangement. The entire process is being conducted with effective controls and monitoring actions that include reports to environmental and regulatory agencies, in accordance with the Working Plan duly approved and monitored by the Brazilian Institute of the Environment and Renewable Resources (IBAMA), Ministry of Mines & Energy (MME), among other federal agencies.

In 2Q21 Adjusted EBITDA[4] was BRL222 million, down BRL65 million from the same quarter last year, which is basically explained by the hydro crisis, impacting energy volume and price, as a result of the worsening of the GSF in the period.

[4] Adjusted EBITDA excludes provisions for litigation and write-offs of deposits.

Strong cash generation remained a period highlight. Operating cash flow after debt service in 2Q21 came to BRL274 million, representing a cash conversion ratio[5] of 123%.

CESP reaffirms that it will continue to manage its business diligently and transparently with a focus on accelerating the delivery of results and consequently creating value for its shareholders.

To all who have accompanied us on this journey, thank you very much.

MARIO BERTONCINI
Chief Executive & Investor Relations Office

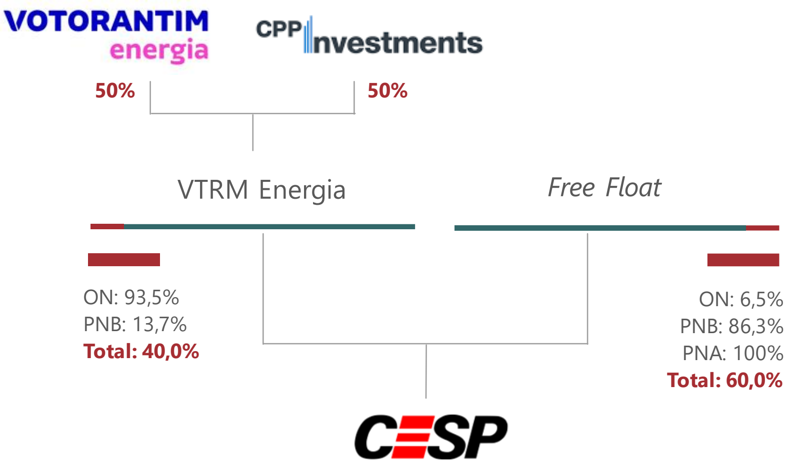
MARCELO DE JESUS
Chief Financial Officer

[5] Cash Conversion Ratio = Operating Cash Flow after Debt Service / Adjusted EBITDA.

COMPANY PROFILE

CESP is a power generation company created in 1966 by the São Paulo State Government from the merger of 11 electricity companies based in the state.

On October 19, 2018, the auction of CESP shares was won by VTRM Energia Participações S.A., a partnership between Votorantim Energia with the Canadian fund Canada Pension Plan Investment Board (CPP Investments). On November 11, 2018, after executing the Share Purchase and Sale Agreement with the São Paulo State Government, CESP became a privately held company.



GENERATION COMPLEX

PORTO PRIMAVERA	
Capacity	1,540 MW
Physical Guarantee	887 MWavg
Concession*	Apr/49
Location	Rosana (SP)
Reservoir area	2,040 km²
Dam extension	10.2 km
Generating units	14
Start of operation	1999

*contract signed in April 2019

PARAIBUNA	
Capacity	87 MW
Physical Guarantee	48 MWavg
Concession*	Sept/21
Location	Paraibuna (SP)
Reservoir area	177 km²
Dam extension	0.5 km
Generating units	2
Start of operation	1978

*extension granted in Mar/21

As decided in a meeting of the Board of Directors of CESP held on June 28, 2019, the company opted not to renew its concession for the Jaguari HPP, which represented less than 2% of its total assured energy. After the asset's concession period expired, in May 2020, CESP operated the plant on a temporary basis until December 31, 2020, when it was transferred to the new operator designated by the Ministry of Mines & Energy, pursuant to MME Ordinance 409/2020.

OPERATING PERFORMANCE

GENERATION

(MWavg)	2Q21	2Q20	∆	1S21	1S20	∆
Porto Primavera	726	923	-21%	796	1,008	-21%
Paraibuna	42	34	24%	22	22	1%
Jaguari	-	-	-	-	5	-
Total	**768**	**957**	**-20%**	**818**	**1,036**	**-21%**

Power generation at the plants operated by CESP in 2Q21 reached 768 MW average, 20% lower than in 2Q20, when we reached 957 MW average. The decline is associated with the water crisis that has been affecting mainly the Paraná River Basin, where the Porto Primavera HPP is located. In 1H21, generation reached 818 MW average, down 21% from 1H20, when we reached 1,036 MW average.

In 2Q21, the water shortage continued, especially in Brazil's Southeast, where inflows registered the lowest level ever in the historical series. The scenario led the Ministry of Mines & Energy ("MME") to issue MME Ordinance no. 524, of June 11, 2021, which ordered a reduction in the minimum flow of the Porto Primavera HPP to ensure governability of water operations in the Parana River Basin during the drought. For more details on the subject, see the "Regulatory Matters" section of this document.

For the Paraibuna HPP, the plant's generation schedule is based on the control of flows of the Paraiba do Sul River Basin, with the ONS determining the flow of the cascade of plants to meet the basin's hydraulic restrictions. In 2Q21, the Eletric System National Operator ("ONS") increased the generation of plants in headwaters of the Paraíba do Sul River Basin (including the Paraibuna HPP) due to the reduction in the river's natural flow caused by the onset of the dry season to complement the flow of the river to meet said needs.

AVAILABILITY

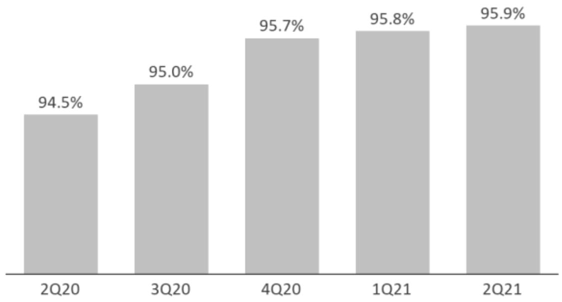
In 2Q21, the plants operated by CESP achieved an average availability index of 95.9%, in line with the 1Q21 average (95.8%) and 1.4 p.p. higher than the index reported in 2Q20

(94.5%), demonstrating management's continuous and efficient management of plants and the good operating performance of the Company's generation assets.

According to Brazilian National Agency of Electrical Energy ("ANEEL") Resolution no. 614/2014, if the availability index of a hydroelectric plant included in the Energy Reallocation Mechanism ("MRE") is below the reference availability index used to calculate its respective physical guarantee, the plant will be subjected to a physical guarantee reduction mechanism. As such, the index becomes the key indicator for evaluating the performance of hydroelectric plants and the main monitoring tool for mitigating the risks of operating impacts on commercial commitments.

The availability indexes of CESP's plants remain consistently higher than the references defined by ANEEL and have been on an upward trend, demonstrating the operating and maintenance quality of the operational assets and the effective management of operational risks.

AVAILABILITY INDEX[6]
(60-month moving average - %)



COMMERCIAL PERFORMANCE

ENERGY MARKET

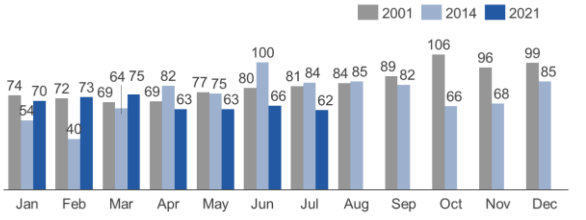
The combination of record low inflows, culminating in low reservoir levels, and the signs of an economic recovery, spurring stronger demand for electricity, had significant impacts on the energy market. As such, in June 2021, reservoirs in the Southeast/Midwest subsystem ("SE/CO")[7] registered around 29% of maximum storage capacity, which is the lowest level for this period of the year since 2001. The performance of Natural Inflow Energy ("ENA")[8] for the SE/CO submarket is the worst in the 91-year data series for the January-July period and below the amounts registered in other years with adverse water conditions, such as 2001 and 2014. The situation is due the atypical precipitation regime since the end of 2020.

[6] Availability index is calculated using the Equivalent Forced Outage Rate ("TEIFa") and the Equivalent Scheduled Outage Rate ("TEIP"), regulated by ANEEL

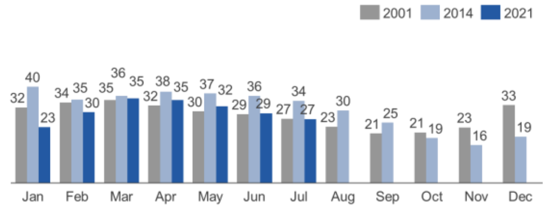
[7] With around two-thirds of the total storage capacity of the SIN and as the submarket with the highest energy consumption, the Southeast/Midwest storage is one of the most important indicators for evaluating load supply capacity.

[8] ENA: Natural Inflow Energy; LTA: Long-Term Average (average in 1931-2019); Partial data up to April 24, 2021.

MONTHLY ENA - SE/CO (2001 vs. 2014 vs. 2021) (% LTMF)



STORED ENERGY – SE/CO (2001 vs. 2014 vs. 2021)[9] – (%)



Given this challenging scenario, in which the National Meteorology System ("SNM"), for the first time since the beginning of monitoring, issued a Water Emergency Alert, reinforced by the National Water and Basic Sanitation Agency ("ANA"), where it declared critical situation of scarcity of water resources in the Paraná River basin, was published the Provisional Presidential Decree no. 1,055/2021 which created the Exceptional Water & Energy Management Rules Chamber with the purpose of constantly monitoring the situation and taking adequate measures to mitigate potential risks. Some measures already have been taken, such as: dispatch of thermal power plants outside merit order, energy imports and the adjustment of operating restrictions associated with the multiple uses of water and campaigns to raise awareness on consumption.

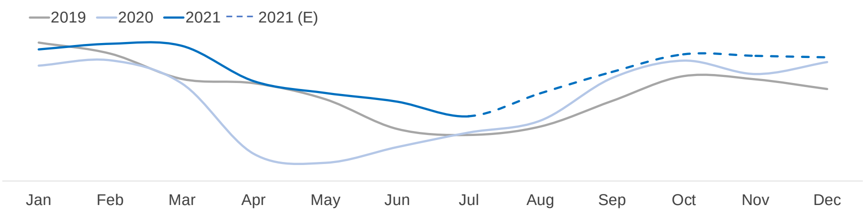
Since 2001, when Brazil underwent rationing, the country's energy profile has evolved significantly in terms of energy sources diversification. Today, Brazil's installed hydropower generation capacity accounts for 62% (vs. 83% in 2001), followed by 26% thermal power (17% in 2001) and 12% wind and solar power. This increased diversification of energy sources is important, because it gives us more options of sources to supply the system and to a certain extent reduces the concentration of hydrological risk. For comparison purposes, in addition to 2001, we made a parallel of the current situation with that in 2014, when we experienced a challenging hydrological period and had an energy matrix similar to the current one. With that we can see that even if similar, the situations have particularities related to the structure of the sector for each period that must be considered for analysis.

Another important aspect to consider is the demand for energy in the coming periods. Currently, ONS estimates an increase in demand for 2021 of 4.6% in relation to 2020. However, in the first half of 2021, demand for energy was around 7% higher than in the same period of 2020, reflecting the impacts from Covid-19 on consumption in 2Q20.

[9] Source: National Electricity System Operator (ONS) and Energy Research Company (EPE) – Energy corresponding to storage in the Southeast Subsystem (% of submarket capacity) for the last day of each quarter.

LOAD - SIN[10]

(GW average)



Gwavg													FY
2019	73	72	69	69	67	64	63	64	67	69	69	68	68
2020	71	71	69	61	60	62	63	65	69	71	70	71	67
2021	72	73	73	69	68	67	66	68	68	70	69	69	70

Considering the presented context, the impacts on energy prices and on Generation Scaling Factor (GSF) were evident. The average energy price (Spot Price – “PLD”) in the SE/CO submarket reached BRL229/MWh in 2Q21, 205% higher than in the same period of 2020 (BRL75MWh). There was additional deterioration in the GSF that, according to the Energy Trading Chamber (“CCEE”), is estimated at 73% for 2021 (estimate as of July 2021).

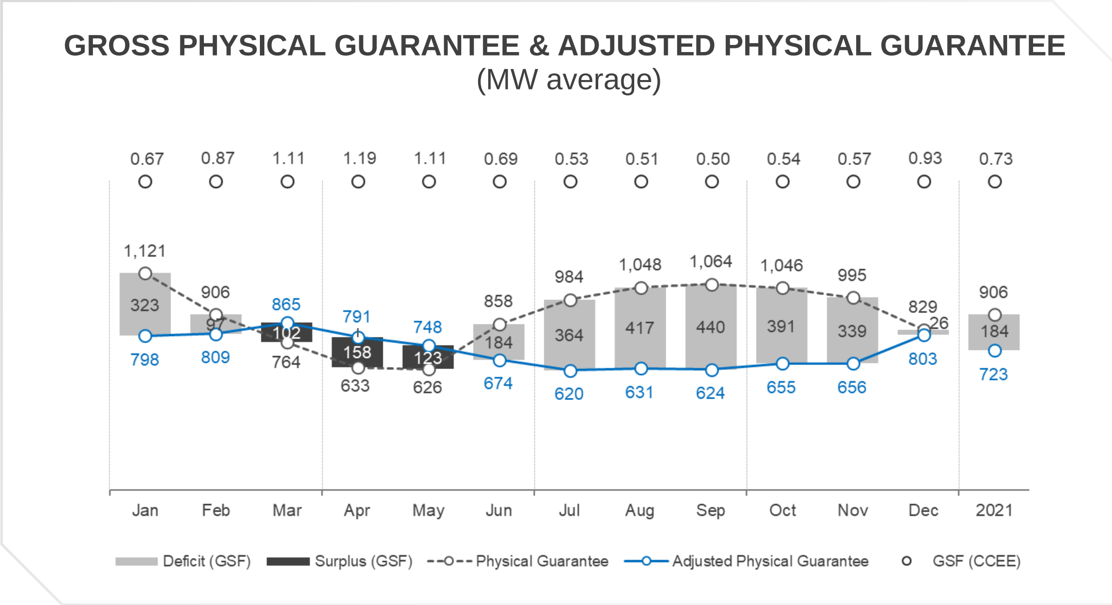
ENERGY BALANCE MANAGEMENT

The Company’s strategy for managing its energy balance is based on detailed planning and proactive management with strong discipline in energy trading execution with the aim of maximizing value creation and mitigating the GSF.

Due to the latest revisions of the physical guarantee of HPP Porto Primavera and the negative effect from GSF, the Company reported an energy balance with a structural deficit for 2021 and 2022, which is being systematically equalized.

The deterioration in GSF in 2021 led to an increase in the Company’s exposure, particularly in the second half of 2021.

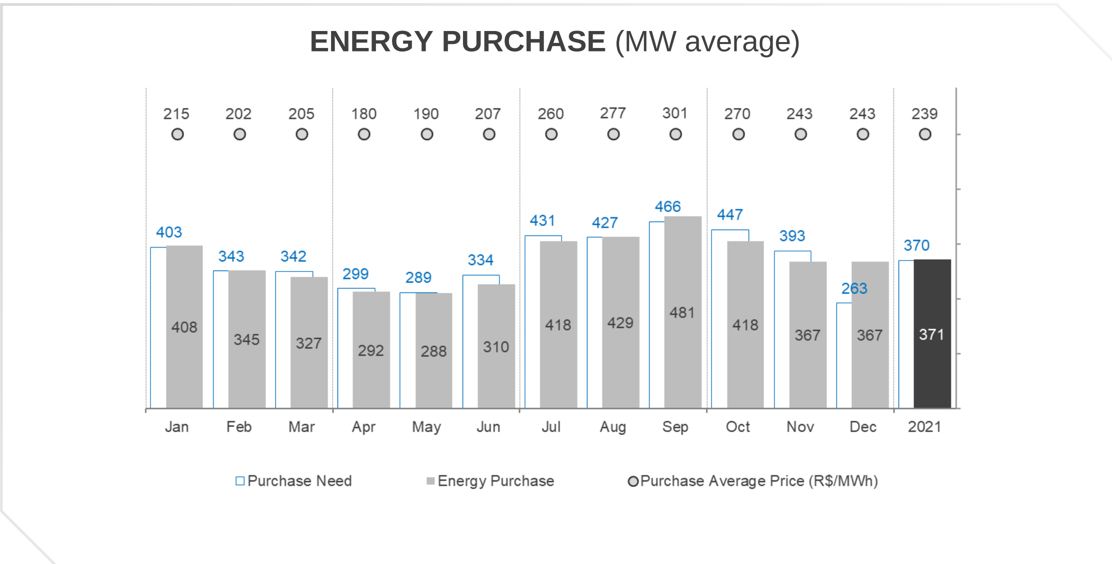
[10] Source: ONS, PMO report of July 2021.



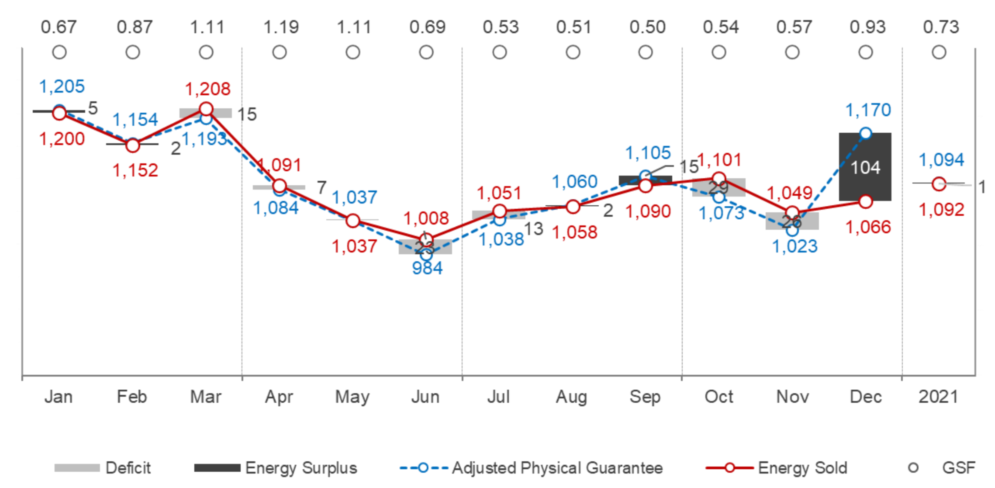
Given this scenario, the Company took advantage of windows of opportunities in the market to acquire the energy needed to equalize at this moment the energy balance for 2021. It acquired 371 MW average of energy, up 17% from end-2020 (317 MW average), and 52 MW average or 16% more than the balance in 1Q21 (319 MW average), which considered a GSF of 78%.

The annual average energy purchase price currently stands at BRL239/MWh, up 17% from the purchase price in 2020 (BRL204/MWh) and 18% higher than the purchase price in 1Q21 (BRL202/MWh).

To equalize the energy balance in 2Q21, the Company purchased 297 MW average, 19% less than in 2Q20 (367 MW average) and 7% more than the balance reported in 1Q21 (276 MW average). For 2Q21, purchases were made at an average price of BRL193/MWh, 20% higher than the average price in 2Q20 (BRL161/MWh) and 4% higher than the average price reported in the 1Q21 earnings release (BRL186/MWh).



At the end of the second quarter, the Company's energy balance for the whole of 2021 is equalized, as shown below. The Company maintains a close management of this position to mitigate possible effects brought by hydrological risk scenarios even more challenging than those currently estimated by the CCEE (GSF of 73%) given that every 1 p.p. of variation in the GSF corresponds to an energy volume of approximately 7 MW average, which is reduced from the adjusted physical guarantee and available to supply our energy contracts.



ENERGY BALANCE AFTER ENERGY PURCHASE
(MW average)

For 2022, the Company purchased 97% of the energy needed to equalize the energy deficit, taking advantage of the windows of opportunities available, and continues to monitor GSF risks and market opportunities for purchasing energy to mitigate price risks.

COMMERCIAL STRATEGY

The Company's commercial area is guided by integrated energy management based on market intelligence, sales to end customers and trading.

All operations are subjected to meticulous analysis, monitoring of market and credit risks in comparison with pre-established exposure limits and coverage with guarantees based on the counterparty's profile. The Company's market and credit risk management team reports to the Chief Financial Officer, which ensures independent support for decision-making in commercial processes.

SALES TO END CUSTOMERS

The Company has been striving to diversify and expand its customer portfolio in order to capture opportunities, mitigate business risks and reduce the carbon footprint of its customers and partners by supplying renewable energy with I-REC certification.

The Company's customer portfolio consists of energy distributors in the regulated market and energy consumers in the free market, as shown in the chart below. As from 2024, the volume of energy already committed under sale agreements is significantly lower and, as of 2028, the Company has no energy sold in the free market.

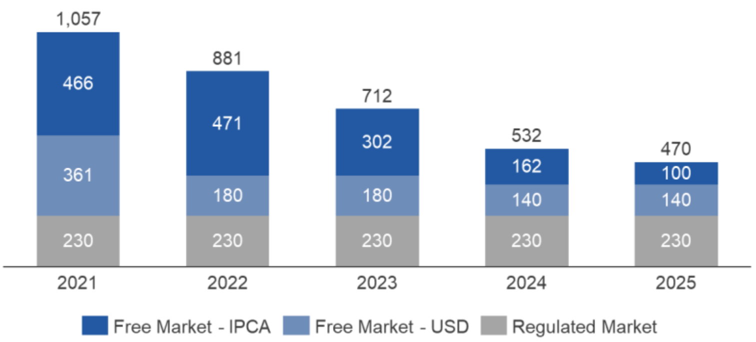
Due to the adverse hydrological scenario in the short term, energy prices for the long term should increase. Accordingly, the Company has been working to seize opportunities in future energy sales, mainly as from 2024.

This quarter, we forged new partnerships with end customers to supply energy and I-RECs, which enables them to decarbonize their operations and to improve their sustainability and in turn offer added value.

Agreements in the regulated market began in 2009 and 2010 and are valid until 2038 and 2039, with volume of 230 MW average, and are adjusted for inflation. Contracts in the free market are adjusted for inflation or U.S. dollar, with some contracts including flexibility clauses, i.e., minimum and maximum limits on seasonally adjusted monthly volumes and on consolidated volume for the year.

PORTFOLIO OF ENERGY SOLD[11]
(MW average)

	2021	2022	2023	2024	2025
Price – Portfolio (BRL/MWh)	233	244	222	211	217
Price – Free Market (BRL/MWh)	227	241	207	178	182
Price – Regulated Market (BRL/MWh)	255	255	255	255	255



A comparison of the portfolio price in 2Q21 with that in 1Q21 shows a reduction in the Free Market price in all years due to the effects from Brazilian real appreciation against the U.S. dollar between periods (BRL5.0022/USD1 on June 30, 2021 vs. BRL5.6973/USD1 on March 31, 2021).

[11] Price on base date of June 30, 2021, without inflation adjustment.

In 2Q21, the average price in the regulated market (distributors) was BRL255/MWh, an increase of about 3% from 2Q20, mainly due to contractual adjustment clauses, as detailed below: Note that these agreements incorporate energy seasonality and therefore present variations in quarterly volumes.

Start date	End date	Volume (MWavg)	Gross start price (BRL MWh)[12]	2Q21 gross price (BRL/MWh)[13]
01/01/2009	12/31/2038	83	125	265
01/01/2010	12/31/2039	143	116	249
Total		**223**	**119**	**255**

To mitigate its exposure to hydrological risk, CESP renegotiated in 2016 a total of 230 MW average contracted through 2028 involving contracts in the regulated market, related to HPP Porto Primavera. As such, this portion of its physical guarantee is hedged against fluctuations in the GSF.

TRADING

In January 2020, the Company launched through CESP Comercializadora its operations in the energy trading market to optimize the management of its energy balance, better manage its hydrological and market risks and improve its commercial strategy by developing new customers, markets and opportunities.

These operations are conducted in the free market and, for the purposes of accounting measurement, meet the definition of financial instruments at fair value ("MtM"). The Company has future energy contracts with maturities through fiscal year 2027. At end-2Q21, the MtM adjustment of energy trading agreements amounted to BRL-34 million.

[12] For the first agreement: base date starting June 29, 2006; For the second agreement: base date starting December 12, 2005.
[13] Prices adjusted by the IPCA index.

FINANCIAL PERFORMANCE

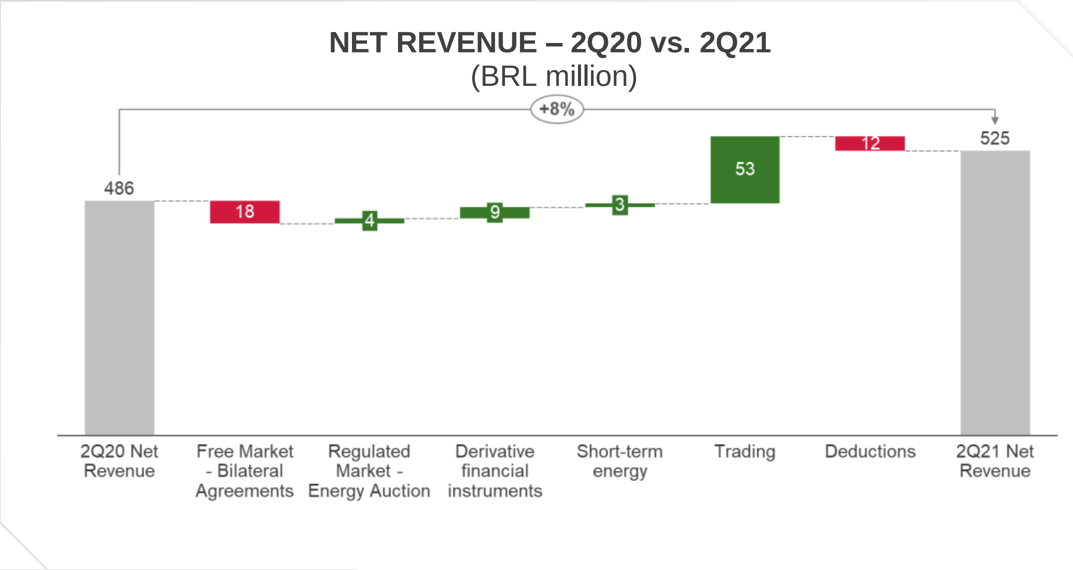
NET REVENUE

Net operating revenue in 2Q21 amounted to BRL525 million, an increase of BRL40 million (+8%) from BRL486 million in 2Q20, explained mainly by the following:

- **Trading Operations:** Increase of BRL53 million, due to the higher volume and average price of the trading operations by CESP Comercializadora, whose revenue in 2Q21 stood at BRL80 million, compared to BRL27 million in 2Q20.
- **Derivative financial instruments**[14]: Reduction in the expenses by BRL9 million due to the Brazilian real appreciation against the U.S. dollar between periods, with a total expense of BRL20 million in 2Q21 vs. BRL29 million in 2Q20.
- **Regulated Market – Energy Auction:** Increase of BRL4 million due to contractual price adjustments, with revenue of BRL125 million in 2Q21 vs. BRL121 million in 2Q20.
- **Short-term energy:** Increase of BRL3 million due to higher energy sales in this market in 2Q21 compared to 2Q20, for total revenue of BRL9 million in 2Q21 vs. BRL6 million in 2Q20.

These effects were partially offset by:

- **Free Market – Bilateral Agreements:** Reduction of BRL18 million explained by the by the non-recurring effect of the balance settlement with the CCEE in 2Q20 (R$19 million), partially offset by the increase in volume and price of energy sales contracts.
- **Deductions:** Expense increase of BRL12 million, mainly due to the higher PIS and COFINS taxes on operating income due to the growth in sales by the trading company, for a total deduction of BRL71 million in 2Q21 vs. BRL59 million in 2Q20.



[14] Derivative financial instruments used by the Company to hedge against exchange exposure of agreements in the free market, indexed to the U.S. dollar (BRL5.4760 on June 30, 2020 vs. BRL5.0022 on June 30, 2021). Source: Central Bank of Brazil.

DERIVATIVE FINANCIAL INSTRUMENTS

CESP has power purchase agreements pegged to the U.S. dollar. To mitigate the foreign exchange exposure arising from these agreements, the Company implemented a hedge strategy using Non-Deliverable Forwards ("NDFs") and booked as hedge accounting. The strategy is designed to protect around 95% of the exchange rate exposure in the period. The following table reflects the position of these derivative instruments on June 30, 2021:

NDFs	Notional (USD million)	Average forward exchange rate (BRL)	Fair value (BRL million)
2021	75.0	4.38	(48.9)

The fair values of hedge instruments are recognized under shareholders' equity until the expected transaction occurs or is settled. After effective settlement, the gains or losses are recognized under revenue. For more details, see Note 26.3 to the Quarterly Financial Information (ITR) for 2Q21.

OPERATING COSTS & EXPENSES

Operating costs and expenses amounted to BRL393 million in 2Q21, compared to BRL188 million in 2Q20, increasing BRL205 million between periods, mainly due to:

- **Reversal of provision for litigation:** Negative impact of BRL126 million, due to reversal of the provision in the amount of BRL134 million in 2Q20 vs. BRL8 million in 2Q21, with no cash effect.
- **Energy purchase costs:** BRL197 million in 2Q21 vs. BRL137 million in 2Q20, an increase of BRL60 million from 2Q20, mainly due to:
    - Increase of BRL56 million in purchases for trading operations in 2Q21 (BRL72 million) vs. 2Q20, in line with the Company's strategy; and
    - Higher price of energy purchased (free and spot markets) to equalize the energy balance, resulting in an impact of BRL2 million (BRL119 million in 2Q21 vs. BRL117 million in 2Q20) in the period. In 2Q21, 297 MW average were purchased, 19% less than in 2Q20 (367 MW average), with a 20% increase in average prices (BRL193/MWh in 2Q21 vs. BRL161/MWh in 2Q20).
- **Future Energy Contracts:** Expense of BRL34 million in 2Q21 vs. BRL3 million in 2Q20, an increase of BRL31 million, with a non-cash effect, mainly due to market volatility given the challenging hydrological scenario.
- **PMSO:**
    - Personnel, Materials and Third-party Services (**PMS**): Increase of BRL5 million between periods (BRL33 million in 2Q21 vs. BRL28 million in 2Q20), explained mainly by: (i) increase of approx. BRL3 million in Personnel expenses, due to inflation adjustment in post-employment benefits,

increase in labor indemnity and collective bargaining provision and (ii) increase in expenses with maintenance and upkeep of assets as a result of scheduled maintenance carried out at our plants that did not take place in the same period of the previous year.

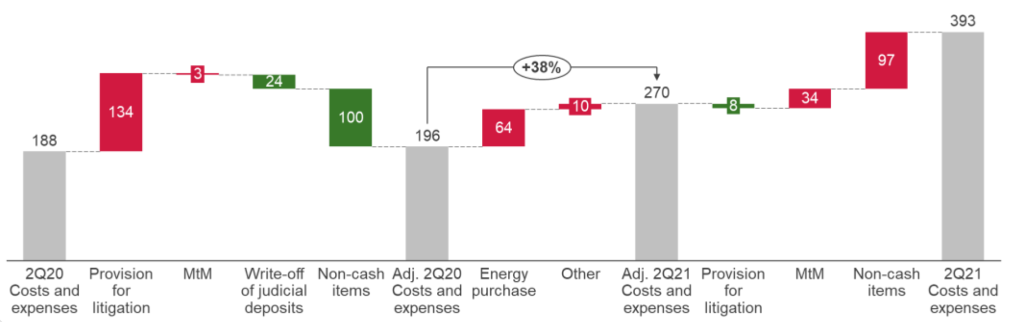
- Other expenses (**O**): Increase of BRL5 million due to the reversal of expense in the total amount of BRL5 million in 2Q20, which did not recur in 2Q21. The reversal is explained by the write-off of the quota provision of Global Reversion Reserve[15] (RGR) in 2020.

These effects were partially offset by:

- **Write-off of judicial deposits:** In 2Q20, BRL24 million was recognized from the write-off of judicial deposits, which did not recur in 2Q21.
- **Other non-cash effects[16]:** These effects amounted to BRL97 million in 2Q21 vs. BRL100 million in 2Q20, representing a reduction of BRL3 million in the expense, mainly due to the effective reduction in depreciation and amortization expenses between periods.

Excluding all non-recurring and non-cash effects, operating costs and expenses in 2Q21 amounted to BRL270 million, increasing 38% from 2Q20 (BRL196 million), mainly due to the impact detailed above in the line energy purchases.

COSTS AND EXPENSES[16] – 2Q20 vs. 2Q21
(BRL million)



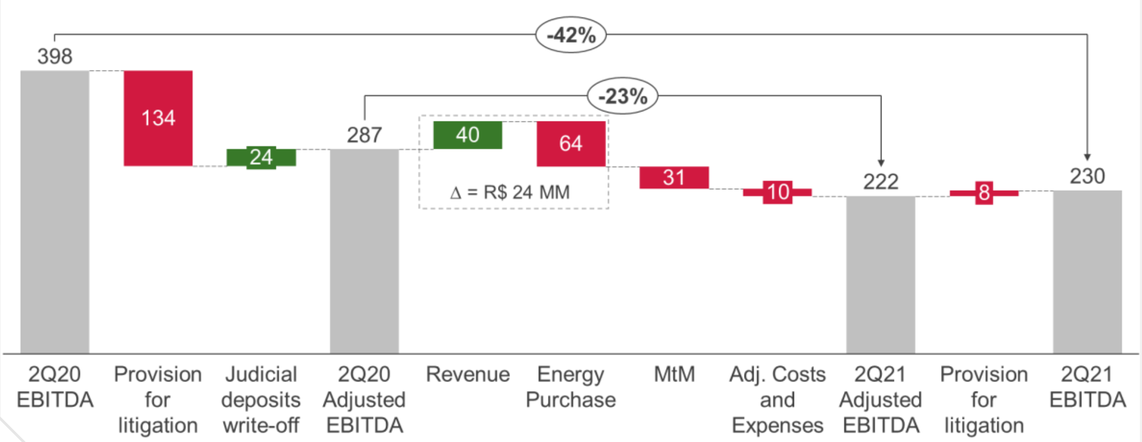
EBITDA

(BRL thousand)	2Q21	2Q20	Δ	1H21	1H20	Δ
Net Income	**(18,129)**	**137,798**	**n.m.**	**97,669**	**191,611**	**-49%**
Net IR/CSLL[17]	(7,164)	65,800	n.m.	56,803	111,574	-49%
Financial Result	157,576	94,326	67%	325,439	203,536	60%

[15] The RGR is a charge of the Brazilian electric sector paid monthly by the energy generation, transmission and distribution concessionaires. Created in 1957, as of Decree No. 41.019, the Global Reversion Reserve Account finances improvement and expansion projects for companies in the energy sector.
[16] Other non-cash items include depreciation/amortization and provisions for PIS/COFINS for judicial deposits.
[17] 2Q21: Net IR and CSLL resulting from BRL17 million of current tax and BRL25 million of deferred tax, of which BRL16 million is cash outflow.

= EBIT	**132,283**	**297,924**	**-56%**	**479,911**	**506,721**	**-5%**
Depreciation & Amortization	97,371	99,876	-3%	195,226	200,271	-3%
EBITDA	**229,654**	**397,800**	**-42%**	**675,137**	**706,992**	**-5%**
Reversal of provision for litigation	(7,937)	(134,167)	-94%	(210,809)	(107,188)	97%
Write-off of judicial deposits	-	23,643	n.m.	39,781	23,643	68%
Adjusted EBITDA	**221,717**	**287,276**	**-23%**	**504,109**	**623,447**	**-19%**
Adjusted EBITDA margin	42%	59%	-17 p.p.	47%	66%	-19 p.p.

Adjusted EBITDA amounted to BRL222 million in 2Q21, with margin of 42%, down 23% from the same period in 2020 (BRL287 million). The variations in adjusted EBITDA are mainly explained by: (i) reversal of the provision for litigation in the amount of BRL134 million in 2Q21 vs. BRL8 million in 2Q21; (ii) the hydro crises effect on energy price and volume, impacting the energy margin in R$24 million; and (iii) the negative effect of BRL31 million from the mark-to-market adjustment of future energy contracts for trading (BRL-34 million in 2Q21 vs. BRL-3 million in 2Q20).



EBITDA[18] – 2Q20 vs. 2Q21
(BRL million)

FINANCIAL INCOME (EXPENSE)

(BRL thousand)	2Q21	2Q20	Δ	1H21	1H20	Δ
Financial revenues	**5,971**	**7,941**	**-25%**	**11,696**	**18,454**	**-37%**
Financial expenses	**(163,547)**	**(102,267)**	**60%**	**(337,135)**	**(221,990)**	**52%**

[18] Adjusted Operating Expenses considers total operating expenses less provision for litigation, write-off of court deposits, de and MtM adjustments.

Debt charges	(20,663)	(20,763)	0%	(39,774)	(46,367)	-14%
Monetary update of debentures	(32,142)	-	-	(70,492)	-	-
Balance update of provision for litigation	(62,535)	(46,707)	34%	(128,258)	(115,792)	11%
Write-off of judicial deposits	-	(13,527)	-	(1,832)	(13,527)	-86%
Balance update of post-employment benefits	(39,531)	(14,905)	165%	(79,061)	(29,997)	164%
Other finance costs	(8,676)	(6,365)	36%	(17,718)	(16,307)	9%
Financial results	**(157,576)**	**(94,326)**	**67%**	**(325,439)**	**(203,536)**	**60%**

In 2Q21, the Company registered a net financial expense of BRL158 million, compared to a net financial expense of BRL94 million in 2Q20. The increase in the quarterly comparison is mainly due to:

- **Debt charges and inflation adjustment of debentures:** Increase of BRL32 million related to the 12th issue of debentures by the Company, indexed to IPCA (1.7% in 2Q21), for a total expense of R$53 million in 2Q21 vs. BRL21 million in 2Q20;
- **Adjustment of post-employment benefit balance:** Expense of BRL40 million in 2Q21 vs. BRL15 million in 2Q20, an increase of BRL25 million, explained mainly by the adjustment of the balance of actuarial liability on pension plans sponsored by the Company. For more details on this topic, see the section “Pension Plan – Vivest” in this document; and
- **Adjustment of balance of provision for litigation:** Increase of BRL16 million, due to the inflation adjustment of the total provision for litigation, given the increase in IGP-M in the period (6.21% in 2Q21 vs. 2.64% in 2Q20), in the total amount of BRL63 million in 2Q21 vs. BRL47 million in 2Q20.

INCOME TAX (IR) & SOCIAL CONTRIBUTION (CSLL)

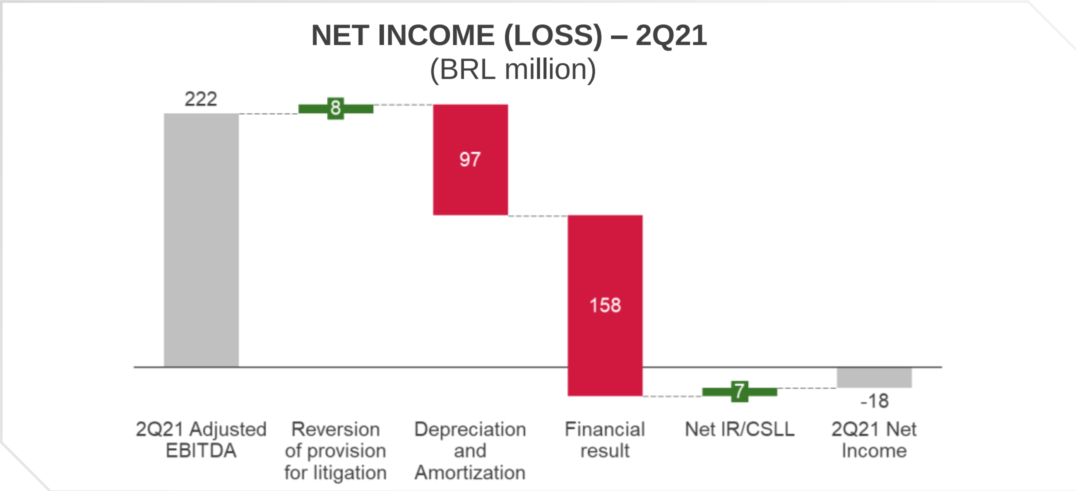
Income tax and social contribution (IR and CSLL) (“taxes”) in the year includes current and deferred taxes. Taxes are calculated on an accrual basis, pursuant to current law. The Company adopts the annual taxable income regime, with payments based on monthly estimates, which could result in a mismatch between the tax calculated and paid, which is adjusted in the annual calculations of IR and CSLL.

Net IR and CSLL in 2Q21 amounted to positive BRL7 million, of which BRL17 million refers to current IR and CSLL and BRL25 million to a reversal of deferred IR and CSLL. This effect is mainly explained by the change in the operating scenario (mainly due to the MtM) and the need to purchase energy. Regarding deferred taxes, we can highlight that the main variation was in the post-employment benefit line, and also in the provision for MtM, in addition to a reversal of the provision for litigation. The amount of tax paid in 2Q21, calculated by estimate, was BRL16 million (cash effect, considering a total effective rate of 37%).

It is also worth mentioning that when comparing 2Q21 with 2Q20, the significant variation in deferred charges is due to the 10-year limitation on the asset's impairment test, pursuant to CVM Instruction No. 371/2022, which was revoked by CVM Resolution No. 2/2020.

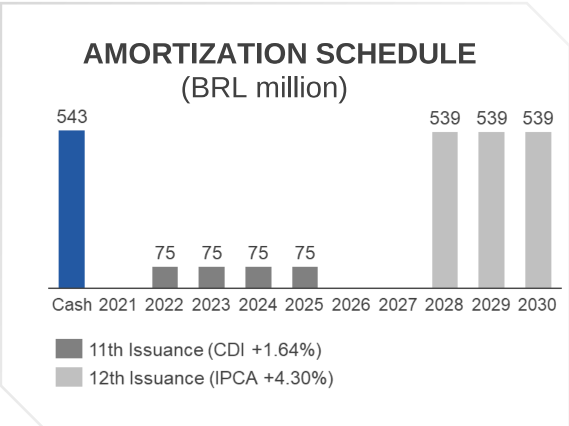
NET INCOME

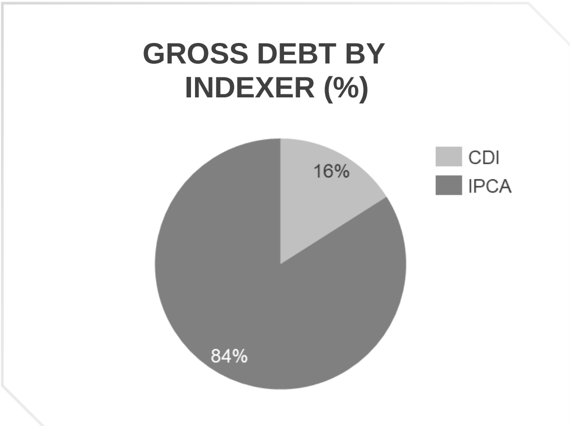
In 2Q21, the Company reported a net loss of BRL18 million, compared to net income of BRL138 million in 2Q20. The following chart shows the main factors that influenced net income in the quarter, based on adjusted EBITDA in the same period:



INDEBTEDNESS

Gross debt on June 30, 2021 stood at BRL1.9 billion, while the average maturity of consolidated debt was 7.3 years.

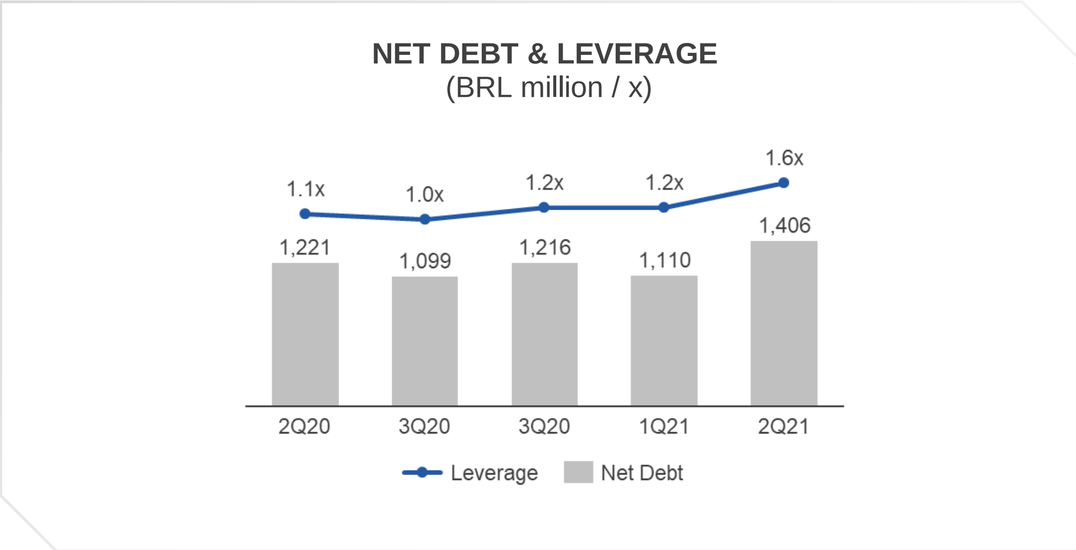




Cash and cash equivalents ended the quarter at BRL543 million, compared to BRL785 million a year earlier and BRL870 million at end-March 2021. Net debt on June 30, 2021 was BRL1.4 billion.

LEVERAGE

Leverage, as measured by the ratio of net debt to adjusted EBITDA, ended 2Q21 at 1.6x.



RATING

	Rating	Outlook	Revision
FitchRatings	BB | AAA (br)	Negative | Stable	Jul/21
STANDARD &POOR'S	BB- | br.AAA	Stable	May/21

CAPEX

In 2Q21, the capital expenditures of CESP amounted to BRL2.4 million and were allocated mainly to the modernization and maintenance of hydroelectric plants.

FREE CASH FLOW

(BRL thousand)	2Q21	2Q20	Δ	1H21	1H20	Δ
Adjusted Ebitda	221,717	287,276	-23%	504,109	623,447	-19%
IR/CSLL cash	(9,438)	(21,246)	-56%	(36,156)	(31,908)	13%
Working capital	69,818	50,440	38%	19,098	(37,620)	-
CAPEX	(2,419)	(5,809)	-58%	(3,431)	(8,153)	-58%
Operating cash flow	**279,678**	**310,661**	**-10%**	**483,619**	**545,766**	**-11%**
Debt service	(6,042)	(47,455)	-87%	(37,976)	(47,458)	-20%
Operating cash flow after debt service	**273,636**	**263,206**	**4%**	**445,643**	**498,308**	**-11%**
Litigation Payment[19]	(16,895)	(19,356)	-13%	(28,829)	(45,623)	-37%
Depreciation and amortization	-	(11)	-	-	(22)	-
Share Buyback – end of ADR	-		-	(3,332)	-	-
Dividends	(583,990)	(409,473)	43%	(583,990)	(409,558)	43%
Free cash flow	**(327,249)**	**(165,634)**	**98%**	**(170,507)**	**43,105**	**-**
Opening cash balance	870,126	950,183	-8%	713,384	741,444	-4%
Final cash balance	542,877	784,549	-31%	542,877	784,549	-31%

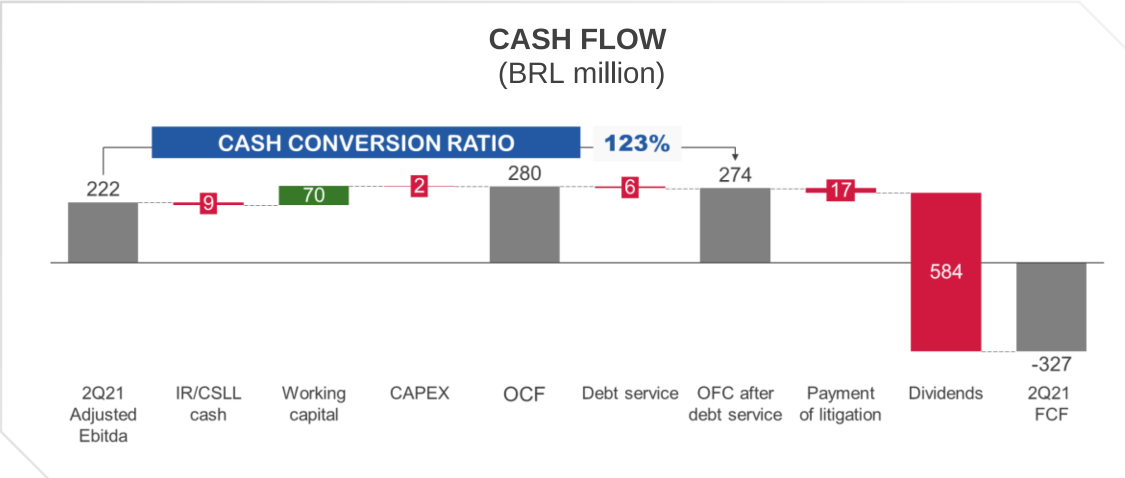
The Company ended 2Q21 with operational cash flow after debt service of BRL274 million, which represents a cash conversion ratio[20] of 123%.

The change in operational cash flow between quarters was mainly due to:

- Working capital: Increase of BRL19 million (BRL70 million in 2Q21 vs. BRL51 million in 2Q20) explained mainly by: (i) the non-cash effect of BRL34 million from the mark-to-market adjustment of future energy contracts for trading in the quarter (vs. BRL3 million in 2Q20); (ii) the gain from working capital management of BRL31 million in 2Q21 (vs. BRL9 million in 2Q20); and (iii) the release of the delinquent balance of the CCEE in 2Q21 in the amount of BRL16 million (vs. BRL13 million in 2Q20).
- Cash IR/CSLL: Decrease of BRL12 million in the disbursement in the period, due to the worsening of the operational results in the comparison between the periods, amounting to BRL9 million in 2Q21 vs. BRL21 million in 2Q20.

Free cash flow ended June 2021 at negative BRL327 million, explained by the aforementioned events and by the dividends distributed in comparison with the prior period in the aggregate amount of BRL175 million (BRL584 million in 2Q21 vs. BRL409 million in 2Q20).

[19] Represents the sum of payments of litigation and court agreements.
[20] Cash conversion Ratio = OCF after debt service/Adjusted EBITDA.



RETIREMENT PLAN (VIVEST)

HISTORY & CALCULATION METHODOLOGY

Through Vivest, the Company sponsors retirement plans for its current and former employees. The benefit plans were created in two different types: (i) defined-contribution plans ("DC"); and (ii) defined-benefit plans ("DB").

For DC plans, the Company makes fixed contributions to Vivest and has no legal obligations in the event of an actuarial deficit[21].

Meanwhile, for DB plans, a fixed retirement amount is established that the employee will receive upon retirement. CESP's most important DB benefit plan is the Supplementary Proportionate Settled Benefit ("BSPS") created as a result of negotiations between the Sao Paulo State Government (former controlling shareholder) and trade unions to enable the privatization of energy companies in 1997.

The amounts of actuarial commitments[22] related to the DB plans are calculated annually by an independent actuary with a base date that coincides with the end of the year and are recorded pursuant to CPC 33 (R) / IAS 19 ("CPC 33"), which defines the methodology for booking employee benefits.

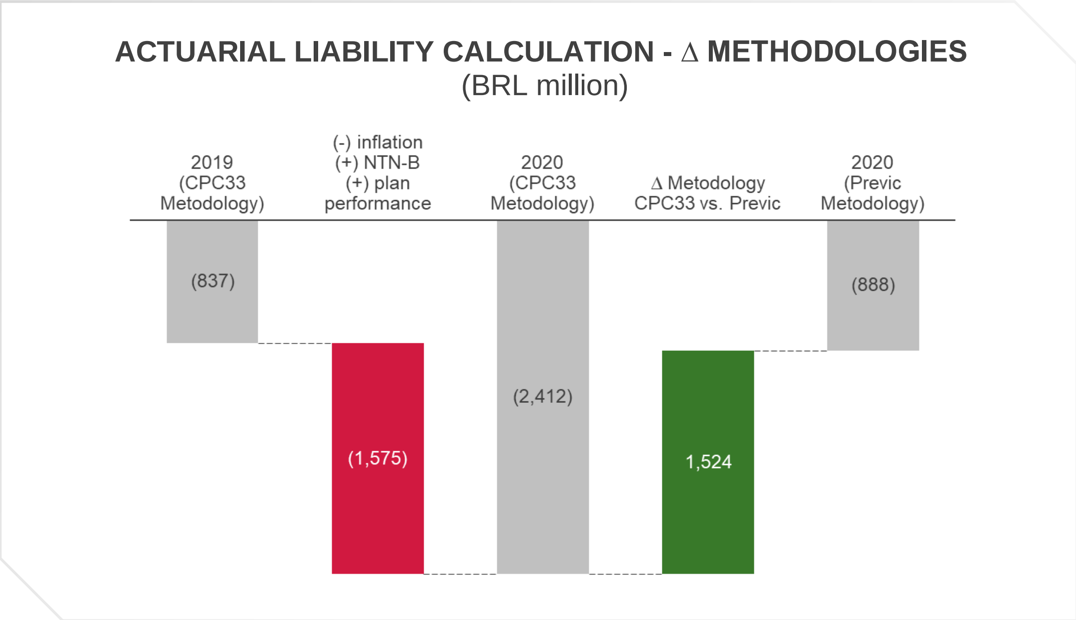
- The liability recognized in the balance sheet is the present value of the benefit obligation on the balance sheet date less the fair value of the assets of the plan;
- Actuarial gains and losses are recorded directly under shareholders' equity in "Other Comprehensive Income." These actuarial gains and losses are calculated at the end of each year based on the independent actuary's report.

[21] Actuarial deficit: projection indicating that there will be no money enough to cover all retirements and pensions in the future.
[22] Actuarial commitments: contributions, costs, liabilities and/or assets.

In parallel with the accounting evaluation, Vivest calculates the actuarial commitments using the methodology defined by CNPC Resolution 30/2018 and PREVIC Ordinance 300 of April 12, 2019. This methodology differs from CPC 33 mainly with regard to: (i) the calculation of the actuarial liability; (ii) the definition of the asset; and (iii) the discount rates. The methodology used by Previc is used to calculate the actuarial position and, therefore, defines the need for contributions by CESP over time if deficit positions are registered.

CURRENT CALCULATION

In 2020, the effects from inflation and interest on liabilities and the actuarial target had an impact on the accounting fair value. Liability projections were impacted by inflation (IGP-DI decoupling) and partially offset by the positive effect from the increase in the liability discount rate (NTN-B rate).



Note that the deficit does not represent, at this time, a cash liability or impact under both the calculation methodologies adopted. The calculation is made annually and will be updated in December 2021. If a deficit is verified by the Previc methodology that is above the reference limit amounts, the Company will carry out an equalization plan with contributions to be made over the medium term of plan, currently around 10 years.

LATEST UPDATES & NEXT STEPS

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, in compliance with applicable procedures and regulations. These mitigation measures include, for example, the optional migration of members from DB to DC plans as per the individual interests of each beneficiary.

On December 10, 2020, the measures were approved also by the board of Vivest. The next step is getting approval from Previc, which is in its final stage and is expected in mid-2021.

After obtaining approval from Previc and the implementing the mitigation measures, the actual deficit amount will be recalculated using the entity's own methodology.

CONTINGENCIES

LAWSUITS AGAINST THE COMPANY

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 has a procedure for carefully evaluating the balance of litigation liabilities, which includes engaging external legal and financial advisors, in addition to the work carried out by its inhouse team.

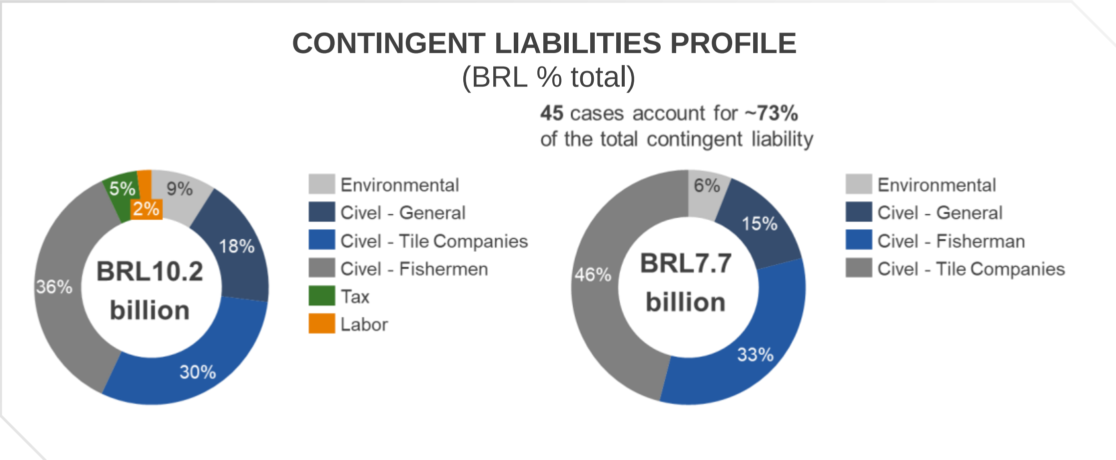
Given the significant volume of litigation liabilities currently booked by the Company, not only the amounts in litigation but also the projected losses applicable to existing lawsuits are constantly reviewed. In addition, as part of its constant efforts to optimize its management and reduce the amount of its legal liabilities, the Company also continues to meticulously prioritize certain lawsuits as "strategic", which are then directly monitored by it and handled by highly reputable and qualified law firms. The remaining litigation portfolio also is given high importance.

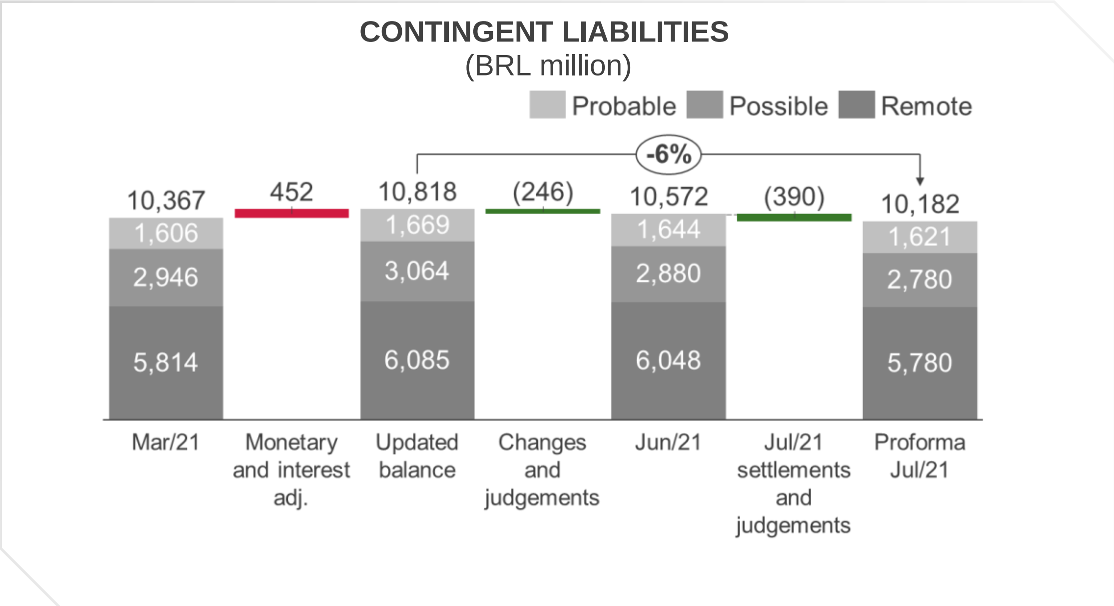
The Company reiterates that the litigation liability amount is subject to constant changes precisely because its measurement is linked to actual progress in the lawsuits. Accordingly, as corporate policy, the Company seeks to reflect in its balance sheet, with the minimum mismatch possible, the current status of its liabilities portfolio (which justifies the quarterly variations in the amounts reported in this item).

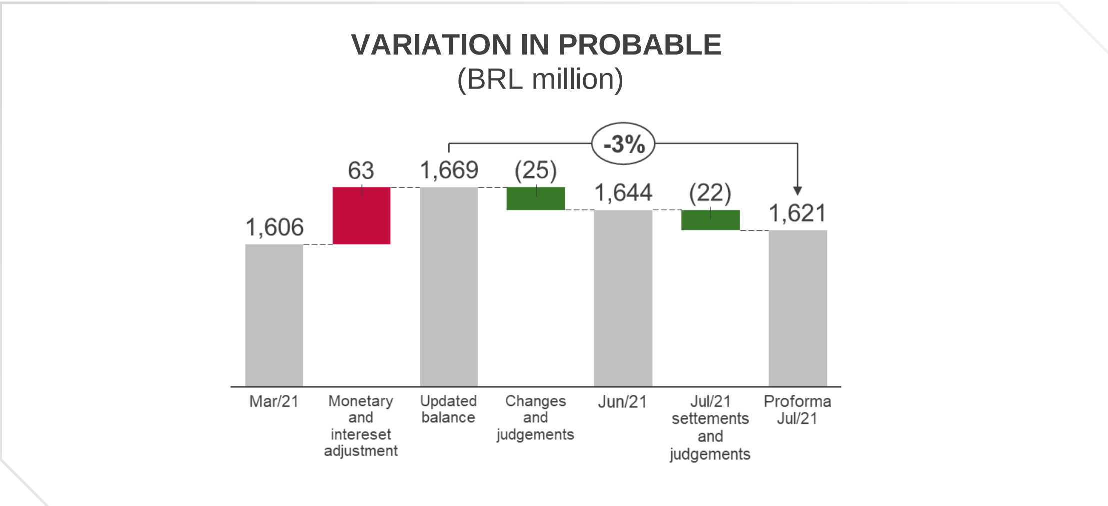
For contingencies arising from lawsuits whose likelihood of loss is considered remote, as already reported in prior quarters, the Company still opts to maintain the historically adopted practice in the preparation of its Financial Statements, disclosing the total amount corresponding to this type of contingency. However, although the Company believes that the reporting of such amounts is appropriate at this time, it also reiterates that the various lawsuits assessed as posing remote risk include obviously groundless claims, whose amount in dispute does not, under any circumstances, represent the financial amount effectively in dispute and that would come due in the event of an adverse court decision.

Lastly, without prejudice to the constant efforts to reduce its litigation liabilities, the Company transparently states that the performance of this process could be adversely affected by any new claims that come to be made or by adjustments to the value of the lawsuits already in its portfolio. In this scenario, the strategy to reduce judicial liabilities continues to include technical and procedural actions as well as preventive actions to reduce the number of lawsuits filed against the Company.

Currently, the strategic lawsuits group contains about 45 lawsuits, which correspond to approximately 73% of the Company's litigation liabilities, as detailed below:







The variation in total and probable contingent liabilities in relation to March 2021 is due to: (i) inflation adjustment and interest, whose effect is non-cash and was heavily affected by IGP-M reading of 6.21% in the period; (ii) court agreements and revisions of estimates based on the procedural evolution in lawsuits; and (iii) the decisions favorable to the Company and the agreements occurred in July 2021.

CESP remains alert to opportunities for attractive and reasonable negotiations and settlements to reduce its contingent liabilities, always guided by technical criteria and financial discipline.

TRÊS IRMÃOS LAWSUIT

Lower Court Trial

The action for damages of Três Irmãos (case no. 45939-32.2014.4.01.3400) is in the lower court in the evidentiary phase, with discussions on the latest report from the legal expert, who valued the reversible assets at BRL4.7 billion (June 2012 values). The valuation consists of: Plant: BRL1.9 billion; Floodgates and Canal: BRL1.0 billion; Land: BRL1.8 billion.

After statements by the Federal Government and CESP regarding the expert report, on July 10, 2020, an order was issued requesting the expert's opinion on the questions raised by the Government in relation to the report.

In December 2020, the completion of the digitalization of the Três Irmãos lawsuit was certified and the expert was summoned to provide clarifications on the expert report. The deadline for said statement was 15 business days as from January 28, 2021, therefore on February 19, 2021. However, on February 10, 2021, the death of the expert in question was informed in the records.

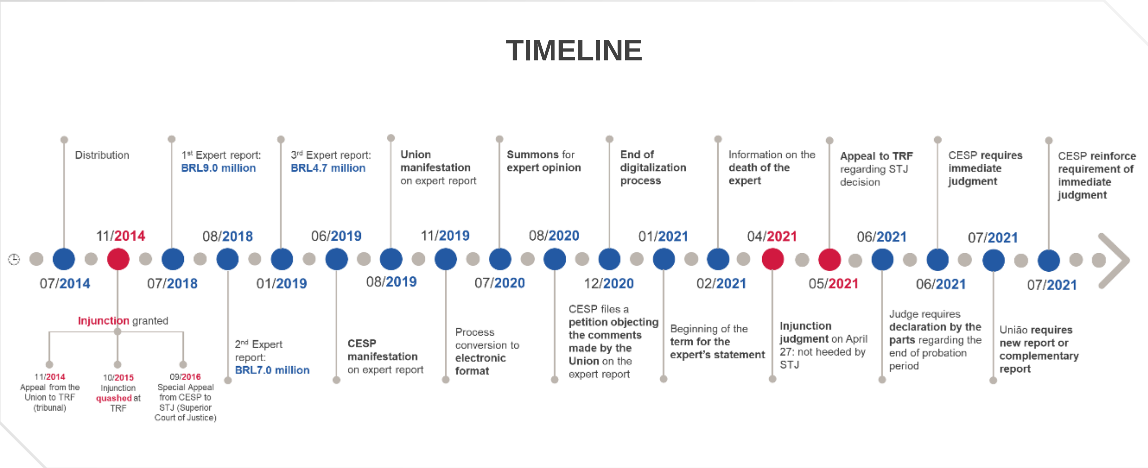
For such reason, on June 7, 2021, the judge determined that the parties make statements about continuing the lawsuit. CESP provided statement requiring the closure of the evidentiary stage and the conclusion of the case for decision. The Federal Government requested in its statement the preparation of a new expert report by specialized professionals in Civil Engineering and Electric Engineering or, alternatively, the preparation of a report to complement the existing one, with the clarifications required by it. Currently, the parties are awaiting the judge’s decision.

Undisputed Preliminary Injunction

Regarding the preliminary injunction filed by the Company in December 2016, which seeks requiring the Federal Government to start immediate payment of the installments related to the undisputed amount of BRL1.7 billion (amount on June 2012) related to the indemnification for Três Irmãos, in accordance with Inter-ministerial Ordinance MME/MF 129/2014, the Superior Court of Justice, in the trial of Special Appeal No. 1.643.760/SP, in a session held on April 27, 2021, did not accept CESP’s request. In view of said decision, the Company filed an appeal in the Federal Supreme Court (STF), which is awaiting trial.

Note that the litigation on the injunction (and decisions already rendered) does not alter the main claim pending in the Lower Court of the Federal Court of Brasília.

The case timeline is shown below, with the most recent and significant events of the case:



REGULATORY MATTERS

HYDRAULIC RESTRICTIONS – PORTO PRIMAVERA

In view of Brazil's current hydrological crisis (especially in the Paraná River Basin, where the Porto Primavera HPP is located) caused by significantly below average precipitation in the main watersheds with hydroelectric plants composing the National Interconnected System (SIN), which have suffered the worst hydrological sequences, with inflows the lowest of the last 91 years, the authorities have been determining measures to ensure the hydraulic governability of the basins, including by reducing the minimum release flows practiced.

In this context, SNM, for the first time since monitoring started, issued a Water Emergency Alert on May 27, 2021, which subsequently was reinforced by the ANA, through Resolution 77/2021, declaring a critical water scarcity situation in the Paraná River Basin, on June 1, 2021.

Furthermore, the technical studies of the ONS provide grounding to the resolutions taken in the 248th Meeting of the Electricity Sector Monitoring Committee ("CMSE"), held on May 28, 2021, which established a set of urgent measures for adjusting the water restrictions to be adopted, on an exceptional basis, as an alternative to facing water scarcity and its various impacts, including from the standpoint of the country's power industry, with risk to compromising power generation to supply the SIN. These measures include adjustments to the flow of the Porto Primavera HPP to 2,700m3/s starting July 1, 2021, with tests to reduce flows in June 2021.

Note that in the period from May 10 to 15, 2021, CESP conducted flow reduction tests, in compliance with the determination of the ONS and after authorization granted by IBAMA, reaching, at the time, the minimum safe flow of 3,900 m^3/s (from 4,300 m^3/s).

Giving grounding to said determinations, the Ministry of Mines & Energy issued Ordinance no. 524/2021, on June 11, 2021, establishing the start of tests for reducing the minimum release flow practiced at the Porto Primavera HPP to the level of 2,700m3/s in a stable manner, until July 1, 2021.

Note that IBAMA, on June 11, 2021, approved the Working Plan for Reducing the Release Flow at the Porto Primavera HPP prepared by CESP, which is the document that governs the realization and monitoring of tests for reducing flow, which includes solutions and mitigations for the environmental impacts identified.

The Company, in defense of the public interest, in compliance with the determinations of the authorities and after obtaining due approvals from IBAMA, started, on June 16, 2021, tests to reduce the minimum flow of the Porto Primavera HPP to reach the flow of 2,700 m3/s, in accordance with said Ordinance issued by the MME. Currently, the flow rate practiced and monitored is 2,900 m3/s, in line with decision of the Exceptional Rules for Water & Energy Management Chamber, with the sending of periodic monitoring reports to IBAMA, in accordance with the terms provided for in the Working Plan.

The period of reduced flow should last until end-October 2021, when the rainy season is expected to return and the *piracema* period begins (in November), unless otherwise decided by the federal authorities.

GSF AGREEMENT– CONCESSION EXTENSION

Considering the conditions for renegotiating the hydrological risk to plants composing the MRE provided for in Federal Law no. 14,052/2020, of October 8, 2020 ("Federal Law 14,052/2020"), ANEEL was responsible for regulating the issue in order to define a methodology for calculating compensation and enabling concession renewal agreements to be signed with the eligible generation agents. ANEEL Resolution 895/2020, of December 3, 2021, was issued for such purpose and, according to the periods specified therein, the expectation was for the board of ANEEL, according to the agenda of the 10th Public Ordinary Meeting, of March 30, 2021, would approve the CCEE's calculations related to extensions, with the consequent opening of the period for agents to give statements about their adherence. The next step would be to formalize the extension by executing amendments to the concession agreements.

The approval of periods for extending the concessions of plants composing the Energy Reallocation Mechanism was not determined by the Board of ANEEL due to the administrative appeals filed by generation agents that could, to some extent, alter the calculation criteria initially established and therefore cause the need to review the final calculation by CCEE.

Currently, the Company is following the topic and awaiting final decisions on the appeals, as well as on the lawsuit pending in the Federal Audit Court, so that, with the approval of the CCEE's calculations by ANEEL, present its statement for the adhering to the terms of the extension agreement. In this regard, note that CESP's Board of Directors, on March 29, 2021, approved the Company's adherence, in the case of the Porto Primavera HPP, to the renegotiation of the concession extension by 7 years (the limit provided for in Federal Law 14,052/2020). The adherence of the Paraibuna HPP was approved by the Board of Directors on February 11, 2021, and the final concession term, after the first phase of renegotiation, is September 5, 2021, in accordance with 4th amendment to the concession agreement no. 3/2004 The definitive extension, which according to final calculations presented will be for an additional nine months, will be confirmed after ANEEL renders its decision on the matter.

On 07/13/2021, Law no. 14,182/2021 was published, on the privatization of Eletrobras, which provided changes in the compensation calculation criteria for the renegotiation of the hydrological risk initially established in Law no. 14.052/2020. Given the fundamentals of the administrative appeals under analysis, this most recent legal change should resolve the issue, so that new calculations may be prepared by the CCEE considering the inclusion of such criteria, upon determination by ANEEL. The Company follows the schedule for the additional regulation of the matter by ANEEL and the approval of calculations to express its adhesion.

Note that the Company is not a party to any lawsuit on the subject and does not owe any amounts related to hydrological risk, with enforceability suspended under the scope of the financial settlement of CCEE, and that the option for renegotiation does not depend on any cash expenditure or payment of a premium.

ESG[23] AGENDA

SUSTAINABILITY PLATFORM

In 2021, the Company continued to roll out the ESG agenda it defined in 2020, with this progress including the creation of a Sustainability Platform, which, based on an integrated analysis of the UN Sustainability Development Goals (SDGs) and a materiality assessment, established three action fronts:

Proactive approach to environmental and climate issues – Aligning power generation with guaranteeing the multiple uses of water through actions to conserve ecosystems, minimize the impacts of operations, adapt to climate change, environmental education and healthy relations with local communities.

Local and human development – Continually seeking to create value and uphold the commitment to transparent management, while strengthening its commitments to stakeholders: employees, communities, customers, suppliers and investors. And this is achieved by ensuring good work conditions, health, safety, well-being, diversity and transparent operations, and by guaranteeing rights and opportunities for human development and business generation.

Inclusive growth – Sustainability and profitability must go together. As such, the focus should be on launching social and environmental programs that foster a new mentality between employees and the community, while promoting financial and social inclusion and the development of local competencies.

During the first half of 2021, our efforts were guided by the three thematic lines of our Sustainability Platform. In this context, we conducted a series of actions to mature our

[23] Environmental, Social and Governance

sustainability management processes while engaging employees in our Environmental, Social and Governance commitments.

Currently, CESP has a corporate ESG goal that encompasses 14 strategic actions to ensure advances in the topic. The target are appliable to all senior executives and managers and will be considered in the variable compensation for 2021 of all leaders.

The following table shows the main actions in the half year and details of the advances in the quarter:

	1Q21	2Q21
Environmental (E)	• Preparation of emissions inventory in accordance with GHG Protocol and IPCC methodology	• Completion of the CDP questionnaires on Climate Change and Water Safety
Social (S)	• Creation of a Diversity & Inclusion group • Conclusion of Participative Socioenvironmental Diagnosis in municipalities near the Porto Primavera HPP • Launch of Public Management Support projects for combatting COVID-19	• Delivery of Participative Socioenvironmental Diagnosis Results to the municipal governments near the Porto Primavera HPP (learn more) • Creation of Internal Community Relations Committee • Launch of projects led by the Diversity & Inclusion group
Governance (G)	• Creation of the Sustainability Commission, formed by two directors and one independent director • Increase the participation of women in the Company's senior leadership, with the election of two women to the Board of Directors and one to the Audit Board	• Improvements to scoring of Corporate Governance Report with the adoption of new practices and/or principles by the Company
ESG Platform		• Signatories to UN Global Compact • Upgrade of MSCI ESG rating

- **UN Global Compact:** We are committed to comply with the ten sustainability principles, based on Human and Labor Rights, Environment and Anticorruption.
- **CDP Questionnaires on Climate Change and Water Safety:** An important step in the transparency of management information on two topics essential to CESP's businesses. At the same time, we incorporated requirements that are non-mandatory, but broadly and globally used by ESG analysts, in our list of environmental management indicators.
- **Diversity & Inclusion (D&I) Work Group:** CESP has been accompanying the transformations that society is undergoing and believes that human diversity contributes to a more just, equal and free society. In January 2021, the Company incorporated into its key culture pillars fostering a diverse and inclusive workplace at all levels of the organization. As part of this effort, it created a multidisciplinary working group ("WG") formed by CESP employees charged with studying and proposing initiatives that help promote a culture of diversity and inclusion ("D&I")

throughout the entire value chain. The D&I WG, which is of an advisory nature, works to catalyze actions that increase the Company' maturity on the topic, raise awareness and attract and enable concrete actions for groups that remain underrepresented. The D&I WG reports directly to the Executive Board of CESP and provides a monthly account of its activities and progress.

- **Delivery of Results of Participatory Socioenvironmental Diagnosis (DSAP)** to the municipal governments near the Porto Primavera HPP. The DSAP plays an important role in engaging actors in local government, since CESP is making available the results for use to support the development of public policies.

- **MSCI[24]:** One of the main international rating agencies in ESG risks upgraded CESP's rating from "BBB" to "A". This is a great achievement for the Company and shows that our efforts and commitment to a solid ESG agenda management are being recognized.

- **Corporate Governance Report:** Published at CVM the Corporate Governance Report, contemplating for the 2021 edition the adoption of new practices and/or principles as follows:

  - Structuring of an **integration program for new members of the Board of Directors**, including training and actions aimed at ensuring the insertion of new members that are able to take decisions within their competence;

  - Regularly holding **exclusive alignment sessions for the members of the Company's Board of Directors**, without the presence of executives and other guests;

  - **Annual evaluation of the Company's Chief Executive Officer**, in a formal process **conducted by the Board of Directors**, with the support of CESP's Organizational Human Development Department, based on verification of the achievement of financial and non-financial performance targets also established by the Board of Directors; and

  - Approval of a **policy for contracting non-audit services from the Company's independent auditors**, approved at the Board of Directors' meeting held on July 29, 2021, which ensures the criteria to be observed for any possible contracting of non-audit services that may compromise the independence and objectivity of the auditors, as well as not hiring as an independent auditor anyone who has provided internal audit services for the company for less than 3 years.

For more details on CESP's ESG agenda and all actions and projects, read the Annual Report 2020 available on its website.

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CAPITAL MARKETS

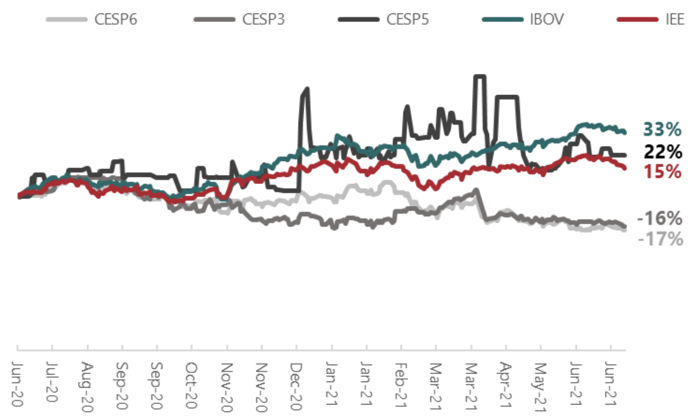
CESP has common shares (CESP3) and class A and B preferred shares (CESP5 and CESP6, respectively) listed and traded on the Sao Paulo Stock Exchange (B3) in the Level 1 Corporate Governance segment, which values ethics and transparency in relations with shareholders and other stakeholders. The Company's stock is a component of various indexes, including the Corporate Governance Index, which is composed of companies with differentiated corporate governance standards, and the Brazil 100 Index of the most heavily traded shares on the B3.

At end-2Q21, the class B preferred shares (CESP6), which represent 64.4% of the total capital stock, were quoted at BRL23.94, representing a decline of 15% in the quarter. Average daily financial liquidity was BRL54 million (vs. BRL74 million in 2Q20), equivalent to average daily trading volume of 2.1 million shares.

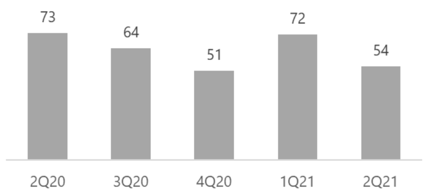
In the same period, the common shares (CESP3), which correspond to 33.3% of the capital stock, were quoted at BRL27.4, down 17%, while the class A preferred shares (CESP5), which correspond to 2.3% of the capital stock, were quoted at BRL36.02, down 8.3% in the quarter.

CESP's market capitalization on June 30, 2021 was BRL8.3 billion, compared to BLR9.9 billion on June 30, 2020.

STOCK PERFORMANCE – LAST 12 MONTHS
(BRL million – base 100 on June 30, 2020)



EVOLUTION OF LIQUIDITY
(BRL million)



APPENDICES

The Interactive Spreadsheet, with the Consolidated data presented here, can be found on the Investor Relations website by clicking here.

BALANCE SHEET

	Consolidated	
Asset	**06/30/2021**	**12/31/2020**
Current	**934,521**	**1,118,857**
Cash and cash equivalents	542,877	713,384
Derivative financial instruments	-	-
Receivables	239,618	272,817
Taxes to recover	78,206	61,190
Dividends	-	-
Future energy contracts		
Prepaid expenses	4,153	1,957
Other credits	69,667	69,509
Non-current	**13,151,648**	**13,433,007**
Derivative financial instruments	-	-
Pledges and restricted deposits	217,483	260,496
Deferred IR/CSLL	3,908,192	3,954,680
Warehouse	5,918	6,023
Assets available for reversal	1,739,161	1,739,161
Investments	-	-
Immobilized	5,792,444	5,956,429
Intangible	1,482,468	1,509,895
Right of use over lease agreements	5,982	6,323
Total assets	**14,086,169**	**14,551,864**

	Consolidated	
Liabilities and Shareholders 'Equity	**06/30/2021**	**12/31/2020**
Current	**692,926**	**1,050,593**
Suppliers	110,609	103,080
Loans, financing and debentures	20,019	18,220
Lease	1,791	1,700
Derivative financial instruments	48,869	95,084
Future energy contracts	26,199	17,336
Estimated liabilities and payroll	15,821	23,387
Taxes and social contributions	44,736	40,721
Regulatory charges	74,184	76,507
Dividends and interest on capital	250,444	581,919
UBP - Use of public asset tax	40,940	41,307
Social and environmental obligations	32,321	28,426
Other liabilities	26,993	22,906
Non-current	**6,311,753**	**6,295,058**
Loans, financing and debentures	1,874,094	1,800,854
Lease	4,516	4,788
Derivative financial instruments	-	9,141
Future energy contracts	9,681	4,108
Regulatory charges	1,240	1,240
UBP - Use of public asset tax	97,197	114,057
Provisions for litigation	1,643,730	1,748,257
Social and environmental obligations	144,062	152,749
Post-employment benefit	2,492,036	2,412,379
Other liabilities	45,197	47,485
Shareholders' Equity	**7,081,490**	**7,206,213**
Capital stock	5,975,433	5,975,433
Capital reserves	1,929,098	1,929,098
Profit reserves	1,934,622	2,187,137
Equity valuation adjustments	(2,837,415)	(2,885,455)
Other comprehensive income	83,084	-
Retained earnings	(3,332)	-
Total Liabilities and Shareholders 'Equity	**14,086,169**	**14,551,864**

INCOME STATEMENT

Income Statement (Detailed)	Consolidated					
BRL thousand	2Q21	2Q20	Chg. (%)	1H21	1H20	Chg. (%)
Gross operational revenues	**596,414**	**544,905**	**9%**	**1,230,614**	**1,085,767**	**13%**
Bilateral contracts	401,419	418,960	-4%	860,796	813,801	6%
Trading operations	80,300	27,269	194%	138,604	39,521	n.m.
Energy Auctions - distributors	124,448	120,562	3%	254,825	247,339	3%
Short-term energy	9,372	6,129	53%	21,200	22,011	-4%
Derivative financial instruments	(19,830)	(28,611)	-31%	(46,221)	(38,248)	21%
Other revenue	705	596	18%	1,410	1,343	5%
Deduction from the operating revenues	**(71,251)**	**(59,373)**	**20%**	**(148,566)**	**(139,695)**	**6%**
Quota for global reversal reserve - RGR	(446)	(844)	-47%	(892)	(1,687)	-47%
Research and development - R&D	(3,522)	(4,011)	-12%	(7,706)	(7,944)	-3%
Taxes on services - ISS	(35)	(21)	67%	(56)	(44)	27%
COFINS on operating revenues	(46,834)	(34,115)	37%	(97,040)	(84,101)	15%
PIS on operating revenues	(10,168)	(7,407)	37%	(21,068)	(18,259)	15%
Financial compensation for the use of water resources	(8,916)	(11,765)	-24%	(19,144)	(25,221)	-24%
Energy sector inspection fee - TFSE	(1,330)	(1,210)	10%	(2,660)	(2,439)	9%
Net Operational Revenues	**525,163**	**485,532**	**8%**	**1,082,048**	**946,072**	**14%**
Costs of the electric energy service	**(343,278)**	**(281,056)**	**22%**	**(708,390)**	**(507,391)**	**40%**
Gross operating profit	**181,885**	**204,476**	**-11%**	**373,658**	**438,681**	**-15%**
Operating expenses	**(49,602)**	**93,448**	**n.m.**	**106,253**	**68,040**	**56%**
General and administrative	(24,966)	(23,036)	8%	(52,927)	(46,864)	13%
Other operating revenues, net	(24,636)	116,484	n.m.	159,180	114,904	39%
Equity	-	-	n.m.	-	-	n.m.
Operating profit (loss) before financial income	**132,283**	**297,924**	**-56%**	**479,911**	**506,721**	**-5%**
Financial result	5,971	7,941	-25%	11,696	18,454	-37%
Financial Expenses	(163,547)	(102,267)	60%	(337,135)	(221,990)	52%
Net exchange variation	-	-	n.m.	-	-	n.m.
Financial result	**(157,576)**	**(94,326)**	**67%**	**(325,439)**	**(203,536)**	**60%**
Financial result	**(25,293)**	**203,598**	**n.m.**	**154,472**	**303,185**	**-49%**
Income before tax and social contribution	(17,384)	(29,855)	-42%	(27,550)	(66,932)	-59%
Tax and social contribution - current	24,548	(35,945)	n.m.	(29,253)	(44,642)	-34%
Tax and social contribution - deferred	**7,164**	**(65,800)**	**n.m.**	**(56,803)**	**(111,574)**	**-49%**
Net Income (loss)	**(18,129)**	**137,798**	**n.m.**	**97,669**	**191,611**	**-49%**
Net income (loss) for the period per share	(0.06)	0.42	n.m.	0.30	0.59	-49%

NATURE OF COSTS AND EXPENSES

Consolidated	2Q21			2Q20			Var.	
NATURE OF COSTS AND EXPENSES	**Costs**	**Expenses**	**Total**	**Costs**	**Expenses**	**Total**	**Var. (%)**	**Var (R$)**
Electricity purchased	(197,214)	-	(197,214)	(137,133)	-	(137,133)	44%	(60,081)
Sector charges	(39,468)	-	(39,468)	(35,427)	-	(35,427)	11%	(4,041)
Personnel	(5,368)	(11,247)	(16,615)	(5,509)	(9,914)	(15,423)	8%	(1,192)
Management	-	(1,670)	(1,670)	-	(1,230)	(1,230)	36%	(440)
Post-employment benefits	-	(1,314)	(1,314)	-	122	122	-1177%	(1,436)
Materials	(495)	192	(303)	(60)	(435)	(495)	-39%	192
Outsourced services	(1,907)	(6,664)	(8,571)	(2,290)	(5,111)	(7,401)	16%	(1,170)
Insurance	-	(1,046)	(1,046)	-	(1,919)	(1,919)	-45%	873
Rentals	(191)	(147)	(338)	(176)	(242)	(418)	-19%	80
Provision (reversal) to reduce the realizable value of warehouses	-	-	-	-	-	-	-	-
Reversal of provision for PIS/COFINS on indexation of judicial deposits	-	(51)	(51)	-	-	-	-	(51)
Taxes, fees and contributions	(26)	(633)	(659)	713	(1,577)	(864)	-24%	205
Maintenance and conservation	(3,137)	6	(3,131)	(946)	(199)	(1,145)	173%	(1,986)
Credits of PIS/COFINS on transmission charges	-	-	-	-	315	315	-100%	(315)
Other operating income (expenses), net	264	366	630	(2,380)	7,741	5,361	-88%	(4,731)
Subtotal	**(247,542)**	**(22,208)**	**(269,750)**	**(183,208)**	**(12,449)**	**(195,657)**	**38%**	**(74,093)**
Depreciation and amortization	(95,736)	(1,635)	(97,371)	(97,848)	(2,028)	(99,876)	-3%	2,505
MtM	-	(33,696)	(33,696)	-	(2,599)	(2,599)	1196%	(31,097)
Reversal (Provision) for litigation	-	7,937	7,937	-	134,167	134,167	-94%	(126,230)
Judicial deposits write-off	-	-	-	-	(23,643)	(23,643)	-100%	23,643
Total	**(343,278)**	**(49,602)**	**(392,880)**	**(281,056)**	**93,448**	**(187,608)**	**109%**	**(205,272)**

Consolidated	1H21			1H20			Var.	
NATURE OF COSTS AND EXPENSES	**Costs**	**Expenses**	**Total**	**Costs**	**Expenses**	**Total**	**Var. (%)**	**Var (R$)**
Electricity purchased	(416,933)	-	(416,933)	(219,469)	-	(219,469)	90%	(197,464)
Sector charges	(78,517)	-	(78,517)	(69,358)	-	(69,358)	13%	(9,159)
Personnel	(10,522)	(26,038)	(36,560)	(13,002)	(22,316)	(35,318)	4%	(1,242)
Management	-	(3,804)	(3,804)	-	(2,470)	(2,470)	54%	(1,334)
Post-employment benefits	-	(876)	(876)	-	244	244	-459%	(1,120)
Materials	(782)	(59)	(841)	(502)	(510)	(1,012)	-17%	171
Outsourced services	(4,564)	(11,767)	(16,331)	(3,523)	(10,064)	(13,587)	20%	(2,744)
Insurance	-	(2,082)	(2,082)	-	(4,169)	(4,169)	-50%	2,087
Rentals	(191)	(147)	(338)	(292)	(789)	(1,081)	-69%	743
Provision (reversal) to reduce the realizable value of warehouses	(253)	-	(253)	-	54	54	-569%	(307)
Reversal of provision for PIS/COFINS on indexation of judicial deposits	-	(319)	(319)	-	(15)	(15)	2027%	(304)
Taxes, fees and contributions	(52)	(1,852)	(1,904)	713	(1,577)	(864)	120%	(1,040)
Maintenance and conservation	(3,914)	(693)	(4,607)	(946)	(199)	(1,145)	302%	(3,462)
Credits of PIS/COFINS on transmission charges	-	-	-	-	315	315	-100%	(315)
Other operating income (expenses), net	(954)	816	(138)	(4,797)	7,806	3,009	-105%	(3,147)
Subtotal	**(516,682)**	**(46,821)**	**(563,503)**	**(311,176)**	**(33,690)**	**(344,866)**	**63%**	**(218,637)**
Depreciation and amortization	(191,708)	(3,518)	(195,226)	(196,215)	(4,056)	(200,271)	-3%	5,045
MtM	-	(14,436)	(14,436)	-	22,241	22,241	-165%	(36,677)
Reversal (Provision) for litigation	-	210,809	210,809	-	107,188	107,188	97%	103,621
Judicial deposits write-off	-	(39,781)	(39,781)	-	(23,643)	(23,643)	68%	(16,138)
Total	**(708,390)**	**106,253**	**(602,137)**	**(507,391)**	**68,040**	**(439,351)**	**37%**	**(162,786)**