



**CONDENSED PARENT COMPANY
AND CONSOLIDATED INTERIM
FINANCIAL STATEMENTS**

AT SEPTEMBER 30, 2021

Condensed parent company and consolidated interim financial statements

Condensed interim statement of income	8
Condensed interim statement of comprehensive income (loss)	9
Condensed interim statement of cash flows	10
Condensed interim balance sheet	11
Condensed interim statement of changes in equity	13
Condensed interim statement of value added	14

Notes to the condensed parent company and consolidated interim financial statements

1	General information	15
2	Presentation of the parent company and consolidated financial statements and summary of significant accounting policies	18
3	Net revenue	19
4	Costs and expenses	21
5	Financial result	24
6	Cash and cash equivalents	26
7	Accounts receivable	26
8	Other assets	27
9	Judicial deposits and security deposits	27
10	Deferred income tax and social contribution	28
11	Asset subject to indemnification	31
12	Investments	31
13	Asset	32
14	Intangible	33
15	Suppliers	35
16	Debentures	35
17	Sectorial charges	36
18	UBP - Use of public assets	37
19	Social and environmental obligations	37
20	Energy futures contracts	38
21	Post-employment benefits	38
22	Provision for contingencies	39
23	Other liabilities	40
24	Transactions with related parties	41
25	Equity	42
26	Financial instruments and risk management	44
26.1	Financial leverage ratio and maturity of liabilities	44
27	Insurance (not reviewed)	49
28	Subsequent event	49

FINANCIAL PERFORMANCE

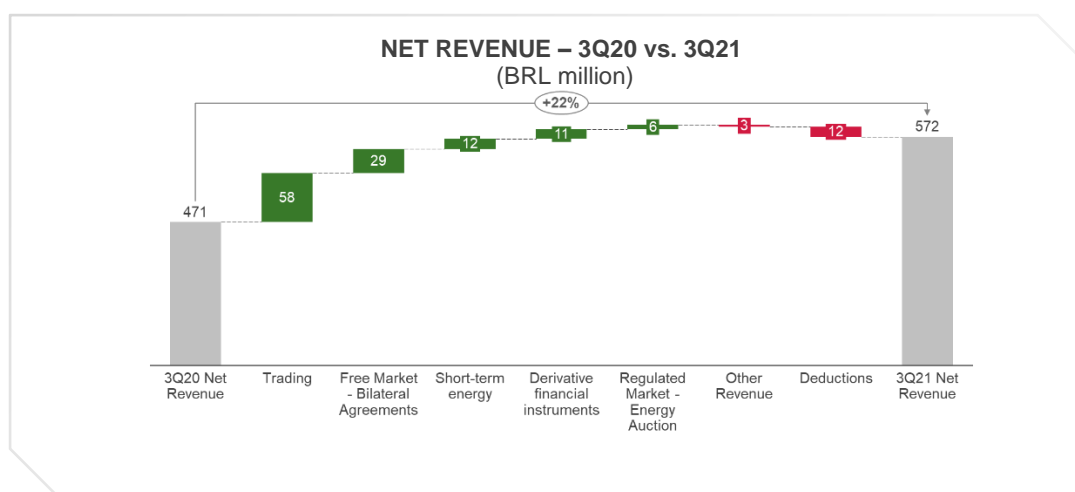
NET REVENUE

Net operating revenue in 3Q21 amounted to BRL572 million, an increase of BRL102 million (+22%) from BRL471 million in 3Q20, explained mainly by the following:

- **Trading Operations:** increase of BRL58 million due to the higher volume and average price of trading operations by CESP Comercializadora, whose revenue in 3Q21 stood at BRL86 million, compared to BRL28 million in 3Q20. This significant increase in prices reflects the period's unfavorable hydrologic conditions.
- **Free Market – Bilateral Agreements:** increase of BRL29 million explained by the higher average price of agreements, with revenue amounting to BRL437 million in 3Q21 vs. BRL408 million in 3Q20.
- **Short-term energy:** increase of BRL12 million due to higher energy sales in this market in 3Q21 compared to 3Q20, for total revenue of BRL28 million in 3Q21 vs. BRL16 million in 3Q20.
- **Derivative financial instruments¹:** decrease in expenses of BRL11 million due to the slight appreciation in the Brazilian real against the U.S. dollar between periods, with a total expense of BRL30 million in 3Q21 vs. BRL41 million in 3Q20.
- **Regulated Market – Energy Auction:** increase of BRL6 million due to contractual price adjustments, with revenue of BRL127 million in 3Q21 vs. BRL122 million in 3Q20.

These effects were partially offset by:

- **Deductions:** increase in expense of BRL12 million, mainly due to the higher payment of PIS and COFINS, aligned with the growth in sales volume, with total deductions of BRL77 million in 3Q21 vs. BRL66 million in 3Q20.



OPERATING COSTS & EXPENSES

Operating costs and expenses amounted to BRL1783 million in 3Q21, compared to BRL337 million in 3Q20, decreasing BRL515 million between periods, mainly due to:

- **Hydrologic risk renegotiation:** positive impact of BRL782 million (BRL483 million net of impairment) due to the approval of calculations for extending the concession periods of the Paraibuna (BRL43 million) and Porto Primavera (BRL739 million) HPPs. For more details on this topic, see the Regulatory Matters section of this Earnings Release.
- **Reversal of provision for litigation:** positive impact of BRL218 million, due to the reversal of provisions in the amount of BRL240 million in 3Q21 vs. BRL22 million in 3Q20, with no cash effect. For more details on changes to the Company's contingent liabilities in the period, see the Contingencies section of this Earnings Release.

¹ Derivative financial instruments used by the Company to hedge against exchange exposure of agreements in the free market, indexed to the U.S. dollar (BRL5.6407 on September 30, 2020 vs. BRL5,4394 on September 30, 2021). Source: Central Bank of Brazil.

- **Energy Futures Contracts:** positive effect of BRL11 million in 3Q21 vs. an expense of BRL8 million in 3Q20, for a total positive result of BRL19 million, with no cash effect, mainly explained by the volatility of the assumptions used to calculate the mark-to-market adjustments of operations.
- **Write-off of judicial deposits:** positive impact of BRL19 million in relation to the prior period (BRL5 million in 3Q21 vs. BRL23 million in 3Q20). Note that most of the amount registered this quarter refers to amounts identified in the process of reconciling judicial deposits started last year, in line with the strategy to meticulously analyze existing judicial deposits.

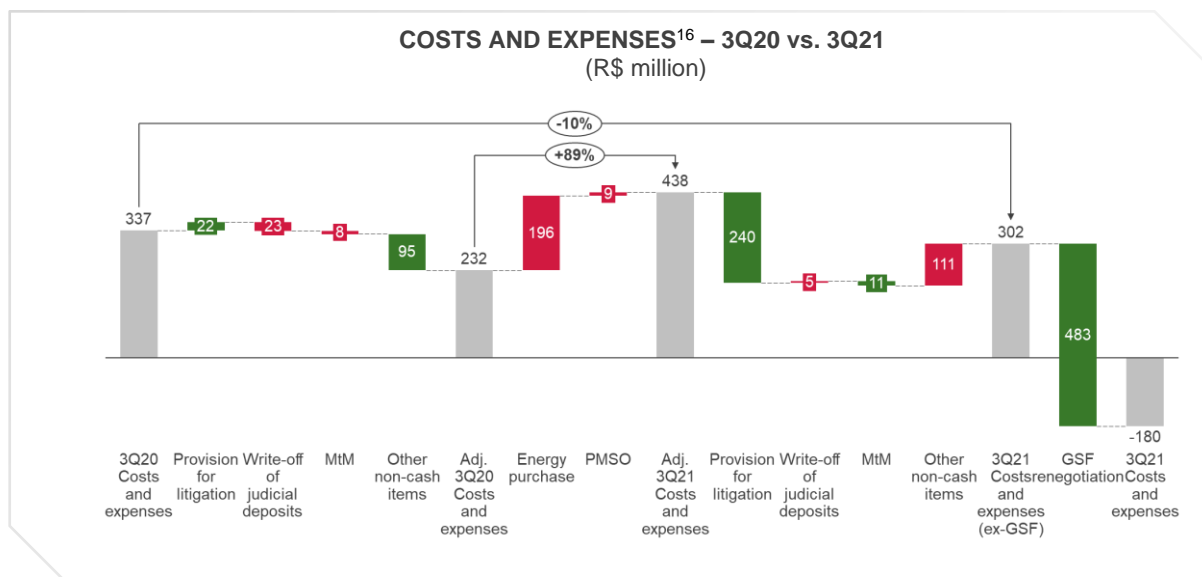
These effects were partially offset by:

- **Energy purchase costs:** BRL405 million in 3Q21 vs. BRL208 million in 3Q20, an increase of BRL198 million, mainly due to:
 - Increase of BRL101 million in energy purchased to equalize the energy balance (free and spot market) due to the still adverse hydrologic scenario in the quarter. The result was an increase in purchase needs (450 MW average in 3Q21 vs. 392 MW average in 3Q20), due to the deterioration in GSF (51% in 3Q21 vs. 66% in 3Q20) and in the average purchase price of this energy of over 40% between periods (BRL284/MWh in 3Q21 vs. BRL201/MWh in 3Q20); and
 - Increase of BRL86 million in purchases for trading operations in 3Q21 (BRL101 million) vs. 3Q20 (BRL16 million), in line with the Company's strategy.
- **Provision for Impairment:** Recording of a provision for impairment in the amount of BRL299 million result of the extension legal limit of 7 years established by the Law no. 14,052/2020, once the value regarding Porto Primavera HPP renegotiation would give an extension superior to the issued limit.
- **PMSO:**
 - Personnel, Materials and Third-party Services (**PMS**): increase in the expense of BRL4 million between periods (BRL38 million in 3Q21 vs. BRL34 million in 3Q20) explained mainly by the increase of BRL8 million in Third-Party Services expenses due to the increase in consulting costs to support strategic projects and studies related to operational safety, which was partially offset by the reduction of BRL5 million in Personnel expenses due to the additional expense with the voluntary dismissal plan in 3Q20.
- Other net expenses and revenues (**O**): increase of BRL6 million due to non-recurring effects, such as the appropriation of extemporaneous tax credits in 2020, which was partially offset by the sale of properties amounting to BRL4.5 million in 3Q21.
- **Other non-cash effects²:** these effects amounted to BRL110 million in 3Q21 vs. BRL95 million in 3Q20, representing an increase in the expense of BRL15 million, mainly due to the increase in amortization expenses between periods due to the Paraibuna HPP's GSF renegotiation with effects since April 2021, start of the extension concession.

Excluding all non-recurring and non-cash effects, operating costs and expenses in 3Q21 amounted to BRL439 million vs. BRL232 million in 3Q20, mainly due to the impact detailed above in the line energy purchases.

Excluding from the analysis only the effect from renegotiation of the GSF (including impairment), total costs and expenses in 3Q21 were BRL304 million vs. BRL337 million in 3Q20, a reduction of 10%.

² Other non-cash items include depreciation/amortization and provisions for PIS/COFINS for judicial deposits.



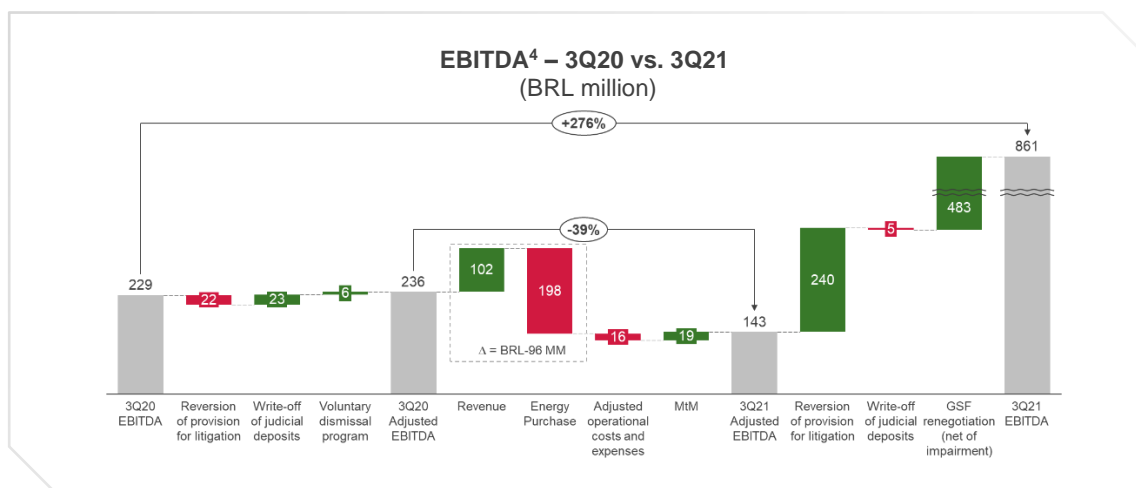
EBITDA

(BRL thousand)	3Q21	3Q20	Δ	9M21	9M20	Δ
Net Income	395,323	(58,525)	-	492,992	133,086	-
Net IR/CSLL ³	232,637	10,356	-	289,440	121,930	137%
Financial Result	122,434	181,673	-33%	447,873	385,209	16%
= EBIT	750,394	133,504	-	1,230,305	640,225	92%
Depreciation & Amortization	110,884	95,376	16%	306,110	295,647	4%
EBITDA	861,278	228,880	-	1,536,415	935,872	64%
Voluntary dismissal program	-	5,961	-	-	5,961	-
Reversal of provision for litigation	(239,822)	(22,052)	-	(450,631)	(129,240)	-
Write-off of judicial deposits	4,547	23,163	-80%	44,328	46,806	-45%
GSF renegotiation (net of impairment)	(482,522)	-	-	(482,522)	-	-
Adjusted EBITDA	143,481	235,952	-39%	647,590	859,399	-25%
Adjusted EBITDA margin	25%	50%	-25 p.p.	39%	61%	-21 p.p.

Adjusted EBITDA amounted to BRL143 million in 3Q21, with margin of 25%, down 39% from the same period in 2020 (BRL236 million). The variations in adjusted EBITDA are mainly explained by: (i) the reduction in operating margin in the period of BRL96 million due to the still adverse hydrologic conditions in the period, which affected the volume and price of energy purchases; (ii) the increase of BRL9 million in PMSO explained mainly by the higher expenses with third-party services in the period.

The adjustments made in the period were: (i) recognition of BRL483 million related to the renegotiation of the GSF of the Company's plants in the period, net of impairment; and (ii) the reversal of the provision for litigations in the amount of BRL240 million; with these effects partially offset by (iii) the write-off of judicial deposits in the amount of BRL5 million.

³ 3Q21: Net IR and CSLL resulting from a reversion of BRL27 million of current tax and BRL260 million of deferred tax, of which BRL7 million is cash outflow.



FINANCIAL INCOME (EXPENSE)

(BRL thousand)	3Q21	3Q20	Δ	9M21	9M20	Δ
Financial revenues	10,348	6,550	58%	22,044	25,004	-12%
Financial expenses	(132,782)	(188,223)	-29%	(469,917)	(410,213)	15%
Debt charges	(23,274)	(18,185)	28%	(63,048)	(64,552)	-2%
Monetary update of debentures	(39,116)	(4,769)	-	(109,608)	(4,769)	-
Balance update of provision for litigation	-	(14,465)	-	-	(14,465)	-
Write-off of judicial deposits	(17,146)	(110,651)	-85%	(145,404)	(226,443)	-36%
Balance update of post-employment benefits	(5,957)	(5,874)	-1%	(7,789)	(21,907)	-64%
Other finance costs	(39,530)	(14,906)	165%	(118,591)	(44,717)	165%
Financial results	(7,759)	(19,373)	-60%	(25,477)	(33,360)	-24%
Financial revenues	(122,434)	(181,673)	-33%	(447,873)	(385,209)	16%

In 3Q21, the Company registered a net financial expense of BRL122 million, compared to a net financial expense of BRL182 million in 3Q20. The decrease in the quarterly comparison is mainly due to:

- **Adjustment of balance of provision for litigation:** decrease of BRL94 million, due to the significant reduction in the provision for contingent liabilities between periods (BRL1.3 billion in 3Q21 vs. BRL1.8 billion 3Q20) and the decrease in IGP-M in the period (0.80% in 3Q21 vs. 9.31% in 3Q20) amounting to BRL17 million in 3Q21 vs. BRL111 million in 3Q20; with this effect partially offset by:
- **Debt charges and inflation adjustment of debentures:** increase of BRL39 million due to the increase in the indexers (CDI: 5.15% in 3Q21 vs. 1.98% in 3Q20; IPCA: 9.64% in 3Q21 vs. 2.63% in 3Q20) used to calculate the remuneration and inflation adjustment of the Company's debentures, for a total expense of BRL62 million in 3Q21 vs. BRL23 million in 3Q20;
- **Adjustment of post-employment benefit balance:** expense of BRL40 million in 3Q21 vs. BRL15 million in 3Q20, an increase of BRL25 million, explained mainly by adjustment of the balance of actuarial liabilities of the pension plans sponsored by the Company and the effects of the partial early settlement of the 11th debenture issuance (premium and funding costs) in 3Q20. For more details, see the section "Pension Plan – Vivest" in this document.

⁴ Adjusted Operating Expenses considers total operating expenses less provision for litigation, write-offs of judicial deposits, depreciation, amortization, energy purchases, renegotiation of GSF net and future energy agreements ("MtM adjustments").

INCOME TAX (IR) & SOCIAL CONTRIBUTION (CSLL)

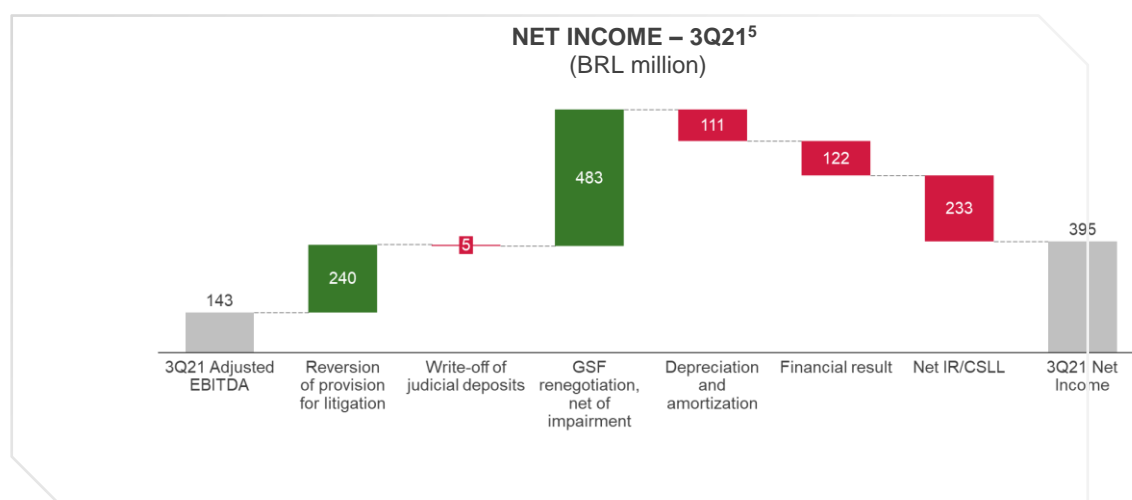
Income tax and social contribution (IR and CSLL) ("taxes") in the year includes current and deferred taxes. Taxes are calculated on an accrual basis, pursuant to current law. The Company adopts the annual taxable income regime, with payments based on monthly estimates, which could result in a mismatch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

The net amount of IR and CSLL in 3Q21 was BRL233 million, with the main impact in the quarter the accrual of deferred IR due to the recognition of intangible assets from the GSF renegotiation and the consequent extension of concession periods of the Company's plants, which are calculated based on the total amount reimbursed (BRL782 million).

Taxes paid in 3Q21 were estimated at BRL7 million (cash basis, considering an effective rate of 37%).

NET INCOME

In 3Q21, the Company reported net income of BRL395 million, compared to a net loss of R\$58 million in 3Q20. The following chart shows the main factors that influenced net income in the quarter, based on adjusted EBITDA in the period:



⁵ GSF renegotiation net includes impairment.

Condensed interim statement of income

Periods ended September 30



All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Quarters ended		Consolidated Periods ended	
		9/30/2021	9/30/2020	9/30/2021	9/30/2020
Net revenue	3	572.063	470.527	1.654.111	1.416.599
Electricity service cost	4	250.031	(312.967)	(458.359)	(820.358)
Electricity cost		(405.439)	(207.879)	(900.889)	(496.706)
Operation cost		(126.504)	(105.088)	(339.444)	(323.652)
Hydrological risk renegotiation	1.2 (c)	781.974	-	781.974	-
Gross profit		<u>822.094</u>	<u>157.560</u>	<u>1.195.752</u>	<u>596.241</u>
Operating income (expenses)	4				
General and administrative		(27.828)	(27.420)	(80.755)	(74.284)
Other operating income (expenses), net		(43.872)	3.364	115.308	118.268
		<u>(71.700)</u>	<u>(24.056)</u>	<u>34.553</u>	<u>43.984</u>
Operating profit before equity results and finance results		<u>750.394</u>	<u>133.504</u>	<u>1.230.305</u>	<u>640.225</u>
Net financial result	5				
Finance income		10.348	6.550	22.044	25.004
Finance expenses		(132.782)	(188.223)	(469.917)	(410.213)
		<u>(122.434)</u>	<u>(181.673)</u>	<u>(447.873)</u>	<u>(385.209)</u>
Profit (loss) before income tax and social contribution		<u>627.960</u>	<u>(48.169)</u>	<u>782.432</u>	<u>255.016</u>
Income tax and social contribution	10.4				
Current		27.550	(21.273)	-	(88.205)
Deferred		(260.187)	10.917	(289.440)	(33.725)
Net income (loss) for the period		<u>395.323</u>	<u>(58.525)</u>	<u>492.992</u>	<u>133.086</u>
Basic earnings (loss) per thousand shares, in Reais		1,21	(0,18)	1,51	0,41

	Note	Quarters ended		Parent Company Periods ended	
		9/30/2021	9/30/2020	9/30/2021	9/30/2020
Net revenue	3	366.194	312.308	1.122.458	1.075.069
Electricity service cost	4	471.524	(168.602)	68.043	(529.517)
Electricity cost		(183.957)	(63.514)	(374.572)	(205.865)
Operation cost		(126.493)	(105.088)	(339.359)	(323.652)
Hydrological risk renegotiation	1.2 (c)	781.974	-	781.974	-
Gross profit		<u>837.718</u>	<u>143.706</u>	<u>1.190.501</u>	<u>545.552</u>
Operating income (expenses)	4				
General and administrative		(25.098)	(24.675)	(72.920)	(66.662)
Other operating income (expenses), net		(54.707)	11.774	118.908	104.446
		<u>(79.805)</u>	<u>(12.901)</u>	<u>45.988</u>	<u>37.784</u>
Operating profit before equity results and finance results		<u>757.913</u>	<u>130.805</u>	<u>1.236.489</u>	<u>583.336</u>
Results from equity investments					
Equity in the results of investees	12	4.462	2.005	3.077	38.333
		<u>4.462</u>	<u>2.005</u>	<u>3.077</u>	<u>38.333</u>
Net financial result	5				
Finance income		9.558	6.212	20.468	23.783
Finance expenses		(132.770)	(188.212)	(469.867)	(410.144)
		<u>(123.212)</u>	<u>(182.000)</u>	<u>(449.399)</u>	<u>(386.361)</u>
Profit (loss) before income tax and social contribution		<u>630.239</u>	<u>(49.190)</u>	<u>784.013</u>	<u>235.308</u>
Income tax and social contribution	10.4				
Current		22.403	(17.182)	-	(71.182)
Deferred		(257.319)	7.847	(291.021)	(31.040)
Net income (loss) for the period		<u>395.323</u>	<u>(58.525)</u>	<u>492.992</u>	<u>133.086</u>
Basic earnings (loss) per thousand shares, in Reais		1,21	(0,18)	1,51	0,41

Management's notes are an integral part of these financial statements.

Condensed interim statement of comprehensive income (loss)
Periods ended September 30



All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Consolidated and parent company			
		Quarters ended		Semesters ended	
		9/30/2021	9/30/2020	9/30/2021	9/30/2020
Net income (loss) for the period		395.323	(58.525)	492.992	133.086
Other components of comprehensive income to be reclassified to income					
Operating hedge accounting	25.4	6.998	7.974	26.403	(101.981)
Operating hedge accounting compensation	12.2	1.457	2.627	15.507	(47.187)
		8.455	10.601	41.910	(149.168)
Other components of comprehensive income that will not be reclassified to profit or loss					
Total comprehensive loss for the period		403.778	(47.924)	534.902	(16.082)

Management's notes are an integral part of these financial statements

Condensed interim statement of cash flows

Periods ended September 30



All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Consolidated		Parent company	
		Periods ended	Periods ended	Periods ended	Periods ended
		9/30/2021	9/30/2020	9/30/2021	9/30/2020
Cash flow from operating activities					
Profit before income tax and social contribution		782.432	255.016	784.013	235.308
Adjustments for non-cash items					
Depreciation and amortization	4	306.110	295.647	306.110	295.479
Write-off of fixed and intangible assets		3.070	541	3.070	541
Hydrological risk renegotiation	14.1	(781.974)	-	(781.974)	-
Reversal of impairment provision for fixed assets	14.1	299.452	-	299.452	-
Equity in earnings	12	-	-	3.077	(38.333)
Interest and indexation accruals and foreign exchange gains/losses	16.3	172.656	69.321	172.656	69.321
Appropriation of funding costs	16.3	4.123	16.751	4.123	16.751
Provision (reversal) of expenses					
Reversal of provision for legal claims	22	(450.631)	(129.240)	(450.631)	(129.240)
Reversal of provision for recoverable value of warehouses	4		(66)		(66)
Provision (reversal) for PIS/COFINS on court deposits	4	405	(464)	405	(464)
Balance updates					
Litigation provision additions and accruals	22	145.404	226.443	145.404	226.443
Court escrow deposits additions and accruals	9	(6.719)	(6.709)	(6.719)	(6.709)
Post-employment benefits	21.1 (b)	118.591	44.717	118.591	44.717
Adjustment to present					
Social and environmental obligations	19	5.458	6.512	5.458	6.512
UBP - Use of public assets	18	4.278	6.138	4.278	6.138
Lease		177	218	177	218
Cost of post-employment benefits services	21.1 (b)	1.314	366,00	1.314	366,00
Write-off of court deposits	9	52.117	68.713	52.117	68.713
Hydrological risk renegotiation		-	12.554	-	12.554
Operational hedge accounting	26.3	76.427	79.558	46.515	48.233
Future energy contracts	20.1	3.599	(13.836)	-	-
		736.289	931.448	707.436	855.750
Decrease (increase) in assets					
Accounts receivable		9.848	(38.563)	19.837	29.325
Taxes recoverable		(13.149)	(12.760)	(11.282)	(6.571)
Warehouse		56	1.636	56	1.636
Prepaid expenses		(5.206)	(4.502)	(5.206)	(4.502)
Collaterals and court deposits	9	1.414	13.236	1.414	13.236
Derivative financial instruments	26.3	-	(63.112)	-	(37.202)
Other assets		10.297	(1.132)	10.330	(1.431)
Increase (decrease) in liabilities					
Suppliers		77.723	24.417	55.397	(29.333)
Derivative financial instruments	26.3	(71.208)	-	(41.847)	-
Taxes payable		1.560	12.335	1.208	1.290
Post-employment benefit payments	21.1 (b)	(443)	(349)	(443)	(349)
Sectorial charges		(2.080)	(1.161)	(2.080)	(1.161)
Litigation payment	22	(118.189)	(52.495)	(118.189)	(52.495)
Social and environmental obligations	19	(12.491)	(6.762)	(12.491)	(6.762)
Payment of UB - Use of public assets	18	(31.808)	(18.289)	(31.808)	(18.289)
Estimated liabilities and payroll		(2.684)	(958)	(3.030)	(1.732)
Other liabilities		47.041	(68.338)	47.016	(68.319)
Cash generated from operations		626.970	714.651	616.318	673.091
Interest on debentures paid	16.3	(72.461)	(57.595)	(72.461)	(57.595)
Income tax and social contribution paid		(27.332)	(55.511)	(22.282)	(41.022)
Net cash generated from operating activities		527.177	601.545	521.575	574.474
Cash flow from investing activities					
Investment acquisition	12	-	-	(10.000)	-
Fixed asset acquisitions	13.1	(3.782)	(7.582)	(3.782)	(7.582)
Acquisition of intangible assets	14.1	(583)	(2.511)	(387)	(2.511)
Net cash used in investing activities		(4.365)	(10.093)	(14.169)	(10.093)
Cash flow from financing activities					
Financing, net of funding costs	16.3	-	1.450.167	-	1.450.167
Settlement of debentures	16.3	-	(1.500.033)	-	(1.500.033)
Lease settlement		(1.255)	(793)	(1.255)	(793)
Dividends paid	1.2 (b)	(834.144)	(409.644)	(834.144)	(409.644)
Repurchase of shares	25.5	(3.332)	-	(3.332)	-
Net cash generated (invested) in financing activities		(838.731)	(460.303)	(838.731)	(460.303)
Increase (decrease) in cash and cash equivalents		(315.919)	131.149	(331.325)	104.078
Opening balance of cash and cash equivalents		713.384	741.444	643.045	690.276
Closing balance of cash and cash equivalents		397.465	872.593	311.720	794.354

Management's notes are an integral part of these financial statement

Condensed interim balance sheet



All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Consolidated		Parent company	
		9/30/2021	12/31/2020	9/30/2021	12/31/2020
ASSETS					
CURRENT					
Cash and cash equivalents	6	397.465	713.384	311.720	643.045
Accounts receivable	7	262.969	272.817	193.439	213.276
Taxes to be recovered		74.339	61.190	59.921	48.639
Dividends Receivable		-	-	-	1.158
Prepaid expenses		7.163	1.957	7.163	1.957
Future energy contracts	20	252.015	103.139	-	-
Other assets	8	60.740	69.509	60.682	69.484
		1.054.691	1.221.996	632.925	977.559
Assets held for sale		8.487	-	8.487	-
		1.063.178	1.221.996	641.412	977.559
NON-CURRENT					
Long-term receivables					
Collaterals and judicial deposits	9	213.684	260.496	213.684	260.496
Future energy contracts	20	224.658	25.297		
Deferred income tax and social contribution	10	3.647.114	3.954.680	3.632.639	3.933.797
Warehouse		5.967	6.023	5.967	6.023
Assets subject to indemnity	11	1.739.161	1.739.161	1.739.161	1.739.161
		5.830.584	5.985.657	5.591.451	5.939.477
Investments	12	-	-	54.764	31.176
immobilized	13	5.705.829	5.956.429	5.705.829	5.956.429
Intangible assets	14	1.932.147	1.509.895	1.931.951	1.509.895
Right-of-use assets on lease agreements		5.622	6.323	5.622	6.323
		13.474.182	13.458.304	13.289.617	13.443.300
TOTAL ASSETS		14.537.360	14.680.300	13.931.029	14.420.859

Management's notes are an integral part of these financial statements

Condensed interim balance sheet



All amounts in thousands of reais

(continued)

	Note	Consolidated		Parent company	
		9/30/2021	12/31/2020	9/30/2021	12/31/2020
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Suppliers	15	180.803	103.080	97.739	42.342
Debentures	16	8.807	18.220	8.807	18.220
Lease liabilities		1.792	1.700	1.792	1.700
Derivative financial instruments	26.3	45.944	95.084	29.619	58.936
Future energy contracts	20	275.892	120.475	-	-
Estimated obligations and payroll		20.703	23.387	19.449	22.479
Taxes payable		14.949	40.721	11.010	32.084
Sector charges	17	75.955	76.507	75.955	76.507
Dividends payable and interest on equity	0	290	581.919	290	581.919
UBP - Use of public assets	18	40.421	41.307	40.421	41.307
Social and environmental obligations	19	34.389	28.426	34.389	28.426
Other liabilities	23	74.430	22.906	74.397	22.898
		774.375	1.153.732	393.868	926.818
NON-CURRENT					
Debentures	16	1.914.585	1.800.854	1.914.585	1.800.854
Lease liabilities		4.024	4.788	4.024	4.788
Derivative financial instruments	26.3	-	9.141	-	6.019
Future energy contracts	20	225.824	29.405	-	-
Sector charges	17	1.240	1.240	1.240	1.240
UBP - Use of public assets	18	88.738	114.057	88.738	114.057
Allowance for litigation	22	1.324.841	1.748.257	1.324.841	1.748.257
Social and environmental obligations	19	139.753	152.749	139.753	152.749
Post-employment benefits	21	2.531.841	2.412.379	2.531.841	2.412.379
Other liabilities	23	46.871	47.485	46.871	47.485
		6.277.717	6.320.355	6.051.893	6.287.828
TOTAL LIABILITIES		7.052.092	7.474.087	6.445.761	7.214.646
EQUITY		25			
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		1.934.622	2.187.137	1.934.622	2.187.137
Deemed costs		(2.821.777)	(2.885.455)	(2.821.777)	(2.885.455)
Other comprehensive income		471.224	-	471.224	-
Retained earnings		(3.332)	-	(3.332)	-
TOTAL SHAREHOLDERS' EQUITY		7.485.268	7.206.213	7.485.268	7.206.213
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14.537.360	14.680.300	13.931.029	14.420.859

Management's notes are an integral part of these financial statements

Condensed interim statement of changes in equity Periods ended September 30



All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Share capital	Capital reserves	Profit reserves	Proposed supplementary dividends	Deemed cost	Other comprehensive income	Retained earnings	(-) Shares held in Treasury	Total
Balances on January 1, 2020		5.975.433	1.929.098	1.084.883		(948.623)	(895.886)	-	-	7.144.905
Depreciation of deemed cost		-	-	-	-	30.804	-	(30.804)	-	-
Net income for the nine-month period		-	-	-	-	-	-	133.086	-	133.086
Operational hedge accounting		-	-	-	-	-	(101.981)	-	-	(101.981)
Operational hedge accounting compensation		-	-	-	-	-	(47.187)	-	-	(47.187)
Total comprehensive income for the nine-month period		-	-	-	-	30.804	(149.168)	102.282	-	16.082
Balances as of September 30, 2020		5.975.433	1.929.098	1.084.883	-	(917.819)	(1.045.054)	102.282	-	7.128.823
Balances on January 1, 2021		5.975.433	1.929.098	1.934.515	252.622	(919.658)	(1.965.797)	-	-	7.206.213
Depreciation of deemed cost	25.3	-	-	-	-	21.768	-	(21.768)	-	-
Net income for the nine-month period		-	-	-	-	-	-	492.992	-	492.992
Operational hedge accounting	25.4	-	-	-	-	-	26.403	-	-	26.403
Operational hedge accounting compensation	12.2	-	-	-	-	-	15.507	-	-	15.507
Total comprehensive income for the nine-month period		-	-	-	-	21.768	41.910	471.224	-	534.902
Repurchase of shares	25.5	-	-	-	-	-	-	-	(3.332)	(3.332)
Proposed supplementary dividends	25.2	-	-	-	(252.622)	-	-	-	-	(252.622)
Constitution of statutory profit reserve		-	-	107	-	-	-	-	-	107
Total contributions and distributions to shareholders		-	-	107	(252.622)	-	-	-	(3.332)	(255.847)
Balances as of September 30, 2021		5.975.433	1.929.098	1.934.622	-	(897.890)	(1.923.887)	471.224	(3.332)	7.485.268

Management's notes are an integral part of these financial statements

Condensed interim statement of value added

Periods ended September 30



All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Consolidated		Parent company	
		Periods ended		Periods ended	
		9/30/2021	9/30/2020	9/30/2021	9/30/2020
Generation of added value					
Gross Revenue	3	1.880.027	1.622.023	1.291.135	1.243.194
		1.880.027	1.622.023	1.291.135	1.243.194
Inputs					
Purchased energy	4	900.889	496.706	374.572	205.865
Hydrological risk renegotiation		(781.974)		(781.974)	
Third party services		30.833	19.901	29.789	19.095
Materials		1.150	1.239	1.133	857
Other operating costs		6.614	8.405	6.529	8.405
		157.512	526.251	(369.951)	234.222
Gross added value		1.722.515	1.095.772	1.661.086	1.008.972
Deductions					
Depreciation and amortization	4	306.110	295.647	306.110	295.479
Future energy contracts		3.599	(13.836)		
		309.709	281.811	306.110	295.479
Net added value generated		1.412.806	813.961	1.354.976	713.493
Transfers					
Financial income	5	22.044	25.004	20.468	23.783
Post-employment benefits	4	(1.314)	366	(1.314)	366
Equity in earnings	12	-	-	(3.077)	38.333,00
Deferred income and social contribution taxes	10.4	(289.440)	(33.725)	(291.021)	(31.040)
		(268.710)	(8.355)	(274.944)	31.442
Other					
Reversal of provision for legal claims	4	450.631	129.240	450.631	129.240
Write-off of court deposits		(44.328)	(46.806)	(44.328)	(46.806)
Reversal of impairment for fixed assets		(299.452)	-	(299.452)	-
Provision for realizable value of warehouses		-	66	-	66
Provision (reversal) for PIS/COFINS on court deposits		(405)	464	(405)	464
Contingent asset adjustment - Ilha Solteira and Jupia					
Insurance		(3.168)	(4.892)	(3.168)	(4.892)
Other net revenues		3.008	18.116	4.054	18.664
		106.286	96.188	107.332	96.736
Value added to distribute		1.250.382	901.794	1.187.364	841.671
Distribution of added value					
Personnel					
Work remuneration	4	55.017	56.078	49.336	50.592
Remuneration of key management personnel	4	5.924	3.721	5.924	3.721
		60.941	59.799	55.260	54.313
Funders and rents					
Interest and debt charges	5	172.656	69.321	172.656	69.321
Other financial expenses	5	297.261	340.892	297.211	340.823
Rentals	4	616	1.364	568	1.337
		470.533	411.577	470.435	411.481
Intrasectorial - Regulatory charges					
Financial compensation for the use of water resources - CFURH	3	27.949	34.515	27.949	34.515
Research and development - R&D		11.563	10.293	11.563	10.293
Inspection fee for electricity services - TFSEE		3.993	3.343	3.993	3.343
Global Reversion Reserve - RGR		1.333	1.910	1.333	1.910
		44.838	50.061	44.838	50.061
Taxes and social contributions					
Federal		180.973	247.206	123.734	192.665
Municipal	3	105	65	105	65
		181.078	247.271	123.839	192.730
Shareholders					
Net income (loss) for the semester		492.992	133.086	492.992	133.086
		492.992	133.086	492.992	133.086
Distributed added value		1.250.382	901.794	1.187.364	841.671

Management's notes are an integral part of these financial statements

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

1 General information

1.1 Operations

CESP - Companhia Energética de São Paulo ("CESP" or "Company") is a publicly traded corporation, based in the city of São Paulo. The Company's controlling shareholder is VTRM Energia Participações S.A. ("VTRM"). Together with its subsidiary CESP Comercializadora de Energia S.A. ("CESP Comercializadora"), its main activities are the planning, construction and operation of generation systems and the commercialization of electricity. It maintains other operational activities, of a complementary nature, such as forestry, reforestation and fish farming, as a means of protecting the environments modified by the construction of its reservoirs and facilities.

The Company's shares are traded at B3's Corporate Governance Level 1. As a consequence, the Company's Management has continuously improved the provision of information, in accordance with the best market practices.

The Company is part of the Broad Brazil Index, Brazil 100 Index, Electric Energy Index, Stock Index with Corporate Governance Trade, Stock Index with Differentiated Corporate Governance, Stock Index with Differentiated Tag Along, and Public Utility Index.

The Company currently has two hydroelectric power plants operating under the price regime, totaling 1,627 MW of installed capacity and 935 average MW of physical energy guarantee.

After signing the new concession contract for the Engenheiro Sérgio Motta Hydroelectric Power Plant (Porto Primavera), which extended the concession deadline to 2056, the Company moved from a public utility utility for generating electricity to an independent electricity production concessionaire, and continues to have its activities regulated and supervised by the National Electric Energy Agency ("ANEEL"), linked to the Ministry of Mines and Energy ("MME"), operating its plants in an integrated manner with the National Electric System Operator ("ONS"). The production per plant results from dispatch carried out by the ONS, and can be viewed in the gross production table, below:

Gross generation in MWh (*)				
2021				
Plants	1 st Quarter	2 nd Quarter	3 rd Quarter	
Porto Primavera	1.872.861	1.585.127	1.507.661	4.965.649
Paraibuna	7.140	90.742	147.069	244.951
Total	1.880.001	1.675.869	1.654.730	5.210.600

Gross generation in MWh (*)				
2020				
Plants	1 st Quarter	2 nd Quarter	3 rd Quarter	
Porto Primavera	2.387.980	2.016.725	2.115.856	6.520.561
Paraibuna	23.401	74.572	135.665	233.638
Jaguari	3.007	19.510	47.289	69.806
Total	2.414.388	2.110.807	2.298.810	6.824.005

(*) Data related to power and energy volumes were not reviewed by independent auditors.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

1.2 Main events that occurred during the period ended September 30, 2021

a) Votorantim and CPP Investments announced their intention to consolidate energy assets and create one of the largest renewable platforms in Brazil

On October 18, 2021 Votorantim S.A. and The Canada Pension Plan Investment Board (CPP Investments) announced their intention to consolidate energy assets in Brazil. Consolidation is intended to take place through two transactions, which are described in greater detail in note 28 Subsequent event.

b) Approval of the proposal for payment of dividends

On March 30, 2021, Management's proposal for payment of distributions from results for the year ended December 31, 2020 was approved at the Annual General Meeting, in the amount of R\$ 850,164 (R\$ 150,000 related to interest on equity (JCP) and R\$ 700,164 related to the mandatory minimum and supplementary dividends).

Interest on equity (JCP) considers the existing equity position at the close of B3's trading session on December 21, 2020 ("base date") and the dividends paid consider April 1, 2021 as the "base date", respecting the negotiations through that day, inclusive. The Company's shares began to be traded "ex-JCP" on December 22, 2020 and "ex-dividends" as of April 5, 2021, inclusive.

The payment of the first installment of the dividends took place on April 15, 2021, in the amount of R\$ 583,990, of which R\$ 134,050 for interest on equity, net of income tax, and R\$ 449,940 for dividends. The payment of the second installment took place on September 15, 2021, in the remaining dividends amount of R\$ 250,108.

c) GSF (Generation Scaling Factor)

As disclosed in the individual and consolidated financial statements for the year ended December 31, 2020 (Note 1.2 (i)), the Company follows the regulatory process of Law No. 14,052, published on September 9, 2020, which establishes new conditions for the renegotiation of the hydrological risk of electricity generation, providing for compensation for energy generators by extending their grant terms as a consequence of non-hydrological risks that negatively influenced the GSF after 2012.

At a meeting held on March 29, 2021, the Board of Directors approved:

- i. the agreement with the terms proposed in Official Letter 36/2021, whereby an amendment to Concession Agreement 3/2004 is signed, to provide for the provisional 6-month extension of the concession of the Paraibuna plant;
- ii. sending a statement to ANEEL informing that the Company has no interest in continuing the request for extension for 30 years of the granting of the Paraibuna plant, which thus ends with the end of the definitive extension for compensation account provided for in Law 14.052/2020;
- iii. adhesion to the renegotiation of the hydrological risk for the two Paraibuna and Porto Primavera plants and the consequent extension of the concession due to the compensation provided for in the terms of Law nº 14.052/2020.

Pursuant to Ratifying Resolutions No. 2.919 of August 3, 2021 and No. 2.932 of September 14, 2021, ANEEL confirmed the term for extending the grant of the hydroelectric plants participating in the MRE, according to calculations by the Electric Energy Trading Chamber ("CCEE"), which include Paraibuna and Porto Primavera plants, respectively.

Plants	Value	Impairment - provision	Accumulated amortization	net intangible	Extension period	End date of grant
Paraibuna	43.294	-	(18.554)	24.740	15 months	June 3, 2022
Porto Primavera	738.680	(299.452)	-	439.228	7 years	April 13, 2056
Total	<u>781.974</u>	<u>(299.452)</u>	<u>(18.554)</u>	<u>463.968</u>		

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

The Company is not a party to any lawsuit on the subject, having no amounts due, related to hydrological risk, with suspended liability within the scope of the financial settlement of the CCEE; the option for renegotiation does not depend on cash disbursement or any payment of award by the Company.

With the ratification of the extension and agreed terms to the hydrological risk renegotiation, the Company recorded the intangible asset (Note 14.1) against Cost recovery in the Income Statement (Note 4). The useful life of the hydrological risk renegotiation asset, as well as the assets that have a useful life in accordance with the concession period (Grant, Use of public property, land and others) will be adjusted according to the new concession terms of each plant.

d) Effects of COVID-19

The Company and its subsidiary estimate that COVID-19 has had no material impacts on their operations in the period ended September 30, 2021 and there is no change in the position disclosed in the individual and consolidated accounts for the year ended December 31 2020 (Note 1.2 (c)).

e) Hydraulic restrictions at HPP Porto Primavera

Because of the current drought conditions experienced on Brazil, and especially in the Paraná River basin where the Porto Primavera HPP is located, experiencing significantly below average rainfall in the main hydrographic basins feeding hydroelectric plants that are part of the National Interconnected System ("SIN"), with the worst hydrological flows indices over the last 91 years, the government authorities introduced, as from the end of 2020, measures to ensure the hydraulic governance of the basin, including by reducing the flows.

A set of urgent measures were taken to ease hydraulic restrictions as a response to the Water Emergency Alert issued by the National Meteorology System ("SNM") and the ANA Resolution declaring the water resources scarcity in the Paraná River basin to be critical, as supported by technical studies of the ONS, to avoid compromising the generation of electricity to meet the SIN. Among these measures, the flexibility of the Porto Primavera HPP flow to 2,700m³/s was determined, through 07/01/2021, with the performance of the flow reduction tests in June 2021, pursuant to the MME Ordinance nº 524/2021, of 06/11/2021, as approved by IBAMA in the Work Plan for the Reduction of Effluent Flow at HPP Porto Primavera.

During the controlled and monitored flow reduction process, the minimum volume of 2,900 m³/s was reached, in line with CREG's decision, as per IBAMA monitoring reports, as provided for in the Work Plan. The minimum effluent flow at the Porto Primavera HPP remained at 2,900 m³/s until 08/21/2021, when the ONS instructed an increase in flows bringing these up to normal, which remained in place until the end of the quarter.

The flexibilization operation was directed by the CCEE to minimize the degradation of the storage levels of the reservoirs of the hydroelectric plants in the Southeast and South regions.

Pursuant to a decision by the CREG, the Company carried out a study on the permanence of hydraulic flexibility during the next rainy season, which was presented to IBAMA ANA and ONS, and subsequently sent for evaluation by the CMSE.

f) TUST Homologation

Ratifying Resolution No. 2.896 of July 13, 2021, established the value of the Tariffs for the Use of the Transmission System ("TUST") for electricity, components of the National Interconnected System, effective from July 1, 2021 to 30 June 2022. The new tariff applied to the Porto Primavera plant is R\$10.815/kW, an increase of 24% compared to the tariff of the previous cycle (R\$8.721/kW).

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

2 Presentation of the parent company and consolidated financial statements and summary of significant accounting policies

The Company's consolidated and individual condensed interim financial statements as of September 30, 2021 were prepared based on the provisions of CPC 21 (R1) - Interim Financial Reporting and international standard IAS 34 - issued by the International Accounting Standards Board (IASB), applicable to the preparation of quarterly information (ITR), which are presented in a manner consistent with the standards issued by Brazilian Securities Commission ("CVM"). Thus, this quarterly information considers the circular letter CVM/SNC/SEP 003 of April 28, 2011, which allows entities to submit selected explanatory notes avoiding duplication of information already disclosed in the annual financial statements.

The condensed consolidated and individual interim financial statements as of September 30, 2021 therefore do not incorporate all the notes and disclosures required by the standards for the annual financial statements and, consequently, should be read in conjunction with the annual financial statements as of December 31, 2020, available on the Investor Relations page (ri.cesp.com.br) and as filed with B3, prepared in accordance with international financial reporting standards (IFRS), issued by the International Accounting Standards Board (IASB), and in accordance with accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee (CPC).

All relevant information specific to the consolidated and individual condensed interim financial statements is disclosed and is consistent with that used by the Company's Management in the performance of its duties.

The Company's Board of Directors approved the issuance of the consolidated and individual condensed interim financial statements on October 26, 2021.

2.1 Consolidation

The Company obtained authorization from ANEEL to operate as an Electric Energy Trading Agent within the scope of CCEE, through CESP Comercializadora, in early 2020.

The Company consolidates CESP Comercializadora, as it has a 100% stake in its voting capital and has control over the Company, that is, it is exposed or entitled to variable returns from its involvement with the investee and has the ability to significantly direct its activities.

Transactions, balances and results of transactions between the subsidiary and the Company are eliminated.

2.2 Significant accounting policies

The condensed interim financial statements were prepared in a manner consistent with the accounting policies disclosed in the annual financial statements for the year ended December 31, 2020.

Estimates and judgments are continuously evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable according to circumstances.

There was no change in estimates and assumptions that presented significant risk, with probability of causing a significant adjustment in the book values of assets and liabilities for the period ended September 30, 2021, in relation to those detailed in the last annual financial statements for the year ended December 31, 2020, except for the amendment mentioned below regarding the calculation of fair value of energy futures contracts of its subsidiary CESP Comercializadora.

The subsidiary revised the assumptions used in the calculation of the fair value of its energy futures contracts and concluding the full measurement, from June 2021, of its entire contract portfolio previously limited to the 36-month horizon, based on (i) the contractual prices established in the purchase and sale operations and (ii) the market prices for measuring their exposure, both discounted to present value by the estimated IPCA inflation index for the period.

The "Statement of Changes in Shareholders' Equity" in the CVM's EmpresasNet System, presents an equity valuation adjustment with does not agree to "Other Comprehensive Income (loss)", as such presentation for this transaction in not consistent with the CVM requirement.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

2.3 Functional Currency and Presentation Currency

The Company's functional and presentation currency is the Brazilian Real/ Reais (R\$).

3 Net revenue

	Consolidated							
	Quarters ended				Nine months periods ended			
	9/30/2021		9/30/2020		9/30/2021		9/30/2020	
	MWh (*)	R\$ Mil	MWh (*)	R\$ Mil	MWh (*)	R\$ Mil	MWh (*)	R\$ Mil
Gross revenue								
Energy revenues								
Bilateral contracts	1.898.128	436.524	1.892.065	407.850	5.671.342	1.297.320	5.755.461	1.219.328
Trading operations	279.861	86.486	193.488	28.191	1.066.563	225.090	421.248	68.801
Energy Auctions - Energy Distributors	485.685	127.471	490.249	121.596	1.494.712	382.296	1.501.512	368.935
Short-term energy	-	28.172	-	16.134	-	49.372	-	38.145
	<u>2.663.674</u>	<u>678.653</u>	<u>2.575.802</u>	<u>573.771</u>	<u>8.232.617</u>	<u>1.954.078</u>	<u>7.678.221</u>	<u>1.695.209</u>
Derivative financial instruments (Note 26.3)	-	(30.206)	-	(41.310)	-	(76.427)	-	(79.558)
Supply on a quota basis - Jaguarí	-	-	-	3.090	-	-	-	4.324
Other revenues	-	966	-	705	-	2.376	-	2.048
	<u>-</u>	<u>(29.240)</u>	<u>-</u>	<u>(37.515)</u>	<u>-</u>	<u>(74.051)</u>	<u>-</u>	<u>(73.186)</u>
	<u>2.663.674</u>	<u>649.413</u>	<u>2.575.802</u>	<u>536.256</u>	<u>8.232.617</u>	<u>1.880.027</u>	<u>7.678.221</u>	<u>1.622.023</u>
Deductions to revenue								
COFINS on operating revenues	-	(51.651)	-	(43.495)	-	(148.691)	-	(127.596)
PIS on operating revenues	-	(11.214)	-	(9.443)	-	(32.282)	-	(27.702)
Financial Compensation for the Use of Water Resources - CFURH	-	(8.805)	-	(9.294)	-	(27.949)	-	(34.515)
Research and development - R&D	-	(3.857)	-	(2.349)	-	(11.563)	-	(10.293)
Electric Power Services Inspection Fee - EPSIF	-	(1.333)	-	(904)	-	(3.993)	-	(3.343)
Quota for the global reversal reserve - GRR	-	(441)	-	(223)	-	(1.333)	-	(1.910)
Service tax - ISS	-	(49)	-	(21)	-	(105)	-	(65)
	<u>-</u>	<u>(77.350)</u>	<u>-</u>	<u>(65.729)</u>	<u>-</u>	<u>(225.916)</u>	<u>-</u>	<u>(205.424)</u>
Net revenue	<u>2.663.674</u>	<u>572.063</u>	<u>2.575.802</u>	<u>470.527</u>	<u>8.232.617</u>	<u>1.654.111</u>	<u>7.678.221</u>	<u>1.416.599</u>

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

	Parent company							
	Quarters ended				Nine month periods ended			
	9/30/2021		9/30/2020		9/30/2021		9/30/2020	
	MWh (*)	R\$ Mil	MWh (*)	R\$ Mil	MWh (*)	R\$ Mil	MWh (*)	R\$ Mil
Gross revenue								
Revenue from electricity								
Bilateral contracts	1.295.839	289.614	1.237.246	246.836	4.184.530	908.564	4.490.010	877.975
Electricity auctions - Electricity distributors	485.685	127.471	490.249	121.596	1.494.712	382.296	1.501.512	368.935
Short-term energy	-	23.872	-	16.134	-	44.414	-	38.145
	1.781.524	440.957	1.727.495	384.566	5.679.242	1.335.274	5.991.522	1.285.055
Derivative financial instruments (Note 26.5)	-	(20.366)	-	(27.343)	-	(46.515)	-	(48.233)
Supply in quota regime - HPP Jaguari	-	-	-	3.090	-	-	-	4.324
Other income	-	966	-	705	-	2.376	-	2.048
	-	(19.400)	-	(23.548)	-	(44.139)	-	(41.861)
	1.781.524	421.557	1.727.495	361.018	5.679.242	1.291.135	5.991.522	1.243.194
Deductions from revenue								
COFINS on operating revenues	-	(33.586)	-	(29.512)	-	(101.662)	-	(96.951)
PIS on operating revenues	-	(7.292)	-	(6.407)	-	(22.072)	-	(21.048)
Financial Compensation for the Use of Water Resources - CFURH	-	(8.805)	-	(9.294)	-	(27.949)	-	(34.515)
Research and development - R&D	-	(3.857)	-	(2.349)	-	(11.563)	-	(10.293)
Electric Power Services Inspection Fee - TFSEE	-	(1.333)	-	(904)	-	(3.993)	-	(3.343)
Quota for the global reversal reserve - RGR	-	(441)	-	(223)	-	(1.333)	-	(1.910)
Service tax - ISS	-	(49)	-	(21)	-	(105)	-	(65)
	-	(55.363)	-	(48.710)	-	(168.677)	-	(168.125)
Net revenue	1.781.524	366.194	1.727.495	312.308	5.679.242	1.122.458	5.991.522	1.075.069

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

4 Costs and expenses

						Consolidated Quarters ended in
	9/30/2021					9/30/2020
Nature of costs and expenses	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	Total	Total
Hydrological risk renegotiation	781.974	-	-	-	781.974	-
Provision for impairment (Note 14.1)	-	-	-	(299.452)	(299.452)	-
Reversal of the provision for litigation	-	-	-	239.822	239.822	22.052
Depreciation and amortization	-	(113.275)	(1.383)	3.774	(110.884)	(95.376)
Electricity purchased	(356.547)	-	-	-	(356.547)	(168.418)
Charges for the use of the electrical network	(48.892)	-	-	-	(48.892)	(39.461)
Judicial deposits write-off	-	-	-	(4.547)	(4.547)	(23.163)
Electric power futures contracts	-	-	-	10.836	10.836	(8.405)
Personnel	-	(5.694)	(12.763)	-	(18.457)	(18.502)
Outsourced services	-	(5.457)	(9.045)	-	(14.502)	(6.314)
Management	-	-	(2.120)	-	(2.120)	(1.251)
Maintenance and conservation	-	(732)	41	-	(691)	(755)
Taxes, fees and contributions	-	(113)	(439)	-	(552)	(738)
Insurance	-	-	-	-	-	(5.961)
Voluntary Termination Program	-	(262)	(47)	-	(309)	(227)
Materials	-	-	(438)	-	(438)	122
Post-employment benefits	-	-	(438)	-	(438)	122
Reversal of provision for PIS/COFINS on indexation of judicial deposits	-	-	-	(86)	(86)	164
Rentals	-	(122)	97	-	(25)	(283)
Other operating income (expenses), net	-	(849)	(645)	5.781	4.287	10.216
Total	376.535	(126.504)	(27.828)	(43.872)	178.331	(337.023)

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

Nature of costs and expenses	Consolidated					
	Periods ended in					
	9/30/2021		9/30/2020		Total	Total
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net		
Hydrological risk renegotiation	781.974	-	-	-	781.974	-
Reversal of provision for legal claims (Note 22)	-	-	-	450.631	450.631	129.240
Depreciation and amortization	-	(304.983)	(4.862)	3.735	(306.110)	(295.647)
	-	-	-	(299.452)	(299.452)	-
Electricity purchased	(773.480)	-	-	-	(773.480)	(387.887)
Sector charges	(127.409)	-	-	-	(127.409)	(108.819)
Judicial deposits write-off	-	-	-	(44.328)	(44.328)	(46.806)
Electric power futures contracts (Note 20)	-	-	-	(3.600)	(3.600)	13.836
Personnel	-	(16.216)	(38.801)	-	(55.017)	(53.820)
Outsourced services	-	(10.021)	(20.812)	-	(30.833)	(19.901)
Management	-	-	(5.924)	-	(5.924)	(3.721)
Maintenance and conservation	-	(4.646)	(652)	-	(5.298)	(2.038)
Taxes, fees and contributions	-	(165)	(2.291)	-	(2.456)	(2.285)
Insurance	-	-	(3.168)	-	(3.168)	(4.892)
PDV - Voluntary Resignation Program	-	-	-	-	-	(5.961)
Materials	-	(1.044)	(106)	-	(1.150)	(1.239)
Post-employment benefits	-	-	(1.314)	-	(1.314)	366
Reversal of provision for PIS/COFINS on indexation of judicial deposits	-	-	-	(405)	(405)	464
Rentals	-	(566)	(50)	-	(616)	(1.364)
Other operating income (expenses), net	-	(1.803)	(2.775)	8.727	4.149	14.100
Total	(118.915)	(339.444)	(80.755)	115.308	(423.806)	(776.374)

Nature of costs and expenses	Parent company					
	Quarters ended in					
	9/30/2021		9/30/2020		Total	Total
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net		
Hydrological risk renegotiation	781.974	-	-	-	781.974	-
Reversal of provision for legal claims	-	-	-	239.822	239.822	22.052
Depreciation and amortization	-	(113.275)	(1.383)	3.774	(110.884)	(95.316)
	-	-	-	(299.452)	(299.452)	-
Electricity purchased	(128.458)	-	-	-	(128.458)	(24.053)
Sector charges	(55.499)	-	-	-	(55.499)	(39.461)
Judicial deposits write-off	-	-	-	(4.547)	(4.547)	(23.163)
Personnel	-	(5.694)	(10.800)	-	(16.494)	(16.258)
Outsourced services	-	(5.457)	(8.547)	-	(14.004)	(6.034)
Maintenance and conservation	-	(732)	37	-	(695)	(734)
Insurance	-	-	(1.086)	-	(1.086)	(723)
Taxes, fees and contributions	-	(113)	(304)	-	(417)	(662)
Materials	-	(262)	(32)	-	(294)	(223)
Management	-	-	(2.120)	-	(2.120)	(1.251)
Rentals	-	(122)	119	-	(3)	(256)
Reversal of provision for PIS/COFINS on indexation of judicial deposits	-	-	-	(86)	(86)	164
Voluntary Termination Program	-	-	-	-	-	(5.961)
Post-employment benefits	-	-	(438)	-	(438)	122
Other operating income (expenses), net	-	(838)	(544)	5.782	4.400	10.254
Total	598.017	(126.493)	(25.098)	(54.707)	391.719	(181.503)

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

	Parent company					
	Nine month periods ended					
				9/30/2021	9/30/2020	
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	Total	Total
Nature of costs and expenses						
Hydrological risk renegotiation	781.974	-	-	-	781.974	-
Reversal of provision for legal claims (Note 22)	-	-	-	450.631	450.631	129.240
Depreciation and amortization	-	(304.983)	(4.862)	3.735	(306.110)	(295.479)
Provision for impairment (Note 14.1)	-	-	-	(299.452)	(299.452)	-
Electricity purchased	(227.557)	-	-	-	(227.557)	(97.046)
Sector charges	(147.015)	-	-	-	(147.015)	(108.819)
Judicial deposits write-off	-	-	-	(44.328)	(44.328)	(46.806)
Personnel	-	(16.216)	(33.120)	-	(49.336)	(48.115)
Outsourced services	-	(10.021)	(19.768)	-	(29.789)	(19.095)
Maintenance and conservation	-	(4.646)	(623)	-	(5.269)	(1.949)
Insurance	-	-	(3.168)	-	(3.168)	(4.892)
Taxes, fees and contributions	-	(165)	(1.838)	-	(2.003)	(2.059)
Materials	-	(1.044)	(89)	-	(1.133)	(857)
Management	-	-	(5.924)	-	(5.924)	(3.721)
Rentals	-	(566)	(2)	-	(568)	(1.337)
Reversal of provision for PIS/COFINS on indexation of judicial deposits	-	-	-	(405)	(405)	464
Voluntary Termination Program	-	-	-	-	-	(5.961)
Post-employment benefits	-	-	(1.314)	-	(1.314)	366
Other operating income (expenses), net	-	(1.718)	(2.212)	8.727	4.797	14.333
Total	407.402	(339.359)	(72.920)	118.908	114.031	(491.733)

4.1 Cost of electricity

	Consolidated			
	Quarters ended in		Periods ended in	
	9/30/2021	9/30/2020	9/30/2021	9/30/2021
Electricity purchased				
Energy purchased for resale	(242.644)	(153.485)	(503.462)	(318.047)
Trading operations	(101.118)	(15.600)	(240.229)	(43.220)
Premium on renegotiation of hydrological risk	(6.607)	(5.043)	(19.606)	(12.554)
Short-term energy	(6.178)	5.710	(10.183)	(14.066)
	(356.547)	(168.418)	(773.480)	(387.887)
Electricity network usage				
Electricity network usage charges	(48.892)	(39.461)	(127.409)	(108.819)
	(48.892)	(39.461)	(127.409)	(108.819)
	(405.439)	(207.879)	(900.889)	(496.706)

The increase in the cost of electricity refers to the greater need to purchase energy at higher prices due to the effects of the water crisis.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

	Parent Company			
	Quarters ended in		Periods ended in	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Purchased energy				
Energy purchased for resale	(122.280)	(24.720)	(217.374)	(70.426)
Short-term energy	(6.178)	5.710	(10.183)	(14.066)
Hydrological risk renegotiation award	(6.607)	(5.043)	(19.606)	(12.554)
	<u>(135.065)</u>	<u>(24.053)</u>	<u>(247.163)</u>	<u>(97.046)</u>
Use of the electricity grid				
Charges for the use of the electricity grid	(48.892)	(39.461)	(127.409)	(108.819)
	<u>(48.892)</u>	<u>(39.461)</u>	<u>(127.409)</u>	<u>(108.819)</u>
	<u>(183.957)</u>	<u>(63.514)</u>	<u>(374.572)</u>	<u>(205.865)</u>

5 Financial result

	Consolidated			
	Quarters ended in		Periods ended in	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Financial result				
Income from financial investments	6.542	4.372	14.237	18.451
Update of the balance of judicial deposits	3.435	2.284	6.719	6.709
Other financial revenues	714	142	1.851	794
(-) PIS and COFINS on finance result	(343)	(248)	(763)	(950)
	<u>10.348</u>	<u>6.550</u>	<u>22.044</u>	<u>25.004</u>
Finance costs				
Debt charges	(23.274)	(18.185)	(63.048)	(64.552)
Update of the debentures balance	(39.116)	(4.769)	(109.608)	(4.769)
Appropriation of funding costs - Settlement 11th issue of debentures	-	(14.465)	-	(14.465)
Update of the balance of provision for litigation	(17.146)	(110.651)	(145.404)	(226.443)
Post-employment benefit balance update	(39.530)	(14.906)	(118.591)	(44.717)
Update on court settlements	(1.745)	(2.017)	(8.114)	(4.255)
Adjustment to present value on social and environmental obligations	(1.817)	(2.168)	(5.458)	(6.512)
Write-off of judicial deposits	(5.957)	(5.874)	(7.789)	(21.907)
Adjustment to present value on UBP - Use of public property	(1.318)	(2.013)	(4.278)	(6.138)
Update R&D - projects	(94)	(115)	(279)	(486)
Other charges	(2.785)	(1.734)	(7.348)	(4.643)
Premium for early settlement of loans	-	(11.326)	-	(11.326)
	<u>(132.782)</u>	<u>(188.223)</u>	<u>(469.917)</u>	<u>(410.213)</u>
Financial result	<u>(122.434)</u>	<u>(181.673)</u>	<u>(447.873)</u>	<u>(385.209)</u>

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

	Parent company			
	Quarters ended in		Periods ended in	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Financial revenues				
Income on financial investments	5.851	4.018	12.845	17.171
Update of the balance of judicial deposits	3.435	2.284	6.719	6.709
Other financial revenues	577	142	1.591	794
(-) PIS and COFINS on financial results	(305)	(232)	(687)	(891)
	<u>9.558</u>	<u>6.212</u>	<u>20.468</u>	<u>23.783</u>
Financial expenses				
Debt charges	(23.274)	(18.185)	(63.048)	(64.552)
Update of the debentures balance	(39.116)	(4.769)	(109.608)	(4.769)
Appropriation of funding costs - Settlement 11th issue of debentures	-	(14.465)	-	(14.465)
Update of the provision balance for disputes	(17.146)	(110.651)	(145.404)	(226.443)
Updating the balance of post-employment benefits	(39.530)	(14.906)	(118.591)	(44.717)
Update on judicial agreements	(1.745)	(2.017)	(8.114)	(4.255)
Adjustment to present value on social and environmental obligations	(1.817)	(2.168)	(5.458)	(6.512)
Drop in judicial deposits	(5.957)	(5.874)	(7.789)	(21.907)
Adjustment to present value on UBP - Use of the public good	(1.318)	(2.013)	(4.278)	(6.138)
P&D Update - projects	(94)	(115)	(279)	(486)
Other charges	(2.773)	(1.723)	(7.298)	(4.574)
Premium for early settlement of loans		(11.326)	-	(11.326)
	<u>(132.770)</u>	<u>(188.212)</u>	<u>(469.867)</u>	<u>(410.144)</u>
Financial result	<u>(123.212)</u>	<u>(182.000)</u>	<u>(449.399)</u>	<u>(386.361)</u>

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

6 Cash and cash equivalents

	Average rate of remuneration	Consolidated		Parent company	
		9/30/2021	12/31/2020	9/30/2021	12/31/2020
Cash					
Bank deposits		245	1.579	159	1.473
Financial investments					
Bank Deposit Certificates ("CDBs")	101,18% of CDI	207.643	539.913	186.699	469.680
Financial Treasury Bills - LFTs	102,20% of CDI	124.862	155.079	124.862	155.079
Financial bills - private securities	103,00% of CDI	-	16.813	-	16.813
Leveraged operations	72,80% of CDI	64.715	-	-	-
		397.220	711.805	311.561	641.572
		397.465	713.384	311.720	643.045

7 Accounts receivable

7.1 Balances

	Consolidated		Parent company	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Bilateral contracts	124.210	148.517	74.978	73.382
Bilateral contracts - related parties (Note 22)	7.984	7.562	21.925	40.980
Trading	31.674	17.824	-	-
Energy actions	74.351	58.360	74.351	58.360
Supply under quota system		2.953		2.953
	238.219	235.216	171.254	175.675
(-) Allowance for loan losses		(6.208)		(6.208)
	238.219	229.008	171.254	169.467
Free Energy (RTE) (b)		13.712		13.712
Short-term energy (CCEE) (c)	24.750	43.809	22.185	43.809
	24.750	57.521	22.185	57.521
(-) Allowance for loan losses	-	(13.712)	-	(13.712)
	24.750	43.809	22.185	43.809
	262.969	272.817	193.439	213.276

The Company no longer expects to receive amounts that have been overdue for more than 360 days, having written these off.

7.2 Accounts receivable maturities

	Consolidated		Parent company	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Due	262.969	272.817	193.439	213.276
Overdue over 3 months	-	-	-	-
Overdue for more than 360 days	-	19.920	-	19.920
	262.969	292.737	193.439	233.196

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

8 Other assets

	Consolidated		Parent company	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Sundry credits	31.301	31.301	31.301	31.301
(-) Estimated loss from non-performing loans (a)	(31.301)	(31.301)	(31.301)	(31.301)
Project orders - P&D (b)	59.010	52.685	59.010	52.685
Advances to Vivest (Note 24)	130	12.536	130	12.536
Transfer to Nexa (Note 24)	-	3.482	-	3.482
Other	1.600	806	1.542	781
	60.740	69.509	60.682	69.484

9 Judicial deposits and security deposits

	Consolidated and Parent company						
	9/30/2021						9/30/2020
	Civil lawsuits	Labor lawsuits	Tax lawsuits	Environmental actions	Other court deposits	Collaterals	Total
Opening balance	163.476	37.340	11.642	43.040	3.267	1.731	260.496
Additions	6.481	205	1.628	60	-	151	8.525
Accruals	5.104	1.498	55	43	32	(13)	6.719
Released	(2.768)	(7.129)	(16)	-	-	(26)	(9.939)
(-) Write-offs	(45.417)	(6.647)	(53)	-	-	-	(52.117)
	46.159	239	-	(43.136)	(3.262)	-	-
Closing balance	173.035	25.506	13.256	7	37	1.843	213.684

The reduction in the amount of judicial deposits occurred, substantially, by the decrease in civil and labor deposits, resulting from the process of reconciliation of judicial deposits initiated in 2020, in line with the strategy of careful analysis of existing judicial deposits.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

10 Deferred income tax and social contribution

10.1 Balances

	Consolidated					
	Assets (a)		Liabilities (b)		Net assets (a-b)	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Income tax and social contribution						
Effect on profit or loss (a)						
Deferred income tax and social contribution	1.053.174	1.040.974	-	-	1.053.174	1.040.974
Accruals on judicial deposits	-	-	66.690	66.781	(66.690)	(66.781)
Provision for legal claims	450.446	594.407	-	-	450.446	594.407
Provision for impairment - CPC 01	605.877	508.951	-	-	605.877	508.951
Provision regulatory assets	461.031	461.031	-	-	461.031	461.031
Hydrological risk renegotiation	-	-	259.563	-	(259.563)	-
Hedge accounting	1.665	3.355	-	-	1.665	3.355
Post-employment benefits update	40.617	-	-	-	40.617	-
Electric power futures contracts	8.515	7.291	-	-	8.515	7.291
Other provisions	57.863	85.200	2.534	5.801	55.329	79.399
	<u>2.679.188</u>	<u>2.701.209</u>	<u>328.787</u>	<u>72.582</u>	<u>2.350.401</u>	<u>2.628.627</u>
Effect on other comprehensive income (b)						
Hedge accounting	13.956	32.082	-	-	13.956	32.082
Deemed cost of property, plant and equipment (Note 25.3)	462.548	473.762	-	-	462.548	473.762
Post-employment benefits	820.209	820.209	-	-	820.209	820.209
	<u>1.296.713</u>	<u>1.326.053</u>	<u>-</u>	<u>-</u>	<u>1.296.713</u>	<u>1.326.053</u>
Total recognized (a+b)	<u>3.975.901</u>	<u>4.027.262</u>	<u>328.787</u>	<u>72.582</u>	<u>3.647.114</u>	<u>3.954.680</u>

10.2 Realization of the balance of deferred income tax and social contribution

The financial projections carried out the following results, considering the expected realization of the main temporary differences by the Company and its subsidiary with an effect on the result.

	Consolidated						
	2021	2022 / 2023	2024/ 2025	2026/ 2027	2028/ 2029	2030/ 2034	After 2035
Realization of deferred with effect as a result							
Deferred income tax and social contribution	42.051	109.347	82.996	132.860	144.590	242.733	298.597
Indexation of judicial deposits	(12.435)	(21.115)	(21.193)	(11.947)	-	-	-
Provision for legal claims	102.704	172.790	173.421	1.531	-	-	-
Impairment provision - CPC 01	15.932	40.638	40.638	40.638	40.638	101.595	325.798
Provision regulatory assets	65.862	131.723	131.723	131.723	-	-	-
Hydrological risk renegotiation	(1.875)	(15.002)	(15.002)	(15.002)	15.002,0	37.505,0	160.175,0
Hedge accounting - operating	1.665	-	-	-	-	-	-
Post-employment benefits update	40.617	-	-	-	-	-	-
Energy futures contracts	8.515	-	-	-	-	-	-
Other provisions	28.889	7.783	7.685	7.314	3.658	-	-
	<u>291.925</u>	<u>426.164</u>	<u>400.268</u>	<u>287.117</u>	<u>173.884</u>	<u>306.823</u>	<u>464.220</u>
							<u>2.350.401</u>
Realization through equity affecting results							
Hedge accounting- operating	9.052	4.904	-	-	-	-	-
Assigned asset cost	7.196	32.418	32.418	32.418	32.418	81.045	244.635
	<u>16.248</u>	<u>37.322</u>	<u>32.418</u>	<u>32.418</u>	<u>32.418</u>	<u>81.045</u>	<u>244.635</u>
	<u>308.173</u>	<u>463.486</u>	<u>432.686</u>	<u>319.535</u>	<u>206.302</u>	<u>387.868</u>	<u>708.855</u>
							<u>2.826.905</u>

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

	Parent company						
	2021	2022/ 2023	2024/ 2025	2026/ 2027	2028/ 2029	2030/ 2034	After 2035 (a)
Realization through equity affecting results							
Deferred income tax and social contribution	41.857	109.347	82.996	132.860	144.590	242.733	298.597
Indexation of judicial deposits	(12.435)	(21.115)	(21.193)	(11.947)	-	-	-
Provision for legal claims	102.704	172.790	173.421	1.531	-	-	-
Impairment provision - CPC 01	15.932	40.638	40.638	40.638	40.638	101.595	325.798
Provision regulatory assets	65.862	131.723	131.723	131.723	-	-	-
	(1.875)	(15.002)	(15.002)	(15.002)	(15.002)	(37.505)	(160.175)
Operating hedge accounting	293	-	-	-	-	-	-
Post-employment benefits update	40.617	-	-	-	-	-	-
Other provisions	28.673	7.783	7.685	7.314	3.658	-	-
	<u>281.628</u>	<u>426.164</u>	<u>400.268</u>	<u>287.117</u>	<u>173.884</u>	<u>306.823</u>	<u>464.220</u>
							<u>2.340.104</u>
Realization of deferred the reservation of the PL with effect as a result							
Hedge accounting – operating	6.589	3.189	-	-	-	-	-
Assigned asset cost	7.196	32.418	32.418	32.418	32.418	81.045	244.635
	<u>13.785</u>	<u>35.607</u>	<u>32.418</u>	<u>32.418</u>	<u>32.418</u>	<u>81.045</u>	<u>244.635</u>
	<u>295.413</u>	<u>461.771</u>	<u>432.686</u>	<u>319.535</u>	<u>206.302</u>	<u>387.868</u>	<u>708.855</u>
							<u>2.812.430</u>

10.3 Deferred income tax and social contribution effects on income and comprehensive income (loss)

	Consolidated		Parent company	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Opening balance				
	3.954.680	3.384.873	3.933.797	3.384.873
Effects on results	(289.440)	(33.725)	(291.021)	(31.040)
Effects on other components of comprehensive result				
Hedge accounting - operating	(18.126)	90.746	(10.137)	66.438
Closing balance	<u>3.647.114</u>	<u>3.441.894</u>	<u>3.632.639</u>	<u>3.420.271</u>

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

10.4 Reconciliation of income tax expense and social contribution

	Consolidated			
	Quarters ended		Nine months period ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Profit (loss) before income tax and social contribution	627.960	(48.169)	782.432	255.016
Standard rates	34%	34%	34%	34%
Income tax and social contribution at standard rates	(213.506)	16.377	(266.027)	(86.705)
Adjustments for the calculation of income tax and social contribution at effective rates				
Effect of income tax and social contribution on permanent differences				
Tax incentive	(245)	-	-	-
Other permanent exclusions, net	(244)	405	(4.771)	(560)
	(489)	405	(4.771)	(560)
Effect of income tax and social contribution on items without recognition of deferred taxes		0	0	0
		(6.382)		(30.675)
Other temporary additions (exclusions), net	(18.642)	(20.756)	(18.642)	(3.990)
	(18.642)	(27.138)	(18.642)	(34.665)
Income tax and social contribution calculated	(232.637)	(10.356)	(289.440)	(121.930)
Income tax and social contribution in the statement of income				
Current	27.550	(21.273)	-	(88.205)
Deferred	(260.187)	10.917	(289.440)	(33.725)
	(232.637)	(10.356)	(289.440)	(121.930)
Effective rate - %	37,05	(21,50)	36,99	47,81

	Parent company			
	Quarters ended		Nine month periods ended	
	9/30/2021	9/30/2020	9/30/2021	9/30/2020
Profit before income tax and social contribution	630.239	(49.190)	784.013	235.308
Nominal rate	34%	34%	34%	34%
IRPJ and CSLL calculated at the nominal rate	(214.281)	16.725	(266.564)	(80.005)
Adjustments for effective IRPJ and CSLL calculation				
Effect of IRPJ and CSLL on permanent differences				
Equity	(1.517)	682	(1.046)	13.033
Tax incentive	(234)	-		-
Other permanent exclusions, net	(242)	396	(4.769)	(585)
	(1.993)	1.078	(5.815)	12.448
Effect of IRPJ and CSLL on items without deferred taxes				
Prejuízo fiscal e base negativa		-		-
		(6.382)		(30.675)
Other temporary additions (exclusions), net	-18.642,00	(20.756)	- 18.642,00	(3.990)
	(18.642)	(27.138)	(18.642)	(34.665)
IRPJ and CSLL cleared	(234.916)	(9.335)	(291.021)	(102.222)
IRPJ and CSLL in the result				
Currents	22.403	(17.182)	-	(71.182)
Deferred	(257.319)	7.847	(291.021)	(31.040)
	(234.916)	(9.335)	(291.021)	(102.222)
Effective rate - %	37,27	(18,98)	37,12	43,44

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

11 Asset subject to indemnification

	Consolidated and parent company					
					9/30/2021	12/31/2020
	Três Irmãos	Ilha Solteira	Jupiá	Jaguari	Total	Total
Breakdown of indemnification asset						
Indemnification asset	3.529.080	2.165.858	642.318	27.589	6.357.027	6.364.845
Impairment adjustment	-	(1.657.484)	(337.826)	(7.818)	(1.995.310)	(2.003.128)
Contingent asset adjustment	(1.811.718)	(506.346)	(304.492)	-	(2.622.556)	(2.622.556)
Indemnification asset (net)	1.717.362	2.028	-	19.771	1.739.161	1.739.161

Relates to the receivable from the Federal Government for the indemnification for termination of the Três Irmãos, Jupiá, Ilha Solteira and Jaguari plants concession contracts (Note 9 of the financial statements for the year ended December 31, 2020).

12 Investments

12.1 Balances

Investments recorded using the equity method:

	As of September 30, 2021			Balance		Parent Company Result equity	
	Equity	Net income (six months)	Percentage of voting and total participation (%)	9/30/2021	12/31/2020	9/30/2021	9/30/2020
Investments under the equity method							
Parent company							
CESP Comercializadora de Energia S.A.	54.764	(3.077)	100,00	54.764	31.176	(3.077)	38.333
				<u>54.764</u>	<u>31.176</u>	<u>(3.077)</u>	<u>38.333</u>

12.2 Changes in balances

	As of September 30, 2021			Balance		Parent Company Results	
	Equity	Nine month net income	Percentage of voting and total participation (%)	9/30/2021	12/31/2020	9/30/2021	9/30/2020
Investments under the equity method							
Parent company							
CESP Comercializadora de Energia S.A.	54.764	(3.077)	100	54.764	31.176	(3.077)	38.333
				<u>54.764</u>	<u>31.176</u>	<u>(3.077)</u>	<u>38.333</u>

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

13 Asset

13.1 Balances and changes in balances

	Consolidated and parent company											
	In operation							In progress			9/30/2021	9/30/2020
	Terrain	Reservoirs, dams and pipelines	Buildings, civil works and improvements	Machinery and equipment	Vehicles	Furniture and utensils	Social and environmental costs	Buildings, civil works and improvements	Machinery and equipment	Others	Total	Total
Cost	310.534	8.935.746	2.361.564	2.394.799	6.119	3.015	148.162	1.541	4.143	2.009	14.167.632	14.362.461
Provision for impairment	(37.248)	(866.551)	(276.149)	(316.966)	-	-	-	-	-	-	(1.496.914)	(1.496.914)
Accumulated depreciation	(15.903)	(3.862.236)	(1.503.146)	(1.295.860)	(4.662)	(996)	(31.486)	-	-	-	(6.714.289)	(6.559.604)
Opening balance	257.383	4.206.959	582.269	781.973	1.457	2.019	116.676	1.541	4.143	2.009	5.956.429	6.305.943
Additions	-	-	-	663	-	-	-	-	3.119	-	3.782	7.582
Losses	(4)	-	(1.400)	(11)	-	-	-	(1.509)	-	(146)	(3.070)	(541)
Activations	-	-	-	6.344	-	-	-	(32)	(4.939)	(1.373)	-	-
Transfers	-	-	-	-	-	-	-	-	-	(490)	(490)	-
Depreciation	(1.327)	(166.405)	(37.251)	(26.082)	(240)	(92)	(10.938)	-	-	-	(242.335)	(253.400)
Reclassification for assets held for sale	(7.679)	-	(808)	-	-	-	-	-	-	-	(8.487)	-
Closing balance	248.373	4.040.554	542.810	762.887	1.217	1.927	105.738	-	2.323	-	5.705.829	6.059.584
Cost	302.851	8.935.746	2.359.356	2.401.795	6.119	3.015	148.162	-	2.323	-	14.159.367	14.369.502
Provision for impairment	(37.248)	(866.551)	(276.149)	(316.966)	-	-	-	-	-	-	(1.496.914)	(1.496.914)
Accumulated depreciation	(17.230)	(4.028.641)	(1.540.397)	(1.321.942)	(4.902)	(1.088)	(42.424)	-	-	-	(6.956.624)	(6.813.004)
Closing balance	248.373	4.040.554	542.810	762.887	1.217	1.927	105.738	-	2.323	-	5.705.829	6.059.584
Average annual rates - %	3,3%	2,0%	2,3%	2,9%	5,4%	3,9%	10,0%	0,0%	0,0%	0,0%	0,0%	

(i) Value 8,847 refers to project sales of non-operating real estate that have been transferred to the heading of "Assets available for sale".

Transfers of fixed assets as of September 30, 2021, are assets made in the intangible, in the Software class and use license (Note 14.1).

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

13.2 Deemed cost

In compliance with IFRS 1 and ICPC 10, the Company opted to adopt the cost assigned to the plants that are part of the generation infrastructure, adjusting the opening balances on the transition date on 01/01/2009 for their values estimated by independent appraisers. The net effect of first-time adoption of cost attributed to all plants that the Company held the concession at the time resulted in an increase in assets fixed assets, but individually for Porto Primavera plant the result was a reduction in their respective fixed assets. With the end of the other concessions, the remaining balance is substantially the balance of Porto Primavera plant of R\$897,890 as of on September 30, 2021 (R\$919,658 as of December 31, 2020), which will be carried out by transfer to the Retained Earnings account, as the assets are depreciated or realized, and whose movement was as follows:

	Consolidated and parent company			
			9/30/2021	9/30/2020
	Cost assigned to assets	Deferred taxes	Equity	Equity
Starting balance for the period	(1.393.420)	473.762	(919.658)	(948.623)
Realization in the period (depreciation)	32.982	(11.214)	21.768	30.804
Final balance of the period	(1.360.438)	462.548	(897.890)	(917.819)

14 Intangible

14.1 Balances and changes in balances

						Consolidated and parent company	
	In operation		In progress			9/30/2021	30/9/2020
	Software and use license	Renegotiation hydrological risk	UBP - Use of the public good	Grants	Software and use license	Total	Total
Cost	26.446	26.134	171.966	1.398.703	5.171	1.628.420	1.635.372
Accumulated depreciation	(19.576)	(10.251)	(10.419)	(78.279)	-	(118.525)	(60.072)
Initial net balance for the period	6.870	15.883	161.547	1.320.424	5.171	1.509.895	1.575.300
Additions	-	781.974	1.325	-	583	783.882	4.818
Baixas	-	-	-	-	-	-	-
Activations	3.180	-	-	-	(3.180)	-	-
Transfers	490	-	-	-	-	490	-
amortization (Provisão)/ Reversão de impairment	(3.314)	(20.062)	(4.325)	(34.967)	-	(62.668)	(44.861)
		(299.452)				(299.452)	
Final balance of the period	7.226	478.343	158.547	1.285.457	2.574	1.932.147	1.535.257
Cost	30.116	808.108	173.291	1.398.703	2.574	2.412.792	1.640.190
Provision for impairment	-	(299.452)	-	-	-	(299.452)	-
Accumulated depreciation	(22.890)	(30.313)	(14.744)	(113.246)	-	(181.193)	(104.933)
Final net balance of the period	7.226	478.343	158.547	1.285.457	2.574	1.932.147	1.535.257
Average annual rates - %	4,9%	8,1%	3,3%	3,3%			

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

14.2 GSF test to verify impairment

Following the renegotiation of hydrological risk, with the extension of the concession, Management prepared internal studies to assess the recoverability of the book value of the intangible asset through future operations, considering the future cash flow of the operations and the amount of indemnification through to the end of the concession, as applicable.

a) Assumptions used in the impairment test

The recoverable amount of the hydrological risk renegotiation was determined using the concept of value in use, using the discounted cash flow method where future revenues and expenses arising from the use of fixed assets during their useful life are estimated up to the end of the concessions. The cash flows were estimated was at the level of each plant (CGU), identified by Management as the smallest group of assets that generate cash inflows and outflows.

The impairment calculation methodology considers:

- (i) Future cash flows from operations, discounted to present value, for each plant (CGU), considered as the lowest level of cash generation. This flow covers the remaining period of each of the concessions held by the Company, ignoring the extension or renewal period for the Paraibuna plant.
- (ii) Future cash flow from the indemnity amount at the end of concessions, discounted to present value. Assumed, for accounting purposes only, that the minimum indemnity amount to be received from the Federal Government upon returning the assets will be the residual value of the assets calculated at the deemed cost, and depreciated through to the end of the concession of the Paraibuna plant. In the case of the Porto Primavera plant, the concession contract does not provide for compensation at the end of the concession in 2056; consequently, no cash inflows as compensation were considered in the calculation.

The discount rate, in real terms, used to calculate the cash flow was 6.99% p.a., considered by Management as compatible with the market. The main assumptions used in the impairment test are the GSF (Generation Scaling Factor) and the energy price.

b) Impairment test results

Upon determining the recoverable amount of each CGU, the Company compared it with the book value of the respective plants. Porto Primavera plant required a provision for impairment of R\$ 299,452 recognized in the statement of income in "Other operating income (expenses), net".

	Parent and Consolidated		
	9/30/2021		
Plants	Fixed and intangible book value	Fair value	Provision for impairment
Porto Primavera	7.878.058	7.578.606	(299.452)
Paraibuna	29.674	29.674	-
	7.907.732	7.608.280	(299.452)

The hypothetical impacts on the projected scenarios due to changes in assumptions used in the impairment test are shown below:

Sensitivity analysis	Parent and Consolidated		
	-2 p.p.	Current	+2 p.p.
GSF			
Impairment	(393.886)	(299.452)	(205.018)
Energy price	-R\$ 5,00 / MWh	Current	+R\$ 5,00 / MWh
Impairment	(455.245)	(299.452)	(143.659)

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

15 Suppliers

	Consolidated		Parent company	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Electricity purchased for resale	140.365	68.422	24.771	10.041
Spot market electricity - CCEE	-	5.375	-	5.375
Electricity purchased for resale - Related parties (Note 24)	2.238	2.312	35.082	-
Charges for the use of the electricity grid	23.847	19.497	23.847	19.497
Suppliers of materials and services	14.010	7.474	13.715	7.429
Suppliers of materials and services - related parties (Nota 24)	343	-	324	-
	180.803	103.080	97.739	42.342

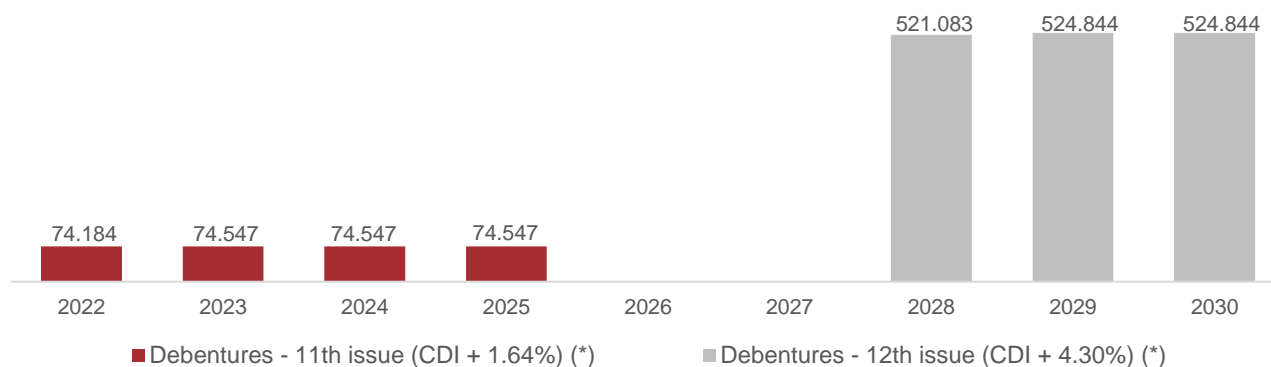
16 Debentures

16.1 Balances

		Consolidated and Parental Company					
		9/30/2021		12/31/2020			
		Current		Noncurrent			
	Annual financial charges	Charges	Capture cost	Total	Primary	Total	Total
Debentures - 11 ^a emission	CDI + 1,64% p.a.	5.428	(483)	4.945	298.430	303.375	297.876
Debentures - 12 ^a emission	IPCA + 4,30% p.a.	8.876	(5.014)	3.862	1.616.155	1.620.017	1.521.198
		14.304	(5.497)	8.807	1.914.585	1.923.392	1.819.074

The Company has debt contracts (debentures) without financial covenants (restrictive clauses), normally applicable to this type of operation. However, other restrictive clauses contained in the Indenture are constantly monitored. The obligations arising from the debentures, including pecuniary obligations, may be declared overdue in advance, which could have an adverse impact on the Company's cash flow. However, as of September 30, 2021, all restrictive clauses contained in the Indenture are being fully complied with by the Company.

16.2 Schedule of principal maturities of loans, financing and long term debentures



Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

16.3 Changes in balances of loans, financing and debentures

	Consolidated and Parental Company	
	9/30/2021	9/30/2020
Opening balance for the period	1.819.074	1.784.125
New loans	-	1.500.000
Interest and commissions	-	(49.833)
Interest and debt charges	63.048	64.552
Accruals	109.608	4.769
Appropriations - borrowing costs	4.123	2.286
Accretion of issuance costs – settlement of 11 th issue of debentures	-	14.465
Amortization of principal	-	(1.500.033)
Interest paid	(72.461)	(57.595)
Closing balance	1.923.392	1.762.736

In the period ended September 30, 2021, the Company pays interest on the 11th issue and the 12th issue of debentures, on the unit face value, in February, June, August and December of each year.

17 Sectorial charges

	Consolidated and Parental Company	
	9/30/2021	12/31/2020
Current		
Global Reserve for Reversion - RGR	70	149
Financial Compensation for Use of Water Resources - CFURH	7.366	8.580
Electric energy service inspection charge - TFSEE	444	620
Quotas for R&D - FNDCT	1.049	969
Quotas for R&D - MME	525	490
Quotas for R&D - CDE	315	-
P&D - Projects	66.186	65.699
	75.955	76.507
Noncurrent		
P&D - Projects	1.240	1.240
	1.240	1.240
	77.195	77.747

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

18 UBP - Use of public assets

Parent company and Consolidated				
	Use of public assets	(-) Present value adjustment	9/30/2021	9/30/2020
Opening balance	167.948	(12.584)	155.364	187.630
Realization of present value adjustment	-	4.278,00	4.278	6.138
Remeasurement	1.450	(125)	1.325	2.307
Payments	(31.808)		(31.808)	(18.289)
Closing balance	137.590	(8.431)	129.159	177.786
Current	40.421		40.421	46.003
Non-current	97.169	(8.431)	88.738	131.783
	137.590	(8.431)	129.159	177.786

19 Social and environmental obligations

	Consolidated and Parental company				
	Environmental license	Conduct adjustment term (TAC)	(-) Present value adjustment	9/30/2021	9/30/2020
Opening balance	163.734	52.466	(35.025)	181.175	188.010
Payments	(6.515)	(5.976)	-	(12.491)	(6.762)
Realization of present value adjustment	-	-	5.458	5.458	6.512
Closing balance	157.219	46.490	(29.567)	174.142	187.760
Current	30.364	4.025	-	34.389	31.369
Non-current	126.855	42.464	(29.567)	139.753	156.391
	157.219	46.490	(29.567)	174.142	187.760

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

20 Energy futures contracts

20.1 Balances and changes in balances

	Consolidated			
	9/30/2021	9/30/2020		
	Conventional energy	Encouraged energy	Submarket energy	Total
Future energy purchase contract	(147.506)	-	(2.374)	(149.880)
Future energy sale contract	126.613	-	1.823	128.436
Opening balance	(20.893)	-	(551)	(21.444)
				0
Other operating income (expenses), net (Note 4)	(7.447)	(508)	4.356	(3.599)
				0
Closing balance	(28.340)	(508)	3.805	(25.043)
				0
Total assets	376.168	37.667	24.821	438.656
Total liabilities	(404.508)	(38.175)	(21.016)	(463.699)
	(28.340)	(508)	3.805	(25.043)
				13.836

21 Post-employment benefits

21.1 Balances and changes in balances

a) Reconciliation of assets and liabilities

	Consolidated and parent company	
	9/30/2021	12/31/2020
Net actuarial obligation	8.449.397	8.449.397
Fair value of plan assets	(6.037.018)	(6.037.018)
Estimated cost of the defined benefit for the year	119.462	
Total net liabilities	2.531.841	2.412.379

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

b) Changes in balances

	Consolidated and parent company	
	9/30/2021	9/30/2020
Opening balance	2.412.379	836.995
Current service cost (Note 4)	1.314	(366)
Accruals for actuarial obligation (Note 5)	118.591	44.717
Paid contributions	(443)	(349)
Closing balance	2.531.841	880.997

21.2 Expected expenditure - 2021

Estimated expenditure for the full year of 2021, based on the actuarial assessment of 2020, is as follows:

	Consolidated and Parent company			
	BSPS	BD	CV	2021 Total
Current service cost		1.564	188	1.752
Interest cost on the obligation	451.340	72.250	10.982	534.572
Expected return on plan assets	(310.257)	(60.327)	(5.867)	(376.451)
(Revenue) / estimated expense for the year	141.083	13.487	5.303	159.873

22 Provision for contingencies

22.1 Balances and changes in balances

	Parent Company and Consolidated				
	9/30/2021	9/30/2020			
	Labor lawsuits	Tax lawsuits	Environmental cases	Civil lawsuits	Total
Opening balance	113.388	4.519	14.187	1.616.163	1.748.257
Updates	4.379	50	722	140.253	145.404
Provision / (reversal)	64	(490)	57.528	(507.733)	(450.631)
(-) Payments	(18.607)	(155)	(3.021)	(96.406)	(118.189)
Closing balance	99.224	3.924	69.416	1.152.277	1.324.841

T Litigation is subject to constant variations because its measurement is linked to the progress of lawsuits. Thus, as an institutional policy, the Company seeks to reflect in its balance sheet, with the least possible lag, the status of its liability portfolio (which justifies the quarterly fluctuations in the amounts disclosed under this heading).

The variation in probable litigation was mainly due to the revision of estimates according to the procedural evolution of the cases, court settlements and favorable decisions made in the period. The highlight in the quarter ended September 30, 2021 were the agreements referring to the action of the PottersOleiros Ceramistas de Panorama, the main process in the Company's portfolio.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

22.2 Probable risk of loss

Nature	Loss Expectation			
	Probable	Possible	Remote	Total
Labor lawsuits	99.224	63.173	7.975	170.372
Tax lawsuits	3.924	448.470	154.473	606.867
Environmental cases	69.416	322.066	611.383	1.002.865
Civil lawsuits	1.152.277	1.539.593	4.822.425	7.514.295
Total as of September 30, 2021	1.324.841	2.373.302	5.596.256	9.294.399
Total as of December 31, 2020	1.748.257	2.913.234	5.549.260	10.210.751

23 Other liabilities

	Consolidated		Parent company	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Current				
Vivest (Note 24)	15		2	
Extrajudicial settlement - State of MS	7.904	6.594	7.904	6.594
Provision for educational fund	4.553	5.243	4.543	5.240
Insurance payable	65	47	63	46
Obligations - court settlement	2.770	-	2.770	-
Sundry advances	3.554	2.860	3.554	2.860
Provision for services	1.501	5.368	1.500	5.368
Court settlements	51.670	-	51.670	-
Other liabilities	2.398	2.794	2.391	2.790
	74.430	22.906	74.397	22.898
Noncurrent				
Extrajudicial settlement - MS	39.820	39.893	39.820	39.893
Global Reserve for Reversion - RGR (amortization/reversal)	3.991	4.937	3.991	4.937
Provision for PIS/COFINS on indexation of judicial deposits	3.060	2.655	3.060	2.655
	46.871	47.485	46.871	47.485
	121.301	70.391	121.268	70.383

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

24 Transactions with related parties

24.1 Balances

			Consolidated		
			9/30/2021		
			Assets	Liabilities	Profit or loss
Companies	Note	Nature of transaction	Current	Current	Income/ (expense)
Votener - Votorantim Comercializadora de Energia Ltda.	7.1 e 15	Buying and selling energy	7.984	2.238	37.078
PSR Soluções e Consultoria em Energia Ltda.	15	Service providers	-	-	(6)
Compart Serviços e Assessorias Ltda.	15	Service providers	-	-	(3)
Votorantim S.A.	15	Service providers	-	343	(2.819)
Vivest	8 and 21	Post-employment benefits	130	-	(1.314)
Banco Votorantim S.A.		Cash and cash equivalents and derivative financial instru	-	8.579	(18.008)
			8.114	11.160	14.928

			Consolidated		
			31/12/2020 30/9/2020		
			Assents	Liabilities	Result
Companies	Note	Nature of the operation	Current	Current	Recipe/ (expense)
Votener - Votorantim Comercializadora de Energia Ltda.	7.1	Buying and selling energy	7.562	2.312	53.939,00
Nexa Recursos Minerais S.A.	8	Other assets	3.482	-	-
VTRM Energia Participações S.A.		Dividends payable	-	229.213	-
Votorantim S.A.	15	Service providers	-	-	2.647,00
Vivest	8 and 21	Post-employment benefits	12.536	-	366,00
Banco Votorantim S.A.		Cash and cash equivalents and derivative financial instru	85.044	25.548	(5.982)
			108.624	257.073	45.676

			Parent company		
			9/30/2021		
			Assets	Liabilities	Profit or loss
Companies	Note	Nature of transaction	Current	Current	Income/ (expense)
Votener - Votorantim Comercializadora de Energia Ltda.	7.1	Buying and selling energy	7.984	-	55.557
CESP Comercializadora de Energia S.A.	7.1 and 15	Purchase and sale of energy and dividends to be receive	29.188	35.082	141.251
PSR Soluções e Consultoria em Energia Ltda.	15	Service providers	-	-	(6)
Compart Serviços e Assessorias Ltda.	15	Service providers	-	-	(3)
Votorantim S.A.	15	Service providers	-	324	(2.819)
Vivest	8 and 21	Post-employment benefits	130	2	(1.314)
Banco Votorantim S.A.		Cash and cash equivalents	-	-	531
			37.302	35.408	192.135

			Parent Company		
			12/31/2020 9/30/2020		
			Assents	Liabilities	Result
Companies	Note	Nature of the operation	Current	Current	Recipe/ (expense)
Votener - Votorantim Comercializadora de Energia Ltda.	7.1	Buying and selling energy	7.562	-	55.881
CESP Comercializadora de Energia S.A.	7.1	Buying and selling energy	33.418	-	254.070
Nexa Recursos Minerais S.A.	8	Other assets	3.482	-	-
VTRM Energia Participações S.A.		Dividends payable	-	229.213	-
Votorantim S.A.	15	Service providers	-	-	(2.547)
Vivest	8 and 21	Post-employment benefits	12.536	-	366
Banco Votorantim S.A.		Cash and cash equivalents and derivative financial instru	85.044	2.831	(3.279)
			142.042	232.044	304.491

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

24. 2 Remuneration of key management

The remuneration of the Company's Management, which includes the Board of Directors, Statutory Board and Fiscal Council, in the period ended September 30, 2021 was R\$5.924 (R\$3.721 in the period ended September 30, 2020), of which R\$4.695 related to fixed and variable compensation (R\$3.023 in the period ended September 30, 2020) and R\$1.229 related to social charges (R\$698 in the period ended September 30, 2020).

25 Equity

25.1 Share capital

The paid-up share capital of R\$ 5.975.433 is divided into 109.167.801 common shares (CESP3), 7.386.323 class A preferred shares (CESP5) and 210.948.549 class B preferred shares (CESP6).

The Company's principal shareholders at September 30, 2021, are as follows:

	Ordinary		Preferred		Preferred		Total		Number of shares - In units
		%	Class A	%	Class B	%		%	
Shareholders									
VTRM Energia e Participações S/A	102.091.755	93,52	-	-	28.928.300	13,71	131.020.055	40,01	
	102.091.755	93,52	-	-	28.928.300	13,71	131.020.055	40,01	
Others	-	-	-	-	-	-	-	-	
Treasury shares	25.980	0,02	84.515	1,14	2.560	-	113.055	0,03	
Outstanding shares	7.050.066	6,46	7.301.808	98,86	182.017.689	86,29	196.369.563	59,96	
	7.076.046	6,48	7.386.323	100,00	182.020.249	86,29	196.482.618	59,99	
	<u>109.167.801</u>	<u>100,00</u>	<u>7.386.323</u>	<u>100,00</u>	<u>210.948.549</u>	<u>100,00</u>	<u>327.502.673</u>	<u>100,00</u>	
Share capital paid up - shares in R\$ thousand	<u>1.991.815</u>		<u>134.767</u>		<u>3.848.851</u>		<u>5.975.433</u>		

25.2 Profit reserves

	Consolidated and parent company	
	9/30/2021	12/31/2020
Legal reserve	258.188	258.188
Statutory reserve	597.544	597.544
Profit retention	1.078.890	1.078.783
Supplemental dividends	-	252.622
	<u>1.934.622</u>	<u>2.187.137</u>

On March 30, 2021, the payment of supplemental dividends was approved (Note 1.2 (a)); and the amount classified to the liability, as dividends payable and interest on equity.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

25.3 Equity valuation adjustment (deemed cost)

	Consolidated and parent company			
	9/30/2021		9/30/2020	
	Cost assigned to assets	Deferred taxes	Equity	Equity
Opening balance	(1.393.420)	473.762	(919.658)	(948.623)
Realization in the period (depreciation)	32.982	(11.214)	21.768	30.804
Closing balance	<u>(1.360.438)</u>	<u>462.548</u>	<u>(897.890)</u>	<u>(917.819)</u>

25.4 Other comprehensive income (loss)

	Consolidated and parent company	
	9/30/2021	9/30/2020
Opening balance	(1.965.797)	(895.886)
Hedge accounting operating		-
Provision for Hedge accounting operating	40.004	(154.516)
(-) Deferred IRPJ and CSLL	(13.601)	52.535
Hedge Accounting - compensation (Note 12.2)	15.507	(47.187)
	<u>41.910</u>	<u>(149.168)</u>
Closing balance	<u>(1.923.887)</u>	<u>(1.045.054)</u>

25.5 Treasury shares

On October 30, 2019, the Company issued a material fact notice advising that, on the same date, the Board of Directors had approved the program of repurchase of own common and preferred class A shares.

Under the Repurchase Program, the Company may, at its sole discretion, acquire (i) up to 218.000 class A preferred shares, book-entry and no nominal value, corresponding to 2,95% of the total of this class of share and 0,07% of the Company's total share capital; and (ii) up to 40.000 nominative, book-entry and no par value common shares, corresponding to 0.04% of the total of this class of share and 0.01% of the Company's total share capital.

In January 2021, the Company repurchased treasury shares for R\$ 3.332, being 25.977 common shares and 84.514 class A preferred shares.

As of September 30, 2021, the Company held 25.980 common shares, 84.515 class A preferred shares and 2.560 class B preferred shares, totaling 113.055 shares in treasury.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

26 Financial instruments and risk management

As of September 30, 2021 and December 31, 2020, the market values of the main financial instruments approximated their book values, as shown below:

	Consolidated		Parent Company	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Financial assets				
Measured at amortized cost				
Cash and cash equivalents (Note 6)	397.465	713.384	311.720	643.045
Trade receivables (Note 7)	262.969	272.817	193.439	213.276
Indemnification asset (Note 11)	1.739.161	1.739.161	1.739.161	1.739.161
	2.399.595	2.725.362	2.244.320	2.595.482
Financial liabilities				
Measured at amortized cost				
Debentures (Note 16)	1.923.392	1.819.074	1.923.392	1.819.074
	1.923.392	1.819.074	1.923.392	1.819.074
Measured at fair value through other comprehensive income				
Financial instruments- derivatives (Note 26.3)	45.944	104.225	29.619	64.955
	45.944	104.225	29.619	64.955
Valued at fair value through profit or loss				
Future energy contracts (Note 20) – Level 2	25.043	21.444	-	-
	25.043	21.444	-	-
	1.994.379	1.944.743	1.953.011	1.884.029

The disclosure of fair value measurements of assets valued at fair value through other comprehensive results follows the following measurement hierarchy:

Level 1 –Quoted (unadjusted) prices in active markets for identical assets and liabilities;

Level 2 - Information, derived from quoted prices, included in Level 1 for assets or liabilities, either directly (that is, as prices) or indirectly;

Level 3 - Assets or liabilities that are not based on market data (non-observable).

26.1 Financial leverage ratio and maturity of liabilities

	Consolidated		Parent Company	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Debentures (Note 16)	1.923.392	1.819.074	1.923.392	1.819.074
Rentals	5.816	6.488	5.816	6.488
Cash and cash equivalents (Note 6)	(397.465)	(713.384)	(311.720)	(643.045)
Derivative financial instruments (Note 26.3)	45.944	104.225	29.619	64.955
Net debt (a)	1.577.687	1.216.403	1.647.107	1.247.472
Adjusted EBITDA (b)	802.295	1.014.104	859.620	1.008.188
Financial leverage index (a) / (b)	1,97	1,20	1,92	1,24

The tables below show the financial liabilities of the Company and its subsidiary by maturity, corresponding to the remaining period up to the contractual maturity date.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

	Consolidated					
	Due					
	2021	2022 / 2023	2024/ 2025	2026/ 2027	2028/ 2030	Total
At September 30, 2021						
Debentures (Note 16)	4.054	147.881	139.005	-	1.632.452	1.923.392
Derivative financial instruments (Note 26.3)	34.018	11.926	-	-	-	45.944
	38.072	159.807	139.005		1.632.452	1.969.336
At December 31, 2020						
Debentures (Note 16)	-	87.722	139.004	64.488	1.527.860	1.819.074
Derivative financial instruments (Note 27.5)	95.084	9.141	-	-	-	104.225
	95.084	96.863	139.004	64.488	1.527.860	1.923.299

	Parent company					
						Due
	2021	2022 / 2023	2024/ 2025	2026/ 2027	2028/ 2030	Total
At September 30, 2021						
Debentures (Note 16)	4.054	147.881	139.005	-	1.632.452	1.923.392
Derivative financial instruments (Note 26.3)	21.826	7.793	-	-	-	29.619
	25.880	155.674	139.005	-	1.632.452	1.953.011
At December 31, 2020	-	-	-	-	-	-
Debentures (Note 16)	-	87.722	139.004	64.488	1.527.860	1.819.074
Derivative financial instruments (Note 26.3)	58.936	6.019	-	-	-	64.955
	58.936	93.741	139.004	64.488	1.527.860	1.884.029

26.2 Credit quality of financial assets

	Local rating			
	Consolidated		Parent company	
	9/30/2021	12/31/2020	9/30/2021	12/31/2020
Cash and cash equivalents				
AAA	347.430	491.221	261.725	420.924
AA+	29.262	79.988	29.262	79.988
AA	20.773	57.120	20.733	57.078
AA-	-	85.047	-	85.047
Unrated	-	8	-	8
	397.465	713.384	311.720	643.045

Ratings are from local and global ratings prepared by rating agencies (Standard & Poor's, Moody's and Fitch). S&P and Fitch Ratings were used for presentation.

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

26.3 Derivative financial instruments

Consolidated								
	9/30/2021	Principal 12/31/2020	Unit	Fair value at December 31, 2020	Impact on operating income (expenses)	Δ Fair value Other comprehensive income	Realized loss	Fair value at September 30, 2021
Programs								
Hedge of electricity sales transactions								
Non Deliverable Forward	43.000	122.000	USD thousand	(104.225)	(76.427)	63.500	(71.208)	(45.944)
	<u>43.000</u>	<u>122.000</u>		<u>(104.225)</u>	<u>(76.427)</u>	<u>63.500</u>	<u>(71.208)</u>	<u>(45.944)</u>
Parent company								
	9/30/2021	Principal 12/31/2020	Unit	Fair value at December 31, 2020	Impact on operating income (expenses)	Δ Fair value Other comprehensive income	Realized loss	Fair value at September 30, 2021
Programs								
Hedge of electricity sales transactions								
Non Deliverable Forward	27.000	74.000	USD thousand	(64.955)	(46.515)	40.004	(41.847)	(29.619)
	<u>27.000</u>	<u>74.000</u>		<u>(64.955)</u>	<u>(46.515)</u>	<u>40.004</u>	<u>(41.847)</u>	<u>(29.619)</u>

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

26.4 Sensitivity analysis

The scenarios used for September 30, 2021, are as below:

Scenario I - September 30, 2021 base scenario as defined by Management for September 30, 2021

Scenario II - Stressing Scenario I by + or - 25%

Scenario III - Stressing Scenario I by + or - 50%

						Consolidated					
						Impact on profit or loss					
						Scenario I		Scenarios II and III			
	Cash and cash equivalents	Principal debentures	Principal of derivative financial instruments	Futures energy contracts	Unit	Impact on yield curves for 9/30/2021	Results of scenario I	-25%	-50%	+25%	+50%
Interest rates											
BRL - CDI	397.220	305.429	233.894	-	BRL	178 bps	12.506	(10.804)	(21.608)	10.804	21.608
BRL - IPCA	-	1.664.728	-	-	BRL	148 bps	24.638	(29.216)	(58.432)	29.216	58.432
Exchange rates											
US dollar	-	-	43.000	-	USD	-4,40%	2.633	14.955	29.910	(14.955)	(29.910)
MtM of electricity											
Fair value	-	-	-	25.043	BRL	(25.043)	(25.043)	(27.034)	(29.024)	(22.993)	(20.889)

Notes to the condensed interim financial At September 30, 2021

All amounts in thousands of reais unless otherwise stated

						Consolidated			
						Impact on comprehensive income			
						Scenario I	Scenarios II and III		
Risk factors	Principal of derivative financial instruments	Unit	Impact on yield curves for 9/30/2021	Results of scenario I		-25%	-50%	+25%	+50%
Interest rates									
BRL - CDI	233.894	BRL thousand	178 bps	(166)		367	741	(360)	(713)
US Dollar coupon	43.000	USD thousand	-1 bps	544		43.485	86.970	(43.485)	(86.970)
Exchange rates									
US dollar	43.000	USD thousand	-4,40%	7.655		43.485	86.970	(43.485)	(86.970)

					Parent company					
					Impact on profit or loss					
					Scenarios I		Scenarios II and III			
Risk factors	Cash and cash equivalents	Principal of derivative financial instruments	Principal of derivative financial instruments	Unit	Impact on yield curves for 9/30/2021	Results of scenario I	-25%	-50%	+25%	+50%
Interest rates										
BRL - CDI	311.561	305.429	146.864	BRL thousand	178 bps	10.981	(9.486)	(18.972)	9.486	18.972
BRL - IPCA	-	1.664.728	-	USD thousand	148 bps	24.638	(29.216)	(58.432)	29.216	58.432
Exchange rates										
US Dollar	-	-	27.000	USD thousand	-4.40%	1.675	9.517	19.033	(9.517)	(19.033)

						Parent company			
						Impacts on comprehensive outcome			
						Scenarios I	Scenarios II and III		
Risk factors	Principal of derivative financial instruments	Unit	Impact on yield curves for 9/30/2021	Results of scenario I		-25%	-50%	+25%	+50%
Interest rates									
BRL - CDI	146.864	BRL thousand	178bps	(103)		228	460	(224)	(443)
US interest	27.000	USD thousand	-1 bps	337		27.178	54.356	(27.178)	(54.356)
Exchange rates									
US Dollar	27.000	USD thousand	-4,40%	4.785		27.178	54.356	(27.178)	(54.356)

27 Insurance (not reviewed)

The Company and its subsidiary hold D&O policies, as well as coverage of property risk insurance and general civil liability. Coverage, conditions and limits, are considered by Management to be compatible with the inherent risks of the operation.

28 Subsequent event

a) Votorantim and CPP Investments announced their intention to consolidate energy assets and create one of the largest renewable platforms in Brazil

Votorantim SA and the Canada Pension Plan Investment Board (CPP Investments) announced their intention to consolidate energy assets in Brazil, creating one of the leading companies in the energy sector, which will have shares listed on the Novo Mercado, a category with the highest standard of governance of B3.

Consolidation is intended to happen through two transactions. The first will be through the joint venture VTRM - formed by Votorantim Energia and CPP Investments - and will include the shareholdings in CESP, wind assets, the shareholdings of Votorantim Energia in hydroelectric assets and Votorantim Comercializadora de Energia - Votener, in addition to projects of expansion in development.

For the second transaction, VTRM forwarded to CESP's Board of Directors a proposal for corporate reorganization, with the object of incorporating the shares issued by the Company. This proposal will be evaluated by the Special Independent Committee constituted at a meeting of the Board of Directors on October 21, 2021, pursuant to the Guidance Opinion 35 of the Brazilian Securities Commission, and is subject to corporate approvals within the scope of CESP, as well as of the bodies regulators. At the end of the consolidation process, the new company should be the full controller of CESP and the current shareholders will become shareholders of the new company.

For further details on the operations, see the Material Fact disclosed by the Company, at the following electronic address: <https://ri.cesp.com.br/>, on October 18, 2021.



Companhia Energética de São Paulo - CESP

Report on review of parent company and consolidated condensed interim financial statements

To the Board of Directors and Shareholders
Companhia Energética de São Paulo - CESP

Introduction

We have reviewed the accompanying condensed interim balance sheet of Companhia Energética de São Paulo - CESP ("Company") as at September 30, 2021 and the related condensed statements of income and comprehensive income (loss) for the quarter and nine-month period then ended, and the condensed statements of changes in equity and cash flows for the nine-month period then ended, as well as the accompanying consolidated condensed interim balance sheet of Companhia Energética de São Paulo - CESP and its subsidiaries ("Consolidated") as at September 30, 2021 and the related consolidated condensed statements of income and comprehensive income for the quarter and nine-month period then ended, and the consolidated condensed statements of changes in equity and cash flows for the nine-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management is responsible for the preparation and presentation of these parent company and consolidated condensed interim financial statements in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34 - Interim Financial Reporting, of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Companhia Energética de São Paulo - CESP

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements referred to above are not prepared, in all material respects, in accordance with CPC 21 and IAS 34.

Emphasis of matter - Indemnification assets

As mentioned in Note 11 to the interim accounting information, the Company has recorded "Indemnification assets" of R\$ 1,739,161 thousand, net of a provision, receivable from the Federal Government. These indemnification rights arose upon termination of the Três Irmãos, Jupiá and Ilha Solteira power plant concessions. The Company is seeking through the courts the determination of the amounts of the indemnifiable assets and manner by which they are to be received. Our review report is not qualified in respect of this matter.

Other matters

Condensed statements of value added

The interim condensed financial statements referred to above include the parent company and consolidated condensed statements of value added for the nine-month period ended September 30, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information under IAS 34. These statements have been subjected to review procedures performed together with the review of the condensed interim financial statements for the purpose of concluding whether they are reconciled with the condensed interim financial statements and accounting records, as applicable, and if their form and content are in accordance with the criteria defined in the accounting standard CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that these condensed statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in this accounting standard, and consistent with the parent company and consolidated condensed interim financial statements taken as a whole.

São Paulo, October 26, 2021

PricewaterhouseCoopers
Auditores Independentes Ltda.
CRC 2SP000160/O-5

Carlos Eduardo Guaraná Mendonça
Contador CRC 1SP196994/O-2