

(A free translation of the original in Portuguese)

**Companhia Energética
de São Paulo - CESP**
Quarterly information - ITR
at March 31, 2021
and report on review of
quarterly information

CESP - COMPANHIA ENERGÉTICA DE SÃO PAULO



**CONDENSED PARENT COMPANY AND CONSOLIDATED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2021
AND INDEPENDENT AUDITOR'S REPORT ON REVIEW OF QUARTERLY INFORMATION**

(A free translation of the original in Portuguese)

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CONDENSED INTERIM BALANCE SHEET
Quarters ended March 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020
ASSETS					
CURRENT					
Cash and cash equivalents	3	813,730	643,045	870,126	713,384
Trade receivables	4	216,852	213,276	284,147	272,817
Taxes recoverable		60,044	48,639	71,304	61,190
Dividends receivable		1,158	1,158		
Electric power futures contracts				1,513	
Prepaid expenses		961	1,957	961	1,957
Other assets	5	66,423	69,484	66,448	69,509
		1,159,168	977,559	1,294,499	1,118,857
NON-CURRENT					
Long-term receivables					
Collaterals and judicial deposits	6	218,870	260,496	218,870	260,496
Deferred income tax and social contribution	7	3,891,628	3,933,797	3,908,904	3,954,680
Warehouse		5,960	6,023	5,960	6,023
Assets subject to indemnification	8	1,739,161	1,739,161	1,739,161	1,739,161
		5,855,619	5,939,477	5,872,895	5,960,360
Investments					
	9	38,861	31,176		
Fixed assets	10	5,872,427	5,956,429	5,872,427	5,956,429
Intangible assets	11	1,495,452	1,509,895	1,495,452	1,509,895
Right-of-use leased assets		5,978	6,323	5,978	6,323
		13,268,337	13,443,300	13,246,752	13,433,007
TOTAL ASSETS					
		14,427,505	14,420,859	14,541,251	14,551,864

CESP
CONDENSED INTERIM BALANCE SHEET
Quarters ended March 31

All amounts in thousands of reais unless otherwise stated

(continued)

	Note	Parent company		Consolidated	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT					
Suppliers		52,084	42,342	105,192	103,080
Loans	12	5,398	18,220	5,398	18,220
Lease liabilities		1,700	1,700	1,700	1,700
Derivative financial instruments	26.5	79,182	58,936	127,584	95,084
Future energy contracts	16				17,336
Estimated obligations and payroll		12,460	22,479	13,060	23,387
Taxes payable		24,953	32,084	32,881	40,721
Sector charges	13	75,534	76,507	75,534	76,507
Dividends payable and interest on equity		834,541	581,919	834,541	581,919
UBP - Use of public assets	14	40,336	41,307	40,336	41,307
Social and environmental obligations	15	28,411	28,426	28,411	28,426
Other liabilities	19	21,799	22,898	21,810	22,906
		1,176,398	926,818	1,286,447	1,050,593
NON-CURRENT					
Loans		1,840,578	1,800,854	1,840,578	1,800,854
Lease liabilities	12	4,468	4,788	4,468	4,788
Derivative financial instruments			6,019		9,141
Future energy contracts	26.5			3,697	4,108
Sector charges	16	1,240	1,240	1,240	1,240
UBP - Use of public assets	13	105,567	114,057	105,567	114,057
Allowance for litigation	14	1,606,027	1,748,257	1,606,027	1,748,257
Social and environmental obligations	18	148,503	152,749	148,503	152,749
Post-employment benefits	15	2,451,341	2,412,379	2,451,341	2,412,379
Other liabilities	17	42,905	47,485	42,905	47,485
		6,200,629	6,287,828	6,204,326	6,295,058
TOTAL LIABILITIES		7,377,027	7,214,646	7,490,773	7,345,651
EQUITY					
	21				
Share capital		5,975,433	5,975,433	5,975,433	5,975,433
Capital reserves		1,929,098	1,929,098	1,929,098	1,929,098
Profit reserves		1,934,515	2,187,137	1,34,515	2,187,137
Deemed costs		(2,893,847)	(2,885,455)	(2,893,847)	(2,885,455)
Other comprehensive income		108,611		108,611	
(-) Actions in treasury		(3,332)		(3,332)	
TOTAL SHAREHOLDERS' EQUITY		7,050,478	7,206,213	7,050,478	7,206,213
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		14,427,505	14,420,859	14,541,251	14,551,864

The accompanying notes are an integral part of these condensed interim financial statements.

CESP
CONDENSED INTERIM STATEMENT OF INCOME
Quarters ended March 31

All amounts in thousands of reais unless otherwise stated

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
		3/31/2021	3/31/2020	3/31/2021	3/31/2020
Net revenue	22	402,872	399,209	556,885	460,540
Electricity service cost	23	(214,520)	(173,695)	(365,112)	(226,335)
Electricity cost		(108,230)	(63,627)	(258,768)	(116,267)
Operation cost		(106,290)	(110,068)	(106,344)	(110,068)
Gross profit		188,352	225,514	191,773	234,205
Operating income (expenses)	23				
General and administrative		(25,298)	(20,640)	(27,961)	(23,828)
Other operating income (expenses), net		164,556	(26,419)	183,816	(1,580)
		139,258	(47,059)	155,855	(25,408)
Operating profit before equity results and finance results		327,610	178,455	347,628	208,797
Results from equity investments					
Equity in the results of investees	9	13,354	20,316		
		13,354	20,316		
Net financial result	24				
Finance income		5,488	10,051	5,725	10,513
Finance expenses		(173,559)	(119,692)	(173,588)	(119,723)
		(168,071)	(109,641)	(167,863)	(109,210)
Profit before income tax and social contribution		172,893	89,130	179,765	99,587
Income tax and social contribution	25				
Current		(9,822)	(34,007)	(10,166)	(37,077)
Deferred		(47,273)	(1,310)	(53,801)	(8,697)
Net income for the quarter		115,798	53,813	115,798	53,813
Basic earnings per thousand shares, in Reais		0.35	0.16	0.35	0.16

The accompanying notes are an integral part of these condensed interim financial statements.

CESP
CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (LOSS)
Quarters ended March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company and Consolidated	
		3/31/2021	3/31/2020
Net income for the quarter		115,798	53,813
Other components of comprehensive income to be reclassified to income			
Operating hedge accounting	21.4	(9,910)	(104,183)
Operating hedge accounting compensation	9	(5,669)	(48,381)
		(15,579)	(152,564)
Total comprehensive income (loss) for the quarter		100,219	(98,751)

The accompanying notes are an integral part of these condensed interim financial statements.

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
Quarters ended March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Share capital	Capital reserves	Profit reserves	Additional dividends	Deemed cost	Other comprehensive income	Accrued profits	(-) Actions in Treasury	Total equity
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						9.726		(9.726)		
Net income for the quarter								53.813		53.813
Operational hedge accounting							(104.183)			(104.183)
Adjustment of post-employment benefits CPC 33 (R1)							(48.381)			(48.381)
Total comprehensive income for the quarter						9.726	(152.564)	44.087		(98.751)
Balances as of March 31, 2020		5.975.433	1.929.098	1.084.883		(938.897)	(1.048.450)	44.087		7.046.154
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	21.3					7.187		(7.187)		
Net income for the quarter								115.798		115.798
Operational hedge accounting	21.4						(9.910)			(9.910)
Operational hedge accounting compensation	9.2						(5.669)			(5.669)
Total comprehensive income for the quarter						7.187	(15.579)	108.611		100.219
Repurchase of shares	21.5								(3.332)	(3.332)
Additional dividends	1.2 (b)				(252.622)					(252.622)
Total contributions and distributions to shareholders					(252.622)				(3.332)	(255.954)
Balances as of March 31, 2021		5.975.433	1.929.098	1.934.515		(912.471)	(1.981.376)	108.611	(3.332)	7.050.478

The accompanying notes are an integral part of these condensed interim financial statements.

CESP CONDENSED INTERIM STATEMENT OF CASH FLOWS

Quarters ended March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		3/31/2021	3/31/2020	3/31/2021	3/31/2020
Cash flow from operating activities					
Profit before income tax and social contribution		172.893	89.130	179.765	99.587
Adjustments for non-cash items					
Depreciation and amortization	23	97.855	100.334	97.855	100.395
Write-off of fixed and intangible assets		1.945	4	1.945	4
Equity in earnings	9	(13.354)	(20.316)		
Interest and indexation accruals and foreign exchange gains/losses	12.3	57.461	25.604	57.461	25.604
Appropriation of funding costs	12.3	1.375	787	1.375	787
Provision (reversal) of expenses					
Provision (reversal) for litigation	18	(202.872)	26.979	(202.872)	26.979
Reversal of provision for recoverable value of warehouses	23		(54)		(54)
Provision for PIS/COFINS on court deposits	23	268	15	268	15
Balance updates					
Litigation provision additions and accruals	18	65.723	69.085	65.723	69.085
Court escrow deposits additions and accruals	6	(2.126)	(2.505)	(2.126)	(2.505)
Post-employment benefits	17	(438)	(122)	(438)	(122)
Adjustment to present					
Post-employment benefits	17	39.530	15.092	39.530	15.092
Social and environmental obligations	15	1.868	2.183	1.868	2.183
UBP - Use of public assets	14	1.513	2.117	1.513	2.117
Lease		72	16	72	16
Write-off of court deposits	6	43.073		43.073	
Hydrological risk renegotiation			3.755		3.755
Operational hedge accounting	26.5	15.354	5.668	26.391	9.637
Future energy contracts	16			(19.260)	(24.840)
		280.140	317.772	292.143	327.735
Decrease (increase) in assets					
Accounts receivable		(3.576)	1.104	(11.330)	(38.225)
Taxes recoverable		(11.405)	(3.347)	903	(9.675)
Warehouse		63	(919)	63	(919)
Prepaid expenses		996	1.945	996	1.945
Collaterals and court deposits	6	679	14.297	679	14.297
Derivative financial instruments	26.5		(299)		(1.288)
Other assets		4.589	663	4.589	620
Increase (decrease) in liabilities					
Suppliers		9.742	(25.550)	2.112	(2.755)
Derivative financial instruments	26.5	(16.142)		(26.636)	
Taxes payable		(5.936)	(7.213)	(18.006)	(785)
Post-employment benefit payments	17	(130)	(93)	(130)	(93)
Sectorial charges	13	(2.501)	(370)	(2.501)	(370)
Litigation payment	18	(5.081)	(20.780)	(5.081)	(20.780)
Social and environmental obligations	15	(6.129)	(2.337)	(6.129)	(2.337)
Payment of UBP - Use of public assets	14	(10.974)		(10.974)	
Estimated liabilities and payroll		(10.019)	(7.220)	(10.327)	(6.933)
Other liabilities		(5.946)	(38.132)	(5.944)	(38.192)
Cash generated from operations					
		218.370	229.521	204.427	222.245
Interest on loans, financing and debentures paid	12.3	(31.934)	(3)	(31.934)	(3)
Income tax and social contribution paid		(11.017)	(9.950)	(11.017)	(10.662)
Net cash generated from operating activities		175.419	219.568	161.476	211.580
Cash flow from investing activities					
Fixed asset acquisitions	10.2	(748)	(1.825)	(748)	(1.825)
Acquisition of intangible assets	11.2	(264)	(519)	(264)	(519)
Net cash used in investing activities		(1.012)	(2.344)	(1.012)	(2.344)
Cash flow from financing activities					
Settlement of loans, financing and debentures	12.3		(11)		(11)
Lease settlement		(390)	(401)	(390)	(401)
Dividends paid			(85)		(85)
Repurchase of shares		(3.332)		(3.332)	
Net cash generated (invested) in financing activities		(3.722)	(497)	(3.722)	(497)
Increase (decrease) in cash and cash equivalents		170.685	216.727	156.742	208.739
Opening balance of cash and cash equivalents		643.045	690.276	713.384	741.444
Closing balance of cash and cash equivalents		813.730	907.003	870.126	950.183

The accompanying notes are an integral part of these condensed interim financial statements.

CESP CONDENSED INTERIM STATEMENT OF VALUE ADDED

Quarters ended March 31

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		2021	2020	2021	2020
Generation of added value					
Gross Revenue	22	463.363	460.885	634.200	540.862
		463.363	460.885	634.200	540.862
Inputs					
Purchased energy	23	108.230	63.627	258.768	116.267
Third party services		7.531	5.325	7.760	6.186
Materials		536	519	538	517
Other operating costs		1.967	2.415	2.021	2.415
		118.264	71.886	269.087	125.385
		345.099	388.999	365.113	415.477
Gross added value					
Deductions					
Depreciation and amortization	23	97.855	100.334	97.855	100.395
Future energy contracts	16			(19.260)	(24.840)
		97.855	100.334	78.595	75.555
Net added value generated					
Transfers					
Financial income	24	5.488	10.051	5.725	10.513
Post-employment benefits	23	438	122	438	122
Equity in earnings	9	13.354	20.316		
Deferred income and social contribution taxes	25	(47.273)	(1.310)	(53.801)	(8.697)
		(27.993)	29.179	(47.638)	1.938
Other					
Provision (reversal) for litigation	23	202.872	(26.979)	202.872	(26.979)
Write-off of court deposits		(39.781)		(39.781)	
Provision for realizable value of warehouses			54		54
Provision for PIS/COFINS on court deposits		(268)	(15)	(268)	(15)
Insurance		(1.036)	(2.250)	(1.036)	(2.250)
Other net revenues		(1.103)	192	(1.468)	63
		160.684	(28.998)	160.319	(29.127)
Value added to distribute					
Distribution of added value					
Personnel					
Work remuneration	23	17.878	15.182	19.945	17.199
Remuneration of key management personnel	23	2.134	1.240	2.134	1.240
		20.012	16.422	22.079	18.439
Funders and rents					
Interest and debt charges	24	57.461	25.604	57.461	25.604
Other financial expenses	24	116.098	94.088	116.127	94.119
Rentals	23	253	620	253	663
		173.812	120.312	173.841	120.386
Intrasectorial - Regulatory charges					
Financial compensation for the use of water resources - CFURH	22	10.228	13.456	10.228	13.456
Global Reversion Reserve - RGR		446	843	446	843
Research and development - R&D		4.184	3.933	4.184	3.933
Inspection fee for electricity services - TFSEE		1.330	1.229	1.330	1.229
		16.188	19.461	16.188	19.461
Taxes and social contributions					
Federal		54.104	78.815	71.272	100.611
Municipal	22	21	23	21	23
		54.125	78.838	71.293	100.634
Shareholders					
Realization of unrealized profit reserve		115.798	53.813	115.798	53.813
		115.798	53.813	115.798	53.813
Distributed added value					
		379.935	288.846	399.199	312.733

The accompanying notes are an integral part of these condensed interim financial statements.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2021

All amounts in thousands of reais unless otherwise stated

1. Operations

1.1 The Company

CESP - Companhia Energética de São Paulo ("CESP" or "the Company") is a publicly-held corporation headquartered 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 ("CESP Comercializadora"), its main activities are the planning, construction and operation of power generation systems and energy trading. It carries out other complementary operational activities, such as forestation, reforestation and fish farming, as a means of protecting the environments modified by the construction of its hydroelectric dams and facilities.

The Company's shares are traded on B3 S.A. - Brasil, Bolsa, Balcão ("B3") and, since July 28, 2006, they have been traded on B3's Corporate Governance Level 1. Management continuously seeks to improve the quality of information provided to the market.

The Company is included in the IBra, IBRX 100, IEE, IGCT, ICG, ITAG and UTIL indexes.

It currently has three hydroelectric power plants that operate under a price regime, having an installed capacity of 1,627 MW and physical guarantee of hydro power projects of 935 MW (mean).

Upon being awarded a new concession for the Engenheiro Sérgio Motta Hydroelectric Power Plant (Porto Primavera) ("HPP Porto Primavera"), extending the concession to 2049, the Company's classification was changed from a power generation utility under public concession to an independent power generation concession holder. It continues to be regulated and supervised by the National Electric Energy Agency ("ANEEL"), an autarchy under the Ministry of Mines and Energy ("MME"). The operation of its plants is integrated with the National Operator of the Electric System ("ONS"). Optimal distribution of power as generated by the plants is managed by ONS, as shown in the table for gross power generation below:

Usinas	Gross generation in MWh (*)	
	1 st Quarter	1 st Quarter
Porto Primavera	1,872,861	2,387,980
Paraibuna	7,140	23,401
Jaguari		3,007
	1,880,001	2,414,388

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

1.2 Main events that occurred during the quarter ended March 31, 2021

a) Provisional extension of the HPP Paraibuna concession

On 02/11/2021, the Board of Directors approved (i) the terms proposed in Official Letter 36/2021 for the addendum to Concession Contract No. 3/2004 providing for the temporary extension of the concession of HPP Paraibuna by six months; the new term was established upon signing the "Term of Acceptance of Concession Extension Period and Withdrawal and Waiver to the Right to Argue the Exemption from, or Mitigation of Hydrological Risks related to the Power Reallocation Mechanism - MRE" addendum after the final calculations by ANEEL; and (ii) the submission of a statement to ANEEL, advising that the Company is not interested in pursuing a 30-year extension of the HPP Paraibuna concession and, accordingly, this will be terminated once the definitive extension is concluded and compensation as provided in Law no. 14,052/2020 sought.

b) Approval of the proposal for payment of dividends

The March 31, 2021 Annual Shareholders Meeting approved Management's proposal for payment of dividends for the year ended December 31, 2020, of R\$ 850,164 (R\$ 150,000 referring to interest on own capital and R \$ 700,164 referring to dividends), to be paid in Brazilian Reais in two instalments, the first of which on April 15, 2021 and the second in the amount of R\$ 250,164 on September 15, 2021. Interest on own capital (JCP) considers the existing shareholding position at the end of B3's trading session on December 21, 2020 ("base date") and dividends paid consider April 1, 2021 as "base date", respecting the negotiations carried out until that day, inclusive. The Company's shares were traded "ex-JCP" on December 22, 2020 and "ex-dividends" as of April 5, 2021, inclusive.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS AT MARCH 31, 2021

All amounts in thousands of reais unless otherwise stated

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 of 09/09/2020, which establishes new conditions for the renegotiation of the hydrological risk of electricity generation, providing for the compensation of generators by extending the term of concession of their grants due to non-hydrological risks that negatively affect the GSF after 2012.

As foreseen in the published schedule, on March 1, 2021, CCEE released the calculations for the extension of the plant grants renegotiated for the hydrological risk of the Free Trade Environment - ACL based on ANEEL Normative Resolution 895/2020 ("Resolution ") in force. The results were sent to ANEEL for analysis and the 30-day joining option initiated. However, the option has not yet occurred due to new conditions being stipulated for agents and associations in the ANEEL sector for the renegotiation of the hydrological risk and consequent amendment of the Resolution.

Hence, as the funds are in progress and the amounts disclosed by the CCEE are subject to change, the Company awaits the final calculations for joining and accounting recognition.

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

- i. the terms proposed in Official Letter 36/2021, agreeing to sign an amendment to the Concession Contract No. 3/2004 to provide for a provisional six months extension of the Paraibuna HPP concession (Note 1.2 (a));
- ii. renegotiation of the hydrological risk for the two Paraibuna and Porto Primavera plants and the consequent extension of the concession following the compensation provided for under Law No. 14.052 / 2020.

d) Effects of the pandemic caused by the new Coronavirus (COVID-19)

The Company and its subsidiary have experienced no material detrimental effects from COVID-19 on their operations nor impacts on settlement of rights and obligations, as well as there is no change in the position disclosed in the individual and consolidated financial statements for the year ended December 31, 2020.

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

The condensed interim financial statements at March 31, 2021 have been prepared in accordance with the accounting pronouncement CPC 21 (R1) - Interim Financial Reporting and the international accounting standard IAS 34 - Interim Financial Reporting, as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Brazilian Securities Commission ("CVM"). Accordingly, this quarterly information considers circular letter CVM/SNC/SEP 003 of April 28, 2011, which allows entities to present selected explanatory notes to avoid repeating the same information provided in the annual financial statements.

The condensed interim financial statements at March 31, 2021, therefore, does not incorporate all the notes and disclosures required by the standards for the annual financial statements and should be read in conjunction with the annual financial statements at December 31, 2020, available on the Investor Relations page (www.ri.cesp.com.br) and with B3. The condensed interim financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), and in accordance with the accounting practices adopted in Brazil issued by the Accounting Pronouncements Committee ("CPC").

All information significant to the condensed interim financial statements is disclosed and is consistent with the information utilized by management in the performance of its duties.

The Company's Board of Directors approved the parent company and consolidated condensed interim financial statements for issue on April 27, 2021.

2.1 Consolidation

The Company obtained authorization from ANEEL to operate as an electricity trading agent within the scope of the Power Trading Chamber ("CCEE"), through CESP Comercializadora. Following the start of the electricity trading operations in January 2020, the Company also discloses its consolidated financial statements.

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The Company controls (i.e. it is exposed or has rights to variable returns from its involvement with the investee and has the ability to direct the significant activities of the investee) and therefore consolidates CESP Comercializadora.

Transactions, balances and gains or losses on 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.

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Note that in the "Statement of Changes in Shareholders' Equity" table of the EmpresasNet System of the CVM, the equity valuation adjustment, though not corresponding to "Other Comprehensive Income," is presented in the column with this indication because there is not a more appropriate option to present said transaction in the standard statement of CVM.

2.3 Functional Currency and Presentation Currency

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

3. Cash and cash equivalents

Cash and cash equivalents include deposits in current bank accounts and government securities or financial institutions, linked to the interbank deposit remuneration rate.

	Average rate of remuneration	Parent company		Consolidated	
		3/31/2021	12/31/2020	3/31/2021	12/31/2020
Cash					
Bank deposits		188	1,473	296	1,579
Cash equivalents					
Bank Deposit Certificates ("CDBs")	101.09% of CDI	578,214	469,680	619,755	539,913
Financial Treasury Bills - LFTs	103.07% of DCI	180,237	155,079	180,237	155,079
Financial bills - private securities	103.07% of CDI		16,813		16,813
Guarantee operations	71.06% of CDI	55,091		69,838	
		813,542	641,572	869,830	711,805
		813,730	643,045	870,126	713,384

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4. Trade receivables

4.1 Composition

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Bilateral contracts	83,182	73,382	186,994	66,341
Bilateral contracts - related parties (Note 22)	42,278	40,980	5,761	7,562
Energy auctions	58,783	58,360	58,783	58,360
Supply under quota system	2,036	2,953	2,036	2,953
	186,279	175,675	253,574	235,216
(-) Allowance for loan losses	(6,208)	(6,208)	(6,208)	(6,208)
	180,071	169,467	247,366	229,008
Free Energy (RTE)	13,712	13,712	13,712	13,712
Short-term energy	36,781	43,809	36,781	43,809
	50,493	57,521	50,493	57,521
(-) Allowance for loan losses	(13,712)	(13,712)	(13,712)	(13,712)
	36,781	43,809	36,781	43,809
	216,852	213,276	284,147	272,817

4.2 Maturities of accounts receivable

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Due	216,852	213,276	284,147	272,817
Overdue for more than 360 days	19,920	19,920	19,920	19,920
	236,772	233,196	304,067	292,737

Amounts overdue for more than 360 days are fully provisioned as doubtful debts. In addition, management has not identified the risk of prospective loss

5. Other assets

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Current				
Sundry credits	31,301	31,301	31,301	31,301
(-) Estimated loss with non-performing loans	(31,301)	(31,301)	(31,301)	(31,301)
Project orders - R&D	52,865	52,685	52,865	52,685
Advances to Vivest (Note 20)	12,806	12,536	12,806	12,536
Transfer to receive Nexa (Note 20)		3,482		3,482
Other	752	781	777	806
	66,423	69,484	66,448	69,509

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6. Collaterals and judicial deposits

	Parent company and Consolidated							
	3/31/2021			3/31/2020				
	Civil lawsuits	Labor lawsuits	Tax lawsuits	Environmental actions	Other court deposits	Collaterals	Total	Total
Opening balance	163.476	37.340	11.642	43.040	3.267	1.731	260.496	343.979
Additions	138	483	2.070	60		5	2.756	
Upgrades	1.120	907	39	43	11	6	2.126	2.505
Converted / Raised	(1.311)	(2.108)	(16)				(3.435)	(14.297)
(-) Write-offs	(41.865)	(1.208)					(43.073)	
Final balance	121.558	35.414	13.735	43.143	3.278	1.742	218.870	332.187

The reduction in the amount of judicial deposits occurred, mainly, due to the write-off of civil deposits, which is a result of the progress in the process of analyzing the liability litigation and the judicial deposits corresponding to the processes by the Company.

7. Deferred income tax and social contribution

7.1 Composition

	Parent company					
	Assets (a)		Liabilities (b)		Net assets (a-b)	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Income tax and social contribution						
Effect on profit or loss						
Deferred income tax and social contribution	1,036,717	1,040,974			1,036,717	1,040,974
Indexation of judicial deposits			66,729	66,781	(66,729)	(66,781)
Provision for legal claims	546,049	594,407			546,049	594,407
Provision for impairment - CPC 01	508,951	508,951			508,951	508,951
Provision regulatory assets	461,031	461,031			461,031	461,031
Operational hedge accounting	1,903	2,170			1,903	2,170
Post-employment benefits	13,247				13,247	
Other provisions	79,823	84,960	4,652	5,801	75,171	79,159
	2,647,721	2,692,493	71,381	72,582	2,576,340	2,619,911
Effect on other comprehensive income						
Operating hedge accounting	25,019	19,915			25,019	19,915
21.3) Deemed cost of property, plant and equipment (Note	470,060	473,762			470,060	473,762
Post-employment benefits	820,209	820,209			820,209	820,209
	1,315,288	1,313,886			1,315,288	1,313,886
Total recognized	3,963,009	4,006,379	71,381	72,582	3,891,628	3,933,797

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	Consolidated					
	Assets (a)		Liabilities (b)		Net assets (a-b)	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Income tax and social contribution						
Effect on profit or loss						
Deferred income tax and social contribution	1,036,717	1,040,974			1,036,717	1,040,974
Indexation of judicial deposits			66,729	66,781	(66,729)	(66,781)
Provision for legal claims	546,049	594,407			546,049	594,407
Provision for impairment - CPC 01	508,951	508,951			508,951	508,951
Provision regulatory assets	461,031	461,031			461,031	461,031
Operational hedge accounting	1,903	2,170			1,903	2,170
Post-employment benefits	13,247				13,247	
Future energy contracts	743	7,291			743	7,291
Other provisions	79,898	84,960	4,652	5,801	75,246	79,159
	<u>2,649,098</u>	<u>2,701,209</u>	<u>71,381</u>	<u>72,582</u>	<u>2,578,527</u>	<u>2,628,627</u>
Effect on other comprehensive income						
Operating hedge accounting	40,108	32,082			40,108	32,082
Deemed cost of property, plant and equipment (Note 21.3)	470,060	473,762			470,060	473,762
Post-employment benefits	820,209	820,209			820,209	820,209
	<u>1,330,377</u>	<u>1,326,053</u>			<u>1,330,377</u>	<u>1,326,053</u>
Total recognized	<u>3,980,286</u>	<u>4,027,262</u>	<u>71,381</u>	<u>72,582</u>	<u>3,908,904</u>	<u>3,954,680</u>

7.2 Realization of the deferred income tax and social contribution balance

Based on projections, the assets are expected to be realized as follows:

	Parent company							Total
	2021	2022 and 2023	2024 and 2025	2026 and 2027	2028 and 2029	2030 to 2034	From 2035 (a)	
Tax losses	47,301	109,347	82,996	132,860	144,590	242,733	276,890	1,036,717
Court deposits additions and accruals	(12,474)	(21,115)	(21,193)	(11,947)				(66,729)
Litigation provision	102,074	172,790	173,421	97,764				546,049
Allowance for impairment - CPC 01	13,163	35,100	35,100	35,100	35,100	87,750	267,638	508,951
Regulatory asset provision	65,862	131,723	131,723	131,723				461,031
Hedge accounting	1,903							1,903
Post-employment benefits	13,247							13,247
Other provisions	48,731	7,783	7,685	7,314	3,658			75,171
	<u>279,807</u>	<u>435,628</u>	<u>409,732</u>	<u>392,814</u>	<u>183,348</u>	<u>330,483</u>	<u>544,528</u>	<u>2,576,340</u>
Hedge Accounting	21,830	3,189						25,019
Assigned cost of fixed assets	12,156	32,418	32,418	32,418	32,418	81,045	247,187	470,060
	<u>33,986</u>	<u>35,607</u>	<u>32,418</u>	<u>32,418</u>	<u>32,418</u>	<u>81,045</u>	<u>247,187</u>	<u>495,079</u>
	<u>313,793</u>	<u>471,235</u>	<u>442,150</u>	<u>425,232</u>	<u>215,766</u>	<u>411,528</u>	<u>791,715</u>	<u>3,071,419</u>

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	Consolidated							Total
	2021	2022 and 2023	2024 and 2025	2026 and 2027	2028 and 2029	2030 to 2034	From 2035 (a)	
Tax losses	47,301	109,347	82,996	132,860	144,590	242,733	276,890	1,036,717
Court deposits additions and accruals	(12,474)	(21,115)	(21,193)	(11,947)				(66,729)
Litigation provision	102,074	172,790	173,421	97,764				546,049
Allowance for impairment - CPC 01	13,163	35,100	35,100	35,100	35,100	87,750	267,638	508,951
Regulatory asset provision	65,862	131,723	131,723	131,723				461,031
Operational hedge accounting	3,272							3,272
Post-employment benefits	13,247							13,247
Future energy contracts	743							743
Other provisions	48,806	7,783	7,685	7,314	3,658			75,246
	<u>281,994</u>	<u>435,628</u>	<u>409,732</u>	<u>392,814</u>	<u>183,348</u>	<u>330,483</u>	<u>544,528</u>	<u>2,578,527</u>
Realization of deferred tax assets to income								
Hedge accounting	35,204	4,904						40,108
Assigned cost of fixed assets	12,156	32,418	32,418	32,418	32,418	81,045	247,187	470,060
	<u>47,360</u>	<u>37,322</u>	<u>32,418</u>	<u>32,418</u>	<u>32,418</u>	<u>81,045</u>	<u>247,187</u>	<u>510,168</u>
	<u>329,354</u>	<u>472,950</u>	<u>442,150</u>	<u>425,232</u>	<u>215,766</u>	<u>411,528</u>	<u>791,715</u>	<u>3,088,695</u>

a) Income tax and social contribution is limited to the concession period of the HPP Porto Primavera.

8. Indemnification assets

	Parent company and Consolidated				
	3/31/2021			12/31/2020	
	Três Irmãos	Ilha Solteira	Jupiá	Total	Total
Breakdown of indemnification asset					
Indemnification asset	3,529,080	2,165,858	642,318	6,357,027	6,357,027
Impairment adjustment		(1,657,484)	(337,826)	(1,995,310)	(1,995,310)
Contingent asset adjustment	(1,811,718)	(506,346)	(304,492)	(2,622,556)	(2,622,556)
Total provisions	(1,811,718)	(2,163,830)	(642,318)	(4,617,866)	(4,617,866)
Indemnification asset (net)	<u>1,717,362</u>	<u>2,028</u>		<u>1,739,161</u>	<u>1,739,161</u>

Refers to the amount receivable from the Federal Government arising from indemnification rights upon termination of the Três Irmãos, Jupiá and Ilha Solteira plant concessions. As further detailed in Note 12 of the financial statements for the year ended December 31, 2019, 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.

9. Investments

9.1 Composition

Investments evaluated by the equity method	Parent company						
	Information - March 31, 2021			Balance		Income equity method	
	Net worth	Net income for the year	Percentage of voting and total participation (%)	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Subsidiaries							
CESP Comercializadora de Energia S.A.	38,861	13,354	100,00	38,861	31,176	13,354	20,316
				<u>38,861</u>	<u>31,176</u>	<u>13,354</u>	<u>20,316</u>

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9.2 Changes in account balances

	Parent company	
	3/31/2021	12/31/2020
Opening balance on 1/1/2021	31,176	51,102
Equity the results of investees	13,354	20,316
Equity valuation adjustment of derivative financial instruments	(5,669)	(48,381)
Closing balance on 12/31/2020	38,861	23,037

10. Property, plant and equipment

10.1 Breakdown

	Annual average rates %	Total cost	Provision for impairment	Accumulated depreciation	Parent company and Consolidated	
					3/31/2021	12/31/2020
					Net	Net
In operation						
Land	3,3%	310.534	(37.248)	(18.293)	254.993	257.383
Reservoirs, dams and water mains	2,0%	8.935.746	(866.551)	(3.918.166)	4.151.029	4.206.959
Buildings and improvements	2,3%	2.361.564	(276.149)	(1.515.621)	569.794	582.269
Machinery and equipment	2,9%	2.400.677	(316.966)	(1.303.883)	779.828	781.973
Vehicles	5,4%	6.019		(4.642)	1.377	1.457
Furniture and fittings	3,9%	3.015		(1.026)	1.989	2.019
Social and environmental costs	10,0%	148.162		(35.132)	113.030	116.676
		14.165.717	(1.496.914)	(6.796.763)	5.872.040	5.948.736
In progress						
Buildings and improvements						1.541
Machinery and equipment		387			387	4.143
Other						2.009
		387			387	7.693
		14.166.104	(1.496.914)	(6.796.763)	5.872.427	5.956.429

10.2 Changes

	Parent company and Consolidated						
	Opening balance	Additions	Disposals	Activations	Transfers	Depreciation	Closing balance
In operation							
Land	257,383					(2,390)	254,993
Reservoirs, dams and water mains	4,206,959					(55,930)	4,151,029
Buildings and improvements	582,269					(12,475)	569,794
Machinery and equipment	781,973		(11)	5,909		(8,043)	779,828
Vehicles	1,457					(80)	1,377
Furniture and fittings	2,019					(30)	1,989
Social and environmental costs	116,676					(3,646)	113,030
	5,948,736		(11)	5,909		(82,594)	5,872,040
In progress							
Buildings and improvements	1,541		(1,509)	(32)			
Machinery and equipment	4,143	748		(4,504)			387
Other	2,009		(146)	(1,373)	(490)		
	7,693	748	(1,655)	(5,909)	(490)		387
Balance on March 31, 2021	5,956,429	748	(1,666)		(490)	(82,594)	5,872,427
Balance on March 31, 2020	6,305,942	1,825	(4)			(85,111)	6,222,653

Software and licenses in intangible assets were transferred to property, plant and equipment in the quarter ended March 31, 2021 (Note 11.2)

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10.3 Deemed cost

Upon first time adoption of CPCs/IFRS on 01/01/2009, the Company opted to use the deemed cost for its asset generation infrastructure based on the appraisals prepared by an independent firm of specialists, adjusting its opening balances at that date.

The net effect was an increase in property, plant and equipment of R\$ 3,553,278, less deferred income tax and social contribution of R\$ 1,208,115 (34 %) recorded in an equity valuation adjustments account of R\$ 2,345,163. The realization of the balance is consistent with the depreciation of the underlying assets and is charged to the equity valuation account.

	Parent company and Consolidated		
	Property, plant and equipment	Deferred tax	Net
Opening balance at 01/01/2009	3,553,278	(1,208,115)	2,345,163
Realization	(4,946,698)	1,681,877	(3,264,821)
Closing balance at 12/31/2019	(1,393,420)	473,762	(919,658)
Realization in the period (depreciation)	10,889	(3,702)	7,187
Closing balance at 3/31/2021	(1,382,531)	470,060	(912,471)

11. Intangible assets

11.1 Composition

	Parent company and Consolidated				
	Annual average rates %	Total cost	Accumulated amortization	3/31/2021	12/31/2020
				Net	Net
In operation					
Software and licenses	4.9%	30,116	(20,901)	9,215	6,870
Renegotiation of hydrological risk	8.1%	26,134	(10,754)	15,380	15,883
Use of public assets	3.3%	171,966	(11,853)	160,113	161,547
Grant	3.3%	1,398,703	(89,935)	1,308,768	1,320,424
		1,626,919	(133,443)	1,493,476	1,504,724
In progress					
Software and licenses		1,976		1,976	5,171
		1,976		1,976	5,171
		1,628,895	(133,443)	1,495,452	1,509,895

11.2 Changes

	Parent company and Consolidated						
	Opening balance	Additions	Disposals	Activations s	Transfers	Amortization	Closing balance
In operation							
Software and licenses	6,870			3,180	490	(1,325)	9,215
Renegotiation of hydrological risk	15,883					(503)	15,380
Use of public assets	161,547					(1,434)	160,113
Grant	1,320,424					(11,656)	1,308,768
	1,504,724			3,180	490	(14,918)	1,493,476
In progress							
Software and licenses	5,171	264	(279)	(3,180)			1,976
	5,171	264	(279)	(3,180)			1,976
Balance on March 31, 2021	1,509,895	264	(279)		490	(14,918)	1,495,452
Balance on March 31, 2020	1,575,300	519				(14,938)	1,560,881

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12. Loans, financing, and debentures

12.1 Composition

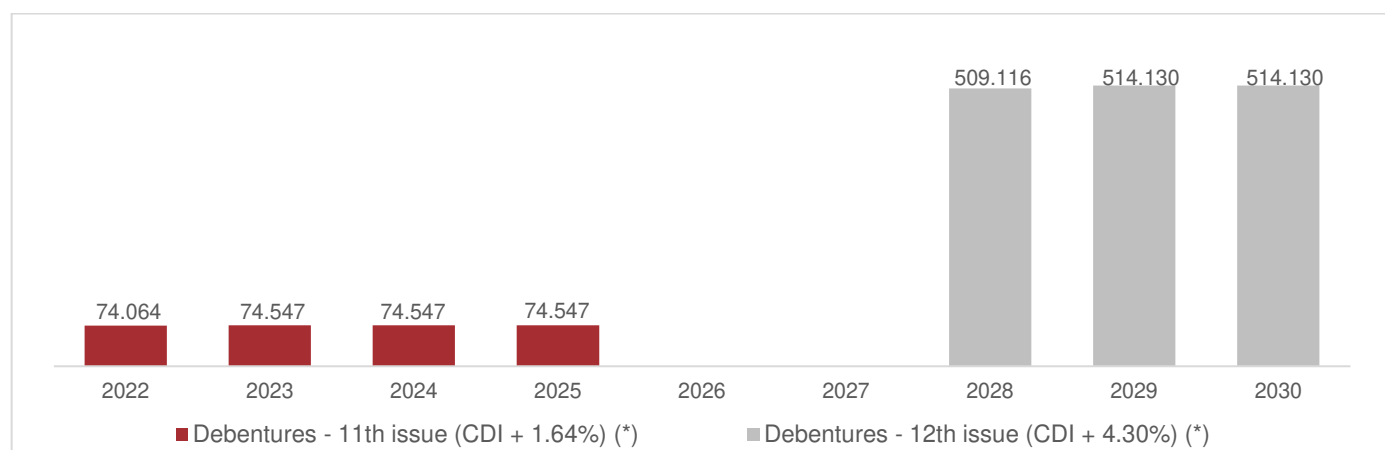
		Parent company and Consolidated			
		3/31/2021			
		Annual financial charges	Current	Noncurrent	Total
		Charges	Funding cost	Principal	
Local currency					
Debentures - 11 th issuance	CDI + 1.64% p.a.	2,934	(484)	298,188	300,638
Debentures - 12 th issuance	IPCA + 4.30% p.a.	7,962	(5,014)	1,542,390	1,545,338
		10,896	(5,498)	1,840,578	1,845,976

		Parent company and Consolidated			
		12/31/2020			
		Annual financial charges	Current	Non-current	Total
		Charges	Funding cost	Principal	
Local currency					
Debentures - 11 th issuance (a)	CDI + 1.64% p.a.	293	(484)	298,067	297,876
Debentures - 12 th issuance (a)	IPCA + 4.30% p.a.	23,425	(5,014)	1,502,787	1,521,198
		23,718	(5,498)	1,800,854	1,819,074

The negative balances of R\$ 5,498 at March 31, 2021 and at December 31, 2020, refer debenture borrowing costs which are appropriated to income on a monthly basis over the term of the contracts seven and ten years.

On March 31, 2021, the Company assessed the covenant clauses in its loan contracts and concluded that was fully in compliance.

12.2 Maturity schedule of loans, financing and debentures principal of non-current liabilities



(*) Balances presented net of funding costs.

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12.3 Transactions in loans, financing, and debentures

	Parent company and Consolidated	
	3/31/2021	3/31/2020
Opening balance at 1/1/2021	1,819,074	1,784,125
Interest and debt charges	19,111	25,604
Restatement	38,350	
Borrowing costs	1,375	787
Payments - principal		(11)
Payments - interest	(31,934)	(3)
Closing balance at 3/31/2020	1,845,976	1,810,502

In the quarter ended March 31, 2021, the Company amortized interest related to the 12th issue of debentures, which bears interest on the nominal unit value paid in February and August of each year.

13. Sectorial charges

	Parent company and Consolidated	
	3/31/2021	12/31/2020
Current		
Global Reserve for Reversion - RGR	149	149
Financial Compensation for Use of Water Resources - CFURH	7,401	8,580
Electric energy service inspection charge - TFSEE	443	620
Quotas for R&D - FNDCT	1,090	969
Quotas for R&D - MME	545	490
R&D - Projects	65,906	65,699
	75,534	76,507
Noncurrent		
R&D - Projects	1,240	1,240
	1,240	1,240
	76,774	77,747

14. Use of public assets

14.1 Composition

	Parent company and Consolidated								
	3/31/2021				12/31/2020				
	Intangible assets (Note 9)	Liabilities			Intangible assets (Note 9)	Liabilities			
	Current	Noncurrent	Total	Current	Noncurrent	Total	Current	Noncurrent	Total
Plant									
Porto Primavera	160,113	40,336	105,567	145,903	161,547	41,307	114,057	114,057	155,364
	160,113	40,336	105,567	145,903	161,547	41,307	114,057	114,057	155,364

14.2 Changes in account balances

	Parent company and Consolidated			
	Use of public assets	(-) Present value adjustment	Liabilities	
			3/31/2021	3/31/2020
Opening balance at 1/1/2021	167,948	(12,584)	155,364	187,630
Realization of present value adjustment		1,513	1,513	2,117
Payments	(10,974)		(10,974)	
Closing balance at 3/31/2021	156,974	(11,071)	145,903	189,747

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15. Social and environmental obligations

15.1 Composition

	Parent Company and Consolidated	
	3/31/2021	12/31/2020
Current		
Environmental license	24,560	22,901
Conduct adjustment term (TAC)	3,851	5,525
	28,411	28,426
Non current		
Environmental license	111,314	114,632
Conduct adjustment term (TAC)	37,189	38,117
	148,503	152,749
	176,914	181,175

15.2 Changes in account balances

	Parent Company and Consolidated				
	Asset			Liabilities	
	Property, plant, and equipment (Note 10)	Allowance for social and environmental obligations	(-) Adjustment to present value	3/31/2021	12/31/2020
Opening balance	116,676	216,200	(35,025)	181,175	188,010
Depreciation	(3,646)				
Payments		(6,129)		(6,129)	(2,337)
Realization of present value adjustment			1,868	1,868	2,183
Closing balance	113,030	210,071	(33,157)	176,914	187,856

16. Future energy contracts

16.1 Composition

	Consolidated						
	3/31/2021						
	Active (a)		Liabilities (b)			Net (a-b)	
	Current	Non current	Current	Non current	Active Current	Liabilities Non current	Net
Future energy contracts	103,634	31,425	102,121	35,122	1,513	(3,697)	(2,184)

	Consolidated						
	12/31/2020						
	Active (a)		Liabilities (b)			Net (a-b)	
	Current	Non current	Current	Non current	Liabilities Current	Liabilities Non current	Net
Future energy contracts	103,139	25,297	120,475	29,405	(17,336)	(4,108)	(21,444)

16.2 Changes in account balances

	Consolidated	
	3/31/2021	3/31/2020
Opening balance at 12/31	(21,444)	
Other operating income, ne (Note23)t	19,260	24,840
Closing balance on 03/31	(2,184)	24,840

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17. Employee private pension fund

The Company sponsors health care and retirement plans for its employees and former employees and their respective beneficiaries to supplement the benefits provided by the government's social security system. Vivest (formerly, the CESP Foundation) is the entity responsible for administering the benefit plans. The benefit plans comprise of defined benefit plans (BD) and defined contribution plans (CD).

The most significant BD benefit plan is BSPS (Supplementary Proportional Settled Benefit) formed in 1997.

The valuation of assets and liabilities is carried out annually, after the conclusion of the specialized consultancy.

17.1 Composition

	Parent company and Consolidated	
	3/31/2021	3/31/2020
Net actuarial obligation	8,449,397	8,449,397
Fair value of plan assets	(6,037,018)	(6,037,018)
Effect of ceiling for recognition of defined benefit asset	38,962	
Total net liability	2,451,341	2,412,379

17.2 Changes in actuarial liabilities

	Parent company and Consolidated	
	3/31/2021	3/31/2020
Opening balance	2,412,379	836,995
Current service cost	(438)	(122)
Interest cost on the obligation	39,530	15,092
Contributions paid	(130)	(93)
Closing balance	2,451,341	851,872

17.3 Actuarial income (expenses)

The estimated actuarial expenses for 2021 are as below, based on the actuarial valuation of 2020:

	Parent company and Consolidated			
	2021			
	BSPS	BD	CV	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)
Estimated (income/expense) for the year	141,083	13,487	5,303	159,873

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18. Provision for legal claims

18.1 Analysis and changes

At March 31, 2021, legal claims, of varying nature, were assessed and classified according to the likelihood of estimated loss and the economic and financial risks to the Company, as below.

	Parent company and Consolidated					
	3/31/2021		3/31/2020			
	Labor	Tax	Environmental	Civil	Total	Total
Opening balance	113,388	4,519	14,187	1,616,163	1,748,257	1,814,375
Indexation accruals	1,441	17	251	64,014	65,723	69,085
Provision / (Reversal)	3,376	(2,091)	40,799	(244,956)	(202,872)	26,979
(-) Payments	(2,816)	(85)		(2,180)	(5,081)	(20,780)
Total at March 31, 2021	115,389	2,360	55,237	1,433,041	1,606,027	1,889,659

The change in the provision for litigation to March 31, 2021 is due to: (i) definitive favorable decisions to CESP; (ii) court settlements; (iii) review update of the contingencies for strategic cases; and (iv) new demands received by the Company and interest/indexation accruals.

18.2 Risk of loss classification

Such contingencies arising from litigation, judicial or administrative, are as follows:

Nature	Likelihood of loss			Total
	Probable	Possible	Remote	
Labor	115,389	68,742	7,517	191,648
Tax	2,360	397,919	179,624	579,903
Environmental	55,237	425,567	571,711	1,052,515
Civil	1,433,041	2,053,934	5,055,648	8,542,623
Total at March 30, 2021	1,606,027	2,946,162	5,814,500	10,366,689
Total at December 31, 2020	1,748,257	2,913,234	5,549,260	10,210,751

19. Other liabilities

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Current				
Extrajudicial settlement with the State of MS	7,070	6,594	7,070	6,594
Provision for services	2,659	5,368	2,659	5,368
Down payments	4,413	2,860	4,413	2,860
Provision for education fund expenses	5,039	5,240	5,039	5,243
Other liabilities	2,618	2,836	2,2629	2,841
	21,799	22,898	21,810	22,906
Noncurrent				
Extrajudicial settlement with the State of MS	35,348	39,893	35,348	39,893
Global Reserve for Reversion - RGR (amortization/reversal)	4,635	4,937	4,635	4,937
Provision for PIS/COFINS on indexation of judicial deposits	2,922	2,655	2,922	2,655
	42,905	47,485	42,905	47,485
	64,704	70,383	64,715	70,391

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20. Related-party transactions

20.1 Analysis

							Parent company	
							3/31/2021	
							Profit or loss	
			Assets		Liabilities			
Companies	Note	Nature of transaction	Current	Non-Current	Current	Non-Current	Equity	Income/
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	5,761					(1,801)
CESP Comercializadora de Energia S.A.	4	Purchase and sale of electricity	36,517		393			78,967
Compart Serviços e Assessorias Ltda.		Service providers						(3)
VTRM Energia Participações S.A.		Dividends payable			330,327			
Votorantim S.A.		Shared services			916			(944)
Vivest	5	Post-employment benefits	12,806					438
Banco Votorantim		Financial investments and derivative financial instruments	85,383					424
			<u>140,467</u>		<u>331,636</u>			<u>77,081</u>

							Consolidated	
							3/31/2021	
							Profit or loss	
			Assets		Liabilities			
Companies	Note	Nature of transaction	Current	Non-Current	Current	Non-Current	Equity	Income/
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	5,761		2,312			(304)
Compart Serviços e Assessorias Ltda.		Service providers						(3)
VTRM Energia Participações S.A.		Dividends payable			330,327			
Votorantim S.A.		Shared services			941			(944)
Vivest	5	Post-employment benefits	12,806					438
Banco Votorantim		Financial investments and derivative financial instruments	85,383		2,715		22,959	(7,014)
			<u>103,950</u>		<u>336,295</u>		<u>22,959</u>	<u>(7,827)</u>

							Parent company	
							12/31/2020	3/31/2020
							Profit or loss	
			Assets		Liabilities			
Companies	Note	Nature of transaction	Current	Non-Current	Current	Non-Current	Equity	Income/
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	7,562					14,092
CESP Comercializadora de Energia S.A.	4	Purchase and sale of electricity	33,418					117,637
Nexa Recursos Minerais S.A.	5	Other assets	3,482					
VTRM Energia Participações S.A.		Dividends payable			229,213			
Votorantim S.A.		Shared services						(770)
Vivest	5	Post-employment benefits	12,536					(14,970)
Banco Votorantim		Financial investments and derivative financial instruments	85,044		2,831		1,869	(3,092)
			<u>142,042</u>		<u>232,044</u>		<u>1,869</u>	<u>112,897</u>

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Companies	Note	Nature of transaction					Consolidated	
			Assets		Liabilities		Profit or loss	
			Current	Non-Current	Current	Non-Current	Equity	Income/
Votener - Votorantim Comercializadora de Energia Ltda.	4	Purchase and sale of electricity	7,562		2,312			14,092
VTRM Energia Participações S.A.		Dividends payable			229,213			
Votorantim S.A.		Shared services						(808)
Vivest	5	Post-employment benefits	12,536					(14,970)
Banco Votorantim		Financial investments and derivative financial instruments	85,044		25,548	1,579	17,904	(4,078)
			<u>105,142</u>		<u>257,073</u>	<u>1,579</u>	<u>17,904</u>	<u>(5,764)</u>

20.2 Compensation of key management

Executive Board and Supervisory Board compensation was R\$ 2,134 in the quarter ended March 31, 2021 (R\$ 366 in the quarter ended March 31, 2019), of which R\$ 1,572 is related to fixed and variable compensation (R\$ 1,102 in the quarter ended March 31, 2020) and R\$ 562 related to social charges (R\$ 288 in the quarter ended March 31, 2020).

21. Equity

21.1 Share capital

The paid-up 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 major shareholders of record at March 31, 2021 were the following:

	Parent Company and Consolidated							
	Number of shares - In units							
	Common	%	Preferred Class A	%	Preferred Class B	%	Total	%
Shareholders								
VTRM Energia e Participações S/A	102,091,755	93.52			28,928,300	13.71	131,020,055	40.01
	<u>102,091,755</u>	<u>93.52</u>			<u>28,928,300</u>	<u>13.71</u>	<u>131,020,055</u>	<u>40.01</u>
Other								
(-) Treasury stock	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
	<u>7,076,046</u>	<u>6.48</u>	<u>7,386,323</u>	<u>100.00</u>	<u>182,020,249</u>	<u>86.29</u>	<u>196,482,618</u>	<u>59.99</u>
	<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 by shares								
in R\$ thousand	<u>1,991,815</u>		<u>134,767</u>		<u>3,848,851</u>		<u>5,975,433</u>	

21.2 Revenue reserve

	Parent Company and Consolidated	
	3/31/2021	12/31/2020
Legal reserve	258,188	258,188
Statutory reserve	597,544	597,544
Profit retention	1,078,783	1,078,783
Additional dividends		252,622
	<u>1,934,515</u>	<u>2,187,137</u>

On March 30, 2021, the payment of supplemental dividends was approved and recorded in "Dividends and interest on equity payable" (Note 1.2 (a)).

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21.3 Carrying value adjustments (deemed cost)

	Parent company and Consolidated			
	3/31/2021		12/31/2020	
	Property, plant and equipment	Deferred taxes	Equity	Equity
Opening balance at 1/1/2021	(1,393,420)	473,762	(919,658)	(948,623)
Realization in the period (depreciation)	10,889	(3,702)	7,187	9,726
Closing balance on 3/31/2021	<u>(1,382,531)</u>	<u>470,060</u>	<u>(912,471)</u>	<u>(938,897)</u>

21.4 Other comprehensive income

	Parent company and Consolidated	
	3/31/2021	12/31/2020
Opening balance	(1,965,797)	(895,886)
Operating hedge accounting		
Provision for operating hedge	(15,015)	(157,853)
(-) Deferred income tax and social contribution	5,105	53,670
Operational hedge accounting compensation (Note 9.2)	(5,669)	(48,381)
	<u>(15,579)</u>	<u>(152,564)</u>
Closing balance	<u>(1,981,376)</u>	<u>(1,048,450)</u>

21.5 Actions in treasury

On October 30, 2019, the Company released a Material Fact stating that, on this date, the Board of Directors approved the program for the repurchase of Class A common and preferred shares.

Under the terms of the Buyback Program, the Company may, at its sole discretion, acquire (i) up to 218,000 (two hundred and eighteen thousand) registered, class A preferred shares, book-entry and without par value, corresponding to 2.95% of the total of this class share and 0.07% of the Company's total share capital; and (ii) up to 40,000 (forty thousand) registered, book-entry common shares with no par value, corresponding to 0.04% of the total of this class of share and 0.01% of the Company's total share capital.

In the quarter ended March 31, 2021, the Company repurchased treasury shares in the amount of R \$ 3,332, referring to 25,977 common shares and 84,514 class A preferred shares.

22. Revenue

22.1 Electricity sold

The table below shows electricity sold in the quarter, as well as distributed power in MWh and corresponding amounts by class of consumption and by trading environment:

	Parent company					
	MWh (*)		R\$ thousands		R\$/MWh (Average) (*)	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Free market						
Bilateral contracts	1,568,018	1,627,443	335,807	323,147	214,16	198,56
Regulated market						
Energy auctions - Energy distributors	521,085	520,758	130,377	126,777	250,20	243,45
Short-term energy			11,828	15,882		
	<u>521,085</u>	<u>520,758</u>	<u>142,205</u>	<u>142,659</u>	<u>250,20</u>	<u>243,45</u>
	<u>2,089,103</u>	<u>2,148,201</u>	<u>478,012</u>	<u>465,806</u>	<u>223,15</u>	<u>209,44</u>

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	Consolidated					
	MWh (*)		R\$ thousands		R\$/MWh (Average) (*)	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Free market						
Bilateral contracts	2,000,771	1,872,819	459,377	394,841	229,60	210,83
Trading operations	338,371	62,640	58,304	12,252	172,31	195,59
	<u>2,339,142</u>	<u>1,935,459</u>	<u>517,681</u>	<u>407,093</u>	<u>221,31</u>	<u>210,33</u>
Regulated market						
Energy auctions - Energy distributors	521,085	520,758	130,377	126,777	250,20	243,45
Short-term energy			11,828	15,882		
	<u>521,085</u>	<u>520,758</u>	<u>142,205</u>	<u>142,659</u>	<u>250,20</u>	<u>243,45</u>
	<u>2,860,227</u>	<u>2,456,217</u>	<u>659,886</u>	<u>549,752</u>	<u>226,58</u>	<u>217,35</u>

(*) Information not reviewed by independent auditors.

22.2 Net revenue

Reconciliation between gross and net revenue in the statement of income follows:

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Gross revenue				
Revenue from electricity				
Bilateral contracts	335,807	323,147	459,377	394,841
Trading operations			58,304	12,252
Electricity auctions - Electricity distributors	130,377	126,777	130,377	126,777
Spot market electricity	11,828	15,882	11,828	15,882
	<u>478,012</u>	<u>465,806</u>	<u>659,886</u>	<u>549,752</u>
Derivative financial instruments (Note 26.5)	(15,354)	(5,668)	(26,391)	(9,637)
Other income	705	747	705	747
	<u>(14,649)</u>	<u>(4,921)</u>	<u>(25,686)</u>	<u>(8,890)</u>
	<u>463,363</u>	<u>460,885</u>	<u>634,200</u>	<u>540,862</u>
Deductions				
COFINS on operating revenues	(36,383)	(34,666)	(50,206)	(49,986)
PIS on operating revenues	(7,899)	(7,526)	(10,900)	(10,852)
Financial Compensation for Use of Water Resources - CFURH	(10,228)	(13,456)	(10,228)	(13,456)
Research and Development - R&D	(4,184)	(3,933)	(4,184)	(3,933)
Electric energy service inspection charge - TFSEE	(1,330)	(1,229)	(1,330)	(1,229)
Quota for Global Reserve for Reversion - RGR	(446)	(843)	(446)	(843)
Quota for Global Reserve for Reversion - RGR	(21)	(23)	(21)	(23)
	<u>(60,491)</u>	<u>(61,676)</u>	<u>(77,315)</u>	<u>(80,322)</u>
Net revenue	<u>402,872</u>	<u>399,209</u>	<u>556,885</u>	<u>460,540</u>

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23. Costs and expenses

						Parent company	
						3/31/2021	3/31/2020
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	Total	Total	
Costs and expenses by nature							
Depreciation and amortization		(95,972)	(1,864)	(19)	(97,855)	(100,334)	
Electricity purchased	(69,181)				(69,181)	(29,696)	
Sector charges	(39,049)				(39,049)	(33,931)	
Reversal of provision for legal claims (Note 18)				202,872	202,872	(26,979)	
Judicial deposits write-off (Note 6)				(39,781)	(39,781)		
Personnel		(5,154)	(12,724)		(17,878)	(17,798)	
Outsourced services		(2,657)	(4,874)		(7,531)	(5,325)	
Management			(2,134)		(2,134)	(1,240)	
Maintenance and care		(777)	(675)		(1,452)	(138)	
Insurance		(26)	(1,006)	(11)	(1,043)	(734)	
Voluntary Termination Program			(1,036)		(1,036)	(2,250)	
Materials		(287)	(249)		(536)	(519)	
Post-employment benefits			438		438	122	
Provision for PIS/COFINS on indexation of judicial deposits				(268)	(268)	(15)	
Rentals		(253)			(253)	(620)	
Other operating income (expenses), net		(1,164)	(1,174)	1,763	(575)	(1,297)	
Total	(108,230)	(106,290)	(25,298)	164,556	(75,262)	(220,754)	

						Consolidated	
						3/31/2021	3/31/2020
	Cost of electricity	Cost of operation	General and administrative expenses	Other operating income (expenses), net	Total	Total	
Costs and expenses by nature							
Depreciation and amortization		(95,972)	(1,864)	(19)	(97,855)	(100,395)	
Electricity purchased	(219,719)				(219,719)	(82,336)	
Sector charges	(39,049)				(39,049)	(33,931)	
Reversal of provision for legal claims (Note 18)				202,872	202,872	(26,979)	
Judicial deposits write-off (Note 6)				(39,781)	(39,781)		
Electric power futures contracts (Note 16)				19,260	19,260	24,840	
Personnel		(5,154)	(14,791)		(19,945)	(19,895)	
Outsourced services		(2,657)	(5,103)		(7,760)	(6,186)	
Management			(2,134)		(2,134)	(1,240)	
Maintenance and care		(777)	(699)		(1,476)	(138)	
Insurance		(26)	(1,208)	(11)	(1,245)	(734)	
Voluntary Termination Program			(1,036)		(1,036)	(2,250)	
Materials		(287)	(251)		(538)	(517)	
Post-employment benefits			438		438	122	
Provision for PIS/COFINS on indexation of judicial deposits				(268)	(268)	(15)	
Rentals		(253)			(253)	(663)	
Other operating income (expenses), net		(1,218)	(1,313)	1,763	(768)	(1,426)	
Total	(258,768)	(106,344)	(27,961)	183,816	(209,257)	(251,743)	

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23.1 Electricity purchased and sector charges

	Parent company		Consolidated	
	3/31/2020	3/31/2020	3/31/2021	3/31/2020
Electricity purchased				
Electricity purchased for resale	(66,408)	(22,332)	(149,803)	(63,697)
Trading operations			(67,143)	(11,275)
Premium on renegotiation of hydrological risk	(6,463)	(3,755)	(6,463)	(3,755)
Short-term energy	3,690	(3,609)	3,690	(3,609)
	<u>(69,181)</u>	<u>(29,696)</u>	<u>(219,719)</u>	<u>(82,336)</u>
Electricity network usage				
Electricity network usage charges	(39,049)	(33,931)	(39,049)	(33,931)
	<u>(39,049)</u>	<u>(33,931)</u>	<u>(39,049)</u>	<u>(33,931)</u>
	<u>(108,230)</u>	<u>(63,627)</u>	<u>(258,768)</u>	<u>(116,267)</u>

24. Finance result, net

	Parent company		Consolidated	
	3/31/2021	3/31/2020	3/31/2021	3/31/2020
Finance income				
Income from financial investments	3,521	7,918	3,770	8,402
Indexation of judicial deposits	2,126	2,505	2,126	2,505
Other finance income	15		15	
(-) PIS and COFINS on finance result	(174)	(372)	(186)	(394)
	<u>5,488</u>	<u>10,051</u>	<u>5,725</u>	<u>10,513</u>
Finance costs				
Debt charges	(19,111)	(25,604)	(19,111)	(25,604)
Update of debentures balance	(38,350)		(38,350)	(25,604)
Indexation of provision for legal claims	(65,723)	(69,085)	(65,723)	(69,085)
Indexation of post-employment benefits	(39,530)	(15,092)	(39,530)	(15,092)
Judicial deposits write-off	(1,832)		(1,832)	
Present value adjustment of social and environmental obligations	(1,868)	(2,183)	(1,868)	(2,183)
Present value adjustment - Use of public assets	(1,513)	(2,117)	(1,513)	(2,117)
Indexation of judicial agreements	(3,292)	(1,505)	(2,747)	(1,505)
Indexation of R&D - projects	(62)	(215)	(62)	(215)
Other charges	(2,278)	(3,891)	(2,307)	(3,922)
	<u>(173,559)</u>	<u>(119,692)</u>	<u>(173,588)</u>	<u>(119,723)</u>
Foreign exchange variation, net	<u>(168,071)</u>	<u>(109,641)</u>	<u>(167,863)</u>	<u>(109,210)</u>

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25. Income tax and social contribution expenses

25.1 Reconciliation of tax expenses at statutory rates

The income tax and social contribution amounts presented in the statement of income for the quarters ended March 31 are reconciled from their Brazilian statutory rates as follows:

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Profit before income tax and social contribution	172.893	89.130	179.765	99.587
Standard rates	34% 0	34% 0	34% 0	34%
Income tax and social contribution at standard rates	(58.784)	(30.304)	(61.120)	(33.860)
Adjustments for the calculation of income tax and social contribution at effective rates				
Effect of income tax and social contribution on permanent differences				
Equity in the results of investees	4.540	6.907		
Tax incentive	112		117	
Other permanent exclusions, net	(2.963)	(959)	(2.964)	(953)
	1.689	5.948	(2.847)	(953)
Effect of income tax and social contribution on items without recognition of deferred taxes				
Deferred income tax and social contribution		(14.635)		(14.635)
Other temporary additions (exclusions), net		3.674		3.674
		(10.961)		(10.961)
Income tax and social contribution calculated	(57.095)	(35.317)	(63.967)	(45.774)
Income tax and social contribution in the statement of income				
Current	(9.822)	(34.007)	(10.166)	(37.077)
Deferred	(47.273)	(1.310)	(53.801)	(8.697)
	(57.095)	(35.317)	(63.967)	(45.774)
Effective rate -%	33.02	39.62	35.58	45.96

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26. Financial instruments and risk management

At March 31, 2021, the fair values of the main financial instruments approximated the carrying amounts, as below:

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Financial assets				
Measured at amortized cost				
Cash and cash equivalents (Note 3)	813.730	643.045	870.126	713.384
Trade receivables (Note 4)	216.852	213.276	284.147	272.817
Indemnification asset (Note 8)	1.739.161	1.739.161	1.739.161	1.739.161
	<u>2.769.743</u>	<u>2.595.482</u>	<u>2.893.434</u>	<u>2.725.362</u>
Valued at fair value through profit or loss				
Future energy contracts (Note 16) – Level 2			1.513	
			<u>1.513</u>	
	<u>2.769.743</u>	<u>2.595.482</u>	<u>2.894.947</u>	<u>2.725.362</u>
Financial liabilities				
Measured at amortized cost				
Borrowings and debentures (Note 12)	1.845.976	1.819.074	1.845.976	1.819.074
	<u>1.845.976</u>	<u>1.819.074</u>	<u>1.845.976</u>	<u>1.819.074</u>
Measured at fair value through other comprehensive income				
Future energy contracts (Note 16) – Level 2	79.182	64.955	127.584	104.225
	<u>79.182</u>	<u>64.955</u>	<u>127.584</u>	<u>104.225</u>
Valued at fair value through profit or loss				
Future energy contracts (Note 16) – Level 2			3.697	21.444
			<u>3.697</u>	<u>21.444</u>
	<u>1.925.158</u>	<u>1.884.029</u>	<u>1.977.257</u>	<u>1.944.743</u>

The disclosure of fair value measurements of the assets measured at fair value follows the measurement hierarchy below:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 - inputs for the asset or liability that are not based on observable market data (internal inputs).

26.1 Net debt equity to EBITDA ratio

	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Borrowings and debentures (Note 21.2)	1,845,976	1,819,074	1,845,976	1,819,074
Lease liabilities	6,168	6,488	6,168	6,488
Cash and cash equivalents (Note 3)	(813,730)	(643,045)	(870,126)	(713,384)
Derivative financial instruments (Note 26.5)	79,182	64,955	127,584	104,225
Net debt (a)	<u>1,117,596</u>	<u>1,247,472</u>	<u>1,109,602</u>	<u>1,216,403</u>
Last 12 months adjusted EBITDA	964,794	1,008,188	960,325	1,014,104
Net debt-to-EBITDA ratio (a) / (b)	<u>1.16</u>	<u>1.24</u>	<u>1.16</u>	<u>1.20</u>

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The tables below presents annual maturities:

	Parent company					Maturity Total
	2020	2021 and 2022	2023 and 2024	2025 and 2026	2027 to 2030	
	At March 31, 2021					
Borrowings and debentures (Note 12)	6,773	139,004	139,004		1,561,195	1,845,976
Derivative financial instruments (Note 26.5)	79,182					79,182
	85,955	139,004	139,004		1,561,195	1,925,158
At December 31, 2020						
Borrowings and debentures (Note 12)		87,722	139,004	64,488	1,527,860	1,819,074
Derivative financial instruments (Note 26.5)	58,936	6,019				64,955
	58,936	93,741	139,004	64,488	1,527,860	1,884,029

	Consolidated					Maturity Total
	2020	2021 and 2022	2023 and 2024	2025 and 2026	2027 to 2030	
	At March 31, 2021					
Borrowings and debentures (Note 12)	6,773	139,004	139,004		1,561,195	1,845,976
Derivative financial instruments (Note 26.5)	127,584					127,584
	134,357	139,004	139,004		1,561,195	1,973,560
At December 31, 2020						
Borrowings and debentures (Note 12)		87,722	139,004	64,488	1,527,860	1,819,074
Derivative financial instruments (Note 26.5)	95,084	9,141				104,225
	95,084	96,863	139,004	64,488	1,527,860	1,923,299

26.2 Exchange rate risk

The Company and its subsidiary are exposed the US dollar for their energy sales contracts. This exposure is managed through hedge transactions (Note 27.5).

26.3 Interest rate / inflation risk

This risk arises from fluctuations in interest and inflation rates, which would increase the finance costs of borrowings and debentures. The Company and its subsidiary have no derivative contracts to hedge against this risk, market interest rates are continuously assess to determine the need to refinance the debt.

Liabilities linked to rates	Parent company and Consolidated	
	3/31/2021	12/21/2020
CDI	300,638	297,876
IPCA	1,545,338	1,521,198
	1,845,976	1,819,074

Risks arise, in addition to fixed interest rates and spread, from adjustments of floating interest rates, which may increase finance costs on contractual liabilities (Note 12).

26.4 Credit risk

This risk arises from losses resulting from difficulties in collecting amounts billed to customers. This risk is assessed as low, in view of the following: (i) for receivables arising from revenue in the regulated market - there is a concentrated number of customers, with contractual guarantees. The concessionaires of energy distribution are under federal supervision, subject to concession revocation. There is no history of significant losses on the realization of its receivables; and (ii) for receivables arising from revenue in the free market - there is a concentrated number of its customers with available credit analyses and contractual guarantees of at least two month's billings.

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Derivative financial instruments and financial investments (cash allocation) also create exposure to credit risk of counterparties and financial issuers. The Company and its subsidiary have a policy of working with issuers that have, at least, a rating from one of the following rating agencies: Fitch Ratings, Moody's or Standard & Poor's, with a Brazilian rating equal to or better than A (or A2), or global rating equal to or better than BBB- (or Baa3). For cases where issuers do not meet the minimum ratings previously described, criteria approved by the Board of Directors are applied as an alternative.

At March 31, 2021, the management believes that there are no situations of exposure to credit risk that could significantly affect their future operations and results.

26.4.1 Credit quality of financial assets

The table below sets out credit quality of issuers and counterparties in transactions involving cash and cash equivalents and derivative financial instruments.

	Local rating			
	Parent company		Consolidated	
	3/31/2021	12/31/2020	3/31/2021	12/31/2020
Cash and cash equivalents				
AAA	594,016	420,924	650,371	491,221
AA+	75,373	79,988	75,373	79,988
AA	58,955	57,078	58,996	57,120
AA-	85,386	85,047	85,386	85,047
Unrated		8		8
	813,730	643,045	870,126	713,384

The Brazilian and global ratings were obtained from ratings agencies (Standard & Poor's ("S&P"), Moody's and Fitch Ratings). The Company used the S&P and Fitch Ratings nomenclature format for presentation purposes.

26.5 Derivative financial instruments

	Principal Amount		Unit	Fair value at December 31, 2020	Impact on operating income (expenses)	Δ Fair value Other comprehensive income	Realized loss	Parent company	
	2021	2020						Fair value at March 31, 2021	
Programs									
Hedge of electricity sales transactions									
Non Deliverable Forward	59,000	74,000	USD thousand	(64,955)	(15,354)	(15,015)	(16,142)	(79,182)	
	59,000	74,000		(64,955)	(15,354)	(15,015)	(16,142)	(79,182)	

	Principal Amount		Unit	Fair value at December 31, 2020	Impact on operating income (expenses)	Δ Fair value Other comprehensive income	Realized loss	Consolidated	
	6/30/2020	12/31/2019						Fair value at March 31, 2021	
Programs									
Hedge of electricity sales transactions									
Non Deliverable Forward	97,000	122,000	USD thousand	(104,225)	(26,391)	(23,605)	(26,637)	(127,584)	
	97,000	122,000		(104,225)	(26,391)	(23,605)	(26,637)	(127,584)	

26.6 Measurement of financial instruments

The main financial instrument assets and liabilities of the Company and its subsidiary at March 31, 2020 are described below, together with the criteria for their measurement or valuation:

a) Cash and cash equivalents

Comprise cash, bank deposits and financial investments. The fair value of these assets approximates the corresponding amounts stated in the balance sheet.

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b) Trade receivables

Free Energy and Spot Market Electricity: these receivables basically derive from free energy during the rationing period and transactions carried out within the scope of the current CCEE and were recorded and measured based on the information made available and the CCEE prices in force during the year. There were no transactions related to these receivables or payables that could affect their classification and measurement on the date of these financial statements.

c) Investments

These are stated at cost, and a provision is recorded for their write-down to fair value, when required or as applicable. The fair values of other investments approximate their carrying amounts.

d) Borrowing and debentures

The Company has assets and liabilities measured at fair value through profit or loss, and other financial liabilities not measured at amortized cost, which approximate their market cost.

In relation to the specific operations of the electric energy sector, subsidized financial operations and renegotiation of financial operations, with no similar in the market and with low liquidity, management believes that their fair value is similar to the carrying amount, due to the existing uncertainties about the variables that should be considered in the creation of a pricing model.

The estimate of the fair value of financial instruments was prepared using a pricing model, applied individually to each transaction, taking into account future payment flows, based on contractual conditions, discounted to present value at rates obtained through market interest yield curves. The fair value of a security, therefore, corresponds to its value at maturity (redemption value) brought to present value at the discount rate obtained from the DI Pré B3 curve (market interest rate in Reais), as follows:

	3/31/2021	
	Carrying amount	Fair value
Borrowings and debentures - Local currency		
Debentures - 11 th issuance	300,638	314,910
Debentures - 12 th issuance	1,545,338	1,450,030
	<u>1,845,976</u>	<u>1,764,940</u>

e) Derivative financial instruments

The fair value of derivative financial instruments is determined by calculating their present value through yield curves on the closing dates. The curves and prices used in the calculation for each group of instruments are developed based on data from B3, Bacen, LME and Bloomberg, interpolated between the available maturities.

The present value of forward contracts (NDF) is estimated by discounting the nominal value multiplied by the difference between the forward price on the reference date and the contracted price.

f) Electric power futures contracts

CESP Comercializadora carries out power trading operations in an active market suitable for financial instruments, being settled in electricity and readily convertible into a known cash amount. These contracts are accounted for as derivatives under IFRS 9/CPC 48 - "Financial instruments" and are recognized in the balance sheet at fair value, on the date the derivative is contracted, and remeasured at fair value on the balance sheet date.

26.7 Sensitivity analysis

The main risk factors that affect the pricing of financial instruments involving cash and cash equivalents, borrowing and debentures and derivative financial instruments include exposure to the foreign currency (FX) volatility of the US Dollar and CDI interest rates and US dollar coupon. The scenarios with differing variables are prepared using market data and inputs from specialized sources, consistent with the Company's financial policies.

The scenarios as at March 31, 2021 are described below:

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Scenario I - considers a change in indicative pricing yield curves as at March 31, 2021, according to the base scenario defined by Management for June 30, 2021

Scenario II - considers a change of + or - 25% in the yield curves at March 31, 2021

Scenario III - considers a change of + or - 50% in the yield curves at March 31, 2021

										Parent company	
										Impact on profit or loss	
										Scenario I	Scenarios II and III
Risk factors	Cash and cash equivalents	Principal of borrowings and debentures	Principal of derivative financial instruments	Unit	Impact on curves for 3/31/2021	Results of scenario I	-25%	-50%	+25%	+50%	
Interest rates											
BRL - CDI	813,542	302,934	336,141	BRL thousand	115 bps	12,790	(7,397)	(14,794)	7,397	14,794	
BRL - IPCA		1,592,556		BRL thousand	-85 bps	(13,537)	(24,286)	(48,573)	24,286	48,573	
FX rates											
US dollar			59,000	USD thousand	-4.69%	1,080	5,697	11,393	(5,697)	(11,393)	

										Parent company	
										Impact on comprehensive income	
										Scenario I	Scenarios II and III
Risk factors	Principal of derivative financial instruments	Unit	Impact on curves for 3/31/2021	Results of scenario I	-25%	-50%	+25%	+50%			
Interest rates											
BRL - CDI	336,141	BRL thousand	115 bps	(969)	1,044	2,105	(1,028)	(2,040)			
Dollar coupon	59,000	USD thousand	3 bps	42,998	77,121	154,243	(77,121)	(154,243)			
FX rates											
US dollar	59,000	USD thousand	-4.69%	14,619	77,121	154,243	(77,121)	(154,243)			

										Consolidated	
										Impact on profit or loss	
										Scenario I	Scenarios II and III
Risk factors	Cash and cash equivalents	Principal of borrowings and debentures	Principal of derivative financial instruments	Electric power futures contracts	Unit	Impact on curves for 3/31/2021	Results of scenario I	-25%	-50%	+25%	+50%
Interest rates											
BRL - CDI	869,831	302,934	552,638		BRL thousand	115 bps	13,435	(7,770)	(15,540)	7,770	15,540
BRL - IPCA		1,592,556			BRL thousand	-85 bps	(13,537)	(24,286)	(48,573)	24,286	48,573
FX rates											
US dollar			97,000		USD thousand	-4.69%	1,890	9,969	19,938	(9,969)	(19,938)
MtM of electricity											
Fair value				2,184	BRL thousand	2,184	(2,184)	16,952	36,088	(21,320)	(40,456)

										Consolidated	
										Impact on comprehensive income	
										Scenario I	Scenarios II and III
Risk factors	Principal of derivative financial instruments	Unit	Impact on curves for 3/31/2021	Results of scenario I	-25%	-50%	+25%	+50%			
Interest rates											
BRL - CDI	552,638	BRL thousand	115 bps	(1,550)	1,677	3,380	(1,651)	(3,276)			
Dollar coupon	97,000	USD thousand	3 bps	68,190	126,213	252,425	(126,213)	(252,425)			
FX rates											
US dollar	97,000	USD thousand	-4.69%	23,925	126,213	252,425	(126,213)	(252,425)			

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27. Insurance (not reviewed)

The Company and its subsidiary have civil liability policies for Directors and Officers in force, in addition to cover for its property, plant and equipment and general liability insurance. The policies have coverage, conditions and limits considered by management to be adequate to the inherent risks of the operation.

Note: The scope of the work of the independent auditors does not include the adequacy of insurance coverage.

28. Subsequent event

28.1 Judicial settlement

During the month of April 2021, a judicial agreement was entered into in the civil sphere that resulted in the reversal of R \$ 21,539 in the provision for litigation and R \$ 96,593 in the possible risk, totaling a reduction of R \$ 118,132.

Report on review of quarterly information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Companhia Energética de São Paulo - CESP ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2021, comprising the balance sheet at that date and the statements of income, comprehensive income (loss), changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information 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 issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information 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 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.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Emphasis of matter - Indemnification assets

As mentioned in Note 8 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

Statements of value added

The Quarterly Information referred to above include the parent company and consolidated statements of value added for the quarter ended March 31, 2021. These statements are the responsibility of the Company's management and are presented as supplementary information for IAS 34 purposes. These statements have been submitted to the same review procedures applied in conjunction with the review of the Quarterly Information, aiming to conclude if it is reconciled with the interim financial information and accounting records, as applicable, and if its form and content are in accordance with the criteria defined in Technical Pronouncement CPC 09 - "Statement of Value Added". Based on our review, nothing has come to our attention that causes us to believe that the statements of value added have not been properly prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and are consistent with the parent company and consolidated interim accounting information taken as a whole.

São Paulo, April 27, 2021

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5

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